



THE TORONTO AND REGION CONSERVATION AUTHORITY

**INDEX TO
BUSINESS EXCELLENCE ADVISORY BOARD MEETING #7/07**

Friday, December 7, 2007

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THE TORONTO AND REGION CONSERVATION AUTHORITY

**MEETING OF THE BUSINESS EXCELLENCE ADVISORY BOARD #7/07
December 7, 2007**

The Business Excellence Advisory Board Meeting #7/07, was held in the South Theatre, Black Creek Pioneer Village, on Friday, December 7, 2007. The Chair David Barrow, called the meeting to order at 9:10 a.m..

PRESENT

Paul Ainslie	Vice Chair
David Barrow	Chair
Bill Fisch	Member
Rob Ford	Member
Peter Milczyn	Member
Ron Moeser	Member
Gerri Lynn O'Connor	Chair, Authority
Maja Prentice	Member
Gino Rosati	Member

ABSENT

Eve Adams	Member
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RES.#C57/07 - MINUTES

Moved by: Bill Fisch
 Seconded by: Gino Rosati

THAT the Minutes of Meeting #6/07, held on November 2, be approved.

CARRIED

PRESENTATIONS

- (a) A presentation by Paul Speck, Vice President, Aon Reed Stenhouse Inc., in regard to item 8.1 - Insurance and Risk Management Program.
- (b) A presentation by Allistair Byrne, Partner, Grant Thornton LLP, in regard to item 7.2 - Audit Plan.

RES.#C58/07 - PRESENTATIONS

Moved by: Maja Prentice
Seconded by: Paul Ainslie

THAT above-noted presentations (a) and (b) be heard and received.

CARRIED

SECTION I - ITEMS FOR AUTHORITY ACTION

RES.#C59/07 - REGIONAL MUNICIPALITY OF DURHAM - ACCOUNTABILITY FRAMEWORK

Resolution from the Regional Municipality of Durham requesting new reporting framework.

Moved by: Bill Fisch
Seconded by: Ron Moeser

THAT item 7.1 - Regional Municipality of Durham - Accountability Framework, be deferred for further discussions with Durham Region.

CARRIED

RES.#C60/07 - AUDIT PLAN

Initial auditor communication on audit planning for 2007.

Moved by: Maja Prentice
Seconded by: Paul Ainslie

THE BOARD RECOMMENDS TO THE AUTHORITY THAT the auditor's "Initial Communication on Audit Planning" report for 2007 be received;

AND FURTHER THAT the auditor fees for the 2007 audit year be set at \$31,000.

CARRIED

RATIONALE

The attached report, entitled Report to the Business Excellence Advisory Board - Initial Communication on Audit Planning, has been submitted by Toronto and Region Conservation Authority's (TRCA) external auditor, Grant Thornton LLP. The document covers the terms of the financial statement audit engagement for the year ending December 31, 2007. Included in the document is the audit engagement letter, the auditor's letter of independence and a recap of recent accounting and auditing developments that may have an impact on TRCA's financial statements. Members of the Authority are encouraged to contact the auditor with comments, concerns or additional expectations.

A proposal call for audit services was conducted in 2004. At that time, Grant Thornton LLP was awarded the audit services contract for a 5-year period, pending satisfactory annual performance. It is staff's intention to conduct a similar process in 2009 for the 2009 audit year.

FINANCIAL DETAILS

The fee schedule for the 2007 audit proposes fees of \$31,000. This increase is not in line with the 5-year proposal call which would have required fees of \$26,000 for the current year. Given recent developments within the accounting world, including major corporate failures, that have heightened stakeholder expectations and the auditor's increased work load that has resulted from the growth that TRCA has experienced since the proposal call was conducted in 2004, staff is of the opinion that the request for additional fees is reasonable and recommend acceptance of the proposed fees. The \$31,000 will be identified in the final 2008 Operating and Capital Budget.

Report prepared by: Rocco Sgambelluri, extension 5232

Email: rsgambelluri@trca.on.ca

For Information contact: Rocco Sgambelluri, extension 5232; Jim Dillane extension 6292

Emails: rsgambelluri@trca.on.ca; jdillane@trca.on.ca

Date: November 22, 2007

Attachments: 1

Attachment 1

Report to the Business Excellence Advisory Board – Initial
Communication on Audit Planning
Toronto and Region Conservation Authority
For the year ended December 31, 2007

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

November 12, 2007

To the Members of the Business Excellence Advisory Board of
Toronto and Region Conservation Authority

We are pleased to enclose a copy of a document titled Report to the Business Excellence Advisory Board – Initial Communication on Audit Planning. This document covers the terms of our financial statement audit engagement of Toronto and Region Conservation Authority for the year ending December 31, 2007. This document will help the committee understand the audit and non-audit services we provide to Toronto and Region Conservation Authority and the level of responsibility assumed by Grant Thornton LLP under Canadian generally accepted auditing standards.

If you have any particular comments, concerns or additional expectations that may require us to undertake additional work over and above that which is currently contemplated, please do not hesitate to raise them at our scheduled meeting.

Yours very truly,

GRANT THORNTON LLP



Allister Byrne, F.C.A.
Partner

cc: Jim Dillane
Rocco Sgambelluri
Brian Dernev

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Toronto and Region Conservation Authority– Snapshot of the business and recent changes

The following is a summary of recent changes to the entity's business environment, regulatory environment in which it operates, and relevant accounting and auditing standards. We have considered these factors in preparing the 2007 audit plan for Toronto and Region Conservation Authority.

We consider all relevant factors when preparing an audit plan specifically tailored to your entity

Entity-specific changes

To the extent we considered necessary to plan our audit, we inquired with management and corroborated through observation of client activities, to reconfirm our understanding of entity processes and the current business environment. From this process, we did not identify any recent entity-specific changes at the Toronto and Region Conservation Authority that required consideration in the planning of the 2007 audit.

Broader business environment

Through our review of the public sector in Canada, we did not identify any specific factors which impacted audit risk & assessments, as well as the on-going financial performance of the entity.

Accounting & auditing standards

As in prior periods, there continues to be significant change with respect to accounting and auditing standards.

Accounting standards issued by the CICA and those under development which may affect your business for the current and future years include:

- PSAB Section 3150 – Tangible Capital Assets
- PSAB Section 1200 – Financial Statement Presentation
- PSAB Section 2700 – Segment Disclosures
- PSAB Section 1150 – Generally Accepted Accounting Principles
- PSG-6 – Including Results of Organizations and Partnerships Applying Fair Value Measurement
- PSG-7 – Tangible Capital Assets of Local Governments
- Re-exposure Draft – Government Transfers
- Statement of Principles – Financial Instruments

Auditing standards issued by the CICA and those under development which may affect your business for the current and future years include:

- Section 5365 – Communication with Actuaries
- Section 9110 – Agreed-upon Procedures Regarding Internal Control over Financial Reporting
- AuG-45 – Legislative Auditor’s Report on Financial Statements of a Federal, Provincial or Territorial Government

Further detail of the changes to accounting and auditing standards, including management’s preliminary comments on their applicability to the entity are included in Appendix C. If you have any questions about these changes we invite you to raise them during our meeting. We will be pleased to address your concerns.

Achieving effective governance



There are several fundamental components of effective governance. The Board of Directors plays a key role in achieving strong governance, particularly with respect to financial reporting.

Roles in ensuring strong financial reporting

The Board of Directors helps set the tone for the organization by emphasizing honesty, ethical behaviour and fraud prevention

<p>Role of the Board of Directors</p>	<ul style="list-style-type: none"> • Help set the tone for the organization by emphasizing honesty, ethical behaviour and fraud prevention • Oversee management, including ensuring that management establishes and maintains internal controls to provide reasonable assurance regarding reliability of financial reporting • Recommend the nomination and compensation of external auditors to the board • Directly oversee the work of the external auditors including reviewing, discussing and approving audit plan • Review quarterly and annual financial statements and recommend approval to the board; review MD&A and press releases before they are publicly disclosed
<p>Role of Management</p>	<ul style="list-style-type: none"> • Prepare financial statements in accordance with Canadian GAAP • Design, implement and maintain effective internal controls over financial reporting processes • Exercise sound judgment in selecting and applying critical accounting principles • Safeguard assets • Prevent, detect and correct errors • Provide representations to external auditors • Assess quantitative and qualitative impact of misstatements discovered during the audit on fair presentation of the financial statements • Certify disclosures in annual and interim filings
<p>Role of Grant Thornton LLP</p>	<ul style="list-style-type: none"> • Provide an audit opinion that the financial statements are in accordance with Canadian GAAP • Conduct our audit in accordance with Canadian GAAS • Maintain independence and objectivity • Be a resource to the Board of Directors and management • Communicate matters of interest to the Board of Directors

Quality assurance, independence and communication

Grant Thornton LLP has a robust quality control program

Quality assurance

Grant Thornton LLP has a robust quality control program that forms a core part of our client service. We combine internationally developed audit methodology, advanced technology, rigorous review procedures, mandatory professional development requirements, and the use of specialists to deliver high quality audit services to our clients. In addition to our internal processes, we are subject to inspection and oversight by standard setting and regulatory bodies. We are proud of our firm's approach to quality assurance and would be pleased to discuss any aspect with you at your convenience.

Independence

We have a rigorous process where we continually monitor and maintain our independence. We are required to communicate this annually to the Business Excellence Advisory Board of Toronto and Region Conservation Authority in writing and have attached our letter of independence as Appendix B. The process of maintaining our independence includes, but is not limited to:

- Identification of threats to our independence and putting into place safeguards to mitigate those threats. For example, we evaluate the independence threat of any non-audit services provided to Toronto and Region Conservation Authority;
- Confirming the independence of our engagement team members.

Communication with the Business Excellence Advisory Board

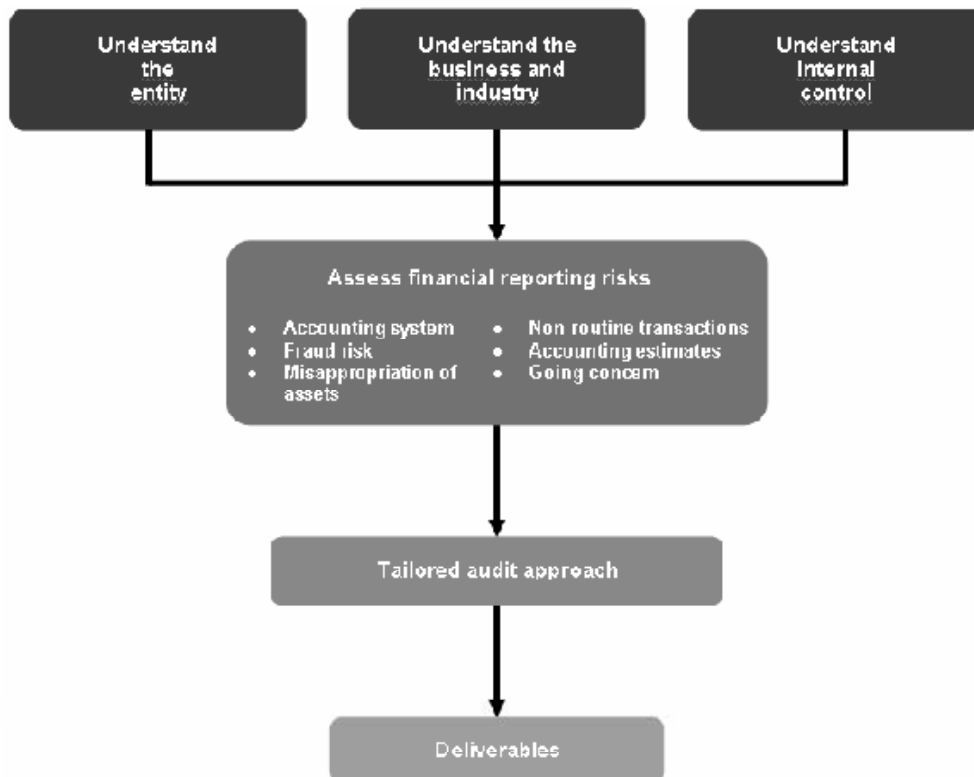
Throughout the audit process we encourage the audit committee to contact us if there are any questions or concerns

Communication is key to quality service. In conducting our audit we will communicate frequently with the Business Excellence Advisory Board so that issues and concerns are addressed in a timely and productive manner.

We encourage the members of the Business Excellence Advisory Board to contact us at any time if questions or concerns arise.

Our audit approach

An understanding of your entity and your business drives the Grant Thornton LLP audit approach. Tailoring is central to our approach and a key aspect in providing Toronto and Region Conservation Authority with quality service.



The objective of our audit is to obtain reasonable assurance that the financial statements are free of material misstatement. The responsibilities of the Business Excellence Advisory Board and management are broad and therefore the financial statement audit engagement is not designed to identify all matters which may be of interest to the Business Excellence Advisory Board or

management in the discharge of these responsibilities. However, we will communicate the following should we encounter them during the course of our audit:

- Misstatements, other than trivial errors
- Fraud
- Misstatements that may cause future financial statements to be materially misstated
- Illegal or possibly illegal acts, other than those considered inconsequential, and
- Material weaknesses and significant deficiencies in internal control over financial reporting.

Internal control

Our audit includes gaining an understanding of Toronto and Region Conservation Authority's internal control over financial reporting. Our understanding will focus on processes associated with the identified financial statement risk areas (see below). The audit team uses this understanding to determine the nature, extent and timing of our audit procedures.

Our understanding may also result in valuable internal control findings for your consideration. Please note that the objectives of a financial statement audit are different from fiduciary control objectives. Therefore, management and the Business Excellence Advisory Board cannot rely on our findings to discharge their responsibilities in this area.

Risk assessment

Our risk assessment process has identified the following areas where we will focus our attention:

Risk Area	Planned Audit Procedures
1) Revenue generated from municipal levies, contracts, grants and special projects	Obtain schedules prepared by management and test the various calculations and contracts through the sampling process. Subsequent collections will also be examined as part of the testing of the related receivables. Analytic review of revenue and various reconciliations as well as deferred revenue schedules will be tested and analytically reviewed.
2) Employee Compensation	The T4 summary and general ledger reconciliation will be reviewed for reasonableness with unusual items investigated further. Payroll accruals will be examined and both payables and compensation expenses will be analytically reviewed. A service organization report will also be obtained.

Materiality

The purpose of our audit is to provide an opinion as to whether your financial statements present fairly, in all material respects, the financial position, results of operations and cash flows in accordance with generally accepted accounting principles as of December 31, 2007. Therefore, materiality is a critical auditing concept and as such we apply it in all stages of the engagement.

