



## Finance and Administration Committee

Virtual Meeting BY ZOOM

10:30 am

April 11, 2022

<https://us06web.zoom.us/j/89445667785>

by Phone: 1-587-328-1099

Meeting ID: 894 4566 7785

### **REVISED AGENDA**

#### **ROLL CALL**

#### **Adoption of Agenda**

#### **Declaration of Interest (written)**

1. Approval of Minutes - February 8, 2022, Page #2
  - a) Business Arising
2. Election of Officers
3. Bucci Offer to Purchase, Report 3212/22 (S. McIntyre & R. Fergusson) Page #6
4. Management of Reserves, Report 3213/22 (S. McIntyre & A. Millar), Page #16
5. Insurance Inspection, Report 3214/22 (S. McIntyre & R. Fergusson), Page #26
6. Grants, Report 3215/22 (S. McIntyre & A. Millar), Page #29

#### **Other Business**

#### **ADJOURNMENT**



**FINANCE AND ADMINISTRATION ADVISORY COMMITTEE**

Via Zoom

**MINUTES**

February 8, 2022

**MEMBERS PRESENT:**

C. Lowry, Chair  
P. Sweetnam, Vice-Chair  
J. Atkinson  
J. Mason  
B. King  
P. Kehoe  
A. Tennant  
J. Atkinson

**MEMBERS ABSENT:**

E. El-Chantiry

**STAFF PRESENT:**

S. McIntyre, General Manager  
A. Millar, Treasurer  
E. Levi, Recording Secretary

**GUESTS PRESENT:**

G. Street, Cross Street Professional Corporation

C. Lowry called the meeting to order at 1:00 PM.

**FAAC02/08/22-1**

**MOVED BY:** P. Sweetnam

**SECONDED BY:** P. Kehoe

**Resolved, That the Agenda for the February 8, 2022 Finance & Administration Advisory Committee meeting be adopted as presented.**

**“CARRIED”**

**BUSINESS**

1. Approval of Minutes

**FAAC02/08/22-2**

**MOVED BY:** J. Atkinson

**SECONDED BY:** A. Tennant

**Resolved, That the Minutes of the Finance & Administration Advisory Committee meeting held December 9, 2021 be received and approved as printed.**

**“CARRIED”**

**FAAC02/08/22-3**

**MOVED BY: P. Kehoe**

**SECONDED BY: J. Mason**

**Resolved, That the Minutes of the Finance & Administration Advisory Committee meeting held November 18, 2021 be received and approved as printed.**

**“CARRIED”**

**FAAC02/08/22-4**

**MOVED BY: B. King**

**SECONDED BY: P. Sweetnam**

**Resolved, That the Minutes of the Finance & Administration Advisory Committee meeting held November 25, 2021 be received and approved as printed.**

**“CARRIED”**

**2. 2021 Draft Financial Statements**

G. Street Reviewed the Authority’s financial position as outlined in the 2021 draft Financial Statements.

J. Mason commented on the reserve balances and projected year end balances. She expressed that the Authority should be able to have a better understanding of discrepancies between projections and actual figures by November/December to avoid needless concern when final figures are provided shortly after that time.

**3. 2021 Audit Findings Letter**

G. Street presented the 2021 Audit Findings Letter.

**4. 2022 Per Diem and Mileage Rates**

A. Millar reviewed staff report 3190/22. She commented that numerous emails were received looking to further discuss per diems and mileage rates proposed in the report.

B. King suggested eliminating per diems as it is part of the responsibility of being a council representative. He also proposed adopting the mileage rates set out in the provincial *“Travel, Meal and Hospitality Expenses Directive”*.

P. Kehoe supported B. King’s proposal for mileage and further suggested capping per diems at \$50 per day.

A. Tennant, J. Atkinson, and C. Lowry were opposed to the proposal. A. Tennant commented that when council members have full-time jobs, they have to miss work hours in order to accommodate meeting attendance. If the meetings occurred in the evenings, that would change matters.

P. Sweetnam commented that the Authority would only be saving a modest amount by the elimination of per diems, and that members can always choose to donate the funds back to the authority if they feel strongly about it.

J. Atkinson suggested looking at alternate options with the upcoming new term of council. C. Lowry agreed a review would be an option and added that looking at meeting structure and timing would also be of benefit.

S. McIntyre commented that providing a per diem supported achievement of Goal 2: Community Building by removing a potential barrier of citizens to participation in civic/MVCA activities.

J. Mason suggested a compromise to freeze current per diems, use the provincial mileage directive and to review per diems prior to the next term of council.

**FAAC02/08/22-5**

**MOVED BY: J. Mason**

**SECONDED BY: P. Sweetnam**

**Resolved, That the F&A Committee recommend that the Board of Directors:**

- a) Approve maintenance of current (2020/2021) per diem and honorarium rates for 2022.**
- b) Direct that mileage rates set out in the provincial *“Travel, Meal and Hospitality Expenses Directive”* be used effective January 1, 2022.**
- c) Direct staff to conduct a review of per diems and honorariums and to table results for consideration before municipalities commence recruitment of Board members for the 2022-2026 term of council.**

**“CARRIED”**

**5. Draft 2022 Budget – Comments and Adjustments**

A. Millar noted there were no municipal comments received after circulation of the draft budget as presented in Staff Report 3191/22.

**6. Update – City of Ottawa Loan for Shabomeka Lake Dam**

A. Millar reviewed report 3192/22. She commented that the loan agreement between the City and Authority was being drafted and should be received shortly. She advised that the Authority will be borrowing half of actual cost of the project at 3% calculated bi-monthly over a 30-year term.

7. Programs & Services Inventory and Cost Recovery

S. McIntyre presented Staff Report 3193/22. The report outlined a simplified listing of what programs and services are carried out at MVCA and how they fall into O.Reg 687/21 categories. She advised the newly released *Consultation Guide* issued by the province sets out cost recovery mechanisms based on defined categories.

**ADJOURNMENT**

The meeting was adjourned at 2:33 pm.

**FAAC02/08/22-6**

**MOVED BY: B. King**

**SECONDED BY: P. Sweetnam**

**Resolved, That the Finance and Administration Advisory Committee meeting be adjourned.**

**“CARRIED”**

“E. Levi, Recording Secretary

C. Lowry, Chair”

## REPORT

3212/22

TO:	Finance & Administration Committee
FROM:	Sally McIntyre, General Manager AND Ross Fergusson, Operations Manager
RE:	<b>Bucci Offer to Purchase a segment of the K&amp;P Trail</b>
DATE:	March 27, 2022

### RECOMMENDATION

**That the Finance and Administration Committee recommend that the Board decline the Bucci offer.**

MVCA owns a 35 km section of the K&P Trail that extends roughly from Snow Road to Barryvale. The Authority is currently in discussions with the counties of Lanark, Frontenac and Renfrew for the sale of its portion of the K&P. In February, MVCA received an offer of [REDACTED] to purchase a ~650 metre segment of the K&P Trail that lies in the County of Frontenac at the end of Wilbur Road from Glen and Marthe Bucci.

