
For Information

REPORT TITLE: **2026 Water and Wastewater Master Servicing Plan and Housing-Enabling Infrastructure Update**

FROM: Kealy Dedman, P.Eng., MPA, Commissioner of Public Works

OBJECTIVE

To provide Council with an update on the 2026 Water and Wastewater Master Servicing Plan and delivery of housing-enabling infrastructure.

REPORT HIGHLIGHTS

- The 2026 Water and Wastewater Master Servicing Plan is on track for completion early next year and provides Peel Region with a comprehensive roadmap for how the water and wastewater systems will grow and evolve to 2051.
 - The 2026 Master Servicing Plan reflects growth priorities established in close collaboration with local municipalities and their Official Plans while also aligning to ongoing studies including Major Transit Station Areas (MTSAs), transit-oriented communities (TOCs), Heritage Heights, Bolton Residential Expansion Study (BRES) lands and key housing nodes.
 - Managing water and wastewater servicing is growing in complexity given current growth trends, provincial policy and financial implications, reinforcing the need for continued collaboration with local municipalities and development partners, along with updated tools, enhanced data-sharing, and more advanced capacity allocation strategies.
 - The Region's alternative capital delivery strategy has achieved economies of scale in design, procurement, and construction.
 - Current market strategy and procurement methods have allowed the Region to stay ahead and realize competitive tender pricing as others have slowed their capital programs.
 - Staff have applied for numerous funding and grant opportunities and will continue to monitor available provincial and federal grant programs and submit applications wherever eligibility permits.
 - Engagement with key stakeholders remains a key part of the 2026 Master Servicing Plan process and delivery of housing-enabling infrastructure.
-

DISCUSSION

1. Background

Master Servicing Plan

As one of the fastest growing communities in Ontario, the Region of Peel's population is expected to grow by more than 600,000 over the next 26 years. This growth is complicated

2026 Water and Wastewater Master Servicing Plan and Housing-Enabling Infrastructure Update

by a considerable difference in potential growth scenarios, each of which could significantly impact Peel's water and wastewater long-term capital strategy. This rate of growth, combined with local municipal commitments to align to the province's housing targets, places significant demands on Peel's water and wastewater systems. While current market conditions suggest a lower growth trajectory, the Region must still prepare detailed plans to understand infrastructure requirements needed to respond to future shifts in growth and demand.

Importantly, today's market conditions are not reliable indicators of potential future growth and development. As highlighted by economic experts, most notably Benjamin Tal, Deputy Chief Economist of CIBC Capital Markets, housing demands are likely to return to a very accelerated pace in future. The high-density residential market, now in recession, is projected to rebound by mid-2026 as supply shortages collide with renewed demand spurred by lower interest rates.

To meet these challenges, and align with local Official Plans, Peel is completing the 2026 Water and Wastewater Master Servicing Plan ("the 2026 Master Plan"), a comprehensive roadmap for how the water and wastewater systems will evolve from 2026 to 2051. The 2026 Master Plan will be finalized before the end of the second quarter in 2026 and will serve as a critical foundation for a future Development Charge (DC) Background Study and DC By-law update.

The 2026 Master Plan ensures that the right infrastructure - pipes, pumping stations, reservoirs and treatment capacity - are completed and ready for service at the right time to support new homes, businesses, and community services.

Key Inputs to the 2026 Master Plan

The development of the 2026 Master Plan has been guided by a range of inputs to ensure it is thorough, evidence-based, and aligned with growth needs. The 2026 Master Plan builds on Peel's current 2020 Master Plan while incorporating the most recent growth and employment forecasts established in conjunction with the local municipalities. Two growth scenarios are being used: a base forecast (Scenario 1) and an accelerated forecast to reflect municipal housing pledges (Scenario 2) which are aligned to provincial housing policies and direction. These forecasts are supported by ongoing collaboration with local municipalities to confirm priority growth areas through Local Official Plans, secondary plans, and amendments that modify land uses and densities, such as in Major Transit Station Areas.