Applying the concept of materiality at the planning and execution stage of the engagement recognizes that the audit team cannot verify every balance, transaction or judgment made in the financial reporting process. During audit planning we make a preliminary assessment of materiality for purposes of developing our audit strategy, including determining the extent of our audit procedures. During the completion stage, we consider not only the quantitative assessment of

...in our opinion, the financial statements present fairly, in all material respects, the financial position of...

materiality, but also qualitative factors, in assessing the impact on the financial statements, our audit opinion and the matters reported to the Business Excellence Advisory Board.

Fraud considerations

We are responsible for planning and performing the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement caused by error or by fraud. Our audit procedures consider the requirements of CICA Handbook Section 5135, The Auditor's Responsibility to Consider Fraud and Error. Section 5135 was issued to heighten the awareness of the potential for fraud when planning and executing audits and it emphasizes the need for professional skepticism during the audit.

Fraud can occur in any company, at any time, and can be perpetrated by anyone.

The following provides a summary of some of the fraud-related procedures we plan to perform during the audit.

- Discuss amongst the engagement team where the financial statements may be susceptible to material misstatement due to fraud.
- Gather information to identify the risks of material misstatement due to fraud, including our understanding of internal control and making detailed inquires to both management and the Business Excellence Advisory Board.
- Using the information gathered in our risk assessment process.

Client assistance and readiness

Client assistance and readiness are integral to the successful meeting of our targeted report release date. As presented further below, it is also critical in meeting our agreed fee. To facilitate the communication process, we have provided management with a letter detailing expected assistance and the critical milestone dates.

Deliverables

We are committed to executing our audit in a most effective, efficient and timely manner. We will provide the following deliverables to the Business Excellence Advisory Board:

- Initial communication on audit planning
- Audit report on the financial statements of Toronto and Region Conservation Authority,
- Communication of audit results, and
- Management letter that provides our observations and recommendations regarding internal controls, based on matters identified during the course of our audit.

We are committed to executing our audit in a most effective, efficient and timely manner

Client service team

We have assembled a team of outstanding professionals to demonstrate our commitment to quality and service to Toronto and Region Conservation Authority.

Engagement Member	Role	Phone	Email
Allister Byrne	Engagement partner	(416) 777-7217	abyrne@GrantThornton.ca
Chris Anderson	Technology Risk Management partner	(416) 360-4977	canderson@GrantThornton.ca
Michelle Shi	Audit manager	(416) 777-4501	michelleshi@GrantThornton.ca
Arita Ko	Audit senior	(416) 366-0100 ex.6011	ako@GrantThornton.ca
Amando Minicucci	Tax specialist	(416) 360-2374	aminicucci@GrantThornton.ca

Audit timetable

November 12, 2007	Audit planning visit
December 7, 2007	Meeting with Business Excellence Advisory Board and presentation of Report to the Business Excellence Advisory Board – Initial Communication on Audit Planning
December 31, 2007	Date for all confirmations
March 17, 2008	Year-end visit
TBD	Preliminary clearance to be provided on draft consolidated financial statements
TBD	Meeting with the Business Excellence Advisory Board and presentation of Report to the Business Excellence Advisory Board – Communication of Audit Results

Fee schedule

Our approach to dealing with fees is to avoid surprises

Service	Current period proposed fees	Prior period actual fees
Annual audit	\$31,000	\$26,000
Total (before applicable taxes)	\$31,000	\$26,000

Fee proposal considerations

Upfront and periodic discussions are central to our approach in dealing with fees. Our goal is to avoid surprises by having early and frank communication. We wish to provide Toronto and Region Conservation Authority with a competitive price and fair value, while also allowing sufficient audit hours to conduct an effective audit and deliver quality service.

We have established a proposed fee for the audit for the year ended December 31, 2007 that is based on the level of activity and the anticipated complexity of the audit of the Toronto and Region Conservation Authority financial statements.

The proposed fee is based on receiving the following from management:

- Draft financial statements including the notes to the financial statements;
- All working papers and schedules as outlined in our requirements letter;
- Trial balance together with reconciled control accounts;
- All books and records made available to us when requested; and
- Use of the entity's staff to help us locate information and provide explanations.

Our ability to deliver the services outlined in the agreed timetable and our proposed fee will depend upon these schedules being available/tasks being completed by the due dates. If there are any variances to the above plan, we will discuss them with you and agree to any additional fees before costs are incurred, wherever possible.

Any audit work related to segment reporting and tangible capital assets will be rendered separately, and any unforeseen work outside the scope of this proposal will be billed separately after discussion with appropriate entity officials and the Business Excellence Advisory Board.

**Report to the Business Excellence Advisory Board – Initial Communication on Audit
Planning
Toronto and Region Conservation Authority
For the year ended December 31, 2007**

Appendix A – Audit engagement letter

November 12, 2007

Toronto and Region Conservation Authority
5 Shoreham Drive
Downsview, Ontario
M3N 1S4

Attention: Mr. Brian Denney, Chief Administrative Officer

Dear Sir:

Thank you for reappointing Grant Thornton LLP as auditors of Toronto and Region Conservation Authority (“the Organization”) for the year ending December 31, 2007. The purpose of this letter is to confirm our mutual understanding of the terms of our engagement.

OBJECTIVE, SCOPE AND LIMITATIONS

Our statutory function as auditors of the Organization is to report to the shareholders by expressing an opinion on the Organization’s annual financial statements. We will conduct our audit in accordance with Canadian generally accepted auditing standards and will issue an audit report.

The audit will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

An auditor conducting an audit in accordance with Canadian generally accepted auditing standards obtains reasonable assurance that the financial statements taken as a whole are free of material misstatement, whether caused by fraud or error. It is important to recognize that an auditor cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of:

- (a) factors such as use of judgment, and the use of testing of the data underlying the financial statements;
- (b) the inherent limitations of internal control; and
- (c) the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.

Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material fraud. Further, while effective internal control reduces the likelihood that misstatements will occur and remain undetected, it does not eliminate that possibility. For these reasons, we cannot guarantee that fraud, error and illegal acts, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards.

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Should the Organization wish to include the financial statements and our report thereon in a document proposes to be used in connection with a public offering of securities at some future date, we would consider our consent to the inclusion of our report in such document at that time.

MANAGEMENT'S RESPONSIBILITIES

Management is responsible for:

Financial Statements

- (a) the preparation and fair presentation of the Organization's financial statements in accordance with Canadian generally accepted accounting principles;
- (b) when differential reporting options have been used to present the financial statements, acknowledging that:
 - (i) the Organization meets the criteria for using such reporting options;
 - (ii) the owners have been appropriately informed of such reporting options;
 - (iii) the owners' written unanimous consent has been obtained for each differential reporting option; and
 - (iv) such consent has not been withdrawn;

Completeness of information

- (c) providing us with and making available complete financial records and related data, and copies of all minutes of meetings of shareholders, directors and committees of directors;
- (d) providing us with information relating to any known or probable instances of non-compliance with legislative or regulatory requirements, including financial reporting requirements;
- (e) providing us with information relating to any illegal or possibly illegal acts, and all facts related thereto;
- (f) providing us with information regarding all related parties and related party transactions;

Fraud and error

- (g) the design and implementation of internal controls to prevent and detect fraud and error;
- (h) an assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- (i) providing us with information relating to fraud or suspected fraud affecting the entity involving:
 - (i) management;
 - (ii) employees who have significant roles in internal control; or
 - (iii) others, where the fraud could have a material effect on the financial statements;
- (j) providing us with information relating to any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others;
- (k) communicating its belief that the effects of any uncorrected financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole;

Recognition, measurement and disclosure

- (l) providing us with its assessment of the reasonableness of significant assumptions underlying fair value measurements and disclosures in the financial statements;
- (m) providing us with any plans or intentions that may affect the carrying value or classification of assets or liabilities;
- (n) providing us with the measurement and disclosure of transactions with related parties;
- (o) providing us with an assessment of all areas of measurement uncertainty known to management that are required to be disclosed in accordance with MEASUREMENT UNCERTAINTY, CICA HANDBOOK – ACCOUNTING Section 1508;
- (p) providing us with information relating to claims and possible claims, whether or not they have been discussed with the Organization’s legal counsel;
- (q) providing us with information relating to other liabilities and contingent gains or losses, including those associated with guarantees, whether written or oral, under which the Organization is contingently liable;
- (r) providing us with information on whether or not the Organization has satisfactory title to assets, liens or encumbrances on assets, and assets pledged as collateral;
- (s) providing us with information relating to compliance with aspects of contractual agreements that may affect the financial statements;
- (t) providing us with information concerning subsequent events; and

Written confirmation of significant representations

- (u) providing us with written confirmation of significant representations provided to us during the engagement on matters that are:
 - (i) directly related to items that are material, either individually or in the aggregate, to the financial statements;
 - (ii) not directly related to items that are material to the financial statements but are significant, either individually or in the aggregate, to the engagement; and
 - (iii) relevant to your judgments or estimates that are material, either individually or in the aggregate, to the financial statements.

It is agreed that for any electronic distribution of your financial statements and our report thereon, management is solely responsible for the accurate and complete reproduction of the financial statements and our report thereon.

While the report may be sent to the Organization electronically by us for your convenience, only the signed (electronically or manually) report constitutes the Organization’s record copy.

If management intends to publish or otherwise make reference to Grant Thornton LLP in a document that contains other information, management agrees to (a) provide Grant Thornton LLP with a draft of such document to read, and (b) obtain our approval for inclusion of our report, before the document is finalized and distributed. Management also agrees that if our name is to be used in connection with the financial statements, it will attach our auditors’ report when distributing the financial statements to third parties.

OUR RESPONSIBILITIES

We will perform the audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements present fairly, in all material respects, the financial position, result of operations and cash flows in accordance with Canadian generally accepted accounting principles. Accordingly, we will plan and perform our audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements taken as a whole, including illegal acts whose consequences have a material effect on the financial statements.

One of the underlying principles of the profession is a duty of confidentiality with respect to client affairs. Accordingly, except for information that is in or enters the public domain, we will not provide any third party with confidential information concerning the affairs of the Organization without the Organization's prior consent, unless required to do so by legal authority, or the rules of professional conduct/code of ethics.

We will communicate in writing to those responsible for financial reporting oversight, the relationships between Grant Thornton LLP and the Organization (including related entities) that, in our professional judgement, may reasonably be thought to bear on our independence. Further, we will confirm our independence with respect to the Organization.

The objective of our audit is to obtain reasonable assurance that the financial statements are free of material misstatement. However, if we identify any of the following matters, they will be communicated to the appropriate level of management:

- (a) misstatements, resulting from error, other than trivial errors;
- (b) fraud or any information that indicates that a fraud may exist;
- (c) any evidence obtained that indicates an illegal or possibly illegal act, other than one considered inconsequential, has occurred;
- (d) significant weaknesses in the design or implementation of internal controls to prevent and detect fraud or error; and
- (e) related party transactions identified by us that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.

The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

We will consider the Organization's internal control to identify types of potential misstatements, consider factors that affect the risks of material misstatement, and design the nature, timing and extent of further audit procedures. This consideration will not be sufficient to enable us to render an opinion on the effectiveness of internal control over financial reporting.

Other Services

Any additional services that you may request and we agree to provide will be the subject of separate written arrangements.

OTHER MATTERS**Privacy and Confidentiality**

Grant Thornton LLP is committed to the protection of personal information. During the course of planning, performing and reporting on the results of our audit of the Organization's financial statements, partners and employees assigned to this engagement will need to obtain, use and disclose personal information in the possession of, or under the control of, the Organization. The Organization is responsible for obtaining, when required under law or regulation, consent from those parties that provided the Organization with their personal information for Grant Thornton LLP to obtain, use and disclose it for its required purposes.

Use of Electronic Communications

During the course of our engagement(s), we may need to electronically transmit confidential information to each other and to outside specialists or other entities engaged by either Grant Thornton LLP or the Organization. Electronic methods include telephone, cell phones, e-mail and fax. These technologies provide a fast and convenient way to communicate. However, all forms of communications have inherent security weaknesses and the risk of compromised confidentiality cannot be eliminated. The Organization agrees to the use of electronic methods to transmit and receive information.

Working Papers/Reports

All materials, reports and work created, developed or performed by Grant Thornton LLP, including its working papers during the course of the audit are the property of Grant Thornton LLP.

Fees and Expenses

Our audit fee for the year ended December 31, 2007 has been estimated to be \$31,000. The fee estimate by Grant Thornton LLP take into account the agreed-upon level of preparation and assistance from your personnel and providing the information to us on the dates specified in our Requirements Letter. Any delays in providing the requested information on the specified dates could result in an extra billing. We will discuss such circumstances with you should they arise.

Normal administrative expenses which include items such as computer and technology usage, software licensing, research and library databases, photocopies, postage supplies and delivery, fax charges, printing of statements and reports, and similar expense items are charged on the basis of a percentage of our professional costs. The administrative fee is 3.5 % of the audit and tax fees quoted.

Bills, including expenses will be rendered on a regular basis as the assignment progresses. Accounts are due when rendered.

We retain the right to suspend or terminate our service in the event of non-payment, and you will be obligated to compensate us for all time expended and to reimburse us for out-of-pocket expenses through the date of termination.

Any audit work related to segment reporting and tangible capital assets will be rendered separately.

Interest on Overdue Accounts

All accounts outstanding over 30 days will be charged interest at the rate of 1.5% per month (18% per annum) until paid.

Taxes

All fees and other charges do not include any applicable federal, provincial, or other goods and services or sales taxes, or any other taxes or duties whether presently in force or imposed in the future. Any such taxes or duties shall be identified and charged separately on our billings.

Other

If, in our opinion our professional obligations require it, we may resign from the engagement prior to completion. Should the Organization not fulfill its obligations set out herein and in the absence of rectification by the Organization within 10 days Grant Thornton LLP, upon written notice to you, may terminate its performance and will not be responsible for any loss, cost or expense resulting from such early termination.

Limitation of Liability

In any action, claim, loss or damage arising out of the engagement, the Organization agrees that Grant Thornton LLP's liability will be several and not joint and several and the Organization may only claim payment from Grant Thornton LLP of Grant Thornton LLP's proportionate share of the total liability based on degree of fault. Any action against Grant Thornton LLP must be commenced on or before the date which is the earlier of: i) eighteen months from the date on which our audit report is provided to you and, ii) the date by which an action must be commenced under any applicable legislation other than limitation legislation. In no event shall Grant Thornton LLP be liable to the Organization whether the claim be in tort, contract or otherwise, for an amount in excess of the professional fees paid by the Organization for the engagement. In no event shall Grant Thornton LLP be liable to the Organization, whether a claim be in tort, contract or otherwise for any consequential, indirect, lost profit or similar damages, or failure to realize expected savings.

