

Report



Report No. ES2022-08	To: Council	Prepared By: Michelle Jakobi Director, Environmental Services & Robin Dunn, CAO
Meeting Date: November 9, 2022	Subject: Municipal Services Corporation (MSC) Update	Motion # _____
Roll #:		R.M.S. File #:

Recommendation(s):	Requires Action <input type="checkbox"/>	For Information Only <input checked="" type="checkbox"/>
---------------------------	---	---

It is recommended:

1. That Report No. ES2022-08, Municipal Services Corporation (MSC) Update be received.

Background:

Since 2018, staff have been working towards incorporation and operationalization of a Municipal Services Corporation for the provision of Environmental Services.

Milestones of the Municipal Services Corporation (MSC) process completed to date are as follows:

- June 13, 2018 - Open House per Ontario Reg. 599/06, KPMG Presentation, Q & A forum
- July 18, 2018 - Business Case for a Municipal Services Corporation, KPMG Presentation, Council endorsed proceeding with the MSC (Motion No.C180718-19)
- November 14, 2018 - Council endorsed Board of Director Skills Criteria (Motion No. C181114-10)
- July 17, 2019- Council endorsed the seven key articles that require Unanimous Shareholder Agreement for operation of the Municipal Services Corporation (Motion No. C190717-12)
- January 2020- Incorporation documents were filed by Township Legal Counsel and the MSC was incorporated

- March 2020- Due to the Municipal declaration of an emergency associated with the global COVID-19 pandemic, associated redirection of tasks and budget adjustments, the implementation of a Municipal Services Corporation was placed on hold until late 2021
- August 18, 2021 – Council endorsed the Municipal Services Corporation Asset Transfer Policy (Motion No. C210817/18-21)
- September 15, 2022- A Board of Directors Recruitment Advertisement was posted on the Township website and in local newspapers (closing date October 7, 2022)

Analysis:

Notwithstanding the significant research and work completed to date, several key steps and document execution remain outstanding for completion in late 2022, for 2023 operationalization of the MSC.

The following MSC elements will be shared with Council, some of which will require execution by Township Council:

- 1) Unanimous Shareholder Agreement – The agreement articles were presented and endorsed by Council prior to 2020 Incorporation. This is the fundamental agreement between the Corporation of the Township of Oro-Medonte (i.e. the only shareholder) and the MSCs (i.e. Hold Co. & Op Utility Co.) which deals with the governance, management and operation of the MSCs. The agreement requires Council execution.
- 2) Shareholder Declaration - This document is the written declaration which sets out the requirements of the Township and the MSCs as related to the governance and other fundamental principles and policies of the MSCs. As the sole shareholder of the MSCs, the Corporation of the Township of Oro-Medonte through this declaration states the powers of the directors of the MSCs for the governance and oversight of the business as related to the Unanimous Shareholders Agreement.
- 3) Asset Transfer Agreement - This is the agreement for the purchase and sale of assets related to Environmental Services. Council has endorsed the policy to guide the transfer, however, the sale, transfer, assignment and conveyance of the Assets as outlined in this agreement is set with an effective date of January 1, 2023. The purchase and sale is projected to be at no cost, but in respect of the issuance of the Shares to the Corporation of the Township of Oro-Medonte, with assets evaluated in the Asset Transfer Agreement at net book values. This agreement can be completed and executed now that Audited Financial Statements have been finalized.

- 4) Municipal By-law for provision of services through the MSC - This By-law will formally enable the Corporation of the Township of Oro-Medonte to approve rates for services provided through the MSC to customers in the Township of Oro-Medonte and others, and a mechanism to prescribe such rates. The bylaw will be available for endorsement by Council at the December 14th meeting.
- 5) Master Services Resource Contract - This contract is between the Corporation of the Township of Oro-Medonte and the MSC. The contract is for the provision of Management & Township employee resourcing (Environmental Services staff and other support Township Staff such as finance, IT, customer service).
- 6) Board of Directors Appointments - Expressions of interest and CVs were received and internally screened using the Council endorsed Board of Director Skills Criteria. Through in person meetings, the candidates have confirmed their desire to participate on the Board and their understanding of the role. The Board is also anticipated to include the appointment of a Municipal representative, a member of current or past Council, who will primarily support the relationship between the MSC and Council. Independent Directors and the Municipal Representatives are expected to be appointed at the December 14th meeting of Council.

It is envisioned that these documents will be shared with Council in a singular Staff Report at the December 14th meeting, with resolutions for endorsement by Council for items #1, #4 & #6.

Financial / Legal Implications / Risk Management:
--

Staff continue to work with KPMG LLP, Baker Tilly KDN LLP and Aird & Berlis to ensure the appropriate financial and legal framework is in place and consistent with the classification of a government business enterprise (GBE).

Policies/Legislation:

Municipal Act
Ontario Regulation 599/06
Ontario Business Corporations Act

Corporate Strategic Goals:

Prepare for our Future
Foster Safe and Inclusive Community Living & Business Growth
Modernize Township Services
Support our Workforce

Consultations:

Director, Finance / Chief Financial Officer
Baker Tilly KDN LLP- Richard Steiginga, CPA, CA, Partner
Aird & Berlis, LLP- John Mascarin & Graham Topa

Attachments:

None

Conclusion:

Significant work has been completed over the last few years to incorporate and ultimately move towards the operationalization of an MSC for the provision of Environmental Services.

As staff proceed forward with the operationalization of the MSC further updates will be provided to Council.

Respectfully submitted:

Michelle Jakobi, B.E.S., C.E.T.
Director, Environmental Services

Approvals:

Robin Dunn,
CAO

Date:

November 1, 2022