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**For Information**

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**REPORT TITLE: Update on the Provincial Transition Board's New Mandate**

**FROM: Gary Kent, CPA, CGA, ICD.D, Chief Administrative Officer**

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**OBJECTIVE**

To update Peel Regional Council on the Transition Board's new mandate and Peel's commitment to supporting the new scope, our employees, local municipalities and the Peel community.

**REPORT HIGHLIGHTS**

- On June 8, 2023, the Province enacted Bill 112, the *Hazel McCallion Act (Peel Dissolution), 2023*, which proposed to dissolve the Regional Municipality of Peel.
- On December 13, 2023, the Minister of Municipal Affairs and Housing announced that Peel will not be dissolved.
- The Minister also communicated that legislation will be introduced to recalibrate the mandate of the Transition Board focusing on making Peel Region more efficient and responsive to taxpayers.
- Peel has a long history, culture, and commitment to continuous improvement, and welcomes the opportunity to identify further efficiencies in delivering value to taxpayers.
- On January 25, 2024, the Minister of Municipal Affairs and Housing shared with Peel the new mandate and scope for the Transition Board, which entails providing options and recommendations for the transfer of Land Use Planning, Regional Roads, Waste Management, and Water & Wastewater (including stormwater) to the local municipalities.
- The mandate letter stipulates that “any options or recommendations put forward by the Transition Board must ensure service continuity for residents without disruption and to address all aspects important to the successful service transfer, including labour relations, corresponding back office supports, and detailed financial analysis on any local impacts. Similarly, the Transition Board should continue to prioritize the preservation of frontline workers.”
- The mandate letter also confirmed that all other services delivered by Peel Region are out of scope at this time.
- This new mandate impacts approximately 25 per cent of Peel staff. Staff well-being and retention continue to be crucial for ensuring business continuity to the 1.5M Peel residents and over 200,000 Peel businesses.
- The Transition Board has retained PricewaterhouseCoopers LLP (PwC) and Hemson Consulting Ltd. to work with Peel and local municipal staff in developing evidence-based options and recommendations.
- It is unclear if the Transition Board's recommendations will be made public in this new mandate.
- Peel is committed to working with Ministry staff, the Transition Board, local municipalities, and third-party consultants to develop proposed recommendations and options for consideration to the Minister by Spring 2024.

### DISCUSSION

#### 1. Background

On June 8, 2023, the Province enacted Bill 112, the *Hazel McCallion Act (Peel Dissolution)*, 2023, which proposed to dissolve the Regional Municipality of Peel.

On December 13, 2023, the Minister of Municipal Affairs and Housing announced that Peel Region would not be dissolved and that new legislation would be introduced to recalibrate the mandate of the Transition Board focusing on making Peel Region more efficient and responsive to taxpayers.

On January 25, 2024, the Minister of Municipal Affairs and Housing shared with Peel the new mandate and scope of the Transition Board (see Appendix I) which includes:

- Accelerating the building of homes in Mississauga, Brampton and Caledon to increase housing supply;
- Reducing duplication and removing layers of bureaucracy from the administration of services;
- Ensuring the continuity of services for local residents; and
- Recognizing the importance of value for money, financial sustainability and high-quality services delivered in an efficient manner.

The Transition Board will be responsible for providing recommendations on the transfer of Land Use Planning, Regional Roads, Waste Management and Water & Wastewater (including stormwater) to the local municipalities.

The mandate letter stipulates that “any options or recommendations put forward by the Transition Board must ensure service continuity for residents without disruption and to address all aspects important to the successful service transfer, including labour relations, corresponding back office supports, and detailed financial analysis on any local impacts. Similarly, the Transition Board should continue to prioritize the preservation of frontline workers.”

The mandate letter also confirmed that all other services delivered by Peel Region are out of scope at this time.

The Transition Board's recommendations are due to the Minister by Spring 2024.

#### 2. Peel's Ongoing Commitment to Working with the Ministry, Transition Board, Local Municipalities & Third-Party Consultants

The Transition Board has confirmed that PricewaterhouseCoopers LLP (PwC) and Hemson Consulting Ltd. have been retained. As outlined in the Requests for Services, the consultants are to develop evidence informed options and recommendations based on research, analysis and detailed discussions with key stakeholders including Peel Regional and local municipal staff.

In developing evidence-based options, analysis and recommendations, the scope of work for the consultants (as per the Requests for Services) includes assessing the short, medium

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and long-term financial impacts on each local municipality, pros and cons, risks for recommended options, and against the factors of efficiency, effectiveness, equity, economy, public safety and governance.

The consultants have also been asked to conduct detailed options analysis, develop iterative financial modelling for various scenarios, identify risks, cost projections and undertake rigorous cost-estimates for feasible service delivery options.

Peel is hopeful to see the consultants' approved workplan, and confirmation of approach and deliverables very soon.

Peel remains committed to supporting the mandate of the Transition Board and welcomes the opportunity to work with PwC and Hemson Consulting.

