

2021

ANNUAL REPORT



ONTARIO CLEAN WATER AGENCY
AGENCE ONTARIENNE DES EAUX

Table of Contents

Message From the CEO and Board Chair	3
Agency Overview	6
Governance and Accountability	9
Core Business Activities – 2021 Performance.....	12
Overview of Key Achievements for 2021	16
Measuring Performance - 2021 Results	31
Management Analysis of Financial Results.....	42
Management’s Responsibility for Financial Information	44
2021 Financial Statements.....	47

MESSAGE FROM THE CEO AND BOARD CHAIR

At the start of 2021 most of us would not have predicted that COVID-19 would still be having such a significant impact on Ontario and the rest of the world nearly two years following the declaration of a worldwide pandemic in early 2020.

OCWA staff continued to work diligently throughout 2021 to maintain the Agency's operations across the province and minimize the pandemic's impact on OCWA's clients, while continuing to ensure a healthy and safe work environment for our employees. Despite the challenges associated with the pandemic, all of our clients' water and wastewater facilities remained fully operational, with minimal to no disruption, and no workplace transmission of the virus. The continuously high level of service provided to the Agency's clients is a testament to the dedication and professionalism of OCWA managers and staff, especially considering the significant impact that the pandemic has had on everyone, particularly with regard to mental health.

Over the past year, OCWA has been working closely with the Ministry of the Environment, Conservation and Parks on Ontario's COVID-19 wastewater surveillance program, which enables the detection and monitoring of the presence of COVID-19 genetic signatures in wastewater samples taken from communities across Ontario, helping local public health units to identify, monitor and manage potential COVID-19 outbreaks. OCWA has helped to bring 32 municipalities into the program, ensuring that almost 80% of Ontario's population is now monitored for COVID-19 through wastewater surveillance.

Providing assistance to Ontario First Nations in managing their water and wastewater systems was another Agency priority. In addition to OCWA's ongoing work helping to resolve water issues in Neskantaga First Nation, OCWA held an orientation session for members of the Agency's newly established First Nations Advisory Circle. Comprised of six members from a variety of backgrounds, experiences and communities who self-identify as First Nation, the Advisory Circle will act as an advisory body to the Agency, sharing their knowledge, unique experiences and advice, including how OCWA can enhance its partnerships with First Nations communities and better support their water and wastewater needs and concerns. The Advisory Circle, which reports to OCWA's Board of Directors through the Board's First Nations Committee, will meet throughout 2022 to develop a list of recommendations for the Agency.

While the pandemic continued to be an ongoing concern throughout 2021, OCWA was able to achieve all of its financial objectives and the majority of its business objectives for the year. Financially, the Agency performed very well in 2021, with revenue, gross margin and net income all surpassing the targets for the year, and the recovery of the Agency's loan to the New Tecumseth Improvement Society helping to push the Agency's net income up to \$17.2 million, well beyond the target of \$6.1 million.

Another significant area of focus over the past year was the Value-for-Money audit conducted by the Office of the Auditor General of Ontario. The overall findings from the audit were positive, with the Auditor General determining that OCWA provides safe and reliable drinking water and reliable wastewater treatment services in compliance with regulations, and noting that "The four and a half million Ontarians who rely on OCWA for clean water can be confident they are being well served".

The Agency successfully retained every client with a contract up for renewal in 2021 and brought aboard a number of new clients, including Norfolk County and Tay Township. These accomplishments reflect on the successful efforts of our Business Development team, as well as the strength of our Operations and operational support staff in anticipating and meeting the needs of our clients across the province.

OCWA also continued its focus on delivering value-added services to clients, such as organics diversion and resource recovery, asset management, process optimization, energy management, capital planning and delivery, and pilot demonstrations of new and innovative technology solutions that improve water and wastewater treatment processes. These services enhance the sustainability and resilience of municipal water and wastewater infrastructure, ensuring that the Agency's clients received maximum value from their infrastructure investments, while also supporting the Agency's business and growth objectives.

Implementation of the Agency's Business Transformation Program, through which OCWA is making improvements to its technology systems and business practices, continued throughout 2021, as did the work being undertaken to improve the Agency's procurement practices. Progress was also made on implementing the Agency's multi-year Diversity and Inclusion Strategy. These and other significant Agency initiatives are highlighted throughout this report.

2022 will be a year of transition for the Agency, with Nevin McKeown retiring and Alicia Fraser stepping into the role of President and CEO. Alicia has been with OCWA since 2016, joining the Agency as Vice-President, Engineering, Capital and Support Services, before taking on the role of Vice President of Operations, South Peel in 2019, where she was responsible for

overseeing the operation and maintenance of some of the largest and most sophisticated water and wastewater facilities in North America. Since joining OCWA, Alicia has played a critical role in driving a number of significant Agency initiatives, including restructuring OCWA's technical services team to meet client needs, and overseeing the development and enhancement of the Agency's asset management, health and safety, and waste diversion programs.

The Board looks forward to working with Alicia and the rest of the Executive Management Team throughout 2022 to revise the Agency's long-term Strategic Plan and update the Agency's Vision, Mission and Values and to better reflect OCWA's support for and commitment to its staff, clients and the people of Ontario.



Nevin McKeown
President and Chief Executive Office



Joe Pennachetti
Chair, OCWA Board of Directors

NEVIN MCKEOWN

After more than 30 years with the Ontario Clean Water Agency (and the Ministry of the Environment prior to that), Nevin McKeown, OCWA's President and CEO, retired from the Ontario Public Service in March of 2022. Nevin began his career in the water industry as an operator at the Lakeview Water Pollution Control Plant (now the G. E. Booth Wastewater Treatment Plant), moving into facility management after gaining extensive experience in front line operations.

Over the years, Nevin moved into progressively higher level management positions with the Agency, eventually becoming the Vice-President, Operations for South Peel and Waterloo, OCWA's two largest clients. In 2017, Nevin was appointed as the Agency's President and CEO. During his tenure as President and CEO, OCWA has achieved continued growth and success, including providing continuous delivery of safe and reliable water services to the Agency's clients throughout the COVID-19 pandemic. Other significant achievements include: leading the Agency in updating its long-term Strategic Plan; enhancing the Agency's focus on environmental sustainability, First Nations partnerships, business and technology transformation, employee health and safety, and diversity and inclusion; and working to update the governance relationship between OCWA and the Province to reflect the Agency's current business service model.

The Agency thanks Nevin for his many years of dedicated service to the residents of Ontario and wishes him continued success as he begins the next chapter of his life.

AGENCY OVERVIEW

OCWA was established in 1993 as an agency of the Province of Ontario with a mandate to provide water, wastewater and other related services to clients in a manner that protects human health and the environment and encourages the conservation of water resources. The Agency's core business is the operation and maintenance (O&M) of water and wastewater treatment facilities and their associated distribution and collection systems on behalf of municipalities, First Nations communities, institutions, and private sector companies.

In addition to O&M, OCWA offers clients a broad array of related services, including engineering, training and other technical and advisory solutions such as process optimization, energy and asset management. OCWA's goal is to assist clients in managing their water and wastewater facilities and associated distribution and collection systems at every stage of the asset lifecycle to ensure these assets achieve their full life expectation, and to help clients ensure the long-term sustainability of their water and wastewater systems. In everything that the Agency does, OCWA continues to be committed to implementing innovative technologies, processes and solutions aimed at improving operational efficiency and reliability.

OCWA utilizes a shared service structure whereby staff and resources are shared across a larger service area to ensure geographic optimization for both large and small clients. OCWA's typical hub structure provides economies of scale that lessen operation and


maintenance costs for individual municipalities. Clients also benefit from the sharing of management, administration and specialized support services.

Over 90 percent of Agency employees are directly involved in developing, selling and delivering customer solutions and are among the most knowledgeable and experienced in the water and wastewater industry. Some staff have been providing operational services to OCWA's municipal clients since before the Agency was established in 1993, having worked for our predecessor organizations, the Utility Operations Division at the Ministry of the Environment and the Ontario Water Resources Commission, which was established in 1956 to oversee the province's water resources.

OCWA has an unmatched ability to deliver excellent compliance and safety performance across diverse regions, technologies and facility sizes. OCWA staff treat water and wastewater for municipalities with populations as large as 1.4 million in the Region of Peel or smaller than the 2,400 in Moose Factory. OCWA also proudly includes many First Nations clients in its operations portfolio.

Given OCWA's role as a public Agency, the protection of public health and safety is the Agency's top priority. OCWA's specially-equipped and highly-trained emergency response teams are available to respond within 24 hours to water or wastewater emergencies throughout Ontario, providing an essential resource to the province. With locations across Ontario, OCWA staff are always nearby, ready and able to provide emergency resources should the need arise.

OCWA supports the Province of Ontario in safeguarding drinking water for the people of Ontario and protecting the province's lakes



and rivers by providing training services for water operators on behalf of the Walkerton Clean Water Centre and delivering training directly to wastewater operators across the province. Education is another way in which OCWA brings value beyond the services that it delivers directly to clients. OCWA's school and community outreach programs educate the public about the value of water and the importance of protecting the environment.

Across Canada and around the world, a combination of aging infrastructure and tight municipal budgets are forcing water utilities to find ways to do more with less. OCWA is helping to ensure that the Agency's clients make well-informed decisions regarding infrastructure investments by working with them to develop comprehensive water and wastewater asset plans that prioritize their infrastructure needs for the next decade and beyond. OCWA also helps clients to access federal and provincial funding opportunities that allow them to put those plans into action.

Municipalities, and the water industry as a whole, are looking for better, more sustainable ways to manage water and wastewater systems. OCWA works with clients to enhance the resilience of their infrastructure, reduce energy use, and reduce the production of harmful greenhouse gases through best management practices and technology, including turning biosolids from wastewater treatment plants, along with food and other organics, from waste products into potential energy sources.

OCWA is also innovating in the area of information management by working to develop and implement integrated information technology systems to automate collection, analysis and communication of water and wastewater facility information from internet-

connected sites. The Agency's goal is to ensure that operational staff and clients have ready access to up-to-date information for all of the facilities that the Agency operates.

OCWA's success with these initiatives will ensure that the Agency continues to provide the highest level of service to clients while helping the province to protect the health of Ontario residents and conserve and sustain Ontario's water resources for present and future generations.

VISION AND MISSION

OCWA's vision is to be "*a trusted world leader in water*" with a mission to demonstrate service excellence through the delivery of safe, reliable and cost-effective clean water.

OCWA's values are focused on building trust with clients and other stakeholders.

Transparent	Open and honest communication of our business activities.
Respectful	Build sound relationships with our staff, clients, and other stakeholders, by embracing diversity, acting responsibly and doing what is right.
Understanding	Confidence in the knowledge and ability of our people to meet the challenges of the water and wastewater industry. Continuously learn current trends and innovative technologies and/or processes in our industry.
Safe	Deliver clean water services to protect our employees, the communities we serve, and the environment.
Teamwork	Work together, share our collective expertise and be innovative in delivering exceptional results and achieving our mission.

GOVERNANCE AND ACCOUNTABILITY

GOVERNANCE

OCWA is committed to implementing governance best practices at all levels of the organization to enhance transparency and accountability to clients, the government and the citizens of Ontario.

The Agency is governed by a Board of Directors (the "Board"). Members of OCWA's Board are appointed by the Lieutenant-Governor-in-Council on the recommendation of the Premier. The Board follows best practices in corporate governance, including director orientation and ongoing education, holding regular meetings and strategic planning sessions, as well as adhering to the Agency's Board Code of Conduct.

A Board competency matrix has been established to ensure that the skills of Board members are in alignment with the long-term business strategy of the Agency. OCWA's Board is comprised of individuals with a range of competencies and backgrounds, enabling the Board, as a whole, to effectively fulfill its stewardship responsibilities. Collectively, the Board has expertise in both the private and public sectors, as well as in managing municipal corporations and utilities.

The Board is responsible for overall Agency affairs, including setting strategic direction, monitoring performance and ensuring appropriate systems and controls are in place for the proper administration of the Agency in accordance with OCWA's governing documents. The Board is accountable to the Minister of the Environment, Conservation and Parks, who is accountable to the Provincial Legislature.

OCWA's Board has established a number of standing committees to assist it in fulfilling its

corporate governance and oversight responsibilities. Current committees include the Audit and Finance Committee; Business Transformation and Technology Committee; Compliance and Operational Risk Management Committee; First Nations Committee and Human Resources, Governance and Nominating Committee. Temporary task forces may also be established, as necessary, by the Board to provide guidance to management and oversee specific Agency initiatives.