Grant Thornton LLP will use all reasonable efforts to complete within any agreed upon time-frame the performance of the services described above. However, Grant Thornton LLP shall not be liable for failures or delays in performance that arise from causes beyond its control, including the untimely performance or non-performance by the Organization of its obligations.

Governing Law

This engagement will be governed by the laws of Ontario. The Organization and Grant Thornton LLP agree to submit any unresolved dispute or any litigation arising as a result of or in relation to this letter to the exclusive jurisdiction of the Courts of Ontario.

Survival of Terms

This engagement letter will continue in force for subsequent audits unless terminated by either party by written notice prior to the commencement of the subsequent audit. The Organization and Grant Thornton LLP agree that the limitation of liability paragraph will survive the termination of this engagement contract.

We are proud to serve as your auditors and we appreciate your confidence in our work. If you have any questions about the contents of this letter, please raise them with us. If the services outlined herein are in accordance with your requirements and if the above terms are acceptable to you, please have one copy of this letter signed in the space provided below and return it to us.

Yours very truly,

GRANT THORNTON LLP



Allister Byrne, F.C.A.

The services and terms as set forth in this letter are agreed to.

Toronto and Region Conservation Authority

By:

Brian Denney, Chief Administrative Officer

(Date)

**Report to the Business Excellence Advisory Board – Initial Communication on Audit
Planning
Toronto and Region Conservation Authority
For the year ended December 31, 2007**

Appendix B – Letter of independence

November 12, 2007

The Business Excellence Advisory Board
Toronto and Region Conservation Authority
5 Shoreham Drive
Downsview, Ontario
M3N 1S4

Dear Board Members:

We have been engaged to audit the financial statements of Toronto and Region Conservation Authority (the "Organization") for the year ending December 31, 2007.

Canadian generally accepted auditing standards (GAAS) require that we communicate at least annually with you regarding all relationships between the Organization and Grant Thornton LLP that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute / ordre and applicable legislation, covering such matters as:

- (a) holding a financial interest, either directly or indirectly, in a client;
- (b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) economic dependence on a client; and
- (e) provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since February 21, 2007, the date of our last letter.

We are not aware of any relationships between the Organization and Grant Thornton LLP that, in our professional judgment, may reasonably be thought to bear on our independence, that have occurred from February 21, 2007 to November 12, 2007.

The total fees charged to the Organization for audit services were \$30,500 during the period from February 21, 2007 to November 12, 2007.

GAAS requires that we confirm our independence to the audit committee in the context of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. Accordingly, we hereby confirm

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Canadian Member of Grant Thornton International

that we are independent with respect to the Organization within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario as of November 12, 2007.

This report is intended solely for the use of the Business Excellence Advisory Board, management, and others within the Organization and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter at our upcoming meeting.

Yours truly,

GRANT THORNTON LLP

Grant Thornton LLP

Chartered Accountants
Allister Byrne, F.C.A.
Partner

Appendix C – Accounting and auditing developments

PSAB Accounting developments

Public Sector Accounting Board	Effective date
<p>PSAB Section 3150 - Tangible Capital Assets PSAB has approved revisions to Section PS 3150 "Tangible Capital Assets." The Section now applies to all levels of government, including local governments. The most prominent change for local governments is the requirement to recognize and amortize all their tangible capital assets.</p> <p>Revisions to the Section include:</p> <ul style="list-style-type: none"> • The definition of cost has been amended to clarify that cost is the gross amount, and that capital grants are not to be netted against the cost of the related tangible capital asset. Guidance on the cost of leased tangible capital assets is also provided • The 40-year guideline on the amortization period has been removed • There is additional guidance on the commencement and cessation of capitalizing carrying costs • During the period of transition, local governments should follow Public Sector Guideline PSG-7, Tangible Capital Assets of Local Government 	<p>The revised Section applies to local governments for fiscal years beginning on or after January 1, 2009.</p> <p>Earlier adoption is encouraged.</p>
<p>PSAB Section 1200 – Financial Statement Presentation This Section has been revised as a result of the CICA Public Sector Accounting Handbook requirement to adopt the full accrual basis of accounting for local governments.</p> <p>This Section establishes standards for recognition, presentation and disclosure in government financial statements. The main features of the Section are as follows:</p> <ul style="list-style-type: none"> • Governments are required to present a statement of financial position, statement of operations, statement of changes in net debt and a statement of cash flows • Financial statements should present net debt and accumulated surplus/ deficit on the statement of financial position, annual surplus/ deficit, the change in net debt and changes in cash flows • Current year budget and actual figures are to be presented on both the statement of operations and the statement of changes in net debt • Funds and reserves are to be reported in the notes or schedules when the government chooses to report on them 	<p>This Section currently applies to senior levels of government.</p> <p>This Section will apply to local governments for fiscal years beginning on or after January 1, 2009.</p> <p>Earlier adoption is encouraged.</p>

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Public Sector Accounting Board	Effective date
<p>PSAB Section 2700 - Segment Disclosures This Section establishes standards on how to define, identify and disclose segments in a government's summary financial statements. In providing segment disclosures, it is important that the definition of a segment is met, the objectives for segment disclosures are satisfied and an appropriate basis of segmentation is chosen.</p> <p>The Section specifies both the required and desired segment disclosures in a government's financial statements. As a minimum, the notes or schedules to the financial statements for each government segment must include:</p> <ul style="list-style-type: none"> • The basis for identifying segments, the nature of the segments, the activities they encompass and the method of significant allocations to segments • Segment expense by major object or category • Segment revenue by source and type • Aggregate net surplus/deficit of government business enterprises and government business partnerships accounted for under the modified equity method for each segment, if applicable • Aggregate net surplus/deficit of government organizations accounted for under the modified equity basis in accordance with PSA 1300.47, if applicable; and • A reconciliation between the information disclosed for the segments and the consolidated information in the summary financial statements 	<p>The standard applies to the summary financial statements of federal, provincial, territorial and local governments for fiscal years beginning on or after April 1, 2007.</p> <p>Earlier adoption is encouraged.</p>
<p>PSAB Section 1150 – Generally Accepted Accounting Principles This Section significantly affects how all levels of government select their accounting policies. It is intended to clarify:</p> <ul style="list-style-type: none"> • "Industry" GAAP no longer exists • What constitutes GAAP for the public sector • What are the primary sources of GAAP for governments and those organizations that consider the Accounting Recommendations of the Handbook to be the most appropriate to their objectives and circumstances • That if the basis of accounting used to prepare financial statements in accordance with regulatory, legislative or contractual requirements conflicts with the requirement of this Section, that basis cannot be described as being in accordance with GAAP • What criteria must be satisfied in determining an "other source of GAAP" when there is no primary source of GAAP available 	<p>The standard is applicable to all governments for fiscal years beginning on or after April 1, 2005, excluding certain local governments currently required by legislation or regulation to prepare their financial statements in accordance with a basis of accounting other than GAAP.</p> <p>HOWEVER</p> <p>Transitional provisions deferred the application of this standard to fiscal years beginning on or after April 1, 2006 for those local governments.</p> <p>Earlier adoption is encouraged.</p>

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Public Sector Accounting Board	Effective date
<p>PSG-6 – Including Results of Organizations and Partnerships Applying Fair Value Measurement PSG-6 provides guidance to governments when reporting on government organizations and government partnerships in their summary financial statements. Government organizations and government partnerships are required to base their accounting policies on CICA Handbook – Accounting and adopt the financial instrument standards, specifically:</p> <ul style="list-style-type: none"> • CICA 1530 – Comprehensive Income • CICA 3855 – Financial Instruments – Recognition and Measurement, and • CICA 3865 – Hedges <p>This Guideline communicates the application of PSAB's existing standards to the reporting of fair value measurement adjustments.</p>	<p>This Guideline applies from the date that the government organizations and partnerships implement CICA 1530, CICA 3855 and CICA 3865. These Sections in CICA Handbook – Accounting are effective for fiscal years beginning on or after October 1, 2007.</p>
<p>PSG-7 – Tangible Capital Assets of Local Governments This Guideline provides transitional guidance to local governments on presenting information related to tangible capital assets in notes or schedules to its financial statements until such time as Tangible Capital Assets, Section PS 3150 is adopted by local governments. PS 3150 applies to local governments for fiscal years beginning on or after January 1, 2009, although earlier adoption is encouraged.</p>	<p>This Guideline applies to fiscal years beginning on or after January 1, 2007.</p> <p>Earlier adoption is encouraged.</p>
<p>Re-Exposure Draft - Government Transfers PSAB issued a Re-Exposure draft, "Government Transfers" proposing to amend the current Public Sector Accounting Handbook Section, PS 3410 Government Transfers.</p> <p>In general, the proposed standard:</p> <ul style="list-style-type: none"> • Defines government transfers • Details when government transfers should be recognized as revenue or expenses • Describes when a recipient government would recognize a liability for a transfer • Provides guidance on determining the authorization date of the transfer, and • Addresses multi-year operating transfers provided and received, capital transfers received, the point of authorization, and the volatility of results 	<p>The revised Section is proposed to apply to all governments for fiscal years beginning on or after January 1, 2009.</p>
<p>Statement of Principles – Financial Instruments</p> <p>The committee has examined the possible treatment of financial instruments for government entities and proposed the following:</p> <ul style="list-style-type: none"> • Two categories would be used, amortized cost and fair value • Any unrealized hedging income would be reported on the statement of net debt • Disclosure would be consistent with section 3855 of the accounting handbook, which is in accordance with IFRS 7 	<p>This is open for comment until December 3, 2007.</p> <p>An exposure draft is expected in June 2008, and is anticipated to be approved by November 2008.</p>

Auditing developments

Auditing – Standards issued by the CICA	Effective date
<p>Section 5365 – Communication with Actuaries</p> <p>This Section and the appended Joint Policy Statement (JPS) have been revised to focus on appropriate methods of communication between actuaries involved in the preparation of the financial statements, and auditors. They reflect an increased emphasis on auditor independence and a change from the previous practice of the auditor relying on the work of the actuary who is not independent of the audited entity.</p>	<p>Applies to audits of financial statements for periods commencing on or after October 1, 2007.</p>
<p>Section 9110 - Agreed-upon Procedures Regarding Internal Control over Financial Reporting</p> <p>This new Section deals with the public accountant's professional responsibilities in conducting an agreed-upon procedures engagement regarding internal control over financial reporting. In addition to the basic professional standards to be met in conducting such engagements, the Section deals with:</p> <ul style="list-style-type: none"> • establishing the terms of the engagement; • performing and documenting the agreed-upon procedures; and • reporting findings from having performed the agreed-upon procedures. 	<p>Applies to engagements entered into on or after May 1, 2007.</p>
<p>AuG-45 – Legislative Auditor's Report on Financial Statements of a Federal, Provincial or Territorial Government</p> <p>A legislative auditor of the financial statements of a federal, provincial or territorial government may be required by his or her mandate to express an opinion on whether the financial statements are presented fairly in accordance with stated accounting policies. This Guideline provides guidance on the wording of the auditor's report in such circumstances.</p>	<p>This Guideline is effective with respect to audit reports issued on or after July 1, 2006.</p>

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Auditing – Standards under development	Status
<p>Accounting Estimates (CAS 540)</p> <p>The objective of this project is to replace existing Canadian standards and guidance on evaluating the reasonableness of accounting estimates used by management for financial reporting purposes and on auditing fair value measurements and disclosures contained in financial statements with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Sections 5305, <i>Audit of Accounting Estimates</i> and 5306, <i>Auditing Fair Value Measurements and Disclosures</i>, with a new Canadian Auditing Standard (CAS) that essentially adopts the revised and clarified International Standard on Auditing 540, <i>Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures (ISA 540)</i>, that is currently being developed by the International Auditing and Assurance Standards Board (IAASB). It is closely linked to the project on Materiality.</p>	<p>The AASB issued an exposure draft in January 2007, with comments requested by March 23, 2007.</p>
<p>Analytical Procedures</p> <p>The objective of this project is to replace existing Canadian standards and guidance on the use of analysis in risk assessment procedures, in substantive procedures, and as an overall review of the financial statements with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Section 5301, <i>Analysis</i>, with a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Auditing 520, <i>Analytical Procedures (ISA 520)</i>, that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The IAASB is developing the exposure draft.</p>
<p>Audit Documentation (CAS 230)</p> <p>The objective of this project is to replace existing Canadian standards and guidance on audit documentation for an audit of financial statements with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Section 5145, <i>Documentation</i>, with a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Auditing 230, <i>Audit Documentation (ISA 230)</i>, that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The AASB issued an exposure draft in January 2007, with comments requested by March 16, 2007.</p>
<p>Audit Evidence (CAS 500)</p> <p>The objective of this project is to replace existing Canadian standards and guidance on what constitutes audit evidence in an audit of financial statements, the quantity and quality of audit evidence to be obtained and the audit procedures that auditors use for obtaining that audit evidence, with the equivalent International Standard on Auditing.</p> <p>This project proposes to replace Section 5300, <i>Audit Evidence</i>, with a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Auditing 500, <i>Considering the Relevance and Reliability of Audit Evidence (ISA 500)</i>, that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The AASB issued an exposure draft in May 2007, with comments requested by August 24, 2007.</p>

