

DATE: June 6, 2017

REPORT TITLE: **FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS**

FROM: Janette Smith, Commissioner of Public Works
 Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer

RECOMMENDATION

That Region of Peel staff work with the local municipalities to develop a streamlined process to approve access control for development applications;

And further, that Region of Peel staff continue to work with the local municipalities to identify opportunities for efficiencies in the operation and maintenance of roads;

And further, that the Commissioner of Public Works be authorized to enter into and execute service agreements to implement the access control protocols and any other efficiencies as may be identified from time to time.

REPORT HIGHLIGHTS

- Staff from the Region of Peel and local municipalities have been working on the arterial roads rationalization file since November 2005 and made significant progress on 15 of the 16 elements associated with Regional road right-of-ways.
- On November 10, 2016, Regional Council passed Resolution 2016-871 authorizing staff to retain the Region's external auditor (Deloitte) to model the financial implications of a possible transfer of ownership and responsibility of Regional Arterial Roads to the Cities of Mississauga and Brampton and Town of Caledon.
- From November 2016 to May 2017 various Staff Committees and Deloitte met on approximately 50 occasions to carry out Council's direction.
- The level of effort to undertake this work has proven to be significant demonstrating the complexity of this issue.
- The financial assessment by the Region and local municipal staff identified significant financial risk in transferring the Regional Road network to the local municipalities.
- Deloitte will present findings of the financial analysis at the June 22, 2017 Regional Council meeting.
- Recent discussions have identified opportunities to enhance customer service through streamlining access control for development applications and efficiencies in the operations and maintenance of roads throughout the Region.

FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS

BACKGROUND

Arterial Road Rationalization – A Chronology of Events Leading to the Current State

November 2005 to July 2011

Dating back to 2005, the Arterial Road Rationalization was first conceived in three phases:

- Phase I: Background Research: A working group was formed consisting of Regional and local area staff to develop criteria to classify “major arterial roads”.
- Phase II: The objective was to investigate and assess jurisdictional options of the major arterial roads network identified in Phase I and the impacts associated with any changes to the existing major arterial road network.
- Phase III: This Phase looked at a service delivery option whereby the Region would assume jurisdiction and responsibility for annual condition inspection and all construction, operations and maintenance activities for sidewalks and multi-use trails on Regional road right-of-ways.

These phases evolved over the years through various iterations, leading to July 2011 where Council endorsed Option 4A which recommended the jurisdictional transfers of seven arterial roads, namely; the Bolton Arterial Road (Emil Kolb Parkway), Coleraine Drive, Castlemore Road, Kennedy Road, Winston Churchill Boulevard, Embleton Road and Mavis Road. Details of these transfers along with a chronology of events from November 2005 can be found in Appendices I and II of this report.

July 2011 to October 2015

Council’s endorsement of Option 4A concluded Phases I and II and led to the development of Phase III. The primary objective of Phase III was to work with the local municipalities to optimize operations, cost and effectiveness of 16 roadway elements; such as: Street Lighting, Sidewalks, Multi-Use Trails. Significant achievements on 15 of the 16 roadway elements were made, such as:

- Jurisdictional transfer of Coleraine Drive to the Region;
- Traffic Signals: In March 2015, the Cities of Brampton and Mississauga assumed the operations and maintenance of traffic signals by way of contract through an executed agreement between the municipalities; and, the Town of Caledon took part in the discussions and chose to maintain the existing traffic signal service agreement with the Region;
- Street lighting: Through Resolution 2014-507, Peel Council approved a service delivery model for the Region to maintain and operate street lights on Regional roads, and this is now completed; and
- Sidewalks and Multi-Use Trails: Service Delivery Option 3, an option in which the Region of Peel would assume jurisdiction and responsibility for annual condition inspection and all construction, operations and maintenance activities for sidewalks and multi-use trails on Regional road right-of-ways, was endorsed by Council (Resolution 2014-759). Through

FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS

discussions with the Cities it has been agreed not to proceed with the upload of sidewalks and multi-use trails until the road rationalization issues have been resolved. The upload of the sidewalks and multi-use trails for the Town of Caledon is complete.

The last outstanding element to be reviewed was the curb-to-curb operations and maintenance for the Regional road right-of-ways. Council held a facilitated Council Workshop on October 29, 2015, which resulted in Council directing staff to engage with staff from the local municipalities to undertake a review of the cost and revenue models. Between January 28, 2016 and October 27, 2016 staff from the Region and local municipalities met on several occasions and brought forward information reports to Council reporting on the status of the discussions.

At the November 10, 2016 Council meeting Council passed Resolution 2016-871, authorizing Regional staff and the Region's external Auditor (Deloitte) to model the financial implications of a possible transfer of ownership and jurisdictional responsibility for Regional Arterial Roads, to the Cities of Mississauga and Brampton and Town of Caledon and report back to Council by June 30, 2017. Part of the Resolution states the model include the financial implications of all possible transfer scenarios including one that only considers the transfer of Regional Arterial Roads to the City of Mississauga.

DISCUSSION

Work Plan to Undertake the Financial Analysis

For the purposes of the financial analysis, staff engaged Deloitte in a scope of work that compared the following options to the current state:

1. The City of Mississauga takes full jurisdictional ownership and financial responsibility for Regional roads within its boundaries, and no change to delivery of maintenance, operations and capital delivery in the City of Brampton and the Town of Caledon.
2. The Cities of Mississauga and Brampton take full jurisdictional ownership and financial responsibility for Regional roads within their respective boundaries, and no change to delivery of maintenance, operations and capital delivery in the Town of Caledon.
3. The Cities of Mississauga and Brampton and Town of Caledon take full jurisdictional ownership and financial responsibility for Regional roads within their respective boundaries.

In context of the above, Deloitte developed a comprehensive financial model considering several impacts, including the following areas:

- Property Tax;
- Development Charges;
- Operating Costs;
- Capital Costs; and
- One-Time Upfront Transaction or Transitional Costs.

The model was developed using two fundamental assumptions:

1. For all scenarios, the Regional level of service provided to customers would remain as-is.

FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS

2. The City of Mississauga will continue to contribute its proportion of the Regional tax levy to the Regional road system, as per the discussion at the May 12, 2016 Regional Council meeting.

Prior to project initiation with Deloitte, the project scope of work was shared with the Chief Administrative Officers and Chief Financial Officers of the Region, two Cities, and Town.

To complete the scope of work, staff from the four municipalities and Deloitte formed several Committees to provide a combination of technical, financial, and strategic input at key milestones. The Committees consisted of:

- Steering Committee: Senior Staff and Commissioners from the local municipalities;
- Finance Sub-Committee: Financial Staff along with Legal Counsel (internal and external) to provide advice on implications to Regional and local development charges; and an,
- Operations Sub-Committee: Operations staff to look at operational requirements to maintain the current level of service, potential staffing implications, and network implications associated with each of the four scenarios.

The various Committees met on approximately 50 occasions from November 2016 to May 2017. Information developed by Deloitte and all four municipalities was shared with all parties to maintain a spirit of cooperation, openness and transparency. On May 5, 2017, a meeting with the Chief Administrative Officers, Commissioners of Public Works and Chief Financial Officers from the four municipalities along with representatives from Deloitte was held to review key findings from the financial model.

The key finding of the financial review by Deloitte is that the transfer of ownership of the Regional Roads has associated financial risks. Based on the review by Deloitte, staff do not recommend the transfer of ownership of the Regional Road network to the local municipalities. The transfer of portions of the roads approved by Council in July 2011 (Option 4A) can continue without any financial risk being incurred.

The key findings and conclusions from the financial model are appended to this report (Appendix III) and will be presented by Deloitte at the Regional Council meeting of June 22, 2017.