ACCOUNTABILITY

OCWA demonstrates accountability to the government and citizens of Ontario in a number of ways, including:

- Meeting the requirements of appropriate regulatory authorities (Ministry of the Environment, Conservation and Parks, Ministry of Labour, Medical Officer of Health, etc.) for OCWA-operated facilities;
- Providing facility reports to clients for OCWA-operated municipal water and wastewater treatment facilities;
- Generating an Annual Report, submitted for approval to the Minister of the Environment, Conservation and Parks, for tabling in the Provincial Legislature and made available to all Ontarians online at www.ocwa.com;
- Producing an annual three-year Business Plan, including performance measures, submitted for approval to the Minister of the Environment, Conservation and Parks and made available to all Ontarians online at www.ocwa.com;
- Supporting annual audits of OCWA's financial statements and periodic Value for Money Audits conducted by the Office of the Auditor General of Ontario;

- Supporting targeted internal audits conducted by staff from the Ontario Internal Audit Division at Treasury Board Secretariat;
- Providing accessibility to Agency records under the *Freedom of Information and Protection of Privacy Act*;
- Complying with applicable legislation and Ontario Public Service policies and directives;
- Utilizing an Enterprise Risk Management program to identify and assess business and operational risks; and
- Implementing a multi-year Diversity and Inclusion Strategy.

BOARD DIRECTORS, TERMS AND COMPENSATION

Including the Chair, OCWA had twelve Board Directors at the end of 2021.

Total Director compensation for 2021 was \$98,000. Director compensation includes per diem payments for preparation for and attendance at Board, Committee and Task Force meetings, along with any time spent working on behalf of the Agency.

Changes to the composition of the OCWA Board in 2021 include the departure of three members, Sandra Odendahl, Debra Sikora and Larry Taylor, and the appointment of four new

members, Joe Farag, Laila Hulbert, Hao “Artie” Li and Amy Syed. The Order-in-Council appointment for the Chair of the Board, Joseph Pennachetti, was also extended to 2024.

Nike Dattani was appointed to the Board in February of 2022, bringing the total number of Agency Board members up to the maximum of 13, including the Chair.

Board members and terms as of December 31, 2021, along with total per diems paid to each Director in 2021, were as follows:

2021 Per Diems - Current Board Members:

Director	Date First Appointed	Term Expiry	2021 Per Diems
Joseph Pennachetti (Chair)	February 8, 2018	February 7, 2024	\$26,425
Richard Austin	November 13, 2019	November 12, 2022	\$6,000
Melanie Debassige	October 23, 2013	October 22, 2022	\$5,100
Joe Farag	June 10, 2021	June 9, 2024	\$3,900
Laila Hulbert	January 21, 2021	January 20, 2024	\$5,000
Debbie Korolnek	March 8, 2017	March 7, 2023	\$6,800
Hao “Artie” Li	July 29, 2021	July 28, 2024	\$2,500
Quirien Muylwyk	February 14, 2020	February 13, 2023	\$5,900
Amy Syed	January 7, 2021	January 6, 2024	\$5,000
Michael Thorne	June 19, 2013	October 24, 2022	\$6,400
Michael Watt	July 9, 2020	July 8, 2022	\$6,200
Mitchell Zamojc (Vice-Chair)	April 20, 2016	May 8, 2022	\$15,575

2021 Per Diems - Former Board Members:

Director	2021 Per Diems
Sandra Odendahl	\$600
Debra Sikora	N/A – Ontario Public Service Employee
Larry Taylor	\$2,600

CORE BUSINESS ACTIVITIES – 2021 PERFORMANCE

Every day, OCWA treats over a billion litres of source water to produce safe drinking water and cleans a similar quantity of wastewater before returning it safely to the environment. On behalf of system owners, OCWA operates, maintains, and manages facilities ranging from small, rural well systems and lagoons to large-scale urban water and wastewater systems serving millions of people. OCWA's core business is the operation and maintenance of water and wastewater facilities and associated infrastructure. The Agency's Operations staff are assisted by corporate resource specialists who handle the operations and maintenance requirements of hundreds of water and wastewater systems throughout Ontario.


OCWA-managed facilities are attended by operational staff during the week at a minimum, with some larger facilities having staff on site at all times. All OCWA-operated facilities are equipped with alarm notification systems that enable staff to respond to issues at client facilities, as required, 24 hours per day. The Agency also utilizes a number of electronic tracking systems to ensure regulatory compliance, analyze performance and better utilize operational and other resources.

All work orders are stored in OCWA's Computerized Maintenance Management System (CMMS) electronically for the term of the contract and are available for review by clients at any time. Summary reports are provided quarterly or as agreed upon between OCWA and the client. Water and wastewater system performance data, including flow data and sampling results, are recorded using OCWA's Process Data Management (PDM)

software, which allows OCWA to provide clients with a standard, systematic, and reliable way of collecting, storing, and retrieving operational data. This information is also provided to clients quarterly for review and analysis. Electronic logbooks are also used to record information concerning the operation of client systems, replacing the paper logbooks traditionally used by water and wastewater operators with a timelier, more reliable and accountable system that can be reviewed remotely to ensure better compliance results.

Maintenance services are based on OCWA's risk and value-based asset protection preventive methodology. Maintenance plans are developed with best practices and manufacturer recommended maintenance. Routine maintenance ensures operation is maintained according to the design intent of the facilities. OCWA's asset protection strategy involves the assignment of preventive maintenance based on standard tasks for the specific asset. The frequency and content of these tasks are reviewed and adjusted in collaboration with local operators to align with the asset's local operating context. This assists with developing a specific maintenance plan, which meets the goals of the program. OCWA's preventive maintenance program consists of regularly scheduled and follow-up maintenance activities as required by clients, recommended by equipment manufacturers, and/or using industry best practices, including routine inspections, and warranty maintenance activities, to proactively identify and mitigate risks.

Emergency or unplanned work is more expensive than planned work. For this reason,



and to ensure service reliability at each facility, OCWA strives to minimize emergency work through its routine and preventative maintenance program, and asset planning and capital recommendation processes. However, breakdown maintenance may be required where an asset is near the end of its useful life, or if there is an unexpected repair, replacement, or renewal required.

OCWA operates and maintains client facilities in accordance with current federal and provincial guidelines and legislation, local statutes, regulations and by-laws, and within the design capacity and capabilities of the individual system. To ensure that the Agency's client facilities are being operated in an efficient, safe and environmentally responsible manner, OCWA has developed a comprehensive Quality and Environmental Management System (QEMS). The QEMS includes processes for identifying and mitigating risks that may affect the facilities OCWA operates and empowers OCWA to take a responsible, pro-active and effective management approach to protect public health and the environment.

Because OCWA is an environmental business, any error can have serious implications for public and/or environmental health. OCWA's QEMS and established compliance support structure facilitates the achievement of full regulatory compliance at the corporate and facility level by ensuring that current information and expert advice are available regarding environmental laws, regulations, guidelines, policies, and codes of practice relevant to the operation of OCWA's water and wastewater treatment facilities.

OCWA's Corporate Compliance group monitors and identifies new and changing federal and provincial legislative and

regulatory requirements, assesses any related operational risks and proposes policies, programs and work practices to effectively mitigate those risks. In addition, the Corporate Compliance group develops, maintains and continually improves programs and procedures under the QEMS and provides local implementation support to those responsible for implementing OCWA's compliance programs at the Regional Hub and facility level. This includes conducting regular internal compliance audits of OCWA-managed facilities to proactively identify and correct operational issues.

As part of the Agency's commitment to continuous improvement, OCWA has established internal benchmarking targets to gauge the Agency's environmental performance and drive continual operational improvement. These targets are not meant to track the Agency's regulatory performance but are instead intended to enable OCWA to conduct year-over-year trending and analysis regarding a number of operational factors at the corporate level, and identify what is working well and where opportunities for greater investigation and improvement exist.

It is also important to note that the report of an adverse test or operational issue does not necessarily mean that the drinking water is unsafe or that wastewater effluent will have a direct negative impact on the environment. Where adverse tests or operational issues occur, the operating authority will investigate what may have caused the adverse result or operational issue and take all steps necessary to resolve it. Likewise, drinking water advisory notices are tools used by local Medical Officers of Health to protect consumers when the safety of the drinking water may be in question, or as a precautionary measure during system maintenance such as watermain

repairs, and are not necessarily issued as a direct result of factors within the control of the operating authority.

2021 OPERATIONAL PERFORMANCE BENCHMARKING TARGETS AND RESULTS

Performance Category	2021 Agency Performance Target	Year-end Result	Target Achieved
Water System Inspections	2 or fewer OCWA-operated water systems receive inspection ratings below 90%	<ul style="list-style-type: none"> 5 reports received for inspections initiated in 2021 received a rating below 90% (191 inspection reports for the 198 inspections initiated in 2021 had been received as of April 7, 2022) 	No
	More than 75% of OCWA-operated water systems receive 100% inspection ratings	<ul style="list-style-type: none"> 73.6% of water system inspections received a 100% rating (based on the 191 inspection reports received as of April 7, 2022) 	No
Wastewater System Inspections	5 or fewer OCWA-operated wastewater systems receive inspection reports with more than 5 non-compliance items	<ul style="list-style-type: none"> 1 wastewater facility inspection resulted in >5 non-compliance items 	Yes
Adverse Water Quality Incidents (AWQIs)	20 or fewer disinfection AWQIs	<ul style="list-style-type: none"> 10 water facilities (out of a total of 460) reported a total 15 disinfection AWQIs 	Yes
	10 or fewer filter effectiveness (turbidity) AWQIs	<ul style="list-style-type: none"> 3 water facilities reported a total of 4 occasions where the turbidity exceeded the required parameters 	Yes
Boil Water Advisories (BWAs)	4 or fewer BWAs resulting from disinfection or microbiological AWQIs	<ul style="list-style-type: none"> 10 water facilities reported a total of 11 BWAs as a result of a disinfection or microbiological AWQI 	No
Bypassing Events	30 or fewer bypassing events due to reasons other than hydraulic load (equipment issues, power outages, etc.)	<ul style="list-style-type: none"> 13 wastewater facilities (out of a total of 248) reported a total of 18 bypass events (10 related to equipment issues and 8 as a result of power outages) 	Yes

Performance Category	2021 Agency Performance Target	Year-end Result	Target Achieved
Operator Licenses	Maintain an adequate number of staff with level 3 or 4 licenses to manage the Agency's level 3 and 4 facilities	<ul style="list-style-type: none"> • 13.5 percent of Agency operators possess at least one level 3 or 4 water license • 15.5 percent of Agency operators possess at least one level 3 or 4 wastewater license • While this is an adequate number of staff to maintain the Agency's facilities, the Agency will have difficulties should this percentage decrease over time due to staff retirements and resignations, as it is difficult to hire staff from outside with these qualifications and it takes time for existing staff to gain the education and experience required to increase their certification levels 	Yes

OVERVIEW OF KEY ACHIEVEMENTS FOR 2021

OCWA worked hard throughout 2021 to meet the objectives outlined in the Agency's annual Mandate Letter from the Minister. An overview of the Agency's performance against these objectives and other key achievements are included below.

COVID-19 PANDEMIC RESPONSE

The significant impact of COVID-19 on all of OCWA's business activities continued throughout 2021. Since the start of the pandemic, OCWA has made a significant and successful effort to maintain the Agency's operations across the province and minimize the impact of the pandemic on the Agency's clients while continuing to ensure a healthy and safe work environment for its employees.

OCWA has had a comprehensive Emergency Management program in place for many years. In addition to the Agency's Corporate Emergency Response and Continuity of Operations Plans, emergency response plans are in place for each OCWA-operated facility, including Critical Shortage of Staff contingency plans. These plans continued to be very successful in minimizing the impact of the pandemic on the Agency's staff and clients throughout 2021, ensuring that OCWA was able to maintain the operation of its client water and wastewater treatment facilities across the province with minimal to no disruption.

Other actions undertaken in response to the pandemic included:

- Having employees work remotely where operationally feasible;

- Implementing daily screening protocols for staff and visitors at OCWA work locations;
- Implementing physical distancing measures and enhanced cleaning protocols in OCWA facilities;
- Enforcing health and safety practices, with an emphasis on proper and frequent hand washing, and requiring all staff to wear appropriate personal protective equipment;
- Procuring and distributing additional personal protective equipment as required to protect frontline staff;
- Postponing non-essential work and staggering shift start times and lunch/break times to minimize the potential for employee contact;
- Instituting regular calls with the Agency's Executive Management Team, Senior Leadership Team and Emergency Action Group and the Ministry of the Environment, Conservation and Parks' Senior Leadership Team;
- Providing regular updates on mental health and the resources available to staff; and
- Ensuring that OCWA facilities had adequate stock of chemicals and other essential supplies on hand to ensure compliant operations.

