



ONTARIO CLEAN WATER AGENCY
AGENCE ONTARIENNE DES EAUX

2022

Annual Report

Your
TRUSTED
WATER PARTNER
For Life

Together we deliver water and wastewater services
for the health and sustainability of communities.

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Message from the CEO and Board Chair

In many ways 2022 was a year of renewal for the Ontario Clean Water Agency (OCWA). After more than two years of working through the COVID-19 pandemic, 2022 marked the beginning of a return to normal operations, albeit with some lasting changes to the ways in which the Agency works to meet the needs of its municipal and other clients.

Most significantly, 2022 saw a return to working in-person instead of virtually, with Corporate and Regional office staff returning to their regular workplaces for part of each week, and in-person group meetings, client visits and participation in industry events resuming as well. Despite the Agency's success in managing throughout the pandemic without any significant business disruptions, years of pandemic restrictions had a lasting impact on many OCWA managers and employees, impacting both their work and personal lives. There was a widespread acknowledgement of the importance of both mental and physical health to ensure employee wellbeing, which the Agency's Mental Health and Wellness program was initiated to address.

Undertaking a comprehensive review of OCWA's overall strategic direction, which began by updating the Agency's Vision, Mission and Values, was a key focus for the Agency's Board of Directors and Executive Management Team throughout 2022. OCWA's new Vision, Mission and Values, which are included on page five of this report, form the foundation for the Agency's updated Strategic Plan, which is being finalized for approval by the Board later in 2023.

Reconnecting in person with staff and clients across the province, and strengthening those relationships, was another key priority for the Agency. Staff are vital to everything OCWA does. No one knows the challenges the Agency faces and the solutions to those challenges better

than they do. Recognizing this, members of the Executive Management Team met with staff across the Agency throughout the year, hosting a series of Agency-wide and Regional town hall sessions to gather direct feedback on OCWA's strategic direction and key initiatives. Feedback from these sessions was invaluable in shaping the goals and objectives included in the Agency's updated Strategic Plan.

2022 was a successful year for the Agency from a business perspective. Financially, the Agency performed very well, achieving a Net Income of \$7.3 million, which was ahead of the plan for the year, despite increasing costs for goods and services and other factors impacting expenses. While OCWA fell short of its new sales targets for the year, the Agency successfully retained the vast majority of clients with contracts up for renewal. 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, and capital planning and delivery, ensuring that the Agency's clients received maximum value from their water and wastewater infrastructure investments, while also supporting the Agency's business and growth objectives. Highlights of these and achievements are included throughout this report.

Providing assistance to Ontario First Nations in managing their water and wastewater systems continued to be a priority. In addition to meeting regularly with members of the Agency's First Nations Advisory Circle to gather feedback on how OCWA can better support Ontario First Nations, the Agency established a stand-alone First Nations Regional Hub that will be responsible for managing all of the Agency's First Nations business and other initiatives, including assisting First Nation client communities in managing and maintaining their water and wastewater

infrastructure assets and providing emergency response services when requested.

Other ongoing initiatives continued throughout the year, like the Agency's Business Transformation Program, through which OCWA is making improvements to its technology systems and business practices. Changes were made to improve the Agency's procurement practices, including working to proactively address supply chain issues and other concerns such as price inflation for goods and service. Implementation of the Agency's multi-year Diversity and Inclusion (D&I) Strategy also continued, the overall success of which will be evaluated in 2023.

In addition to driving business growth and working to support the Agency's staff and clients, OCWA continued to support initiatives that bring value to the Province and the people of Ontario. This included supporting Ontario's COVID-19 wastewater surveillance program, which enabled the detection and monitoring of the presence of COVID-19 in wastewater samples taken from communities across Ontario, and helped local public health units to identify, monitor and manage potential outbreaks.

OCWA staff were able to get back out into the communities that the Agency serves, supporting clients by attending local water festivals and other community events and highlighting the importance of water and water education. The Agency also began implementing the action plans developed in response to the recommendations resulting from the Value-for-Money audit conducted by the Office of the Auditor General of Ontario in 2021.

While OCWA had many accomplishments to be proud of in 2022, there were also challenges to be addressed. Inflation and supply shortages impacted both OCWA and its clients throughout the year and continued to be an issue at the time that this report was written. Increased turnover rates and a competitive labour market have also

made staffing a challenge in many parts of the Agency. OCWA's management team worked hard to develop short- and long-term solutions to address these and other issues facing the Agency, with support from the Board, and will continue to do so moving forward.

Supporting OCWA's number one asset, our staff, and working to address the Agency's attraction and retention issues remains the Agency's top priority for 2023. The Board and Executive Management Team look forward to working together to finalize the Agency's updated long-term Strategic Plan and implement our plan to best support our staff, our clients and the people of Ontario.



Alicia Fraser

President and Chief Executive Officer



Joe Pennachetti

Chair, OCWA Board of Directors

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 some staff and resources are shared between large municipal plants and smaller municipal, First Nation and other satellite facilities to ensure geographic optimization. OCWA's 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.

The majority of Agency employees are directly involved in developing and delivering customer solutions and are among the most knowledgeable and experienced in the water and wastewater industry. A few staff have been providing operational services to OCWA's municipal clients since before the Agency was established in 1993, having worked for OCWA's predecessor organizations, the Utility Operations Division at the Ministry of the Environment and the Ontario Water Resources Commission, the latter of 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 2,400 in Moose Factory. OCWA also proudly includes many First Nations clients in its operations portfolio.

Given OCWA's role as a provincial agency, the protection of public health and safety is OCWA'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 adds 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. The Agency's shared services model provides a cost effective way to manage that infrastructure. 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 greenhouse gases through best management practices and technology. This includes converting 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 the 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 Ontario communities 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, Mission and Values

Vision and Mission

While OCWA's previous Vision, Mission and Values served the Agency well over the past 10 years, the world had changed and so had OCWA. OCWA refreshed its Vision, Mission and Values to better reflect the views of the Agency's employees and deliver a Vision that will guide the Agency for the next five to 10 years.

OCWA's new Vision is to be **"Your Trusted Water Partner for Life"**, with a Mission that has been reshaped by the priorities that the Agency has heard from its employees and partners and the collaboration that is needed to meet those priorities: **"Together we deliver water and wastewater services for the health and sustainability of communities."**

Values

OCWA's Values are focused on building trust with clients and other stakeholders. The Agency's new Values describe what's most important to employees, and better reflect the accountability that the Agency owes to them.

Teamwork

We bring together our local knowledge, skills and talents and collaborate with our partners to meet the needs of the communities we serve

Reliability

We provide essential services that meet or go beyond compliance standards and follow through on our commitments to each other and our partners

Understanding

We listen to and collaborate with our partners to deliver solutions that meet their needs

Safety

We make health, safety and wellness in our workplace and in the communities where we live and work, our number one priority

Transparency

We communicate openly, honestly and authentically with each other and our partners

Environment

We protect the environment through innovative solutions to strengthen the health and sustainability of the communities we serve

Diversity

We embrace diverse perspectives and strive to create an equitable and inclusive environment where each of us feels respected and empowered to achieve our personal and professional goals

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 sector, 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 Officers of Health, etc.) for OCWA-operated facilities;
- Providing facility reports to clients for OCWA-operated municipal water 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 annually and made available to all Ontarians online at www.ocwa.com;
- Supporting annual audits of OCWA’s financial statements, regular internal audits and periodic Value-for-Money Audits conducted by the Office of the Auditor General of Ontario;

- 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; and
- Utilizing and regularly updating the Agency's Enterprise Risk Management program to identify and assess business and operational risks.

Board Directors, Terms and Compensation

Including the Chair, OCWA had twelve Board Directors at the end of 2022.

Total Director compensation for 2022 was \$97,375. 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 2022 include the departure of one member, Michael Thorne, and the appointment of one new member, Nike Dattani.

2022 Per Diems – Current and Former Board Members

Board members and terms as of December 31, 2022, along with total per diems paid to each Director in 2022 were as follows:

Director	Date First Appointed	Term Expiry	2022 Per Diems
Joseph Pennachetti (Chair)	February 8, 2018	February 7, 2024	\$26,775.00
Richard Austin	November 13, 2019	February 8, 2026	\$3,600.00
Nike Dattani	February 10, 2022	February 9, 2025	\$5,600.00
Melanie Debassige	October 23, 2013	October 22, 2025	\$6,300.00
Joe Farag	June 10, 2021	June 9, 2024	\$8,500.00
Laila Hulbert	January 21, 2021	January 20, 2024	\$3,600.00
Debbie Korolnek	March 8, 2017	April 5, 2026	\$6,600.00
Hao "Artie" Li	July 29, 2021	July 28, 2024	\$5,400.00
Quirien Muylwyk	February 14, 2020	February 15, 2026	\$6,000.00
Amy Syed	January 7, 2021	January 6, 2024	\$3,600.00
Michael Thorne*	June 19, 2013	October 24, 2022	\$4,600.00
Michael Watt	July 9, 2020	August 10, 2025	\$5,500.00
Mitchell Zamojc	April 20, 2016	May 8, 2025	\$11,300.00
TOTAL BOARD COMPENSATION			\$97,375.00

* Former Board member.