Areas of Alignment and Opportunities for Continuous Improvement

The body of work completed over the years has demonstrated there are opportunities for all four municipalities to continue to work together and identify opportunities for efficiencies in the operations and maintenance of roads and streamline areas for customer service. Recent discussions have shed light on the need to focus on:

- opportunities for joint procurement (e.g. road salt);
- operations and maintenance activities on roads to maintain a consistent level of service; and;
- streamline the development approvals process.

FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS

With a concerted effort to narrow the scope of this issue to these focus areas; staff will continue to work with the local municipalities with the view of enhancing the customer experience and providing the best value for tax payers. As these issues are resolved, it is recommended that the new operating arrangements be enshrined in service agreements signed by the Commissioners of Public Works, on behalf of the participant municipalities.

CONCLUSION

The level of effort to model financial implications to potentially transfer some or all of the Region's road network has proven to be valuable and highlights the complexity of this issue.

Discussions between staff from the Region, two Cities and Town have been cooperative and shed light on opportunities to continue working together in the areas of streamlining the development approvals process for access and operations and maintenance of roads across the Region.



Janette Smith, Commissioner of Public Works



Stephen VanOfwegen, Commissioner of Finance and Chief Financial Officer

Approved for Submission:



D. Szwarc, Chief Administrative Officer

APPENDICES

- Appendix I - Arterial Road Rationalization Chronology of Events
- Appendix II - Arterial Road Rationalization Resolutions
- Appendix III - Deloitte Report to Council – June, 2017

For further information regarding this report, please contact Gary Kocialek, Director, Transportation, email: gary.kocialek@peelregion.ca, extension 4100.

Authored By: Steve Ganesh, Strategist, Infrastructure Planning & Design, Transportation, email: steve.ganesh@peelregion.ca, extension 7824.

Reviewed in the workflow by:
Financial Support Unit

Arterial Road Rationalization Chronology of Events

PART 1: NOVEMBER 17, 2005 TO OCTOBER 29, 2015

Nov. 17, 2005 – Regional Council directed the Commissioner of Public Works to review the criteria for designating a road as upper-tier and to undertake a review to rationalize the arterial road network working in conjunction with area municipal staff. This work was conducted from 2005 to 2015 in the following three phases:

- Phase I: Background Research – a working group was formed consisting of Regional and local area staff to develop criteria to classify “major arterial roads”
- Phase II: The objective was to investigate and assess the jurisdictional options of the major arterial roads network identified in Phase 1 and the impacts associated with any changes to the existing major arterial road network.
- Phase III: This Phase looked at a service delivery option whereby the Region would assume jurisdiction and responsibility for annual condition inspection and all construction, operations and maintenance activities for sidewalks and multi-use trails on Regional road right-of-way’s.

Phase I: Key Achievements and Milestones

- Sept. 2006 - the Arterial Road classification system was created and agreed upon between a working group. The classification was applied to all major roads in Peel.
- June 2007 - Regional Council approved “The Arterial Road Rationalization Review Phase I” report
 - Phase I developed a classification system that provides a more consistent and uniform approach to providing road service and a system that is easier for road users and taxpayers to understand.
- Oct. 2007 – Arterial Road Rationalization Ad-hoc Steering Committee (ARRASC) was formed.

Phase II: Key Achievements and Milestones

- July 3, 2008 - The staff working group developed nine jurisdictional options, adopted by Regional Council (*Resolution 2008-842*).
- Delcan Corporation was hired to facilitate and develop methodologies to evaluate the nine options, using industry best practices.
- Dec. 10, 2009 - An evaluation methodology, endorsed by ARRASC was used to evaluate the nine jurisdictional options.

7.1 - 7

**APPENDIX I
FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL
RESPONSIBILITY FOR REGIONAL ROADS**

- June 2011 - Based on the evaluation, ARRASC recommended Option 4A - the jurisdictional transfer of seven arterial roads
 - 4 to be uploaded
 - 3 to be downloaded

Arterial Road	Limits	Proposed Jurisdiction	Current Jurisdiction	Length (km)	Length (Lane km)
Bolton Arterial Road (EK PKWY)	King St. to HWY. 50	RoP	N/A	4.3	9.8
Coleraine Dr.	HWY. 50 to King St	RoP	CoB/ToC	8.5	27.8
Castlemore Rd.	Airport Rd. to Hwy. 50	RoP	CoB	6.2	20.8
Kennedy Rd.	Steeles Ave. to Bovaird Dr.	CoB	RoP	6.2	25.7
Winston Churchill Blvd.	Dundas St. W to Hwy. 401	RoP	CoM	12.5	57.2
Embleton Rd	Winston Churchill to Mississauga Rd.	CoB	RoP	2.9	5.8
Mavis Rd	Steeles Ave. E to Brampton/Mississauga Boundary	CoB	RoP	2.0	8.0

- July 2011 – Regional Council endorsed Option 4A and circulated it to local area municipalities for endorsement (Resolution 2011-681).
- Nov 2011 & Jan 2012 – Cities of Mississauga and Brampton respectively endorsed, in principle, Option 4A subject to an agreement on the provision of road maintenance, traffic operations and traffic planning services on all Regional roads within their municipal boundaries.
- Jan 2012 – Town of Caledon endorsed 4A and directed Town staff to work with the Region to review opportunities that streamline road and related infrastructure operations. Regional staff agreed to continue to work with the Town of Caledon and Cities of Mississauga and Brampton on the implementation of Option 4A (Phase II) and develop a work plan for Phase III.

Phase III – Key Achievements and Milestones

- The primary objective of this phase was to work with the area municipalities to optimize operations, cost and effectiveness of 16 roadway elements; such as: street lighting, sidewalks, multi-use trails. Key achievements include:
 - Jurisdictional transfer of Coleraine Drive;

FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS

- Traffic Signals: In March 2015, the Cities of Brampton and Mississauga assumed the operations and maintenance of traffic signals by way of contract through an executed agreement between the municipalities;
 - Street lighting: Through Resolution 2014-507, Peel Council approved a service delivery model for the Region to maintain and operate street lights on Regional roads;
 - Sidewalks and multi-use trails: Service Delivery Option 3, an option in which the Region of Peel would assume jurisdiction and responsibility for annual condition inspection and all construction, operations and maintenance activities for sidewalks and multi-use trails on Regional road right-of-way's, was endorsed by Council. (*Resolution 2014-759*). Through discussions with the Cities it has been agreed not to proceed with the upload of sidewalks and multi-use trails until the road rationalization issues have been resolved. The upload of the sidewalks and multi-use trails for the Town of Caledon is complete.
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- Consensus was reached on 15 out of 16 service elements. The last outstanding element to be reviewed was the curb-to-curb operations and maintenance for the Regional road right-of-way.
 - At a staff level, there were fundamental differences in the understanding of the objectives for operations and maintenance associated with Phase III.
 - July 9, 2015 – Peel staff presented a report to Regional Council recommending the Region undertake operations and maintenance on Regional Roads through a combination of in-house staff, selected activities through maintenance agreements with local area municipalities, and contracting to third party service providers. Note: This recommendation is still a pending item for Council to address.
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- July 9, 2015: Regional Council passed Resolution 2015-560:
 - **Resolution 2015-560:**
That a Task Force comprising of Region of Peel staff and Councillors Crombie, Jeffrey, Palleschi, Saito, Thompson and Shaughnessy, be established to address the issue of maintenance of roadways;
 - And further, that the report of the Commissioner of Public Works titled “Arterial Road Rationalization – Update” be deferred to a Regional Council meeting in October 2015.

FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS**PART 2 – OCTOBER 29, 2015 TASK FORCE MEETING**

The task force meeting was held on October 29, 2015 for the purpose of discussing only the operations and maintenance of the curb-to-curb portion of Regional roads.

The session was moderated by Sue Cumming (Cumming & Company), and looked at three options:

- Option 1: The local area municipalities complete all operations and maintenance through executed agreements.
- Option 2: The Region undertakes all operations and maintenance work on Regional roads through a combination of in-house staff and contract to a third party.
- Option 3: Current Model (Hybrid): The Region undertakes operations and maintenance on Regional roads through a combination of in-house staff, select activities through maintenance agreements with local area municipalities, and contracting to third party service providers.

Elements used to compare service delivery options included:

1. Operations and Maintenance – inspections and repairs
2. Finance (Operating) – delivery of service, resource structure, equipment and materials, risk claim costs
3. Customer Service
4. Performance Indicators to gauge operational goals

PART 3: JANUARY 2016 – CURRENT

- Jan 28, 2016 – Regional staff tabled an information report to Council providing an update on the October 29, 2015 Task Force meeting.
- Jan 28, 2016 – Council directed staff to engage with staff from the Cities of Mississauga and Brampton to undertake a review of the cost and revenue models and report back by May 12, 2016 (Resolutions 2016-64 and 2016-65).
- Jan 2016 to May 2016 – Regional staff worked with the Cities through several meetings to look at cost and revenue implications associated with direction from Regional Council on Jan 28, 2016.
- May 12, 2016 – Regional staff brought forward an information report with an update on the meetings with the Cities, network issues associated with decentralization of the Regional road network, impacts to reserve funds and balances, and high level staffing impacts.

7.1 - 10

**APPENDIX I
FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL
RESPONSIBILITY FOR REGIONAL ROADS**

- May 12, 2016 – Regional Council directed staff to prepare an implementation plan to consider all ramifications associated with decentralization of the Regional road system. The May 12 staff report was deferred to October 27, 2016
- May 12 to October 2016: Regional staff had several meetings with staff from the Town and two Cities.
- Sept 15, 2016: At a meeting between Regional staff and Senior staff from the City of Brampton, it was agreed that the City's objective to undertake the operations and maintenance of Regional roads can be phased in over time and achieved through level of service agreements to be executed by respective Commissioners.
- Oct 27, 2016: Regional staff presented an update report to Council highlighting progress made between May 2016 and October 2016.
- Oct 27, 2016: Regional Council passed Resolution 2016-809 authorizing staff to work with the two Cities and Town staff and Deloitte and report back within ninety days.
- Oct 27-Nov 10, 2016: City of Brampton and Town of Caledon requested additional time.
- Nov 10, 2016: Regional Council passed Resolution 2016-871 authorizing staff to report back at the June 22, Regional Council meeting.

APPROVED AT REGIONAL COUNCIL
 November 17, 2005

9. OTHER BUSINESS

1. PROGRAM REVIEWS

a) **Roads**

Presentation by Mitch Zamojc, Commissioner of Public Works and
 Damian Albanese, Director, Public Works

Received 2005-1360

See also Resolution 2005-1363

b) **Water**

Presentation by Mitch Zamojc, Commissioner of Public Works and
 Ric Robertshaw, Director, Public Works

Received 2005-1361

See also Resolution 2005-1363

c) **Wastewater**

Presentation by Mitch Zamojc, Commissioner of Public Works and
 Mark Schiller, Director, Public Works

Received 2005-1362

See also Resolution 2005-1363

Moved by Councillor Prentice,
 Seconded by Councillor Morrison;

That staff be directed to:

- Amend Chart 22 in Roads Service Review presentation to include the impact of proposed reductions.
- Include the following in the 2006 budget:
 - increased anti-icing capabilities to reduce quantity of salt used;
 - installation of eliminator and roller to vehicles on shouldering activities;
 - use of multi-use tractor on numerous activities instead of specific equipment;
 - purchase of Hot Box to increase efficiency on road patching;

- review of the necessity of the Fall Sweeping Program;
 - Purely Peel Bottled Water;
 - continued involvement in weekend environment community events; and
 - continued Group funding for Water and Waste Management
- Report back to Regional Council on the impacts of reducing Winter Maintenance Level of Service from Class 1 to Class 2 on Bush Road, Winston Churchill Boulevard (in Caledon) and Forks of the Credit Road.
 - Develop effective ongoing communications messages on both the positive and negative impacts on property taxes of various initiatives including GTA pooling, water and wastewater and other program initiatives, including a letter from the Regional Chair to residents of Peel advising of the Regional budget and highlighting efficiencies in the Spring of 2006.
 - Conclude the service reviews on December 1, 2005, and bring the Regional budget to the General Committee meeting on December 8, 2005.
 - Report back to Regional Council on the increase of the Qualitative Sewer Surcharge by 10 per cent.

Carried

2005-1363

APPROVED AT REGIONAL COUNCIL**July 3, 2008****ETP-D6. Recommendation Arising from the Arterial Roads Review Ad hoc Steering Committee (ARRASC-2008-2) meeting held on July 3, 2008**

Moved by Councillor Paterak,
 Seconded by Councillor Sanderson;

That the nine Options for the Phase II Arterial Road Review as discussed and concurred at the Arterial Road Review Ad hoc Steering Committee (ARRASC) workshop held on June 26, 2008, be approved for evaluation:

- Option 1 - Status quo, existing jurisdiction remains the same;
- Option 2 - Major arterial roads identified in Phase I under the jurisdiction of the Region of Peel;
- Option 3 - All major arterial roads under the jurisdiction of the area municipalities;
- Option 4A - Status quo enhanced with elements of Option 2 and 3;
- Option 4B - Option 2 enhanced with elements of Option 1 and 3;
- Option 4C - Status quo downloading the roads in the City of Brampton which did not meet the Phase I major arterial criteria;
- Option 4D - All major arterial roads identified in Phase I under the jurisdiction of the Region of Peel, except the roadways which are of Local Municipal Interest;
- Option 4E - All major arterial roads under the jurisdiction of the area municipalities, except those arterial roadways which are outside of the urbanized area; and,
- Option 4F - Status quo enhanced to upload Coleraine Road and Bolton Arterial Road to the Region of Peel and download Highway 50 (Mayfield Road to the Bolton Arterial Road) to the Town of Caledon;

And further, that if deemed necessary, minor modifications to the options may be considered during the data collection and evaluation stage of the review;

And further, that a consultant be retained by means of a Request for Proposal (RFP) to assist the Staff Arterial Roads Review Steering Committee and the Staff Arterial Roads Review Working Group in the process of collecting information and evaluating the nine Options using best practices;

And further, that based on cost estimates for similar projects, funding arrangements be established in the estimated amount of

APPENDIX II

FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS

\$200,000 (excluding applicable taxes), under Capital Project 08-4325;

And further, that the necessary funds for Capital Project 08-4325 of \$200,000 (excluding applicable taxes), be financed from the Roads Capital Financing Stabilization Reserve, R0210.