Operations staffing schedules and activities were adjusted as required throughout the year in response to changing circumstances and local public health restrictions. Work from home provisions remained in place for most non-Operations staff throughout the year. While Corporate and other office staff began returning to their workplaces in the fall of 2021, those plans were put on hold late in the year

in response to rising concerns regarding the spread of the Omicron variant of the virus.

While plans are in place to restore as many of the Agency's normal activities as possible when public health restrictions are loosened, the pandemic will continue to have an impact on the Agency, its staff and its clients until conditions fully return to normal.

VALUE FOR MONEY AUDIT

The Office of the Auditor General for Ontario conducted a Value for Money (VFM) audit of the Agency throughout much of 2021, examining OCWA's business and operations practices, services, and financial results, and making recommendations based on their findings.

The audit report, which was released publicly on December 1, 2021, was generally positive regarding OCWA's performance, with the Auditor General noting in her press release that "The four and a half million Ontarians who rely on OCWA for clean water can be confident they are being well served." Overall, the auditors found that facilities operated by OCWA provide safe and reliable drinking water and reliable wastewater treatment services in compliance with legislation, and that the Agency "does well in treating drinking water compared to other private operators and municipally-run facilities."

The report also included a number of recommendations on how OCWA could enhance its various business processes and practices, as well as its services to clients, including: strengthening support for First Nations communities; improving internal systems for sampling and monitoring of adverse test results; and following up with clients on corrective actions taken to address adverse water quality events. Many of the

recommendations included in the report address areas that OCWA had already identified as being of strategic importance to the Agency and its clients, particularly those related to working with all clients to ensure their treatment facilities are able to handle the impacts of climate change through asset management and capital planning processes.

OCWA has plans in place to address the recommendations included in the report over the next few years, the success of which will be evaluated when the Office of the Auditor General performs its follow-up audit in 2023.

MAINTAINING AND EXPANDING OCWA'S OPERATIONS AND MAINTENANCE CLIENT BASE

Maintaining and expanding the Agency's base of core O&M service clients is an essential component of OCWA's long-term strategy for growth and sustainability. Over the past few years, OCWA has successfully retained more than 97 percent of clients whose contracts have come up for renewal. In addition to retaining the Agency's existing O&M client base, acquiring new clients is critical if the Agency is to achieve its long-term financial objectives.

OCWA's timely and effective response to the COVID-19 pandemic has had a positive impact on the Agency's relationship with its current clients and overall reputation in the industry. Having quickly and effectively implemented the Agency's Emergency Response and Continuity of Operations plans at the beginning of the pandemic, OCWA was able to consistently maintain compliant operations in all of the facilities that it operates on behalf of its clients, demonstrating the value that OCWA brings to clients as their water and wastewater operator.

2021 was another successful year for client renewals and new sales. In early 2021, the Agency increased its target for annual revenue from clients up for renewal in 2021 from \$14.5 million to \$21.9 million to include contracts up for renewal in 2020 that rolled-over into 2021 as renewal discussions with those clients continued. OCWA was successful in surpassing this new revenue target, signing renewal contracts worth a collective \$23.2 million annually (and \$103.5 million over the full terms of the contracts). Even more impressive is the fact that, out of all of the contracts up for renewal in 2021, the Agency was successful in renegotiating all of them.

In addition to achieving a 100 percent retention rate, OCWA successfully partnered with a number of new Agency clients, including Norfolk County and Tay Township. While the \$5.0 million in annual revenue that the Agency attained from the sale of new Operations and Maintenance business in 2021 was slightly below the Agency's aggressive \$5.4 million target for new sales, it was nonetheless a significant achievement, representing the Agency's second highest new sales result in the past decade (behind the \$5.8 million in new sales achieved in 2020 but significantly higher than the new sales results from prior years).

As noted previously, these accomplishments reflect the Agency's success in anticipating and meeting the needs of current and prospective clients across the province and the confidence they have in the Agency, which has been demonstrated consistently throughout the COVID-19 pandemic.

MAINTAINING EFFICIENT AND EFFECTIVE OPERATIONS

By continually looking for better ways to manage its operations, OCWA is working to

improve productivity, reduce costs and deliver better service to clients. This includes upgrading the Agency's information technology systems and processes and enhancing the Agency's procurement processes.

Transforming the Agency's Information Systems and Processes

Over the past few years, OCWA has invested significantly in enhancing the Agency's information technology systems and refining the Agency's business processes. The Agency's Business Transformation Program (BTP), which was initiated in late 2017, aims to enhance the Agency's client service capacity and improve performance with an extensive, secure and resilient information network that can be accessed when and where needed across the province. Due to the broad scope of the changes, the program is being implemented using a phased approach.

Accomplishments to date through BTP include:

- A completed Enterprise Business Architecture that shows the significant stakeholders that interact with OCWA and a service model that expresses the values delivered to clients and the internal services needed to support them. The architecture will be used as a framework to link various parts of the Agency, aligning information and technology with the business functions that it supports.
- Upgrading the Agency's existing Enterprise Resource Planning system and implementing a new cloud-based budgeting solution, which is used to support the Agency's financial activities.
- Delivering core asset management training to all OCWA staff to improve asset management knowledge and build an

asset management culture across the Agency.

- Rolling out a mobile (handheld) application to 300 OCWA operational staff through which operators can pull data from a number of systems, including the Agency Work Management System and the Supervisory Control and Data Acquisition (SCADA) historian, “in-the-field”, rather than just in the control room, improving their ability to make fast, informed decisions.
- Implementing a cloud-based laboratory data collection reporting (LRDC) system that reduces data entry errors associated with lab sample data and reduces IT resource effort to resolve these errors by 50 percent. The LRDC system has been rolled out to OCWA’s laboratory partners across the province.
- Operationalizing the Agency’s primary data centre and disaster recovery sites.

Key BTP accomplishments in 2021 included:

- Implementing improvements to the Agency’s Enterprise Resource Planning system;
- Continuing to implement the Agency’s new SCADA solution by rolling out new SCADA panels across the province, expanding communications connections and increasing the resilience of the Agency’s network and remote systems through virtualization (by the end of 2021 remote SCADA coverage had increased from 667 sites to 751 sites);
- Initiating work on the Human Resources Management Information and Health, Safety and Compliance Management solution areas;

- Implementing upgrades and enhancements to the Agency’s current Process Data Management system;
- Expanding OCWA’s Work Management System hosting services and associated maintenance advisory services to meet growing client demand;
- Delivering advanced training on the Agency’s asset management quality management system to staff directly involved in delivering and selling asset management services;
- Developing requirements for the selection of an asset investment planning software solution to provide the Agency with the capability to deliver advanced asset management advisory services to clients; and
- Continuing to develop an integrated data and information architecture for the Agency.

Work on other BTP initiatives will continue throughout 2022 with a focus on:

- Building in-house capabilities in the BTP Information Management Office to maintain and further develop the authoritative repository for OCWA’s business processes, data, information, structured hierarchies, documents, knowledge and intelligence across the Agency;
- Finalizing the development of future state process maps and requirements, developing a procurement strategy, selecting a software solution and integrator, and configuring the selected software for the Human Resources Management Information solution area, including a learning management system;

- Developing current and future state process maps and requirements, developing a procurement strategy, selecting software and configuring the selected software for the Health, Safety and Compliance Management solution area; and
- Finalizing the upgrade and enhancement of the Agency's current Process Data Management system, including updating reporting to meet regulatory and client reporting requirements.

Enhancing OCWA's Procurement Processes

Providing the best value for clients is a key component of OCWA's shared service model. As the largest water and wastewater service provider in Ontario, OCWA is able to leverage the Agency's significant purchasing power to deliver best value to clients while abiding with the requirements of the Ontario Public Service Procurement Directive, procuring a wide variety of goods and services, from chemicals to insurance to equipment and machinery, at competitive prices on their behalf.

Over the past few years OCWA has made several improvements to the Agency's procurement practices, including:

- Incorporating procurement planning as a part of the Agency's annual budgeting process to take maximum advantage of the Agency's economies of scale and obtain the most competitive pricing by grouping like purchases together where possible;
- Implementing new procurement templates to streamline the Agency's procurement processes, which has resulted in a reduction in the time and effort required by both operations and procurement staff;

- Updating the Agency's chemical procurement process to reflect best practices for both OCWA and its suppliers, including routinely monitoring market prices to determine if short- or long-term contracts would be more suitable for upcoming procurements;
- Developing an internal procurement portal for use by OCWA staff which makes procuring quicker and easier, while ensuring that all OCWA and Ontario Public Service procurement directives and guidelines are followed;
- Developing and delivering Capital Procurement and Construction Management training for Regional Hub Managers, Operations Managers, Capital Managers and other key staff across the organization; and
- Piloting a Vendor Performance Evaluation Program within the South Peel Regional Hub, with a goal of aggregating data on past vendor performance in order to inform future awards.

OCWA continued to make progress on increasing the availability of Agency Vendor of Record agreements (VORs) to speed up the time required to procure regularly required goods and services while still ensuring that Agency procurements are managed in accordance with the requirements of the Ontario Public Service Procurement Directive. 23 new multi-vendor VOR contracts were awarded in 2021, with the extension of another 17 VORs also completed. By focusing on increasing the number of Agency VOR agreements, OCWA was able to significantly decrease the percentage of one-off procurements that were posted publicly in 2021 (22 percent, as compared to 40 percent in 2020 and 63 percent in 2019).

Another significant areas of focus in 2021 was the procurement of critical supplies, including personal protective equipment (PPE) and chemicals required to operate client facilities. Procuring appropriate personal PPE for the Agency's frontline workers is essential for OCWA to maintain its operations. In the early days of the COVID-19 pandemic, OCWA worked with the Ministry of the Environment, Conservation and Parks and other ministries to procure critical PPE for Agency staff and deliver surplus PPE to areas and outside institutions that were experiencing shortages. OCWA has since strengthened its capacity to procure PPE and has established a ready inventory to supply frontline staff, as required, should there be supply chain shortages in the future. The Agency also worked to respond to supply chain issues and challenges for chemicals and other required goods and services, adjusting procurement strategies and working with vendors as required to ensure the continued operation of client facilities.

OCWA will continue to enhance its procurement processes in 2022 to ensure that clients continue to get the greatest benefit from the Agency's purchasing power.


SUPPORTING MUNICIPAL INFRASTRUCTURE PLANNING AND RESILIENCE

Helping clients to maintain the long-term sustainability and resiliency of their water and wastewater infrastructure is one of the most important ways in which OCWA delivers added value. OCWA's Regional Hub teams work closely with the Agency's technical specialists to provide clients with recommendations and expertise on how to access funding, improve the efficiency of their systems, and leverage technology to extend the life of their water and wastewater infrastructure, with an overall goal of reducing infrastructure lifecycle costs.

Over the past few years, OCWA has worked with clients and various stakeholders, including the Independent Electricity System Operator (IESO), the Ministry of Energy, Northern Development and Mines, and local electric and gas distribution companies to achieve the combined goals of energy savings and greenhouse gas reduction. OCWA has also prepared multiple conservation, demand management and municipal energy plans that define key energy strategies for municipal clients and has developed the first ever director-approved energy efficiency awareness training targeted to operations staff.

OCWA is also working with clients to improve their capacity to prevent, withstand, respond or adapt to, and recover from disruptions due to climate change. This includes supporting the municipal and provincial goal of increasing organics diversion by supporting the development and implementation of resource recovery facilities that use wastewater biosolids and concentrated organic waste, such as source separated organics, to enhance and generate biogas for productive use (this process is referred to in the industry as "co-digestion"). Projects like this are leading the way in the province and will serve as a model for other municipalities across Ontario and Canada, many of which have untapped potential to produce biogas, reduce energy costs and significantly reduce harmful greenhouse gas emissions.

OCWA has worked with a number of municipal clients in recent years, including the Town of Petawawa, to conduct feasibility studies for future co-digestion and resource recovery initiatives. With the success of the Petawawa feasibility study and Council engagement, the Town approved moving forward with a co-digestion project in partnership with OCWA in September of 2021.



Planning for the project is currently underway, with OCWA supporting Petawawa in applying for funding, developing process and technical options for review, and facilitating potential technology partnerships. OCWA will continue to support these and other projects in 2022 as new opportunities are identified.