Core Business Activities – 2022 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, wastewater and stormwater systems serving millions of people.

OCWA's core business is the operation and maintenance of water, wastewater, stormwater and associated facilities. The Agency's Operations staff who handle the operations and maintenance [O&M] requirements of hundreds of water and wastewater systems throughout Ontario are assisted by corporate resource specialists who provide specialized support in a number of areas, including asset management, process optimization, energy management, capital delivery and project management.

Working together, OCWA's water and wastewater experts:

- Maintain services in client facilities with a focus on environmental responsibility and public health;
- Comply with all licensing, certification, and permit requirements, and with any relevant legislation while meeting all applicable government standards and reporting, and staying conversant with new regulations;
- Provide appropriate insurance coverage and establish and maintain proper contingency and emergency plans;
- Provide a workplace health, safety and wellness program and a Quality and Environmental Management System (QEMS) through OCWA's compliance program;

- Deliver detailed reports that demonstrate environmental compliance, capital requirements, and future planning; and
- Manage all applicable human resources requirements for the Agency's clients, including providing appropriate training to meet regulatory requirements and ensure certified and knowledgeable operations and maintenance staff.

OCWA provides all labour, vehicles, and services required to operate, maintain and manage client water and wastewater treatment facilities. The facilities are attended by operational staff during the week and can be monitored remotely 24 hours per day. OCWA staff are available 24 hours per day, seven days per week and ready to respond to emergencies at client facilities as 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. All contractual and regulatory reports are prepared and submitted to clients and government bodies as required.

OCWA's QEMS ensures that client facilities are being operated in an efficient, safe and environmentally responsible manner and includes processes for identifying and mitigating risks that may affect the facilities OCWA operates. The QEMS empowers OCWA to take a responsible, pro-active and effective management approach to better protect public health and the integrity of the environment. OCWA 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 electronically in OCWA's computerized Work Management System (WMS) and are available for review by clients. 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 more reliable and accountable system.

Maintenance services are based on leading industry best practices and OCWA's 29 years of O&M service delivery. Maintenance plans are developed based on best practices and servicing guidelines provided by manufacturers. Various maintenance and operational tactics ensure that 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 in support of required asset service levels. 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.

Client maintenance plans include associated asset portfolios and are updated as changes occur. Maintenance activities are recorded in OCWA's WMS, including work orders, which identify actual labour and comments required to complete work. Records of completed work in the form of completed work orders stored in the WMS reflect completed activities and include deviations or additions to planned procedures.

Asset performance measures are also documented on the completed work order where applicable.

Routine maintenance consists of maintenance and care of the facility including all equipment adjustments, lubrication, repairs, calibrations, cleaning and painting to preserve the current condition, good working order, and appearance of all facilities. Checklists for existing assets are compiled in WMS, and developed for new assets using field collection as necessary. Equipment is grouped by route, building, location, or some other logical means that ensures full coverage (during operator round checks), with minimum travel.

To proactively identify and mitigate risks, OCWA's preventive maintenance program consists of regularly scheduled and follow-up maintenance activities as recommended by equipment manufacturers, or using industry best practices, including routine inspections, warranty maintenance activities and calibration. Defined maintenance plans reduce the risk of asset failure, support due diligence, and help ensure sustainability of assets.

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 our routine and preventative maintenance program. However, emergency maintenance may be required if there is an unexpected repair, replacement, or renewal required.

Upon client request, OCWA will develop detailed and comprehensive asset management plans (AMPs) as an additional fee-for-service offering. AMPs are developed utilizing the in-depth knowledge of local operations and maintenance teams, maintenance and operational data from the WMS system, and industry-leading philosophies. Data from all of these sources is compiled into financial plans, rate studies and capital plans that will support clients in making informed decisions regarding capital expenditures and planning, ensuring the sustainability of their water and wastewater infrastructure.

Performance Category	2022 Agency Performance Target	Year end Result	Target Achieved
Water System Inspections*	2 or fewer OCWA-operated water systems receive inspection ratings below 90%	4 inspections with <90% ratings in 2022	No
	More than 75% of OCWA-operated water systems receive 100% inspection ratings	64.2% of inspections received a 100% rating; below OCWA's target of 75% - OCWA achieved an overall drinking water system inspection rating average of 98.3%	No
	5 or fewer OCWA-operated wastewater systems receive inspection reports with more than 5 non-compliance items	No wastewater system inspections resulted in reports with 5 or more non-compliance items	Yes
Adverse Water Quality Incidents [AWQIs]	20 or fewer disinfection AWQIs	16 AWQIs for disinfection were reported in 2022	Yes
	10 or fewer filter effectiveness [turbidity] AWQIs	6 AWQIs for filter [turbidity] effectiveness were reported in 2022	Yes
Boil Water Advisories [BWAs]	4 or fewer BWAs resulting from disinfection or microbiological AWQIs	6 BWAs resulting from disinfection or microbiological AWQIs in 2022	No
	75 or fewer BWAs resulting from all other causes [breaks, repairs, installations]	72 BWAs resulting from all other causes	Yes
Effluent Limits	3 or fewer wastewater facilities with less than 90% compliance for effluent limits	3 wastewater facilities reported exceedances that resulted a performance rating of <90% in 2022	Yes
Bypassing Events	30 or fewer bypassing events due to reasons other than hydraulic load [equipment issues, power outages, etc.]	20 facilities reported a total of 25 bypasses for reasons other than hydraulic loading	Yes

Performance Category	2022 Agency Performance Target	Year end Result	Target Achieved
Operator Licenses	Maintain an adequate number of staff with level 3 or 4 licenses to manage Agency operated level 3 and 4 facilities	28.3 percent of Agency operators possess at least one level 3 or 4 water license 22.7 percent of Agency operators possess at least one level 3 or 4 wastewater license - While this is an adequate number of staff to maintain Agency operated level 3 and 4 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
	Maintain Overall Responsible Operator licenses to the level required for all OCWA operated facilities	- Overall Responsible Operator coverage maintained at all OCWA-operated facilities - While there are currently enough staff with appropriate licenses to act as Overall Responsible Operator for all OCWA-operated facilities, the Agency will have difficulties if current Overall Responsible Operators retire or resign from the Agency and are not replaced with staff possessing adequate license levels to take on the role of Overall Responsible Operator	Yes

**Includes all 2022 inspection results received as of May 11, 2023, with the exception of inspections initiated within the first 18-months of OCWA taking over a new contract.*

Overview of Key Achievements for 2022

OCWA worked hard throughout 2022 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

The COVID-19 pandemic continued to impact the Agency in 2022, although to a lesser degree than in the preceding two years. Throughout the pandemic, OCWA 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's comprehensive Emergency Management program, which includes emergency response and Critical Shortage of Staff plans for each OCWA-operated facility, along with the Agency's Corporate Emergency Response and Continuity of Operations Plans, was very successful in minimizing the impact of the pandemic on the Agency's staff and clients. From the beginning of the pandemic, client water and wastewater treatment facilities across the province were operated and maintained with minimal to no disruption to the Agency's clients and the communities they serve.

While most of the Agency's normal business activities resumed in 2022, OCWA continues to remain vigilant regarding protecting employee health and safety and monitoring and managing any continuing impacts of the pandemic on the Agency's operations, employees and clients.

Value for Money Audit

In 2021, the Office of the Auditor General for Ontario conducted a Value-for-Money audit of the Agency, examining OCWA's business and operations practices, services, and financial results, and made 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; 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 the climate resiliency of their facilities through asset management and capital planning processes.

OCWA addressed a number of the recommendations included in the report in 2022 and will continue to implement its action plans to address the rest throughout 2023 and beyond, while also preparing for the Office of the Auditor General's 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 necessary for the Agency to achieve its long-term financial objectives.

OCWA's timely and effective response to the COVID-19 pandemic had a positive impact on the Agency's relationship with its 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.