Carried

2008-842

APPROVED AT REGIONAL COUNCIL

July 7, 2011

PW-C. TRANSPORTATION

PW-C1. Report of the Arterial Roads Review Ad hoc Steering Committee (ARRASC-2011-1) meeting held on June 16, 2011

5. **REPORTS**

a) **Arterial Road Rationalization Review Phase II Project Update, Capital Project 08-4325 - All Wards**

RECOMMENDATION ARRASC-4-2011:

That Delcan Corporation's Final Report on Phase II of the Arterial Road Rationalization Review Project attached as Appendix II to the report of the Commissioner of Public Works, dated June 7, 2011, titled "Arterial Road Rationalization Review Phase II Project Update, Capital Project 08-4325 – All Wards", be received;

And further, that the recommendation of Option 4A as identified in the Arterial Road Rationalization Review Phase II Project as the major arterial roads jurisdictional option to be implemented be endorsed;

And further, that staff be directed to report back to Regional Council on the implementation details of Option 4A and on a process to review opportunities to streamline specific road and related infrastructure operations;

And further, upon adoption of the recommendations from the Commissioner of Public Works contained in the subject report, that the mandate of the Arterial Roads Review Ad hoc Steering Committee be considered complete as it relates to the Phase II Project;

And further, that the Arterial Roads Review Ad hoc Steering Committee continue to meet to provide advice and direction to staff on the optimization of the road network in the Peel;

And further, that a copy of the subject report be forwarded to the City of Mississauga, the City of Brampton and the Town of Caledon for information and endorsement of Option 4A in principle, subject to agreement on detailed implementation matters.

Approved

2011-681

APPROVED AT REGIONAL COUNCIL

June 12, 2014

6.2. **Report of the Arterial Roads Review Ad hoc Steering Committee (ARRASC 2/2014) meeting held on May 15, 2014****4. REPORTS****4.1 Streetlighting Service Delivery Model on Regional Roads**RECOMMENDATION ARRASC-3-2014:

That the service delivery model for the operations and maintenance of streetlighting on Regional Roads, within the boundaries of the City of Brampton, the City of Mississauga and the Town of Caledon, by way of contract through the development of standardized Service Agreements with each respective municipality, be endorsed;

And further, that the Commissioner of Public Works be authorized to execute a streetlighting operations and maintenance Service Agreement with each of the City of Brampton, the City of Mississauga and Town of Caledon on the terms as set out in the report of the Commissioner of Public Works, titled "Streetlighting Service Delivery Model on Regional Roads", and to the satisfaction of the Regional Solicitor;

And further, that the Region of Peel be responsible for the operating and capital costs of streetlighting on Regional roads, to be verified by Regional staff, and incorporated in the Regional budget commencing with the 2015 budget, subject to the execution of Service Agreements;

And further, that the Commissioner of Public Works be authorized to execute any amendments to the streetlighting operations and maintenance Service Agreements that may be required from time to time, and, to approve any amendments to the budgeted amount based on verification of the actual cost of the project;

And further, that a copy of the subject report be forwarded to the City of Brampton, the City of Mississauga, and the Town of Caledon for their information.

Approved

2014-507

**APPROVED AT REGIONAL COUNCIL
September 11, 2014**

10. ITEMS RELATED TO PUBLIC WORKS

Chaired by Councillor A. Thompson

10.7. Transfer of Jurisdiction Responsibilities for Sidewalks and Multi-Use Trails within the Regional Right-of-Way

Moved by Councillor Paterak,
Seconded by Councillor Moore;

That Service Delivery Option 3, as contained in the report of the Commissioner of Public Works titled "Transfer of Jurisdiction Responsibilities for Sidewalks and Multi-Use Trails Within the Regional Right-of-Way" in which the Region of Peel would assume jurisdiction and responsibility for annual condition inspection and all construction, operations and maintenance activities for sidewalks and multi-use trails on Regional road right-of-ways, be endorsed;

And further, that the implementation date for the transfer take effect as of April 30, 2016;

And further, that the Region of Peel and area municipalities enter into an agreement to effect the said transfer and that the agreement provide that the cost to the taxpayer for the construction, operations and maintenance activities remain the same regardless of who has jurisdiction of said sidewalks and multi-use trails as a result of the transfer;

And further, that the Commissioner of Public Works be authorized to execute the necessary documents with each of the City of Brampton, City of Mississauga and Town of Caledon, to assume jurisdiction of sidewalks and multi-use trails on Regional roads, to the satisfaction of the Regional Solicitor.

Carried

2014-759

APPROVED AT REGIONAL COUNCIL
July 9, 2015

6.3. Arterial Road Rationalization - Update

Moved by Councillor Saito,
Seconded by Councillor Crombie;

That a Task Force comprising of Region of Peel staff and Councillors Crombie, Jeffrey, Palleschi, Saito, Thompson and Shaughnessy, be established to address the issue of maintenance of roadways;

And further, that the report of the Commissioner of Public Works titled "Arterial Road Rationalization - Update" be deferred to a Regional Council meeting in October 2015.

Carried

2015-560

Note: The Arterial Road Rationalization Task Force Meeting was held on October 29, 2015.

APPROVED AT REGIONAL COUNCIL**January 28, 2016**

- 12.2. **Shauna Danton, Legislative Coordinator, City Clerk's Office, City of Brampton,** Letter dated October 30, 2015, Providing a Copy of the City of Brampton Recommendation Regarding Arterial Road Rationalization Review

Received

2016-63

See also Resolutions 2016-61, 2016-62, 2016-64 and 2016-65

Councillor Parrish placed the following motion:

Moved by Councillor Parrish,
Seconded by Councillor Ras;

Whereas Mississauga Council adopted a report in July 2006 entitled, "Modernizing Roads Service Delivery and Cost Allocation Methods in the Region of Peel";

And whereas, this report presented a position that, "the Cities of Mississauga and Brampton and the Town of Caledon each have jurisdictional and financial responsibility over all roads within their boundaries, excluding those under provincial jurisdiction and those rural road in Caledon deemed truly regional following a rationalization review";

And whereas, in August 2006, Regional Council directed staff to work with area municipalities to undertake a rationalization of the arterial road inventory from the perspective of customer service and cost;

And whereas, Phase 1 and Phase 2 of this review are complete resulting in the definition of a major arterial road and nine jurisdictional options with Option 4A being selected as the preferred model;

And whereas, Phase 3 of this review continues with the model for the maintenance of roadways (curb-to-curb) still outstanding;

And whereas, the Council of the of the City of Mississauga passed a resolution that would see the City have jurisdictional and financial responsibility of all roads within its boundary, excluding those under provincial jurisdiction, in order to provide a more efficient level of customer service and a clearer picture within the urban area of who is responsible for the road system within its borders, on October 28, 2015;

And whereas, an ARRASC Task Force workshop took place on October 29, 2015 with a primary objective to discuss the various service delivery options for the operation and maintenance of Regional Roads;

Therefore be it resolved, that the Council of the Region of Peel instruct Regional staff to engage with City of Mississauga staff to undertake a review of the cost and revenue models, including appropriate transfer of reserve funding, to ultimately support the transfer of jurisdictional and financial responsibility for all Regional Roads within the boundaries of The City of Mississauga currently under Regional jurisdiction, to the City of Mississauga;

And further, that Regional staff also engage with the City of Brampton staff on the same basis as to be undertaken with the City of Mississauga with the outcome of presenting a report to Regional Council consolidating all findings by May 12, 2016.

Carried

2016-64

See also Resolutions 2016-61 to 2016-63 inclusive and 2016-65

APPROVED AT REGIONAL COUNCIL
January 28, 2016

- 12.5. **Mike Galloway, Chief Administrative Officer, Town of Caledon**, Letter dated January 25, 2016 Requesting Deferral of the “Arterial Road Rationalization –Update” report listed as Item 11.1 on the January 28, 2016 Regional Council Agenda

Received

2016-65

**APPROVED AT REGIONAL COUNCIL
October 27, 2016**

10.1. Implications of Transfer of Jurisdictional and Financial Responsibility for Regional Roads - Update

Received 2016-807

See also Resolutions 2016-808 and 2016-809

Councillor Parrish placed the following motion.

