

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 7, 2016

Item 17, Report No. 7, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on June 7, 2016.

17 SHARED SERVICES AGREEMENT – CITY OF VAUGHAN AND POWERSTREAM INC.

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Chief Financial Officer/City Treasurer and the Director of Financial Services/Deputy City Treasurer, dated May 30, 2016:

Recommendation

The Chief Financial Officer/City Treasurer and the Director of Financial Services/Deputy City Treasurer in consultation with the Deputy City Manager of Legal Services and Human Resources recommend:

- 1) That a By-law be enacted to authorized the Mayor and City Clerk to execute a Shared Services Agreement between The City of Vaughan and PowerStream Inc. in a form satisfactory to the Chief Financial Officer/City Treasurer and the City Solicitor.

Contribution to Sustainability

The Shared Services Agreement between the City of Vaughan and PowerStream Inc. provides cost effective services to both organizations.

Economic Impact

The recoveries and costs associated with the proposed shared services agreement were taken into consideration during the 2016 Operating budget process. The impacts will be limited to contractual term adjustments tied to a flat fee increase of 3% for each year of the contract.

Communications Plan

Council direction will be communicated to PowerStream Inc. and all City Departments impacted by this agreement.

Purpose

The purpose of this report is to seek Council approval for the renewal of the Shared Services Agreement between PowerStream Inc. and the City of Vaughan.

Background - Analysis and Options

In 1993 the City of Vaughan and the Vaughan Hydro-Electric Commission entered into a Shared Services Agreement for the purpose of leveraging functional expertise, generating synergies through the sharing of support services, and the benefits of economies of scale. As a result both organizations have attained financial benefits from this partnership that would not exist otherwise. This shared services arrangement continues today with PowerStream Inc.

The agreement with PowerStream Inc. must comply with the Ontario Energy Board's Affiliate Relationship Code. Therefore the pricing and costing methodology will be based on the guidelines set out in the Affiliate Relationship Code. One intended purpose of the Code is to minimize cross subsidization and enhance the development of open competitive market pricing. This is accomplished by establishing pricing guidelines at either fair market value or, if not available, pricing at cost plus the utility's rate of return.

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The Shared Services Agreement will outline the service responsibilities for each party and the related service fee attached to each of those services. The agreement will contain terms and conditions such as conditions relating to service costs, standards of service, service amendments, term extensions, termination requirements, service cost amendments, dispute resolution and limits of liability. The current Shared Services Agreement expired on December 31st, 2015.

The service areas provided by the entities are as follows:

Services – Provided to the City	Services – Provided to PowerStream Inc.
Payroll Services	JDE License Maintenance and Network Link
Water Meter Reading, Billing, Collection and Customer Services	Cashiering Services

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

The Shared Services Agreement supports improving the City of Vaughan's operational performance to deliver on the Term of Council Priorities, while meeting Council's tax rate increase target of no greater than three per cent each year.

Regional Implications

Not applicable

Conclusion

The Shared Services Agreement between PowerStream Inc. and the City of Vaughan is reflective of services currently required and offers a continued opportunity for both organizations to benefit from leveraging functional expertise and synergies through the sharing of support services. The agreement complies with the transfer pricing and standards of conduct set out in the Ontario Energy Board's Affiliate Relationship Code.

Attachments

None

Report prepared by:

Sean Skinkle, Acting Finance Manager, Water/Wastewater/Stormwater

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Attachments

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Report prepared by:

Sean Skinkle, Acting Finance Manager, Water/Wastewater/Stormwater

Respectfully submitted,

Laura Mirabella-Siddall, CPA, CA
Chief Financial Officer/City Treasurer

Dean Ferraro, CPA, CA
Director of Financial Services/Deputy City Treasurer

THE CITY OF VAUGHAN

BY-LAW

BY-LAW NUMBER 077-2016

A By-law to authorize the Mayor and City Clerk to execute the Shared Services Agreement between The Corporation of the City of Vaughan and PowerStream Inc.

WHEREAS the Council of the Corporation of the City of Vaughan deems it appropriate to enter into a Shared Services Agreement between The Corporation of the City of Vaughan and PowerStream Inc.

NOW THEREFORE the Council of The Corporation of the City of Vaughan ENACTS AS FOLLOWS:

1. THAT the Mayor and the City Clerk be and are hereby authorized on behalf of The Corporation of the City of Vaughan to execute the Shared Services Agreement between The Corporation of the City of Vaughan and PowerStream Inc. in a form satisfactory to the Chief Financial Officer & City Treasurer and the City Solicitor

Enacted by City of Vaughan Council this 7th day of June, 2016.

Hon. Maurizio Bevilacqua, Mayor

Jeffrey A. Abrams, City Clerk

Authorized by Item No. 17 of Report No. 7
of the Finance, Administration and Audit Committee
Adopted by Vaughan City Council on
June 7, 2016.