
REPORT TITLE: 2025 Capital Financial Triannual Performance Report as of December 31, 2025 (Unaudited)

FROM: Davinder Valeri, Chief Financial Officer and Commissioner of Corporate Services

RECOMMENDATION

- 1. That the report from the Chief Financial Officer and Commissioner of Corporate Services, listed on the April 23, 2026 Regional Council agenda titled “2025 Capital Financial Triannual Performance Report as of December 31, 2025 (Unaudited)”, be endorsed; and**
- 2. That the Dockstader Paramedic Reporting Station (Project 21-7809), and the Speakman Paramedic Reporting Station Design Phase (Project 24-7809), be increased, by transferring \$4,500,000 and \$2,000,000, respectively from the Land Six Reporting Station (Project 23-7809), and the associated reserve funding for a revised total project cost of \$82,200,000 for Project 21-7809, and a revised total project cost of \$7,000,000 for Project 24-7809.**

REPORT HIGHLIGHTS

- The 2025 Capital Budget included approval of \$2.3 billion in capital projects, including \$2.1 billion for Peel Region Services programs, and \$0.2 billion for the Regionally Financed External Organizations.
 - In 2025, \$1,489.3 million was spent, surpassing the previous five years' average of \$842.4 million (i.e. 77 per cent higher).
 - As of December 31, 2025, Peel has Capital Work in Progress totalling \$7.2 billion (1,751 active capital projects).
 - Peel Region Services:
 - Capital work completed in 2025 totalled \$1,288.0 million, with \$421.5 million spent in Tax Supported Services and \$866.5 million in Utility Rate Supported Services.
 - 81 per cent of Peel Region Services of the capital work were carried out by the Public Works team (Utility accounted for 67 per cent), which supports the achievement of the Province’s housing target and the state of good repair of Peel’s public works assets.
 - 50 active capital projects (i.e. based on the highest gross remaining budget value for 25 tax supported, and 25 utility rate supported) represent 53 per cent of the remaining budget of Peel Region Services capital projects.
 - A companion operating performance report for 2025 has been provided to Regional Council to provide analytics on operations.
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2025 Capital Financial Triannual Performance Report as of December 31, 2025 (Unaudited)

DISCUSSION

1. Background

The Budget Policy requires that staff report the status of capital work at a minimum of twice a year to manage financial performance to ensure the long-term financial sustainability of Regional services. This report provides the last update for 2025 on the financial results of the Capital Program based on information as of December 31, 2025.

Prior to the approval of the 2025 budget, the Capital Program began with an opening balance of \$6.6 billion (1,601 projects) for Capital Work in Progress from prior years.

2025 Capital Budget

On December 12, 2024, Regional Council pre-approved \$0.1 billion capital investment (24 projects) in Peel's infrastructure through the 2025 Budget. Subsequently, on January 23, 2025, Regional Council approved the remaining \$2.2 billion in capital investment (209 projects) for Peel's infrastructure through the 2025 budget process.

The approved 2025 Capital Budget, totalling \$2.3 billion (233 projects), includes \$0.2 billion (20 projects) for the Regionally Financed External Organizations: Peel Regional Police, Ontario Provincial Police, and three Conservation Authorities.

2. Overview of 2025 Capital Program

Capital work represents a key component of the Region's service delivery. Capital work is used to acquire, improve, or maintain land, buildings, roads, water and sewer mains, pumping stations, machinery and equipment, information technology and to conduct studies relating to corporate assets.

The Region's capital plans were developed based on the Region's Growth Master Plans, Enterprise Asset Management Plan for state of good repair and other Regional Council directions, such as the Waste Reduction and Resource Recovery Strategy and the Housing Master Plan, known as the Peel Community Housing Development Program. The Region actively monitored the changes to these plans and adjusted the capital plan where it was required. A significant portion of the Region's capital work consisted of large projects that take five to eight years to complete from start to finish.

As summarized in Table 1 below, including the approval of the 2025 Budget, Capital work had an opening balance of \$8.9 billion which consists of projects that are Peel Region Services (\$7.3 billion), and those managed by external organizations (\$1.6 billion) such as Peel Regional Police, Ontario Provincial Police and Conservation Authorities.

In 2025, the total capital work completed was \$1.2 billion.

As of December 31, 2025, the capital work had a gross remaining budget of \$7.5 billion.

