



Staff Report

Operations

Report To: COW - Operations, Planning and Building Services
Meeting Date: February 24, 2026
Report Number: OPS.26.013
Title: Craigleith SLS, Mill St SPS and Bay-Grey Linear Works Update
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A. Recommendations

THAT Council receive Staff Report OPS.26.013, entitled "Craigleith SLS, Mill St SPS and Bay-Grey Linear Works Update";

B. Overview

This report provides the fulsome financial update requested by Council at the December 15, 2025 Special Committee of the Whole, responds to the Council resolution passed at the February 3, 2026, Committee of the Whole, and serves as a follow-up to [Staff Report OPS.26.008](#) dated February 3, 2026.

This report presents a comprehensive, itemized, and date-tracked financial reconciliation of the Craigleith Main Sewage Lift Station, Bay-Grey Linear Works, and Mill Street Sewage Pumping Station projects from 100% engineering design through tender award (where applicable). It details all budget approvals, funding adjustments, escalation impacts, variances, and original and additional contingency approvals with dates of request and authorization. The report further identifies the remaining HEWSF grant balance at the time of tender award, reconciles the bundled project budget position at key financial control points, and provides detailed cost substantiation and risk analysis supporting the \$19 million Mill Street Sewage Pumping Station Class A estimate, including underlying assumptions and market considerations.

C. Background

On December 16, 2025, Council directed staff to provide enhanced financial reporting on the bundled Craigleith Main Sewage Lift Station (CMSLS), Bay-Grey Street Linear Works, and Mill Street Sewage Pumping Station (MSSPS) projects. While these works were bundled to improve construction efficiency, reduce engineering costs, and minimize community disruption, Council requested that financial reporting be clearly separated and transparently presented at both the individual project and overall bundled project levels.

In response, Staff Report OPS.26.008 was presented to the February 3, 2026 Committee of the Whole as an interim update. That report provided a financial overview of engineering commitments, construction contract values, utility relocation expenditures, and total project budget position until December 31st, 2025. Following consideration of that report, Council passed a resolution directing staff to provide a more fulsome financial reconciliation.

Specifically, Council directed that the February 24, 2026 report:

- Provide financial updates covering the duration of the project beginning in May 2022 to ensure all escalations and increases are transparent and understandable;
- Itemize original and additional contingencies, including dates of request and approval;
- Provide detailed financial reporting and project cost information from 100% engineering design of the Craighleith SLS and Bay-Grey Linear Works through to tender award (October 21 and 23, 2025);
- Identify the amount remaining in the bundled project total budget of \$34,791,129 (HEWSF grant) at the time of tender award; and
- Provide detailed information supporting the \$19 million cost over run on this combined project.

This report responds directly to that Council resolution. It provides a comprehensive, date-tracked financial reconciliation of the project from engineering approval through tender award, clearly distinguishing engineering, construction, utility relocation, contingency, escalation impacts, funding sources, and remaining budget balances at key financial control milestones. The intent of this report is to provide Council and the public with a transparent and complete financial account of how the project evolved to its current position and to establish a clear baseline for ongoing quarterly reporting through project completion.

D. Analysis

This report responds to Council's direction by providing a comprehensive financial update for the Craighleith Main SLS, Bay-Grey Linear Works, and Mill Street SPS projects from project initiation in May 2022 through tender award in October 2025. The report outlines all cost escalations and scope-driven increases, itemizes original and subsequent contingency approvals with corresponding dates, and presents detailed financial reporting from 100% design through contract award. It further identifies the remaining balance within the bundled HEWSF-grant funded budget of \$34,791,129 at the time of award and provides a detailed explanation supporting the approximately \$19 million cost overrun associated with the combined project scope.

Craighleith Main SLS, Mill Street SPS and Bay/Grey Street Linear Works Engineering Procurement, HEWSF Grant & Preliminary Engineering Timelines between May 2022 to January 2025:

The tables below provide a comprehensive summary of Council approvals, engineering milestones, funding allocations, and grant-related decisions from project initiation in May 2022 through the 2025 approved budgets. It outlines how the Craigleith Main SLS, Mill Street SPS, and Bay-Grey St Linear Works projects evolved from initial engineering consolidation through detailed design, public consultation, and HEWSF grant integration. This summary demonstrates the progression of approved budgets, funding sources, and scope refinements that collectively shaped the bundled project delivery strategy.

Table 1.1 Project Governance, Budget Evolution and Funding Summary (May 2022 – 2025)

Approval Task & Timeline	Description	Approved Budget / Budget Implications	Findings
CSOPS.22.041 dated May 03, 2022: for Engineering Services	Cancellation of individual CMSLS project and combination of MSSPS & CMSLS Engineering Assignment	\$2,000,000	Funding approved as follows: <ul style="list-style-type: none"> • \$1,000,000 – Wastewater Asset Replacement Reserve Fund • \$1,000,000 – Specific Wastewater Service Area Development Charges Direction provided to combine projects to improve coordination, sequencing, and cost efficiency.
RFP: Issue date December 14, 2022	RFP for Engineering Services – CMSLS, MSSPS & Forcemain Improvements	\$2,000,000	RFP developed for the work based on \$2M approved engineering budget. Scope included Craigleith SLS, Mill Street SPS, and Forcemain Improvements. RFP closed February 9, 2023. Four submissions received. WT Infrastructure ranked highest scoring proponent through consensus scoring. Submission exceeded approved budget. Town negotiated revised scope including concurrent Construction Administration scheduling to achieve cost efficiencies.
2023 Approved Budget or Engineering Services	Craigleith & Mill St SLS & Forcemain Engineering	\$2,000,000	Funding allocation reaffirmed: <ul style="list-style-type: none"> • \$1,000,000 – Wastewater Asset Replacement Reserve Fund • \$1,000,000 – Specific Wastewater Service Area Development Charges

