



ONTARIO CLEAN WATER AGENCY  
AGENCE ONTARIENNE DES EAUX

# Annual Report

2024

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

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2024 was a rewarding year for both of us, marking our first year as President and CEO and Board Chair, having moved into our roles in late 2023 and early 2024, respectively, after serving the Agency for many years in different positions. It was also a year of transformation, resilience, and progress for the Agency, the driving force for which was the force behind all of OCWA's achievements – the passion, creativity, and resilience of our people. In an ever-evolving business landscape, the OCWA team has demonstrated incredible agility, seizing opportunities as they arise, while staying true to our core values.

A primary focus for us, and for the Agency as a whole, was the implementation of OCWA's new multi-year Strategic Plan, Vision for a Sustainable Future. The plan, which is aligned with OCWA's TRUSTED values, includes five key areas of focus, or Strategic Directions, to ensure OCWA's long-term growth and organizational sustainability, while best supporting the Agency's provincial mandates for the benefit of all OCWA customers and partners. At the core of this plan we are focusing on our people, best in class operations, and digital solutions to enable and enhance our efficiency, resiliency, and financial sustainability. Information regarding the key elements of the Strategic Plan, and the actions that we have taken to implement it to date are included throughout this report.

In the more than three decades that OCWA has been in the water and wastewater operations business, we have worked hard to deliver industry-leading services and solutions to our clients across the province. The diversity and the range of processes that we operate continues to grow, expanding the Agency's municipal and non-municipal client base, serving more Ontarians and helping us to grow our revenue. This enables us to

invest internally to better serve our client needs and ensure our long-term financial sustainability. In addition to bringing on new municipal water and wastewater clients this year, we successfully added a number of First Nation communities and commercial organizations to our client roster. We also successfully renewed many existing client contracts, without any significant losses. This strong business performance contributed to the Agency's overall financial success in 2024, achieving \$335.6 million in total revenue and a net income of \$11.8 million.

Throughout much of 2024, we worked to support the provincial government in implementing a phosphorus reduction solution for the Lake Simcoe watershed. This included hosting several multi-stakeholder engagement sessions with municipalities and the local farming community, as well as making local First Nations aware of the technical work underway, while delivering on the requirements set out by the Minister of the Environment, Conservation and Parks under a very tight deadline and schedule. OCWA received great feedback on the feasibility/research technical reports that were prepared for the Minister, and will continue to work with the project proponent and leads to support the Province in moving this project forward in 2025 and beyond.

Highlights from the past year include the development of a Reconciliation roadmap that will guide the way in which the Agency works with its First Nations clients and other Indigenous stakeholders in the years ahead. We built on the work undertaken over the past few years to improve OCWA's asset management practices knowledge and expertise, hiring seven new Asset Management Specialists to provide asset management support to our clients, along with our Operations Managers and staff across the Agency. We also developed a refreshed Employee

Value Proposition and employer brand strategy to ensure that the Agency is able to attract and retain top talent.

Other areas of focus included developing a mental health and wellness road map, which is integrated as part of the Agency's overall Health, Safety and Wellness program; implementing the Agency's Equity, Diversity and Inclusion (EDI) Strategy and Blueprint; and investing in business transformation initiatives, including implementing a new Human Resources Information System (HRIS) and a new Enterprise Resources Planning (ERP) system. These and many other Agency initiatives and accomplishments are described in greater detail throughout this report.

None of this could have been accomplished without the hard work of OCWA's industry-leading team of water and wastewater experts, and the other Agency staff that support them across all lines of our business. It is truly an honour to be part of an organization with so many highly-qualified, passionate, and engaged people working together to serve the people of Ontario.

With the implementation of OCWA's Strategic Plan well underway, the Agency is well-positioned to meet future opportunities and challenges, and continue delivering exceptional service to our clients and the communities that we serve. We both look forward to many successful years ahead.



**Iman Hashemi**

*President and Chief Executive Officer*



**Debbie Korolnek**

*Chair, OCWA Board of Directors*

# Agency Overview

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

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

OCWA utilizes a shared service structure whereby staff and resources are shared among large municipal plants and smaller satellite facilities to ensure geographic optimization. OCWA's typical hub structure provides economies of scale that reduce operation and maintenance costs for individual municipalities. Clients also benefit from the sharing of management, administration, and specialized support services.

OCWA has an unmatched ability to deliver excellent compliance and safety performance across diverse regions, technologies, and facility sizes. Most Agency employees are directly involved in developing, selling, and delivering customer solutions, and are among the most knowledgeable and experienced in the water and wastewater industry.

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

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

Across Canada and around the world municipalities are looking to find ways to do more with less. OCWA helps ensure that the Agency's clients make well-informed decisions regarding infrastructure investments by working with them to develop comprehensive water and wastewater asset plans that prioritize their infrastructure needs for the next decade and beyond. OCWA also helps clients to access federal and provincial

funding opportunities that will allow them to put those plans into action.

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

OCWA is also innovating in the area of information management by working to develop and implement integrated information technology systems to automate 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 can readily access to up-to-date information for all of the facilities that the Agency operates.

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

# Vision, Mission and Values

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## Vision and Mission

OCWA's 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 priorities outlined in the annual Letter of Direction from the Minister of the Environment, Conservation and Parks;
- Meeting the requirements of appropriate regulatory authorities (the Ministry of the Environment, Conservation and Parks; the Ministry of Labour, Immigration, Training and Skills Development; 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](http://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](http://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 including the Agencies and Appointments Directive; and
- Utilizing an Enterprise Risk Management program to identify and assess business and operational risks.

## Board Directors, Terms and Compensation

Including the Chair, OCWA had 11 Board Directors at the end of 2024.

Total Director compensation for 2024 was \$67,715. 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.

In early 2024, Joe Pennachetti, who had been Chair of the Agency's Board of Directors since 2018, retired from the Board at the end of his most recent Order-in-Council appointment term. Debbie Korolnek, who had been a member of the Board since 2017, was appointed as the new Board Chair.

Mitchell "Mitch" Zamojc, who had been a member of OCWA's Board since 2016, sadly passed away in July of 2024. Mitch made many significant contributions to the Board and the Agency over the years and he will be sorely missed.

Other changes to the composition of OCWA's Board in 2024 included the departure of three members (Richard Austin, Michael Watt, and Candice White), and the appointment of three new members (Scott Carter, Michelle Grenier, and Joseph LeClair).

## 2024 Per Diems – Current and Former Board Members

Board members and total per diems paid to each Director in 2024 were as follows:

| Director                          | Date First Appointed | Term Expiry       | 2024 Per Diems  |
|-----------------------------------|----------------------|-------------------|-----------------|
| Joseph Pennachetti (Former Chair) | February 8, 2018     | February 7, 2024  | \$1,050         |
| Debbie Korolnek (Chair)**         | March 8, 2017        | April 3, 2027     | \$19,361.50     |
| Joe Farag (Vice-Chair)            | June 10, 2021        | October 23, 2027  | \$11,263.50     |
| Richard Austin*                   | November 13, 2019    | March 19, 2024    | \$0             |
| Scott Carter                      | June 13, 2024        | June 12, 2027     | \$2,732         |
| Nike Dattani                      | February 10, 2022    | February 9, 2025  | \$7,191         |
| Melanie Debassige                 | October 23, 2013     | October 22, 2025  | \$2,735         |
| Michelle Grenier                  | November 21, 2024    | November 20, 2027 | \$1,467.50      |
| Laila Hulbert                     | January 21, 2021     | May 29, 2027      | \$4,240         |
| Joseph LeClair                    | November 21, 2024    | November 20, 2027 | \$1,500         |
| Hao “Artie” Li                    | July 29, 2021        | October 9, 2027   | \$5,580.50      |
| Quirien Muylwyk                   | February 14, 2020    | February 15, 2026 | \$6,394         |
| Michael Watt*                     | July 9, 2020         | April 4, 2024     | \$1,700         |
| Candice White*                    | July 13, 2023        | December 16, 2024 | \$1,300         |
| Mitchell Zamojc*                  | April 20, 2016       | July 31, 2024     | \$1,200         |
| <b>TOTAL BOARD COMPENSATION</b>   |                      |                   | <b>\$67,715</b> |

\* Former Board member. Term expiry updated to reflect resignation/end date.

\*\* Appointed as Board Chair in early 2024.

# Core Business Activities

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Every day, OCWA treats over a billion litres of source water to produce safe drinking water and treats 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 [O&M] of water, wastewater, and associated facilities. The Agency's Operations staff handle the O&M, and site-specific business and capital planning requirements of hundreds of municipal and other water and wastewater systems throughout Ontario. They are assisted by corporate subject matter and technical experts, who provide specialized support in a number of areas, including asset management, process optimization, energy management, technology and innovation, 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 water and wastewater treatment facilities for the Agency's clients. The majority of OCWA-operated facilities are tended to 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 to respond to emergencies at client facilities as required.

OCWA operates and maintains client facilities in accordance with current federal and provincial legislation, regulations and guidelines, local statutes and by-laws, and within the design capacity and capabilities of the individual systems. All contractual and regulatory reports are prepared and submitted to clients and government bodies as required.

OCWA's QEMS ensures that client facilities are operated in an efficient, safe, and environmentally responsible manner. This includes having processes in place to identify and mitigate risks to OCWA-operated facilities. 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.

