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**REPORT TITLE: Shelter Contract Extensions**

**FROM: Steve Jacques, MScPI, MCIP, RPP, Commissioner of Human Services**

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## **RECOMMENDATION**

- 1. That the contract (Document 2026-123N) for the provision of Dundas Street Shelter Operator Services, be awarded to The Governing Council of the Salvation Army in Canada (Salvation Army), for the period commencing on May 1, 2026 up to June 30, 2027, in the estimated amount of \$3,373,072, exclusive of applicable taxes, subject to available budget and pursuant to Procurement By-law 45-2023, as amended; and**
- 2. That the authority be granted to renew the contract (Document 2026-123N) with The Governing Council of the Salvation Army in Canada for the provision of Dundas Street Shelter Operator Services for one optional 12-month extension period, subject to the satisfactory performance and approved budget, and escalated in accordance with the terms and conditions of the contract, all pursuant to Procurement By-law 45-2023, as amended; and**
- 3. That the Director of Housing Services and the Director of Procurement, be authorized to approve increases to the contract (Document 2026-123N) with The Governing Council of the Salvation Army in Canada should the service requirements exceed estimates, subject to available budget, and pursuant to Procurement By-law 45-2023, as amended; and**
- 4. That the contract (Document 2026-240N) for the provision of Addiction Worker Services, be awarded to Peel Addiction Assessment and Referral Centre (PAARC), for the period commencing on April 1, 2026 up to March 31, 2027, in the estimated amount of \$300,000, exclusive of applicable taxes, subject to available budget and pursuant to Procurement By-law 45-2023, as amended; and**
- 5. That the authority be granted to renew the contract (Document 2026-240N) with PAARC for the provision of Addiction Worker Services for one optional 14-month extension period, subject to the satisfactory performance and approved budget, and escalated in accordance with the terms and conditions of the contract, all pursuant to Procurement By-law 45-2023, as amended; and**
- 6. That the Director of Housing Services and the Director of Procurement, be authorized to approve increases to the contract (Document 2026-240N) with PAARC, should the service requirements exceed estimates, subject to available budget, and pursuant to Procurement By-law 45-2023, as amended.**

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### REPORT HIGHLIGHTS

- Dundas Street Shelter has the capacity to support 150-bed emergency shelter serving men and women experiencing homelessness in Peel Region.
  - Salvation Army has operated the site since 2021 and has developed specialized expertise in supporting clients with complex needs.
  - The current contract with the Salvation Army is set to expire on April 30, 2026, and an interim contract is required to continue services.
  - The report seeks authorization to directly negotiate an interim operating agreement with Salvation Army to ensure uninterrupted shelter operations while a consolidated competitive procurement process is advanced.
  - The updated service agreement with Salvation Army is fully funded within the 2026 Housing Support operating budget through a combination of Regional and provincial Homelessness Prevention Program (HPP) funding.
  - The contract with PAARC is fully funded through the approved 2026 Housing Support budget.
  - In accordance with Procurement By-law 45-2023, as amended, Part VII – Direct Negotiations, award of the contract (Document 2026-123N) to The Governing Council of the Salvation Army in Canada, requires Regional Council approval.
  - In accordance with Procurement By-law 45-2023, as amended, Part VII – Direct Negotiations, award of the contract (Document 2026-240N) to PAARC, requires Regional Council approval.
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### DISCUSSION

#### 1. Dundas Street Shelter

##### a) Background

In 2021, Dundas Street Shelter, operated by Salvation Army, was transitioned to function as an overflow site in response to the COVID-19 pandemic. That year, the Pandemic Service Agreement was amended to include shelter operation services at the Dundas site, allowing Salvation Army to develop specialized experience supporting individuals experiencing homelessness, including those with complex health and social care needs.

On March 24, 2022, Council approved Resolution 2022-187, authorizing direct negotiations with The Salvation Army for shelter services for a contract of up to 19 months to deliver social services to individuals with complex care needs at Dundas Street Shelter. Following the expiry of the initial 19-month term on December 31, 2023, operations continued under HPP funding authority, with the current agreement remaining in effect until April 30, 2026.

In September 2024, following the pandemic supports and the separation of the Peel Homeless Emergency Shelter System from the Asylum Claimant Response System, Dundas Street Shelter continued operating within Peel Region's emergency shelter system, serving single adults experiencing homelessness. Through the 2026 Housing Support operating budget, Council approved funding to expand the shelter from 105 to 150 permanent emergency beds. This enhancement supports Peel's No Turn Away approach, reduces reliance on higher-cost overflow hotel accommodations, and aligns funding with the shelter's expanded capacity. Salvation Army continues to operate the

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emergency shelter component, while Wellfort Community Health Services delivers health supports on site to up to 45 medical shelter beds.

### **b) Proposed Direction**

The Dundas Street Shelter operates as part of Peel Region's emergency shelter system and provides needed capacity within the broader network of shelter services.

The updated service agreement with Salvation Army is fully supported within the 2026 Housing Support operating budget, funded through a combination of regional funding secured during the 2026 budget process and provincial HPP funding.

Staff are currently advancing a broader review of shelter service delivery, which will inform a consolidated competitive procurement process for shelter services across the system.

To maintain service continuity while this work is completed, staff are seeking authorization to directly negotiate an interim operating agreement with Salvation Army, the current service provider. Issuing a separate competitive procurement at this time would create duplication and limit flexibility while the revised shelter program model is being finalized. Continuing with the current operator on an interim basis supports operational stability, leverages Salvation Army's established experience at the site, and allows Peel Region to undertake a coordinated procurement process once the updated service model is confirmed.