2022 was another successful year for client renewals. In early 2021, the Agency increased its target for annual revenue from O&M clients up for renewal in 2022 from \$22 million to \$24.5 million to include contracts up for renewal in 2021 that rolled-over into 2022 as renewal discussions with those clients continued. OCWA was successful in surpassing this revenue target, signing renewal contracts worth a collective \$25 million annually and losing only one small existing client (another O&M contract ended and was not re-tendered by the client). OCWA's significant renewal rate reflects 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.

While the Agency surpassed its target for renewals, it was not as successful in bringing on new O&M clients in 2022. The Agency brought

on an additional \$1.39 million in new O&M business, well below the target of \$3.6 million. This can partly be attributed to the fact that 2022 was a municipal election year, during which many municipalities stop entering into new business arrangements in the months leading up to the election. New O&M sales are anticipated to increase in 2023 with new Councils onboard following the fall 2022 municipal elections.

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 process, energy, engineering, technology, asset management, and capital delivery specialists to provide clients with technical recommendations and expertise on how to access available funding, maximize the efficiency and capacity of their systems, and extend the life of their water and wastewater infrastructure. OCWA's overall goal is to deliver safe, reliable water and wastewater operations and prepare for and adapt to the impacts of climate change.

OCWA has a very diverse client base, including some of the largest water and wastewater systems in North America, as well as many small systems. The Agency provides expert, industry-specific guidance to clients in managing their water and wastewater infrastructure, enabling them to make informed decisions with regard to their water and wastewater infrastructure investments.

The need for a greater focus on comprehensive, condition-based asset management planning that addresses the risks associated with climate change is of significant concern for many Ontario municipalities, particularly small and medium communities that may not have staff dedicated to full-time asset management. OCWA has developed a comprehensive asset management

program, leveraging a multidisciplinary team that includes operations and maintenance staff, dedicated asset management specialists, and licensed engineers to deliver practical and efficient asset management solutions that serve client needs.

OCWA is also working with clients to support their planning and decision making and improve their capacity to prevent, withstand, respond or adapt to, and recover from disruptions due to climate change. To better understand and respond to the specific challenges that clients are facing with regard to the resilience of their infrastructure, OCWA is utilizing operational data and other information from internal and external stakeholders to guide the Agency and its clients in incorporating a climate adaptation and resiliency focus into future facility optimization and capital improvement projects.

The Agency is continuing to develop capital plans, technical studies, and Facility Optimization Plans (FOPs) with a lens of process efficiency, including climate change, for its clients, targeting facilities in areas with a history of process challenges. This provides clients with the necessary information to make appropriate decisions as system owners. Likewise, OCWA supports clients in managing their stormwater infrastructure, helping them to mitigate the impact of flooding caused by climate change, working with them to not only respond to major flooding events when they occur but to upgrade their facilities to withstand more frequent severe weather events and improve their overall operational resiliency.

In addition to enhancing the resiliency of client facilities and adapting the facilities to mitigate the impacts of climate change, OCWA is working to mitigate future climate change impacts by supporting the municipal and provincial goal of increasing organics diversion and 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”]. These initiatives 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 late 2021. The project was in the design and environmental approvals phase at the time this report was written and is on track for implementation in late 2023 or 2024.

Work is also underway to establish a comprehensive Biosolids Program for the Agency. A Biosolids Program Manager was hired in 2022 to lead the development of the program, including supporting implementation of alternative biosolids management solutions for clients that divert biosolids from landfills and establishing partnerships with solutions providers to assess, estimate and develop best practices for managing wastewater lagoons. Significant biosolids projects initiated in 2022 included a pilot project to divert 50 percent of the biosolids from the South Peel Clarkson wastewater facility from incineration to beneficial use, and a pilot demonstration to promote innovative approaches to lagoon cleaning and sludge management in the Town of Bruce Mines.

Helping clients manage their energy use is another way in which OCWA is working to improve client facilities. Over the past few years, OCWA has worked with clients, government organizations, and other industry stakeholders to achieve the combined goals of energy savings and greenhouse gas reduction. OCWA is currently

enrolled in the Independent Electricity System Operator's (IESO) Energy Efficiency Auction pilot program, which is promoting energy efficiency from various energy users in Ontario and will help the Agency's clients to secure incentives for on-demand savings generated by energy efficiency projects in their facilities. The Agency 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. In 2023, the Agency will be supporting multiple municipalities with the development of Conservation Demand Management plans and Broader Public Sector reporting.

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. As the largest operating authority in Ontario, OCWA is in a unique position to share knowledge and conduct comprehensive pilot testing of new and innovative water and wastewater processes and technologies that address client concerns and operational needs. Pilot tests are validated by the Agency's O&M teams in the field to ensure they meet the ongoing operational requirements of client facilities. The Agency is also continuing to work in partnership with academic partners to facilitate research on topics of emerging concern.

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

Building and maintaining effective information technology networks and systems enables OCWA to achieve the Agency's strategic goals. OCWA is committed to expanding and improving not only the efficiency and effectiveness of the Agency's information technology systems and business processes, but also the reliability, security and mobility of its computer systems and networks. This enables staff to access, analyze and use more and better information to make informed decisions and drive performance improvement and ensures that OCWA staff have the tools and information necessary to deliver total solutions to clients, both now and for years to come. Many of those investments are being made through the Agency's Business Transformation Program (BTP).

BTP is focused on making strategic investments in OCWA's business practices, IT systems, and staff training and development to sustain and grow the Agency's business. Recognizing that significant time and resources will be required to implement all of the objectives of the program, BTP is being implemented using a phased approach, with solutions areas being prioritized to align with the Agency's strategic priorities and critical business needs.

BTP priorities in 2022 included:

- Implementing an information, content and collaboration management system to establish data governance and an authoritative source for business processes, data, information, structured hierarchies, documents, knowledge and intelligence across the Agency. This system will enable users to easily find, use, analyze, share and report on information across the organization, improving information efficiency and staff productivity.
- Planning, process mapping, and developing solution requirements for a health and safety, compliance and claims management system that provides a single, standardized

means to report and manage all health, safety and compliance incidents, inspections, investigations and action items across the organization, while also considering existing applications and how they may be leveraged to meet unidentified needs.

- Selecting, configuring and implementing a human resource and learning management information system that improves the efficiency of gathering and storing employee information, enhances data analysis, and supports the Agency's human resource functions, including hiring and performance management.
- Implementing a Supervisory Control and Data Acquisition [SCADA] process monitoring and control extension and improvement solution that modernizes and extends the Agency's existing SCADA systems and services, providing coverage across all OCWA clients, supporting regulatory requirements and leveraging the latest advancements in sensor/monitoring, storage and network technologies.
- Implementing an energy management improvement solution to capture energy consumption/cost and greenhouse gas emission data required for incentive programs, improve compliance reporting and provide value-added reporting for Agency clients.

As technologies and tools are continuously evolving over time, the Agency will evaluate and update its long-term plan for BTP, to consider emerging solutions in the water industry and incorporate OCWA's overall Digital Strategy into the program. This will include mobile and cloud computing considerations to ensure that staff have the tools and information they need when they need them, as well as long-term resiliency and adaptability planning to ensure OCWA's transformative plans align with the evolving marketplace within which the Agency operates.

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.

Ongoing supply chain issues, resulting from the COVID-19 pandemic and other factors, along with increasing costs over the past few years for many of the goods and services that the Agency relies on, have made procurement a key area of focus for the Agency. Significant effort has been made to maintain adequate supplies of chemicals, equipment, and other necessities required to operate and maintain client water and wastewater facilities with no service interruptions, while also working to mitigate the impact of cost increases on the Agency and its clients.

Throughout 2022, 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 government requirements, awarding 14 new multi-vendor VOR contracts. While the percentage of one-off procurements that were posted publicly in 2022 (23.5 percent) was slightly higher than in 2021 (22 percent), it was still well below the results for 2020 and 2019 (40 and 63 percent, respectively).

Other areas of focus for the year included delivering procurement training to staff across the Agency and developing new chemical-related databases and spreadsheets to increase access to information for Operations staff.

OCWA will continue to enhance its procurement processes for the benefit of the Agency's clients in 2023 to ensure that supply chains are maintained and chemical, equipment and other costs are minimized to the best of the Agency's ability. This includes improving the overall efficiency of the Agency's procurement processes by standardizing document templates, and investigating and implementing workflow technology and other technology solutions to integrate and automate current procurement processes.

Efforts will also be made to enhance communication with staff, vendors, and clients to ensure that proper procurement processes are followed, build and maintain relationships to ensure the delivery of critical goods and services, and manage expectations with regard to the availability and cost of chemicals and other critical services.

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 support First Nations in managing their water and wastewater systems upon request by the First Nation.