Peel staff have provided over 700 documents (translating to over 10,000 pages) to support the Transition Board, Ministry staff and the local municipalities. Peel staff have also participated in over 40 meetings with the Transition Board and local municipalities through service working group meetings and critical milestone meetings.

Peel staff will continue to engage and participate in bi-weekly meetings with the Transition Board, local municipalities and consultants until the end of April 2024 as scheduled.

To further support the mandate, Peel staff are actively working on an implementation plan for *Bill 23 More Homes Built Faster Act, 2023*, including addressing the transfer of planning authorities to the three local municipalities once proclaimed.

### 3. **Keys Facts about the Services Under Review & Peel's Commitment to Continuous Improvement**

Peel will continue to be engaged and actively participate in the Transition Board process and respond to requests for information in a timely and efficient manner while minimizing disruption to critical Water & Wastewater, Waste Management, Regional Roads and Land Use Planning services.

Some notable facts about these services include:

- Peel has the 2<sup>nd</sup> largest water & wastewater system in Ontario and the 4<sup>th</sup> largest in Canada with an infrastructure replacement value of \$26B.
- Peel's utility rates remain 30 per cent lower than other GTA municipalities.
- \$1.8B worth in goods travel to, from and through Peel every day and 36 per cent of truck trips in Ontario start or end on Peel Region roads.
- Peel's goods movement industry contributed \$49B worth of gross domestic product (GDP) to regional, provincial and national economies. Peel Region roads carry 21 per cent of all goods movement GDP in Ontario.
- Peel has the 2<sup>nd</sup> largest waste management program in Ontario and the 4<sup>th</sup> largest in Canada.
- In 2023, 4,098 development submissions were reviewed, ensuring the protection of matters of Regional interests to coordinate growth with the provision of infrastructure development and supports to building homes faster.

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Peel also has a long history, culture and commitment to continuous improvement and welcomes the opportunity to work with the Transition Board, consultants and local municipalities to identify further efficiencies in delivering services and value to taxpayers.

Between 2017 to 2023, through Peel's Continuous Improvement Program, cumulative savings of \$39.3M were achieved. The Public Works Department has been a significant contributor to these achievements, with 76 improvement initiatives completed, translating to \$5.7M in cost savings and \$14.1M in cost avoidance.

## **RISK CONSIDERATIONS**

There are a number of significant risks that Peel's Executive Leadership Team continues to monitor and manage:

### **a) Staff Well-Being and Staff Retention for Business Continuity**

This new mandate impacts approximately 25 per cent of Peel staff from Public Works and those who support the delivery of public works through corporate backbone services.

There continues to be anxiety amongst staff about the future state of Public Works, especially as it relates to questions around job security.

Additional supports have been put in place for staff, including increased health spending and psychological health benefits for eligible employees, access to a mental health coach, and targeted training for people leaders and staff dealing with mental health challenges.

Ongoing regular communication to staff will continue to be critically important.

Staff well-being and retention will continue to be crucial during this period to ensure business continuity to the 1.5M Peel residents and over 200,000 Peel businesses.

### **b) Managing Vendor Arrangements**

Vendors are key partners in delivering Water & Wastewater, Waste Management, Regional Roads and Land Use Planning services.

Peel staff continue to work closely with vendors, advising of the situation and providing assurances that there will be no disruption in services.

### **c) Assurances to Investors and Credit Rating Agencies**

Investors and credit rating agencies continue to seek clarity on the impacts of the Province's announcement, in particular, potential decisions on the services under review. Staff continue to work with stakeholders to understand potential impacts to debenture holders arising from the Minister's mandate for the Transition Board.

The 2024 Borrowing Limits Report is on the February 8, 2024 Regional Council agenda.

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Additionally, the Region's Internal Audit team will bring forward a report to the Audit and Risk Committee on February 29, 2024 to share the organizational risk profile completed in the Fall of 2023 identifying and analyzing the risks facing the continuity of service delivery for Peel's services should they transition to successor entities. The Transition Board is aware this work was undertaken and, while many of the services included in the report are out of scope for this review, there is applicability for Public Works services.

### **FINANCIAL IMPLICATIONS**

The financial impacts are unknown at this time.

Staff will continue to deliver services as approved through the 2024 Budget and through previous approved Council reports and continue to review future investments and workplans through the lens of this new mandate.

Staff will also continue to assess financial implications on an ongoing basis as additional information and details are released and will report back to Council as appropriate.

### **BILL 112 IMPLICATIONS**

As announced by the Minister on December 13, 2023, Peel Region awaits the introduction of new legislation to amend or repeal Bill 112.

### **CONCLUSION**

Peel staff are committed to working with the Ministry, the Transition Board, local municipal colleagues, PwC, and Hemson Consulting to develop evidence-based options and recommendations in support of this new mandate, while ensuring business continuity of critical services and minimizing the impacts to Peel employees, residents, businesses, and community.

Regional Council can expect regular updates as this process unfolds.

### **APPENDICES**

Appendix I – New Mandate and Scope of the Provincial Transition Board

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