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**REPORT TITLE: Halton-Peel Cross-Boundary Water Servicing Agreement**

**FROM: Kealy Dedman, Commissioner of Public Works**

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## **RECOMMENDATION**

- 1. That the Commissioner of Public Works be authorized to negotiate, enter into and execute, a new agreement with The Regional Municipality of Halton (Halton Region), including any future amendments, renewals, extensions or termination thereof, on legal terms satisfactory to the Regional Solicitor and on business terms satisfactory to the Commissioner of Public Works, from time to time, based upon the principles set out in this report, to address the cross-boundary water servicing arrangements between Halton Region and The Regional Municipality of Peel (Peel Region); and**
- 2. That Halton Region be responsible for all connection charges and legal disbursements, including the applicable fees as set out in the Region’s User Fees By-law 43-2002, as amended; and**
- 3. That Halton Region be added to Peel Region’s water billing system; and**
- 4. That the required documents be executed by Peel Region’s authorized signing officers.**

## **REPORT HIGHLIGHTS**

- The Regional Municipality of Halton (Halton Region) Council, on June 14, 2023, endorsed Report Number PW-25-23 “Water Supply Agreement with the Regional Municipality of Peel for Temporary Servicing of Properties in the Premier Gateway Employment Area”, agreeing to a temporary water connection to the Region’s drinking water system to supply Conestoga Cold Storage, a large business with other locations in the Region as well as in the Town of Halton Hills.
  - Peel Region has sufficient in-term water system capacity for this temporary cross-boundary water servicing proposal; it conforms with land use policies in both municipalities and poses no risk to the Region’s utility ratepayers.
  - Halton Region will be responsible for all cross-boundary water servicing requirements, including engineering costs, connection charges, construction costs, inspection costs, legal disbursements and applicable fees as set out in the Region’s User Fees By-law 43-2002, as amended by By-law 5-2023.
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# Halton-Peel Cross-Boundary Water Servicing Agreement

## DISCUSSION

### 1. Background

#### a) Water Servicing Request

Conestoga Cold Storage (CCS) is a large business located in Peel Region. CCS owns a property near Winston Churchill and Steeles Avenue in the Town of Halton Hills that CCS wishes to develop and build a second facility. Halton Region is planning to upgrade infrastructure services to the area by 2027/2028. Therefore, CCS contacted Peel Region and Halton Region in March 2023 to determine the feasibility of a temporary cross-boundary water servicing agreement utilizing existing water infrastructure at Steeles Avenue West and Winston Churchill Boulevard.

CCS is developing lands at 16408 Steeles Avenue, in the Town of Halton Hills, and proposes to fund the design and construction of a watermain from their property to an existing Peel Region-owned 400mm diameter watermain at the Halton-Peel municipal boundary. The new watermain may provide water service to additional industrial users, subject to development application approval from Halton Region and available water infrastructure capacity. Peel Region and Halton Region staff would collaborate on the design and construction to ensure the works meet required standards. Infrastructure within Halton Region will be owned and maintained by the Region of Halton at no cost to Peel Region.

### 2. Findings

#### a) Existing Water Infrastructure

Peel Region has an existing section of 400mm diameter watermain that crosses Winston Churchill Boulevard and terminates at a chamber at the municipal boundary (Appendix I). The chamber contains valves and a water meter. These works were constructed in 2011 as part of a Peel Region Transportation capital project (Project 04-4075) and funded by Halton Region to enable the supply of drinking water in the event of an emergency. To date, the works have not been used to transfer water from Peel Region to Halton Region and the section of main remains out of service at this time.

#### b) Capacity Assessment

Peel Region analyzed the water servicing requirements provided by Halton Region and the hydraulic modelling confirmed sufficient in-term capacity exists in Peel Region's water system to supply the needs of the subject lands without adversely affecting Peel Region's water system.

#### c) Future Halton Region Servicing

Halton Region's servicing is anticipated to be available in 2027-2028 when Halton Region completes the construction of a 600mm diameter watermain along Steeles Avenue, from Eighth Line to Winston Churchill Boulevard. The proposed cross-boundary water servicing agreement would expire once Halton Region's servicing becomes available. Halton Region has committed to take all reasonable efforts to expedite water servicing to the industrial area as soon as possible. Halton Region will decommission the cross-boundary water

## **Halton-Peel Cross-Boundary Water Servicing Agreement**

connection, at no cost to Peel Region, in accordance with Peel Region's standards when the water supply from Peel Region is no longer necessary.