Work orders for each client are stored electronically in OCWA's computerized Work Management System (WMS). 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 their operational data. This information is also provided to clients quarterly for review and analysis. Electronic logbooks are 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 decades of experience delivering O&M services. Maintenance plans are developed based on best practices and servicing guidelines provided by manufacturers. Various maintenance and operational tactics ensure 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 specific maintenance plans, which meet 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.

facilities includes equipment adjustments, lubrication, repairs, calibrations, cleaning, and painting. This helps to preserve the current condition, good working order, and appearance of all facilities. Checklists for assets are compiled in WMS, or newly developed using field collection if 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 operational 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. This includes routine inspections, warranty maintenance activities, and calibration. Defined maintenance plans help reduce the risk of asset failure and ensure due diligence and sustainability of assets.

Emergency or unplanned work is more expensive than planned work. For this reason, and to ensure expected levels of service and reliability at each facility, OCWA strives to minimize emergency work through its routine and preventative maintenance program. However, breakdown maintenance may be required where an asset is near the end of its useful life, or if there is an unexpected repair, replacement, or renewal required.

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

# Core Business - 2024 Performance

## 2024 OPERATIONAL PERFORMANCE BENCHMARKING TARGETS AND RESULTS

| Performance Category                    | 2023 Agency Performance Target                                                                                                                                  | Year end Result                                                                                                                                                                                           | Target Achieved |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Water System Inspections*               | <ul style="list-style-type: none"> <li>2 or fewer OCWA-operated water systems receive inspection ratings below 90%</li> </ul>                                   | <ul style="list-style-type: none"> <li>4 inspections with ratings below 90% in 2024</li> </ul>                                                                                                            | No              |
|                                         | <ul style="list-style-type: none"> <li>More than 75% of OCWA-operated water systems receive 100% inspection ratings</li> </ul>                                  | <ul style="list-style-type: none"> <li>73.3% of inspections received a 100% rating in 2024</li> <li>OCWA achieved an overall drinking water system inspection rating average of 98.6% for 2024</li> </ul> | No              |
| Wastewater System Inspections*          | <ul style="list-style-type: none"> <li>5 or fewer OCWA-operated wastewater systems receive inspection reports with more than 5 non-compliance items</li> </ul>  | <ul style="list-style-type: none"> <li>No wastewater system inspection resulted a report with 5 or more non-compliance items</li> </ul>                                                                   | Yes             |
| Adverse Water Quality Incidents (AWQIs) | <ul style="list-style-type: none"> <li>20 or fewer disinfection AWQIs</li> </ul>                                                                                | <ul style="list-style-type: none"> <li>23 AWQIs for disinfection were reported in 2024</li> </ul>                                                                                                         | No              |
|                                         | <ul style="list-style-type: none"> <li>10 or fewer filter effectiveness (turbidity) AWQIs</li> </ul>                                                            | <ul style="list-style-type: none"> <li>13 AWQIs for filter (turbidity) effectiveness were reported in 2024</li> </ul>                                                                                     | No              |
| Boil Water Advisories (BWAs)            | <ul style="list-style-type: none"> <li>4 or fewer BWAs resulting from disinfection or microbiological AWQIs</li> </ul>                                          | <ul style="list-style-type: none"> <li>16 BWAs resulting from disinfection or microbiological AWQIs in 2024</li> </ul>                                                                                    | No              |
|                                         | <ul style="list-style-type: none"> <li>75 or fewer BWAs resulting from all other causes (breaks, repairs, installations)</li> </ul>                             | <ul style="list-style-type: none"> <li>74 BWAs resulting from all other causes in 2024</li> </ul>                                                                                                         | Yes             |
| Effluent Limits                         | <ul style="list-style-type: none"> <li>3 or fewer wastewater facilities with less than 90% compliance for effluent limits</li> </ul>                            | <ul style="list-style-type: none"> <li>2 wastewater facilities reported exceedances that resulted a performance rating of less than 90% in 2024</li> </ul>                                                | Yes             |
| Bypassing Events                        | <ul style="list-style-type: none"> <li>30 or fewer bypassing events due to reasons other than hydraulic load (equipment issues, power outages, etc.)</li> </ul> | <ul style="list-style-type: none"> <li>2 bypass events for reasons other than hydraulic loading</li> </ul>                                                                                                | Yes             |

\*Results are based on the calendar year, as opposed to the Ministry of the Environment, Conservation and Parks' inspection year (April 1 to March 31); ratings for 172 water inspections and 18 wastewater inspections had been received at the time this report was prepared.

# Overview of Key Achievements for 2024

OCWA worked hard throughout 2024 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.

## BEING THE EMPLOYER OF CHOICE IN THE WATER INDUSTRY

### Attract, Retain and Develop Great People

Without talent joining and staying with 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 demonstrate OCWA's values, reducing overall risk in many areas, including regulatory compliance, health and safety, and facility operation.

OCWA worked hard throughout 2024 to develop and enhance programs and initiatives that support the Agency's attraction, retention, and employee engagement objectives. The Agency formalized its Operator Career Path program, which recognizes the efforts, dedication, and skills/experience that employees bring through their licenses. The program provides a path for Operators to move into higher classified and compensated roles after they successfully pursue and achieve higher-level licenses.

Increased compensation for 14 front line roles was also negotiated in response to concerns regarding

staffing challenges, and a desire to protect front-line services [where public health and safety are paramount]. These increases were above and beyond the across-the-board compensation increases implemented for Ontario Public Service employees following the repeal of Bill 124, which restricted compensation increases for Ontario public sector workers.

OCWA refreshed its Employee Value Proposition and employer brand strategy to ensure recruitment success and attract new employees to the Agency. This included defining the benefits and rewards employees receive from the organization, and developing updated marketing, social media, and communications strategies, which will be rolled-out starting in early 2025.

The Agency has a comprehensive orientation and onboarding program in place, with tools, resources, and support for new Operators and trades employees as they learn about OCWA and their new positions. Work began in 2024 to expand the onboarding program to non-operations staff, managers and summer students.

OCWA's succession management and leadership development programs help to ensure continuity across management roles. The Agency's succession management process includes 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 plans for critical positions, including learning plans.

OCWA's leadership development program supports the Agency in maintaining a pipeline of potential successors for critical positions and includes two 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 senior leadership roles.

30 employees took part in the 2024 Aspiring Manager program. Participants were selected from the largest number of applications received since the program's inception.

OCWA also participated in the bi-annual OPS Employee Engagement Survey, which was held in early 2024. The results of these surveys 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.

While there was a slight decrease in the Agency's survey response rate and Inclusion Index in 2024, as compared to the previous engagement survey completed in 2022 (63 percent vs. 65 percent response rate, and a 77.4 vs. 74.5 Inclusion Index), the Agency's Engagement Index remained consistent at 69.9. There was also an increase in the Agency's Leadership Index from 64.4 to 68.3.

Key Agency strengths identified in the survey were: employee commitment to their jobs; satisfaction regarding independence and decision making; positive working relationships with managers; willingness of management to address discrimination, where required; and commitment to employee learning and development. Areas of concern included: workplace stress; compensation and benefits; fair hiring and promotion practices; and confidence that survey results would be addressed. Agency-wide and regional action plans were developed to address the survey results, implementation of which began in 2024 and will continue throughout 2025.

Collectively, these initiatives are showing results, with managers having an easier time finding qualified applicants for open job postings, and the Agency's voluntary turnover rate in Operations dropping from 13.4% in 2023 to 11.5% in 2024.

## Enhance a Proactive Health, Safety and Wellness Culture and Mindset

Ensuring the health, safety, and well-being of OCWA employees is an ongoing priority for OCWA. Over the past few years, OCWA has made improvements to the Agency's health and safety management system, with a goal of continuous reduction in the number of workplace injuries, and other health, safety, and wellness incidents, a key objective.

OCWA met its target for lost time injuries in 2024, achieving a Lost-Time Injury Rate (LTIR) of 0.18 (as compared to the target of 0.36), but did not meet its Recordable Incident Rate (RIR) target of 1.38, achieving a year-end RIR of 1.55.<sup>1</sup> While the Agency's LTIR and RIR have remained low overall for many years, an increase in the Agency's LTIR since 2021 (where the Agency was able to achieve a record of no lost-time injuries), along with an upward trend in the Agency's RIR, led OCWA to place an increased focus on health, safety and wellness in 2024.

A key area of focus was enhancing the Agency's health, safety and wellness culture, changing attitudes and behaviours, and improving the prevention mindset of OCWA employees. This included enhancing the use of manager and supervisor spot checks to ensure that Agency policies, programs, and procedures are understood and being followed by staff, and identify areas for improvement. It also included an ongoing campaign, the "STOP" Program, to remind Agency staff to stop and think before performing tasks in order to plan the work safely.

<sup>1</sup> The Lost Time Injury Rate (LTIR) tracks lost time injuries for every 100 employees, while the Recordable Incident Rate (RIR) tracks the rate of recordable incidents for every 100 employees.



The STOP program aims to change employee attitudes and behaviours to become habits over time, utilizing recognizable graphics, uniformity, and regular communication through the use of posters and stickers, to remind employees to:

- Stop and assess the situation;
- Think about risks and controls;
- Organize and plan the work; and
- Proceed with the work.

Another health, safety, and wellness priority in 2024 was enhancing the Agency's mental health and wellness program. Through an inclusive lens, the Agency developed a Mental Health and Wellness Strategy to support the mental health and well-being of OCWA staff. This included a multi-year Mental Health and Wellness Road Map and annual workplan, which outlines the key initiatives to be implemented in support of the Strategy.

