

**THE REGIONAL MUNICIPALITY OF YORK**

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**REPORT NO. 2  
OF THE REGIONAL  
COMMISSIONER OF TRANSPORTATION AND WORKS  
COMMISSIONER OF FINANCE**

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**For Consideration by  
The Council of The Regional Municipality of York  
on December 6, 2001**

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**1  
LONG TERM WATER PROJECT  
DISPOSITION OF THE LAKE ONTARIO WATER SUPPLY VIA DURHAM WEST  
ENVIRONMENTAL ASSESSMENT****1. RECOMMENDATIONS**

It is recommended that:

1. In light of the execution of the York-Peel Water Supply Agreement with Peel Region as authorized by both Regional Councils, the Region of York formally withdraw the Environmental Assessment for a Lake Ontario Water Supply via Durham West from further consideration for approval by the Minister of the Environment.
2. The outstanding balance of \$368,702.39 of costs incurred by United Utilities (formerly Consumers Utilities) during development of the Water Supply Master Plan be repaid.

**2. PURPOSE**

This report seeks Council authorization to formally withdraw the Individual Environmental Assessment for a Lake Ontario Water Supply via Durham West from further consideration for approval by the Minister of the Environment, given that an agreement for long term water supply from Peel Region, effectively replacing the Durham West proposal, has been executed in accordance with Council's direction. Authorization to repay to United Utilities

the outstanding balance of costs incurred during the development of the Water Supply Master Plan is also requested.

### **3. BACKGROUND**

At its meeting of June 28, 2001, Regional Council authorized staff to draw up and execute an agreement with the Region Municipality of Peel in accordance with a number of previously negotiated costs and principles (Clause 1 of Report 10 of the Chief Administrative Officer, Commissioner of Transportation and Works, and Commissioner of Finance). That agreement has now been executed by the Regional Chair and Clerk. This event triggers further required action with respect to two outstanding issues:

1. the Durham West Environmental Assessment, filed for approval with the Minister of the Environment in March, 2001, and later placed on hold pending negotiation of the York-Peel Water Supply Agreement, and
2. repayment of a portion of the development costs incurred by Untied Utilities, due on approval of the Durham West Environmental Assessment.

### **4. ANALYSIS AND OPTIONS**

The Peel water supply replaces the previous proposal to implement a Lake Ontario based water supply via Durham West and assures York Region's ability to provide water supply to the residents of Vaughan, Richmond Hill, Markham, Newmarket and Aurora until at least the year 2031. With the long term Lake Ontario supply assured, it is now a requirement of the Ministry of the Environment, to formally withdraw the Durham West Environmental Assessment from further consideration for approval by the Minister.

During the development of the Water Supply Master Plan in 1997, United Utilities (then Consumers Utilities) paid the cost of all outside consulting fees and disbursements totalling \$1,605,000.00. The original intent during the initial partnership phase with United Utilities was that York Region would contribute staff resources to the development of a master plan while United Utilities would contribute all other costs. It was envisioned that the preferred long term water supply strategy would involve some form of public private partnership. Development costs would later be reconciled once the preferred strategy and commercial structure was identified.

Upon adoption of the preferred long term water supply strategy, agreements with United Utilities for implementation of component projects were executed and a schedule for repayment of development fees was authorized by Regional Council. In accordance with that schedule, repayment of fees was to be done in four payments triggered by a number of milestone events. Two of the four payments have been made in accordance with the agreed triggers in the amount of \$1,236,297.61. The third payment was to be made upon approval of the Durham West Environmental Assessment. Since execution of the York-Peel Water Supply Agreement replaces the Durham West alternative, it is now appropriate to repay the agreed amount of \$177,459.50.

United Utilities has requested that Regional Council also authorize the final repayment of \$191,242.89 at this time. This payment was originally due upon completion of the implementation phase of the water use efficiency program, Water for Tomorrow. The anticipated completion date for this work is May, 2004. United Utilities is requesting acceleration of this final payment on the basis that there appears to be very limited opportunity at this time for future partnerships with York Region in the development of the long term water supply, as was the original intent back in 1997 when the repayment schedule was approved. Staff considers this to be a reasonable request, and recommend that the repayment be made at this time.

## **5. FINANCIAL IMPLICATIONS**

Execution of the York-Peel Water Supply Agreement has resulted in a capital cost savings to the year 2031 in the order of \$87 to \$117 Million over the Durham West alternative.

Adequate funding within the year 2001 water and wastewater capital plan exists for repayment of development costs to United Utilities as recommended in the report.

## **6. LOCAL MUNICIPAL IMPACT**

Execution of the York-Peel Water Supply Agreement assures York Region that sufficient water supply will be available to serve the residents of Vaughan, Markham, Richmond Hill, Newmarket and Aurora to at least the year 2031.

## **7. CONCLUSION**

Water supply for the long term is now assured for the southern urban municipalities of Vaughan, Richmond Hill, Markham, Newmarket and Aurora. Since the execution of the agreement for water supply with Peel Region replaces the previous Durham West proposal and eliminates the need to continue to pursue that proposal, it is now necessary to formally withdraw the Environmental Assessment from further consideration by the Minister of the Environment. It is also now appropriate to repay all of the outstanding development fees incurred by United Utilities during the partnership phase of 1997.

This report has been reviewed by the Senior Management Group.

**Respectfully submitted,**

**December 4, 2001  
Newmarket, Ontario**

**K. Schipper  
Commissioner of  
Transportation and Works**

**S. Cartwright  
Commissioner of Finance**

***(Report No. 2 of the Commissioner of Transportation and Works and the  
Commissioner of Finance was adopted, without amendment, by Regional Council  
at its meeting on December 6, 2001.)***