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Auditing – Standards under development	Status
<p>Audit Evidence – Additional Considerations</p> <p>The objective of this project is to replace existing Canadian standards and guidance on audit procedures that auditors use for obtaining audit evidence.</p> <p>This project proposes to replace Section 6030, Inventories, and Section 6560, Communications with Law Firms Regarding Claims and Possible Claims, with a new Canadian Auditing Standard that essentially adopts the clarified International Standard on Auditing 501, Audit Evidence – Additional Considerations for Specific Items (ISA 501), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The IAASB is developing the exposure draft.</p>
<p>Audit Sampling and Other Testing</p> <p>The objective of this project is to issue Canadian standards and guidance that will adopt the International Standard on Auditing (ISA) on the use of audit sampling and other means of selecting items for testing when designing audit procedures to gather audit evidence.</p> <p>This project proposes to adopt as a Canadian Auditing Standard (CAS), the clarified International Standard on Auditing 530, Audit Sampling and Other Means of Testing (ISA 530), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The IAASB is developing the exposure draft.</p>
<p>Auditors' Reports</p> <p>The objective of this project is to revise standards and guidance dealing with the standard report of an auditor who has been engaged to express an opinion on general purpose financial statements prepared in accordance with generally accepted accounting principles. The project will also provide guidance on an auditor's report on special purpose financial statements.</p> <p>Phase 1</p> <p>The AASB proposes to revise Section 5400, The Auditor's Standard Report, to adopt the new standard audit report wording contained in International Standard on Auditing 700, The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements (ISA 700).</p> <p>Phase 2</p> <p>The AASB will address the remaining issues in and propose to adopt ISA 700, along with International Standards on Auditing 705, Modifications to the Opinion in the Independent Auditor's Report, 800, Special Considerations – Audits of Special Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement and 805, Special Considerations When Reporting on Summary Financial Statements.</p> <p>The project also proposes revisions to other Handbook Sections, such as:</p> <ul style="list-style-type: none"> • Sections 5090, Audit of Financial Statements – an Introduction, and 5095, Reasonable Assurance and Audit Risk, regarding the objectives and principles governing an audit; • Section 5110, Terms of the Engagement, regarding terms of the engagement; • Section 5405, Date of the Auditor's Report, regarding the date of the auditor's report; and • Section 6550, Subsequent Events, regarding subsequent events. <p>Further, the project also proposes revisions to examples of audit reports throughout the Handbook.</p>	<p>Several related projects are in progress.</p>

Report to the Business Excellence Advisory Board – Initial Communication on Audit Planning

Toronto and Region Conservation Authority

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Auditing – Standards under development	Status
<p>Communications with Those Charged with Governance (CAS 260)</p> <p>The objective of this project is to converge existing Canadian standards and guidance on the auditor's communication with those having oversight responsibility for the financial reporting process when performing an audit of an entity's financial statements with the equivalent International Standard on Auditing.</p> <p>This project proposes to replace Section 5751, Communications with Those Having Oversight Responsibility for the Financial Reporting Process, with a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Auditing 260, Communications with Those Charged with Governance (ISA 260), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The AASB issued an exposure draft in January 2007, with comments requested by January 29, 2007.</p>
<p>Comparatives</p> <p>The objective of this project is to replace existing Canadian standards and guidance regarding comparative figures in audited financial statements with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace existing Canadian standards and guidance regarding comparative figures in audited financial statements, with a new Canadian Auditing Standard (CAS) that adopts the clarified International Standard on Auditing 710, Comparatives, (ISA 710), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB). The proposed new standard would replace part of existing Section 5701, Other Reporting Matters, and Assurance and Related Services Guideline AuG – 8, Auditor's Report on Comparative Financial Statements. The AASB is considering the disposition of the remaining standards and guidance in Section 5701.</p>	<p>The IAASB is developing the exposure draft.</p>
<p>Consideration of Laws and Regulations (CAS 250)</p> <p>The objective of this project is to replace existing Canadian standards and guidance about material misstatements arising from the consequences of illegal acts with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Section 5136, Misstatements – Illegal Acts, with a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Auditing 250, The Auditor's Responsibilities Relating to Laws and Regulations in an Audit of Financial Statements (ISA 250), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The AASB issued an exposure draft in May 2007, with comments requested by July 13, 2007.</p>
<p>Consideration of the Internal Audit Function (CAS 610)</p> <p>The objective of this project is to replace existing Canadian standards and guidance on using the work of internal audit in carrying out an audit engagement with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Section 5050, Using the Work of Internal Audit, with a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Auditing 610, The Auditor's Consideration of the Internal Audit Function (ISA 610), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The AASB issued an exposure draft in January 2007, with comments requested by March 16, 2007.</p>

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Auditing – Standards under development	Status
<p>Controls at a Service Organization</p> <p>The objective of this project is to replace existing Canadian standards and guidance to auditors who issue audit reports on the processing of transactions by a service organization for use by user organizations and their auditors with the equivalent International Standard on Assurance Engagements (ISAE).</p> <p>This project proposes to replace Section 5970, Auditor's Report on Controls at a Service Organization, with a new Canadian standard that essentially adopts the new International Standard on Assurance Engagements 3402, Assurance on Controls at a Service Organization (ISAE 3402), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The IAASB is developing the exposure draft.</p>
<p>Employee Future Benefits – Defined Plan</p> <p>The objective of this project is to revise guidance relevant to the auditor's application of generally accepted auditing standards to the recognition, measurement and disclosure of the cost of employee future benefits for defined benefit plans as set out in CICA Handbook – Accounting Section 3461, Employee Future Benefits.</p> <p>This project proposes to revise AuG-29, Audit of Employee Future Benefits — Defined Plans, as a result of the issuance of AuG-43, Audit of Policy Liabilities of Insurance Enterprises, and proposed revisions to Section 5365, Communications with Actuaries.</p>	<p>The AASB has deferred this project.</p>
<p>Entities Using Service Organizations</p> <p>The objective of this project is to replace existing Canadian standards and guidance on the factors that an auditor considers when auditing the financial statements of an entity that uses a service organization to process certain transactions with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Section 5310, Audit Evidence Considerations When an Entity Uses a Service Organization, with a new Canadian Auditing Standard (CAS) that essentially adopts the revised and clarified International Standard on Auditing 402, Audit Considerations Relating to Entities Using Service Organizations (ISA 402), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The IAASB is developing the exposure draft.</p>
<p>External Confirmations</p> <p>The objective of this project is to replace existing Canadian standards and guidance on the use of confirmations as a means of obtaining audit evidence with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Section 5303, Confirmation, with a new Canadian Auditing Standard (CAS) that essentially adopts the revised and clarified International Standard on Auditing 505, External Confirmations (ISA 505), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The IAASB is developing the exposure draft.</p>

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Auditing – Standards under development	Status
<p>Financial Statement Audits – Objective and General Principles (CAS 200)</p> <p>The objective of this project is to establish standards regarding the independent auditor's overall responsibilities when conducting an audit of financial statements.</p> <p>This project proposes to develop a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Auditing 200, Overall Objective of the Independent Auditor, and the Conduct of an Audit in Accordance with International Standards on Auditing, (ISA 200), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The AASB issued an exposure draft in May 2007, with comments requested by August 24, 2007.</p>
<p>Group Financial Statements (CAS 600)</p> <p>The objective of this project is to replace existing Canadian standards and guidance addressing reliance by one auditor (the primary auditor) on the report and work of another auditor (the secondary auditor) when auditing group financial statements, with the International Standard on Auditing.</p> <p>This project proposes to replace Section 6930, Reliance on Another Auditor, with a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Auditing, 600, Special Considerations - Audits of Group Financial Statements (including the Work of Component Auditors) (ISA 600), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The IAASB is currently reviewing the comments received on the exposure draft.</p>
<p>Identifying and Assessing the Risk of Material Misstatements (CAS 315)</p> <p>The objective of this project is to replace existing Canadian standards and guidance on obtaining an understanding of the entity and its environment, including its internal control, and on assessing the risks of material misstatement in a financial statement audit with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Section 5141, Understanding the Entity and Its Environment and Assessing the Risk of Material Misstatements, with a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Auditing 315, Identifying and Assessing the Risk of Material Misstatements Through Understanding the Entity and Its Environment (ISA 315), that was recently approved by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The Final Canadian Auditing Standard (CAS 315) has been approved by the AASB.</p> <p>There are no changes from the existing standard.</p>
<p>Material Weaknesses in Internal Control</p> <p>The objective of this project is to adopt expanded guidance being developed by the International Auditing and Assurance Standards Board (IAASB) on the meaning of material weaknesses in internal control and the auditor's responsibilities to identify and communicate internal control issues to those charged with governance.</p> <p>This project proposes to develop a new Canadian Auditing Standard (CAS) that essentially adopts a new International Standard on Auditing, Material Weaknesses in Internal Control that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The IAASB is developing the exposure draft.</p>

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Auditing – Standards under development	Status
<p>Materiality and Evaluation of Misstatements (CAS 320 & 450) The objective of this project is to replace existing Canadian standards and guidance on the concept of materiality and its application during an audit of financial statements or other financial information with the equivalent International Standard on Auditing.</p> <p>This project proposes to replace Section 5142, Materiality, with two new Canadian Auditing Standards (CASs) that essentially adopt the clarified International Standards on Auditing, Materiality in Planning and Performing an Audit (ISA 320) and Evaluation of Misstatements Identified During the Audit (ISA 450), that are currently being developed by the IAASB. An earlier project to revise section 5142, Materiality, and AuG 41, Applying the concept of Materiality, has now been terminated.</p>	<p>The AASB issued an exposure draft in December 2006, with comments requested by January 17, 2007.</p>
<p>Modifications to the Auditor's Report The objective of this project is to replace existing Canadian standards and guidance on reservations in the auditor's report, and other reporting matters, with the equivalent International Standard on Auditing.</p> <p>This project proposes to replace Section 5510, Reservations in the Auditor's Report, and Section 5701, Other Reporting Matters, with a new Canadian Auditing Standard (CAS) that essentially adopts the revised and clarified International Standards on Auditing 705, Modifications to the Opinion in the Independent Auditor's Report (ISA 705), and 706, Emphasis of Matter Paragraphs and Other Matter(s) Paragraphs in the Independent Auditor's Report (ISA 706) that are currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The exposure draft is under development.</p>
<p>Planning an Audit of Financial Statements (CAS 300) The objective of this project is to replace existing Canadian standards and guidance on the considerations and activities applicable to planning an audit of financial statements with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Section 5150, Planning, with a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Auditing 300, Planning an Audit of Financial Statements (ISA 300), that was recently approved by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The Final Canadian Auditing Standard (CAS 300) has been approved by the AASB.</p> <p>There are no changes from the existing standard</p>

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Auditing – Standards under development	Status
<p>Quality Control</p> <p>The objective of this project is to replace existing Canadian standards and guidance on quality control policies and procedures to be established by the firm, and on the specific quality control procedures to be performed by the practitioner and other members of the assurance team in an assurance engagement with the equivalent International Standard on Quality Control (ISQC) and International Standard on Auditing (ISA).</p> <p>This project proposes to replace GSF-QC, General Standards of Quality Control for Firms that Perform Assurance Engagements, and Section 5030, Quality Control Procedures for Assurance Engagements, with a new Canadian Standard on Quality Control (CSQC) and Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements (ISQC 1), and International Standard on Auditing 220, Quality Control for Audits of Historical Financial Information (ISA 220), that are currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p> <p>As a result of this project, a subsequent project will be undertaken to replace requirements and guidance in current Section 5030 that deal with assurance engagements other than audits of financial statements.</p>	<p>The IAASB is developing the exposure draft.</p>
<p>Related Parties (CAS 550)</p> <p>The objective of this project is to replace existing Canadian standards and guidance on how the auditor reduces to an acceptably low level the risk of not identifying a material misstatement in financial statements arising from related party transactions with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Section 6010, Audit of Related Party Transactions, with a new Canadian Auditing Standard (CAS) that essentially adopts the revised and clarified International Standard on Auditing 550, Related Parties (ISA 550), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The AASB issues an exposure draft in March 2007, with comments requested by June 8, 2007.</p>

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For the year ended December 31, 2007

Auditing – Standards under development	Status
<p>Reporting on a Complete Set of General Purpose Financial Statements</p> <p>The objective of this project is to replace existing Canadian standards and guidance on the auditor's standard report with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Section 5400, The Auditor's Standard Report, with a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Auditing 700, The Independent Auditor's Report on a Complete Set of General Purpose Financial Statements (ISA 700), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The exposure draft is under development.</p>
<p>Reporting on Summary Financial Statements</p> <p>The objective of this project is to replace Canadian guidance on the auditor's report on summarized financial statements with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Assurance and Related Services Guideline AuG 25, Auditor's Report on Summarized Financial with a new Canadian Auditing Standard (CAS) that essentially adopts the revised and clarified International Standard on Auditing 805, Special Considerations When Reporting on Summary Financial Statements (ISA 805), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The exposure draft is under development.</p>
<p>Responses to Assessed Risks (CAS 330)</p> <p>The objective of this project is to replace existing Canadian standards and guidance on determining overall responses and designing and performing further audit procedures to respond to the assessed risks of material misstatement at the financial statement and assertion levels in a financial statement audit with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Section 5143, The Auditor's Procedures in Response to Assessed Risks, with a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Auditing 330, The Auditor's Responses to Assessed Risks (ISA 330), that was recently approved by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The Final Canadian Auditing Standard (CAS 330) has been approved by the AASB.</p> <p>There are no changes from the existing standard</p>
<p>Responsibilities Relating to Fraud (CAS 240)</p> <p>The objective of this project is to replace existing Canadian standards and guidance on the auditor's responsibility to consider fraud and misstatements arising there from, in an audit of financial statements and other financial information with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Section 5135, The Auditor's Responsibility to Consider Fraud, with a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Auditing 240, The Auditor's Responsibilities Related to Fraud in an Audit of Financial Statements (ISA 240), that was recently approved by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The Final Canadian Auditing Standard (CAS 240) has been approved by the AASB.</p> <p>There are no changes from the existing standard.</p>

Report to the Business Excellence Advisory Board – Initial Communication on Audit Planning
Toronto and Region Conservation Authority
For the year ended December 31, 2007

Auditing – Standards under development	Status
<p>Responsibility in Relation to Other Information (CAS 720)</p> <p>The objective of this project is to replace existing Canadian standards and guidance on the auditor's responsibilities with respect to documents that contain financial statements that the auditor has audited with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace the existing Canadian standards and guidance relating to documents containing audited financial statements, with a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Auditing Standard on Auditing 720, Auditor's Responsibility in Relation to Other Information in Documents Containing Audited Financial Statements (ISA 720), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB). The proposed new standard would replace part of existing Section 7500, Auditor Association with Annual Reports, Interim Reports and Other Public Documents. The AASB is considering the disposition of the remaining standards and guidance in Section 7500.</p>	<p>The AASB issued an exposure draft in January 2007, with comments requested by March 16, 2007.</p>
<p>Restrictions in the Auditor's Report or Other Communications</p> <p>The objective of this project is to develop standards and guidance on:</p> <ul style="list-style-type: none"> • what is meant by the terms "general use" and "restricted use" reports; • when it is appropriate to restrict the use of the auditor's report; and • the appropriate language to be used in the auditor's report, or other communication issued by the auditor, when restricting the use and/or distribution of the report or communication, or disclaiming responsibility when the report is used for extraneous purposes. <p>This project proposes to develop a new Section that more clearly explains and distinguishes between the following:</p> <ul style="list-style-type: none"> • Restriction in distribution: A restriction in distribution alerts the addressee that he or she is not entitled to give the report to anyone outside the expressly permitted group of intended recipients. Because the restriction is in the opinion, a third party who obtains a copy is at least put on notice that the report was not intended for him or her. • Restriction in use: A restriction in use describes the purpose for which the report is intended. Therefore, it addresses both third parties and intended addressees, warning both that the report is not intended for secondary uses. It can therefore help to restrict liability even with regard to an auditor's own client. • Disclaimer of responsibility: A disclaimer is more direct, and advises that no responsibility is being assumed either to third parties, or, when drafted in such a manner, to clients and third parties, when the report is used for an extraneous purpose. <p>This project also proposes to build on the guidance in American Institute of Certified Public Accountants AU 532, "Restricting the Use of an Auditor's Report," and, if appropriate, to harmonize with it. The proposed Section would, however, be broader in scope than AU 532, which deals only with "restrictions in use" (and not other types of restrictions and limitations) and is not applicable, for example, to service auditors' reports or letters to underwriters.</p>	<p>The AASB has deferred this project.</p>