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Table 1: Total Capital Program as of December 31, 2025

2025 CAPITAL WORK	Peel Region Services (\$Billions)	Regionally Financed External Organizations (\$Billions)	TOTAL (\$Billions)
Opening Balance as at January 1, 2025	5.2	1.4	6.6
Capital Work Added through 2025 Approved Budget	2.1	0.2	2.3
Opening Balance following 2025 Budget	7.3	1.6	8.9
Capital Work completed in 2025 *	(1.2)**	(0.2)	(1.4)
Balance as at December 31, 2025	6.1	1.4	7.5

* Refer to Appendix I for details

** Included in \$1.2 billion, \$15.5 Million was returned to reserves

As shown in Table 2 below, during 2025, the total number of capital projects decreased from 1,834 to 1,751, consisting of 1,554 Peel Region Services projects and 210 projects managed by external organizations. The decrease for Peel Region Services projects was mainly due to projects being closed, with \$15.5 million in unspent remaining budget returned to reserves.

Table 2: Number of Projects in Total Capital Program as of December 31, 2025

2025 CAPITAL PROJECTS	Peel Region Services	Regionally Financed External Organizations	TOTAL
Capital Projects as of January 1, 2025	1,449	152	1,601
Projects Added through 2025 Approved Budget	213	20	233
Opening Balance following 2025 Budget	1,662	172	1,834
Projects Closed in 2025	(135) *	(35)	(170)
In-Year Project Changes	27	60	87
Balance as of December 31, 2025	1,554 **	197	1,751

* 135 projects were closed with \$15.5 million returned to reserves

**Refer to Appendix II for details of the Peel Region Services

3. Capital Operations and Financing Impact

The Region actively monitors the performance of the capital operations by tracking the capital project progress through various stages of the project life cycle and analyzing work in progress. Staff review capital performance at a minimum of twice a year and report to Regional Council on the status of the capital work in progress, including significant variances.

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a) 2025 Capital Spending

Capital spending for both Tax and Utility Rate Supported services (including Peel Region Services and External Organizations) in 2025, amounted to \$1,489.3 million (\$1,288.0 million for Peel Region Services, \$201.3 million for External Organizations); \$421.5 million spent in Tax Supported Services, and \$866.5 million spent in Utility Rate Supported Services. Highlights are provided in Appendix I.

In 2025, spending was 77 per cent higher than the past five years' average of \$842.4 million.

\$1,044.8 million of the capital work (70 per cent) of Peel Region Services was carried out by the Public Works team which supports the achievement of the Provincial housing targets and the state of good repair of Peel's public works assets. The Water and Wastewater team within Public Works carried out 58 per cent of the Peel Region Services capital spending.

b) Progress of Peel Region Services Capital Program

The progress of 1,544 of Peel Region Services capital projects was actively monitored and measured. Of the opening balance of Peel Region Services capital work of \$5.2 billion, 83 per cent of the capital work progressed on schedule. The remaining 17 per cent of capital projects (\$1,061.2 million) are either delayed or on hold due to management decisions or unforeseen circumstances.

A summary is provided in Appendix II - Capital Program 2025 Work in Progress (WIP) – Peel Region Services Program.

c) Progress of the Top Peel Region Services Capital Projects

While all capital projects are actively managed, to efficiently manage the Peel Region Services capital program and mitigate the risks effectively, staff focus on the progress and report to Council on the 25 largest capital projects in tax supported services, and on the top 25 largest capital projects in utility rate supported services. The top 50 active capital projects based on the gross remaining budget value, in order of magnitude, represent 53 per cent of the remaining budget of Peel Region Services capital projects and three per cent of the total number of projects.

i. Progress of the Top 25 Peel Region Services Tax Supported Capital Projects

The top 25 capital projects represent 17 per cent of the remaining budget value of Peel Region Services capital projects and two per cent of the total number of projects.

Appendix III provides the status of the top 25 tax supported capital projects by services with the highest gross remaining budget. Analysis of the top 25 projects shows:

- The total gross budget is \$1.4 billion, with a remaining budget of \$1.0 billion.

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- By the end of December 2025, the cumulative spending amounted to \$444.4 million or 30 per cent of the gross approved budget.