### **Demonstrate Equity, Diversity, and Inclusion Commitment and Accountability**

OCWA's success is built on having an equitable, diverse, 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 equity, diversity, and inclusion (EDI), 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 equity, diversity, and inclusion, OCWA developed and implemented a three-year EDI Strategy and

Anti-Racism Plan. Following implementation of the EDI Strategy and Anti-Racism Plan, OCWA gathered internal employee feedback through a pulse survey and focus groups, and worked with a third-party consultant to evaluate success and provide recommendations for future improvements.

This led to the development of an EDI Blueprint, to addresses outstanding gaps and other recommendations included in the evaluation report and guide the Agency's EDI activities for the next few years. The EDI Blueprint has four main objectives:

- Create Awareness, Knowledge, and Advocacy by developing tailored EDI communication and training for different audiences, such as new staff and Agency managers;
- Create an Inclusive Workplace and Accountability by refreshing the mandates of the Agency's Diversity and Inclusion Advisory Council, and Young Professionals Networks, applying an EDI Lens throughout the employee life cycle, and developing opportunities for recognition through an EDI lens;
- Build a Diverse Workforce by utilizing external partnerships to build a diverse talent pipeline, and leveraging the Agency's new Human Resources Information System to support fair and equitable recruitment and advancement processes; and
- Lead the Industry by sharing EDI initiatives with clients, industry partners, and the Agency's First Nations Advisory Circle.

Throughout 2024, OCWA staff worked to implement strategies included in the EDI Blueprint, completing an EDI Snapshot for the Agency, delivering "Reducing Bias in Recruitment" training, establishing EDI learning goals for staff, building an EDI resource repository, and incorporating EDI



into the Agency's employee onboarding program. Implementation of the EDI Blueprint is continuing in 2025.

## ACHIEVING BEST-IN-CLASS WATER AND WASTEWATER OPERATIONS AND MAINTENANCE SERVICES

### Operate for Compliance

Operating for compliance is a critical component of delivering “best-in-class” services to Agency clients. To support this, OCWA is committed to implementing consistent and proactive operational practices; developing and employing programs to better identify and mitigate compliance risk; building, improving and sustaining process and compliance skills to ensure consistent knowledge transfer to new staff; and enhancing internal compliance reporting.

Work to identify operational best practices from across the Agency that help minimize non-compliances and exceedances, and implement them Agency-wide, began in 2024 with the roll out of the Agency's updated Strategic Plan.

Key areas of focus included:

- Improving internal compliance reporting by identifying gaps in current reporting, developing standard reports for stakeholders, and optimizing processes for populating standard reports, including utilizing information technology tools;
- Developing and implementing operational dashboards for the Agency's most common types of water and wastewater systems (e.g., lagoon systems, extended aeration plants, and water filtration systems); and
- Reviewing and updating the Agency's Standard Operating Procedures for water and

wastewater facilities, along with the roles and responsibilities of key Operations positions, as required, to ensure that they are up-to-date and meet the needs of the Agency and its clients.

OCWA is also working to ensure consistent knowledge transfer to new staff, and improve and sustain process and compliance skills for new and existing staff through training, mentoring, and other skills improvement programs.

This work will continue in 2025 and beyond.

### Maximize Life of Client Assets

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 regarding their water and wastewater infrastructure investments.

Replacing and retrofitting aging water and wastewater infrastructure is a concern for many Ontario municipalities, particularly those with smaller tax bases that may struggle to raise the funds required to make significant investments in long-term capital works. These municipalities also need to balance the investments that they make in their water and wastewater infrastructure with other municipal infrastructure priorities such as roads, bridges, and community buildings.

OCWA supports a number of its municipal clients, the majority of which are small and rural, in developing effective asset management plans that meet provincial requirements. To help achieve this, OCWA has developed a comprehensive Asset Stewardship Quality Management Framework and is working hard to improve asset management knowledge and expertise across the Agency.

A key approach for the majority of OCWA clients has been the implementation of the Agency's Work Management System, which enables OCWA's Operations staff to better track and manage the completion of required maintenance work. The Agency also supports clients by developing Asset Management Plans and other supporting value-added fee-based services that connect clients to applicable funding sources to address their long-term infrastructure needs.

As part of OCWA's commitment to expanding asset management knowledge and expertise across the Agency, additional resources were directed towards refining and improving OCWA's maintenance management practices in 2024. This included hiring seven new Asset Maintenance Specialists across the Agency to refine and advance asset data stewardship. These specialists will ensure that all OCWA-operated assets are validated in a centralized system, providing valuable asset information that will support clients' short and long-term infrastructure decision making.

## **SUPPORTING CLIMATE ACTION AND ENVIRONMENTAL STEWARDSHIP**

### **Reduce OCWA's Environmental Footprint**

In 2024, OCWA began working to establish baselines for the environmental footprint of Agency-owned assets and build a culture of climate awareness within the Agency, with an initial focus on the energy used and emissions produced by OCWA's fleet vehicles.

This work will continue in 2025, with a goal to deliver a baseline for OCWA's environmental fleet greenhouse gas (GHG) footprint as part of the Agency's overall 2024 Environmental, Social and Governance (ESG) reporting in the first quarter of the year. This baseline report will provide key

performance indicator (KPI) recommendations that OCWA will measure and monitor annually to assess how the Agency is doing in improving its environmental footprint.

### **Improve Client Infrastructure Resilience and Environmental Footprint**

Helping clients 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 benefit. In addition to operating and maintaining client water and wastewater facilities, OCWA delivers a number of value-added services that help interested clients reduce their individual environmental footprints, improve decision-making, and enhance their capacity to prevent, withstand, respond or adapt to, and recover from disruptions due to climate change.

Many OCWA clients are looking to build facilities that have redundancy of critical assets to ensure continued functionality during extreme weather events. The Agency's local Operations teams work closely with OCWA's process optimization, energy, engineering, technology, asset management, and capital delivery specialists to better understand the specific challenges that clients are facing regarding the resilience of their infrastructure. The teams then guide clients in incorporating a climate adaptation and resiliency focus into future capital improvement projects.

In 2024, OCWA staff prepared Facility Optimization Plans (FOPs) for a number of client water and wastewater facilities which investigated a range of climate change impacts on facility operations, including flooding, harmful algal blooms, treatment performance, and disinfection by-products formation. Recommendations for operational best practices to address these challenges were also included in the FOPs.

Over the past few years, OCWA has also worked with clients, government organizations, and other industry stakeholders to achieve the combined goals of energy savings and greenhouse gas reduction. The Agency has prepared multiple Conservation Demand Management plans and completed hydro bill analysis and energy audits to identify energy strategies for interested municipal clients. A framework to provide information regarding GHG emissions was also developed and incorporated into OCWA's energy reporting to clients, and OCWA staff developed the first ever director-approved energy efficiency awareness training targeted to Operations staff.

OCWA is also working with clients to mitigate future climate change impacts by supporting organics diversion and the 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 known as "co-digestion" in the industry. 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.

## Provide Stewardship of Ontario Water Resources

Ontario has more than 250,000 lakes, including the Great Lakes. Together, they contain almost a fifth of the world's fresh surface water. OCWA is committed to protecting those resources by working with clients, academic partners, and other stakeholders, including local Conservation Authorities, to:

- Study, quantify, and reduce impacts of water and wastewater treatment facilities on watersheds;
- Identify and address the environmental and

health impacts of contaminants such as phosphorus on water bodies; and

- Support research initiatives that promote water resources stewardship and innovation.

In 2023, the Provincial government announced a funding allocation of \$24 million to design, build and operate a phosphorus reduction project in the Holland Marsh, located in the Lake Simcoe watershed, with a goal to protect and restore Lake Simcoe and its watershed by reducing phosphorus from the Holland Marsh drainage water.

In support of this project, and at the direction of the Minister of the Environment, Conservation, and Parks, OCWA prepared a research study in 2024, the scope of which included:

- Options for conceptual designs (i.e., engineered wetland, lagoon treatment, mechanical treatment) capable of treating drainage discharged from the Holland Marsh;
- An assessment of the feasibility of phosphorus recovery and reuse from the project;
- Preparing and comparing order of magnitude cost estimates (i.e., capital, operations and maintenance) for the conceptual design options;
- Project site selection criteria for each of the design options, excluding the identification of actual property sites;
- Identifying design and site considerations based on Holland Marsh drainage operations and agricultural activity; and
- Cost recovery mechanisms for the project's capital and operating costs, including analysis of benefiting parties.

The draft research study was submitted to the Minister, as directed, in June of 2024. In January of 2025, Council for the Town of Bradford West Gwillimbury endorsed a non-binding initial

agreement with the Ministry of the Environment, Conservation and Parks through which the Town would become the proponent and owner of a new phosphorus-reduction facility for the Lake Simcoe watershed.

Recognizing the importance of the Lake Simcoe Phosphorus Reduction Project for the Lake Simcoe watershed and the community's significant future growth, OCWA is committed to providing continued support to the Province, as directed, in moving forward with the project in 2025 and beyond.

Another area in which OCWA is providing stewardship of Ontario resources is by participating in collaborative research on Polyfluoroalkyl Substances (PFAS) with university partners. The goal of these partnerships is to look at the impact of these “forever chemicals” in water/wastewater and biosolids, and how movement through these matrices impacts Ontario resources. Some collaborations look at resource recovery reuse options for municipal sludges and biosolids to support a circular economy and keep nutrients out of receiving waters. OCWA is also participating in partnerships with technology providers to look at pretreatment technologies that improve gas production from biosolids and potentially treat PFAS.