Report to the Business Excellence Advisory Board – Initial Communication on Audit Planning
Toronto and Region Conservation Authority
For the year ended December 31, 2007

Auditing – Standards under development	Status
<p>Subsequent Events (CAS 560) The objective of this project is to replace existing Canadian standards and guidance on the procedures the auditor performs to be satisfied that events occurring following the date of the financial statements have been identified with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Section 6550, Subsequent Events, with a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Auditing 560, Subsequent Events (ISA 560), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The AASB issued an exposure draft in January 2007, with comments requested by March 16, 2007.</p>
<p>Terms of Audit Engagements The objective of this project is to replace existing Canadian standards and guidance on establishing an understanding of, and agreement on, the terms of the engagement for the audit of financial statements with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Section 5110, Terms of the Engagement, with a new Canadian Auditing Standard (CAS) that essentially adopts the clarified International Standard on Auditing 210, Terms of Audit Engagements (ISA 210), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The IAASB is developing the exposure draft.</p>
<p>Using the Work of an Expert The objective of this project is to replace existing Canadian standard and guidance on using the work of a specialist in obtaining audit evidence with the corresponding International Standard on Auditing.</p> <p>This project proposes to develop a new Canadian Auditing Standard (CAS) that essentially adopts the revised and clarified International Standard on Auditing 620, Using the Work of an Auditor's Expert (ISA 620), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p> <p>As a result of this project, a subsequent project will be undertaken to revise and clarify the existing Section 5049, Use of Specialists in Assurance Engagements that deal with assurance engagements other than the audit of financial statements.</p>	<p>The IAASB is developing the exposure draft.</p>
<p>Written Representations (CAS 580) The objective of this project is to replace existing Canadian standards and guidance on the use of management representations in gathering sufficient appropriate audit evidence in an audit of financial statements with the equivalent International Standard on Auditing (ISA).</p> <p>This project proposes to replace Section 5370, Management Representations, with a new Canadian Auditing Standard (CAS) that essentially adopts the revised and clarified International Standard on Auditing 580, Written Representations (ISA 580), that is currently being developed by the International Auditing and Assurance Standards Board (IAASB).</p>	<p>The AASB issued an exposure draft in January 2007, with comments requested by March 23, 2007.</p>

RES.#C61/07 -

APPOINTMENT OF AUDITORS

The Conservation Authorities Act requires every conservation authority to undergo an audit of its accounts and transactions each year.

Moved by: Maja Prentice
Seconded by: Paul Ainslie

THE BOARD RECOMMENDS TO THE AUTHORITY THAT Grant Thornton LLP be appointed auditors of Toronto and Region Conservation Authority (TRCA) for the year 2008, in accordance with section 38 of the Conservation Authorities Act.

CARRIED

BACKGROUND

Section 38 of the Conservation Authorities Act reads as follows:

38. (1) Every authority shall cause its accounts and transactions to be audited annually by a person licensed under the Public Accountancy Act . R.S.O. 1990, c. C.27, s. 38 (1).
- (2) No person shall be appointed as auditor of an authority who is or during the preceding year was a member of the authority or who has or during the preceding year had any direct or indirect interest in any contract or any employment with the authority other than for services within his or her professional capacity. R.S.O. 1990, c. C.27, s. 38 (2).
- (3) An authority shall, upon receipt of the auditors report of the examination of its accounts and transactions, forthwith forward a copy of the report to each participating municipality and to the Minister. R.S.O. 1990, c. C.27, s. 38 (3).

RATIONALE

Grant Thornton LLP was appointed TRCA auditor for the years 2004 to 2007, following a competition for audit services conducted in the summer of 2004. Although the contract period is for 5 years starting with 2004, the annual reappointment is subject to performance satisfactory to TRCA. Staff is pleased to report that the 2006 audit was completed to its satisfaction and it anticipates similar performance for 2007. It is therefore recommending the reappointment of Grant Thornton LLP for the 2008 audit year.

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Date: November 21, 2007

RES.#C62/07 -

ADMINISTRATION FEES FOR PLANNING, PERMITTING AND ENVIRONMENTAL ASSESSMENT REVIEW

Recommendations for adjustments to the existing 2006 fee schedule for Toronto and Region Conservation Authority planning services, permitting and Environmental Assessment review services.

Moved by: Maja Prentice
Seconded by: Paul Ainslie

THE BOARD RECOMMENDS TO THE AUTHORITY THAT the Fee Schedule for Planning Services, Permitting and Environmental Assessment Review services dated November 28, 2007, be approved, to be effective January 4, 2008;

THAT staff inform all municipalities within Toronto and Region Conservation Authority's (TRCA) jurisdiction and the development industry of the updates to the TRCA fee schedule, to be effective January 4, 2008;

THAT staff work with our municipalities to make all necessary procedural requirements for the upcoming Bill 51 requirements, and that fee adjustments be made at that time to accommodate changes in timing or rigour of review effort;

AND FURTHER THAT staff continue to monitor fee implementation as well as the cost implications of the current level of service demands for planning, ecology, engineering, hydrogeology and enforcement.

CARRIED

BACKGROUND

A provincial Omnibus Bill was passed in January 1996 which empowered conservation authorities (CA) to collect fees for services approved by the Minister of Natural Resources (MNR). Conservation authorities are entitled to set rates, charge and collect fees for services rendered. The document entitled Policies and Procedures For the Charging of Conservation Authority Fees (June 1997), included in the MNR Procedural Manual sets guidelines for fees collection. The document states that CA fee structures should be designed to recover, but not exceed, the costs associated with administering and delivering the services on a program basis. The manual also states that setting fees are dependent on the complexity of applications and the level of effort required to administer the application.

TRCA's latest approval of planning and permitting fees to cover administrative costs was implemented two years ago in January 2006, with a 15% fee increase from the previous fee schedule. The volume of applications has remained high, and we have been able to achieve our revenue targets as projected.

In our report assessment in 2006, TRCA staff provided an extensive list of streamlining accomplishments with the development community and municipal partners as part of our strategy for better service delivery initiated in 2003. As part of that strategy, a restructured fee schedule and collection process was implemented and has been upgraded on several occasions since 2003. Improvements in the delivery of service for the Planning and Development, and Ecology divisions have been significant since this initiative started, and the increased revenue has gone a long way to building professional capacity and capability within our integrated multi-disciplinary review teams for planning, ecology, engineering and enforcement.

Our level of service has remained similar for the past 3 to 4 years. The majority of commenting turnaround on standard applications is within the target of 30-45 days. In the City of Toronto the majority of all applications received comments within the 15 to 30 day range. In all municipalities within TRCA's jurisdiction there will continue to be slowdowns during peak summer constructions periods due to volume and demands from the new Regulation. In addition, TRCA has been experiencing a slow down in the water management aspects of the response time particularly with the high demands on senior engineering modeling capabilities and complex hydrogeological reviews. There have been many competing engineering demands for staff time including watershed plans, new flood modelling and flood forecasting, all of which facilitates development. Despite this heavy workload, TRCA's review team has been able to process approximately a 20-25% increase in the number of permit approvals during our busiest months – a significant streamlining accomplishment.

TRCA's Environmental Assessment (EA) review is predominately covered by service agreements with local and regional municipalities. With the significant increase in all forms of municipal EAs, staffing levels can not provide the dedicated service to certain municipalities without the formulation of a designated review team. Delays are being experienced in municipalities that do not have service agreements and where they are experiencing increased volume of complex EAs.

TRCA accomplishments for streamlining efforts include:

- provision of a new Planning and Development Procedural Manual distributed to municipal partners and BILD (Greater Toronto Area Building, Industry and Land Development Association);
- update of all technical/scientific guideline documents to assist applicants in the provisions for technical review;
- continuing training and streamlining efforts with municipal departments;
- increasing senior response to files and negotiations;
- meeting with BILD representatives to keep them informed and solicit ideas for improvement;
- advocating for complete application submission to improve review timeliness.

The TRCA fee schedule has continued to be tailored to better suit review demands and to improve the level of service for applicants since 2003. The current fee schedule has been in place now for two years and is in great need of change to reflect the review demands of today and the anticipated demands the next growth period.

RATIONALE

The analysis that staff undertook to determine proposed fee increases included the need for a combined inflationary increase to accommodate internal costs for staff salaries, benefits and overhead costs with additional increases related to specialized needs to cover review requirements. Demands for covering complexity and volume of work, plus specialized technical services were also considered.

Although the Consumer Price Index over the last 3 years indicates an inflation rate between 1.9% to 2.2% for the Annual Canadian Average, and between 1.6% and 1.8% for the Annual Toronto Average rate, the Construction industry Price Index (CPI) is much higher in the Metropolitan Toronto Areas, with the following highlights:

- New Housing Index 14.9% increase in 2004-2006
- Non-Residential Buildings 21.2% increase in 2004-2006
- Apartment Buildings 18.4% increase in 2004-2006

Critical pressure points for increasing costs for the development review process include:

- increased involvement in Ontario Municipal Board (OMB) hearings in 2007, expert testimony and negotiations to settle;
- First Nations consultation related to Environmental Assessment and development review;
- implementation of Ontario Regulation 166/06 resulting in increased regulated mapped area by 40%, thus increasing the volume of permits required and landowner consultations;
- increased senior effort for technical negotiations and managing negotiation efforts;
- volume of EA undertakings has significantly increased as well as associated permitting for construction;
- enforcement demands for increased charges and court appearances;
- pre-consultation and Bill 51 requirements (only minor adjustments to date).

To date, there has been no increase in enforcement staffing. TRCA is looking to conduct a streamlining effort in 2008.

TRCA staff conducted a comparative review of the fee schedules within our jurisdiction, particularly in the areas of block/secondary plan, subdivision and multi-unit/condominium applications. These applications, including Master Environmental Servicing Plans (MESP) are the areas where TRCA is experiencing the greatest financial and workload pressure. Many of these exercises go on for years. Markham Town Centre, for instance, has taken five years and is continuing; Block 40/47 in Vaughan is well into several years of the MESP/Block planning process with yet unresolved environmental and servicing issues; Seaton includes MESP and EAs for a whole new town within a fast tracked timeframe. These are very complex examples of the extraordinary efforts that are needed to assist applicants and to coordinate with our municipal partners. The municipalities include a base fee concept combined with a per unit or lot additional fee to reflect the scale and complexity of each application in block planning.

Based on the analysis described above the specific fee adjustments recommended include a general 20% increase on all fees and base fees for 2008 and 2009.

In reviewing performance of the current fee schedule and its suitability, staff in addition recommend a few adjustments, as needed, to more appropriately represent the level of service required. In some cases this will result in a reduction in costs to applicants where warranted. Small scale residential planning approvals and permitting provisions have remained modest and in some cases have stayed the same. TRCA maintains efforts to keep the small scale application very affordable for the first time applicant with relatively minor issues.

The overall alterations to the budget with a 20% increase is approximately \$600,000 to \$800,000, based on current volume and type of applications to TRCA in 2006 and 2007 – not a huge amount of money in view of the scale of work in our jurisdiction. This increase will not cover significant staff changes. It is anticipated that this will cover modest salary increases/cost of living and expenses, plus modest increases in OMB and Mining and Lands hearing costs. Addressing the increase in planning and technical efforts over a larger geographic area for the new Regulation is still difficult to estimate. (Our assessment is based on only the level of effort since May of 2006 and may not be representative of a long term sustainable effort.) The estimation is based on the best information and projections of workload as we see the volume today.

Planning Fees

All planning fees are increased by 20%, plus some specialty service fees.

Increases in fees are primarily attributed to projects requiring fundamental work in environmental and land use planning to determine the development feasibility of a property and the basic form/relationship of development to open space, natural features and natural hazard lands. Fee recovery must be commensurate with staff's level of effort and complexity of files.

Major adjustments must be made to MESP and subdivision applications to capture the large scale and complexity of these efforts, and the cyclical review that occurs over sometimes many months or years on some of the most complex applications.

Streamlining of new applications

Site plans

Site plan review fees need to have an intermediate development category to reflect the number of applications that fit between the existing minor and major categories. Examples include estate residential applications, and commercial industrial site plan applications for which technical studies are required.

Block Planning and MESP Review

It is recommended that Block planning and MESP document review will be charged as a combined base fee, with an additional charge of \$450.00 per hectare. These changes reflect the complexity and scale of work required for these comprehensive work components involving multi-disciplinary technical review, extensive field review and feature staking. As an example, a Block Plan of 137 hectares would be charged a base fee of \$14,000 plus \$61,650, for a total of \$75,650. This fee marginally covers TRCA's initial review process. It does not cover cyclical reviews that progress over several years.

TRCA reserves the right to customize fee agreements for MESP and draft plan of subdivision review to reflect the needs of the municipal partner or developer and unusual planning or technical circumstances. An example would be the upcoming Seaton Town Community planning exercise for which the MESP's have just been initiated.

The status of application fees should be reviewed on an annual basis. TRCA reserves the right to re-negotiate fees to reflect cyclical reviews and extended time frames beyond two years for MESP submissions and one year for draft subdivision plans on an as needed basis.

Subdivision/Multi-Unit and Condominium

Subdivision and Multi-Unit Buildings and Condominium applications will be separated in the fee categories. Subdivisions commonly take considerable time and effort to complete with a greater workload on the details of lot layout and technical feasibility. On this basis subdivisions will be charged with a standard base fee and an additional per lot fee of \$100.00 if there has been no comprehensive MESP. Multi-unit and Condominium application fee structures will remain the same with the proposed 20% increase.