**FIGURE 1: Approximate Limits of Bucci Purchase Offer**



## 1.0 BACKGROUND

In 2014, it was observed that a landowner abutting the trail had removed fencing that delineated the edge of MVCA's property, and had installed new fencing and a gate on MVCA's property. In February 2015, staff was directed<sup>1</sup> to apply to the courts for an Order to establish property title and to register the Order on title. At issue was ownership of the easterly half of the ~650 metre trail segment as measured from the centre line of the trail. Petition to the court was made, a hearing held, and Reasons for Judgment issued in September 2017 that found and directed as follows:

- MVCA is the legal owner of the land in dispute.
- That a Reference Plan based on a new survey would be required to identify the boundary between the properties based on the location of the historical fences (pre-2014) and the historical boundaries of lands taken by the KPR.
- At their expense, Glen and Marthe Bucci are to remove the new fencing they installed and reinstall the fencing at the boundary between the properties as determined by the Reference Plan.

As MVCA was entitled to seek its legal costs for the action and the Judgment, Glen and Marthe Bucci and MVCA entered into Minutes of Settlement and agreed to the following:

- Glen and Marthe Bucci are to pay MVCA legal costs in the amount of [REDACTED] once the Survey contemplated in the Reasons for Judgment was completed.
- Glen and Marthe Bucci would be required to move the existing fence after the Survey was completed and provided to them.
- The MVCA will grant Glen and Marthe Bucci an easement to ensure they have continued access to their property as agreed to after the Survey was completed.
- Glen and Marthe Bucci will abandon the appeal they commenced.

In the years since, MVCA completed a survey (see Figure 2) and provided the Buccis with draft easement agreements. The Buccis have contested the validity of the Reasons for Judgment and the Survey and continue to contend that they own the land.<sup>2</sup> The fencing and gate have not been removed, MVCA's legal costs have not been paid, and the Buccis have not agreed to the terms of drafted easement agreements tabled that would provide them with legal access across the K&P on title.

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<sup>1</sup> Motion B02/18/15-3

<sup>2</sup> Refer to Attachment 2.

## **2.0 BUCCI OFFER**

On February 22, 2022, Glen and Marthe Bucci made an official offer to purchase a segment of the K&P Trail. The revised offer<sup>3</sup> (Attachment 1) is to purchase Parts 1, 2, 3, and 4 of R-Plan 13R-22083 for [REDACTED]. Refer to the letter from Glen and Marthe Bucci dated March 8, 2022 for their perspective and rationale (Attachment 2.)

**Part 1** – Entire width of K&P Trail (~22 metres) extending approximately 490 m. north from Wilbur Road to the boundary between Lot 24 and Lot 25, Con. 11, Twp. Of N. Frontenac.

**Part 2** – Segment of K&P Trail over which Glen and Marthe Bucci have right of access.

**Part 3** – Segment of K&P Trail over which Glen and Marthe Bucci have right of access that was illegally fenced and gated.

**Part 4** – Entire width of K&P Trail (~22 metres) extending approximately 155 m. south from Wilbur Road to the boundary between Lot 23 and Lot 24, Con. 11, Twp. Of N. Frontenac.

## **3.0 ANALYSIS**

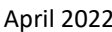
### **3.1 Assessed Value**

The appraised value of MVCA's 35 km section of the K&P Trail in May 2021 was [REDACTED]. The sale of this ~650 m segment would pose a significant interruption in Trail ownership and control, and could undermine the overall value-proposition of the sale to the three counties and the value of the land within the County of Frontenac in particular.

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<sup>3</sup> On March 8, 2022 the period of the Offer was extended from March 31, 2022 to April 29, 2022 to allow staff time to consider and table this matter with the Board.





### 3.2 County of Frontenac

The County, in cooperation with Lanark and Renfrew counties, is working to implement a ring trail to benefit a wide variety of users and attract recreational tourism to Eastern Ontario. To that end, the County has stated its expressed wish that this segment not be sold or otherwise encumbered by fences and gates etc. for the following reasons:

- The County has and continues to experience planning and operational challenges due to privately owned segments of the K&P Trail south of MVCA's property.
- Considerable time and money have been expended to deal with similar interruptions in ownership and encumbrances on other portions of the trail.
- For ease of maintenance and to enable future trail enhancements, the trail should be left unencumbered by fencing and gates within the ~22-metre-wide property.

### 3.3 Provincial Policy

The province paid 50% of the price for this land when it was purchased in 1990. Provincial policy<sup>4</sup> states that Ministerial approval is required to sell land that was acquired in whole or part with provincial funds. In all cases, land sales must be based on current "market value"<sup>5</sup> and:

- "Fulfill the objects of the Authority.
- Protect Provincially Significant Conservation lands and Managed/Agreement Forest lands.
- Follow an open process with public notification.
- Be accurately defined."

Nothing about the sale of this property aligns with the objects of conservation authorities as defined by the Act. Sale to a private landowner would pose a potentially significant breach in the ~180 km north-south trail which is designed for conservation and recreational purposes, and use by the public at large.

Sale of this segment could result in reduced access to managed forests and private lots that access the trail via Wilbur Road and that travel through this segment to access their property. As well, given extensive use of the trail by local snowmobile and ATV clubs, significant objections are anticipated were the Authority to sell this portion of the trail to a private landowner. This is particularly likely given disruptions experienced this past snowmobile season on the trail south

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<sup>4</sup> *Policies and Procedures for the Disposition of Conservation Authority Property*, November 1999.

<sup>5</sup> Unless sold to a municipality in which case Section 4.5.2 of the above 1999 document applies.

of MVCA's property.<sup>6</sup> For these reasons, staff would have significant difficulty justifying to the Minister the sale of this land to a private landowner.

### **3.4 Township of North Frontenac**

The Township of North Frontenac uses portions of the areas described as Parts 2 and 3 of 13R-22083 as a turn-around zone for trucks performing maintenance on Wilbur Road. Any fencing and gates along this section of the K&P Trail could impede access and road operations.

Sale of this segment of the K&P Trail would be subject to MVCA making application to and receiving approval from the Township's Committee of Adjustment. Any consent to sever the property would likely include conditions related to continued public use of the trail, which would necessitate some form of easement agreement. There is no mention in the Offer of assuming land severance costs, associated public notification/consultation costs, or the cost to fulfil any conditions imposed such as the drafting, execution, and registration of an appropriate easement agreement.

### **4.0 CONCLUSION & RECOMMENDATIONS**

Sale of the land to Glen and Marthe Bucci is *not* recommended for the following reasons:

- The Board has already approved, and the counties of Lanark, Renfrew and Frontenac are actively pursuing purchase of MVCA's section of the K&P Trail to facilitate a continuous ring trail in Eastern Ontario so that it remains in public hands, for public use, as a multi-purpose recreational trail in accordance with the Objects of the *Conservation Authorities Act*.
- The County of Frontenac's request that MVCA sell the land as a single contiguous unit unencumbered by fences and gates to ease future enhancement and operation of the trail and mitigate future legal and expropriation costs.
- The significant precedent a private sale would set, and negative feedback it would garner from a multitude of trail users and partner organizations.
- The failure of the Bucci's to acknowledge the validity of the 2017 Reasons for Judgment, the Survey and the resulting Reference Plan, and to fulfill the terms of the Reasons for Judgment and Minutes of Settlement.

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<sup>6</sup> <https://www.frontenacnews.ca/frontenac-county-news/item/15295-snowmobilers-caught-in-k-p-trail-crossfire#:~:text=A%20group%20of%20private%20landowners,north%20towards%20Renfrew%20and%20Calabogie.>



# Agreement of Purchase and Sale Commercial

## Form 500

for use in the Province of Ontario

If you use more than 1 Schedule page,  
change the total page # to include it.