In an effort to better understand and respond to the specific challenges that clients are facing with regard to the resilience of their infrastructure, OCWA is incorporating a climate adaptation and resiliency lens into future facility optimization and capital improvement projects. The Agency is also continuing to develop capital plans, technical studies, and Facility Optimization Plans as value-added services, targeting facilities with a history of process challenges.

Recognizing the continuing need for municipalities to develop comprehensive, condition-based water and wastewater asset management plans, OCWA is working to support small- and medium-sized communities that may not have staff dedicated full-time to asset management in developing asset management plans that will enable them to make informed decisions with regard to their infrastructure investments.

The provincial Asset Management Planning for Municipal Infrastructure regulation under the *Infrastructure for Jobs and Prosperity Act*, which requires all Ontario municipalities to have comprehensive asset management plans for critical infrastructure in place by July of 2022, makes this need even more pressing. OCWA's asset management services and computerized maintenance management system provides clients with the ability to digitally plan, track, measure, and optimize their maintenance activities.

Supporting all of these initiatives is the Agency's ongoing commitment to foster the development and implementation of innovative practices and new technologies that enhance the effective and efficient operation of the Agency's client facilities. OCWA is a key stakeholder for the Ontario water technology sector, working with technology providers, industry associations, researchers and universities, municipal owners, and various Ministries and funding agencies to promote the development and implementation of new and innovative water technologies. Working with partners such as the Ontario Water Consortium and other innovative industry technology partners, OCWA is helping to identify, assess, pilot and implement new and emerging technologies that will improve the operation of water and wastewater facilities across the province.

SUPPORTING PROVINCIAL PRIORITIES AND DELIVERING VALUE TO ONTARIO COMMUNITIES

As a provincial Agency, meeting business objectives is just one of the ways in which OCWA defines its success as an organization. Much of the value that OCWA brings to its clients, its employees and the people of Ontario comes from the work that the Agency does to protect the environment, improve public health and support the priorities of the provincial government. The Agency is also working to assist First Nations communities in managing their water and wastewater systems upon request by the First Nations community.

Working with First Nations Communities to Improve and Maintain their Water and Wastewater Systems

OCWA has a long history of working with First Nations communities in Ontario. Key elements

of OCWA's approach to supporting First Nations communities include:

- Supporting First Nations clients in the management, operation and maintenance of their water and wastewater systems, with the First Nations taking the lead and OCWA providing ongoing support;
- Assisting First Nations communities in ensuring the long-term sustainability of their water and wastewater systems through the implementation of process optimization, asset management, energy management and remote operational monitoring initiatives;
- Providing operational training to First Nations; and
- Providing emergency response services to First Nations communities when requested.

OCWA staff meet regularly with staff from the Walkerton Clean Water Centre and the Ministry of the Environment, Conservation and Parks' Indigenous Drinking Water Projects Office to discuss First Nations issues and how the three parties can work cooperatively to help support First Nations communities in Ontario.

In 2021, OCWA continued working to implement the Agency's First Nations strategy, which outlines how OCWA will establish partnerships with First Nations and First Nations organizations to support the development and implementation of sustainable water solutions in First Nations communities. A key focus of the strategy is to strengthen relationships with the Agency's First Nations partners through trust and open dialogue about First Nations' history, experiences, and water needs.

As part of that commitment, the Agency has established a First Nations Advisory Circle, which reports to OCWA's Board of Directors through the Board's First Nations Committee, to gain a better understanding of what OCWA can do to enhance its partnerships with First Nations communities and better support their water and wastewater needs and concerns. The Advisory Circle consists of six members who self-identify as First Nation and come from a variety of backgrounds, experiences and communities. The Advisory Circle will act as an advisory body to the Agency, sharing their knowledge, unique experiences and advice.

The goal of the Advisory Circle is to provide OCWA with a better understanding of the challenges that First Nations face, not only with respect to addressing water and wastewater treatment in their communities, but also in the context of their unique experiences, culture and history in Canada, and to advise OCWA on the integration of First Nations perspectives into the Agency's strategies.

An orientation session for Advisory Circle members was held in late 2021. The Advisory Circle will meet throughout 2022 to develop a list of recommendations for the Agency.

OCWA managers and staff also assisted water operators in Neskantaga First Nation and Marten Falls First Nation in addressing the ongoing drinking water advisories in their communities in 2021, and will do so, as required, throughout 2022 until the issues are resolved.

Providing Emergency Response Support to the Province

OCWA's Emergency Response Teams (OERT) were established in 2005 in response to Recommendation 50 of the Report of the

Walkerton Inquiry, in which Justice O'Connor recommended that OCWA be mandated to develop standby capabilities to support provincial water emergencies. The OERT program provides the province with the capability to effectively and efficiently remediate water and wastewater emergencies in Ontario communities. Strategically located in five communities across the province and available to respond within 24 hours, these teams are always nearby, ready and able to provide emergency assistance should the need arise.

While the OERT teams were not deployed to respond to any municipal emergencies in 2021, they were available to respond to any provincial emergencies resulting from the COVID-19 pandemic or other issues. The teams were also available, as required, to relieve managers and staff from other parts of the Agency that were deployed to assist Neskantaga First Nation and Marten Falls First Nation water operators in addressing water quality issues in their communities.

OCWA will continue to enhance the Agency's ability to respond to a variety of emergency situations across the province by refining and expanding its emergency response capabilities throughout 2022. This includes ensuring that the OERT response trailers are adequately stocked and that consumables are up to date; providing additional training to OERT members, including practical training in the field; and renewing OERT member commitments and rotating in new team members where required.

Developing a COVID-19 Wastewater Surveillance Program for Ontario


In 2020, as part of the Agency's pandemic response, OCWA began working with staff at the Ministry of the Environment, Conservation

and Parks, the Ministry of Health and other government organizations, and a number of Ontario universities to establish a wastewater-based surveillance program that will enable the detection and monitoring of the presence of the SARS-CoV-2 (COVID-19) genetic signatures in wastewater.

The goals of the program were as follows:

- To prioritize the analysis of COVID-19, including variants of concern; through surveillance and decision supports for government and Medical Officers of Health;
- To ensure that Ontario is prepared to respond to public health threats in the future, before they reach critical mass; and
- To build and adapt a wastewater surveillance system that is predictive, effective, scalable, and supportive of decisions for interventions and high-quality evaluation that will:
 - Expand wastewater testing in Ontario;
 - Complement and help focus clinical testing; and
 - Bring wastewater surveillance research practices and networks to maturity.

With limited capacity for testing due to the rapid spread of the Omicron variant of the virus in late 2021, wastewater surveillance became a significant alternate means of measuring the spread of the COVID-19 virus across the province. Starting in January of 2022, Ontario's Science Table began posting its Wastewater Dashboard live and using it as a measure to monitor spread of COVID-19.



OCWA worked closely with the Ministry of the Environment, Conservation and Parks on the wastewater surveillance program throughout 2021, establishing a surveillance network to test wastewater samples taken from communities across Ontario and enhancing the ability of local public health units to identify, monitor and manage potential COVID-19 outbreaks. In support of the program, OCWA procured and deployed critical equipment, including samplers for municipal participants and sub-minus 80 degree Celsius sample freezers for universities participating in the program. OCWA also helped bring 32 Ontario municipalities into the program, providing the program with the capacity to monitor almost 80 percent of Ontario's population through wastewater surveillance.

Real Time Monitoring of Wastewater Bypasses and Overflows

New requirements in Environmental Compliance Approvals for municipal wastewater facilities require owners to develop a procedure for notifying the public and downstream water users that may be adversely impacted by wastewater bypass and overflow events. These conditions support the commitments made in the Made-in-Ontario Environment Plan to increase transparency through real-time monitoring of sewage overflows from municipal wastewater systems and to work with municipalities to ensure that proper monitoring occurs and that the public is aware of overflow incidents.

In November of 2020, the Ministry of the Environment, Conservation and Parks announced an investment in several new wastewater and stormwater programs. This included a \$10-million investment to provide support for real time wastewater monitoring

and public reporting, to improve transparency around monitoring and public reporting of sewage overflows and bypasses from municipal systems in the Great Lakes.


OCWA is supporting the Ministry in developing a real time wastewater bypass and overflow monitoring program for Ontario. The Agency's focus is on providing strategic input and feedback from an operational and technical perspective, including high level cost considerations, technology/instrumentation needs, reporting, and cybersecurity requirements, as well as connecting Ministry staff with technology and solution providers in the marketplace and exploring partnerships for potential projects.

Throughout 2021, OCWA engaged with the Ministry of the Environment, Conservation and Parks to assist with program development and scope determination. Development of the program is anticipated to be ongoing throughout 2022. OCWA will begin collecting information from Agency-operated wastewater treatment facilities regarding their current ability to record and report overflow and bypass information once the full scope of the program has been determined.

Protecting the Environment through Education and Outreach

Educating the public about the value of water and the importance of protecting the environment is one of the ways in which OCWA provides support to clients that goes beyond just operating their water and wastewater systems.

OCWA's education and outreach programs educate the public about the value of water and the importance of protecting the environment. While the majority of OCWA's education and outreach activities were limited or temporarily suspended starting in March of



2020 due to the COVID-19 pandemic, they will resume when pandemic restrictions are fully lifted by government and health officials.

The “I Don’t Flush” campaign encourages responsible use of municipal wastewater collection systems by educating the public about the impact of disposing non-flushable materials down the toilet or drain. The campaign features a website (www.idontflush.ca), Twitter feed (@idontflushnews), Facebook page (facebook.com/idontflush) and public service announcements.

Four phases of the I Don’t Flush campaign have been introduced to date. The first phase focused on returning unused or expired medications to pharmacies, as opposed to flushing them down the toilet or drain – or throwing them into the garbage. The second phase focused on fibrous personal hygiene products, such as wipes, dental floss, and sanitary products. Phase three focused on fats, oils and grease – or FOG – that, if poured down the drain, can cause significant damage to both household plumbing and municipal wastewater systems. The final phase combined messaging from the previous three phases.

While there are currently no plans to launch a fifth phase of the campaign, OCWA is continuing to promote the I Don’t Flush message on the Agency’s social media channels. 12 new mini public service announcements (PSAs), using clips from original I Don’t Flush PSAs, were developed and distributed for use on social media and by municipal partners in 2021.

Over the course of the six-week social media campaign, the mini-PSAs earned nearly 25,000 impressions on Twitter (impressions are the number of times a tweet appears on a user's timeline).

The OneWater® Education Program teaches the value of water to students in grade eight by providing activity-based lessons on water and the water cycle that align with the Ontario grade eight science curriculum. The program brings educators together with local water operators, with OCWA operators visiting community classrooms to talk to students about how water is treated in their specific community and conducting hands-on demonstrations with the students. More than 3,000 students have participated in OneWater® since it was first launched.

Due to COVID-19 pandemic restrictions, OCWA operators have been unable to deliver the OneWater® program in classrooms since March of 2020. This has also delayed the broader rollout of the Agency’s “Water from an Indigenous Perspective” module.

OCWA is eager to move ahead with OneWater® initiatives once pandemic restrictions are fully lifted. In the meantime, staff from OCWA’s Marketing and Communications group are collaborating with teachers and operations staff to develop virtual content for the classroom.

The initial focus is on producing short videos of operators conducting popular experiments from the OneWater® program and giving tours of a drinking water facility and a wastewater facility. The facility tour videos will also be used to educate OCWA clients and client communities on the water/wastewater treatment process.

OCWA also offered a series of free “Water Talks” webinars to clients and prospective clients throughout 2021. Four Water Talks, led by OCWA subject matter experts, were held in 2021 with 125 participants attending the webinars throughout the year.

Discussion topics ranged from introducing operational technologies and innovation, including resource recovery in wastewater, to educating participants on regulatory requirements and important or emerging environmental issues. Based on the success of the series in 2021, OCWA will continue to provide regular “Water Talks” throughout 2022.

SUPPORTING AGENCY EMPLOYEES

A healthy, engaged workforce is essential to achieving organizational goals and objectives. By implementing programs and initiatives that promote inclusion, health, safety, wellness and engagement, OCWA aims to ensure the success of the Agency’s employees. The Agency’s goal is to maintain a diverse and inclusive workplace where employees have a sense of purpose, autonomy and belonging, contributing to an organizational culture of excellence and innovation.

Building a Diverse, Equitable and Inclusive Culture

OCWA’s success is built on having a diverse, equitable and inclusive workforce that brings different experiences, backgrounds, and perspectives to create more innovative solutions. Diverse teams are more representative of the customers that the Agency serves. By strengthening the Agency’s focus on diversity, equity and inclusion, OCWA is working to create a healthier, more respectful and representative workforce at all levels of the organization.