The 2026 Master Plan also considers recommendations from the Climate Change Master Plan and lessons learned responding to severe wet weather events. Input is also being gathered through consultations with the development community, engagement with Indigenous communities and the broader public – including a Public Information Centre planned for late fall 2025 – to ensure the 2026 Master Plan reflects diverse perspectives. Local Official Plans are still being finalized, adding complexity in aligning long-term capital planning. As a result, the 2026 Master Plan may need to be updated to incorporate any significant changes once these plans are adopted.

2026 Water and Wastewater Master Servicing Plan and Housing-Enabling Infrastructure Update

Comparing 2020 and 2026 Master Plans: What has changed?

Compared to the current 2020 Master Plan, the 2026 Master Plan will reflect significant shifts in both growth planning and infrastructure needs. The planning horizon has been extended from 2041 to 2051, and the plan now incorporates new growth areas and emerging priorities across Peel. Key changes include the designation of additional Major Transit Station Areas (MTSAs), the advancement of Transit-Oriented Community (TOC) initiatives, the inclusion of the Bolton Residential Expansion Study (BRES), Heritage Heights and other greenfield lands such as the Settlement Area Boundary Expansion (SABE), as well as some development applications with densities higher than contemplated in the growth forecasts.

While MTSAs establish specific geographic zones for intensification, TOCs represent a broader development model that promotes complete, mixed-use, higher-density communities around transit. These communities integrate housing, employment, retail, public spaces, and services into compact, walkable, transit-first districts.

Mississauga is working with Infrastructure Ontario to develop a TOC at the Cooksville GO Station. Brampton's 2040 Vision includes a goal of creating a city of TOCs through initiatives like Unlock Uptown. TOC's can raise the minimum densities established for MTSA's, help to maximize land use efficiency and increase transit ridership. Given the province's investment in major transit initiatives, additional TOCs are likely to emerge, creating significant implications for future infrastructure planning.

Areas directly influencing the 2026 Master Plan include Heritage Heights in Brampton, Cooksville, Dundas, Port Credit, Mississauga's downtown and uptown, and North Bolton, Tullamore and Mayfield West along the Highway 410 corridor in Caledon. The larger water demand for fire protection and sanitary servicing in these growth areas drives the need for new large scale water transmission mains and sanitary trunk sewers, upgrades to existing systems, expanding pumping stations, and ultimately, wastewater treatment expansions at the Clarkson and G.E. Booth Water Resource Recovery Facilities, including a new outfall to Lake Ontario.

Commitment to Deliver Housing-enabling Infrastructure

Since the enactment of the *More Homes Built Faster Act, 2022* (Bill 23) and the local municipal housing pledges in 2023, the Region has made significant progress to improve capital delivery and advance housing-enabling infrastructure:

- Collaborating with local municipal staff to align growth to available infrastructure capacity,
- Initiating alternative capital design processes
- Initiating alternative construction delivery, proposed to commence in 2026
- Completing a preliminary resource needs study, obtaining Regional Council approval for implementation of the first phase, and completing recruitment and onboarding staff,
- Completing interim servicing studies in Major Transit Service Areas,
- Securing Council-endorsed procurement practices to support alternative project design delivery and help expedite housing-enabling projects, particularly expanding scope and impact of existing assignments to align planning and growth projections,

2026 Water and Wastewater Master Servicing Plan and Housing-Enabling Infrastructure Update

- Negotiating developer-led project design delivery on three major infrastructure projects to date,
- Presenting to the provincial Standing Committee on Finance and Economic Affairs and meeting with local Members of Provincial Parliament to advocate for infrastructure funding,
- Advancing critical projects needed to respond to housing and employment pressures to unlock growth areas and support new housing supply, and
- Advocating and engaging our stakeholders in the construction and engineering communities, the public and major stakeholders.

Together, the development of the 2026 Master Plan and the initiatives summarized above, demonstrate the Region's commitment to delivering the infrastructure needed to enable housing supply. The following section of this report provides an update on the advancement of the 2026 Master Plan and the Region's performance delivering capital projects that enable new housing and community development.