Applications and OMB Participation

Recently a significant amount of planning staff time has been spent attending OMB meetings and settlement negotiations. It is recommended that a 3 phase fee process be established, with the standard base (phase 1) fee charged at application submission stage, the administration fee (phase 2) will be charged for post negotiation/settlement or hearing. The standard clearance fee (phase 3), would be charged at the final release of the development approvals. The phase 2 fee would be an administration fee only, and would not cover the ultimate costs for legal fees and comprehensive technical testimony and hearing participation. A minor phase 2 administration fee would be \$3,000.00; and a major phase 2 negotiated settlement fee would be \$10,000.00.

Permitting

All permitting fees are increased by 20%:

- standard permits will go from \$3,220.00 to \$3,865.00
- major project permits will increase to \$5,800.00.

Permission for Minor Works Applications will be increased 20% to a modest \$75.00. The site visit fee remains the same.

Solicitor/Realtor/Property Inquiry

A general 20% increase to \$240.00 is proposed.

Environmental Assessment Review

All fees are subject to a 20% increase as proposed.

Service Level Agreements

Many of our municipal partners who are under heavy pressure for environmental assessment and growth have established, over the last few years, service agreements with TRCA to provide dedicated staff teams to review and in some cases coordinate complex environmental reviews. These arrangements are working extremely well with York Region, Peel Region and the City of Brampton. Other municipalities, where EA workloads are rapidly escalating would benefit from establishing these streamlined review processes. In the absence of these service agreements, TRCA needs to establish some basis of a negotiated fee structure to cover the costs of major review efforts and technical support to our partners. The current fee schedule cannot support the level of effort required for special projects like Highland Creek in Toronto, regional infrastructure master plans for transportation and infrastructure, or controversial individual EAs such as Pine Valley.

Minor Works Streamlining

As part of our streamlining efforts, staff has developed a Permission for Routine Infrastructure Works protocol which provides for delegated approvals to staff for routine applications for public infrastructure. These projects will include road and pathway reconstruction, bridge and retaining wall structural maintenance, utility maintenance, utility watercourse crossings by trenchless technology, off-line stormwater management pond maintenance and general drainage structure maintenance. These projects can be fast-tracked through the process to improve our level of service. This recommendation is outlined in a separate report to be considered by the Executive Committee on December 7, 2007.

Fisheries Timing Window

TRCA and MNR/Fisheries and Oceans Canada (DFO) want to deter the extension of fisheries timing window requests and the impacts that they can bring. Sometimes these requirements are needed to facilitate construction completion, however, TRCA prefers that timing windows be respected within the construction management process and timelines. Based on the delegation of responsibilities for timing windows in 2007 by MNR, TRCA has a new fee. It flags TRCA's concerns to foster better construction planning around these sensitive fisheries resources. The Fisheries Timing Window Extension fee will be charged at \$5,000.00.

New Specialized Services and Fees

Preconsultation

TRCA has always, in our procedures, advocated early pre-consultation to address requirements for technical input and guidance before applications are submitted. These meetings or site visits often assist the applicant in identifying issues for design and planning consideration, and reduce both the number of resubmissions and the overall review time. Cost savings for the applicant can be significant, in addition to achieving a better planning product. In anticipation of the upcoming Bill 51 requirements for Pre-consultation and the provision of complete application standards, staff welcome this effort and see it as supporting better environmental planning. However, the upfront level of effort will increase for CAs and municipal partners. TRCA proposes no charge for pre-consultation meetings and coordination, but believes we need to charge for site visits and follow-up, written correspondence where complex issues need to be reviewed up front and on site.

Specialized Technical Review and MESP Updates

As municipalities intensify and address growth demands, greater requirement for MESP updates and specialized technical reviews will be a necessary inclusive of water resources engineering, ecology, hydrological and geotechnical review. Review efforts will also include site visit verifications. The scope of the service can be customized to a Terms of Reference as needed and negotiated on a project basis for updating purposes.

Special Policy Area (SPA) Negotiations

Over the last two years there has been a number of applications in flood prone Special Policy Areas (SPA) where specialized technical reviews and modeling efforts have been required to assist applicants and municipal partners in assessing the planning and design response that meets provincial standards for SPAs. This time consuming effort, often with, lengthy negotiations facilitated by TRCA, warrants a fee premium of 25% of the applicable fee to help offset costly detailed technical and policy efforts.

Technical/IT Data Provisions

TRCA staff provides a significant volume of mapping and geographic information system (GIS) data for all applicants and our partners for planning and technical assessment purposes. A listing of data charges for the provision of these important digital layers for analysis purposes is provided in Attachment 4.

DETAILS OF WORK TO BE DONE

Staff will inform our municipal partners and the development industry of these changes to TRCA's fee structure and procedural adjustments.

An information/application flyer is being produced to assist municipal partners with their planning desk inquiries about TRCA applications (a draft is currently ready for review and is available through TRCA's Planning and Development division). A streamlined walk-in service will also be implemented to assist first-time applicants, and reduce the amount of wait time due to volume.

Provisions for Bill 51 requirements for complete Planning applications in coordination with TRCA's municipal partners, and refinement of our procedural working relationships, to effectively alter the up-front advisory services for pre-consultation with our municipal planning counterparts.

Report prepared by: Carolyn Woodland, extension 5214
For Information contact: Carolyn Woodland, extension 5214
Date: November 28, 2007
Attachments: 4

Attachment 1



TRCA Administrative Fee Schedule For
Planning Services

APPLICATION TYPE	APPLICATION FEE	CLEARANCE FEE
Screening letter	\$75	N/A
Concept Development/Property Enquiry	*minor \$225 *major \$5,000 with one site visit \$345	N/A N/A N/A
Variances	\$345	N/A
Consent/Severance/Land Division	*minor \$690 *major \$1,655	N/A \$725
Single Residential Site Plan	*minor \$480 *major \$2,800	N/A \$600
Site Plan	*minor \$1,050 *intermediate \$4,000 *major - 25ha or less \$9,660 - greater than 25ha \$13,800	N/A \$1,000 \$2,100 \$2,100
Official Plan Amendment (OPA)	*minor \$1,050 *major \$4,150	N/A \$1,800
Zoning By-law Amendment/ Rezoning (ZBA/RZ) (see Note 1)	*minor \$1,050 *major \$4,150	N/A \$2,100
Multi-Unit Building Application & Condominiums	*minor - 5ha or less \$10,400 *major - 25ha or less \$20,700 - greater than 25ha \$27,600	\$3,450 \$7,600 \$7,600
Subdivision	*minor - 5ha or less \$10,400(base fee) *major - 25ha or less \$20,700 - greater than 25ha \$27,600(base fee) <i>Subdivisions without prior comprehensive MESP review will be charged an additional \$100 per lot</i>	\$3,450 \$7,600 \$7,600
Golf Courses or Aggregate Pits	- 25ha or less \$7,000 - greater than 25ha \$14,000	N/A N/A
Block and Tertiary Plans and Master Environmental Servicing Plan (MESP)	- 25ha or less \$7,000 (base fee) - greater than 25ha \$14,000(base fee) <i>Additional charge of \$450 per hectare for comprehensive MESP</i>	N/A N/A N/A

Rates effective January 1, 2008
TRCA Administrative Fee Schedule For
Planning Services

OTHER APPLICABLE FEES

Description	Fee
Pre-consultation meeting	No charge
Pre-consultation technical team site visit	\$2500
Additional Site Visit Charges <i>(First site review is allowed as part of processing. Multiple field assessments, stakings and negotiations are charged separately.)</i>	Up to 1/2 day \$600 Up to 1 day \$1,200 including travel time
Additional Clearance fee for Subdivision Phases	\$1,500
* Applicant Driven Formal Modification	\$1,000
Re-submission due to *incomplete submissions	\$3,000
All applications located in Special Policy Area (SPA) or Flood Vulnerable Area will be charged a 25% premium on the applicable fee	
Specialized technical review process with a site visit will be charged for MESP updates on a negotiated basis with a Terms of Reference	
Applications that proceed to OMB negotiations or hearings will be charged	Phase 1 - standard application fee Phase 2 - administration fee: (negotiations & expedited review) \$3,000 minor \$10,000 major Phase 3 - standard clearance fee
*See Definitions	

TRCA Administrative Fee Schedule For Planning Services

Notes

1. The application fee will be paid at the time of filing an application to the municipality. The final clearance fee will be billed directly by the TRCA and paid prior to final clearance of an application. All payments must be made within 30 days of TRCA notification in writing. Interest will be charged and accumulated beyond 30 days.
2. Re-submission fees will be billed directly by the TRCA and must be paid prior to final clearance of an application.
3. Only one set of fees apply when processing and reviewing a combined application (e.g. a subdivision/OPA/ZBA). The highest rate of fees applies.
4. The TRCA reserves the right to request additional fees or adjust fees should the review require a substantially greater level of effort or development application scenarios not captured in the schedule. Custom fees will be negotiated for fast-tracked or unique circumstances for large scale/complex review efforts. TRCA reserves the right to assess fee requirements after one year of processing planning applications. Additional fees can be charged post one year and unreasonable delays.
5. Where a site visit and/or extended review is required for a Variance application, a clearance fee of \$100 is applicable.
6. Subdivisions that have several phases, will be charged a separate clearance fee of \$1,500 at the time of clearing each phase.
7. All application fees (except Concept Development) include one initial site visit.
8. TRCA reserves the right to adjust fees to reflect requirements under Bill 51 for either planning or regulatory legislation.

Definitions

Minor - An application is determined to be "**minor**" where no technical studies are required, or only a scoped Environmental Impact Statement (EIS) is required.

Minor Subdivision - A subdivision application is determined to be "**minor**" where no technical studies, or only a scoped Environmental Impact Statement (EIS) is required and where the site is 5ha or less.

Intermediate - Non-residential site plans of a mid-scale requiring technical studies for estate residential and commercial/industrial site plans.

Major - An application is determined to be "**major**" where technical studies beyond a scoped Environmental Impact Statement (such as Stormwater Management or Geotechnical) are required..

Incomplete Submissions - A submission for review is deemed to be "**incomplete**" where TRCA has provided a checklist of requirements, and the application has not met all requirements.

Applicant driven formal modification - A fee for an "**applicant driven formal modification**" will be charged where plans are submitted for review after the application has received draft plan approval from the municipality.

Attachment 2



**TRCA Administrative Fee Schedule for
Development, Interference with Wetlands and Alterations to
Shorelines and Watercourses (Ontario Regulation 166/06)**

ONTARIO REGULATION 166/06 PERMIT APPLICATION	FEE
Works on Personal Residential Property	*minor \$345 *major \$700
Municipal Projects: <ul style="list-style-type: none"> ● Regional/Local; NO EA required ● Emergency Works 	\$1,040 \$3,400
Utilities <ul style="list-style-type: none"> ● Single residential ● Development project based 	\$1,000 \$2,750
Projects on Subdivision Lands, Commercial, Industrial and Institutional Properties, Resource-based Recreation and Other Projects <u>Standard Projects Include:</u> <ul style="list-style-type: none"> ● SWM ponds and associated outfalls ● Other outfalls ● Road Crossings ● Grading ● In-stream Works <u>Major Projects:</u> <ul style="list-style-type: none"> ● New Road Crossings ● Natural Channel Modifications 	\$3,865 per project \$5,800 per project
Minor Improvements	\$2,070 per project
Red Line Revisions by TRCA	\$500
All applications located in a SPA (Special Policy Area) or Flood Vulnerable Area will require an additional 25% on standard fee	
Permission for Minor Works - Letter of Approval (see qualification criteria, as approved June 9, 2006)	\$75; \$285 with site visit Municipal: \$2,070
Permit Revisions	Residential minor/major: 25% of current fee Others: 50% of current fee
Permit Re-Issuance for Ontario Regulation 158 (1 time only)	50% of current fee
Permit Re-Issuance for Ontario Regulation 166/06 (1 time only)	50% of current fee
No permit required/regulatory and fisheries review & advice only	\$600

ONTARIO REGULATION 166/06 PROPERTY INFORMATION	FEE
Solicitor Realtor/Property Inquiry	\$240
*See Definitions	

**TRCA Administrative Fee Schedule for
Development, Interference with Wetlands and Alterations to
Shorelines and Watercourses (Ontario Regulation 166/06)
IMPLEMENTATION GUIDELINES**

Notes:

1. The permit fee will be paid at the time of filing an application to the TRCA. In the event that the permit fee is not paid at the time of filing an application, fees must be paid prior to issuing a permit.
2. The TRCA reserves the right to request additional fees should the review require a substantially greater level of effort.
3. All permits are issued for two years.
4. Ontario Regulation 158 was revoked with the approval of Ontario Regulation 166/06. Any request for an extension for a permit under Ontario Regulation 158 not granted before May 8, 2006, will be considered under Ontario Regulation 166/06. One permit re-issuance extending the permit approval for a period of two years will be granted before the works are considered new works. Such requests will be assessed in accordance with any new updated technical hazard information. Extensions will not be required for those works not located within an area regulated under the new regulation.
5. There are no extensions for permits issued under Ontario Regulation 166/06. On a one-time basis, and upon notification 60 days prior to the expiration of an Ontario Regulation 166/06 permit, applicants may apply for re-issuance of a new permit for the original approved works, before the works are considered new. Such requests will be assessed in accordance with any new updated technical hazard information and the current policies in place. There is no guarantee of an automatic approval.
6. TRCA reserves the right to adjust fees related to regulatory legislation changes or updates.

Definitions

Personal Residential Property

Minor - Applications on a personal residential property determined to be "**minor**" include ancillary structures such as decks, sheds, garages and pools; minor additions (less than 50% of the original ground floor area); and the placement of less than 30 cubic metres of fill.

Major - Applications on a personal residential property determined to be "**major**" include major additions (greater than 50% of the original ground floor area), new structures or buildings; all works in the floodplain; and the placement of 30 cubic metres or more of fill.