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

OCWA is committed to working in partnership with First Nations and other government organizations to support sustainable water and wastewater solutions that ensure the effective operation and maintenance of First Nations water systems. To ensure that the Agency is effectively

supporting Ontario First Nations, OCWA regularly gathers direct feedback from its First Nations clients on the individual challenges that they face in managing and maintaining their water and wastewater systems and what could be done to better support them in resolving these issues. In addition to gathering feedback from clients, OCWA has established a First Nations Advisory Circle to gain a greater understanding of the broader water issues facing First Nations from an Indigenous perspective.

The First Nations Advisory Circle, which reports to OCWA's Board of Directors through the Board's First Nations Committee and meets at least four times annually, is composed of a diverse group of individuals that identify as Indigenous, representing a variety of backgrounds, experiences and communities.

The goal of the Advisory Circle is to advise OCWA on the integration of First Nation perspectives into the Agency's strategies and 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.

While the Agency did not meet its target to increase the number of contracts it has with First Nations clients by 20 percent in 2022, the Agency did establish a dedicated First Nations business unit to better manage the Agency's First Nations business activities. The focus for this group is on strengthening the Agency's relationship with its First Nations clients by:

- 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 in ensuring the long-term sustainability of their water and wastewater systems through the

implementation of process optimization, asset management and energy management initiatives, and the delivery of remote monitoring and oversight services as required;

- Providing operational training to First Nations; and
- Providing emergency response services to First Nations when requested.

OCWA also continues to collaborate with staff from the Ministry of the Environment, Conservation and Parks' Indigenous Drinking Water Projects Office (IDWPO) and the Walkerton Clean Water Centre to help support the federal government's program to eliminate drinking water advisories in First Nations.

Other First Nations supports in 2022 included providing emergency assistance to Moose Cree First Nation, Oneida Nation of the Thames, Wabaseemoong First Nation, and Marten Falls First Nation. Emergency assistance provided to these First Nations ranged from full onsite operations and maintenance to temporary Overall Responsible Operator (ORO) services to consulting and mentoring. OCWA also continued to provide emergency operations and maintenance service to Neskantaga First Nation on a 24/7 basis, which the Agency has been doing since October of 2021.

Providing Emergency Response Support to the Province

OCWA's Emergency Response Teams (OERTs) 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 OCWA-funded OERT program provides the province with the capability to effectively and efficiently remediate water and wastewater emergencies in Ontario municipalities and First Nations. Located in five locations 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 2022, they were available to respond to any provincial emergencies resulting from the COVID-19 pandemic or other issues. OCWA is continuing to refine its emergency response capabilities in 2023, enhancing the Agency's ability to respond to a variety of emergency situations across the province. This includes regularly renewing OERT member commitments and rotating in new team members where required; ensuring that the OERT response trailers are stocked and that consumables are up to date; and providing additional training to OERT members, including annual practical training sessions.

Implementing a Provincial Wastewater-based Epidemiology Program

As part of the Agency's pandemic response, and in support of provincial governmental priorities, OCWA worked closely with staff at the Ministry of the Environment, Conservation and Parks, the Ministry of Health, other government organizations, and a number of Ontario universities to establish a provincial wastewater-based epidemiology program to enable the detection and monitoring of SARS-CoV-2 (COVID-19) genetic signatures in wastewater.

The goals of the program were to:

- Prioritize the analysis of COVID-19, including variants of concern, through surveillance and decision supports for government and Medical Officers of Health;
- Ensure that Ontario is prepared to respond to public health threats in the future, before they reach critical mass; and
- 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.

The program was a significant success, providing all 34 Public Health Units in Ontario with a reliable and independent means of measuring the spread of COVID-19 across Ontario. During the onset of the Omicron wave and when clinical testing capacity was overwhelmed, wastewater surveillance became the only unbiased leading indicator of disease prevalence relied upon by many public health units.

OCWA also led the implementation of an inter-laboratory methods comparison program (“the inter-lab program”), which assured the quality of the laboratory data within the broader wastewater surveillance program. OCWA chairs the Wastewater Surveillance Technical Advisory Panel (TAP), an advisory body which plays an instrumental role in formalizing performance evaluations of the laboratory methods used for wastewater surveillance and ensuring quality assurance in Ontario and across Canada. As an advisory body, the TAP has been instrumental in formalizing performance evaluations of the methods used and ensuring quality assurance in Ontario and across Canada.

OCWA will continue to support the provincial government in managing emerging public health priorities as they occur moving forward.

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. 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 has supported the Ministry in developing a real-time wastewater bypass and overflow monitoring program for Ontario by 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 as required.

Throughout 2022 OCWA provided feedback to the Ministry based on the Agency’s operational experience and small-systems perspective, including providing technical information regarding the requirements for connectivity to SCADA systems and continuous monitoring equipment considerations to develop potential projects.

The Agency also supported its municipal clients with the streamlined Consolidated Linear Infrastructure Environmental Compliance Approval (CLI-ECA) applications required by the Ministry regarding municipal sewage collection systems and municipal stormwater management systems. This included providing high-level awareness material on the CLI-ECA applications to clients, assisting clients with completing the applications on a fee-for-service basis when requested, and reviewing the draft documents to ensure accuracy, feasibility and practicality.

Provincial Climate Change Impact Assessment Report (PCCIA)

Throughout 2022, the Ministry of the Environment, Conservation and Parks continued its work to develop a provincial climate change impact assessment for Ontario to better understand where and how climate change is likely to affect communities, critical infrastructure, economies and the natural environment, while helping to strengthen the province's resilience to the impacts of climate change. The outcome of this multi-year project will be a report, targeted for release in 2023, that provides the following information for future decision making:

Current and future risks and opportunities for all areas of focus and regions;

- Cross-sectoral risks;
- Adaptive capacity for all areas of focus and regions;
- Decision making supports; and
- Adaptation best practices.

OCWA has supported the Ministry in this initiative by providing feedback on water/wastewater system questions, assisting the Ministry in validating the baseline assessment and information for the PCCIA report through surveys and workshops, and providing input to the Ministry team regarding their draft risk profiles, adaptive capacity, and adaptation best practices.

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.

The majority of OCWA's in-person education and outreach activities were limited or temporarily suspended starting in March of 2020 due to the COVID-19 pandemic. During the time that in-person activities were on hold, the Agency used the time to refresh its outreach programs.

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. OneWater® 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.

The refreshed OneWater® Program, which will be introduced in the fall of 2023 in various client communities across the province, is better aligned with the new provincial science curriculum and creates more interactive opportunities for students. The Program will also have an enhanced 'career' section – allowing operators to discuss different career opportunities in the water and wastewater industry.

OCWA continues to collaborate with Indigenous educators to weave an Indigenous perspective throughout the Program, exploring the significance of water in Indigenous communities and educating participants about the important role that Indigenous communities play in protecting local water bodies. The Agency also created a series of videos that complement the Program, including demonstrating how to build an aquifer, and providing a tour of a water and wastewater facility.

The Agency's popular free "Water Talks" webinar series continued throughout 2022, with five Water Talks being held throughout the year on a variety of topics. This series is targeted at clients and prospective clients, with each webinar being led by OCWA subject matter experts. The webinar series has proved to be very successful

since its inception, with 100% of attendees who participated in the 2022 Water Talks and completed a post-event survey indicating that attending the webinar was a productive use of their time.

Other education and outreach initiatives included supporting local water education efforts by promoting tap water at community events with portable “OCWA On Tap” water-filling stations and participating in children’s water festivals and other local events.

OCWA is also continuing to promote responsible use of the municipal wastewater collection systems by educating the public about proper disposal of non-flushables. The “I Don’t Flush” public education campaign, first launched in 2014, features a website (www.idontflush.ca), Twitter feed (@idontflushnews), Facebook page (facebook.com/idontflush), public service announcements and video shorts on social media. Four phases of the campaign were completed, focusing on the proper disposal of unused pharmaceuticals, personal hygiene products, and fats, oils & grease – with the final phase combining messaging from the previous three phases. While there are currently no plans to launch a fifth phase of the campaign, OCWA continues to promote the I Don’t Flush message on the Agency’s social media channels. A spin-off campaign, “Protect your Pipes”, is available as well, specifically for OCWA’s clients.

Building a Diverse, Equitable and Inclusive Culture

OCWA’s success is built on having a diverse, equitable, anti-racist, and inclusive workforce that brings different experiences, backgrounds, and perspectives together 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.

In recognition of the importance of organizational diversity, equity and inclusion, OCWA developed a multi-year Diversity, Equity and Inclusion (DE&I) Strategy and Anti-Racism Plan, which the Agency began implementing in 2020. The primary goals of the DE&I Strategy were as follows:

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.