As of December 31, 2025, 20 out of the 25 capital projects are on track, and the following Five capital projects have been delayed, which are at the design stage:

1) Dockstader Ambulance Reporting Station

Construction commenced early November 2025 after 7 months delay due to the Site Plan and Building permit process. Schedule has been revised based on this delay and is expected to be completed by June 2027.

2) Dixie Road - Countryside Drive

The project is expected to be tendered in the first quarter of 2026, with completion anticipated by the end of 2028. The contract has been extended by one year to accommodate additional scope from a related project tendered concurrently, as well as required work sequencing adjustments.

3) Mavis Road - 500m North and South of Highway 407

407 dictates the construction schedule. As work will impact access to the 407 from Mavis Road, the 407 has directed that the project be tendered the second quarter of 2026 due to the Hurontario Light Rail Transit (HuLRT) project currently impacting another interchange in Mississauga. Currently undergoing a contractor pre-qualification process, in partnership with the 407. The construction will last two years.

4) Steeles Avenue - Mississauga Road to Winston Churchill Boulevard

Primarily due to a shift in utility relocation timelines from the second quarter of 2026 to the second quarter of 2027. The project is currently in the property acquisition phase and nearing completion of the 90 per cent detailed design. Road construction is expected to begin in mid-2028 and will require an extended construction period, with overall project completion anticipated by fall 2032.

5) Mayfield Rd - Airport Road to The Gore Road and The Gore Road - Squire Ellis Drive to Mayfield Road

Due to the late completion of utility relocation works, caused by material shortages and trade strikes. Currently at a revised 60 per cent detailed design phase. Utilities relocations are still scheduled to be done between 2026 to the second quarter of 2027. Construction targeted to start in the third quarter of 2027 and be completed in 2029.

As detailed in the top 25 tax supported projects in Appendix III, 19 of the 25 capital projects are on budget, while five are currently under review, and one is identified as having budget shortfalls. The budget shortfalls for the following project are primarily due to an increase in labour and material costs. Additional funding has been requested through the 2026 capital budget.

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1) Mavis Road - 500m North and South of Highway 407

The budgets for the following five projects are currently under review. Once these projects are tendered, an update to the budget may be necessary in the 2027 budget submission. The five projects are as follows:

- 1) Ambulance Facilities 5th reporting station
- 2) Dixie Road - Bovaird Drive to Countryside Drive
- 3) Steeles Avenue - Mississauga Road to Winston Churchill Boulevard
- 4) Winston Churchill Boulevard and Olde Base Line
- 5) Mayfield Rd - Airport Road to The Gore Road and The Gore Road - Squire Ellis Drive to Mayfield Road

ii. **Progress of the Top 25 Peel Region Services Utility Rate Supported Capital Projects**

The top 25 capital projects represent 36 per cent of the remaining budget value of Peel Region Services capital projects and two per cent of the total number of projects.

Appendix IV provides the status of the top 25 utility rate supported capital projects by services with the highest gross remaining budget. Analysis of the top 25 projects shows:

- The total gross budget is \$2.8 billion with a remaining budget of \$2.2 billion.
- By the end of December 2025, the cumulative spending amounted to \$645.9 million or 23 per cent of the gross approved budget.

As of December 31, 2025, 21 out of the 25 capital projects are on track, three capital projects have been delayed, and one capital project has been paused. Of the four projects, two are at the design stage and two are under construction. The four projects are listed below:

1) East-to-West Diversion Sanitary

The project was delayed due to additional time required caused by unexpected ground conditions encountered during mining in Contract 2 (Highway 401 to Mavis Road and Dixie Road to Spring Creek Crescent).

- Contract 1 (Dixie Road to Mavis Road) was awarded in 2020 and has reached substantial completion.
- Contract 2 (Highway 401 to Mavis Road and Dixie Road to Spring Creek Crescent) was awarded in October 2022, and construction is in progress with an anticipated completion date of summer 2028.

2) Lakeshore Road West Sanitary Trunk Sewer

The project was delayed due to the project timeline being shifted from 2024 to 2025 to incorporate redesigns. These adjustments, driven by stakeholder feedback and expanded tunneling requirements through Port Credit, are now complete, and the project is proceeding to the construction phase.

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- Project was awarded in fall 2025 and is currently under construction, (in conjunction with capital project #19-1120).
- The project is expected to be substantially complete by April 2029.