2. Findings

a) Managing Uncertainty

Growth doesn't always unfold as forecasted. Shifts in Developer interest, land-use policies, provincial policy, and economic conditions can alter the pace, density, and location of growth. To manage this uncertainty, Peel's Water and Wastewater Divisions evaluates both baseline and high-growth scenarios (i.e. extremes) as part of the master servicing plan development, holds regular coordination meetings with local municipalities, and tracks development application servicing capacity requests. Each annual capital budget cycle also provides an opportunity to adjust project timing and align infrastructure capacity with actual growth.

At the same time, current capital budgets are heavily focused on large, complex infrastructure projects that require long delivery timelines. To remain flexible, Peel applies a "shovel-ready" principle – advancing the planning and design of infrastructure so that projects can move forward to construction quickly when needed. This approach ensures that essential water and wastewater systems are available to support growth, while avoiding unnecessary early investments in capital outputs that may not align with development trends. Also, this focus on large and complex infrastructure supports the future of infrastructure needs in the community. This infrastructure takes significant time to complete design work, obtain regulatory and general municipal approvals, and significant time to construct. Referred to as "backbone" infrastructure, it must be implemented to support the broad growth direction of the municipality. A failure to focus on Peel's backbone infrastructure will result in a failure to be agile and ready as market conditions change in future.

Taken together, these steps enable Peel to balance risk, adapt to financial and financing challenges, and continue providing reliable services while avoiding the risk of overbuilding or delaying critical servicing.

2026 Water and Wastewater Master Servicing Plan and Housing-Enabling Infrastructure Update

b) Emerging Challenges Impacting Current Servicing Approach

Peel's historical approach to water and wastewater servicing has generally worked well; however, it is becoming increasingly vulnerable to pressures that have emerged since the introduction of the *More Homes, Built Faster Act* (Bill 23) in 2022. Coupled with current growth trends, housing market conditions, provincial policy and economic shifts, these pressures have created inconsistencies in the timing and location of required infrastructure. When development pressure occurs in locations or with timelines not aligned with the master plan, two major challenges arise: infrastructure may remain underutilized, or costly backbone infrastructure – pumping stations, reservoirs, water and wastewater treatment plant expansions, large-diameter water transmission pipelines and large-diameter trunk sewer – are not ready and must be advanced much earlier than planned. In both cases, the financial burden adds strain to reserves, resources, and funding needs for operations.

These infrastructure planning challenges are unfolding against a backdrop of a significant slowdown in housing starts, reduced consumption of approved servicing capacity, declining DC revenues, and discounts and changes in DC policies. These policy changes have resulted in increased development interest in many areas Peel-wide, with many developers seeking to secure servicing capacity allocation well in advance of Master Plan timelines - sometimes 5 to 10 years earlier than anticipated. In contrast, many high-density residential servicing allocations remain inactive or “stale”, with little to no development activity. Without better development application data to accurately track and reconcile servicing capacity allocations and expired development application approvals, along with an updated allocation program and/or “Use it or lose it” policy, water and wastewater capital investments are unlikely to match servicing capacity to actual development uptake.

Together, these challenges underscore the growing complexity of managing water and wastewater servicing in a rapidly changing environment. They also reinforce the need for continued collaboration with local municipalities and development partners, along with updated tools, enhanced data-sharing practices, and more advanced capacity allocation strategies to keep infrastructure delivery aligned with growth priorities. Progress on these initiatives is advancing and reported later in Section 3 of this report.

c) Alternative Delivery of Capital Projects

In 2024, Peel adopted a program-based capital delivery strategy to meet the increasing demands of the 10-year water and wastewater capital plan. This model consolidates work into large, multi-year assignments that address both the rehabilitation and replacement of existing assets as well as the delivery of new growth-related infrastructure across a broad geographic area over several years. By bundling similar projects under a single program and design consultant, Peel has achieved some economies of scale in design, procurement, and construction. Moving directly from environmental assessment to design ensures that infrastructure sizing, alignment, and location decisions are already coordinated, reducing rework and accelerating timelines. This approach also enables early progress on permitting and approvals, utility relocations, and property acquisition, creating a “shovel-ready” phase that allows projects to move to construction more quickly once approvals are in place.

