

The Regional Municipality of York

Committee of the Whole
Environmental Services
January 10, 2019

Report of the Commissioner of Environmental Services

Sanitary Sewer Ownership Transfer to the City of Toronto

1. Recommendations

1. Council authorize the Commissioner of Environmental Services to execute the ownership transfer of the Maple Collector Sewer, south of Steeles Avenue, from the Region to the City of Toronto, on an as-is and where-is basis, at no cost to either party.
2. The Regional Clerk forward a copy of this report to the City of Toronto's Clerk.

2. Summary

This report seeks Council authorization to transfer ownership of the Maple Collector Sewer, south of Steeles Avenue and authorization for the Commissioner of Environmental Services to execute necessary agreements.

Key Points:

- Transfer of Maple Collector Sewer is mutually beneficial to both Toronto and York Region.
- Removing the asset from the Region's asset base will avoid unnecessary asset management expenditures, ranging from several million dollars to approximately \$15 million, depending on whether the sewer is decommissioned or rehabilitated.
- This report and the Toronto-York Water Servicing Agreement Update report, also included on the January 10, 2019 Committee of the Whole agenda, should be considered in tandem as recommendations from both reports include complimentary negotiated terms required to execute the necessary agreements.

3. Background

On April 19, 2018, Council authorized staff to negotiate amendments to the Toronto-York Water Supply Agreement, including the ownership transfer of the Maple Collector Sewer, south of Steeles Avenue (as described in Attachment 1) to Toronto and report on the outcome of negotiations.

The water supply agreement and sewer transfer were negotiated at the same time, allowing the Region to leverage ownership of the Maple Collector Sewer, south of Steeles, negotiating a perpetuity clause in the water supply agreement.

Council authorized negotiations including the ownership transfer of the Maple Collector Sewer

Guiding principles used during negotiations included: introduction of perpetual renewals, an amendment to the calculation of York Region's asset management contributions and ownership transfer of the Maple Collector Sewer, south of Steeles. These guiding principles are provided in Attachment 2.

4. Analysis

Maple Collector sewer south of Steeles Avenue sewer no longer provides servicing to the Region

The Maple Collector Sewer was constructed in 1976 to address additional sewage volumes servicing growth. It begins at Highway 7 and extends southerly connecting to Toronto's system, north of Finch Avenue.

When the York Durham Sewage System was put into service in 1980, the southern portion of the Maple Collector Sewer was capped on the north side of Steeles Avenue and no longer provides service to the Region.

Transferring ownership of the Maple Collector Sewer is beneficial to both parties

In 2013, the City of Toronto requested to connect to and use the Maple Collector Sewer at two separate locations as they were undertaking emergency repairs to the municipal sewer system at the G. Ross Lord Reservoir. These connections were approved by the Region to accommodate Toronto's emergency needs through an agreement that expires on April 30, 2022. Transferring ownership of this section of the Maple Collector Sewer allows Toronto to extend its current emergency use of the sewer and leverage this infrastructure permanently to provide sanitary sewage service in the area.

Council authorized staff to proceed with negotiations to transfer this asset to Toronto on an 'As is, where is' basis in April 2018.

Maple Collector Sewer south of Steeles requires asset management expenditures

Condition assessments completed during the course of the temporary agreement with Toronto have identified the rehabilitation of this asset is required and could cost approximately \$15 million and, if decommissioned at the end of the current temporary agreement, costs could be in the order of several million dollars. If transferred, Toronto will undertake the necessary asset management investments to service their needs at no cost to the Region.

5. Financial

Transfer of Maple Collector Sewer, south of Steeles Avenue will avoid investment in an obsolete asset

The Maple Collector Sewer, south of Steeles Avenue is no longer used by the Region.

Ownership transfer of the sewer to the City of Toronto will eliminate York Region's obligations to maintain, rehabilitate or decommission it. This work is estimated to range from several million dollars to more than \$15 million. Although this sewer has a net book value of approximately \$700,000, it provides no operational benefit to the Region. If the Region maintains ownership, rehabilitation or decommissioning of this sewer would require an investment of more than 20 times its net book value, providing no servicing to the Region.

6. Local Impact

Transfer of the Maple Collector Sewer, south of Steeles will not impact wastewater servicing capacity to local municipalities.

7. Conclusion

Transfer of the Maple Collector Sewer, south of Steeles Avenue, provides the necessary servicing infrastructure to Toronto while eliminating the Region's costs associated with maintenance/rehabilitation or decommissioning.

Recommendations contained in this report, along with those contained within the Toronto-York Servicing Agreement Update on this Committee agenda are supported by negotiated terms (perpetual renewals, increased asset management contributions and the ownership transfer of the Maple Collector Sewer) to maintain long-term water security for the Region.

Staff do not recommend proceeding with this transfer independent of the update to the water servicing agreement.

For more information on this report, please contact James Steele, Director, Infrastructure Asset Management, Environmental Services at 1-877-464-9675 ext. 73018. Accessible formats or communication supports are available upon request.

The Senior Management Team has reviewed this report.

Recommended by:

Erin Mahoney, M. Eng.
Commissioner of Environmental Services

Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

December 13, 2018
Attachments (2)
YORK #9036402