This Agreement of Purchase and Sale dated this 22nd day of February, 2022

**BUYER:** Marthe Roche-Bucci and Glen Bucci, agrees to purchase from  
(Full legal names of all Buyers)

**SELLER:** MISSISSIPPI VALLEY CONSERVATION AUTHORITY, the following  
(Full legal names of all Sellers)

### REAL PROPERTY:

Address N/A

fronting on the ..... side of .....

in the .....

and having a frontage of ..... more or less by a depth of ..... more or less

and legally described as Pt LT 24 CON 11, PALMERSTON, TOWNSHIP OF NORTH FRONTENAC, BEING PARTS 1, 2, 3 & 4  
ON 13R-22083, BEING PART OF PIN 36207- 0021, COUNTY OF FRONTENAC

(the "property")  
(Legal description of land including easements not described elsewhere)

### PURCHASE PRICE:

Dollars (CDN\$) [REDACTED]

[REDACTED] Dollars

**DEPOSIT:** Buyer submits N/A  
(Herewith/Upon Acceptance/as otherwise described in this Agreement)

..... Dollars (CDN\$) .....

by negotiable cheque payable to N/A "Deposit Holder"  
to be held in trust pending completion or other termination of this Agreement and to be credited toward the Purchase Price on completion. For the purposes  
of this Agreement, "Upon Acceptance" shall mean that the Buyer is required to deliver the deposit to the Deposit Holder within 24 hours of the acceptance  
of this Agreement. The parties to this Agreement hereby acknowledge that, unless otherwise provided for in this Agreement, the Deposit Holder shall place  
the deposit in trust in the Deposit Holder's non-interest bearing Real Estate Trust Account and no interest shall be earned, received or paid on the deposit.

**Buyer agrees to pay the balance as more particularly set out in Schedule A attached.**

**SCHEDULE(S) A** ..... attached hereto form(s) part of this Agreement.

**1. IRREVOCABILITY:** This offer shall be irrevocable by [Signature] Buyer until 5 p.m. on  
(Seller/Buyer) (a.m./p.m.)  
the 31st day of March, 2022, after which time, if not accepted, this  
offer shall be null and void and the deposit shall be returned to the Buyer in full without interest.

**2. COMPLETION DATE:** This Agreement shall be completed by no later than 6:00 p.m. on the 28th day of May  
2022. Upon completion, vacant possession of the property shall be given to the Buyer  
unless otherwise provided for in this Agreement.

INITIALS OF BUYER(S):

[Signature]

INITIALS OF SELLERS(S):

[Signature]

March 08, 2022

Subject : Bucci Offer to Purchase Parts 1,2,3,4 Plan13R-22083

Members of the Board of Directors, Mississippi Valley Conservation Authority

Dear Sir or Madam,

Please review the following and take its contents into consideration when you are discussing our Purchase Offer during your Board of Directors Meeting.

We hope that after review you will see the logic in what we are proposing and conclude that accepting our offer and selling us Parts 1, 2, 3 & 4 Plan13R-22083 is the best course of action for MVCA.

Our legal issues concerning the K&P Trail have been ongoing since 2012 when we approached MVCA offering the guaranteed use of the trail on our property in exchange for MVCA assuming any liability for usage of the trail.

Ten years of legal proceedings, including Court action in 2017, have now passed with no sign of an end in sight as the Judge imposed no timelines. Since the 2017 trial MVCA has acquired the very expensive Plan13R-22083 and amassed further legal expenses but has never fulfilled any of the other Judge ruled legal requirements to assume our property. A survey Plan does not afford ownership and can be challenged for 10 years. MVCA will need to undertake an extensive series of legal steps and commit significant additional funds to finalize these requirements unless the situation is resolved.

In addition MVCA has not provided us an Agreed to Easement for access to our property. This must occur before any other steps can be taken.

The first and only written Easement Offer we received from MVCA's team of lawyers was August 24, 2021, almost four years after the Judge's decision of Sep 12, 2017. We found this offer completely unreasonable and unacceptable. According to the Minutes of Settlement we have the right to reject any easement offered if we do not agree with it.

MVCA's newest team of lawyers may recommend you refuse our offer and initiate new legal action in an attempt to force a settlement. Given the current backlog in the Court system a minor issue like ours would likely be put on the back burner for years, exactly what happened with the original action brought by MVCA in 2015. Further action would only prolong the situation and there are no guarantees as to the outcome.

In hopes of solving this impasse, Dec 13, 2021 our Counsel presented MVCA our Offer to Purchase Parts 1, 2, 3 & 4 - Plan13R-22083. It was rejected.



Our revised Purchase Offer that you will be discussing was presented Feb 22, 2022. In it we are offering to pay [REDACTED] (4.1 acres as identified on Plan 13R-22083 [REDACTED]) to purchase all Parts 1, 2, 3 & 4 Plan 13R-22083.

Further, as a sign of good faith, the [REDACTED] agreed to in the Minutes of Settlement has been placed In Trust at Nelligan Law, not as part of the purchase offer but to be paid to MVCA once we are the legal registered owners of all Parts 1, 2, 3 & 4 Plan 13R-22083. Payment of the funds at that time would conclude our legal association with MVCA.

Despite the fact that we would technically be buying some of our own property and that we disagree with the methodology and conclusions of the Plan due to its nonadherence to the Judge's directions, we would nevertheless utilize it uncontested for the sole purpose of allowing the sale to proceed. This use should not be misconstrued as our acceptance of Plan 13R-22083 as it currently exists.

MVCA is actively engaged in selling the K&P Trail but cannot divest itself of our section as long as our legal issues remain unresolved leaving a gap in the Frontenac County portion of their proposed trail.

Frontenac and the other interested Counties are well aware of the challenges of extending the K&P Trail northward from Sharbot Lake. South of our location Frontenac County is presently in discussions with approximately 12 private land owners, one of which owns the crucial bridge currently blocking access to MVCA's portion of the K&P Trail. To the north there is a legal dispute concerning the K&P causeway from Barryvale to Calabogie that will likely last years due to historical inaccuracies. If the counties are determined to develop the remaining K&P Trail regardless of these and other possible obstacles, selling us one small portion will not deter them in any way. In fact, if Frontenac County hopes to complete its trail to the Lanark border in a timely manner it might actually prefer to approach one additional private land owner now rather than awaiting the unknown outcome of a seemingly endless legal dispute severing the trail.

For those of you who might suggest our aim is to own the K&P Trail in order to close it, that has never been our intent. If it were, our family has had ample opportunities to do so in the past, an action that would have avoided the legal mess we now find ourselves in. We have no ulterior motive for wishing to buy the trail. We simply see it as the best way forward for all of us. Please also consider that former GM Paul Lehman testified in 2017 that the trail could be easily moved west and that he had no complaints about our 2014 fence: a fence and gates that have been in place for almost 8 years with no incidents or impact on the trail.

MVCA staff previously advised that once our legal issues are concluded they would approach their BOD suggesting you sell us Part 3. If that is truly the intention, what

possible difference could it make to sell us all the Parts now if MVCA actually wishes to divest itself of the K&P Trail as you have instructed.