2026 Water and Wastewater Master Servicing Plan and Housing-Enabling Infrastructure Update

To date, there have been two programs initiated - the Flow Central Brampton Program and the Flow South Caledon Program. Each of the “Flow Programs” combines more than 30 water and wastewater capital projects into a single large-scale construction program. Both programs are well underway with design work progressing. The most significant challenge to date has been coordinating with stakeholders to ensure that infrastructure work is sequenced effectively and does not conflict with other projects and initiatives. Several construction projects within these programs will move to construction in early 2026.

In addition to the Flow Programs, Peel is exploring more collaborative ways to deliver capital construction projects. Traditionally, an engineering consultant was retained to complete design projects, followed by a separate construction tender to retain a general contractor. However, the construction industry has increasingly shifted toward more collaborative models – particularly for large and complex infrastructure. These models emphasize early engagement of contractors to get input for the design, which may result in more schedule flexibility, improve constructability, and reduced risk of cost overruns during the construction phase. Beginning in 2026, Peel plans to strategically apply these models – such as construction management and progressive design-build – where they can provide the greatest value. Significant support is required from Engineering, Procurement and Legal to advance the contract documents to support alternative construction delivery.

While alternative construction delivery models offer significant potential benefits, these models also result in commitments and risks that will extend well beyond 2029 which should be considered in the context of Bill 60, *Fighting Delays, Building Faster Act, 2025* (the details of which are included in the Bill 45 and Bill 60 Risks and Implications section of this report), which will not be known until such time as the legislation has passed and the associated regulations have been enacted. Once the alternative delivery model framework has been developed, and additional detail related to Bill 60 impacts are known, staff will report back to Council with the anticipated benefits, risks, savings/costs of proceeding with any alternative construction delivery model, for Council endorsement.

d) Progress on Housing-enabling Capital Projects

In response to Bill 23 associated housing targets and increased development pressures, the 2024 and 2025 Capital Budget advanced projects from the current (2020) Master Servicing Plan and introduced new projects, aimed at addressing short and long-term growth needs in all three local municipalities. Environmental assessments, servicing feasibility studies, and engineering design projects, in preparation for future construction, are also underway. While a comprehensive listing of projects is not included in this report, projects in all local municipalities have been advanced to support growth planning in specific areas and are summarized in Appendix I and II.

e) Grant Funding

On June 26, 2025, Regional Council directed Staff to apply for Canada Housing Infrastructure Fund (CHIF) – Municipal Direct Stream (Resolution 2025-495). This would help offset financial impacts associated with development charge related incentives. CHIF is federal funding designed to accelerate the construction and upgrading of housing-enabling infrastructure.

2026 Water and Wastewater Master Servicing Plan and Housing-Enabling Infrastructure Update

When the funding stream was introduced, Peel was unable to accept an eligibility condition requiring freezing development charges for three years. However, in July 2025 Regional Council resolved to defer development charges, without interest until occupancy, and reduced development charges by 50 per cent should certain conditions be met. Staff have contacted CHIF to inquire whether Peel’s actions would be sufficient to become eligible for funding. CHIF advised that Peel would need to wait for the next round as all existing funding streams are closed.

Staff continue to monitor and apply for all government funding opportunities. Since 2021, the Region has obtained grant funding for over \$40 million, summarized in the table below:

Funding Source	Description	Funding Amount
Ontario – COVID-19 Resilience Infrastructure Stream	Funding for critical infrastructure and fiscal relief	\$8 Million East Sanitary Trunk Sewer
Ontario – IESO Industrial Energy Efficiency Program	Electricity Demand Management for large users – process improvements and optimization	\$2.39 Million G.E. Booth \$2.8 Million Clarkson
Housing-enabling Water Systems Fund (Intake 1)	Help repair and expand critical water and wastewater infrastructure	\$35 Million G.E. Booth Expansion
Ontario – Health and Safety Water Stream	Help repair and expand aging water and wastewater infrastructure	Pending (Up to \$30 Million) East Brampton Sanitary Sewer Rehabilitation