### **d) Intermunicipal Water and Wastewater Servicing Agreements**

Peel Region has successfully executed and managed long-term intermunicipal water and wastewater servicing agreements with the Region of York and the City of Toronto. These agreements follow Regional Council Resolution 96-918 and Corporate Policy W10-07 Provision of Water and Wastewater Services to Adjacent Municipalities (Appendix II). The proposed cross-boundary water servicing agreement between Halton Region and Peel Region will adhere to this policy and include provisions that protect Peel Region's infrastructure, system capacity, drinking water quality, and utility rate payers.

Peel Region also currently has 14 active water accounts in the billing system for services to private users in adjacent municipalities (Halton and York Region), out of which eight are from Halton (two Institutional, Commercial and Industrial sector and six residential). These accounts are charged at the same rate as Peel users.

Halton Region Council, on June 14, 2023, endorsed Report Number PW-25-23 "Water Supply Agreement with the Regional Municipality of Peel for Temporary Servicing of Properties in the Premier Gateway Employment Area" (Appendix III), agreeing to a temporary cross-boundary water connection to Peel Region's drinking water system.

### **3. Proposed Direction**

Staff recommend that Regional Council authorize the Commissioner of Public Works to negotiate, enter into, and execute an agreement, including any future amendments, renewals, extensions, or termination thereof, on legal terms satisfactory to the Regional Solicitor and on business terms satisfactory to the Commissioner of Public Works, based upon the principles set out in this report to address the cross-boundary water service arrangements between Halton Region and Peel Region.

Staff will collaborate and negotiate with Halton Region to develop and execute a temporary cross-boundary water servicing agreement.

### **RISK CONSIDERATIONS**

On May 18, 2023, the Province introduced Bill 112, the *Hazel McCallion Act (Peel Dissolution), 2023* that, if passed, will dissolve the Region of Peel and make the Cities of Brampton and Mississauga and the Town of Caledon single-tier municipalities, effective January 1, 2025. The proposed legislation provides for the establishment of a Transition Board to make recommendations on implementing the restructuring. Details of the transition including matters as they relate to Regional roles and responsibilities are not known at this time and are to be addressed in future reporting to Regional Council. Additional assessment to support the transition under Bill 112 will be provided as further details become known.

The proposed cross-boundary water servicing agreement consumes some in-term available capacity in Peel Region's water system. However, hydraulic modelling analysis confirms there is no in-term adverse impact to Peel Region's water system. This is a short-term agreement and Peel Region will ultimately recover this capacity once Halton Region servicing becomes available in less than five years.

## **Halton-Peel Cross-Boundary Water Servicing Agreement**

The temporary water servicing enables Conestoga Cold Storage to operate earlier and thus, provide employment opportunities.

### **FINANCIAL IMPLICATIONS**

Halton Region will be responsible for all cross-boundary water servicing requirements, including engineering costs, connection charges, construction costs, inspection costs, legal disbursements and applicable fees as set out in Schedule A of the User Fees By-law 43-2002, as amended by By-law 5-2023, including the Cross Boundary Servicing Application Fee and engineering and inspection fees.

Halton Region will be charged the Peel Region 2023 water rate (\$1.8672 per cubic meter), as adjusted and effective annually, until the cross-boundary agreement expires. The annual consumption is anticipated to provide Peel Region with approximately \$1 million or more in additional annual revenue.

### **CONCLUSION**

This proposed temporary cross-boundary water servicing agreement between Peel Region and Halton Region supports a large Peel business owner at no risk to Peel's water quality, Peel Region utility rate payers or current and future water system capacity for development.

### **APPENDICES**

- Appendix I – Proposed Peel-Halton Water Servicing Infrastructure Map
- Appendix II – Corporate Policy W10-07 Provision of Water and Wastewater Services to Adjacent Municipalities
- Appendix III – Halton Region Council Endorsement of Cross-Boundary Agreement

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Kealy Dedman, Commissioner of Public Works

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