OCWA’s Diversity and Inclusion Strategy, which is being implemented over a number of years, provides a roadmap for how the Agency will achieve its Diversity and Inclusion objectives and includes four primary focus

areas. Key objectives have been established for each focus area:

1. Organizational Commitment and Accountability - Leaders are competent and knowledgeable about diversity and inclusion and how their behaviour reflects OCWA’s commitment to anti-racism, diversity, equity, inclusion, and acceptance. All employees understand they have a role to play in creating a diverse, equitable and inclusive environment at OCWA.
2. Employee Experience - OCWA provides an inclusive and equitable work environment where employees have the support, flexibility and accommodations they need to bring their whole self to work. All employees feel valued, heard, accepted and respected for who they are.
3. Workforce Diversity - OCWA’s workforce better represents the available labour force, and all employees have equitable access to advancement opportunities and professional development.
4. Stakeholder Relations - OCWA leverages diversity and inclusion to better support the needs, goals and perspectives of clients, partners, and the communities served by the Agency.

Work implementing the Strategy continued throughout 2021. Key achievements included:

- Aligning the new Ontario Public Service Diversity and Inclusion leadership competencies into the Agency’s Talent Management and Succession Planning processes;
- Establishing an OCWA Diversity and Inclusion Advisory Council, which includes diverse OCWA staff representatives at different levels from across the province;

- Establishing an Agency Diversity and Inclusion Scorecard to track progress over time;
- Developing an OCWA Anti-Racism Plan and incorporating the Ontario Public Service anti-racism initiative into the Agency's overall Diversity and Inclusion Strategy; and
- Establishing an Agency Diversity and Inclusion Lens for roll-out to managers and staff in early 2022.

Implementation of the Agency's Diversity and Inclusion Strategy will continue throughout 2022, after which the Agency will assess its performance in achieving the objectives for each focus area and adapt its policies and processes as required.

Attracting Top Talent and Building Leadership Strength

In recognition of the role that strong leadership plays in meeting organizational objectives, OCWA has been working to enhance the Agency's leadership capacity and ensure continuity across management roles.

The Agency's goals are to:

- Attract diverse internal and external people to positions in the Agency based on their ability and knowledge to be effective in driving excellence;
- Recruit top talent who share and embody the Agency's vision, values and expected behaviours;
- Provide a competitive total compensation package as part of OCWA's employer value proposition;
- Have the right people in the right roles;
- Create a strong pipeline of diverse internal candidates, creating opportunities for promoting from within;

- Have leaders who can improve performance, deepen employee engagement, enhance productivity and deliver on strategic direction and priorities; and
- Ensure that the Agency has a proactive succession management program that is aligned with business priorities and client needs.

In support of these goals, the Agency has established a comprehensive succession management program. As part of this program, the potential vacancy risk for each management position in the Agency is analyzed and scored on an annual basis, taking into account the broad impact that each position has within the organization. Following this assessment, action plans are developed for business critical and at-risk Agency positions. These plans are reviewed at least annually.

Supporting the succession management program is the Agency's leadership development program, which includes two development streams:

- An Aspiring Manager stream for high potential employees that aspire to move into managerial roles; and
- An Aspiring Leader stream to prepare high potential managers for future potential senior leadership roles.

The first participants completed the program at the end of 2019. By the end of 2021, 32 percent had been promoted into more senior management and leadership roles. Roll-out of the second round of the leadership program began in late 2021 and is scheduled to run until the end of 2022.

Ensuring the Healthy, Safety and Well-being of our Employees

Ensuring the health, safety and well-being of OCWA employees continues to be an ongoing priority for OCWA. Over the past few years OCWA has worked hard on developing an ingrained health and safety culture and improving the Agency's health and safety program.

The Agency continued to make progress in improving its health and safety performance in 2021. While OCWA's year-end Recordable Incident Rate (RIR), which tracks the rate of recordable incidents for every 100 employees, increased slightly as compared to 2020 (1.38 as compared to 0.67 in 2020), OCWA's Lost Time Injury Rate (LTIR), which tracks lost time injuries for every 100 employees, was zero, as the Agency did not have any lost-time incidents all year (as compared to 0.33 in 2020).

In addition to the significant achievement of no lost time incidents, major highlights for 2021 included:

- Managing another year of the COVID-19 pandemic with no cases related to workplace transmission or outbreaks and no service disruptions.
- Developing and implementing a Mental Health Strategy to lay the foundation for accelerating the advancement of the mental health and well-being of OCWA staff.
- Implementing additional mental health and wellness initiatives, including: establishing a Wellness mailbox to better engage with employees and gather their thoughts and recommendations; providing resource tools and delivering wellness webinar training sessions to staff in order to raise awareness of mental health and its

importance; implementing a Wellness Wednesday newsletter; and promoting internal and external initiatives such as Bell Let's Talk and Mental Health Awareness Week.

- Increased acceptance of and participation in the Don't Walk By program, which involves engaging all staff in identifying hazards and correcting them before they lead to health and safety incidents, by Agency staff. This is reflected in the increase in Don't Walk By reports from 38 in 2020 to 48 in 2021.

OCWA is well on the way towards a culture shift to a prevention mindset and will continue to build upon its commitment to continuously improve its health and safety culture and practices throughout 2022.

Enhancing the Workplace Experience

OCWA has identified maintaining an engaged and motivated workforce as a key component of its overall business strategy, recognizing the strong connection between how employees experience the workplace, employee productivity, innovation, effectiveness and efficiency, and the overall success of the organization.

Key goals for the Agency include:

- Making employees feel valued and accepted and providing them with meaningful opportunities for recognition, contribution and growth;
- Ensuring that employees feel connected to the Agency's vision, mission and values and understand how their contributions are making an impact on the organization;
- Fostering an environment that encourages learning, achievement and excellence; and

- Taking a different approach to building workplace resiliency and agility.

Agency leaders agree that if staff are consulted, are heard, and appropriate actions are taken, engagement levels will increase. As such, OCWA has worked hard to ensure that as many employees as possible participate in the Agency's annual employee engagement survey. The results of the survey help the Agency's leadership to understand what is important to staff and how to build a strong and healthy organization, while also identifying emerging issues and the impact of the Agency's efforts to improving the employee experience.

The 2021 Ontario Public Service Employee Experience survey was released to OCWA staff in March of 2021. Results of the survey were released to staff in November. OCWA's survey response rate increased from 67.1 percent in 2019 (the last time the survey was held) to 72 percent in 2021. OCWA's employee engagement index also increased from 69.6 in 2019 to 71.9 in 2021.

Key strengths identified in the 2021 survey included: positive relationships with co-workers and managers; management commitment to health and safety; and employee pride in the work done by the Agency and individual regions/departments. Opportunities for improvement included: workplace stress; hiring practices; and compensation.

Agency-wide and regional/department results were provided to OCWA leaders in the last quarter of 2021. Leaders were asked to hold discussions with staff by the end of February 2022, following which an Agency-wide action plan will be developed.

Other activities undertaken to enhance the workplace experience for OCWA staff included:

- Ensuring that multiple mechanisms are used to communicate information about the organization, including all-staff Town Hall meetings;
- Refreshing the Agency's learning and development program, including linking it with the Agency's strategic planning process and talent/skill gap analysis of current and future needs;
- Promoting opportunities for staff based on their development potential in addition to their existing skills and certification;
- Recognizing staff for their dedicated work throughout the pandemic;
- Soliciting staff feedback on OCWA's Vision, Mission and Values; and
- Developing long-term plans to increase remote work and flexibility, including resources for employees and managers and increased mental health support.

MEASURING PERFORMANCE - 2021 RESULTS

STRATEGY 1 – DRIVING BUSINESS GROWTH BY DELIVERING TOTAL SOLUTIONS TO CLIENTS

MAINTAINING AND EXPANDING OCWA'S OPERATIONS AND MAINTENANCE CLIENT BASE

GOAL

- Retain OCWA's existing Operations and Maintenance clients and attract new clients to the Agency

PERFORMANCE MEASURES

- Achieve \$14.5 million revenue target for contracts up for renewal in 2021
- Retain 97 percent of client contracts up for renewal in 2021 (based on total number of clients)
- Achieve \$5.4 million revenue target for new O&M business in 2021

YEAR-END RESULTS

- Renewal revenue target increased to \$21.9 million in early 2021 due to late 2020 rollovers of some client contracts
- Contracts worth \$23.2 million annually (and \$103.5 million over the full terms of the contracts) were renewed in 2021, surpassing the adjusted \$21.9 million renewal revenue target
- No contracts up for renewal in 2021 were lost (100% renewal rate)
- Achieved \$5.0 million in annual revenue (\$22.54 million in total revenue over the full terms of the contracts) for the sale of new O&M business in 2021 (\$0.4 million below the \$5.4 million target)

SUPPORTING MUNICIPAL INFRASTRUCTURE SUSTAINABILITY AND RESILIENCE THROUGH THE PROVISION OF VALUE-ADDED SERVICES

GOAL

- Provide value-added services that help clients to ensure the sustainability and resilience of their water and wastewater infrastructure

PERFORMANCE MEASURES

- Implementation of the Stratford Net Zero project, which includes co-digestion and production of renewable natural gas, results in greenhouse gas reduction of 49,000 tons of carbon dioxide equivalent by the end of the first year that the facility is in operation
- Petawawa Net Zero project diverts 7,000 tonnes of organics from landfill once implementation is complete
- Five or more feasibility studies for organics diversion and resource recovery initiatives conducted that result in two or more project implementations by the end of 2021
- Complete three pilot studies annually as a proof of concept and to address identified client needs, with a focus on odour control, waste diversion/resource recovery, and lagoons
- Develop and deliver one Municipal Climate Change Action Plan annually as part of the Agency's Climate Resiliency strategy, with a focus on water/wastewater infrastructure for smaller municipalities
- Develop Biosolids program and initiate two sustainable Biosolids management projects with adoption of innovative technology with alternate delivery model by end of 2022
- Work collaboratively with municipalities in the province to source and secure a minimum of \$1.5 million in funding per year

to advance infrastructure and state of good repair projects

YEAR-END RESULTS

- OCWA provided support to the Town of Stratford for the Net Zero project throughout most of 2021
 - In mid-December, Stratford Council voted to withdraw their interest in the previously approved project
 - OCWA will review the lessons learned from this project and support the Town in evaluating and reshaping their future approach to resource recovery
- Continued to support the Town of Petawawa's Net Zero project throughout 2021
 - Following the success of the feasibility study and council engagement, in September of 2021, the Town approved moving forward with the co-digestion project in partnership with OCWA
 - Planning for the project is underway
- Six feasibility studies for organics diversion and resource recovery initiatives completed, including Petawawa, resulting in two project implementations that were underway at the end of 2021 and two additional potential projects awaiting approval
- Additional feasibility studies for organics diversion and resource recovery projects proposed or underway in a number of Ontario communities
- Municipal Climate Change Action Plan completed and presented to one client; additional Action Plan under development for another client at the end of 2021

- Development of Biosolids program underway
 - Completed the first phase of collection, verification, and analysis of current OCWA-wide biosolids practices, including the volume/mass of biosolids produced at OCWA-operated facilities and other operational data
 - Establishing partnerships with biosolids solutions providers
 - Regional Biosolids reviews completed for two Regional Hubs; additional regional assessments to be completed in 2022
 - Biosolids management feasibility study completed for the Region of Peel; proposals prepared for additional client feasibility studies; awaiting client approval to proceed
 - Supported the development of applications for multiple municipal clients, resulting in clients receiving approximately \$1.5 million in funding for demonstration projects, leveraging various funding programs
-

SUPPORTING CLIENT INFRASTRUCTURE THROUGH ALTERNATIVE FINANCING AND PROJECT DELIVERY

GOAL

- Assist clients in financing major maintenance and capital delivery projects for their water and wastewater infrastructure

PERFORMANCE MEASURES

- Approve two loans (under \$1 million) to existing clients for water/wastewater infrastructure projects (tied to the O&M contract term), through the OCWA loans committee

YEAR-END RESULTS

- Loans for 2 clients (\$1.15M total value) approved by the Agency's internal loans committee in 2021
- Program put on hold pending approval from the Province
 - Business case developed and provided to the Ministry of the Environment, Conservation and Parks and the Ontario Financing Authority for review

STRATEGY 2 – ENHANCING EFFICIENCY THROUGH BUSINESS PROCESS IMPROVEMENTS

TRANSFORMING INFORMATION SYSTEMS AND PROCESSES

GOAL

- Enhance the Agency's Information Technology systems and refine the Agency's business processes through implementation of the Business Transformation Program