## **PARTNERING WITH FIRST NATIONS ON SUSTAINABLE WATER SOLUTIONS**

OCWA is committed to working in partnership with Ontario First Nations communities and other government organizations to support sustainable water and wastewater solutions that ensure the effective operation and maintenance of First Nations water systems. Key elements of OCWA's First Nations Strategy include building trust through advancing reconciliation, providing services that meet the needs of First Nations, and helping to build water and wastewater capacity in

First Nations communities.

As part of the Agency's commitment to working in partnership with Ontario First Nations, OCWA established a First Nations Advisory Circle, comprised of a diverse group of individuals who identify as Indigenous, representing a variety of backgrounds, experiences, and communities, to gain a greater understanding of the broader water issues facing First Nations communities from an Indigenous perspective. The goal of the Advisory Circle is to advise the Agency 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.

### **Build Trust through Advancing Reconciliation**

Reconciliation is a significant commitment, which must be approached in a thoughtful, respectful, and meaningful way, through collaboration with Indigenous people. Throughout 2024, OCWA worked with a third-party reconciliation expert, in consultation with the First Nations Advisory Circle and other Indigenous organizations, to develop a Reconciliation Action Plan for the Agency. The Reconciliation Action Plan assesses OCWA's current state with regard to its work with Indigenous people, identifies issues and gaps, and includes a plan to enhance the Agency's reconciliation actions.

As part of the Reconciliation Action Plan, OCWA is working to build Indigenous knowledge across the Agency. Actions undertaken as part of the Action Plan included developing and delivering Indigenous knowledge training to Agency management, staff, and other stakeholders, including the Agency's Board of Directors. The focus of the training included First Nations

history, culture, spiritual beliefs, and Truth and Reconciliation.

Implementation of other elements of the Reconciliation Action Plan began in early 2025 and will continue over the next few years.

### **Provide Services that Meet First Nations' Needs**

In order 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. OCWA also regularly seeks feedback from the First Nations Advisory Circle regarding current water issues facing First Nations communities, and what should be done to address them.

OCWA uses this feedback to build and promote water and wastewater services that respond to First Nations' needs, refining and expanding existing service offerings that have been proven to be effective and valuable to First Nations, and developing or adapting new services to address issues faced by First Nations communities. Current areas of focus include the provision of asset management and Supervisory Control and Data Acquisition (SCADA) services, the utilization of remote monitoring and electronic logs, and the provision of capital project management and emergency response services.

### **Support First Nations Communities with Building Water and Wastewater Capacity**

Helping First Nations move towards self-sufficiency with regard to managing their water and wastewater systems by providing training and capacity building services is another significant area of focus for the Agency.

To achieve this goal, OCWA is developing programs and providing opportunities for First Nations Operators to develop their skills and knowledge through in-plant training, experience, and mentoring. In 2024, OCWA delivered in-person training to 14 Operators from First Nations communities.

The Agency is also working to promote water industry careers to First Nations youth and other individuals, including: offering scholarships targeted towards Indigenous recipients and attending community events and educational fairs.

## **ENSURING LONG-TERM ORGANIZATIONAL SUSTAINABILITY**

### **Grow as a Total Water Solution Provider and Meet Ontario Communities' Water Related Needs**

OCWA's long-term growth strategy is focused on maintaining the Agency's existing client base in Ontario, expanding the scope of services provided to these clients, and attracting new clients. A core component of this strategy is the delivery of value-added services to clients that go beyond the delivery of core O&M services and focus on providing "total water solutions" at every stage of the infrastructure life cycle. This includes assisting clients in managing their assets, and working with them to plan, finance, and ensure the long-term sustainability of their systems.

Supporting this is an investment in the information technology tools and systems that enable Agency staff to make informed decisions, drive performance, and deliver total solutions to clients. OCWA is confident that by focusing on and meeting client needs, the Agency can not only maintain its existing business and expand its client base over time, but significantly increase its value to the public as well.

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. This includes the Agency's four largest clients: the Region of Peel; the Region of Waterloo; the Lake Huron and Elgin Water Supply Systems; and the City of Kawartha Lakes, all of which renegotiated contracts ranging in duration from 10 to 20 years.

OCWA maintains its existing client base, and supports business growth, by delivering quality services and developing strong community relationships, while proactively adapting the Agency's services to meet the needs of Ontario communities. OCWA is committed to continually strengthening its core operations and maintenance, and operational support services to provide best in class service to existing and new clients, as well as focusing on "sustainable" growth – which means sustaining the business while continuing to support current and future clients and others in need.

In 2024, OCWA was successful in renewing contracts with 53 O&M clients, worth a collective \$27 million annually, and exceeding its renewal target of \$24.2 million. The Agency also successfully negotiated contracts with new O&M clients worth a collective \$6.75 million annually, surpassing the Agency's new business target of \$6.0 million.

## **Information and Technology Enablement (Business Transformation Program)**

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 utilize information more effectively 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.

OCWA has made a significant investment in upgrading its information technology (IT) and operational technology (OT) systems over the past decade, implementing innovative digital solutions that support the Agency's business, and facilitating efficient and effective service delivery for Agency clients. Many of those investments were made through the Agency's Business Transformation Program (BTP).

BTP was established to oversee these investments and initiatives. The program aims to extend and enhance the Agency's IT and OT systems, and improve the Agency's business processes, ensuring that OCWA has the tools and skills necessary to deliver total solutions to its clients, both now and for years to come.

BTP is focused on making strategic investments in the services OCWA delivers, including client-facing services such as routine O&M, operational support services such as compliance standards management, and corporate business support services such as human resources management. Each service area is prioritized and addressed, based on business criticality and identified benefits, before being assessed in terms of existing processes and practices, existing hardware and software technologies that support those processes, and the skills of the staff responsible for delivering those processes. Change management needs are identified, and solutions are designed, selected, configured, and implemented, before staff are trained and benefits are measured.

Through BTP, the Agency is augmenting the functionality of existing systems, and assessing and integrating existing and new IT and OT



tools. The integration of IT and OT systems and solutions will lead to better capture, storage, analysis and sharing of datasets that require data from multiple sources, such as operations, maintenance, and financial data about client water systems. As each solution is implemented, it enriches OCWA's information sources, which are essential to improve efficiencies and enable the Agency's business to continue to grow sustainably.

Recognizing that significant time and resources will be required to implement all of the program objectives, 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.

Areas of focus for BTP in 2024 included:

- Enhancing the Agency's in-house information management capabilities to maintain and further develop an authoritative repository for OCWA's business processes, data, information, structured hierarchies, documents, knowledge, and intelligence across the Agency, to improve reliability and access to quality information, while reducing redundancy and manual effort;
- Continuing to implement the Agency's new Supervisory Control and Data Acquisition [SCADA] solution by rolling out new SCADA panels across the province, expanding communication connections and increasing the resilience of the Agency's network and remote systems through virtualization;
- Proceeding with the configuration and implementation of a Human Resources Management Information solution area, including a learning management platform;
- Supporting the Agency's Health, Safety and Compliance programs by defining current and future digital and information support requirements, and selecting a new system; and
- Initiating the Corporate Energy Management solution, led by the Agency's Innovations team.

OCWA will continue to make investments through BTP in 2025 and beyond. As technologies and tools are continuously evolving, the Agency is also regularly evaluating and updating its long-term information technology strategy to consider emerging solutions in the water industry. This includes mobile and cloud computing considerations to ensure that staff have the tools and information they need when they need them, along with long-term resiliency and adaptability planning to ensure OCWA's transformative plans align with the evolving marketplace within which the Agency operates.

# Measuring Performance – 2024 Results

## STRATEGY 1

### BEING THE EMPLOYER OF CHOICE IN THE WATER INDUSTRY

#### GOAL

- Attract, Retain and Develop Great People

#### PERFORMANCE MEASURES

- Year-over-year reduction in the Agency's turnover rate, with a target of 11.1% or below
- Employee Engagement Index increased from 69.9 in 2022 to 72 in 2024 (based on the results of the Ontario Public Service Employee Engagement Survey)

#### YEAR-END RESULTS

- 11.5% turnover rate for 2024, slightly higher than the target of 11.1%
- 69.9 Engagement Index for 2024, consistent with the 69.9 Engagement Index for 2022 but lower than the target of 72

#### GOAL

- Enhance a Proactive Health, Safety and Wellness Culture and Mindset

#### PERFORMANCE MEASURES

- Maintain or reduce the Agency's Recordable Incident Rate, with a target for 2024 of 1.38 or lower
- Maintain or reduce the Agency's Lost Time Injury Rate, with a target for 2024 of 0.36 or lower

#### YEAR-END RESULTS

- Recordable Incident Rate, which tracks the rate of recordable incidents for every 100 employees, was 1.55 (higher than the 2024 year-end target of 1.38 and the 2023 year-end RIR of 1.44)
- Lost Time Injury Rate, which tracks lost time injuries for every 100 employees, was 0.18 (lower than the 2024 year-end target of 0.36 and the 2023 year-end LTIR of 0.19)



### GOAL

- Demonstrate Equity, Diversity, and Inclusion Commitment and Accountability

### PERFORMANCE MEASURES

- Inclusion Index increased from 75 in 2022 to 77 in 2024 (based on the results of the Ontario Public Service Employee Engagement Survey)

### YEAR-END RESULTS

- 74.5 Inclusion Index for 2024, lower than the 75 Inclusion Index for 2022, as well as the target of 77

## STRATEGY 2

### ACHIEVING BEST-IN-CLASS WATER AND WASTEWATER OPERATIONS AND MAINTENANCE SERVICES

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#### GOAL

- Operate for Compliance

#### PERFORMANCE MEASURE

- See operational key performance indicators included on page 11

#### YEAR-END RESULTS

- See operational key performance indicators included on page 11

#### GOAL

- Maximize Life of Client Assets

#### PERFORMANCE MEASURE

- Year-over-year increase in the percentage of work orders that include work log, labour, asset identification or location [baseline to be established in 2024]

#### YEAR-END RESULTS

- Baseline of 82.86% of work orders including work log, labour, asset identification or location established at the end of 2024.