Offering to sell us only Part 3 now will not remove MVCA's legal obligation to provide us an Agreed to Easement or solve the complications to acquire our property. Selling us all Parts 1, 2, 3 & 4 Plan R13-22083 and merging them with our property would.

Accepting our purchase offer would avoid further legal action and eliminate the need for any Agreed to Easement Agreement and their associated legal fees. There would be no complicated land transfers or title changes, no Land Title vs Registry encumbrances, no multiple deeds and no adjustments or challenges to the survey resulting in significant savings for MVCA. A simple, straight forward sale to us would be all that is required.

We hope that you will look favourably on our Purchase Offer but in the event you do not, you will leave us no recourse but to contest the survey Plan and sue for ownership of our 130 year old driveway. This is not a threat but an unfortunate unavoidable necessity for us to continue to protect the property our family has owned since 1890. We have avoided taking that route and would prefer not to but we have not spent the last ten years fighting for our property to just abandon it now.

It would not matter if MVCA Counsel initiates new legal action or we do, either scenario would result in further lengthy and expensive discussions and possibly damage public opinion of the Authority.

We would like to be able to pass our property on to our children and grandchildren free of any legal encumbrances: that is why we approached MVCA in 2012. Many of you on the current BOD and your General Manager inherited this problem through no fault of your own. Would it not be preferable to resolve it now rather than passing it on to a future BOD? Why drag it out any longer when you have been offered a simple solution?

Just curious but have any of you calculated how many taxpayer dollars MVCA has already spent on our small bit of property considering the appraised value of the entire 35km of the K&P Trail is only [REDACTED] How much more are you willing to spend?

Our purchase proposal is the most expedient and cost effective way to avoid further delays, minimize legal expenses and put an end to this once and for all. Since you are selling the K&P Trail anyway why refuse our offer?

Thank you for your attention, we remain hopeful that you will accept our offer. If you have questions concerning our proposal please do not hesitate to contact us. If you prefer we are available to attend your BOD Meeting.

Respectively Glen Bucci and Marthe Roche Bucci  
[REDACTED]

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## REPORT

3213/22

TO:	Finance & Administration Committee
FROM:	Sally McIntyre, General Manager AND Angela Millar, Treasurer
RE:	<b>Management of Reserves</b>
DATE:	March 28, 2022

### RECOMMENDATIONS

**That the Finance and Administration Committee recommend that the Board direct staff to:**

- 1. Prepare and table draft policies governing the Operating Reserve and restricted Reserve Funds.**
- 2. Report to the Board each Fall on the state of the Operating Reserve and Reserve Funds concurrent to seeking budget/levy direction.**
- 3. Update the 5-year Capital Needs Assessment and assess the health of Reserve Funds.**
- 4. Update the 10-year Capital Plan including a schedule of projected capital levies and reserve contributions.**

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During review and approval of the 2022 Budget, Board members expressed concern regarding the lack of corporate policy governing the establishment, maintenance, reporting and use of reserves. The purpose of this report is to begin discussion of this matter by reviewing current state, policies of other jurisdictions, and MVCA's Operating Reserve in particular.

### 1.0 BACKGROUND

Two types of reserves are in common use by municipalities:

#### **Reserve**

- generally unrestricted in how it may be used
- commonly used for cashflow management and emergency uses
- may be used for planned and unplanned special projects
- may be established for a short period and closed once a project is completed (which may be suitable for tracking Category 2 and 3 initiatives going forward)



### **Reserve Fund**

- most often used for capital expenditures or longer-term usage (not typically established for short term use)
- generally restricted to a specific use or project
- interest earned may or may not be added to the fund balance at fiscal year-end

In both cases, a portion of the monies may be invested over various periods to optimize interest and cash-flow, with dollars managed as a collective but tracked and accounted for separately in financial statements.

Websites of several municipalities and conservation authorities were reviewed to obtain policies governing reserve management. Most policies posted were from very large organizations (>1 million population) and pertained to Reserve Funds. Generally, policies addressed one or more of the following matters:

- Overarching policy: e.g. financial stability and flexibility, inter-generational equity
- Performance targets: e.g. capital lifecycle reserve funds must reach a balance of at least 1% of the capital asset replacement cost within 10 years.
- Optimal balance and/or minimum balance strategies
- Approval requirements: establishing, using, and closing a reserve or reserve fund
- Reallocation of unused/surplus reserve balances
- Fund specific requirements:
  - Stated objective
  - Target amount and timing of use
  - Initial allocation and contribution policy
  - Periodic review and sunset requirements
- Authority of the Treasurer: e.g. to invest and move funds including interest
- Multi-year forecasting and use of continuity schedules (contributions and withdrawals)

Most policies provided “guidance” and gave decision-makers both the direction and flexibility needed to manage variable financial circumstances.

## **2.0 CURRENT STATE**

### **2.1 Existing Laws, Regulations, By-laws**

In contrast to the *Municipal Act*, neither the *Conservation Authorities Act* nor any regulations thereunder prescribe how a conservation authority should establish or manage reserves.

Section B 1 c) (v) of MVCA’s *Administrative By-law* states that the Board can “approve the establishment of special reserves for special projects or programs. The minimum amount for a

restricted reserve shall be \$25,000.00.” And, in November, 2021, the Board established a target balance of \$600,000 in the Operating Reserve for the end of 2022.

A search of Board minutes over the past 10 years found the following additional policy approved in 2015:

B07/15/15-7 Resolved, That 10% of the revenue generated by the new parking meter at the Mill of Kintail Conservation Area be allocated to deferred revenue on an annual basis until such time as the amount of the reserve reaches \$5,900.00 at which time that amount will be transferred to a special reserve for the Museum Building and Art Collection.

This repayment was realized and commitment concluded in 2021.

## 2.2 MVCA Reserve and Reserve Funds

Table 1 lists the reserve and reserve funds in place today.

**Table 1: 2021 Year-end Reserve & Reserve Fund Balances**

<b>Reserve</b>	<b>Audited</b>
General/Operating Reserve	\$1,496,074
<b>Reserve Funds</b>	
Building	\$368,701
Conservation Areas	\$127,128
Information Technology	\$40,158
Museum Building & Art	\$6,760
Sick pay <sup>1</sup>	\$73,843
Vehicles	\$213,537
Water Control Structures	\$364,391
Water Management Priorities (Glen Cairn / prov.)	\$438,836

While the 2021 year-end balance of the Operating Reserve was \$1.496 million, 2022 commitments approved by the Board will result in a balance of \$1.025 million by December 2022.

## 2.3 Historical Investment Practices

In recent years, the Treasurer has invested in short and mid-term GICs at varying interest rates, with differing periods and maturation dates in consultation with Scotia Bank. The following GICs came to maturity in the past three years:

<sup>1</sup> Designed to pay wage of replacement staff during a protracted staff illness/leave.