Initiatives implemented to achieve these goals between 2020 and 2022 included:

- Improving leadership knowledge and capability with respect to diversity, equity, anti-racism, and inclusion;
- Ensuring that the Agency’s hiring processes and policies are barrier-free and that the Agency is able to attract and retain a diverse workforce by reviewing and improving upon current recruitment and onboarding techniques, including providing resources for

managers on removing biases in hiring;

- Embedding diversity, equity and inclusion goals across all Human Resources processes, including recruitment, onboarding, succession planning, leadership development, performance management, learning and development, and employee relations;
- Engaging and consulting with clients and others to deepen understanding of the people that the Agency serves so clients can feel confident that they are working with an organization that embraces the uniqueness of their employees and values all members of the communities they serve;
- Engaging with staff through the Diversity and Inclusion Advisory Council, consisting of different socio-demographic groups and positions across OCWA;
- Developing and implementing an anti-racism action plan that enables OCWA to build anti-racism competency and capacity, diversify the talent pipeline, and foster and be accountable for an anti-racist and inclusive workplace, including providing anti-racism competency and capacity building training to the Agency's Executive Management Team and Board of Directors; and
- Completing an annual Diversity, Equity and Inclusion snapshot to identify socio-demographic gaps and determine future targets, including targets for leadership pathways.

In 2023, OCWA will evaluate the impact that the DE&I Strategy and Anti-Racism Plan have had on the Agency. The purpose of the evaluation is to determine whether OCWA has made progress against its stated goals using qualitative and quantitative inputs. A new blueprint will be developed that will address ongoing gaps and will guide strategic actions going forward.

The implementation of a new Human Resources Information System (HRIS) and recruitment portal through the Agency's Business Transformation

Program will allow OCWA to collect demographic information about job applicants on a voluntary basis. Among other benefits, this will provide the Agency with the opportunity to understand if job seekers across demographic groups are equally successful in finding employment with OCWA.

Attracting Top Talent and Building Leadership Strength

Without talent coming into and staying in the organization, OCWA would not be able to deliver on its mission to work together to deliver water and wastewater services for the health and sustainability of communities.

The ability to attract and retain talent improves engagement and morale, benefitting the workplace culture and leading to a stronger workforce. A stronger workforce is also more likely to live OCWA's values, reducing overall risk in many areas, including regulatory compliance, health and safety, and facility operation.

Having integrated recruitment, total compensation and talent management programs will enable OCWA to create a high-performance, sustainable organization that meets its strategic and operational goals and objectives. The Agency aims to:

- Attract diverse internal and external people to positions in the Agency based on their knowledge and ability to be effective in driving excellence;
- Recruit top talent who share and embody the Agency's vision, mission, 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;
- Provide existing employees with learning and development opportunities to succeed in their current roles and advance their careers;

- Create a strong pipeline of diverse internal candidates, creating opportunities for promotion 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 2022, OCWA introduced its Operator Bench Strength program. The goal of the program is to provide support to the Agency's operations and minimize the impact that employee turnover has on the Agency and its staff by hiring and training new employees before a vacancy occurs, reducing operational gaps when an employee retires or resigns. 30 new employees had been hired into the program at the time this report was written to ensure regional Operator vacancies could be filled immediately as required.

In recognition of the role that strong leadership plays in meeting organizational objectives, OCWA is continually working to enhance the Agency's leadership capacity and ensure continuity across management roles. This includes regularly analyzing the potential vacancy risk for each management position in the Agency, assessing the broad impact of each position in the organization, developing and reviewing action plans for business-critical and at-risk Agency positions and implementing succession programs for critical positions, including learning plans.

Potential successors were identified for all management positions in OCWA in 2022. For vacant management positions, 82.4 percent (14 of 17) were filled with internal candidates in 2022. Of those, 71 percent (10) had been identified as potential successors. 100 percent of Executive vacancies were also filled with internal candidates that had been identified as potential successors.

Supporting the succession management program is the Agency's leadership development program, which currently 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.

An evaluation of these programs was completed in 2022. Moving forward, OCWA will explore additional program opportunities for existing managers, leveraging programs delivered through the Ontario Public Service. This will ensure that the Agency continues to build its leadership capacity and provide opportunities for advancement, while developing a strong group of highly skilled and inclusive managers and directors who will successfully advance the Agency's business priorities.

For existing Operations staff, OCWA is working to provide clear career paths and incentives for achieving higher-level certifications. The Agency's Learning and Development strategy seeks to support professional development and build capabilities across OCWA in a timely and cost-effective manner. OCWA will be piloting a new operations onboarding program to support the integration of new employees into the organization as part of this strategy in 2023,

OCWA is also continuing to build relationships with secondary and postsecondary institutions to enhance OCWA's co-op education program and build awareness of the water sector and OCWA for young job seekers.

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

Ensuring the safety, health 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, which has resulted in a continuous reduction in workplace injuries.

Proactive planning and a prevention mindset enabled the Agency to maintain safe, compliant operations throughout the COVID-19 pandemic. By following the protocols outlined in the Agency's Emergency Management and Continuity of Operations Plans, and adapting and adding to them as required to address specific issues related to the pandemic, OCWA was able to maintain the majority of its operational and support functions with minimal, if any, disruption to clients.

The Agency continued to strive to improve its health and safety performance in 2022. While OCWA's year-end Recordable Incident Rate (RIR), which tracks the rate of recordable incidents for every 100 employees, increased slightly (1.49 in 2022 as compared to 1.38 in 2021), OCWA's Lost Time Injury Rate (LTIR), which tracks lost time injuries for every 100 employees, remained extremely low for 2022 (0.10 for 2022, which was only a bit above the 2021 LTIR of 0).

Another key focus for 2022 was implementation of the Agency's Mental Health and Wellness program, focusing on managing employee burnout and increased levels of stress, and providing managers with the necessary information and tools to support their employees.

The Agency will work to continuously improve its health, safety, and wellness culture and practices in 2023 and beyond.

Enhancing the Workplace Experience

OCWA has identified maintaining an engaged and motivated workforce as a key component of the Agency's 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. OCWA is committed to taking action to enhance the workplace experience for its employees and fostering a culture that increases employee motivation and commitment to contribute to their full potential.

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 bi-annual Ontario Public Service (OPS) 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.

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.

The most recent OPS Employee Engagement Survey was conducted in the second quarter of 2022. While there was a slight decrease in the survey response rate and engagement index in 2022, as compared to the previous engagement survey (65 percent vs. 72 percent and 69.9 percent vs. 71.9 percent respectively), there was also a slight increase in the Agency's inclusion index (74.1 percent vs. 73.2 percent).

The survey results indicated that the Agency's employees are proud of the work they do providing clean water and wastewater to the communities they serve and contributing to public health and sustainability. Other key areas of satisfaction included positive relations with co-workers and managers, job fit, and clear expectations and direction. The survey also indicated that employees had a continued desire for flexible and hybrid working arrangements where possible. Priority areas for action included communication, compensation and benefits, transparent and fair hiring practices, employee well-being, and taking action on survey results.

OCWA will work to implement the action plans developed to respond to the results of the 2022 survey throughout 2023 and evaluate the results of the action plans when the next employee engagement survey is conducted in 2024. A pulse survey will be set out to staff in 2023 to measure progress on specific key initiatives.