In addition, where provincial policy changes influence infrastructure needs, staff note the need for ongoing political advocacy and dedicated funding for growth-related infrastructure, particularly in cases that directly affect existing service capacity. Council has aggressively advocated to both the provincial and federal governments to address the funding gap resulting from the DC deferrals and reductions.

f) Resource Needs Assessment – Phase 1 Update

To deliver on Council’s commitments, Peel acted quickly to build capacity by recruiting all the Phase 1 staff resources approved by Council in July 2024. These positions were identified through a two-phase review of resource requirements, benchmarked against leading large-scale utilities in North America, which assessed immediate needs to increase capital delivery as well as longer-term requirements to sustain alternative delivery models and support new infrastructure through commissioning and operations. While Phase 1 resources have been fully secured, Phase 2 resources have been identified but deferred until the 2026/2027 Budget for further consideration.

As with any significant expansion of the workforce, onboarding and training takes time, and new staff are not yet operating at full productivity. These employees are being

2026 Water and Wastewater Master Servicing Plan and Housing-Enabling Infrastructure Update

integrated into complex capital delivery processes and systems that require both technical knowledge and institutional familiarity. As their experience grows, along with new technology and data management investments, staff will become more efficient and their contributions to project delivery will steadily increase. Council can expect to see productivity gains over the next twelve months and coming years as the team reaches peak performance, positioning the Region to deliver on its large long-term infrastructure program.

g) Capital Delivery Performance

Over the past year, Peel has continued to advance housing-enabling projects with the support and approvals of Council. These projects have proceeded on faster timelines and through efficient procurement processes, allowing Peel to stay ahead, even as many other municipalities have slowed or deferred capital programs. Taking advantage of this shift in the broader municipal market, has resulted in significant competitive pricing.

Budget Year	Total Approved Budget	Capital Commitments**	Capital Cash Flow
2023	\$ 0.64 Billion	\$ 0.64 Billion	\$ 0.57 Billion
2024	\$ 1.41 Billion	\$ 0.71 Billion	\$ 0.53 Billion
2025 Projected*	\$ 1.70 Billion	\$ 1.56 Billion*	\$ 0.71 Billion*
2026 <i>Proposed</i>	\$ 1.85 Billion	\$ 1.60 Billion	\$ 0.85 Billion

* Either completed and/or estimated for year-end 2025

** Indicates capital commitment made to spend with either Purchase Order/ Vendor contract awarded and/or planned within the indicated year

As a result, many construction tenders have come in lower than anticipated, providing short-term financial relief while still ensuring that critical infrastructure to support growth is underway. From 2024 to date in 2025, construction tenders have been consistently and on average received below budget, allowing savings of more than \$140 million on vendor contract commitments in 2025 alone. Staff continue to recommend advancing water and wastewater infrastructure construction tenders while the market is favourable.

Capital spending and commitments – either with a vendor contract awarded and/or within the calendar year - are tracked and reconciled on a yearly basis. The table above demonstrates performance since the introduction of Bill 23, increasing capital spending and commitments year-over-year. The 2025 amounts to end-of-year are projected based on anticipated short-term spend and/or commitments.

2026 Water and Wastewater Master Servicing Plan and Housing-Enabling Infrastructure Update

3. Next Steps

a) Complete the 2026 Master Plan

The 2026 Master Plan will be completed in the second quarter of 2026. Engagement includes consultation with BILD, local municipalities, Indigenous communities, conservation authorities and other interested stakeholders, followed by a formal commenting period. The finalized 2026 Master Plan will guide preparation of the 2027 Capital Budget.