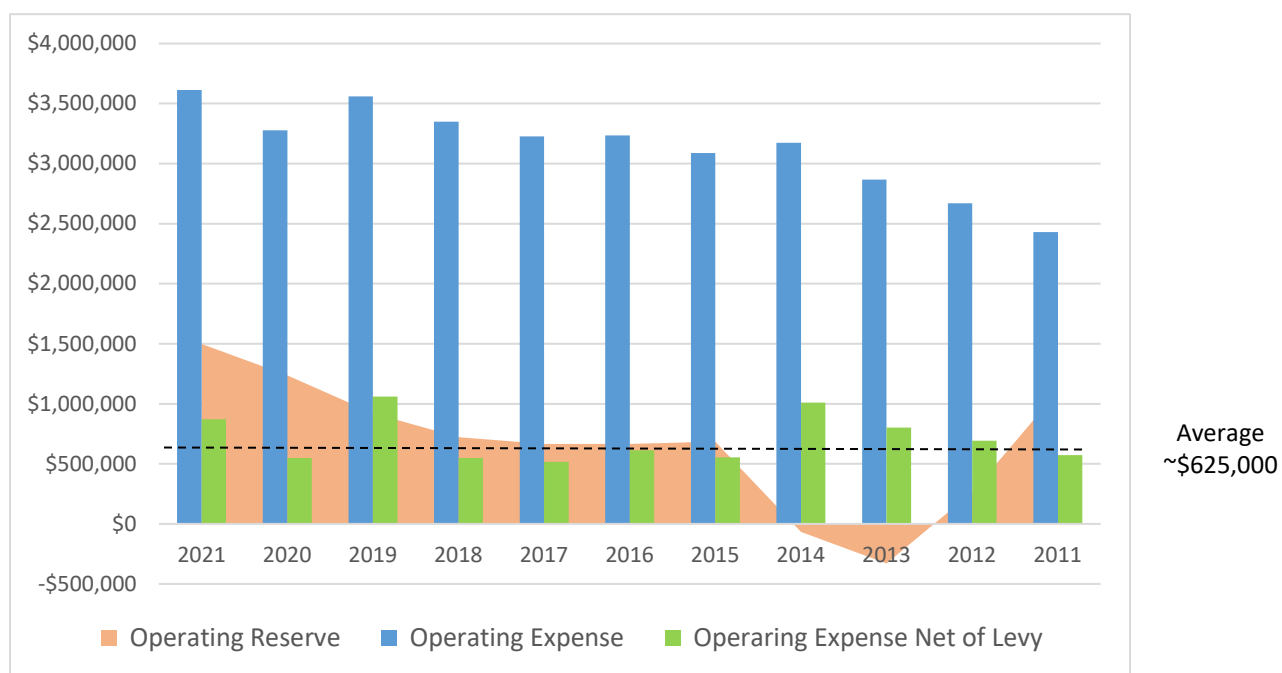
- \$81,165, 18 months, 2.2%, matured August 21, 2021
- \$500,000, 12 months, 0.8%, matured June 23, 2021
- \$500,000, 18 months, 2.2%, matured May 14, 2021
- \$250,000, 12 months, 1.8%, matured January 7, 2021
- \$250,000, 12 months, 1.32%, matured January 7, 2021

Where projected needs and cashflow permitted, funds were historically reinvested upon maturity. Due to very low interest rates over the past three years, and uncertainty regarding the impact of the pandemic and inflation on cashflow, no GICs have been purchased since 2020 as they offered no benefit over our High Interest Savings account. At present, funds are in a High Interest Savings account earning 0.7% as of April 1<sup>st</sup>, 2022. However, given the current value of the Operating Reserve and recent rate increases, this is being re-evaluated in consultation with Scotia Bank.

## 2.4 Operating Reserve Balances

Figure 1 illustrates changes in the Operating Reserve balance relative to Total Operating Costs and relative to Operating Costs Net the Levy. Since 2011, the average year-end value of the Operating Reserve was just under \$625,000.

**Figure 1 – Annual Operating Costs and Reserve Balance, 2011-2021**



It was recommended in November 2021 by MVCA's auditor Cross Street Professional Corporation, "a target of \$600,000 or 120% of operating expenses not funded by the General

Levy (whichever is greater) with a minimum of \$500,000 or 100%” to be appropriate targets. The 2022 budget results in the Operating Reserve to have a year-end balance of \$1,025,544.

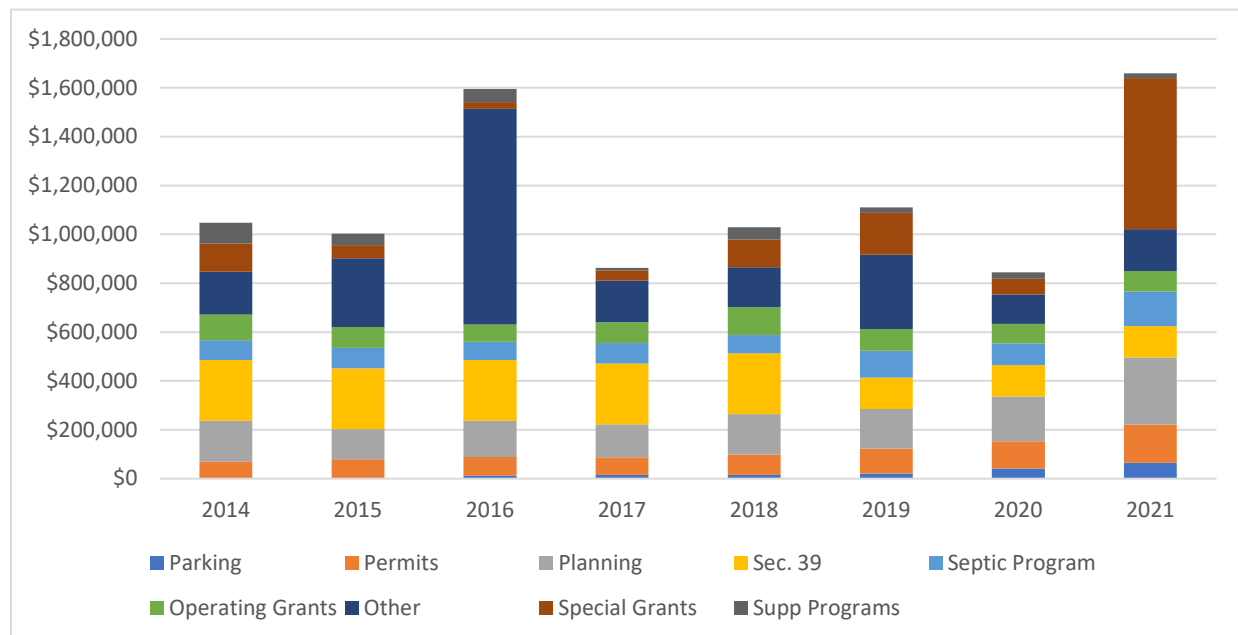
Historically and currently, none of the capital reserve funds are managed to provide for lifecycle replacement of the Authority’s assets. While contributions to one or more reserve funds are made annually, these investments do not equal asset depreciation and are not keeping pace with the rate of inflation. A 5-year Capital Needs Assessment will be tabled in July that will provide a more fulsome discussion and financial outlook; and seek direction for update to the 10-year Capital Plan for the 2023 Budget.

### 3.0 OPERATING RESERVE TARGET SETTING

As noted above, Cross Street advised that MVCA could consider a “target of \$600,000 or 120% of operating expenses not funded by General Levy (whichever is greater) with minimum of \$500,000 or 100%.” However, staff believe that risks to non-levy revenues are not so significant as to warrant 100-120% duplication in an operating reserve.