Moved by Councillor Parrish,
Seconded by Councillor Carlson;

Whereas Mississauga Council adopted a report in July 2006 entitled, "Modernizing Roads Service Delivery and Cost Allocation Methods in the Region of Peel";

And whereas, the subject report presented a position that, "the Cities of Mississauga and Brampton and the Town of Caledon each have jurisdictional and financial responsibility over all roads within their boundaries, excluding those under provincial jurisdiction and those rural roads in Caledon deemed truly regional, following a rationalization review";

And whereas, in August 2006 Regional Council directed staff to work with area municipalities to undertake a rationalization of the arterial road inventory from the perspectives of customer service and cost;

And whereas, Phase 1 and Phase 2 of this review have been completed resulting in the definition of a major arterial road and nine jurisdictional options with Option 4A being selected as the preferred model. The option of Mississauga, Brampton, and Caledon having financial and jurisdictional responsibility over regional arterial roads was not included in the nine options presented;

And whereas, the only proposed change resulting from Option 4A within Mississauga is the transfer of the section of Winston Churchill Boulevard from Dundas Street to Highway 401, to the Region. The adjoining sections of Winston Churchill Boulevard south of Dundas Street and north of Highway 401 are already under the jurisdiction of the Region;

And whereas, Phase 3 of this review continues with the model for the maintenance of roadways (curb-to-curb) still outstanding;

And whereas, on October 28, 2015 Mississauga Council passed a resolution that would see the City have jurisdictional and financial responsibility of all

roads within its boundary, excluding those under provincial jurisdiction, in order to provide a more efficient level of customer service and a clearer picture within the urban area of who is responsible for the road system within its borders;

And whereas, an Arterial Roads Rationalization Review Task Force workshop took place on October 29, 2015 with the primary objective of discussing the various service delivery options for the operation and maintenance of Regional Roads at which the City of Mississauga proposed to take full responsibility for Regional roads within the boundaries of the City of Mississauga;

And whereas, the City, having full responsibility for the complete road network, would support continued development and growth within the City of Mississauga;

Therefore be it resolved, that the Council of the Region of Peel endorse, in principle, the transfer of ownership and jurisdictional responsibility of Regional Arterial Roads to the City of Mississauga;

And further, that authority be given to Region staff to model the costs and negotiate the terms involved with this transfer with City of Mississauga staff and report back to Regional Council for approval within ninety days. This negotiation is to address the transfer of infrastructure, the division of services offered by each level of government, appropriate staffing transfers, and the financial implications.

Withdrawn 2016-808

See also Resolutions 2016-807 and 2016-809

Councillor Parrish placed the following motion:

Moved by Councillor Parrish,
Seconded by Councillor Thompson;

That authority be given to Regional staff and the external auditor (Deloitte) to model the financial implications of a possible transfer to the local municipalities of ownership and jurisdictional responsibility of Regional Arterial Roads, with City of Mississauga, City of Brampton and Town of Caledon staff and report back to Regional Council within ninety days;

And further, that a copy of this resolution be sent to the local municipalities with a request that staff be authorized to work with Deloitte to enable Deloitte to produce the report in the timeline provided.

Carried 2016-809

**APPROVED AT REGIONAL COUNCIL
November 10, 2016**

11.7. Motion Regarding the Transfer of Regional Arterial Roads to the City of Mississauga

Moved by Councillor Saito,
Seconded by Councillor Groves;

That resolution 2016-809 from the October 27, 2016 Regional Council minutes be amended.

Carried by a two-thirds majority vote 2016-870

See also Resolutions 2016-869 and 2016-871

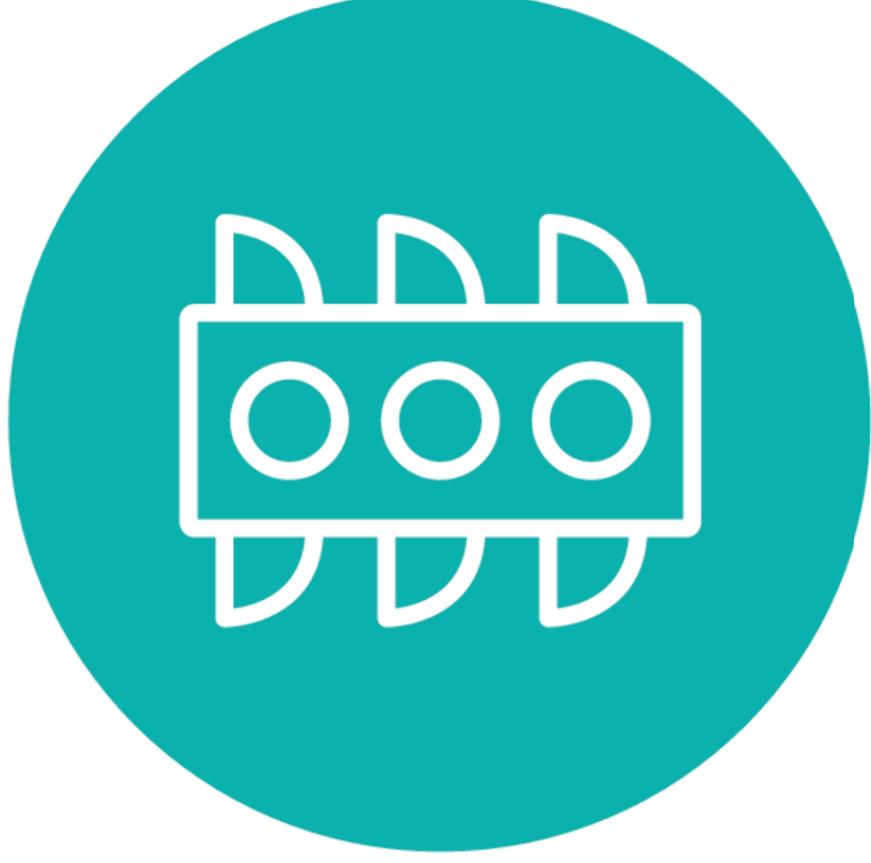
Moved by Councillor Saito,
Seconded by Councillor Carlson;

That authority be given to Regional staff and the external auditor (Deloitte) to model the financial implications of a possible transfer to the local municipalities of ownership and jurisdictional responsibility of Regional Arterial Roads, with City of Mississauga, Brampton and Caledon staff and report back to Regional Council by June 30, 2017;
And further, that the model include the financial implications of all possible transfer scenarios including one that only considers the transfer of Regional Arterial Roads to Mississauga;

And further, that a copy of this resolution be sent to the local municipalities with a request that staff be authorized to work with Deloitte to enable Deloitte to produce the report in the timeline provided.

Carried 2016-871

See also Resolutions 2016-837 and 2016-869



**Financial Implications of
transferring Regional Roads
Report to Regional Council**

June 2017

**APPENDIX III
FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS
Mandate**

- Deloitte has been engaged to assist the Region of Peel (“the Region”) in connection with assessing the implications of transferring jurisdiction and financial responsibility for Regional Roads to the City of Mississauga, City of Brampton, and the Town of Caledon (the “Local Municipalities”).
- Deloitte has worked with the Region and Local Municipalities to review the financial information from the Region and Local Municipalities to create a financial model for the transfer of arterial roads.
- This report is intended to present the facts that have been obtained from our work and does not constitute an opinion on these facts. Deloitte will not be issuing an audit opinion in connection with this engagement.
- Each municipality (the Region and Local Municipalities) are responsible for reviewing the material presented and making the ultimate decisions with respect to approval, modification, acceptance and use of such documents.

