



DEPARTMENTAL REPORT

Finance Department FIN 2025-14

To: Mayor Davidson and Council
Subject: Municipal Service Corporation Asset Transfer Policy
Meeting: Regular Council Meeting - 22 Apr 2025
Department: Finance Department
Staff Contact: Patrick Kelly, Chief Financial Officer / Treasurer

RECOMMENDATION:

THAT the Township of Mapleton Council receive Report FIN 2025-14 Municipal Service Corporation Asset Transfer Policy for information; and further,

THAT Council consider passing a by-law to adopt the Asset and Liability Transfer Policy.

BACKGROUND INFORMATION:

At the April 8, 2025 meeting, Council endorsed the establishment of a Municipal Service Corporation for Water and Wastewater Services, based upon the previously published Business Case Study and public consultation.

The establishment of a municipal service corporation (MSC) is governed by Provincial legislation under O. Reg 599/06. This Regulation requires municipalities to complete the following steps before creating an MSC:

- Develop a business case study for the proposed MSC;
- Consult with the community about the plan to create the proposed MSC;
- Adopt and maintain policies with respect to the transfer of assets.

The first two requirements have been completed. This report and accompanying by-law will satisfy the final requirement.

PREVIOUS PERTINENT REPORTS:

PW 2024-07 - RFP 2023-16, Water and Wastewater Upgrades

CL 2024-14 - Mapleton's Water and Wastewater Upgrades

FIN 2024-32 - Municipal Service Corporation (MSC) - Early Works Agreement

FIN 2025-03 - Municipal Service Corporation (MSC) Business Case and Public Engagement

FIN 2025-13 - Municipal Service Corporation Endorsement and Next Steps

DISCUSSION:

With Council endorsement of establishing an MSC, staff have engaged the services of Smith-Valeriotte Law Firm LLP (SV Law), to move forward with next steps which include the development of an Asset and Liability Transfer Policy.

The purpose of the Asset and Liability Transfer Policy is to permit transfers of municipal assets and liabilities to municipal services corporations incorporated by the Township. This policy is created under the authority of the Municipal Act and more specifically Section 7 of O. Reg. 599/06.

As the Municipal Service Corporation (MSC) is being established for Water and Wastewater Services, only those assets and liabilities relating the Water (4520) and Wastewater (4020) will be transferred under this policy. Further to this, the Township will only be transferring financial assets and liabilities to the MSC, while real property and infrastructure assets will be covered under an operating lease between the Township and the MSC.

Financial assets and liabilities and liabilities being transferred include the following:

- Debt
 - Water and Wastewater Improvements (By-Law 2015-097)
 - Wastewater Cell #4 (By-Law 2012-006)
 - Wastewater Lagoon Expansion Lands (By-Law 2011-068)
- Reserve Funds
 - Environmental Service Reserve Funds

Real Property and Infrastructure being covered by an operating lease between the Township and the MSC include the following:

- Real Property
 - 5 Hillwood Drive
 - 60 Wood Street
 - 29 Drayton Industrial Drive
 - 20 Mill Street
 - 7101 Sideroad 15
 - 20 Booth Street East
 - 33 Drayton Queen Street East
- Infrastructure and Equipment
 - Net Book Value (NBV) of all water and wastewater infrastructure, as reported under the Township's annual financial information return (FIR).
 - This includes all assets associated with Waster Collection/Conveyance (0811), Wastewater Treatment & Disposal (0812), Water Treatment (0831) and Water Distribution/Transmission (0832)

Staff are working with the Township appointed audit team at RLB Chartered Professional Accountants to compile the final valuations for the transfer and operating lease. The policy being recommend to Council will authorize the CFO/Treasurer to process these transfers in accordance with Township's accounting policies and relevant accounting standards.

CONSULTATION:

Public consultation regarding the establishment of a Municipal Service Corporation (MSC) was completed in accordance with O. Reg. 599/06.

FINANCIAL IMPACT:

The audited valuation of assets and liabilities (debt and reserve funds) will be transferred to the Municipal Service Corporation in accordance with accounting policies and relevant accounting standards. The value of these items will no longer be included within the Township of Mapleton's financial statements, and will be reflected in statements of the MSC.

This transfer, in particular as it relates to existing debt and new debt being issued under the MSC, will allow additional capacity within the Township's tax funded service areas to issue long-term debt for strategic tax-funded investments.

SUMMARY:

The purpose of the Asset and Liability Transfer Policy is to permit transfers of municipal assets and liabilities to municipal services corporations incorporated by the Township. This policy is created under the authority of the Municipal Act and more specifically Section 7 of O. Reg. 599/06.