Attachment 3



**TRCA Administrative Fee Schedule for
Environmental Assessment and Regulatory Review Services
Effective January 2008**

APPLICATION TYPE	APPLICATION FEE	Change from 2006
ONTARIO ENVIRONMENTAL ASSESSMENT ACT APPLICATIONS OR APPLICATIONS MADE IN ACCORDANCE WITH UTILITY BOARD ENVIRONMENTAL ASSESSMENT REQUIREMENTS		
Environmental Assessment Review		
Master Plan	\$25,000 - major \$10,000 - minor (subject to negotiation)	new - similar scope and scale to subdivision review
Individual EA	\$25,000 - \$50,000 (subject to negotiation)	new - similar scope and scale to a major subdivision review
Class EA - Schedule/Category C	\$10,000	new
Class EA - Schedule/Category B	\$5000	new - similar scope and scale to a major site plan review
Class EA - Schedule/Category A - EA pre-approved - Ont. Reg. 166/06 Permit may be required	n/a (see below)	n/a (see below)
EA Addendum Reports	\$1800	new - similar in scope and scale to EA detailed design review
Detailed Design Review		
Detailed Design (based on 2 reviews)	\$2500	20% increase
Environmental Management Plan	\$1800	new
Regulatory Review		
Ont. Reg. 166/06 Permit Application - Individual or Class EA - Schedule/Category B & C	\$2400	decrease - similar in scope and scale of Schedule B & C Permit Review
Ont. Reg. 166/06 Permit Application - Class EA - Schedule/Category A (or equivalent)	\$1040	20% increase
Revision to Ont. Reg. 166/06 Permit	50% of current fee - major change 25% of current fee - minor change	added fee for minor modifications to the plans
Section 35 of the <i>Fisheries Act</i> (no permit required)	\$600	20% increase
Fish Timing Window Extension	\$5000	new

**TRCA Administrative Fee Schedule for
Environmental Assessment and Regulatory Review Services
Effective January 2008**

APPLICATION TYPE	APPLICATION FEE	Change from 2006
Permission for Routine Infrastructure Works - Letter of Approval	\$300 plans only \$600 technical reports or site visit	decrease - similar in scope and scale of Fisheries Act Review; includes 20% increase of those fees two-tiered to tie to the Routine Infrastructure Works - Letter of Approval
Emergency Works	\$3400	20% increase
EA Property Screening or Inquiry	\$240	20% increase
Other		
Additional Site Visit Charges <i>First site review is allowed as part of processing</i>	up to ½ day \$600 up to 1 day \$1200	20% increase

**TRCA Administrative Fee Schedule for
Environmental Assessment and Permitting Services
IMPLEMENTATION GUIDELINES**

Notes:

1. The application fee will be paid at the time of filing an application with TRCA. Applications will not be processed until fees are received.
2. Only one set of fees applies when processing and reviewing a combined application (e.g. an EA Property Screening or Inquiry or an Ontario Regulation 166/06 Permit Application). The highest rate of fees applies.
3. TRCA reserves the right to request additional fees, should the review require a substantially greater level of effort (e.g., Environmental Management Plan Review).
4. All application fees (except EA Property Screening or Inquiry) include one initial site visit.
5. Specific Municipal Service Delivery Agreements take precedence over the fee schedule.
6. For the Class Environmental Assessment Act Applications, the schedules or categories specific to the respective class EA document or environmental assessment review procedures of utility boards or commissions, including Enbridge, Consumers Gas or Bell Canada, will be applied.
7. Permission for Routine Infrastructure Works application review is subject to the respective TRCA procedure.
8. Emergency Works application review is subject to respective TRCA procedure.
9. TRCA has extensive environmental and cultural data that is available for use by the proponent, subject to the waiver of a legal disclaimer and the provision of user fees. Where there are data sharing agreements in place, municipalities, agencies, and Crown corporations or agencies are exempt from these fees and the data will be provided free of charge. For all others, an application form for the purchase of such data will be forwarded to the proponent for use at their discretion.

Attachment 4



Fee Schedule for TRCA Data

Effective January 2008

TRCA Data	Fee	Change from 2006
GIS Data Sets, including: <ul style="list-style-type: none"> ● Environmentally Significant Areas ● Natural Cover (forests, successional, etc.) ● Special Policy Areas (under S.3 of PPS) ● Target Terrestrial Natural Heritage System ● TRCA Property ● TRCA Species of Conservation Concern (Flora and Fauna) ● Vegetation Type (ELC Communities) ● Watercourses ● Watershed Boundaries 	\$50 per hour data compilation	new
Fish Monitoring Data	\$50 per hour data compilation	new
Regulation Limits <ul style="list-style-type: none"> ● CAD format or pdf. format 	\$25 per tile in CAD format <u>OR</u> \$20 per tile in .pdf format	current
Archaeological and Heritage Resources Data	\$50 per hour data compilation	new
Baseflow Data	\$50 per hour data compilation	new
Engineered Flood Elevation Data	\$50 per hour data compilation	current
Engineered Flood Plain Maps	\$100 per map	current
Hydrogeological Data	\$50 per hour data compilation	new

Notes:

1. The fee for TRCA data will be paid at the time of filing an application to TRCA. Applications will not be processed until fees are received.
2. Fees are not charged to agency partners where there is a signed reciprocal agreement.
3. Data will be provided to project proponents at the discretion of TRCA staff. Where confidentiality agreements are in place with other agencies, such data will not be provided.
4. Applicants will be required to sign a disclaimer form regarding data use and propriety rights.
5. GIS point data for TRCA Species of Conservation Concern (Flora and Fauna) and Vegetation Type (ELC Communities) are to be used only for evaluation and analysis. Data are not to be displayed in any format for public viewing, including maps in reports or maps at public consultation centres.
6. Areas of Natural and Scientific Interest (ANSI), and Provincially Significant Wetland (PSW) data can be obtained from the Ministry of Natural Resources at www.mnr.gov.on.ca.
7. Greenbelt and Oak Ridges Moraine information can be obtained from the Ministry of Municipal Affairs and Housing at www.mah.gov.on.ca.
8. Asian Longhorn Beetle (ASLB) information can be obtained from the Canadian Food Inspection Agency (CFIA) at www.inspection.gc.ca.

RES.#C63/07 -

CTC SOURCE WATER PROTECTION FUNDING AGREEMENTS

Approval to enter into agreements with the Ministry of Environment and Credit Valley Conservation to provide stewardship, outreach, education and other services in support of the Clean Water Act, 2006.

Moved by: Maja Prentice
Seconded by: Paul Ainslie

THE BOARD RECOMMENDS TO THE AUTHORITY THAT staff be authorized and directed to enter into funding agreements with the Ministry of Environment and Credit Valley Conservation for the purposes of providing stewardship, outreach and education services in support of provincially-funded municipal drinking water source protection programs, including the execution and signing of documents;

AND FURTHER THAT staff report at least annually on municipal drinking water source protection agreements entered into, including future agreements with Central Lake Ontario Conservation Authority, the value of each, and the status of work in terms of completion and terms and conditions being met.

CARRIED

BACKGROUND

On behalf of the Credit Valley, Toronto and Region and Central Lake Ontario conservation authority's (CTC) Source Protection Region, a grant funding agreement dated October 17, 2007 was signed by Toronto Region Conservation Authority (TRCA) with Ontario Ministry of Environment (MOE) to secure \$91,900 to implement an education and outreach program from November, 2007 to March, 2008 in TRCA's and CVC's jurisdictions. Similarly, on November 1, 2007 a second grant funding agreement with MOE was signed by TRCA in the amount of \$253,179 to promote early actions to protect sources of municipal drinking water in support of the *Clean Water Act, 2006* (hereafter referred to as 'the Act'). An agreement between TRCA and Credit Valley Conservation (CVC) is currently being prepared by staff for these two agreements identifying the roles and responsibilities of each of the two conservation authorities.

The Act is designed to protect municipal drinking water at the source. Among other things, the Act creates the Ontario Drinking Water Stewardship Program. One purpose of the program is to provide financial assistance to those undertaking early actions to protect sources of municipal drinking water. The province has provided funding to the lead conservation authorities (CA) in each source protection region to go directly to landowners to fund specific 'on the ground' early actions. CAs were also encouraged to apply for funding for education and outreach programs to increase public awareness of the importance of, and knowledge of, how to protect private wells and water in general. As the Ontario Drinking Water Stewardship Program evolves, it is expected that there will be future programs for which CAs will be eligible to apply and/or be asked to deliver. These programs are separately funded from the delivery of legislated and regulated source protection authority responsibilities under the *Clean Water Act 2006*, for which the Authority previously has approved TRCA entering into a memorandum of agreement (Resolution #A168/06, approved at Authority Meeting #6/06, held on July 28, 2006).

Staff acted on the assumption that creation of the Toronto and Region Source Protection Authority provided sufficient authority to enter into these agreements which provide funding to fulfil TRCA's obligations under the *Clean Water Act, 2006*.

RATIONALE

To ensure there is clarity in terms of TRCA fulfilling its obligations under the *Conservation Authorities Act* as well as the *Clean Water Act, 2006*, staff is seeking direction from the Authority to have authority to enter the necessary funding agreements with MOE.

Further, TRCA will be entering into agreements with one of the two partner conservation authorities, CVC, to flow funds for various projects and works required to provide stewardship, outreach, education and other services in support of municipal drinking water source protection. There will be a number of these agreements and staff is seeking blanket authority to enter into these agreements as they occur.

Staff will report to the Authority at least annually on the agreements that have been executed with a brief description of each, the value of the work and status of the work in terms of time to completion and terms and conditions having been met.

FINANCIAL DETAILS

These agreements involve provincial funds flowing to TRCA in its capacity as CTC lead authority and work to be carried out by TRCA, CLOCA and CVC. Work is not undertaken without commitment of provincial funds.

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Date: November 21, 2007

RES.#C64/07 -

TORONTO AND REGION REMEDIAL ACTION PLAN FUNDING

Administration and implementation of the Toronto and Region Remedial Action Plan led by Toronto and Region Conservation Authority on behalf of the Ontario Ministry of the Environment and Environment Canada.

Agreements with both of these agencies have been and will be signed to provide the funds necessary to carry out these functions.

Moved by: Maja Prentice

Seconded by: Paul Ainslie

THE BOARD RECOMMENDS TO THE AUTHORITY THAT Toronto and Region Conservation Authority (TRCA) enter into agreements with the Ontario Ministry of the Environment (MOE) and Environment Canada (EC) to enable TRCA to continue functioning as the lead administrator of the Toronto and Region Remedial Action Plan (RAP);

THAT TRCA continue to assist the provincial and federal governments to implement the Toronto and Region RAP for a period of three years ending March 31, 2010;

AND FURTHER THAT TRCA continue to advocate for the provincial and federal governments to increase funding support to protect the Great Lakes.

CARRIED

BACKGROUND

The Canada-Ontario Agreement Respecting the Great Lakes Basin (COA) outlines that the governments of Canada and Ontario share responsibility for the management of the Toronto and Region RAP. Recognizing the value of TRCA in helping the governments meet their COA targets, a Memorandum of Understanding (MOU) between EC, MOE and TRCA was signed. This 5-year MOU expired on March 31, 2007.

Under the three party MOU, TRCA received \$250,000 annually from both EC and MOE. These dollars were divided amongst projects led by TRCA, academia and others that were designed to meet the objectives of the RAP.

At the time of the MOU expiration, EC was not able to commit to a renewed agreement as the use of MOUs was restricted by federal financial advisors. As the federal government was unable to resolve its financial issues in a timely manner, it was determined that MOE and TRCA would sign a two party Grant Funding Agreement. This agreement was signed, effective April 1, 2007.

The Grant Funding Agreement with MOE stipulates TRCA will receive \$250,000 annually over three years for the purpose of the administration, coordination and facilitation of the Toronto and Region RAP. The three year time frame is consistent with the expiration of the current Canada-Ontario Agreement Respecting the Great Lakes Basin (2007-2010).

Included in the TRCA-MOE Grant Funding Agreement is the clause that MOE may adjust the amount of funds it provides to TRCA in any of the funding years based upon the ministry's assessment. TRCA has thus far received \$250,000 from MOE, and project managers that rely on RAP funding have been working with a reduced budget (see table).

In late October, 2007, it was determined that EC could enter into a contribution agreement to support TRCA as the lead administrator and coordinator of the Toronto and Region RAP. Similar to the funding arrangement with MOE, EC will provide \$250,000 per year for a period of three years.

This agreement is still being finalized and is expected to be signed shortly. The agreement details the payment schedule to be:

- a payment of \$125,000 upon signing the agreement;
- a payment of \$62,500 on January 1, 2008; and
- a payment of \$62,500 on May 1, 2008.

The following table provides the details regarding how the RAP funds are distributed:

RAP MOU Projects 2007/08	Account Code	MOE only	EC and MOE
Clean Waters			
Permeable Pavement	416-95	\$ 25,000	\$ 25,000
Rainwater Harvesting Demo	416-97	\$ 10,500	\$ 25,000
Erosion and Sediment Control Demo			\$ 15,000
Erosion and Sediment Control Training			\$ 5,000
Habitat Action			
Terrestrial Natural Heritage	104-23	\$ 15,000	\$ 30,000
Don River Fish Management Plan			\$ 35,000
Rouge River Fish Management Plan			\$ 15,000
Stewardship and Outreach Education Program			
Steward Initiatives & Outreach	various	\$ 27,000	\$ 54,000
Monitoring and Research			
Regional Monitoring Network	124-01	\$ 50,000	\$ 55,000
Sustainability			
Watershed Strategies	various	\$ 50,000	\$ 100,000
RAP Implementation Mechanism			
Administration	101-01	\$ 11,000	\$ 15,000
RAP Manager/Supplies/etc.	102-03	\$ 61,500	\$ 68,000
Re-evaluation of RAP Targets	new		\$ 58,000
TOTAL		\$ 250,000	\$ 500,000

DETAILS OF WORK TO BE DONE

It is recommended that TRCA continue as the lead administrator for the Toronto and Region RAP. It is also suggested that TRCA staff continue to seek opportunities to advocate to the federal and provincial governments regarding the need to increase funding support to this RAP in order to meet their obligations to protect and enhance the Great Lakes and make significant improvements to the environmental conditions in the Great Lakes region.

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Date: November 22, 2007

RES.#C65/07 - EARTH RANGERS FOUNDATION LEASE AMENDMENT
 CFN 31514. Approval to amend the lease to reflect the new vision and use for the Earth Rangers Centre and to revise the site plan.

Moved by: Maja Prentice
Seconded by: Paul Ainslie

THE BOARD RECOMMENDS TO THE AUTHORITY THAT WHEREAS The Earth Rangers Foundation entered into a lease of certain lands within the Kortright Centre for Conservation, City of Vaughan, with Toronto and Region Conservation Authority (TRCA) for the construction and operation of a wildlife veterinary and rehabilitation centre;

WHEREAS TRCA is in receipt of a request from The Earth Rangers Foundation to revise the site plan and update the purpose of the lease;

THEREFORE LET IT BE RESOLVED THAT TRCA amend the Earth Rangers Foundation lease so that the purpose of the lease will include using the site to showcase sustainable technologies and practices;

AND FURTHER THAT the site plan be revised to permit the construction and operation of an aviary and training centre.