7.1 - 27

APPENDIX III
FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS
Background

Deloitte worked with staff from the Region and the Local Municipalities to identify and model the financial impacts of the following three scenarios:

	Mississauga	Brampton	Caledon
Option 1	X		
Option 2	X	X	
Option 3	X	X	X

X = Will assume responsibility of Regional Roads in its jurisdiction

The ongoing financial impact of carrying out the transaction, assuming that the current Regional Level of Service is maintained, will result in the following financial impacts:

- There will be an increase in operating costs due to fixed costs that will largely remain at the Region
- The share of operating costs for Regional roads will shift amongst local municipalities
- Development charges expected to be collected annually between local developers will shift
- It is estimated that there is additional risk that may result in a loss of development charge revenue which would increase the tax burden to local residents

Please note that all amounts in this presentation are in Millions of dollars unless otherwise noted.

APPENDIX III
 FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS
 Background

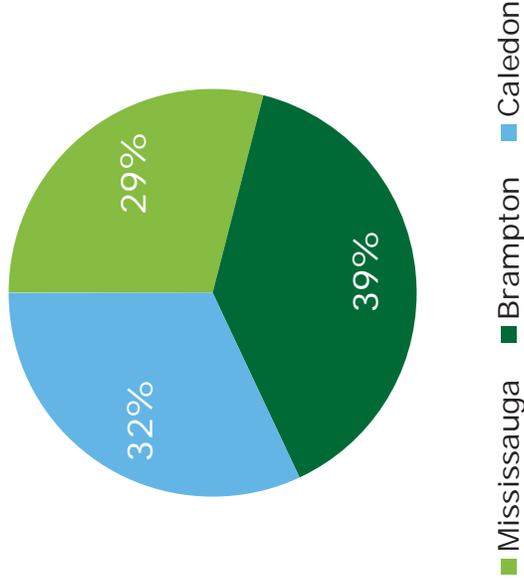
Breakdown of roads

7.1 - 28

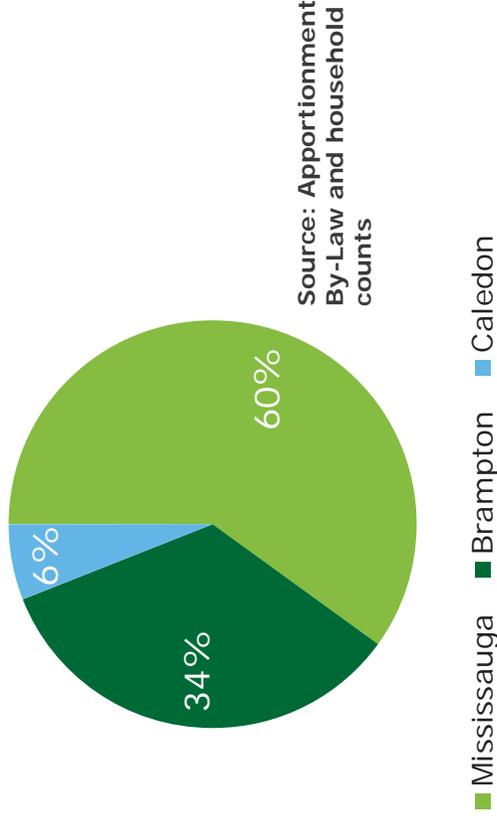
The current profile of Regional roads is as follows:

- 485 Lane Kms or 29% are in the City of Mississauga (compared to 4,716 Lane Kms of local roads operated by Mississauga)
- 652 Lane Km or 39% are in the City of Brampton (compared to 3,857 Lane Kms of local roads operated by Brampton)
- 530 Lane Km or 32% are in the Town of Caledon (compared to 1,601 Lane Kms of local roads operated by Caledon) *Only 10 Lane Kms are arterial roads.

Regional roads breakdown



Regional funding



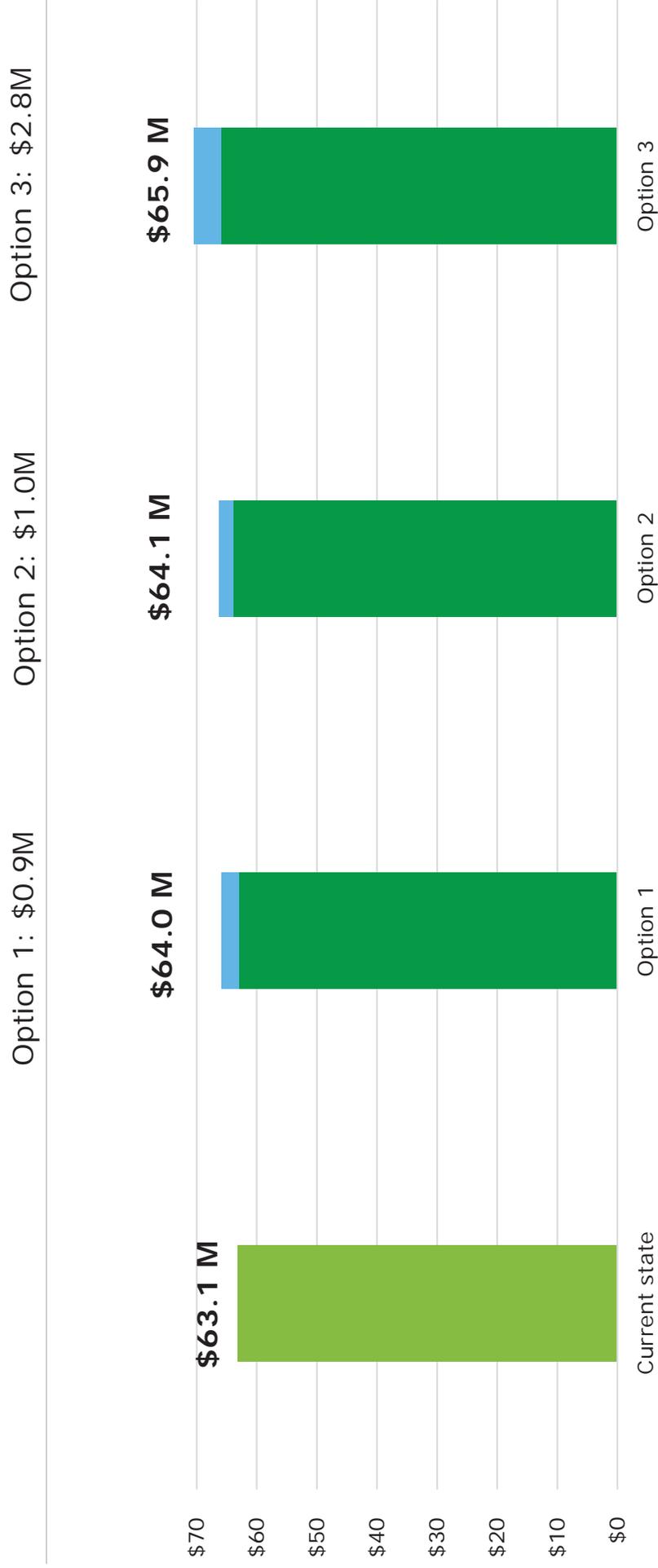
Source: Apportionment By-Law and household counts

FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS

Summary financial impact

1. There will be an increase in operating costs due to fixed costs that will largely remain at the Region

Annual cost increase



- Current State
- Total Estimated Operating Cost and Reserve Contribution
- Annual Increase in Operating Cost
- * Maintaining Regional level of service

Source: Based on consolidation of financial estimates from each municipality based on 2017 budget amounts

Summary financial impact (Continued)

2. The share of operating costs will shift amongst local municipalities (using existing apportionment formula)



Summary financial impact (Continued)