In accordance with Procurement By-law 45-2023, as amended, Part VII - Direct Negotiations, award of the contract (2026-123N) to The Governing Council of the Salvation Army in Canada, requires Regional Council approval.

## **2. Addiction Worker Services – Program Continuation**

### **a) Background**

In 2024, Health Canada issued a call for proposals under the Emergency Treatment Fund (ETF), intended to address urgent needs related to substance use and overdose and to improve access to trauma-informed and evidence-based services.

Peel Region submitted a proposal to Health Canada and was awarded a one-time budget of \$279,016 to support program delivery at the regional emergency shelter system from April 1, 2025, to March 31, 2026.

On June 26, 2025, Council approved Resolution 2025-505, authorizing direct negotiations with Peel Addictions, Assessment and Referral Centre, (PAARC) to deliver addiction worker services within Salvation Army-operated shelters at Wilkinson Road Shelter, Cawthra Road Shelter and at Motel 6 Brampton, up until March 31, 2026.

These positions addressed a previously identified gap in shelter-based programming by providing specialized on-site support for clients experiencing substance use challenges. Services include individual support, group programming, harm reduction education, and referrals to treatment and community services.

As of February 2026:

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- 79 unique clients served through case management
- 27 group sessions delivered
- 301 client support interactions provided
- 33 per cent of participating clients successfully referred to housing or other non-shelter supports

These outcomes demonstrate measurable engagement and strengthened capacity within the shelter system to respond to complex needs.

### **b) Proposed Direction**

Discontinuing the program would result in the loss of specialized supports currently embedded within shelter operations and disrupt established therapeutic relationships with vulnerable clients. Given the demonstrated outcomes and ongoing demand, staff are recommending continuation of the program on an interim basis.

Through the 2024 Council Approved Operating budget, Housing Services was approved a homeless non-financial support budget. This budget assists clients in securing long-term housing by providing essential non-financial supports like addictions and mental health support.

Staff are seeking authorization to directly negotiate an agreement with PAARC for a 12-month term commencing April 1, 2026, with one optional 14-month extension to align with the timing of the broader shelter competitive procurement process. Addiction worker services will be incorporated into the requirements of the upcoming shelter RFP to ensure long-term integration within the system model. The estimated cost of \$300,000 will be funded within the approved 2026 Housing Support operating budget through the Homeless Non-Financial Supports program.

Direct negotiation is recommended as PAARC developed and operationalized the current program model in collaboration with Housing Services and shelter operators. Through the pilot period, PAARC has established clinical protocols, referral pathways, and relationships with shelter residents experiencing substance use challenges. The organization has demonstrated measurable results within a short implementation period and has developed site-specific knowledge of client needs, operational workflows, and system partnerships.

Conducting a separate competitive procurement at this time would risk service interruption, loss of established client relationships, and disruption to integrated service delivery models while a consolidated procurement process is underway. An interim agreement with PAARC ensures continuity of care and allows Peel Region to incorporate addiction supports comprehensively within the upcoming shelter RFP process.

In accordance with Procurement By-law 45-2023, as amended, Part VII – Direct Negotiations, award of the contract (Document 2026-240N) to PAARC, requires Regional Council approval.

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### **RISK CONSIDERATIONS**

Failure to secure an interim operating agreement presents significant service and client risks. Any disruption in shelter operations could result in displacement of vulnerable individuals, increased unsheltered homelessness, and heightened pressure on other components of the shelter system.

Failure to continue the addiction worker services would reduce the shelter system's capacity to respond to substance use and overdose risks and may negatively impact client stabilization and housing outcomes.

Operational disruption may also create reputational risk for Peel Region and negatively impact community confidence in the stability of shelter services.

Entering into an interim agreement mitigates these risks by ensuring continuity of service while a longer-term competitive procurement process is complete.

### **FINANCIAL IMPLICATIONS**

The contract with PAARC for the provision of Addiction Worker services, estimated at \$300,000, is funded within the approved 2026 Housing Support operating budget through the Homeless Non-Financial Supports program.

The approved 2026 Housing Support operating budget includes the required funding to expand shelter capacity at the Dundas Street Shelter. The revised service agreement with Salvation Army, for the period May 1, 2026, to June 30, 2027, in the estimated amount of \$3,373,072, is fully supported within the existing 2026 budget through a combination of regional funding at 40% and provincial HPP funding traditional at 60%.

Peel Region's HPP funding allocation beyond March 31, 2026, has not yet been confirmed by the province, however, has been ongoing for years. Should the HPP allocation be reduced, staff will report back to Council with the associated financial and service implications.

### **CONCLUSION**

The Dundas Street Shelter provides essential emergency shelter capacity within Peel Region's shelter system. With the expiry of the current contract on April 30, 2026, Council authorization is required to establish a new interim operating agreement.

Council has approved enhanced funding through the 2026 Housing Support operating budget to support the continued operation and expanded 150-bed capacity at Dundas Street Shelter. Authorization of this contract is required to implement that approved service level. The site also supports individuals with higher health needs through on-site medical beds, making it a critical component of Peel Region's shelter response.

## **Shelter Contract Extensions**

Approving the award of the contract directly with Salvation Army and PAARC will ensure uninterrupted service delivery to vulnerable residents while Peel Region advances a consolidated procurement process for shelter services.

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Steve Jacques, MScPI, MCIP, RPP, Commissioner of Human Services

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