PERFORMANCE MEASURE

- Enterprise Resource Planning (ERP) system upgrades result in a 5-10% reduction in the time required to complete financial administration tasks by the end 2022
- Supervisory Control and Data Acquisition (SCADA) network coverage expanded to include 90% of the province by the end of 2023, resulting in improved client coverage and service levels
- Level 2 and 3 Asset Management training provided to managers and asset management specialists that need a more in depth knowledge of asset life-cycle concepts by the end of Q4, 2021, resulting in \$300 thousand in annual revenue from the sale of asset management services by the end of 2023
- Requirements developed and vendor selected for an asset management decision support solution by the end of 2021

YEAR-END RESULTS

- ERP system improvements ongoing
 - Opportunities for improvements identified; Implementation of system improvement solutions underway
 - Improving and standardizing processes while enhancing system functionalities

- Strengthening financial management capacity through training, education and sharing best practices
- Will re-evaluate performance measure once ERP improvement solutions are fully implemented
- SCADA network coverage expansion ongoing
 - Implementation timelines delayed due to pandemic work restrictions
 - 125 SCADA panels purchased and 96 panels deployed, out of a total of 210 panels as at December 31, 2021 (45 percent complete)
 - On track to complete the remaining sites by the end of 2024
- Level 2 Asset Management training completed; Level 3 training on track for completion in Q1, 2022
- Achieved \$200 thousand in revenue from the sale and delivery of stand-alone asset management plans in 2021, while providing additional asset management services to clients as part of their existing operational and maintenance contracts
- Work underway to determine requirements and recommendations for an asset investment planning software solution (asset management decision support solution), including exploring cost effective optimized solutions such as pre-qualification with a test case and/or building a tool in partnership with an outside vendor
 - Target completion date has been extended to Q2, 2022

ENHANCING OUR PROCUREMENT PROCESSES

GOAL

- Optimize the Agency's procurement processes to deliver best value to OCWA's clients

PERFORMANCE MEASURE

- Complete two or more additional Vendor of Record (VOR) arrangements to reduce time in procuring goods and services
- Complete Construction Procurement workshop training for all Capital Managers by the end of Q4, 2021
- Year-over-year increase in the use of Agency VOR agreements and a corresponding decrease in the number of one-off publicly posted procurements, resulting in a reduction in the overall time and effort required to purchase goods and services

YEAR-END RESULTS

- 23 new multi-vendor VOR contracts awarded in 2021 (97 new vendor contracts included in the 23 VORs)
- 17 VOR extensions completed (78 vendors included in the 17 VOR extensions)

- Construction Procurement training provided to all Capital Managers and other Agency staff
 - A two-hour refresher session was conducted on March 30 with 51 participants in attendance
 - A three-hour Procurement and Construction Projects training session was held on September 9 with 21 participants in attendance
- Additional Procurement training provided to Agency managers and staff
 - Several one-hour new manager Procurement training sessions completed
 - Held two regional training sessions on the non-competitive procurement process
 - New mini-module sessions under development
- Year-over-year decline in the percentage of one-off procurements to date; one-off procurements represent 22 percent of all publicly posted procurements in 2021 (13 out of 58), as compared to 40 percent in 2020 and 63 percent in 2019

STRATEGY 3 – SERVING CLIENT COMMUNITIES AND SUPPORTING PROVINCIAL PRIORITIES

PROTECTING THE ENVIRONMENT THROUGH EDUCATION AND OUTREACH

GOAL

- Enhance public understanding and appreciation of the value of water and the environment by promoting and enhancing the OneWater® and “I Don’t Flush” programs

PERFORMANCE MEASURES

- Pilot “virtual” One Water® program by the end of Q2, 2021
- OneWater® Indigenous perspective module rolled out as part of the virtual OneWater® program
- 80% of students that complete the OneWater® program say they understand more about how water/wastewater treatment works in their community as a result of the program
- 12 new mini Public Service Announcements (PSAs) launched using clips from original I Don’t Flush PSAs for use on social media and distribution to municipal partners

YEAR-END RESULTS

- Because of continued COVID-19 pandemic restrictions, filming of a “virtual” OneWater video course was delayed throughout 2021

- Anticipating the project to go forward in 2022, a filming location and an operator to participate in the video were secured and a production company was hired to produce the video in early 2022
- Planning for the shoot was underway at the time that this report was written

- Roll-out of the OneWater® Indigenous perspective module continued to be delayed throughout 2021 due to the ongoing COVID-19 pandemic
- While no children have completed the regular OneWater® program since March 2020 due to the COVID-19 pandemic, previous surveys have resulted in more than 80% of student participants saying that they understand more about water and wastewater
- A social media campaign featuring the 12 mini PSAs launched and completed in 2021. Over the course of the six-week social media campaign, the mini-PSAs earned nearly 25,000 impressions on Twitter (impressions are the number of times a tweet appears on a user's timeline)

WORKING WITH FIRST NATIONS COMMUNITIES TO IMPROVE AND MAINTAIN THEIR WATER AND WASTEWATER SYSTEMS

GOAL

- Support the development of sustainable water and wastewater solutions, including effective infrastructure management, for First Nations communities

PERFORMANCE MEASURE

- 20 percent increase in the number of contracts with First Nations communities and a corresponding 20 percent increase in revenue

YEAR-END RESULTS

- While OCWA failed to meet the target of a 20 percent increase in the number of contracts due to continuing COVID-19 restrictions, the Agency's First Nations revenue increased by more than 20 percent as a result of OCWA's emergency work in Neskantaga First Nation and Marten Falls First Nation
- OCWA's First Nations business is expected to increase as COVID restrictions are eased and OCWA's First Nations strategy is implemented

RESPONDING TO WATER AND WASTEWATER EMERGENCIES

GOAL

- Maintain the Agency's emergency response capabilities and ability to respond to a variety of emergency situations across the province

PERFORMANCE MEASURE

- OCWA Emergency Response Teams deployed and on-site within 24 hours from the time that emergency assistance is requested

YEAR-END RESULTS

- OCWA's Emergency Response Teams were put on notice for deployment to assist in

managing OCWA-managed or other municipal/First Nations facilities if required because of the COVID-19 pandemic

- Emergency Response Team members were made available to assist in resolving the water quality issues in Neskantaga First Nation and Marten Falls First Nation
- Lessons learned from the emergency response activities in Neskantaga and Marten Falls will be documented and applied in future emergencies
- Emergency Response Team trailers and equipment continue to be fully stocked and maintained at all times

SUPPORTING PROVINCIAL WASTEWATER-BASED EPIDEMIOLOGY INITIATIVES

GOAL

- Support the implementation of a pilot wastewater-based epidemiology program for Ontario

PERFORMANCE MEASURE

- Provide technical advice and assist the province as required to implement a pilot wastewater-based epidemiology program for Ontario, including:
 - Procuring 20 automatic samplers to assist with the project; and
 - Discussing directly participating in the initiative with 20 municipalities

YEAR-END RESULTS

- Procured critical equipment to support the provincial wastewater-based epidemiology program
 - 30 samplers procured, 27 deployed; 3 samplers available for future wastewater sampling
 - 14 sample freezers procured (sub-minus 80 degrees Celsius) for universities participating in wastewater-based epidemiology program
- Helped bring 32 Ontario municipalities into the provincial wastewater-based epidemiology program, providing the program with the capacity to monitor almost 80 percent of Ontario's population through wastewater surveillance

REAL TIME MONITORING OF WASTEWATER OVERFLOWS AND BYPASSES

GOAL

- Support the Ministry of the Environment, Conservation and Parks in developing a real-time wastewater monitoring and public reporting program for the province

PERFORMANCE MEASURE

- Provide technical advice and assist the province as required to develop a real time wastewater monitoring and public reporting program, including collecting information from a range of OCWA-operated wastewater treatment facilities (50 or more) regarding their current ability to record and report overflow and bypass information

YEAR-END RESULTS

- Development of a real-time provincial wastewater monitoring and public reporting program is ongoing
- Engaged the Ministry of the Environment, Conservation and Parks to assist with program development and scope determination throughout 2021
- Aiming for two distinct systems in different geographic locations to get a better understanding of costs, with a demonstration project lens
- Will begin collecting information from OCWA-operated wastewater treatment facilities once the full scope of the program has been determined by the Ministry of the Environment, Conservation and Parks

STRATEGY 4 – ENSURING THE HEALTH, SAFETY AND SUCCESS OF OUR EMPLOYEES

FOSTERING A DIVERSE AND INCLUSIVE CULTURE

GOAL

- To be an inclusive organization that is diverse, equitable, and respectful, that captures the uniqueness of individuals and creates a culture where everyone feels safe, valued, accepted and encouraged to reach their full potential

PERFORMANCE MEASURE

- Successfully implement year two of the Agency's Diversity and Inclusion Strategy in 2021, including:
 - Integrating Diversity and Inclusion practices into talent management and succession planning processes;
 - Developing a Diversity and Inclusion scorecard to measure success of the D&I strategy;
 - Establishing a Diversity and Inclusion Advisory Council;
 - Developing an anti-racism action plan; and
 - Expanding Indigenous cultural awareness training for the Agency.

- Establishing the OCWA Diversity and Inclusion Advisory Council:
 - Includes diverse OCWA staff representatives at different levels from across the province
 - Advisory Council member roles and responsibilities, key performance indicators, and regional Diversity and Inclusion Champion framework identified/established
 - Advisory Council meetings held on a quarterly basis
- Agency Diversity and Inclusion Scorecard established to track progress over time
- Ontario Public Service anti-racism initiative incorporated into the Agency's overall Diversity and Inclusion Strategy and OCWA Anti-Racism plan completed
- Diversity and Inclusion Lens completed for roll-out to managers and staff in early 2022
- Expansion of Indigenous cultural awareness training deferred to 2022 due to the ongoing pandemic

YEAR-END RESULTS

- Aligning the new Ontario Public Service Diversity and Inclusion leadership competencies into the Agency's Talent Management and Succession Planning processes for the 2021-2022 performance year

ATTRACTING TOP TALENT AND BUILDING LEADERSHIP STRENGTH

GOAL

- Integrated recruitment, total compensation and talent management programs to create a high-performance, sustainable organization that meets its strategic and operational goals and objectives

PERFORMANCE MEASURE

- Year-over-year increase in the percentage of management and senior leadership positions filled by participants in the OCWA leadership development program
- Leadership development program participants demonstrate an improvement in leadership competencies based on pre- and post-program assessments
- 100% of Executive Management Team and Senior Leadership Team positions have identified successors and succession plans

YEAR-END RESULTS

- 9.5 percent of management and senior leadership competitions in 2021 were filled by participants in the OCWA leadership development program. While this is a decrease from the 19 percent of positions that were filled in 2020, and the 15 percent in 2019, it is important to note that all of these successful candidates (9 in total) were members of the first round of the program, which had 28 participants. This brings the total percentage of first round program participants to be promoted into senior roles up to 32

- Applications for OCWA's two leadership development programs (Aspiring Manager and Aspiring Leader) opened in Q3, 2021
 - Diversity and inclusion was a consideration for nomination/ acceptance into both programs
 - The Aspiring Manager program launched at the end of 2021; 44 percent of the participants are female and half self-identify as diverse
 - The Aspiring Leader program launched in January of 2022; 31 percent of the participants are female and 30 percent self-identify as diverse
 - Inclusive leadership has been added into the program curriculums
 - Will assess whether there is an improvement in leadership competencies based on pre- and post-program assessments once the second round of the program is complete
- All members of the Agency's Executive Management and Senior Leadership Teams have identified successors. Agency leaders are responsible for developing learning plans for successors' future roles, including potential participation in the Aspiring Leader program
- Continuing to review and implement successor action plans for business critical/at risk positions to determine which current employees are qualified to fill management and senior leadership positions

ENSURING THE HEALTH, SAFETY AND WELL-BEING OF OUR EMPLOYEES

GOAL

- Have an ingrained health and safety culture within OCWA

PERFORMANCE MEASURES

- Year-over-year reduction in the Agency's Recordable Incident Rate (RIR), with a target for 2021 of 1.5 or lower
- Year-over-year reduction in the Agency's Lost Time Injury Rate (LTIR), with a target for 2021 of 0.38 or lower

YEAR-END RESULTS

- 2021 year-end Recordable Incident Rate was 1.38 (lower than the target of 1.5 but higher than the 2020 year-end Recordable Incident Rate of 0.67)
- 2021 year-end Lost Time Injury Rate was 0 (lower than the target of 0.38 as well as the 2020 year-end Lost Time Injury Rate of 0.33)

ENHANCING THE WORKPLACE EXPERIENCE

GOAL

- Improve employee engagement, motivation and commitment to contribute their full potential

PERFORMANCE MEASURE

- Year-over-year improvement in the Agency's employee engagement index, with a target for 2021 of 70 or higher

managers; management commitment to health and safety; and employee pride in the work done by the Agency and individual regions/departments

- Opportunities for improvement identified in the survey included: workplace stress; hiring practices; and compensation

YEAR-END RESULTS

- The 2021 OPS Employee Engagement survey ran from March 3-26, with the results made available in June of 2021
- OCWA's survey response rate increased from 67.1 percent in 2019 (the last time the survey was held) to 72 percent in 2021
- OCWA's employee engagement index also increased from 69.6 in 2019 to 71.9 in 2021
- Strengths identified in the survey included: positive relationships with co-workers and

MANAGEMENT ANALYSIS OF FINANCIAL RESULTS

OVERVIEW

2021 was another year of positive financial results for OCWA. The Agency realized a Net Income of \$17.2 million, an increase of 72 percent when compared to 2020, and well ahead of the plan for the year. Contributing factors included an 8.4 percent increase in Total Operating Revenue, which was driven by increases in Operations and Major Maintenance revenue, management of expenses and other cost savings. Another major contributing factor was the one-time recovery of \$9.5 million resulting from the repayment of the Agency's loan to the New Tecumseh Improvement Society (see note 2 to the financial statements).