Figure 2 illustrates variability in the largest sources of “non-levy revenues” over the past 8 years. In the absence of a major housing crash, it is very unlikely that non-levy operating revenues will ever drop below \$500,000. And, were that to occur, there would be insufficient workload to justify maintaining a full staff compliment and a reduction in operating costs would result.

**Figure 2: Non-levy Sources of Revenue, 2014-2021<sup>2</sup>**



<sup>2</sup> Special Grants includes WECI and other capital projects

While this analysis provides a good starting point for a discussion of operating reserves, it does not consider potential risks to cashflow, the potential impacts of unplanned spending on the expenditure side, or the mitigating value of insurance. Figure 3 illustrates the full range of variables that should be considered in determining an appropriate operating reserve balance.

**Figure 3 – Risk Variables Used in Reserve Planning<sup>3</sup>**

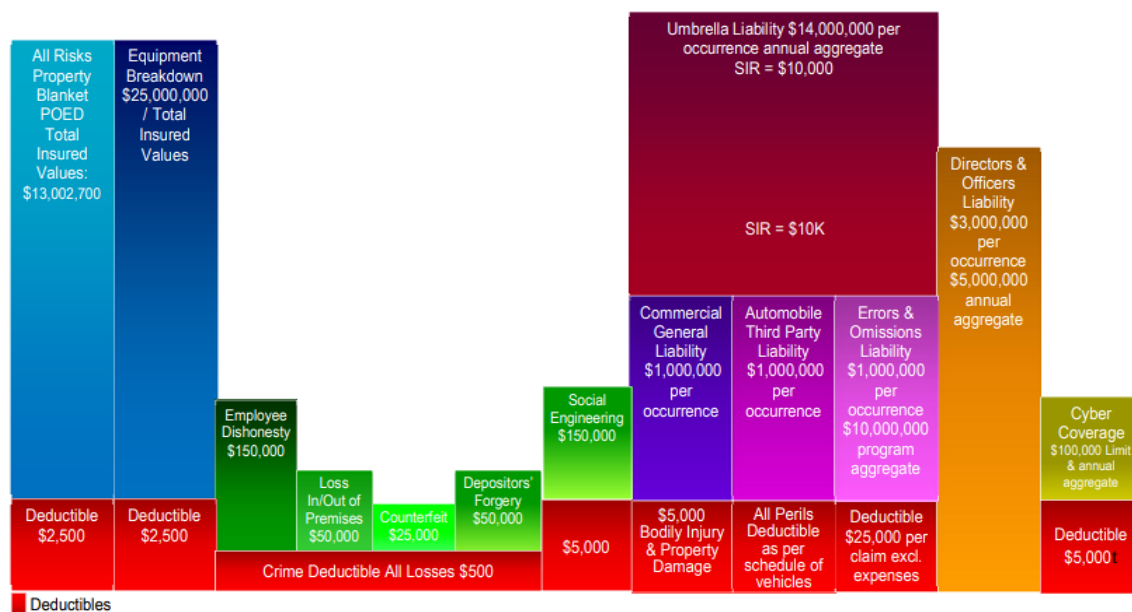


MVCA mitigates financial risks through the use of comprehensive insurance. Figure 4 illustrates 2021 coverage and deductibles.<sup>4</sup> As shown, the sum total of all deductibles is less than \$49,500 *plus* the deductible for replacement of our highest valued vehicle (\$2,500.) Assuming an across the board 25% risk per year, our annual deductibles would be \$13,000. In actual fact, our only deductible paid over the past three years for an insurance claim was \$5,000.

<sup>3</sup> Source: [planning-ahead-improving-financial-health-with-reserves-planning.pdf \(grantthornton.ca\)](https://www.grantthornton.ca/planning-ahead-improving-financial-health-with-reserves-planning.pdf)

<sup>4</sup> 2022 rates are currently under development and are expected in April.

**Figure 4: Insurance Coverage**



However, insurance does not address financial risks that are not covered by insurance.

**Protracted vacancies where a service must be contracted out.** This has been experienced by local municipalities and other CAs in recent years due to a shortage of skilled labour. Were that to occur, contract costs can be two to three-times those of full-time staff. The average salary at MVCA in 2021 was \$68,683. Assuming that a position was contracted-out for 6 months, the pressure on the Operating Reserve would be approximately \$34,500.<sup>5</sup>

**Staff turn-over, overlap, and severance.** This can become onerous where a person leaves with a significant vacation bank and/or unused TOIL. For a period of time, the Authority must pay both the former and new employee. Assuming an overlap in payroll costs of 3 months, the burden on the Operating Reserve would be approximately \$17,170. As well, occasionally an employee is released from their contract necessitating a severance package. Depending on the length of service and other variables, this can equal a few weeks to a year's pay.

**Emergencies, Inflation & Litigation.** All three can result in pressures on the Operating Reserve. For example, the 2019 Flood and blow-out of the Mazinaw Dam by-pass necessitated an unplanned expenditure of \$9,300. And, over the coming 18-months, potentially significant legal costs are anticipated to secure new MOUs and Cost Apportionment Agreements (CAAs) with member municipalities to meet new regulatory requirements.

<sup>5</sup> Assumes a full-time employee is in place the balance of the year, and that the contracted cost is 2x in-house costs.

**Grants.** Pressure on the Operating Reserve can also occur where grants require the Authority to make a matching contribution, often between 30-60% of the value of the project. Since the pandemic, significant provincial and federal grants have been on offer to help stimulate the economy and provide youth employment. MVCA has pursued grants to support works-in-progress (WIPs) and accelerate completion of planned projects that were not in the current-year budget, thus creating a pressure on reserves.

At the same time, the value of some historic grants has diminished. For example, Canada Summer Jobs used to pay 50% of wages for 16 weeks, but now only pays 50% to 100% for a maximum of 8 weeks. For this reason, the October 2021 *Workforce Plan* recommended 100% funding of students in the annual budget to ensure that adequate staff are secured for summer programs and services. The 2022 Budget provides 50% funding, which could result in a pressure of up to \$48,850 on the Operating Reserve in years where student grants are less than budgeted.<sup>6</sup>

**Provincial Transfer.** In 2019, the provincial transfer was reduced by 52% from \$248,792 to \$128,436. This reduction was announced after the 2019 Budget had been passed by the Authority. If operational savings were not achieved to offset this massive reduction, the impact would have been borne by the operating reserve.

**Cashflow Interruptions.** The City of Ottawa provides monthly contributions that cover 90% of the Authority's levy.<sup>7</sup> A major impact in cashflow could occur if there was a delay in receiving the City's payment. There are also definite peaks and valleys in non-levy revenues that should be considered in establishing a target minimum reserve balance. In a similar vein, many not-for-profit organizations try to maintain at least 3-months operating expense in an Operating Reserve due to fluctuations in membership and donation revenues. Another consideration would be to fund expenses upfront until grant funding has been received. Most programs will not reimburse for expenses incurred until specified timelines / milestones of the program have been met. Therefore, the Authority can experience a cashflow issue until funding is actually received.