3. Development charges expected to be collected annually between local developers will shift



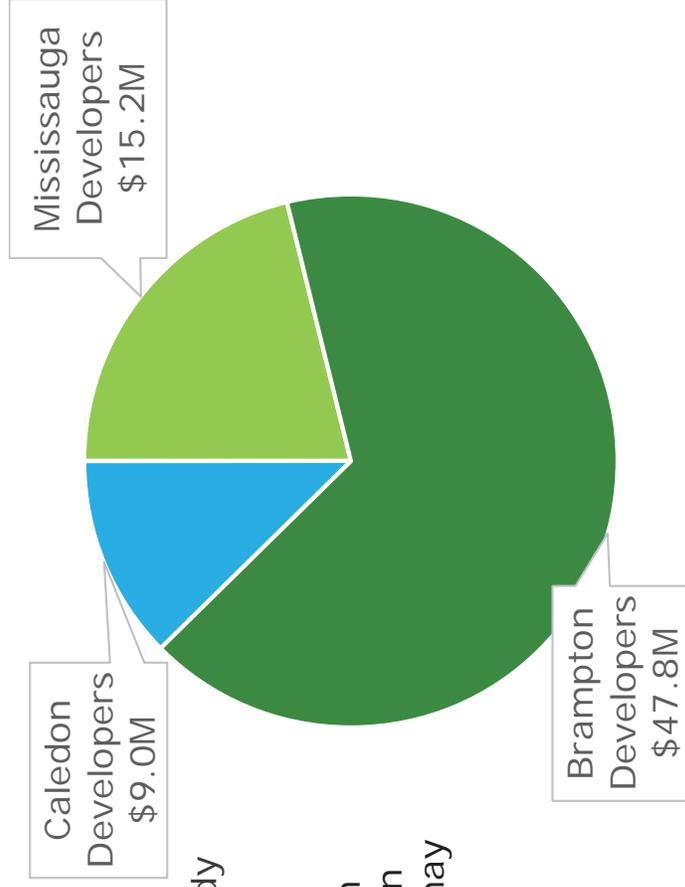
* Assuming no shift from DCs to tax and if local municipalities levy under their jurisdiction

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**APPENDIX III
FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS**

DC Impacts at the Local Level

Potential shifts to Residential/Non-Residential Rates

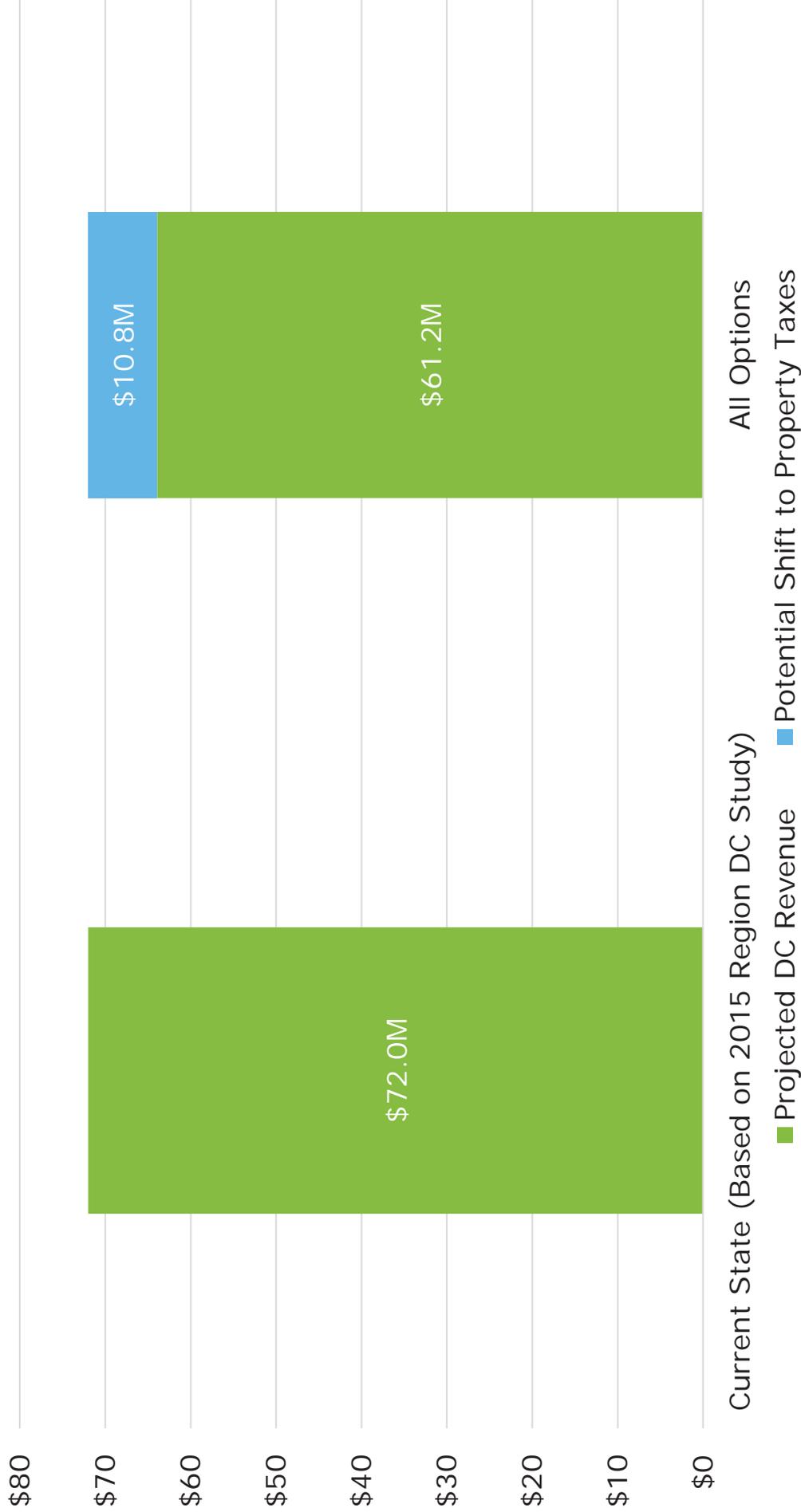


- Based on forecasted growth to 2031, the Region’s DC Study projects \$72M to be collected annually from developer’s in Mississauga, Brampton, and Caledon.
- If the Regional Roads are fully downloaded and included in the DC Studies of each local municipality, the differences in Residential: Non-Residential split for each municipalities may cause a shift to the rates for each respective type of development.

Municipalities	Residential Growth	Non-Residential Growth
Region (average)	60%	40%
Mississauga	54%	46%
Brampton	70%	30%
Caledon	70%	30%

Background – Summary financial impact (Continued)

4. It is estimated that there is additional risk that may result in a loss of development charge revenue which would increase the tax burden to local residents



Background – Summary financial impact (Continued)