Lower than planned investment income, resulting from the Bank of Canada's lower overnight rate throughout the year, partially offset the increase in revenue, as did a 9.3 percent increase in Total Operating Expenses, resulting from a combination of salary and benefits increases for bargaining unit staff and other operating cost increases.

While the Agency was successful in increasing its Total Operating Revenue and Net Income in 2021, the ongoing COVID-19 pandemic continues to have the potential to negatively impact the Agency's ability to meet its future growth targets, as client water and wastewater infrastructure projects and other projected sources of revenue growth may continue to be delayed in 2022 and municipalities are faced with addressing revenue and spending challenges related to the pandemic.

BALANCE SHEET

Net Assets increased to \$250.1 million in 2021, an increase of 7.4 percent as compared to 2020, due to the Agency's strong Net Income of \$17.2 million. Cash and short-term investments increased by \$35.6 million, primarily due to the New Tecumseh Improvement Society loan recovery, matured investments in term deposits and collection of accounts receivable.

Outstanding accounts receivable decreased in 2021 as compared to 2020. Current accounts receivable represented 91.2 percent of the Agency's total accounts receivable outstanding at December 31, 2021, as compared to 83 percent at December 31, 2020.

The Agency's net tangible capital assets decreased by \$252,000 compared to 2020, as a result of increased amortization in 2021.

The Agency continues to meet its obligations without the use of debt, and as in prior years, had no outstanding financial obligations in 2021.

REVENUE

OCWA's long-term growth strategy continues to be focused on retaining current clients, expanding the scope of services provided to these clients and attracting new clients.

The Agency was successful in retaining all clients whose contracts came up for renewal in 2021, signing several long-term contracts of five-to-ten years. In addition to retaining clients, the Agency was successful in attracting new clients. OCWA will be pursuing other similar projects in the future and anticipates that this will be an important driver of future revenue growth.

Total Operations Revenues increased by 8.4 percent as compared to 2020. This increase in revenue resulted from a combination of

annual inflationary revenue increases included in long-term client Operations and Maintenance contracts and additional new revenue resulting from the increased delivery of short-term Major Maintenance services contracts, as the Agency client's upgraded aging water and wastewater infrastructure. Federal and provincial infrastructure funding through programs like the Clean Water and Wastewater Fund continued to enable municipalities to upgrade their water and wastewater infrastructure, although decisions to move forward with these infrastructure upgrades may be delayed due to the ongoing COVID-19 pandemic.

The Agency's Other Business Revenue is comprised of revenue from the Project Planning and Delivery, Training, Asset Management and SCADA groups. In 2021, revenues from these services increased by 18.0 percent when compared to the prior year, primarily due to projects being pushed out from 2020.

EXPENSES

Total Operating Expenses increased by 9.3 percent, driven by increases in salaries, benefits, Other Operating Expenses and amortization of Tangible Capital Assets.

Salary and Benefit increases of 8.5 percent are attributable to increased business and merit increases for unionized staff, as set forth in the current collective agreements for Ontario Public Service employees. Benefits contributions also increased correspondingly as a result of payroll increases.

In 2020, the Agency's Board of Directors approved total capital and re-engineering expenditures of up to \$33.8 million for the Agency's Business Transformation Program (BTP), which began implementation in 2018. Some of the Agency's assets were fully amortized at the end of 2020, but were offset

by an increase in Information Technology and BTP amortization, resulting in a 6.4 percent increase in total amortization costs in 2021 as compared to 2020.

A 10.0 percent increase in Other Operating Expenses was fueled by increased spending on commodities and other costs directly related to the operation of client facilities. These increases were partially offset by reduced spending on discretionary items such as travel and promotions due to COVID-19.

Spending on infrastructure upgrades and other maintenance services resulted in a 15.9 percent increase in repair and maintenance costs as compared to 2020.

Chemical costs are driven by price and usage. In 2021, chemical costs increased by 8.3 percent, driven by price increases and some client facilities using higher volumes. The Agency has established multi-year contracts with chemical suppliers, which reduce exposure to market volatility and chemical price fluctuations

Insurance costs are mainly driven by insurable values, revenues and claims history. In 2021, insurance costs increased by 23.2 percent, mostly due to property insurance premium increases.

INVESTMENT INCOME

Investment income is comprised of income from short-term and long-term investments, overnight cash balances and loans receivable. Bank of Canada interest rates remained at an historically low level in 2021, resulting in investments coming due in 2021 being reinvested at interest rates less than one percent. Given the decline in interest rates, investment income decreased by 32.5 percent as compared to 2020.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

OCWA's management and Board of Directors are responsible for the financial statements and all other information presented in this annual report. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

OCWA is dedicated to the highest standards of integrity in its business. To safeguard assets, the Agency has a sound set of internal financial controls and procedures that balance benefits and costs. Management has developed, and continues to maintain, financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information in accordance with the bylaws of the Agency. Internal audits are conducted to assess management systems and practices, and reports are issued to the Executive Management Team.

The Board of Directors ensures that management fulfills its responsibilities for financial and internal control. The Board of Directors and the Audit and Finance Committee of the Board meet quarterly to oversee the financial activities of the Agency and at least once a year to review the audited financial statements and the external auditor's report and recommend them to the Minister of the Environment, Conservation and Parks for approval.

The Auditor General has examined the financial statements. The Auditor General's responsibility is to express an opinion on whether the financial statements are presented fairly in accordance with Canadian public sector accounting standards. The Auditor's Report outlines the scope of the Auditor's examination and opinion.



Alicia Fraser
President and Chief Executive Officer



Helen Bao
Vice-President, Finance

Toronto, Ontario
April 21, 2022



INDEPENDENT AUDITOR'S REPORT

To the Ontario Clean Water Agency

Opinion

I have audited the financial statements of the Ontario Clean Water Agency (OCWA), which comprise the statement of financial position as at December 31, 2021 and the statements of operations and changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of OCWA as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of OCWA in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the OCWA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless OCWA either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing OCWA's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OCWA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on OCWA's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause OCWA to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Toronto, Ontario
April 21, 2022



Bonnie Lysyk, MBA, FCPA, FCA, LPA
Auditor General

2021 FINANCIAL STATEMENTS

Statement of Financial Position as at December 31, 2021

	(in thousands of dollars)	
	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and short-term investments (note 3a)	79,236	43,607
Accounts receivable, net		
Municipalities and other customers (note 3b)	40,818	44,197
Other Ministries	2,030	1,239
Harmonized sales tax receivable	4,463	12,511
Prepaid Expenses and deposits (note 6a)	2,721	1,168
Current portion of investments receivable for water and wastewater facilities (note 2)	239	1,156
	129,507	103,878
Non-current assets:		
Investments in term deposits and other notes (note 3a)	24,376	31,487
Investments receivable for water and wastewater facilities (note 2)	14	33
Loan receivable - Ontario Infrastructure and Lands Corporation (note 3d)	120,000	120,000
Tangible Capital Assets, net (note 4)	11,214	11,466
	155,604	162,986
Total Assets	285,111	266,864
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	22,644	21,399
Current portion of employee future benefits (note 7a)	6,395	6,439
	29,039	27,838
Long-term liabilities:		
Employee future benefits (note 7a)	6,009	6,172
Net Assets	250,063	232,854
Total Liabilities and Net Assets	285,111	266,864

Commitments and Contingencies (note 5)(note 6)
see accompanying notes to financial statements

On behalf of the Board



Director



Director

Statement of Operations and Changes in Net Assets for the year ending December 31, 2021

(in thousands of dollars)

	December 31, 2021	December 31, 2020
Utility Operations Revenues:		
Asset Operations & Maintenance Services Revenue	234,135	216,504
Other Client Utility Management Services Revenue	7,241	6,135
Total Operating Revenues	241,376	222,639
Operating Expenses:		
Salaries and benefits (note 7a and note 7b)	91,000	83,847
Other operating expenses (note 9)	140,944	128,178
Amortization of tangible capital assets	3,578	3,364
Total Operating Expenses	235,522	215,389
Excess of revenue over expenses - Utility Operations	5,854	7,250
Interest from Investments and loans receivable	1,855	2,750
Loan Recovery (note 2)	9,500	-
Excess of revenue over expenses	17,209	10,000
Net Assets, opening balance	232,854	222,854
Net Assets, ending balance	250,063	232,854

see accompanying notes to financial statements

Statement of Cash Flows for the year ending December 31, 2021

	<i>(in thousands of dollars)</i>	
	December 31, 2021	December 31, 2020
Cash Provided by (used for) Operating Activities		
Excess of revenue over expense-Utility Operations	5,854	7,250
Items Not Affecting Cash		
Amortization of Tangible Capital Assets	3,578	3,364
Future employee benefits expense	(163)	(1,585)
	9,269	9,029
Changes in non-cash operating working capital		
Accounts Receivable	10,636	(9,934)
Prepaid Expenses	(1,553)	(55)
Accounts Payable and Accrued Liabilities	1,245	203
Current portion of future employee benefits	(44)	174
	10,284	(9,612)
Net Cash Flows from operating activities	19,553	(583)
Cash from Investing Activities		
Interest	1,855	2,750
Principal Repaid on Loans/(Holdback)	(64)	109
Decrease/(Increase) in non-current Term Deposits	7,111	(7,726)
Decrease/(Increase) in Investments receivable for water and wastewater facilities	1,000	(1,000)
Loan Recovery	9,500	-
Net cash flows from investing activities	19,402	(5,867)
Cash Used in Capital Activities		
Tangible Capital Assets Acquired	(3,326)	(3,295)
Increase (Decrease) in Cash and Short-Term Investments	35,629	(9,745)
Cash and Short-Term Investments, Opening Balance	43,607	53,352
Cash and Short-Term Investments, Closing Balance	79,236	43,607

GENERAL

The Ontario Clean Water Agency (The "Agency") was established on November 15, 1993, under the authority of The Capital Investment Plan Act, 1993 (the "Act").

The Agency's objects include:

- (a) assisting municipalities, the Government of Ontario and other persons or bodies to provide water and sewage works and other related services by financing, planning, developing, building and operating those works and providing those services;
- (b) financing and promoting the development, testing, demonstration and commercialization of technologies and services for the treatment and management of water, wastewater and stormwater;
- (c) carrying out the activities described in clauses (a) and (b) in Ontario and elsewhere in a manner that protects human health and the environment and encourages the conservation of water resources; and
- (d) with respect to activities described in clauses (a) and (b) that are carried out in Ontario, carrying them out in a manner that supports provincial policies for land use and settlement.

The Agency is exempt from Federal and Provincial income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

The Agency is classified as a government not-for-profit for financial reporting purposes. These financial statements are prepared by management in accordance with Canadian public sector accounting standards for provincial reporting entities established by the Canadian Public Sector Accounting Board. The Agency has chosen to use the standards for not-for-profit organizations that include the 4200 series

sections. The significant accounting policies are as follows:

(a) Cash and Investments

Cash and investments are recorded at cost. Accrued interest is recorded in accounts receivable and recognized on an accrual basis when earned.