#### 4.0 BENCHMARKING A MINIMUM BALANCE

Based upon the above risk analysis, a 2022 Operating Reserve minimum balance of \$700,000 is appropriate as shown in Figure 5. For simplicity, this equates to the following benchmarks:

- 2.9 months of the City's of Ottawa's levy payments, and
- 19% of the Authority's annual overhead costs<sup>8</sup>

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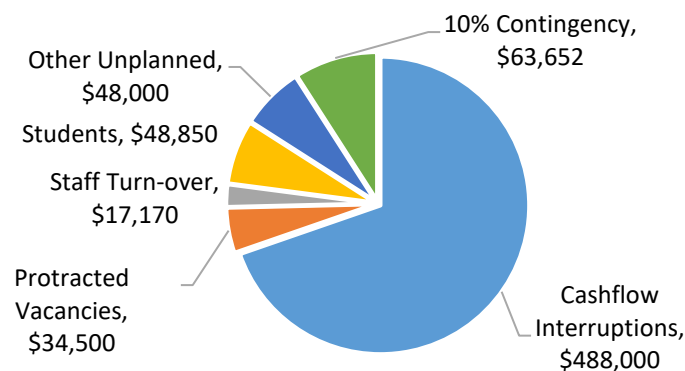
<sup>6</sup> Unfortunately, notification of funding is often received after the window for hiring college/university students.

<sup>7</sup> As of April 1, 2022 the City's monthly payment equals \$244,394.83 minus \$2,951 for repayment of the Shabomeka loan that will begin May 2022.

<sup>8</sup> Payroll, fuel and utilities, debt payments, property taxes etc.

Going forward, this minimum balance combined with healthy capital reserve funds provide the Authority with good financial buffer against the most likely risks to face the organization. These benchmarks show that there is opportunity to set aside additional funds to enable pursuit of grant opportunities as they arise. They also will be used for annual reporting to the Board, and to inform decision-making regarding contributions and withdrawals from the Operating Reserve.

**Figure 5 – Risks to MVCA’s Operating Reserve ~\$700,000/year**



There is an opportunity to reduce potential pressures on the Operating Reserve by broadening the purpose of the Sick Leave restricted reserve to include all human resource related risks.

## 5.0 NEXT STEPS

Staff will:

- prepare draft policies to guide management of the Operating Reserve and restricted Reserve Funds.
- report to the Board in the fall on the state of reserves concurrent to seeking annual levy/budget direction.
- update the 5-year Capital Needs Assessment based upon recently completed assessments at Shabomeka Dam and Kashwakamak Dam, and assess the health of reserves to meet projected demands over the next five years.
- update the 10-year Capital Plan and draft a proposed a schedule for capital levies and contributions to reserves to achieve asset management objectives.

## 6.0 STRATEGIC PLAN

Review of the Authority’s approach to reserve and reserve fund management aligns with Goals 1 and 3 of the *2021-2025 Corporate Strategic Plan*, as follows:



**Goal 1: Asset Management** – revitalize watershed management activities and invest in our legislated mandate.

- a) Implement the five-year capital program
- b) Strengthen our risk analysis and management capacity to include climate change and development impacts.

**Goal 3: People and Performance** – support the operational transformations required to achieve MVCA's priorities and to address legislative changes.

- b) Monitor the quality, efficiency and impact of what we do and modify to improve operational effectiveness.

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## REPORT

3214/22

TO:	Finance & Administration Committee
FROM:	Ross Fergusson, Operations Manager
RE:	<b>Insurance Inspection – Marsh Canada</b>
DATE:	April 5, 2022

### FOR INFORMATION

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As part of Conservation Ontario's insurance program, Marsh Canada visits several Conservation Authorities each year on a rotational bases to review operational risk exposures and make recommendations to mitigate the risk. On December 6, 2021 Marsh Canada visited Morris Island (MICA), the Mill of Kintail, and Purdon Conservation Areas. Specific objectives were to:

- Review the types of activities permitted on our properties.
- Identify any obvious liability hazards
- Review staff inspection documentation
- Discuss opportunity for improvement

The purpose of this report is to apprise the Board of key findings and next steps. It may also provide useful information to your municipality.

#### 1.0 FINDINGS AND OPPORTUNITIES FOR IMPROVEMENT

##### 1.1 Dogs off Leash

Marsh recommends that on-leash requirements be enforced regularly at the CA's and that alternative enforcement approaches be reviewed with partner organizations.

##### 1.2 Entrance Signage

Conservation Entrance Signage should be located at every entrance location i.e. parking lots and trail heads; and be placed on a single consolidated sign board. As a minimum the signage should include the following:

- In the event of Emergency call 911
- Name of the Conservation Authority and Conservation Area and address

- If you see a concern or have comments please let us know. phone#, email address, website
- Stay on designated Trails
- Use Caution. Trails are natural and may be uneven and slippery. Be prepared for how weather may affect your visit
- Trails are not groomed or maintained in the winter
- List of activities permitted and not permitted
- Legal disclaimer- specific wording to be provide by our legal counsel

### **1.3 Other Signage - Accessibility**

Signs should not describe or include a map that indicates a trail is accessible unless the entire length meets every requirement of an accessible trail as listed in the *Accessibility for Ontarians with Disability Act (AODA)*. Signage lettering and graphics also need to meet the AODA requirements.

### **1.4 Specific Trail improvements to meet AODA requirements**

A number of trail improvement are required to designate trails as AODA compliant. At MICA, the Causeway Trail requires edge protection where it runs adjacent water. At Purdon, the trail leading from the lower parking lot does not meet slope or edge protection requirements.

### **1.5 Boardwalks and Bridge Structures**

Marsh recommends bringing existing structures that are more than 600mm above the ground into compliance with Part 9 of the *Building Code*. For those less than 600mm Marsh recommends that kick plates be installed to mitigate wheelchairs and strollers from rolling off of the surface, and that they be of a contrasting colour to the deck as a visual cue.

### **1.6 Water rescue for Trails adjacent to water**

Where practical, Marsh recommends that trails adjacent to rivers, ponds, marshes or dams have life saving equipment installed at regular intervals to aid in water rescue.

### **1.7 Upgrade detail of inspections**

While existing inspection protocols were deemed adequate, a much more comprehensive inspection check list has been recommended that lists specific items and provides for sign-off by management so that they are aware of any issues and can make budgetary decisions regarding repairs/ replacements.

## 2.0 NEXT STEPS

Staff will carry-out the following actions to mitigate hazards at conservation areas:

Item	Timing	Cost
1. Examine existing dog on-leash enforcement and partnering opportunities	2022	n/a
2. Implement use of more comprehensive inspection check list	2022	n/a
3. Consolidate Entrance Signs at largest conservation areas	2022	\$3,800/sign
4. Install smaller signs at secondary entrances	2022-23	\$2,800/sign
5. Replace signs that make incorrect reference to accessible trails	2022	\$5,000
6. AODA feasibility study of priority trails	2023	\$500 <sup>1</sup>
7. Boardwalk and Bridges - install railings and guards as per the <i>Building Code</i> at life cycle replacement (13 bridges)	2022-2025	\$11,000 <sup>2</sup>

## 3.0 STRATEGIC PLAN

Risk management at conservation areas aligns with the following strategic goals and objectives:

**Goal 1: Asset Management** – revitalize watershed management activities and invest in our legislated mandate.

a) Implement the five-year capital program.

**Goal 2: Community Building** – engage local partners to foster connections, leverage our resources, and strengthen our “social license” to operate.

a) Demonstrate MVCA to be a trusted, client-centered, resourceful, and helpful partner.