## STRATEGY 3

### SUPPORTING CLIMATE ACTION AND ENVIRONMENTAL STEWARDSHIP

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#### GOAL

- Reduce OCWA's Environmental Footprint

#### PERFORMANCE MEASURES

- Gather and assess fleet usage data to establish a baseline for the greenhouse gas emissions footprint of the Agency's fleet by the end of 2024

#### YEAR-END RESULTS

- Establishment of a baseline for OCWA's environmental fleet greenhouse gas footprint and development of key performance indicators for a Greenhouse Gas Report Card to be finalized in 2025 SCADA Network Coverage:

#### GOAL

- Improve Client Infrastructure Resilience and Environmental Footprint

#### PERFORMANCE MEASURE

- Petawawa Net Zero project diverting 7,000 tonnes of organics once implementation is complete and the renewable energy system is operational
- Support 30% design completion for the Timmins Net Zero Project by the end of 2024
- Five or more feasibility/pilot studies for organics diversion and resource recovery initiatives conducted that result in two or more renewable energy generation project implementations by the end of 2026
- Work collaboratively with municipalities in the province to source and secure a minimum of \$1.5 million in resilient infrastructure funding per year to advance infrastructure and state of good repair projects

#### YEAR-END RESULTS

- Petawawa Net Zero Project
  - Implementation of the project was ongoing at the end of 2024
  - New Net Zero equipment scheduled to be operationalized by March 2026
- Timmins Net Zero Project
  - Implementation of the project was ongoing at the end of 2024
  - 30% design contract awarded; targeting completion in Q2 or Q3, 2025
  - OCWA is supporting the City in reviewing the 30% design and securing funding to support the project moving forward

- Feasibility/Pilot Studies/Renewable Energy Generation Projects
  - Three organics diversion/resource recovery/net zero projects in progress in 2024, all of which will continue in 2025
- Resilient Infrastructure Funding
  - Assisted client in securing \$1.2 million in federal Green Municipal Fund funding for one project

## GOAL

- Provide Stewardship of Ontario Water Resources

## PERFORMANCE MEASURE

- Provide subject matter expertise to support the development of Wastewater Climate Resiliency Plans for two or more Agency clients
- Research/feasibility study for the Holland Marsh phosphorus reduction project that addresses all of the requirements included in the letter of direction from the Minister of the Environment, Conservation and Parks completed within the six-month timeframe established by the Minister

## YEAR-END RESULTS

- Wastewater Climate Resiliency
  - Continued to provide technical advice that considers climate resiliency in wastewater Facility Optimization Program reports, as well as advice for developing or updating internal guidance related to ministry requirements to mitigate the effects of a changing climate [e.g., intense precipitation events] on wastewater treatment plant performance
  - Reviewing water/wastewater climate resiliency as part of two Facility Optimization studies with recommendations for improvements
  - Reviewing greenhouse gas impacts through hydro bill analyses
- Lake Simcoe Phosphorus Reduction Project
  - Research study submitted to the Minister of the Environment, Conservation and Parks in June of 2024, as directed.

## Strategy 4

### PARTNERING WITH FIRST NATIONS ON SUSTAINABLE WATER SOLUTIONS

#### GOAL

- Build Trust through Advancing Reconciliation

#### PERFORMANCE MEASURE

- Year-over-year increase in the percentage of Agency staff that have completed Indigenous awareness training within the past five years [baseline to be established in 2024]
- Year-over-year increase in the percentage of Agency leaders (Executive Management Team and Senior Leadership Team) and Board members that have completed Indigenous awareness training within the past five years [baseline to be established in 2024]

#### YEAR-END RESULTS

- Continued to build OCWA's Indigenous Knowledge through internal engagement sessions with 50 OCWA employees [2% of Agency staff] in 2024
- Leaders Indigenous awareness, which tracks training and awareness as a percent of total Agency leaders, was 20% in 2024

#### GOAL

- Provide Services that Meet First Nations' Needs

#### PERFORMANCE MEASURE

- Increase in the number of First Nations clients requesting OCWA's services per year, with a target of three or more for 2024
- Increase in the number of new projects or services provided to existing First Nations clients

#### YEAR-END RESULTS

- New First Nations Clients
  - Four new First Nations clients engaged in 2024
- Additional Services for Existing First Nations Clients
  - New projects or services provided to three existing First Nations clients in 2024

### GOAL

- Support First Nations Communities with Building Water and Wastewater Capacity

### PERFORMANCE MEASURE

- Provide hands-on practical experience and support to five or more First Nation operators per year

### YEAR-END RESULTS

- In-person training delivered to 14 Operators from First Nations communities in 2024

## Strategy 5

### ENSURING LONG-TERM ORGANIZATIONAL SUSTAINABILITY

#### GOAL

- Grow as a Total Water Solution Provider and Meet Ontario Communities' Water Related Needs

#### PERFORMANCE MEASURE

- Achieve \$16.96 million revenue target for O&M contracts up for renewal in 2024
- Retain 97 percent of O&M client contracts up for renewal in 2024 (by revenue and by total number of clients)
- Achieve \$6.0 million target for new O&M sales in 2024 (based on annual contract revenue)

#### YEAR-END RESULTS

- 2024 revenue target adjusted to \$24.2 million to include contracts up for renewal in 2023 that rolled-over into 2024; achieved \$27 million in annual revenue from contract renewals (111% of target)
- Retained 98 percent of client contracts up for renewal in 2024 based on total number of clients
  - One small client contract cancelled (worth \$15k annually)
- Achieved \$6.75 million in annual revenue from new O&M sales in 2024

#### GOAL

- Information and Technology Enablement (Business Transformation Program)

#### PERFORMANCE MEASURE

- Configure and integrate the Human Resources Information System (HRIS) solution and roll-out across OCWA in 2024
- Create pilot enterprise performance dashboard for priority measures in 2024; determine results of pilot and set baseline measures for data accuracy and utilization in 2025; measure against outcomes in 2026

#### YEAR-END RESULTS

- Human Resources Information System
  - Completed design, initial configuration, and user acceptance testing of the system
  - Focused on change management activities and preparing for end-user training
  - Go live delayed to 2025
- Enterprise Performance Dashboard
  - Completed design of dashboard
  - Completed design of applications to capture data
  - Pilot completion delayed to 2025



# Management Analysis of Financial Results

## Overview

In 2024, OCWA achieved positive financial results, realizing a net income of \$11.8 million, an increase of \$5.0 million compared to 2023. This improvement was largely due to Bill 124 funding by the province of Ontario, which offset the impact of Bill 124 salary increases for nine months of 2024.

OCWA's continued focus on retaining and providing added value for current clients, along with attracting new clients, also helped to drive solid core performance with regard to revenue generation, helping to offset the ongoing cost pressures throughout 2024 which impacted Revenue Over Expenses for the Agency's Utility Operations. Additionally, strong Investment Income, driven by rising interest rates, contributed positively to OCWA's net income performance in 2024.

Total Operating Revenue increased by 16.5 percent in 2024 compared to 2023. This growth was driven by higher Operations and Major Maintenance revenue, along with funding from the Province of Ontario related to Bill 124. However, it was partially offset by rising salaries and benefits, as well as escalating chemical costs. Investment income, including term deposits and the Agency's loan receivable with the Ontario Infrastructure and Lands Corporation, also increased in 2024 due to high interest rates.

## Balance Sheet

The Agency's Net Assets were \$276.0 million in 2024, an increase of 4.5 percent compared to 2023, due to the Agency's strong Net Income of \$11.8 million. Cash and cash equivalents and short-term investments increased by 1.7 million, primarily due to reinvestment of interest from investments.

Outstanding accounts receivable also increased in 2024 as compared to 2023. Current accounts receivable represented 91.3 percent of the Agency's total accounts receivable outstanding at December 31, 2024, as compared to 91.6 percent at December 31, 2023.

The Agency's net tangible capital assets increased by \$1.0 million compared to 2023, as a result of an increase in the Agency's fleet, partially offset by amortization in 2024.

The Agency continues to meet its obligations without the use of debt, and as in prior years, had no outstanding financial obligations in 2024.

## Revenue

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

2024 was a successful year in renewals for OCWA, with the Agency renewing a collective \$27 million annually, exceeding its renewal target of \$24.2 million. The Agency also focused on generating new business through new client acquisition and delivering new value-added services to existing clients. OCWA added new O&M clients worth a collective \$6.75 million annually, exceeding the target of \$6.0 million for 2024.

Total Operating Revenue (excluding the Bill 124 funding) increased by 13.8 percent as compared to 2023, due to increased delivery of short-term major maintenance and capital services contracts for clients upgrading aging water and wastewater systems, contractual and inflationary increases included in long-term client operations and maintenance contracts, and new contracts beginning in 2024.