4. DC to Property Tax shift by local municipality (using existing apportionment formula)



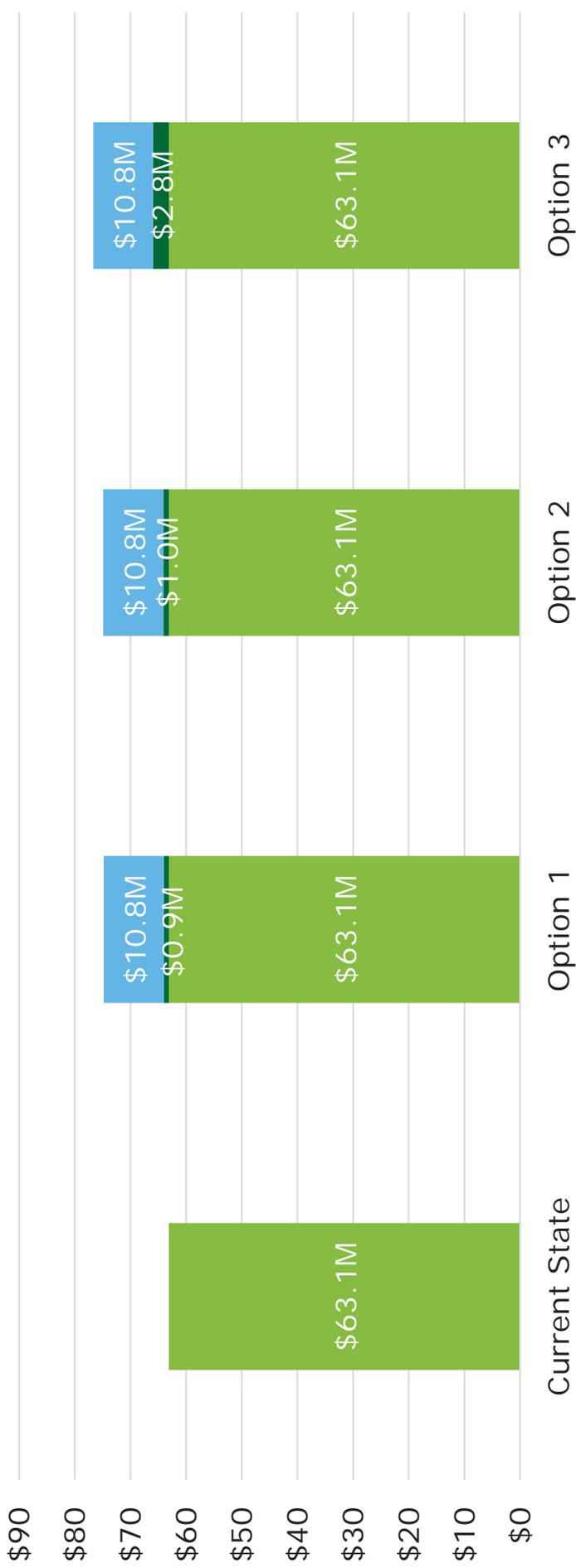
Annual financial impact to regional taxpayers

Operating costs + DC to Tax shift

Annual cost increase

Option 1: \$11.7M Option 2: \$11.8M Option 3: \$13.6M

Property Tax Impact



■ Current Operating Cost

■ Increase in Operating Cost

■ DC to Property Tax Shift

Other considerations

APPENDIX III
FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS

Financial impact

Long term debt

- The long-term debt impact of the transaction is dependent on whether the transaction impacts the credit rating of the Region.
- If the credit rating is downgraded, this will result higher interest rates.
- The local municipalities borrow through the Region and therefore the impact on the credit rating of the Region will extend to the local municipalities.
- Credit Rating Report has been received and there is no anticipated change to the Region's credit rating as a result of undertaking the transaction. This is based on a hypothetical transaction based on the current financial position of the Region and the expected impacts of the transactions. Actual results may vary which could change the conclusion.

7.1 - 38

**APPENDIX III
FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS**

Financial impact

Statement of financial position

The following table demonstrates the expected statement of financial position impact for the Region and local municipalities if regional roads are downloaded.

Statement of financial position category	Region of Peel	Mississauga	Brampton	Caledon
Financial Assets	\$(169.3)M	\$40.5M	\$87.4M	\$41.4M
Liabilities	\$(1.1)M	\$0.4M	\$0.4M	\$0.3M
Net Debt	\$168.2M	\$(40.1)M	\$(87.0)M	\$(41.1)M
Non-Financial Assets	\$(2,295.9)M	\$634.4M	\$1,427.2M	\$234.3M
Accumulated Surplus	\$(2,464.1)M	\$674.5M	\$1,514.2M	\$275.4M

FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS

Financial impact

Implementation costs

- Implementation costs are estimated to be between \$1M and \$6M a year (includes both local and Regional costs)
- A refined estimate can be made once an implementation plan is created
- Implementation costs in determining this estimate include:
 - Legal activities
 - Project management office
 - Temporary office space (Caledon)

Option	Annual Cost
Option 1	\$1.1M
Option 2	\$3.9M
Option 3	\$5.6M

Summary financial impact

FINANCIAL IMPLICATIONS OF TRANSFER OF JURISDICTIONAL AND FINANCIAL RESPONSIBILITY FOR REGIONAL ROADS

Summary financial impact

Key findings

The Transfer of regional roads is estimated to result in an overall annual increase in costs to taxpayers based on Regional average household assessed at \$474,000.

	Mississauga	Brampton	Caledon	Total incremental costs
Operating Cost Only				
Option 1				
\$ Increase (Decrease)	\$7.7M	\$(5.8)M	\$(1.0)M	\$0.9M
\$ per single family dwelling	\$24.50	(\$32.98)	(\$33.10)	
Option 2				
\$ Increase (Decrease)	\$(7.8)M	\$11.4M	\$(2.6)M	\$1.0M
\$ per single family dwelling	(\$24.82)	\$65.93	(\$83.51)	
Option 3				
\$ Increase (Decrease)	\$(19.2)M	\$4.9M	\$17.1M	\$2.8M
\$ per single family dwelling	(\$61.41)	\$28.37	\$561.58	
Operating and Development Charges Cost				
	Mississauga	Brampton	Caledon	Total incremental costs
Option 1				
\$ Increase (Decrease)	\$15.0M	\$(2.8)M	\$(0.5)M	\$11.7M
\$ per single family dwelling	\$48.11	\$(16.23)	\$(16.43)	
Option 2				
\$ Increase (Decrease)	\$(4.7)M	\$19.0M	\$(2.5)M	\$11.8M
\$ per single family dwelling	\$(14.93)	\$110.03	\$(80.87)	
Option 3				
\$ Increase (Decrease)	\$(16.9)M	\$12.0M	\$18.5M	\$13.6M
\$ per single family dwelling	\$(54.10)	\$69.81	\$605.58	

In Millions of dollars except for per single family dwelling amounts

Summary financial impact

Key findings

The Transfer of regional roads is estimated to annually impact the development charges collected.

Option	Mississauga	Brampton	Caledon
Current DC Study Revenue	\$15.2M	\$47.8M	\$9.0M
Option 1 \$ Increase (Decrease)	\$(10)M	\$8.5M	\$1.5M
Option 2 \$ Increase (Decrease)	\$(10)M	\$11.7M	\$(1.7)M
Option 3 \$ Increase (Decrease)	\$(10)M	\$11.7M	\$(1.7)M

Caveats

- The analysis included in this report is based on information that has been provided by the Region of Peel, City of Brampton, Town of Caledon, and City of Mississauga. This report presents factual information from all parties that have been provided to Deloitte.
- This report was prepared for the Council of the Region of Peel and is expected to be considered by council of the Local municipalities. This report not intended to be used by any other party.
- The purpose of this presentation is to document the information provided to us and does not form a recommendation or opinion on that financial information.
- The information prepared by management of each municipality was based on the best information available, and does include certain estimates. Actual results could differ from what has been estimated.
- Each municipality estimated the impact of transferring Regional roads using a basis that is consistent with the method used by the Region for reporting financial results, resulting in comparable analysis. The reporting of actual amounts will be dependent on the financial reporting practices of each municipality due their different budgeting methodologies.
- Property tax calculations assume no change to the Apportionment Formula.
- Implementation costs are estimated without an implementation plan, which should inform the estimated impact of one-time transaction related costs that will be developed in the future
- We have agreed information provided in the formation of estimates to source documents where available. Some information in the financial models is based on best estimates of management only.
- This presentation has not considered the shift between residential and non-residential development charges.



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