In the interim, the infrastructure included in the 2024 and 2025 approved capital budgets aligns with the emerging direction of the draft 2026 Master Plan and provides the foundation for the 2026 budget cycle. Rather than introducing major changes, the 2026 budget will focus on refining the sequencing and timing of projects based on updated analysis, growth trends, resource capacity, economic and fiscal conditions, and general market sentiment. This makes the 2026 budget a transitional step, ensuring continuity while consultations continue. Ongoing engagement will help confirm that projects remain coordinated and timed to support servicing needs in areas identified for growth. The recommended 2026 Water and Wastewater capital budget submission will be significantly lower than forecasted, upwards of \$1 billion, reflecting the adjustments and transitional priorities described above.

Public Information Centres (PICs) will be held across the three local municipalities at the beginning of December 2025. The PICs will share the study process, present the findings, outline the water and wastewater servicing strategies, and introduce the recommended solution. Each PIC will also provide the public with an opportunity for participants to offer feedback to the project team.

Prior to these sessions, Peel will meet with the local municipalities to present the recommended servicing strategy, and the work completed to date. These meetings will help ensure alignment with municipal priorities and provide local partners with an opportunity to share early feedback before the broader public consultation process.

b) Continue to Increase Capital Delivery Output

It is critical to continue building backbone water and wastewater infrastructure. More than three-quarters (77 percent) of the Region's 2026 Water and Wastewater 10-year Capital Plan is dedicated to backbone infrastructure. These assets have long planning and construction timelines, often spanning a decade or more, and must be delivered well in advance of population and employment growth. Pausing investment risks creating bottlenecks that can delay housing, economic recovery, and compromise service reliability when market conditions improve. By contrast, local servicing infrastructure – smaller watermains and sewers that connect directly to individual developments – offer more flexibility, as its timing can follow the pace of construction without affecting the broader system or other growth areas.

Process and technology improvement initiatives are being advanced to streamline workflows, reduce inefficiencies, and enhance overall output. Several technology initiatives such as an integrated Project Management Information System (PMIS) and Capital and Operating Budgeting Software have commenced in 2025. Data coordination

2026 Water and Wastewater Master Servicing Plan and Housing-Enabling Infrastructure Update

and seamless integration into enterprise financial systems will allow capital staff to focus on output rather than current manual data entry and reporting processes.

To ensure long-term readiness of the workforce, the Region has also engaged a consultant to review the current organizational structure and assess when additional staff resources and organizational structure adjustments will be required to advance delivery of the capital plan effectively and manage the new infrastructure once in service (operations). Together, these actions are positioning the Region to increase productivity, improve reliability, and deliver projects needed to support future growth.

c) Advance Servicing Capacity Allocation Planning

In partnership with local municipalities Peel continues to advocate for established growth forecasts and growth management policies to be maintained, to avoid major shifts in the location, density, and phasing of development that can create misalignment with servicing plans and disrupt the orderly staging of infrastructure. Servicing capacity should be directed toward developments that are ready to advance, while unused or stranded approvals should be reallocated and/or have their capacity withdrawn (“Use it or Lose it” philosophy). This approach supports building complete communities, makes the best use of existing infrastructure, minimizes the financial implications of new infrastructure investments, and reduces long-term financial risks.

Several Ontario municipalities have already responded to these challenges by introducing servicing capacity allocation programs. These programs establish a clear and transparent process to ensure limited capacity and infrastructure investments are used effectively and directed to projects with the highest likelihood of proceeding. With ongoing growth pressures, housing targets to meet, and reduced DC revenue, Peel recommends developing a similar program in consultation with local municipalities and the development community commencing in 2026.

Under this approach, local municipalities would play a central role in managing their assigned capacity. This would include monitoring how development is progressing and enforcing policies to reallocate unused capacity and ensure growth does not exceed available infrastructure. Taken together, these steps would allow Peel to use its servicing capacity more wisely, ensure fairness and transparency for the development community, and support the orderly and cost-effective delivery of infrastructure.

