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AMENDMENT TO THE YORK – PEEL (SEARS) WATER AND SEWER SERVICE AGREEMENT

The Transportation and Works Committee recommends the adoption of the recommendations contained in the following report, August 23, 2006, from the Commissioner of Transportation and Works:

1. RECOMMENDATIONS

It is recommended that:

1. York Region agree to a request from Peel Region to amend the Sears Water and Sewer Service Agreement of December 14, 1999 to remove Peel Region's obligation to provide water supply services to the Canadian Pacific, Sears and Consolidated Fastfrate lands on the east side of Highway 50 (Y. R. 24) in the City of Vaughan.
2. Regional staff be authorized to formalize negotiations with all parties and prepare the appropriate amendment.
3. The City of Vaughan be requested to assume responsibility of providing water supply services to the subject lands.
4. Costs related to the amendment be negotiated between all parties in accordance with the agreement.
5. Staff report back to the Transportation and Works Committee by March 2007 on the cost-share principles and proposed amendment to the agreement.
6. The Regional Clerk forward this report to the Clerk of the City of Vaughan, the Region of Peel and Sears.

2. PURPOSE

Peel Region has requested that York Region consider amending the Sears Water and Sewer Service Agreement of December 14, 1999 (*see Attachment 1*). The request is to delete the water service component since the recent completion of the York Peel feedermain now allows for servicing of these lands from within York Region. The purpose of this report is to inform Committee and Council of the Peel request, and initiate the actions necessary to amend the agreement.

3. BACKGROUND

At its meeting of April 15, 1999, Council adopted Clause 1 of Report No. 4 of the Planning Committee which authorized staff to enter into an agreement with the Region of Peel for the purchase of water and sewer services for the development proposed by Canadian Pacific, Sears and Consolidated Fastfrate (Sears) on land located on the east side of Highway 50, north of Rutherford Road in the City of Vaughan (*see Attachment 2*).

This arrangement was necessary because at the time York Region was not in a position to provide municipal water and sewer services for both the existing and proposed development on the subject land. On December 14, 1999 York Region and Peel Region entered into the Sears Water and Sewer Service Agreement.

In October 2005, the new Peel/York feedermain from Peel Region to South Maple Reservoir was commissioned. Part of the feedermain is located along Rutherford Road adjacent to the subject land. With this main in place, York Region and the City of Vaughan are now in a position to provide water services to the land located on the east side of Highway 50, north of Rutherford Road in the City Of Vaughan.

The Region of Peel has therefore requested an amendment of the Sears Water and Sewer Service Agreement. The purpose of the amendment is to remove Peel's obligation to provide water services to the subject lands.

4. ANALYSIS AND OPTIONS

The current Sears Water and Sewer Servicing Agreement is between York Region, Peel Region and Sears and provides for a direct supply from Peel to the Sears lands. The City of Vaughan is not party to the agreement.

Section 89 of the *Municipal Act, 2001* indicates that the Region is only permitted to wholesale water supply service to the local municipality having the responsibility to retail service to the end consumer. The infrastructure required to service the Sears lands would be considered under local jurisdiction and therefore requires the cooperation of the City of Vaughan for its completion.

Several servicing routes have been considered and previously reviewed with Vaughan staff and final selection of the preferred route will be completed through the agreement amendment process. One of the options considered requires a 300mm watermain of approximately 1140m in length along Rutherford Road and then Highway 50 with the connection made at the same location as the existing one from Peel. This option has a cost estimate of \$500,000 with possible future expansion northwards. The other option requires a 150mm watermain of approximately 600m in length connecting to an existing main within the Sears facility. This option has a cost estimate of \$140,000.

5. FINANCIAL IMPLICATIONS

There will be financial implications related to this amendment primarily due to the need to construct a new watermain from the Rutherford Road watermain to the Sears lands. Final responsibility for these costs will be identified through the amendment process and will be based on meeting the requirements and conditions of the current agreement and the needs of all the parties. Factors to be considered will include previous payments made through the original agreement, continuing obligations of the agreement and offers of consideration that may be required to facilitate the amendment.

Possible funding options include balance on payments by York to Peel under the agreement for provision of water supply services and funding from the Sears land developers.

6. LOCAL MUNICIPAL IMPACT

The amendment of the Sears Water and Sewer Service Agreement will enable the Region of Peel to discontinue water supply to the Sears lands and the City of Vaughan will then be required to assume responsibility of providing water supply services.

7. CONCLUSION

This report is in response to Peel Region's request to amend the Sears Water and Sewer Service Agreement of December 14, 1999 to remove the water supply component and have water supply provided by York Region through the City of Vaughan.

York Region staff have discussed this request with Peel Region, the City of Vaughan and the Sears/Consolidated Fastfrate/Canadian Pacific users and there is a general understanding as to how this amendment should proceed; however, final costs and cost sharing will be the subject of further negotiation.

York Region staff will proceed to finalize an amendment with the required parties and will submit this to Regional Committee and Council for approval in March 2007.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the September 6, 2006 Committee meeting.)