CARRIED

BACKGROUND

At Authority Meeting #6/01, held on July 27, 2001, under Resolution #A139/01, the Authority directed staff to enter into a lease of certain lands within the Kortright Centre for Conservation, City of Vaughan, with The Earth Rangers Foundation for the construction and operation of a wildlife veterinary and rehabilitation centre. The lease was signed on August 1, 2001. At Authority Meeting #6/02, held on June 21, 2002, under Resolution #A153/02, the Authority approved the building, site plan and trail plan associated with the Earth Ranger Centre (ERC).

The Earth Rangers Foundation completed the construction of the ERC and veterinarian residence in 2004 and began operations. The ERC building is a landmark in Canada for energy efficiency and has been recognized for outstanding leadership and design related to sustainable energy practices. In May of 2006, the Earth Rangers Centre received a Leadership in Energy and Environmental Design (LEED) Gold designation from the Canada Green Building Council.

The Earth Rangers mission is to inspire children with a lasting passion to build a better future. In order to achieve this they are focusing on three areas: school programs featuring Animal Ambassadors (features non-releasable animals), outdoor leadership camps and environmental technologies at the ERC.

In the Fall of 2006, The Earth Ranger Foundation decided to transfer their wildlife hospital to the Toronto Wildlife Centre and focus the ERC programs on living responsibly and transforming the ERC into a showcase for sustainable technologies and practices. The ERC will continue to house their Animal Ambassadors and provide educational opportunities.

At Authority Meeting #1/07, held on February 23, 2007, under Resolution #A17/07, staff were directed to submit a bid to the World Green Building Council to develop and support a Secretariat to be located in The Living City Campus. TRCA's bid was successful. As part of the efforts to transform the ERC, The Earth Rangers Foundation agreed to lease approximately 4,200 square feet of the ERC to the World Green Building Council, to support a Secretariat.

RATIONALE

The new vision for the Earth Ranger Centre complements TRCA's vision for The Living City Campus at Kortright.

The proposed aviary and training centre are in the general location of two animal pen structures approved by the Authority at Meeting #6/02 as part of the original site plan. The aviary will be subject to required building approvals and a permit under Ontario Regulation 166/06.

FINANCIAL IMPLICATIONS

This change to the lease has no financial implications for TRCA.

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Date: November 27, 2007

RES.#C66/07 -

RECORDS MANAGEMENT

Approval of Toronto and Region Conservation Authority's Records Management Policy and Procedures Guide, and the updated Records File Classification and Retention Schedule, dated October, 2007.

Moved by: Maja Prentice

Seconded by: Paul Ainslie

THE BOARD RECOMMENDS TO THE AUTHORITY THAT Toronto and Region Conservation Authority's (TRCA) Records Management Policy and Procedures Guide, dated October, 2007, be approved;

THAT TRCA's Records File Classification and Retention Schedule, dated October, 2007, be approved to replace the previously approved schedule.

CARRIED

BACKGROUND

TRCA's records program was launched in 1985 when space related problems forced the creation of a centralized filing system. Since then, the records program has grown to be a comprehensive and important service for TRCA staff.

Records Management Policy and Procedures Guide

When the records program was launched in 1985, a Records Management Policy & Procedures Guide was created. The original one page policy is no longer adequate. The new policy describes records and documents and explains the difference between the two forms of information. This has become increasingly important since the introduction of Laserfiche, TRCA's Electronic Document and Records Management System (EDRMS). As TRCA now manages information in both paper and the electronic realm, a new policy was developed. The new policy highlights the following:

- records classification - how records are filed;
- records retention - how long records are kept;
- records disposal - how they are disposed of or archived;
- electronic records management - how, what and where we store electronic records;
- Laserfiche (Benefits, use and procedures);
- storing of information in different ways;
- security - allowing staff access to certain files; and
- migration - keeping the information current by moving to new hardware/software.

The new policy is based on widely used, well researched records management principles and practices. Compliance with the policy will be monitored by records staff.

Copies of the Records Management Policy and Procedures Guide will be made available at the meeting or upon request.

Records File Classification and Retention Schedule

TRCA's records retention schedule is forwarded to the Authority for approval of changes in retention periods or new record series on an annual basis.

This year, the schedule also includes a new records file classification or structure. This enables staff to better manage electronic and paper information. With the introduction of Laserfiche, records staff realized that the supporting file structure was inadequate to support record needs. Accordingly, records staff met with TRCA staff to discuss the problems. The most common comments were that there was more than one location to store information or in some cases, no existing category to store information. As well, work within the organization crosses divisional boundaries and staff was undecided as to where information should be filed as the old structure was divisional based.

Records staff investigated other organizations in terms of record management systems and came up with a function or activity based classification system. The new structure took its roots from TRCA's business plan. Using the plan as a guide, records staff crafted a new structure. The new structure was introduced to senior management for recommendations, which were incorporated. Meetings were then held with many middle managers to further refine the structure. Considerable feedback was received from staff. In cases where staff was asked for feedback but chose not to be involved, basic record series was created.

The new file structure continues to be a work in progress and will no doubt look very different a year from now. The goal of the new structure is to be more comprehensive in nature yet much easier for staff to use. It will form the backbone for Lotus Notes records as well as Laserfiche. Mapping of the old record series to the new will be challenging as file series names have changed. In some cases, moving the records to the new series will be done on a file-by-file basis, while others will be moved in blocks of information.

It is anticipated that the new structure will be fully operational by the new year.

Copies of the new Records File Classification and Retention Schedule will be made available at the meeting or upon request.

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Date: October 25, 2007

SECTION IV - ITEMS FOR THE INFORMATION OF THE BOARD

RES.#C67/07 - INSURANCE AND RISK MANAGEMENT PROGRAM
Summary of status of Toronto and Region Conservation Authority's insurance and risk management program.

Moved by: Maja Prentice
Seconded by: Paul Ainslie

IT IS RECOMMENDED THAT the report on Toronto and Region Conservation Authority's (TRCA) insurance and risk management program, dated November 21, 2007, be received.
CARRIED

RATIONALE

At the December 7, 2007 meeting of the Business Excellence Advisory Board, a presentation will be made by Mr. Paul Speck, Vice President, AON Reed Stenhouse, insurance brokers for TRCA and Conservation Ontario. Annually, staff request the broker to update the board on various insurance coverages as well as any insurance issues of which the board should be aware.

Mr. Speck will review with the board the status of the following coverages:

- Property;
- Crime;
- Boiler and Machinery (pooled with Conservation Ontario);
- Commercial General Liability;
- Umbrella Liability (pooled in part with Conservation Ontario);
- Automobile (pooled with Conservation Ontario);

- Errors and Omissions;
- Directors and Officers;
- Marine;
- Non-Owned Aircraft.

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Date: November 21, 2007

RES.#C68/07 - GOOD NEWS STORIES
 Highlights of Toronto and Region Conservation Authority's Work. Receipt of Good News Stories for October and November, 2007, from all sections of Toronto and Region Conservation Authority.

Moved by: Rob Ford
 Seconded by: Gino Rosati

IT IS RECOMMENDED THAT the report on "Good News Stories" for October and November, 2007, be received.

CARRIED

BACKGROUND

Management Team, a committee made up of senior staff at Toronto and Region Conservation Authority (TRCA), meets monthly to discuss strategic initiatives and organizational development.

RATIONALE

Key accomplishments of each TRCA section are highlighted at each Management Team meeting. In keeping with TRCA's objective of Business Excellence, these accomplishments will be brought to each Business Excellence Advisory Board for the information of the members. The following are the accomplishments cited from October and November, 2007, and a brief description of each.

- **EcoAction** - Received \$105,000 from EcoAction for 2 new two-year stewardship programs starting in January 2008 at Port Union Park and the Headwaters of Petticoat Creek.
- **LEED for Neighborhoods** - TRCA's Senior Manager, Water and Energy Management, is chairing the Water & Ecology Subcommittee for the development of LEED (Leadership in Energy and Environmental Design) for Neighborhoods in Canada.
- **Trails** - York Region is contributing \$87,000 to connect inter-regional Humber trail to Rutherford Road in Granger Greenway and \$18,000 for trail work in the Bartley Smith Greenway; part of the Don watershed.

- **Planning and Development** - Toronto City Council overturned community council recommendation and denied the development application for Roundtree Mill Road in Etobicoke.
- **Solar Photovoltaic Array** - A 2.5 kW solar photovoltaic array has been installed at the Restoration Services Centre as part of the energy efficiency initiatives associated with this LEED building program. On completion, the grid-tied solar panel array is expected to generate approximately 8 percent of the building's projected electrical consumption. The electrical power will be utilized as it is generated to energize the various systems within the building. This initiative is a further demonstration of a sustainable technology that is readily available and easily adaptable to other building projects and shows TRCA's ongoing commitment to showcase and promote renewable energy sources and efficient designs.
- **Standard Offer Contract** - Ontario Power Authority (OPA) has extended a Standard Offer Contract (SOC) to TRCA for the electrical power that it will produce at the Restoration Services Centre. The solar photovoltaic array is expected to generate approximately 3600 kWh per year that will produce an electricity savings within the local hydro grid. Through the SOC, OPA provides an ongoing incentive payment to TRCA for \$0.42 per kWh produced over the life of the agreement.
- **Dog-strangling Vine** - The terrestrial monitoring group has completed a review of the distribution, ecology and control of Dog-strangling vine (an invasive exotic plant). Dog-strangling vine (DSV) is considered to be one of the most invasive plants of Southern Ontario and is having major impacts on native terrestrial biodiversity. This review was funded by the Rouge Park Alliance in an effort to improve success of habitat restoration in the Rouge Park, where this species has gained a strong foothold. The results of the review highlight the need for ongoing monitoring of our watersheds to track the distribution of DSV, and to identify vulnerable areas where the spread is likely to occur. This monitoring information is important as it will help us target removal efforts as part of restoration and land management planning within our watersheds.
- **Water Management Guideline** - TRCA hosted a Water Management Guideline workshop with municipalities and the building industry. Over 60 people attended and supported TRCA's direction in water management.
- **Sponsor Recognition Event** - Successful sponsor recognition event held at Tommy Thompson Park (TTP) for winged migration program. Sponsors were Imperial Oil Foundation and TD Friends of the Environment, who supported 40 classes at TTP.
- **EcoSchools** - TRCA held info workshop on EcoSchools with non-school board centres.
- **Field Centres** - Field centres reduced kilometres traveled for food service delivery by 5,000 km by purchasing more locally sourced food.
 - RBC has contributed \$20,000 for residential visits to the field centres.
- **Etobicoke Trail** - Toronto commits \$400,000 Section 37 money to complete section of Etobicoke trail from Lake Shore to Queensway.
- **Spills** - Obtained phase one funding(\$11,000) from NRCan GeoConnections Program to develop a spills response and tracking tool for the Region of Peel.
- **Trumpeter Swans** - The swans were observed for the first time at the Granger Greenway wetland complex located on the Boyd North lands at the Restoration Services Centre. The family of four appears to be utilizing the habitat wetlands as a stopover point on their fall migration.

- **Plug-in Hybrid Electric Vehicle (PHEV)** - TRCA converted its Toyota Prius hybrid electric vehicle into a PHEV, one of 12 in Canada. A PHEV can get over half of its energy from electricity. It has additional battery storage capacity allowing net electric range of 50 km which can be used either in pure electric operation under 55 km/h for the first 50 km or in higher speed operation with much lower than normal gasoline consumption for more than 50 km. After using up the battery capacity, it then operates as a conventional hybrid automobile.
- **Groundwater Management** - TRCA selected as lead to proceed with a two-year, \$200,000 study across the province on isotopes in groundwater.
- **Land Acquisition** - Vernon and Rita Purcell property transfer closed. It is a \$500,000 donation to TRCA of approximately 50 acres of land in Pickering.
- **Humber Report Card** - The 2nd edition of the report card was been published.
- **W. Garfield Weston Foundation** - Committed to a three year contribution totalling \$550,000 to fund visits to TRCA field centres for 20 grade six classes from high risk neighbourhoods in Toronto under TRCA's Environmental Leaders of Tomorrow program. Total student attendance will be over 2,000 participants. Students will stay at a field centre for a couple days where they will be immersed in environmental and sustainability education programs. The program is designed to create a new generation of environmental leaders, specifically those from neighbourhoods that are starting to lose their connection with the environment.
- **Restoration Services Centre (RSC)** - Received LEED (Leadership in Energy and Environmental Design) Platinum certification, the 1st building to achieve this designation in Ontario, and one of 4 in Canada. RSC also received the 2007 Green Design Award from Ontario Wood Works.
- **Archetype Sustainable House** - Building Industry and Land Development Association (BILD) has agreed to take on the project as a Blitz build where they will endeavour to build a LEED Platinum house in 4 days.
- **Sauriol Dinner** - 850 people attended the dinner with most table sponsors ever. Two provincial cabinet ministers attended. Estimated revenue is \$90,000 with TRCA retaining 60% and the Oak Ridges Moraine Land Trust retaining 40%. Ray Anderson is the 2008 speaker. Mr. Anderson made a significant investment to green his company (Interface Inc.) while still making a profit.
- **PAIE Program** - One participant landed a project manager position within the planning department of the Ontario Ministry of Transportation and another a junior planner position with Peel Region.
- **Community Conservation Forest** - Second of six conservation forests was launched by Brampton at Elgin Woods Park. The project focuses on enhancing greenspace within the City of Brampton and educating communities about the health of the Etobicoke Creek. This Community Conservation Forest will reflect over 60 years of conservation in the Etobicoke watershed and, in addition to improving the urban forest, this initiative will serve as a local landmark, reflect a legacy of environmental stewardship, incorporate interpretive signage for education and further strengthen partner relations and community networking.
- **Water Budget** - Received water budget for TRCA's jurisdiction from the consultant.
- **Integrated Watershed Planning** - The Canadian Council of Fisheries Ministers endorsed integrated watershed planning and has asked Conservation Ontario to participate in a working group.
- **Regional Biodiversity** - An otter was spotted in the Humber watershed for the first time in 27 years.

- Two (male and female) Red Belly Woodpeckers were spotted at the feeders at Kortright for the first time. This is very unusual as they are normally a Carolina species that does not make it to Pelee and Rondo Provincial park. According to several birders that we have talked to say that because of warmer weather that the birds territory seems to be expanding to include more of southern Ontario.

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Date: November 23, 2007

TERMINATION

ON MOTION, the meeting terminated at 10:13 a.m., on Friday, December 7, 2007.

David Barrow
Chair

Brian Denney
Secretary-Treasurer

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