The Agency's Other Business Revenue is comprised of revenue from the Project Planning and Delivery, Training, Asset Management, and SCADA groups. In 2024, revenues from these services increased by 42.2 percent when compared to the prior year.

## Expenses

Total Operating Expenses increased by 16.5 percent, driven by increases in salaries, benefits, and Other Operating Expenses such as maintenance and services.

Salaries and Benefits increased 10.6 percent, primarily driven by business growth and salary increases due to Bill 124 adjustments.

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 this program and expenditures continued in 2024, 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 expense in 2024. In 2024, OCWA began implementation of the Agency's newly developed Strategic Plan, with phased implementation planned through 2028.

Increased spending on infrastructure upgrades and other major maintenance capital projects drove a 31.5 percent increase in Construction and Maintenance costs as compared to 2023. This additional spending is directly related to the increased revenue delivery through the short-term major maintenance and capital projects, which increased by 32.7 percent compared to prior year.

Operations Process costs increased by 16.5 percent as compared to 2023, driven by higher biosolids and sludge haulage spending with new contracts and new locations.

Insurance costs are mainly driven by insurable values, revenues and claims history. In 2024, insurance costs increased by 17.5 percent, mostly due to additional commercial general liability and cyber security coverage.

## Investment Income

Investment income is comprised of income from short-term, overnight cash balances and loans receivable. The Bank of Canada maintained stable interest rates in the first half of 2024, allowing reinvestment of maturing investments at higher rates, resulting in a 16.70% increase in investment income compared to 2023.

In January 2025, OCWA signed an investment management agreement with the Investment Management Corporation of Ontario (IMCO), effective October 4, 2024. Under this agreement, IMCO will manage and advise on a \$50.0 million fund, adhering to OCWA's investment policy, the Statement of Investment Policies and Procedures (SIPP). In anticipation of this investment, OCWA liquidated a significant portion of its investments. The investment with IMCO is anticipated to be finalized in the second quarter of 2025.

# Management's Responsibility for Financial Information

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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.



**Iman Hashemi**  
*President and Chief Executive Officer*



**Natalie Peers**  
*Vice-President, Finance*

Toronto, Ontario  
April 24, 2025

# Audit Opinion Letter



Office of the  
Auditor General  
of Ontario

Bureau du  
vérificateur général  
de l'Ontario

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## 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, 2024 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, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

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

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Toronto, Ontario  
April 24, 2025

Jeremy Blair, CPA, CA, LPA  
Assistant Auditor General

# 2024 Financial Statements

Statement of Financial Position as at December 31, 2024

*[in thousands of dollars]*

|                                                                          | December 31, 2024 | December 31, 2023 |
|--------------------------------------------------------------------------|-------------------|-------------------|
| <b>Assets</b>                                                            |                   |                   |
| <b>Current assets:</b>                                                   |                   |                   |
| Cash and cash equivalents                                                | 60,487            | 20,045            |
| Short-term investments (note 3)                                          | 50,792            | 89,546            |
| Accounts receivable (note 4)                                             | 75,247            | 59,495            |
| Prepaid expenses and deposits                                            | 10,771            | 3,802             |
| <b>Total Current Assets</b>                                              | <b>197,297</b>    | <b>172,888</b>    |
| <b>Non-current assets:</b>                                               |                   |                   |
| Long-term investments (note 3)                                           | -                 | 3,500             |
| Loan receivable – Ontario Infrastructure and Lands Corporation (note 15) | 120,000           | 120,000           |
| Capital assets (note 6)                                                  | 19,525            | 18,503            |
| <b>Total Non-current Assets</b>                                          | <b>139,525</b>    | <b>142,003</b>    |
| <b>Total Assets</b>                                                      | <b>336,822</b>    | <b>314,891</b>    |
| <b>Liabilities and Net Assets</b>                                        |                   |                   |
| <b>Current liabilities:</b>                                              |                   |                   |
| Accounts payable and accrued liabilities (note 7)                        | 34,294            | 28,949            |
| Current portion of employee future benefits (note 8a)                    | 6,788             | 6,574             |
| Current portion of obligations under capital leases (note 9)             | 3,407             | 2,771             |
| Deferred revenue (note 13)                                               | 2,568             | -                 |
| <b>Total Current Liabilities</b>                                         | <b>47,057</b>     | <b>38,294</b>     |
| <b>Long-term liabilities:</b>                                            |                   |                   |
| Deferred lease inducement liability (note 10)                            | 802               | 948               |
| Obligations under capital leases (note 9)                                | 7,880             | 6,655             |
| Employee future benefits (note 8a)                                       | 4,999             | 4,756             |
| Asset retirement obligation                                              | 100               | 100               |
| <b>Total Non-Current Liabilities</b>                                     | <b>13,781</b>     | <b>12,459</b>     |
| <b>Total Liabilities</b>                                                 | <b>60,838</b>     | <b>50,753</b>     |
| <b>Net Assets</b>                                                        | <b>275,984</b>    | <b>264,138</b>    |
| <b>Total Net Assets</b>                                                  | <b>336,822</b>    | <b>314,891</b>    |

*Commitments and Contingencies (note 11) (note 12)*

*See accompanying notes to financial statements*

On behalf of the Board:



Director



Director

Statement of Operations and Changes in Net Assets for the Year Ending December 31, 2024

*(in thousands of dollars)*

|                                                                          | December 31, 2024 | December 31, 2023 |
|--------------------------------------------------------------------------|-------------------|-------------------|
| <b>Utility Operations Revenues:</b>                                      |                   |                   |
| Asset operations and maintenance services revenue                        |                   |                   |
| Operations and maintenance services                                      | 221,482           | 208,350           |
| Major maintenance services                                               | 96,686            | 72,853            |
| Other client utility management services revenue                         | 9,703             | 6,822             |
| Funding from the Province of Ontario (note 13)                           | 7,703             | -                 |
| <b>Total Utilities Operations Revenue</b>                                | <b>335,574</b>    | <b>288,025</b>    |
| <b>Operating Expenses:</b>                                               |                   |                   |
| Salaries and benefits (note 8)                                           | 119,506           | 108,087           |
| Other operating expenses (note 14)                                       | 209,942           | 180,127           |
| Amortization of capital assets                                           | 5,911             | 2,949             |
| <b>Total Operating Expenses</b>                                          | <b>335,359</b>    | <b>291,163</b>    |
| <b>Excess/(deficiency) of revenue over expenses – utility operations</b> | <b>215</b>        | <b>(3,138)</b>    |
| <b>Interest from investments and loans receivable</b>                    | <b>11,631</b>     | <b>9,967</b>      |
| <b>Excess of revenue over expenses</b>                                   | <b>11,846</b>     | <b>6,829</b>      |
| <b>Net Assets, opening balance</b>                                       | <b>264,138</b>    | <b>257,309</b>    |
| <b>Net Assets, ending balance</b>                                        | <b>275,984</b>    | <b>264,138</b>    |

*See accompanying notes to financial statements*

Statement of Cash Flows for the Year Ending December 31, 2024

*[in thousands of dollars]*

|                                                                          | December 31, 2024 | December 31, 2023 |
|--------------------------------------------------------------------------|-------------------|-------------------|
| <b>Operating Activities</b>                                              |                   |                   |
| Excess/(deficiency) of revenue over expenses                             | 11,846            | 6,829             |
| Items not affecting cash                                                 |                   |                   |
| Amortization of capital assets                                           | 5,911             | 2,949             |
| Deferred lease inducement                                                | (146)             | (146)             |
| Future employee benefits expense                                         | 243               | (480)             |
|                                                                          | 17,854            | 9,152             |
| Changes in non-cash operating working capital                            |                   |                   |
| (Increase) decrease in accounts receivable excluding interest receivable | (15,753)          | (10,691)          |
| (Increase) decrease in prepaid expenses                                  | (6,969)           | (1,332)           |
| Increase (decrease) in accounts payable and accrued liabilities          | 7,913             | 4,839             |
| Increase (decrease) in current portion of future employee benefits       | 214               | 287               |
|                                                                          | (14,595)          | (6,897)           |
| <b>Net Cash Flows from Operating Activities</b>                          | <b>3,259</b>      | <b>2,255</b>      |
| <b>Investing Activities</b>                                              |                   |                   |
| Proceeds of investments                                                  | 87,493            | 76,782            |
| Purchases of investments                                                 | (45,239)          | (82,896)          |
| Principal repaid on loans (holdback)                                     | -                 | 14                |
| <b>Net Cash Flows from Investing Activities</b>                          | <b>42,254</b>     | <b>(6,100)</b>    |
| <b>Capital Activities</b>                                                |                   |                   |
| Capital assets acquired                                                  | (1,768)           | (3,651)           |



|                                                   | December 31, 2024 | December 31, 2023 |
|---------------------------------------------------|-------------------|-------------------|
| <b>Net Cash Flows from Capital Activities</b>     | <b>(1,768)</b>    | <b>(3,651)</b>    |
| <b>Financing Activities</b>                       |                   |                   |
| Repayment of obligation of capital leases         | (3,303)           | 2,193             |
| <b>Net Cash Flows from Financing Activities</b>   | <b>(3,303)</b>    | <b>2,193</b>      |
| <b>Net Change in Cash and Cash Equivalents</b>    | <b>40,442</b>     | <b>(5,303)</b>    |
| <b>Cash and Cash Equivalents, Opening Balance</b> | <b>20,045</b>     | <b>25,348</b>     |
| <b>Cash and Cash Equivalents, Closing Balance</b> | <b>60,487</b>     | <b>20,045</b>     |
| Comprised of:                                     |                   |                   |
| Cash                                              | 58,364            | 18,010            |
| Cash Equivalents                                  | 2,123             | 2,035             |
| <b>Total Cash and Cash Equivalents</b>            | <b>60,487</b>     | <b>20,045</b>     |

# General

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## 1. NATURE OF OPERATIONS

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### **[A] BASIS OF ACCOUNTING**

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 including the 4200 series sections.