3) 750-mm Watermain - Main Street

The project is delayed due to coordination challenges and additional scope

- Downtown Brampton Phase 3 Contract 1 Centre Street - Project is in design stage and expected tendering late 2026 with construction starting in early 2027. Construction duration to continue until 2028.
- Downtown Brampton Phase 3 Contract 2 (Church Street East works), which is highly dependent on permitting approvals. This work is being advanced to avoid conflict with City of Brampton Riverwalk construction work.
- Downtown Brampton Phase 3 Contract 3 Centre Street pipe upsizing from 300mm - expected construction start in 2026 and completion by 2027. Timelines are estimated as the projects are being fast tracked, but nearby projects are creating impacts, most notably Downtown Brampton Phase 3 Contract 2.
- This project will need to be coordinated with other capital works projects in Brampton, including the Williams Parkway Watermain project. Key coordination risks include sequencing, permitting, and scheduling of construction activities.

4) Victoria Yard Replacement – Paused

Work on this project will resume pending transition plan recommendations for downloading Road's service to local municipalities.

As detailed in the top 25 projects in Appendix IV, 25 of the 25 capital projects are on budget.

4. Impact of 2025 Capital Program on Capital Reserves and Reserve Funds

Capital spending impacts the Region's capital reserves and overall financial flexibility. To execute the 2025 Capital Program within the constraints of the cash levels available in the reserves and reserve funds, staff continue to proactively phase in capital projects. As major projects progress through project lifecycles, the Region's current financial condition is considered prior to proceeding with subsequent project phases.

a) Capital Reserves

The 2025 Regionally controlled Capital activities resulted in a total net reserve return of \$26.7 million during the year, comprising \$18.9 million returned to Capital Reserves, and \$7.7 million returned to the Development Charges Reserve funds. The \$26.7 million returned to reserves further comprised:

- Closed projects which accounted for \$15.5 million (\$11.4 million returned to Capital Reserves, and \$4.1 million returned to Development Charges Reserves).

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- Budget changes approved during the year, which accounted for \$11.1 million (\$7.5 million returned to the Capital Reserve and \$3.6 million returned to the Development Charges Reserves).

As of December 31, 2025, the Regionally controlled Capital Reserves uncommitted balance was \$407.5 million, prior to funding the 2026 budget commitments.

Capital reserves are required to maintain the state of good repair of Peel's infrastructure assets and to pay for infrastructure not eligible for Development Charges (as Development Charges capital only funds growth enabling infrastructure). This has become increasingly important to meet the accelerated spending required to achieve Provincially mandated housing targets, and to address critical needs within the Peel community.

Historically, the long-term sustainability of Peel's capital reserves has been strong due to Regional Council's approval of the tax and utility rate infrastructure levies to allow for annual increases to capital reserve contributions. This has been a fundamental strategy to ensure that Peel's Infrastructure remains sustainable, and is maintained in a state of good repair, whilst at the same time avoiding significant increases in debt. Additionally it ensures tax and ratepayers are safeguarded from sudden tax and rate hikes. However, it is forecasted that there will be significant pressure on the capital reserves throughout most of a 20-year horizon (2026-2045), in the short to long term, to support Peel's highly demanded New Housing Development, and to maintain the state of good repair of Peel's infrastructure assets.

b) Development Charges

Development Charges (DCs) are a key funding source for growth related capital projects. The total DC revenue collected in 2025 was \$113 million which is considerably lower than the amount collected in the previous year, 2024, which was \$297 million.

In 2025 the shortfall in DC collections was further intensified by a DC Grant program that was introduced by Council to incentivize the building community by providing 50 per cent grants-in-lieu of DCs. The goal of the overall Program is to meet the Provincial objective of Building Homes Faster by reducing the cost of home ownership, with the infrastructure costs (instead) being funded by upper levels of government rather than homebuyers, through increases in utility rates and property taxes.

In addition to the introduction of a DC Grant Program there was a statutory shift in the collection of residential DCs under Bill 17. The "Protect Ontario by Building Faster and Smarter Act, 2025", amended the Development Charges Act, 1997, (DCA) such that payment of the municipal (local/lower tier and regional/upper tier) portion of development charges for non-rental residential developments were to be deferred from building permit issuance to either (a) before issuance of an occupancy permit or (b) before first occupancy of the building.