Measuring Performance – 2022 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 \$22 million revenue target for contracts up for renewal in 2022
- Retain 97 percent of client contracts up for renewal in 2022 (based on total number of clients)
- Achieve \$3.6 million revenue target for new O&M business in 2022

YEAR-END RESULTS

- Achieved \$25 million in annual revenue for contracts renewed in 2022 (\$3 million above the target of \$22 million)
- Achieved a 96.4 percent client retention rate (based on number of clients); slightly below target
 - Retained 53 out of 55 contracts up for renewal in 2022
 - One small contract lost (\$273k annual revenue)
 - One additional contract ended that was not re-tendered
- Added \$1.39 million in new annual O&M business (\$2.21 million below the target of \$3.6 million)

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

- Petawawa Net Zero project diverting 7,000 tonnes of organics from landfill once implementation is complete [planned for 2023]
- Five or more feasibility/pilot studies for organics diversion and resource recovery initiatives conducted that result in two or more project implementations by the end of 2023
- Develop OCWA's Biosolids program to baseline and trend greenhouse gas footprint associated with biosolids management, enhance data quality, and promote sustainable management of biosolids by the 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

- **Petawawa Net Zero Project**
 - Project approved by the Town; project design underway at the end of 2022
 - OCWA has supported the Town in securing \$2.7 million in grant funding through the federal Low Carbon Economy Fund
- **Organics Diversion and Resource Recovery Feasibility/Pilot Studies**
 - Six feasibility studies completed for organics diversion and resource recovery [Petawawa, Belleville, Cornwall, Georgian Bluffs, Timmins and Oxford County]

- Renewable energy generation feasibility study completed for the Region of Halton
- Pursuing additional 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 maintenance and cleaning

- **OCWA Biosolids Program**

- Hired Biosolids Program Manager; Biosolids program development ongoing, with two feasibility studies secured
- Supporting implementation of alternative biosolids management solutions for clients leading to landfill diversion of biosolids with the goal of greenhouse gas reduction and/or diverting organics from landfills
- Establishing partnerships with solutions providers for assessment, estimation and development of best practices, and cleaning of sludge in lagoons on a site-specific basis

- **Client Infrastructure Funding**

- Supporting multiple municipalities with funding applications for infrastructure renewal and retrofits, with a focus on energy and greenhouse gas savings
- A total of 50 projects were identified in 2022
- \$685,900 in funding secured for clients in 2022, including two projects worth \$570,000 and \$46,500 respectively, along with a number of small projects worth a few thousand dollars or less each
- Additional capital projects assessed for potential funding applications as requested by municipal clients

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

- At least one core financial management process automated to improve operational efficiency and reduce related manual steps/ input by 25% upon the full implementation of the Agency's Enterprise Resource Planning Improvement Project
- Supervisory Control and Data Acquisition (SCADA) network coverage expanded to include 90% of OCWA-managed facilities across the province by the end of 2023, resulting in improved client coverage and service levels
- SCADA solutions implemented to capture data and provide automated calculations for reduced manual effort, which is used to measure the energy optimization resulting from work done by the Agency's process optimization team, including replacement of old equipment with newer, more energy-efficient options and other efficiencies gained through energy reviews, with the overall effort resulting in a measurable 10% reduction in energy usage in larger plants by the end of 2023
- Improve business continuity by ensuring IT systems availability at 99.97% or no more than 15 minutes per month of unscheduled outage by the end of 2022
- Cyber Security improvements reduce the duration of IT downtimes related to viruses infecting OCWA IT systems, and increase connectivity, visibility and monitoring of OCWA's province-wide network to 90% by the end of 2022

YEAR-END RESULTS

- **Core Financial Process Automation**
 - Enterprise Resource Planning (ERP) improvement project feasibility study completed; project delayed due to turnover of senior Finance team positions
 - Cross-Functional Team assessing next steps; prioritizing implementation of system fixes and enhancements
- **SCADA Network Coverage**
 - SCADA network coverage expansion ongoing
 - 135 SCADA panels deployed by the end of 2022
 - On track to complete 75 remaining sites by Q2, 2024, for a total of 210 panels deployed (up from the original target of 150)

- **Corporate Energy Management (CEM) – SCADA Solution**
 - Draft project charter prepared
 - Power monitoring equipment and panels installed in two pilot locations to establish an energy usage baseline
 - Preparing for next deployment sites and procurement of CEM software in 2023
- **IT Systems Availably**
 - Data centres fully optimized to provide 99.97% systems availability
- **Cyber Security Improvements**
 - Resource constraints and supply chain delays have delayed province-wide network upgrades to Q4, 2023

ENHANCING PROCUREMENT PROCESSES

GOAL

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

PERFORMANCE MEASURE

- Year-over-year increase in the creation and use of Agency Vendor of Record agreements and a corresponding decrease in the number of related one-off publicly posted procurements, resulting in a reduction in the overall time and effort required to purchase goods and services

YEAR-END RESULTS

- 14 new and updated Vendor of Record agreements publicly procured in 2022
- One-off procurements represented 23.5 percent of all publicly posted procurements in 2022 (12 out of 51), as compared to 22 percent in 2021 and 40 percent in 2020

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® program and offering OCWA's "Water Talks" webinar series to clients and prospective clients

PERFORMANCE MEASURES

- Pilot "virtual" component of the OneWater® program by the end of Q2, 2022, with 80% of students that complete the program indicating they understand more about how water/wastewater treatment works in their community as a result of the program
- Offer "Water Talks" webinar series throughout 2022, focusing on operational, regulatory and environmental topics led by OCWA subject matter experts, with a minimum of 80% of attendees indicating post-webinar that the webinar was a productive use of their time

YEAR-END RESULTS

- OneWater® virtual component (demonstration video) completed; will be included in the re-launch of the OneWater® program in 2023
- Five Water Talk webinars held in 2022 on a variety of topics, including future water industry trends, water towers, understanding hydro bills, lagoons, and inflow and infiltration
- 100% of attendees who completed the post-event surveys indicated that the Water Talk webinars were a productive use of their time

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

PERFORMANCE MEASURE

- 20 percent increase in the number of contracts with First Nations
- Establish a dedicated First Nations business unit by the end of 2022, with service offerings that include emergency response, training of community operators, and standard procedures for the operation of a community's water and wastewater systems

YEAR-END RESULTS

- 2 new First Nations contracts in 2022, resulting in a 4 percent increase in First Nations revenue as compared to 2021 (\$2.76 million revenue in 2022 as compared to \$2.65 million in 2021)
- Dedicated First Nations business unit established to better manage the Agency's First Nations business activities and strengthen the Agency's relationship with its First Nation clients

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

- While not deployed to respond to any municipal emergencies in 2022, OCWA's Emergency Response Teams were available to be deployed and on-site within 24 hours from the time that emergency assistance is requested

Supporting Provincial Government Priorities

GOAL

- Support the Ministry of the Environment, Conservation and Parks (MECP) in developing and implementing provincial priorities, including a pilot wastewater-based epidemiology program for Ontario, a real-time wastewater monitoring and public reporting program, and the first Provincial Climate Change Impact Assessment (PICCA) Report

PERFORMANCE MEASURE

- Provide technical advice and assist the province as required to implement a pilot wastewater-based epidemiology program for Ontario, including working with facility owners where sampling occurs to ensure community acceptance and understanding of the program
- Provide technical advice, identify partnership opportunities, and assist the province in the development of 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
- Support the development of the Provincial Climate Change Impact Assessment report to inform planning and decision making in the province

YEAR-END RESULTS

- **Wastewater-based Epidemiology Program**
 - Led the implementation of an inter-laboratory methods comparison program ["the inter-lab program"], which assures the quality of the laboratory data within the broader wastewater surveillance program
 - Distributed 14 samples to laboratories in Ontario for inter-lab testing between December, 2020 and December, 2022; 40 laboratories have participated in at least one round of OCWA's inter-lab program.

- Led and facilitated the establishment of a wastewater surveillance methods Technical Advisory Panel (TAP) in 2022. As an advisory body, the TAP has been instrumental in formalizing performance evaluations of the methods used and ensuring quality assurance in Ontario and across Canada.
- **Wastewater Monitoring and Public Reporting**
 - Provided feedback to the MECP based on OCWA's operational experience and small-systems perspective, including providing technical information regarding the requirements for connectivity to Supervisory Control and Data Acquisition (SCADA) systems and continuous monitoring equipment considerations to develop potential projects
- Supported municipal clients with the streamlined Consolidated Linear Infrastructure Environmental Compliance Approval (CLI-ECA) applications required by the MECP regarding municipal sewage collection systems and municipal stormwater management systems by providing high-level client awareness material on the applications and assisting clients with completing the applications on a fee-for-service basis when requested, and reviewing the draft documents to ensure accuracy, feasibility and practicality
- **Provincial Climate Change Impact Assessment Report**
 - Participated in multi-workshop sessions held by the MECP and completed surveys as input to the MECP team regarding their draft risk profiles, adaptive capacity, and adaptation best practices

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

- Year-over-year increase in the Agency's inclusion index with a target for 2022 of 73 or higher
- Meet leadership pathway targets, including:
 - 25 percent of all identified successors come from an under-represented group
 - 35 percent of leadership nominees will be from an under-represented group
- 100 percent of manager interview panels consist of one member of an under-represented group

YEAR-END RESULTS

- OCWA's Inclusion Index for 2022 (which was determined based on OCWA employee responses to the 2022 Ontario Public Service Employee Experience Survey) was 74.1 (a slight increase from 73.2 in 2021)
- 27 percent of identified management successors (not including Executives) were women in 2022

- 47 percent of Aspiring Manager Program and 38 percent of Aspiring Leader Program participants in 2022 were members of under-represented groups
- 94 percent of manager interview panels held in 2022 consisted of at least one member of an under-represented group