Staff will commence work with the local municipalities and development community and bring forward a proposed servicing capacity allocation program for Council’s consideration in 2026. While many examples across Ontario exist, a tailored approach is needed.

d) Advocating for provincial and federal funding eligibility

Staff have been actively monitoring available provincial and federal grant programs and submitting applications wherever eligibility allows. Looking ahead, staff will continue to pursue grant opportunities as they become available and will also strengthen their efforts with senior levels of government to expand eligibility criteria in programs where water and wastewater infrastructure have historically been excluded.

e) Continue collaboration and data sharing with local municipalities

2026 Water and Wastewater Master Servicing Plan and Housing-Enabling Infrastructure Update

Staff will continue to work closely with local municipalities to ensure that water and wastewater infrastructure planning and delivery remains fully aligned with short- and long-term local growth priorities.

Legislation specifies that local municipalities are responsible for growth forecasting, and that servicing and land use planning considerations be integrated at all stages of the planning process. Strong ongoing collaboration is essential to coordinate the timing and sizing of infrastructure with planned development, reducing the risk of delays, duplication, or underutilized assets.

The Region is also committed to strengthening how development application data is shared between the Region and local municipalities. A new program has commenced to design a modernized development tracking tool, in collaboration with local municipalities, creating a more consistent and transparent process. Enhanced data exchange will support more accurate forecasting, allow faster responses to growth pressures, and provide greater clarity for the development community as the parties collectively work together to achieve housing and employment targets.

RISK CONSIDERATIONS

Peel continues to face a range of risks that could significantly affect the delivery timelines, costs and outcomes of the water and wastewater capital program. Financial pressures are particularly acute, with higher borrowing costs and deferred DC revenues creating potential significant cash flow mismatches. These pressures are compounded by ongoing governance uncertainty related to the province's transition legislation, as well as volatile housing market conditions. Unpredictable growth adds complexity, leading to the risk of underutilized infrastructure or costly investments being required earlier than anticipated.

Beyond financial and governance factors, the successful coordination of capital delivery presents its own challenges. Large-scale municipal and external agency projects, such as those led by Metrolinx and the Ministry of Transportation, must be aligned with Peel's timelines to avoid delays. In addition, meaningful engagement with Indigenous communities requires sufficient time and resources to ensure consultation and accommodation are effective. Resource capacity also remains a critical risk, as the Region must continue to recruit and train skilled staff to sustain a rapidly expanding capital program; however, staffing limitations are being managed by prioritizing the most valuable work and maximizing what can be achieved with available resources. Similarly new assets must be assumed and integrated into existing systems and must be operated and maintained in accordance with established asset management plans. Resource implications in all business areas remain impacted by the current state of infrastructure growth.

Finally, broader community and external factors pose further risks to program success. A slowdown in the high-density residential market has reduced the pace of housing starts, making it less likely that provincial housing targets will be met on the timelines originally anticipated. In response to these conditions, Peel has reduced that anticipated capital spending needs by better aligning infrastructure delivery more closely with market demand while still advancing priority backbone infrastructure. The 2026 Water and Wastewater capital plan submission has been reduced by over \$1 billion compared to 2025 forecast.

Looking ahead, construction market pressures, potential tariffs, and increased competition for consultants and contractors are expected to re-emerge as market conditions improve. These

2026 Water and Wastewater Master Servicing Plan and Housing-Enabling Infrastructure Update

factors may constrain Peel's ability to deliver projects on time and within budget. Addressing these risks will require enhanced technology systems, improved forecasting, and stronger collaboration with municipal and development partners to keep housing-enabling infrastructure delivery on track.

BILL 45 and BILL 60 RISKS AND IMPLICATIONS

On June 4, 2025, Bill 45, the *Peel Transition Implementation Act, 2025*, was introduced by the provincial government. If passed as currently worded, Bill 45 will transfer jurisdiction over regional roads, including related stormwater infrastructure, from Peel Region to Mississauga, Brampton and Caledon on July 1, 2026. Jurisdiction over waste collection services from Peel Region to the three lower-tier municipalities is scheduled to transfer on January 1, 2026 in accordance with Bill 45 if passed, unless the Minister prescribes a different date before January 1, 2026.