These recent DC changes writ large, further compounded the risks associated with lower DC collections in 2025.

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5. Dockstader Paramedic Reporting Station (Project 21-7809) and the Speakman Paramedic Reporting Station Design Phase (Project 24-7809).

The current approved Capital Budget the fifth Paramedic reporting station, now referred to as Dockstader, is \$77.7 million. Based on the most recent construction costing, the total cost of land design and construction has increased to \$82.2 million, with the increase being driven by grid expansion from Alectra and winter delays. This creates a budget deficit of \$4.5 million. In 2023, Council approved \$35 million for the purchase of land for Paramedics sixth reporting station. The land purchase in South Mississauga has come in under budget with \$6.9 million remaining in the capital project. As these funds are necessary to complete the construction of Dockstader station, it is recommended to transfer \$4.5 million from the available funds (utilizing the Tax Supported Capital Reserve) for the sixth reporting station project to the Dockstader station project. Without the transfer of funds to the project, construction on the station will be unable to proceed as designed.

The 2024 capital budget included the approval of \$5 million for design of the sixth Paramedic reporting station, now referred to as Speakman. Based on the most recent design estimates, the total cost is approximately \$7 million. Design work for the station is anticipated to commence end of April 2026. It is recommended to transfer \$2 million from the available funds (utilizing the Tax Supported Capital Reserve) for the sixth reporting station project to the Dockstader station project. Construction on the sixth reporting station is expected to be included for Council approval in the 2027 Regional budget.

6. Capital Reductions due to 0.5% Infrastructure Levy approved with 2026 Budget

As part of the 2026 Budget, Council reduced the amount of the infrastructure levy by 0.5 per cent per cent, and in an effort to ensure sufficient reserves for ongoing projects staff reviewed and recommended reductions to 2026 budget in the amount of \$8.4 million. In taking a proactive approach to maintaining long-term financial sustainability, staff undertook a comprehensive review across all departments and reduced capital budgets funded by the infrastructure levy, ensuring that available reserve balances are preserved to support priority projects and state-of-good-repair needs. Details are listed as part of Appendix V to this report.

BILL 45, BILL 60, AND BILL 98 RISKS AND IMPLICATIONS

On December 11, 2025, Bill 45 (*Peel Transition Implementation Act, 2025*) received Royal Assent and initiated a phased transfer of certain services from the Regional Municipality of Peel to the Cities of Mississauga and Brampton, and the Town of Caledon. Responsibility for regional roads and stormwater infrastructure is scheduled to transfer by July 1, 2027, followed by waste collection services by October 1, 2027.

On November 27, 2025, Bill 60 (*Fighting Delays, Building Faster Act, 2025*) received Royal Assent and introduced additional changes, including amendments to the *Municipal Act, 2001* transferring jurisdiction over water and wastewater utilities to lower-tier municipalities effective January 1, 2029, or a later prescribed date. Bill 60 also enacted the *Water and Wastewater Public Corporation Act, 2025*, enabling designated public utility corporations to deliver water and wastewater services on behalf of municipalities. On March 30, 2026, the provincial government tabled Bill 98 (*Building Homes and Improving Transportation Infrastructure Act*), which provided further details respecting this model, although additional regulations are required to fully implement the proposed framework.

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At this time, the full legal, financial, and operational implications of Bill 45, Bill 60, and Bill 98 for Peel Region and its local municipalities remain uncertain. Staff will continue to monitor legislative and regulatory developments and report back to Council as further information becomes available.

CONCLUSION

In total, \$1,489.3 million was spent during 2025. Capital program spending surpassed the previous five years' average of \$842.4 million (i.e., 77 per cent higher). The 2025 capital work was implemented within the constraints of the reserves, reserve funds and debt plan, which allows the Region to maintain its financial flexibility.

APPENDICES

Appendix I – 2025 Capital Spending (January - December)

Appendix II – Capital Program 2025 Work in Progress (WIP) – Peel Region Services

Appendix III – Top 25 Tax Supported Capital Projects with Gross Remaining Budget – Peel Region Services

Appendix IV – Top 25 Utility Rate Supported Capital Projects with Gross Remaining Budget – Peel Region Services

Appendix V – 2026 Capital Reductions to Infrastructure Projects

Appendix VI – Proposed Realignment of Reserves



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