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 identified successors
- Year-over-year increase in retention of those in managerial roles
- Year-over-year increase in retention of key talent (identified successors)
- 100% of Executive Management Team and Senior Leadership Team positions have identified successors and succession plans in place

YEAR-END RESULTS

- 82.4 percent [14 of 17] of management positions were filled with internal candidates in 2022; Of those, 71 percent [10] had been identified as potential successors
- 100 percent of Executive vacancies in 2022 were filled with internal candidates that had been identified as potential successors
- 2.9 percent voluntary turnover in manager/Executive positions in 2022 as compared to 2.3 percent in 2021
- 100 percent retention of successors identified for Executive, Senior Leadership and business critical Operations and Corporate positions in 2022 [as compared to 96.4 percent for 2021]
- Potential successors identified for all management positions in OCWA, including members of the Executive Management and Senior Leadership Teams

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 2022 of 1.38 or lower
- Year-over-year reduction in the Agency's Lost Time Injury Rate [LTIR], with a target for 2022 of 0.36 or lower

YEAR-END RESULTS

- Year-end 2022 RIR, which tracks the rate of recordable incidents for every 100 employees, was 1.49 [higher than the 2022 year-end target and 2021 year-end RIR of 1.38]
- Year-end 2022 LTIR, which tracks lost time injuries for every 100 employees, was 0.10 [lower than the 2022 year-end target of 0.36 but above the 2021 year-end LTIR of 0]

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 2022 of 72 or higher
- Year-over-year reduction in Voluntary Turnover rates

YEAR-END RESULTS

- OCWA's Employee Engagement Index for 2022 [which was determined based on OCWA employee responses to the 2022 Ontario Public Service Employee Experience Survey] was 69.9% [below the 2022 target of 72 or higher, and below than the 2021 Engagement Index of 71.9]
- OCWA's Voluntary Turnover [resignations and retirements] rate for front-line Operations positions was 13.5 percent in 2022, compared to 11.1 percent in 2021

Management Analysis of Financial Results

Overview

2022 was another year of positive financial results for OCWA. The Agency realized a Net Income of \$7.3 million, a decrease of 58 percent when compared to 2021, but ahead of the plan for the year. The year-over-year decrease was driven by the \$9.5 million one-time recovery in 2021, resulting from the repayment of the Agency's loan to the New Tecumseh Improvement Society [see note 2 to the financial statements].

2022 included an 8.0 percent increase in Total Operating Revenue over 2021, which was driven by increases in Operations and Major Maintenance revenue, but was partially offset by increases in salaries and benefits, as well as continued increasing chemical costs in 2022.

Investment income, including term deposits and the loan receivable with Ontario Infrastructure and Lands Corporation, increased significantly compared to 2021, due to increase in interest rates.

Balance Sheet

The Agency's Net Assets increased to \$257.3 million in 2022, an increase of 2.9 percent as compared to 2021, due to the Agency's strong Net Income of \$7.3 million. Cash and short-term investments increased by \$24.0 million, primarily due to matured investments in term deposits and interest from investments.

Outstanding accounts receivable increased in 2022 as compared to 2021. Current accounts receivable represented 89.5 percent of the Agency's total accounts receivable outstanding at December 31, 2022, as compared to 91.2 percent at December 31, 2021.

The Agency's net tangible capital assets decreased by \$1.9 million compared to 2021, as a result of increased amortization in 2022.

The Agency continues to meet its obligations without the use of debt, and as in prior years, had no outstanding financial obligations in 2022.

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.

2022 was a successful year in renewals for the Agency, as the large majority of client contracts available for renewal were retained. The Agency also focused on generating new business through new client acquisition and delivering new value-added services to existing clients. This targeted approach to business growth remains a focus of the Agency's updated Strategic Plan for 2023 and beyond.

Total Operating Revenues increased by 8.0 percent as compared to 2021, due to contractual and inflationary increases included in long-term client Operations and Maintenance contracts, new contracts beginning in 2022, and additional new revenue resulting from the increased delivery of short-term Major Maintenance and capital services contracts with clients upgrading aging water and wastewater systems.

The Agency's Other Business Revenue is comprised of revenue from the Project Planning and Delivery, Training, Asset Management and SCADA groups. In 2022, revenues from these services increased by 5.3 percent when compared to the prior year.

Expenses

Total Operating Expenses increased by 9.4 percent, driven by increases in salaries, benefits, and Other Operating Expenses such as chemicals and services.

Salaries and Benefits increased 6.1 percent, primarily driven by business growth and costs to stabilize operations and mitigate risk due to turnover and vacancies. The Agency changed estimation methodology related to its workers' compensation obligation in 2022, determining the amount through an actuarial valuation (see note 8 Employee Future Benefits).

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). While these expenditures continued in 2022, and assets related to Information Technology and BTP were added within the year, this was partially offset by other assets reaching their useful life, causing a decrease in total amortization.

Increased spending on commodities drove a 12.2 percent increase in Other Operating Expenses and other costs directly related to the operation of client facilities.

Spending on infrastructure upgrades and other maintenance services resulted in a 6.4 percent decrease in repair and maintenance costs as compared to 2021, mainly due to the timing of maintenance projects.

Chemical costs are driven by price and usage. In 2022, chemical costs increased 25.0 percent, driven by increased revenue (new contracts and new locations) and higher costs due to supply issues in 2022. 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 2022, insurance costs increased by 17.9 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 increased rapidly in 2022, resulting in investments coming due in 2022 being reinvested at higher interest rates. Investment income increased by 133.7 percent as compared to 2021.

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

Toronto, Ontario
June 16, 2023



Natalie Peers
Vice-President, Finance



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, 2022 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, 2022, 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.

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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
June 16, 2023

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

2022 Financial Statements

Statement of Financial Position as at December 31, 2022

(in thousands of dollars)

	December 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and short-term investments [note 3a]	103,258	79,236
Accounts receivable, net		
Municipalities and other customers [note 3b]	45,376	40,818
Other Ministries	953	2,030
Harmonized sales tax receivable	3,458	4,463
Prepaid Expenses and deposits [note 6a]	2,470	2,721
Current portion of investments receivable for water and wastewater facilities [note 2]	153	239
Loan receivable – Ontario Infrastructure and Land Corporation [note 3d]	120,000	
	275,668	129,507
Non-current assets:		
Investments in term deposits and other notes [note 3a]	7,900	24,376
Investments receivable for water and wastewater facilities [note 2]	-	14
Loan receivable – Ontario Infrastructure and Lands Corporation [note 3d]	-	120,000
Tangible Capital Assets, net [note 4]	10,568	12,453
	18,468	156,843
Total Assets	294,136	286,350
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	24,110	22,644
Current portion of employee future benefits [note 8a]	6,287	6,395
	30,397	29,039
Long-term liabilities:		
Deferred Lease Inducement Liability [note 11]	1,094	1,239
Employee future benefits [note 8a]	5,236	6,009
Asset Retirement Obligation [note 7]	100	-
Net Assets	257,309	250,063
Total Liabilities and Net Assets	294,136	286,350

On behalf of the Board:



Director



Director

Commitments and Contingencies
[note 5][note 6]

see accompanying notes to financial
statements

Statement of Operations and Changes in Net Assets for the year ending December 31, 2022

(in thousands of dollars)

	December 31, 2022	December 31, 2021
Utility Operations Revenues:		
Asset Operations & Maintenance Services Revenue	254,208	234,135
Other Client Utility Management Services Revenue	6,476	7,241
Total Operating Revenues	260,684	241,376
Operating Expenses:		
Salaries and benefits (note 8a and note 8b)	96,509	91,000
Other operating expenses (note 10)	157,945	140,798
Amortization of tangible capital assets	3,302	3,724
Total Operating Expenses	257,756	235,522
Excess of revenue over expenses – Utility Operations	2,928	5,854
Interest from Investments and loans receivable	4,335	1,855
Loan Recovery (note 2)	–	9,500
Excess of revenue over expenses	7,263	17,209
Net Assets, opening balance	250,063	232,854
Adjustment to Net Assets (note 7)	[17]	–
Net Assets, ending balance	257,309	250,063

see accompanying notes to financial statements

Statement of Cash Flows for the year ending December 31, 2022.