(b) Tangible Capital Assets

Major capital expenditures with a future useful life beyond the current year are capitalized at cost. Tangible Capital Assets are amortized on a straight-line basis as follows:

Computer Software	2-7 years
Information Systems	7 years
Furniture and Fixtures	5 years
Automotive Equipment	4-20 years
Computer Hardware	3-7 years
Machinery and Equipment	5 years
Leasehold Improvements	Life of the lease

(c) Revenue Recognition

Revenue on contracts with clients for the operation of water and wastewater treatment facilities based on a fixed annual price is recognized in equal monthly amounts as earned.

Revenue on contracts with clients based on the recovery of costs plus a percentage markup or recovery of costs plus a fixed management fee is recognized at the time such costs are incurred.

Other client utility management services revenue consists of revenue for additional work for clients outside the scope of the operations and maintenance contract, such as capital repairs on equipment, project management services, and engineering services. Revenue is recognized when the costs are incurred.

(d) Financial Instruments

A financial instrument is an asset or liability that will ultimately be settled in cash.

All financial instruments have been valued at cost and amortized cost.

The financial instruments consist of cash and short-term investments, accounts receivable, investments receivable, term deposits, fixed coupon notes, loans receivable, accounts payable and accrued liabilities.

A Statement of Re-measurement of Gains and Losses has not been prepared because all financial instruments are valued at cost.

- At the transaction date, each asset, liability, revenue and expense are translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in the Statement of Operations
- Effective January 1, 2021, the Agency made an irrevocable election to recognize any unrealized exchange gains or losses arising from all financial assets or liabilities directly in the Statement of Operations.

(e) Employee Benefits

Ontario Clean Water Agency follows PSAS requirements for accounting for employee future benefits, which includes post-employment benefits payable upon termination. Under these requirements, the cost of post-employment benefits is charged to operations annually as incurred.

(f) Loan Receivable

Loans receivable are recorded at cost less any provision for loan allowance. Provisions for loan allowances are used to reflect collectability and risk of loss, therefore loans are recognized at the lower of cost and the net recoverable value.

Changes in the provision for loan allowance and loan amounts written off are recognized in the Statement of Operations. Monies received during the year from loans provided for in a prior year are recorded as loan recoveries on the Statement of Operations. Interest on the loan receivable is accrued when earned.

(h) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenditures for the period. Significant items subject to such estimates and assumptions include the allowance for doubtful accounts receivable and investment receivable, amortization of tangible capital assets, accrued liabilities and employee future benefits. Actual results could differ from management's best estimates as additional information becomes available in the future.

(g) Foreign Currency

Foreign currency accounts are translated into Canadian dollars as follows:

2. INVESTMENTS RECEIVABLE FOR WATER AND WASTEWATER FACILITIES

These investments represent the outstanding principal portion of amounts receivable from clients for capital expenditures undertaken by the Agency on their behalf, and recoverable operating costs, if any, not billed. The investments receivable are supported by agreements that bear interest at rates of 2.7 percent. Scheduled principal repayments of the investments are as follows:

<i>(12 Months Beginning January)</i>	<i>(in thousands of dollars)</i>
2022	239
2023	14
	253
Less: Current portion	(239)
	14

In August of 1999, the Agency entered into a loan agreement to finance the construction of a water pipeline, which was completed in May 2000. The outstanding loan balance including accumulated interest was \$18.6 million at December 31, 2005. The Agency has recognized the loan as fully impaired and accordingly the loan amount of \$18.6 million has been reflected in an allowance for loan impairment. The Agency has recovered a total of \$0.929 million in prior years, which has been reflected as a reduction of the allowance for loan impairment. In 2020, the Agency and the debtor negotiated a partial repayment of the loan. The Agency received \$1 million subsequent to year-end. In September 2021, the Agency received the final negotiated settlement of \$9.5 million, which has been reflected as a reduction of the allowance for loan impairment and related receivable on the statement of financial position. The remaining outstanding balance of \$7.2 million will not be recovered.

Other than as described in this note, there are no other provisions established for investment receivables.

3. FINANCIAL INSTRUMENTS

(a) Cash and Investments

The Agency has \$103.6 million invested in bank balances, term deposits and other notes as follows:

<i>(in thousands of dollars)</i>	
Cash Balances	14,171
Term deposits due within a year (Interest rates 0.65%-2.19%)	<u>65,065</u>
Cash and Short-Term Investments	79,236
Term deposits and other notes due within two to five years (Interest rates 1.20% - 2.23%)	<u>24,376</u>
	<u>103,612</u>

The fair value of the bank balances, term deposits and other notes approximates carrying value. Term deposits and notes include various financial instruments such as GIC's and fixed coupon notes.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Agency's maximum exposure to credit risk consists of the total of cash and investments, accounts receivable, investments in term deposits, investments receivable and loans receivable.

The Agency is exposed to low credit risk because receivables are due from municipalities and payment is usually

Notes to Financial Statements
December 31, 2021

collected in full. Credit rating reviews are performed for non-municipal clients. All bank balances and investments are held by large Canadian chartered banks.

A breakdown of the accounts receivable from municipalities and other customers is as follows:

<i>(in thousands of dollars)</i>		
	2021	2020
0-60 days	37,243	36,818
61-90 days	1,308	817
91-120 days	1,188	684
121-150 days	124	484
More Than 151 days	955	5,394
Total Net Accounts Receivable Municipalities and Other Customers	40,818	44,197

An account receivable is considered to be impaired when dispute resolution has failed and the account is forwarded to legal counsel for further action. At December 31, 2021, one account was considered impaired. The outstanding balances totaled to \$0.1 million (2020 - \$0.1 million). Net Accounts Receivable includes an Allowance for Doubtful Accounts which is based on a provision for 25% of Accounts Receivable aged greater than 60 Days less amounts received subsequent to year end. The Agency believes that this policy mitigates the risk of incorrect provision.

(c) Currency Risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate because of changes in foreign exchange rates, resulting in either a gain or loss. Changes in the foreign exchange rate between the transaction date and

subsequent reporting dates give rise to an exchange gain or loss.

The Agency has cash and accounts payable denominated in US dollars to fund operating requirements and maintains a balance in the USD bank account. Both are exposed to exchange rate fluctuation. Management believes that the risk exposure is low.

(d) Interest Rate Risk

The Agency has extended a \$120 million loan to Ontario Infrastructure and Lands Corporation which matures on March 1, 2023 with a variable interest rate set at four basis points below the average monthly Canadian Dollar Offered Rate. It also has term deposits and bank balances that are sensitive to the prevailing interest rates. As a result, the Agency is exposed to a cash flow risk related to the fluctuations in interest rates.

(e) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Agency is exposed to market risk as the returns of two investments totaling \$7.9 million are linked to a market index (S&P/TSX Composite Low Volatility Index). The Agency believes market risk is not significant because of the low index volatility.

(f) Other

The Agency is exposed to low risk for electricity and chemical costs because most of the contracts are structured to pass these costs through to the customer.

Other than as described in these notes, the Agency is not exposed to any additional currency or liquidity risk on its financial instruments. There was no change in the risk exposure to that of the prior year.

4. TANGIBLE CAPITAL ASSETS

<i>(in thousands of dollars)</i>	Cost	Accumulated Amortization	Net Dec 31, 2021	Net Dec 31, 2020
Computer Software	13,425	8,141	5,284	6,352
Information Systems	1,584	1,533	51	94
Furniture and Fixtures	314	145	169	222
Automotive Equipment	3,077	2,916	161	310
Computer Hardware	8,031	4,687	3,344	2,518
Machinery and Equipment	1,053	861	192	293
Leasehold Improvements	2,085	653	1,432	1,605
Software Under Development	581	0	581	72
	30,150	18,936	11,214	11,466

In 2017 the Board approved the Agency's Business Transformation Program (BTP) capital and re-engineering expenditures of up to \$27.8 million which was implemented starting in 2018. This budget was revised to \$33.8 million and approved by the Board in December 2020 due to the addition of several new projects. The BTP is focused on strategic investments in infrastructure, IT systems and business practices. As at December 31, 2021, \$13.46 million was spent, of which \$9.29 million has been capitalized.

<i>(in thousands of dollars)</i>	
2022	3,373
2023	2,774
2024	2,371
2025	1,910
2026	1,430
Thereafter	3,971
	15,829

5. LEASE COMMITMENTS

Annual lease payments under operating leases for rental of office equipment, premises and vehicles in aggregate are as follows:

The lease for the Agency's head office located at 2085 Hurontario Street, Mississauga is for a period of 10 years with minimum lease payments totaling approximately \$5.4 million over this time period. The lease begins on July 1, 2020 and ends on June 30, 2030.

6. CONTINGENCIES

(a) Contingent Liabilities

The Agency is involved in various legal claims arising in the normal course of business, the outcome of which cannot be determined at this time. Most of the legal claims are covered by insurance after the application of a deductible, ranging from \$5,000 to \$100,000, depending on when the event giving rise to the claim occurred and the nature of the claim. In December 2021, OCWA made deposits in an interest-bearing account with the Superior Court of Justice for claims, to be held until a resolution is reached.

(b) Letters of Credit

The Agency has lines of credit with the Royal Bank of Canada for \$50 million. As of December 31, 2021, \$9.95 million (2020 - \$18.9 million) of these lines of credit have been used to provide letters of credit to municipalities in accordance with the terms of their operations and maintenance agreements.

7. EMPLOYEE FUTURE BENEFITS

(a) Non-Pension Employee Future Benefits

The Agency is responsible for its accrued legislated severance, unpaid vacation, and workers compensation obligations.

The costs of these employee future benefits obligations have been estimated at \$12.4 million (2020 - \$12.6 million) of which \$6.4 million (2020 - \$6.4 million) has been classified as current liability. The amount charged to the income statement in 2021 was \$1.4 million (2020 - \$1.36 million) and is included in salaries and benefits expense in the Statement of Operations and Changes in Net Assets.

The legislative severance portion of the employee future benefits obligation totaled \$5.2 million of which \$3.5 million is long term.

The long term portion was calculated based on the following assumptions: discount rate of 1.59% (2020 - 2.37%) and estimated years to retirement for each employee. Due to policy changes for these benefits, no assumption of wage and salary escalation was used (2020 - 0%). These assumptions are management's best estimate.

Included in employee future benefits obligation is an estimated workers compensation obligation in the amount of \$2.1 million (2020 - \$2.1 million). This amount has been determined from the most recent available actuarial calculations provided by the Workplace Safety and Insurance Board (WSIB) as at December 31, 2020.

It is management's opinion that the balance at December 31, 2021 will not be materially different. Adjustment to the estimated WSIB obligation cumulative balance, if any, will be made in the year the updated balance is provided by WSIB.

The cost of other post-retirement, non-pension employee benefits is paid by the Province and therefore is not included in the financial statements.

(b) Pension Plan

The Agency's full-time employees participate in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU-PF), which are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU-PF, determines the Agency's annual payments of the funds. As the sponsors are responsible for ensuring that the pension funds are financially viable, any surpluses or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the agency. The Agency's payments for the full year of \$5.8 million (2020 \$5.5 million), are included in salaries and benefits in the Statement of Operations and Change in Net Assets.

8. RELATED PARTY TRANSACTIONS

As a result of the relationship of the Agency with the Province, the following related party transactions exist:

The Agency received revenue of \$3.3 million (2020 - \$1.4 million) from the Ministry of Energy, Northern Development and Mines (MENDM) for water and wastewater treatment services provided. The services were provided at competitive rates similar to those of other clients.

The Agency received revenue of \$2.3 million (2020 - \$2.4 million) from the Ontario Infrastructure and Lands Corporation (OILC) for water and wastewater treatment services provided. The services were provided at competitive rates similar to those of other clients.

The Agency received revenue of \$2.2 million (2020 - \$1.9 million) from the Ministry of the Environment, Conservation and Parks (MECP) for water and wastewater treatment services provided. The services were provided at competitive rates similar to those of other clients.

The Agency received funds of \$0.02 million (2020 - \$0.2 million) from the Independent Electricity System Operator, for the Pay for Energy Incentive Program.

The Agency has a \$120 million loan receivable with Ontario Infrastructure and Lands Corporation (OILC), as described in note 3d.

The Agency relies on the Province to process its payroll and administer its benefits, and to obtain some internal audit and legal services. The Province absorbs some of these administrative costs.

9. OTHER OPERATING EXPENSES

The following is a breakdown of various expenses included in Other Operating Expenses:

<i>(in thousands of dollars)</i>		
	2021	2020
Chemicals and Water Treatment	23,938	22,108
Electricity	7,196	7,254
Maintenance	53,696	46,346
Materials	25,384	24,070
Services	30,375	28,004
Transportation	355	396
	140,944	128,178