

York-Toronto Water Supply Agreement Update and Sanitary Sewer Ownership Transfer to the City of Toronto – Guiding Principles

Term of Water Supply Agreement

- The initial term of the Agreement shall commence on the Effective date of signing and will run until May 31 2040, and
- The term of the Agreement shall be automatically renewed for successive twenty year periods in perpetuity unless both parties, at any time prior to the date which is three months prior to expiry of the then current Term agree not to renew (the “Notice of Non-Renewal”).

Contributions to Asset Management for the Water Supply Agreement

- The rate calculation schedule will be amended to remove all costs and references to “Return on Investment” and “Replacement Allowance” portions of the rate calculation.
- Rate calculation schedule will be amended to include costs associated with Asset Replacement Contributions. The Asset Replacement Contribution will be calculated as follows:

Asset Replacement Contribution (\$/ML)

$$= \frac{\text{Replacement Value (\$)} \times \text{Replacement Factor (/year)}}{\text{Toronto Water Production } \left(\frac{\text{ML}}{\text{year}} \right)}$$

Where:

Replacement Value - replacement value, as agreed by both parties and updated every five years, at a minimum

Replacement Factor – fraction of Replacement Value to be contributed to asset replacement as agreed by both parties

Toronto Water Produced –total water produced by Toronto

- Asset Replacement Contributions (and associated withdrawals) shall be tracked and monitored by financial representatives from Toronto and York and reported to the Toronto/York Water Supply Agreement Committee on an annual basis.

Transfer of Maple Collector Sewer

- The Region will transfer ownership of the Maple Collector Sewer, South of Steeles Avenue, to the City of Toronto "as is, where is and at no cost"