[in thousands of dollars]

	December 31, 2022	December 31, 2021
Cash Provided by [used for] Operating Activities		
Excess of revenue over expense-Utility Operations	2,928	5,854
Items Not Affecting Cash		
Amortization of Tangible Capital Assets	3,302	3,724
Deferred Lease Inducement	[145]	[146]
Future employee benefits expense	[773]	[163]
	5,312	9,269
Changes in non-cash operating working capital		
Accounts Receivable	[2,476]	10,636
Prepaid Expenses	251	[1,553]
Accounts Payable and Accrued Liabilities	1,466	1,245
Current portion of future employee benefits	[108]	[44]
	[867]	10,284
Net Cash Flows from operating activities	4,445	19,553
Cash from Investing Activities		
Interest	4,335	1,855
Principal Repaid on Loans/(Holdback)	100	[64]
Decrease/(Increase) in non-current Term Deposits	16,476	7,111
Decrease/(Increase) in Investments receivable for water and wastewater facilities	-	1,000
Loan Recovery	-	9,500
Net cash flows from investing activities	20,911	19,402
Cash Used in Capital Activities		
Tangible Capital Assets Acquired	[1,334]	[3,326]
Increase in Cash and Short-Term Investments	24,022	35,629
Cash and Short-Term Investments, Opening Balance	79,236	43,607
Cash and Short-Term Investments, Closing Balance	103,258	79,236

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 storm water;
- [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 Hardwar	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.

[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.

[G] FOREIGN CURRENCY

Foreign currency accounts are translated into Canadian dollars as follows:

- 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.

[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, employee future benefits and asset retirement obligation. Actual results could differ from management's best estimates as additional information becomes available in the future.

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:

(12 Months Beginning January)	(in thousands of dollars)
2023	153
	153

In September 2021, the Agency received a final negotiated settlement of \$9.5 million related to a loan that was previously recognized as fully impaired. No further payments were received in 2022.

There are no provisions established for investment receivables.

3. FINANCIAL INSTRUMENTS

[A] CASH AND INVESTMENTS

The Agency has \$111.2 million invested in bank balances, term deposits and other notes as follows:

	(in thousands of dollars)
Cash Balances	25,347
Term deposits due within a year (Interest rates 0.95%-4.50%)	77,911
Cash and Short-Term Investments	103,258
Term deposits and other notes due within two to four years	7,900
	111,158

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 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:

	(in thousands of dollars)	
	2022	2021
0-60 days	40,618	37,243
61-90 days	1,095	1,308
91-120 days	1,087	1,188
121-150 days	307	124
More Than 151 days	2,269	955
Total Net Accounts Receivable Municipalities and Other Customers	45,376	40,818

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, 2022, one account was considered impaired. The outstanding balances totaled to \$0.1 million (2021 – \$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 quarter 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. This Loan has been renewed subsequent to year-end for a period of 10 years, as outlined in Note 9.

[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 reasonably low risk for electricity and chemical costs because, while some costs are incurred by The Agency, 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

			Net	Net
(in thousands of dollars)	Cost	Accumulated Amortization	Dec 31, 2022	Dec 31, 2021
Computer Software	13,845	9,390	4,455	5,284
Information Systems	1,584	1,560	24	51
Furniture and Fixtures	322	197	125	169
Automotive Equipment	2,957	2,872	85	161
Computer Hardware	8,488	6,139	2,349	3,344
Machinery and Equipment	1,226	977	249	192
Leasehold Improvements	3,643	1,218	2,425	2,671
Software Under Development	856	-	856	581
	32,921	22,353	10,568	12,453

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, 2022, \$15.65 million was spent, of which \$9.98 million has been capitalized.

5. LEASE COMMITMENTS

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

	(in thousands of dollars)
2023	3,750
2024	3,368
2025	2,873
2026	2,405
2027	1,688
Thereafter	2,848
	16,932

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 and other matters 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. As of December 2022, no resolution has been reached and the amount is still being held with the Superior Court of Justice.

[B] LETTERS OF CREDIT

The Agency has lines of credit with the Royal Bank of Canada for \$50 million. As of December 31, 2022, \$16.96 million (2021 – \$9.95 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. ASSET RETIREMENT OBLIGATION

PS3280, Asset Retirement Obligations became effective for periods beginning on or after April 1, 2022. The Agency chose to early adopt the standard and identified an asset retirement obligation associated with its head office lease at 2085 Hurontario Street for the removal of leasehold improvements. The cost associated with the removal has been estimated to be \$100,000. The Agency has chosen to apply the standard using the modified retrospective application without restatement to implement the transition. This obligation is amortized on a straight-line basis over the term of the lease. This was recorded as an increase to tangible capital assets on the statement of financial position and an adjustment to opening retained earnings for prior period amortization.

8. 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 \$11.5 million (2021 – \$12.4 million) of which \$6.3 million (2021 – \$6.4 million) has been classified as current liability. The amount charged to the income statement in 2022 was \$0.8 million (2021 – \$1.4 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 \$3.9 million of which \$2.4 million is long term. The long-term portion was calculated based on the following assumptions: discount rate of 4.15% (2021- 1.59%) and estimated average remaining service life years 12.08. Due to policy changes for these benefits, no assumption of wage and salary escalation was used (2021-0%). These assumptions are management's best estimate.

Included in employee future benefits obligation is an estimated workers' compensation obligation in the amount of \$2.5 million [2021 – \$2.1 million]. There was a change in estimation methodology, whereby the amount has been determined through an actuarial valuation and has a measurement date of December 31, 2022 consistent with the Agency's fiscal year end date. OCWA is a Schedule 2 employer and self-insures its own WSIB claims and pays all compensation and administration costs.

Expenses consist of current service costs, interest and adjustments arising from plan amendments, changes in assumptions and net actuarial gains or losses. The Agency has elected to immediately recognize actuarial gains and losses in the year in which they arise. Plan amendments are recognized immediately in the year of the effective change.

The actuarial valuation is based on several assumptions about future events, such as inflation rates, medical inflation rates, wage inflation, mortality. The assumptions used reflect management's best estimates. The discount rate used to determine the accrued benefit obligation is 4.00% [2021 – 2.00%]. The components of the benefit expense and the accrued benefit liability are as follows:

December 31, 2022	
Components of Benefit Cost	
Current Benefit Cost	170,452
Interest Cost	50,306
Immediate recognition of actuarial [gain] loss	524,484
Benefit expense	745,242
Accrued Benefit Liability	
Accrued Benefit Liability, beginning of year	2,088,859
Benefit Expense	745,242
Company contributions	[380,197]
Accrued Benefit Liability, end of year	2,453,904

Given the change in the estimation methodology for December 31, 2022, no comparative information is available.

The amount above has been included in salaries and benefits in the Statement of Operations and Changes in Net Assets

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 \$6.1 million (2021 \$5.8 million), are included in salaries and benefits in the Statement of Operations and Change in Net Assets.

9. RELATED PARTY TRANSACTIONS

The Province of Ontario is a related party as it is the controlling entity of the Agency. Organizations that are commonly controlled by the Province of Ontario are also related parties of the Agency. All related party transactions were measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties. Transactions with related parties are outlined below:

The Agency received revenue of \$2.5 million (2021 – \$2.3 million) from the Ontario Infrastructure and Lands Corporation (OILC) for water and wastewater treatment services provided.

The Agency received revenue of \$2.4 million (2021 – \$3.3 million) from the Ministry of Energy, Northern Development and Mines (MENDM) for water and wastewater treatment services provided.

The Agency received revenue of \$1.9 million (2021 – \$2.2 million) from the Ministry of the Environment, Conservation and Parks (MECP) for water and wastewater treatment services provided.

The Agency received funds of \$0.2 million (2021 – \$0.0 million) from the Ontario Centres of Excellence, for the Stratford Net Zero program

The Agency has a \$120 million loan receivable with Ontario Infrastructure and Lands Corporation (OILC), as described in note 3d. The loan has been recorded as a Current Asset as at December 31, 2022. Subsequent to year-end, an agreement was signed to amend OCWA's loan with Investment Ontario for a renewal period of 10 years. This loan will operate on a floating rate based on the 3-month Treasury bill rate, paid quarterly.

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.

10. OTHER OPERATING EXPENSES

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

	(in thousands of dollars)	
	2022	2021
Chemicals and Water Treatment	29,926	23,938
Electricity	6,950	7,196
Maintenance	50,240	53,696
Materials	28,690	25,384
Services	41,237	30,229
Transportation	902	355
	157,945	140,798

11. DEFERRED LEASE INDUCEMENT LIABILITY

The Agency received a lease inducement allowance of \$1.458 million from the landlord for its head office location (note 5) to offset leasehold improvement costs. This amount has been recorded as a Deferred Lease Inducement Liability, which is amortized over the life of the lease, 10 years. Total amortized lease inducement of \$0.146 million (2021 – \$0.146 million) has been recorded as reduction of rent expense during the year.

12. COMPARATIVE FIGURES

Certain comparative figures, have been restated to conform to current year's presentation.