Notwithstanding the introduction of Bill 45, Regional Council passed Resolution No. 2025-621 on September 11, 2025 approving October 1, 2027 as the date for the transfer of waste collection responsibilities to the local municipalities in accordance with the requirements of the *Municipal Act, 2001*. This information has been provided to the Province. Staff will monitor any developments as they relate to Bill 45 and will report back to Council when additional details become available.

On October 23, 2025, Bill 60, *Fighting Delays, Building Faster Act, 2025* was introduced by the Province. Bill 60 proposes several key changes to legislation that will have significant impact on the Region of Peel and the provision of water and wastewater services. Bill 60 proposes changes to the *Municipal Act, 2001* which will transfer jurisdiction over water and sewage public utilities from Peel Region to the Cities of Mississauga, Brampton and the Town of Caledon effective January 1, 2029 or such other date as prescribed by the Minister of Municipal Affairs and Housing. The Bill also proposes changes to the *Development Charges Act, 1997* which may impact revenues and cash flows upon which the water/wastewater program relies. Lastly, Bill 60 proposes the enactment of the *Water and Wastewater Public Corporation Act, 2025* which would allow the Minister to designate a corporation established under the *Business Corporations Act* as a water and wastewater public corporation to provide water and sewage services on behalf of lower tier municipalities.

Under Bill 60, the proposed *Water and Wastewater Public Corporation Act, 2025* provides that the Minister may make regulations which are necessary to govern or facilitate the transfer of the ownership and operation of water and sewage services to a water and wastewater public corporation, including the transfer of employees, assets, liabilities, rights and obligations from a municipality to a water and wastewater public corporation. As Bill 60 has not yet been passed, regulations have not been enacted. If Bill 60 is passed, Peel Region will no longer be responsible for providing water/wastewater services past 2029 (subject to change by the Minister). The immediate impact of Bill 60 on Peel Region's existing programs, its legal and financial rights and obligations, in addition to its water/wastewater capital program will depend on how Bill 60 is implemented through provincial regulations that have yet to be enacted, with the result that it is difficult to determine accurately the extent to which Bill 60 will impact Peel and its local municipalities. Staff will monitor any developments as they relate to Bill 60 and will report back to Council when additional detail becomes available, including any anticipated impacts to Peel Region's water and wastewater services and the capital program outlined in this report.

2026 Water and Wastewater Master Servicing Plan and Housing-Enabling Infrastructure Update

FINANCIAL IMPLICATIONS

Staff is reviewing capital delivery output performance metrics alongside broader utility performance measures, with particular attention to the implications of significant growth in Peel's owned assets. A review also includes an assessment of resource needs and organizational structural to ensure the Region is ready for the future.

In the short term, favourable pricing on many projects has provided some relief to 2025 capital expenditures and commitments. However, long-term pressures persist. These include higher borrowing costs and reduced or deferred DC revenues which will significantly impact Peel's ability to finance planned infrastructure. To some extent, this may be offset by innovative financing strategies such as front-end agreements to advance infrastructure.

While these strategies have enabled projects to advance more quickly, they also require close financial oversight and careful negotiation to safeguard Peel's interests. Council should also note that staff continue to report separately on budget commitments and actual spending. This distinction is important, as large infrastructure projects are often committed and funded across multiple years, but expenditures occur gradually as construction progresses. By tracking both commitments and spending, staff provide Council with a clearer, more accurate picture of financial status and delivery performance.

CONCLUSION

Over the past two years, the Region has advanced critical housing-enabling infrastructure, kept projects aligned with municipal and provincial priorities and demonstrated strong results in capital delivery. While risks remain, Peel Region is well positioned to meet future growth by combining proactive planning, strong partnerships, and innovative approaches to delivering infrastructure.

APPENDICES

Appendix I – Water Map – Capital Projects Alignment with Master Plan Preliminary Strategy
Appendix II – Wastewater Map – Capital Projects Alignment with Master Plan Preliminary Strategy



Kealy Dedman, P.Eng., MPA, Commissioner of Public Works

Authored By: Elvis Oliveira, Director Water and Wastewater Infrastructure Planning, Partnerships and Compliance