STRATEGIC PLAN PILLARS:

Vigilant Asset Management: n/a

Prosperous & Diversified Economy: n/a

Our Wellbeing: n/a

Diligent Fiscal Management: Investigate innovative financial solutions for major infrastructure investment including water / wastewater capital financing

Operational Excellence: n/a

ATTACHMENTS:

[Asset and Liability Transfer Policy](#)



Section:	Finance		
Policy #	7.8	Date Approved:	April 22, 2025

ASSET AND LIABILITY TRANSFERS TO MUNICIPAL SERVICES CORPORATION POLICY

1. POLICY STATEMENT

- 1.1 This policy is intended to address asset transfers to corporations as required under section 7 of Ontario Regulation 599/06 under the Municipal Act, 2001, as amended from time to time, as well as liability transfers to said corporations.

2. PURPOSE

- 2.1 The purpose of this policy is to permit transfers of municipal assets and liabilities to municipal services corporations incorporated by the Township under the authority of the Municipal Act, 2001, as amended from time to time.

3. APPLICATION

- 3.1 Asset(s) and/or Liability(ies) may be transferred to a municipal services corporation at any time, and from time to time, as authorized by Council, on such terms and conditions as Council may determine.

4. DEFINITIONS

- 4.1 "Act" means the Municipal Act, 2001, S.O. 2001, c.25, including Regulations made under it, as amended from time to time.
- 4.2 "Asset(s)" means real property and personal property, tangible or intangible, of the Township.
- 4.3 "Corporation" means a corporation incorporated in accordance with section 203 of the Act and Section 3 of Ontario Regulation 599/06 made under the Act.
- 4.4 "Council" means the Municipal Council of The Corporation of the Township of Mapleton.
- 4.5 "Fair Market Value" means the present value of an asset that the present market will bear or that has been appraised within the past two (2) years by a qualified appraiser.
- 4.6 "Liability(ies)" means the liabilities, debts, commitments, and obligations of the Township.
- 4.7 "Township" means The Corporation of the Township of Mapleton.



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5. PROCESS

- 5.1. Any transfer of Asset(s) and/or Liability(ies) must be approved by Council in advance of the transfer;
- 5.2. The Township shall ensure that all applicable legislation, including but not limited to the Act, is adhered to in any transfer of Asset(s) and/or Liability(ies);
- 5.3. In determining whether to authorize a transfer of Asset(s) and/or Liability(ies) to a Corporation, Council will consider one or more of the following objectives:
 - 5.3.1. Optimizing the use and value of the Asset(s);
 - 5.3.2. Advancing the Township's economic development, vitality and competitiveness;
 - 5.3.3. Supporting community health and well-being;
 - 5.3.4. Attract targeted industries, stimulate the creation of desirable employment, regenerate neighbourhoods and advance employment opportunities;
 - 5.3.5. Managing sustainable growth;
 - 5.3.6. Support the creation of new affordable housing;
 - 5.3.7. Ensure stewardship of the natural environment;
 - 5.3.8. Providing responsive and efficient public service; and
 - 5.3.9. Enhancing the quality of life of the Township's citizens.
- 5.4. Council may impose such terms and conditions on the transfer of Asset(s) and/or Liability(ies) as it deems necessary, including but not limited to:
 - 5.4.1. Specifying the permitted use of the Asset(s) and/or Liability(ies);
 - 5.4.2. Requiring the Corporation to transfer the Asset(s) and/or Liability(ies) back to the Township upon the occurrence of an event(s);
 - 5.4.3. Restricting or prohibiting further transfers of the Asset(s) and/or Liability(ies) by the Corporation;
 - 5.4.4. Attaching a purchase price to the Asset(s) and/or Liability(ies), to be paid or owed to the Township by the Corporation; and
 - 5.4.5. Such other terms or conditions as the Council deems advisable and appropriate.



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- 5.5. Before any transfer of Asset(s) and/or Liability(ies) can occur, Township staff shall determine the current Fair Market Value of the Asset(s) and/or Liability(ies) and obtain advice regarding any tax implications of the transfer. This determination may be made using an appraiser or Township staff.
- 5.6. Where any Asset(s) and/or Liability(ies) is transferred at less than Fair Market Value, or where any grant is given to a Corporation, the Township Treasurer shall prepare a statement of the estimated Fair Market Value of the Asset(s) and/or Liability(ies), or of the value of any grant to a Corporation.
- 5.7. The Township Treasurer shall record all transfers of Asset(s) and/or Liability(ies) in accordance with the Township's accounting policies and relevant accounting standards.