### **[B] CASH AND CASH EQUIVALENTS**

Cash equivalents include highly liquid, short-term investments that can be readily converted into cash with minimal risk of value fluctuation. These typically consist of treasury bills, commercial paper, money market funds, and Guaranteed Investment Certificates (GICs) with maturities of 90 days or less from the date of acquisition.

**[C] CAPITAL ASSETS INCLUDING CAPITAL LEASES**

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

|                         |                   |
|-------------------------|-------------------|
| Computer software       | 2-7 years         |
| Information systems     | 7 years           |
| Furniture and fixtures  | 5 years           |
| Automotive equipment    | 4-20 years        |
| Computer hardware       | 3-7 years         |
| Machinery and equipment | 5 years           |
| Leasehold improvements  | Life of the lease |
| Leased vehicles         | Life of the lease |

Leases of capital assets which transfer substantially all of the benefits and risks of ownership are accounted for as leased capital assets. Obligations under capital leases are recorded at the present value of the minimum lease payments, excluding executory costs (maintenance, fuel, admin fees etc.). The discount rate used to determine the present value of the lease payments is the lower of the following two rates:

1. OCWA's incremental borrowing rate
2. The interest rate implicit in the lease

Software projects under development are classified as work in process and included in our software under development category. These projects are valued based on the costs incurred to date, which include direct labour, materials, and overhead costs. OCWA capitalizes costs incurred during the application development stage of software projects. These costs include direct labour, materials, and overhead directly attributable to the development of the software. Once the software is put in use, the capitalized costs are reclassified as intangible assets and amortized over its estimated useful life. Costs incurred during the preliminary project stage, such as planning and feasibility studies, and post-implementation stages, such as training and maintenance, are expensed as incurred.

**[D] ADOPTION OF NEW ACCOUNTING STANDARDS – PS 3400, REVENUES**

Public Sector Accounting Standard PS 3400 Revenue is a new standard effective for fiscal years beginning on or after April 1, 2023, with an option for retrospective or prospective application. OCWA has chosen to adopt it prospectively for the fiscal year 2024. PS 3400 Revenue Standard establishes guidance on accounting for revenue transactions in the public sector that are not addressed in an individual standard in the PSA Handbook, distinguishing between exchange transactions (where performance obligations exist) and non-exchange transactions.

The adoption of PS 3400 did not have an impact on the recognition or measurement of the OCWA's revenues.

## **Revenue Recognition**

### Transactions with performance obligations

#### **i. Asset Operations and Maintenance Services Revenue**

##### **Operations and Maintenance Services**

Revenue from contracts to provide operation, maintenance and other routine services for water and wastewater treatment facilities, which is based on a fixed annual price, is recognized in equal monthly amounts in the period as services are rendered over time.

For contracts based on the recovery of costs plus a percentage markup or those that include a fixed management fee, revenue is recognized at the time when goods are provided or services are rendered.

##### **Major Maintenance Services**

Revenue generated from capital improvements, major repairs, or new construction projects is recognized when goods are provided or services are rendered. This occurs as specific milestones in the construction or capital improvement process are completed. Revenue can be recognized either over time or at a point in time (for one-time deliverables upon completion), depending on the percentage of completion or milestone payments outlined in contractual agreements.

#### **ii. Other Client Utility Management Services**

Revenue from other client utility management services includes fees for additional work performed for clients beyond the scope of their operations and maintenance and major capital maintenance contracts. This category encompasses project management, engineering, technology, and training services. Revenue is recognized when goods are provided, or services are rendered, either over time or at a point in time (for one-time deliverables upon completion), based on the fee structure outlined in the contracts.

#### **iii. Contributions**

The Agency follows the deferral method of accounting for contributions, which includes government grants.

Unrestricted contributions are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are initially recorded as deferred revenue and subsequently recognized as revenue in the year the related expenses are recognized.

#### **[E] FINANCIAL INSTRUMENTS**

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

All financial instruments have been valued at amortized cost.

The financial instruments consist of cash and cash equivalents, short-term and long-term investments, accounts receivable, 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.

#### **[F] EMPLOYEE FUTURE 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.

#### **[G] LOAN RECEIVABLE**

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

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

#### **[H] FOREIGN CURRENCY**

Foreign currency accounts are translated into Canadian dollars as follows:

- At the transaction date, each asset, liability, revenue, and expense is translated into Canadian dollars using the exchange rate in effect for the month. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end 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.

**[I] 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 of 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 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.

**3. INVESTMENTS**

Investments classified as non-current assets include long-term Guaranteed Investment Certificates (GICs) with maturities exceeding one year. These investments are held for purposes other than short-term liquidity and are intended to generate income.

As of December 31, 2024, there are no investments with maturities longer than one year.

The Agency has \$50,792 million invested in term deposits as follows:

*(in thousands of dollars)*

|                                                                | 2024          | 2023          |
|----------------------------------------------------------------|---------------|---------------|
| Term deposits due within a year (Interest rates 4.15% - 5.78%) | 50,792        | 89,546        |
| Term deposits and other notes due within two to four years     | -             | 3,500         |
| <b>Total</b>                                                   | <b>50,792</b> | <b>93,046</b> |

The fair value of term deposits approximates the carrying value. Term deposits include financial instruments such as GIC's and Principal Protected Note.

**4. ACCOUNTS RECEIVABLE**

|                                        | <b>(in thousands of dollars)</b> |               |
|----------------------------------------|----------------------------------|---------------|
|                                        | 2024                             | 2023          |
| Trade receivables                      | 51,450                           | 47,604        |
| Due from Province of Ontario (note 13) | 10,271                           | -             |
| Harmonized sales tax (HST) receivable  | 4,575                            | 3,836         |
| Interest receivable                    | 348                              | 519           |
| Other receivables                      | 8,996                            | 7,824         |
| Subtotal                               | 75,640                           | 59,783        |
| Less: Allowance for doubtful accounts  | [393]                            | [288]         |
| <b>Total</b>                           | <b>75,247</b>                    | <b>59,495</b> |

## 5. FINANCIAL INSTRUMENTS

### [A] 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.

All bank balances and investments are held by large Canadian chartered banks.

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.

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

|                                      | <b>(in thousands of dollars)</b> |             |
|--------------------------------------|----------------------------------|-------------|
|                                      | <b>2024</b>                      | <b>2023</b> |
| 0-60 days                            | <b>68,676</b>                    | 52,828      |
| 61-90 days                           | <b>1,807</b>                     | 1,807       |
| 91-120 days                          | <b>1,848</b>                     | 1,848       |
| 121-150 days                         | <b>126</b>                       | 126         |
| More than 151 days                   | <b>2,790</b>                     | 2,886       |
| <b>Total Net Accounts Receivable</b> | <b>75,247</b>                    | 59,495      |

Accounts receivable aged over one year, excluding specific accounts identified as collectible, were deemed doubtful. A \$393,000 provision was made in 2024 [2023 – \$284,000].

The Agency believes that this approach mitigates the risk of incorrect provision.

### [B] 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 the risk exposure is low as the transaction volume is low.

**[C] INTEREST RATE RISK**

Interest rate risk is the risk that the fair value or future value of cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Agency has extended a \$120.0 million loan to Ontario Infrastructure and Lands Corporation, which matured on March 1, 2023, at the prevailing three-month treasury bill rate established by the Ontario Financing Authority ["OFA"]. This loan was renewed for ten years, as outlined in Note 15. The Agency also has term deposits and bank balances 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.

**[D] 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 investments totaling \$3.5 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.

**[E] OTHER**

The Agency is exposed to low risk for electricity and chemical costs because most 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 were no changes in the risk exposure to that of the prior year.

**6. CAPITAL ASSETS**

| <b>(in thousands of dollars)</b> | <b>Cost</b>   | <b>Accumulated<br/>Amortization</b> | <b>Net Book<br/>Value 2024</b> | <b>Net Book<br/>Value 2023</b> |
|----------------------------------|---------------|-------------------------------------|--------------------------------|--------------------------------|
| Computer software                | 15,155        | 11,879                              | <b>3,276</b>                   | 3,970                          |
| Information systems              | 1,584         | 1,584                               | -                              | 9                              |
| Furniture and fixtures           | 341           | 295                                 | <b>46</b>                      | 74                             |
| Automotive equipment             | 2,544         | 2,477                               | <b>67</b>                      | 52                             |
| Automotive under capital lease   | 14,569        | 3,495                               | <b>11,074</b>                  | 9,426                          |
| Computer hardware                | 8,621         | 7,959                               | <b>662</b>                     | 1,228                          |
| Machinery and equipment          | 1,479         | 1,152                               | <b>327</b>                     | 175                            |
| Leasehold improvements           | 3,679         | 1,892                               | <b>1,787</b>                   | 2,125                          |
| Software under development       | 2,286         | -                                   | <b>2,286</b>                   | 1,444                          |
| <b>Total</b>                     | <b>50,258</b> | <b>30,733</b>                       | <b>19,525</b>                  | <b>18,503</b>                  |



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, 2024, \$20.7 million was spent, of which \$12.7 million has been capitalized.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                              | <b>(in thousands of dollars)</b> |             |
|------------------------------|----------------------------------|-------------|
|                              | <b>2024</b>                      | <b>2023</b> |
| Trade payable                | <b>19,950</b>                    | 14,917      |
| Accrued liabilities          | <b>9,427</b>                     | 10,422      |
| Payroll and benefits payable | <b>4,917</b>                     | 3,610       |
| <b>Total</b>                 | <b>34,294</b>                    | 28,949      |

**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 \$11.8 million (2023 – \$11.3 million), of which \$6.8 million (2023 – \$6.6 million) has been classified as current liability. The amount charged to the income statement in 2024 was \$2.5 million (2023 – \$2.1 million) and is included in salaries and benefits expenses in the Statement of Operations and Changes in Net Assets.