**Goal 3: People and Performance** – support the operational transformations required to achieve MVCA’s priorities and to address legislative changes.

b) Monitor the quality, efficiency and impact of what we do and modify to improve operational effectiveness.

<sup>1</sup> Equipment purchase/rental.

<sup>2</sup> \$5,000 in 2022 budget. Balance to be completed in future years.

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## REPORT

3215/22

TO:	Finance & Administration Committee
FROM:	Sally McIntyre, General Manager AND Angela Millar, Treasurer
RE:	<b>Grants</b>
DATE:	April 1, 2022

### FOR INFORMATION

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In 2019, management was encouraged to increase efforts to obtain grants to offset planned expenditures and enable progress on strategic initiatives. Grants sought and received generally fall into one of three categories:

- Water resources project grants
- Stewardship/education project grants
- Student/other employment subsidies

There are pros and cons to pursuing grants from a resource management perspective. Specifically, where grants offset planned in-year spending, they allow for building of the Operating Reserve, pursuit of strategic opportunities, and may offset future pressures on the municipal levy. Where they *do not* replace planned in-year spending, they often require matching cash or in-kind contributions that can place pressures on the Operating Reserve and workload pressures on staff. Therefore, careful consideration is needed before applying to grants, and making associated financial and staffing commitments.

The purpose of this report is to inform the Board of the approach taken to date, and to be implemented going forward.

#### 1.0 WATER RESOURCE PROJECTS

##### 1.1 Water & Erosion Control Infrastructure (WECI) grants

Each year, roughly 3 weeks of staff time is expended applying for WECI grants. As this program provides up to 50% of the costs for studies and construction related to the Authority's dams it is a worthwhile investment of resources. However, due to the high variability of success and the very limited timelines provided to expend funds under this program, management will be

disaggregating projects into smaller components wherever possible, and staging them over longer periods. This may appear as an increase in the number of projects in the Capital Plan, however, the work to be carried out will be the same.

As well, we will strive to make continual progress on the planning and design of future infrastructure in a manner that will provide us with “shovel-ready” projects should other grant programs become available that would allow MVCA to accelerate delivery of deferred works (e.g. outstanding works at Shabomeka and Kashwakamak dams.) In all cases, grants will only be sought for projects identified in the *2021-2025 Implementation Plan* approved in March, 2022 unless previously approved by the Board. Recent staffing approved by the Board will provide the base level of staff needed to ensure continued progress on our capital program.

## **1.2 National Disaster Mitigation Program (NDMP), Public Safety Canada (PSC)**

Since 2014, this program has subsidized completion of risk analysis and flood plain mapping across Canada, and was used to prepare or update the following flood plain mapping locally:

- Ottawa River from Arnprior to Shirley’s Bay
- Mississippi Lake and downstream
- Harwood Creek

In the absence of NDMP funding, the cost of preparing flood plain mapping in Ontario falls to local municipalities in partnership with the CA (e.g. the City of Ottawa and MVCA are 50/50 cost sharing update of mapping of the Carp River.) This is a key reason why there is no flood plain mapping for much of our jurisdiction.

Last year, MVCA partnered with Rideau Valley Conservation Authority and South Nation Conservation to complete a risk assessment across the entirety of our jurisdiction. This project will yield a list of priority areas for future flood plain mapping work. The project is valued at \$337,783 of which the three CAs are contributing \$168,891 and the balance through the NDMP.

Discussions are underway at PSC for extending this program (it currently expires in 2023.) Should it be continued, grants will be sought to support projects identified in the 10-year Capital Plan where staff is available to manage the work. If the project requires a cash contribution, management will return to the Board to seek direction regarding the source of those funds (i.e. Reserve Fund or Operating Reserve.)

## 2.0 STEWARDSHIP/EDUCATION INITIATIVES

The following lists the grants MVCA is able to access on a fairly regular basis.

Grantor/Program	Limitations	Max. Annual Grant
Ottawa Rural Clean Water Program (RCWP)	Expenses only	Varies based upon program demand
Lanark County Forestry Program	Expenses only <sup>1</sup>	Avg. \$10,600/year
TD Planting Program	Expenses only	\$5,000 (based on actuals)

In the past year, MVCA with RVCA have been able to access funds to administer an ALUS program in Lanark County as part of its 3-year Stewardship Program Pilot. For the duration of this pilot, MVCA will continue to apply for grants to offset budgeted costs of the Stewardship Coordinator and a summer student, and to enable delivery of site-specific stewardship projects in the communities we serve, with consideration given to what can be reasonably managed by 1.3 FTE.

## 3.0 STUDENT/EMPLOYMENT SUBSIDIES

Every year the Authority applies for grants to offset the cost of summer students, and more recently co-op students and for contract staff. The Authority has roughly a 50% success rate, meaning that we are awarded funds for about half the positions we request. Funds typically cover 50% of the cost of the position over an 8 to 16-week period, excluding overhead.<sup>2</sup> The exceptions to this are the annual operating grants received from the Municipality of Mississippi Mills and Community Museums Operating Grant (CMOG) for museum operations, which are received consistently every year, but vary in value.

In terms of the future regulatory environment, students and contract staff allow for delivery of Category 3 monitoring, stewardship, education and museum programs and services (e.g. Lake Monitoring, Shoreline Planting, City Stream Watch, museum student assistance), and often Category 2 work (Ottawa's Baseline Monitoring Program.) In future, these activities will be subject to Memoranda of Understanding and Cost Apportionment Agreements, with a documented understanding of the costs to be incurred and shared. These agreements cannot assume receipt of employment subsidies, but will need language regarding how any savings are to be managed.

The following table lists the common wage subsidies accessed by MVCA. Depending on the program, it can take several weeks or months to learn whether a grant is approved, often long

<sup>1</sup> Allows for cost recovery of consultant fees.

<sup>2</sup> WSIB, EI, CPP, EHT and vacation pay.

after the hiring period is over and a person is in place. Management will continue to apply for employment subsidies to complete activities identified in the annual work plan.

Grantor/Program	Limitations	Max. Grant
Canada Summer Jobs	In 2021, only 8 weeks per student (i.e. 4 students for 8 weeks instead of 2 students for 16 weeks, resulted duplicate training and onboarding costs, and reduced output overall.	\$18,036 and spanned 2021 – Feb. 2022
Young Canada Works	Provides 50% funding for wages and employer expenses for placements 6 to 16 weeks	50% wages and employer expenses for 6 – 16 weeks
Project Learning Tree	50 – 80% funding based on type of youth position offered and range from 2 to 20 weeks of funding	Varies based on type of youth placement, and number of applications received by overall program
MNR Summer Experience Program	100% wage and employer costs for placements of minimum of 6 weeks	Up to \$3,689 per student

#### 4.0 STRATEGIC PLAN

Grants are an important tool used to make progress on strategic initiatives identified aligns with Goals 1 and 2 of the *2021-2025 Corporate Strategic Plan*, as follows:

**Goal 1: Asset Management** – revitalize watershed management activities and invest in our legislated mandate.

- a) Implement the five-year capital program
- b) Strengthen our risk analysis and management capacity to include climate change and development impacts.

**Goal 2: Community Building** – engage local partners to foster connections, leverage our resources, and strengthen our “social license” to operate.

- b) Strengthen relationships with municipalities and community stakeholders, First Nations, the agricultural sector, developers, not-for-profits, and academia.