**Legislated Severance**

The legislative severance portion of the employee's future benefits obligation totaled \$3.7 million, of which \$2.1 million is long-term. The long-term portion was calculated based on the following assumptions: discount rate of 3.85% (2023 – 3.80%) and estimated average remaining service life of 11.3 years. These assumptions are management's best estimate.

### Workers' Compensation Obligation

Included in the employee's future benefits obligation is an estimated workers' compensation obligation in the amount of \$2.4 million (2023 – \$2.1 million). In 2022, there was a change in estimation methodology, whereby the amount was determined through an actuarial valuation. An actuarial valuation was used in 2024, and the measurement date was December 31, 2024, consistent with the Agency's fiscal year-end date. OCWA, a Schedule 2 employer, self-insures its WSIB claims and pays all compensation and administration costs.

Benefit expense consists of current benefit-cost 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 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, and mortality. The assumptions used reflect management's best estimates. The discount rate used to determine the accrued benefit obligation is 3.85% (2023 – 3.80%).

The components of the benefit expense and the accrued benefit liability are as follows:

|                                                | 2024             | 2023             |
|------------------------------------------------|------------------|------------------|
| Components of benefit expense                  |                  |                  |
| Current benefit cost                           | 156,821          | 168,139          |
| Interest cost                                  | 75,843           | 97,857           |
| Immediate recognition of actuarial [gain] loss | 394,007          | [279,216]        |
| Benefit expense                                | 626,671          | [13,220]         |
| Accrued benefit liability                      |                  |                  |
| Accrued benefit liability, beginning of year   | 2,089,472        | 2,453,904        |
| Benefit expense                                | 626,671          | [13,220]         |
| Company contributions                          | [344,005]        | [351,212]        |
| <b>Accrued benefit liability, end of year</b>  | <b>2,372,138</b> | <b>2,089,472</b> |

The benefit expense has been included in salaries and benefits in the Statement of Operations and Changes in Net Assets. The Province pays the cost of other post-retirement, non-pension employee benefits 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, the sole sponsor of the PSPF and a joint sponsor of the OPSEU-PF, determines the Agency's annual funds payments. 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 \$7.7 million (2023 – \$6.4 million) are included in salaries and benefits in the Statement of Operations and Change in Net Assets.

**9. OBLIGATIONS UNDER CAPITAL LEASES**

The Agency has capital leases, with interest rates ranging from 2.1% to 6.6%, for automotive equipment for 60-month lease terms. The vehicles are amortized on a straight-line basis over their lease term. The following is a schedule of future minimum lease payments and the balance of the obligations:

|                                     | <b>(in thousands of dollars)</b> |             |
|-------------------------------------|----------------------------------|-------------|
|                                     | <b>2024</b>                      | <b>2023</b> |
| 2024                                | -                                | 3,247       |
| 2025                                | <b>3,941</b>                     | 2,833       |
| 2026                                | <b>3,442</b>                     | 2,330       |
| 2027                                | <b>2,797</b>                     | 1,689       |
| 2028                                | <b>1,694</b>                     | 573         |
| 2029                                | <b>602</b>                       | -           |
| <b>Total minimum lease payments</b> | <b>12,476</b>                    | 10,699      |
| Interest and fee payable            | <b>1,189</b>                     | 1,273       |
| Balance of the obligation           | <b>11,287</b>                    | 9,426       |
| Less: current portion               | <b>(3,407)</b>                   | (2,771)     |
| Non-current obligation              | <b>7,880</b>                     | 6,655       |

The fee payable in the amount of \$103,920 (2023 – \$283,210) is included in the interest and fee payable.

Total interest expense on capital leases for the period was \$520,228 (2023 – \$400,644).

**10. DEFERRED LEASE INDUCEMENT LIABILITY**

The Agency received a lease inducement allowance of \$1.5 million from the landlord for its head office location 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. A total amortized lease inducement of \$146,000 (2023 – \$146,000) has been recorded as a reduction of rent expense during the year.

|                                                 | <b>(in thousands of dollars)</b> |             |
|-------------------------------------------------|----------------------------------|-------------|
|                                                 | <b>2024</b>                      | <b>2023</b> |
| Balance, beginning of the year                  | <b>948</b>                       | 1,094       |
| Less: amortization of deferred lease inducement | <b>(146)</b>                     | (146)       |
| <b>Balance, end of year</b>                     | <b>802</b>                       | 948         |

**11. LEASE COMMITMENTS**

|              | <b>(in thousands of dollars)</b> |
|--------------|----------------------------------|
| 2025         | 1,828                            |
| 2026         | 1,698                            |
| 2027         | 1,435                            |
| 2028         | 1,368                            |
| 2029         | 1,217                            |
| Thereafter   | 602                              |
| <b>Total</b> | <b>8,148</b>                     |

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

**12. CONTINGENCIES****(A) CONTINGENT LIABILITIES**

The Agency is involved in various legal claims arising in the normal course of business, the outcome of which cannot be determined at this time. Most of the legal claims are covered by insurance after the application of a deductible, ranging from \$5,000 to \$100,000, depending on when the event giving rise to the claim occurred and the nature of the claim. In December 2021, OCWA made deposits in an interest-bearing account with the Superior Court of Justice for claims to be held until a resolution is reached. As of December 2024, no resolution has been reached and the amount is still being held by the Superior Court of Justice.

**(B) LETTERS OF CREDIT**

The Agency has a preapproved limit with the Royal Bank of Canada of \$50.0 million for the letter of credits. As of December 31, 2024, \$20.6 million (2023 – \$21.8 million) of the limit has been used to provide letters of credit to municipalities in accordance with the terms of their operations and maintenance agreements.

**13. FUNDING FROM THE PROVINCE OF ONTARIO**

The Ontario Clean Water Agency (OCWA) has been allocated \$10.3 million in funding by the Treasury Board Secretariat through the Province as part of ministry-specific funding. This funding is intended to address compensation requirements under Bill 124, the Protecting a Sustainable Public Sector for Future Generations Act, 2019, for the 2024-25 fiscal year (April 1, 2024 – March 31, 2025).

|                                | <b>(in thousands of dollars)</b> |             |
|--------------------------------|----------------------------------|-------------|
|                                | <b>2024</b>                      | <b>2023</b> |
| Balance, beginning of the year | -                                | -           |
| Add: contributions             | <b>10,271</b>                    | -           |
| Less: recognized               | <b>[7,703]</b>                   | -           |
| <b>Balance, end of year</b>    | <b>2,568</b>                     | -           |

**14. OTHER OPERATING EXPENSES**

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

|                               | <b>(in thousands of dollars)</b> |             |
|-------------------------------|----------------------------------|-------------|
|                               | <b>2024</b>                      | <b>2023</b> |
| Chemicals and water treatment | <b>39,374</b>                    | 38,730      |
| Electricity                   | <b>7,234</b>                     | 7,220       |
| Maintenance                   | <b>56,458</b>                    | 48,126      |
| Materials                     | <b>33,682</b>                    | 29,571      |
| Services                      | <b>72,277</b>                    | 55,615      |
| Transportation                | <b>917</b>                       | 865         |
| <b>Total</b>                  | <b>209,942</b>                   | 180,127     |

## 15. 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 \$3.3 million (2023 – \$2.1 million) from the Ministry of the Environment, Conservation and Parks (MECP) for water and wastewater treatment services provided. The services were provided at competitive rates similar to those of other clients.

The Agency received revenue of \$3.8 million (2023 – \$2.4 million) from the Ministry of Energy, Northern Development and Mines (MENDM) for water and wastewater treatment services provided.

The Agency received revenue of \$3.3 million (2023 – \$3.3 million) from the Ontario Infrastructure and Lands Corporation (OILC) for water and wastewater treatment services provided. The services were provided at competitive rates similar to those of other clients.

The Agency has a \$120.0 million loan receivable with Ontario Infrastructure and Lands Corporation (OILC), as described in Note 5c, to be fully repaid by March 1, 2033. The loan has been recorded as a non-current asset as at December 31, 2023. This loan will operate at the prevailing three-month treasury bill rate established by the Ontario Financing Authority (“OFA”), 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.

## 16. SUBSEQUENT EVENTS

In January 2025, OCWA signed an investment management agreement with the Investment Management Corporation of Ontario (IMCO), effective October 4, 2024. Under this agreement, IMCO will provide investment management and advisory services for a fund of \$50.0 million, adhering to an asset mix specified in OCWA's investment policy, the Statement of Investment Policies and Procedures (SIPP). As of now, no funds have been transferred.

## 17. COMPARATIVE FIGURES

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