Approval Task & Timeline	Description	Approved Budget / Budget Implications	Findings
			The 2023 Approved Project CPM-6 identified Bay Street East as preferred forcemain alignment based on servicing efficiency, infrastructure condition, and urbanization objectives.
CSOPS.23.019 dated April 14, 2023: for Engineering Services	Engineering Services for Craighleith Main SLS, Mill St SPS and Bay Street and Grey Street linear works Upgrades Budget Increase	\$2,200,000	Additional \$200,000 approved: <ul style="list-style-type: none"> • \$100,000 – Wastewater Asset Replacement Reserve Fund • \$100,000 – Specific Wastewater Service Area Development Charges Award letter issued April 20, 2023. Purchase Order issued for \$2,209,206.10 including \$203,446.10 contingency allowance.
CSOPS.23.044 dated August 28, 2023: for Engineering Services	Increase in Engineering budget for the addition of Bay Street Reconstruction and Construction Administration for TWWTP Outfall	\$2,550,000	Funding structured as 1/6 split between Asset Replacement Reserves (Infrastructure, Public Works, Water, Wastewater) for replacement costs and Roads/Water/Wastewater Development Charges for growth-related components. Report documented: Watermain breaks on Bay Street, Technical justification for forcemain route, Bay Street East urbanization requirements.
August 15, 2023 & October 12, 2023	Engineering Analysis Report	N/A	Preliminary engineering analysis provided projected wastewater flows for CMSLS & MSSPS service area (10-year and build-out horizon). Confirmed these were preliminary submissions; no further 30% design drawings or reports were submitted at that stage. No cost estimates were provided at this stage.

Approval Task & Timeline	Description	Approved Budget / Budget Implications	Findings
December 2, 2023	Neighbourhood Meeting	N/A	Presented secondary sanitary forcemain installation and Bay Street reconstruction concept including infrastructure upgrades, active transportation elements, and public feedback opportunities. Community raised concerns regarding forcemain alignment.
2024 Approved Budget for Construction	Craigeith Main SLS, Mill Street SLS Upgrades and Bay Street and Grey Street Linear works	\$30,600,000	<p>Based on preliminary estimate received by the Town from the Consultant.</p> <p>Funding allocation:</p> <ul style="list-style-type: none"> • \$1,065,000 – Parks & Recreation Development Charges (3.5%) • \$4,263,000 – Wastewater Asset Replacement Reserve Fund (13.95%) • \$25,272,000 – Wastewater Development Charges (82.55%)
2024 HEWSF Grant Timelines	Grant Application Preparation & Submission	N/A	<p>HEWSF introduced internally January 29, 2024. Provincial information presentation circulated February 14, 2024.</p> <p>Application supported by: Engineering Analysis Report, Class C & Class D estimates dated April 8, 2024</p> <p>Application coordinated by Operations, Planning, and Finance. Submitted by Treasurer April 19, 2024.</p> <p>Grant application was solely based on Class C & D estimate, no design was advanced during this time period.</p>

Approval Task & Timeline	Description	Approved Budget / Budget Implications	Findings
April 18, 2024: Public Information Centre 1	Public Consultation		PIC material reviewed late February 2024. Notice issued March 27, 2024. Consultant included alternative forcemain routes in response to community concerns. PIC and HEWSF application processes were separate and independently scheduled.
July 2, 2024: CSOPS.24.031 PIC 1 Follow-up report	PIC 1 Follow-Up Report & Preliminary Design Direction		Council directed staff to proceed with preliminary design of Bay Street East (one-way cross-section minimizing streetscape impacts; inclusion of sanitary forcemain, sanitary sewer, storm sewer, watermain; no sidewalks/multi-use trail on Bay Street) and complementary Grey Street design (20m ROW, 7.5m asphalt width, 2.7m multi-use trail, full servicing to TWWTP). Preliminary design commenced following this resolution.
July 15, 2024 & Onwards: Engineering Design Advancement:	Alternative Evaluations & Design Refinement		Consultant completed: <ul style="list-style-type: none"> • Evaluation of five alignment alternatives • Cross-section development (one-way vs two-way) • Tree impact assessments & site investigations • Lifecycle cost comparisons • Traffic Impact Study via subconsultant • Additional public feedback • Engineering scope Change No. 3 to 6 were complete during this period (within approved contingency)

Approval Task & Timeline	Description	Approved Budget / Budget Implications	Findings
HEWSF Grant Award – July 31, 2024 (Confidential)	Grant Confirmation	\$25,397,523.99	Official provincial announcement September 23, 2024. Follow-up staff report authorized execution of Grant Agreement dated October 29, 2024.
2025 Approved Budget for Engineering	Craigleith Main SLS & Mill Street SLS Upgrades Bay Street and Grey Street Linear works Engineering	\$2,775,200	Funding structure: <ul style="list-style-type: none"> • \$749,304 – Development Charges (23%) • \$2,025,896 – HEWSF Grant (73%)
2025 Approved Budget for Construction	Craigleith Main SLS, Mill Street SLS Upgrades and - Bay Street and Grey Street Linear works Construction	\$32,015,929	Funding structure: <ul style="list-style-type: none"> • \$8,644,301 – Development Charges (23%) • \$23,371,628 – HEWSF Grant (73%)

1. CRAIGLEITH MAIN SEWAGE LIFT STATION:

Below is the summary outlining the Craigleith Main Sewage Lift Station project timelines, cost estimate progression, and explanation for the variance between design-stage estimates.

Table 1.2 Chronological Timeline of Engineering Design Milestones, Tendering Process, and Award for the Craigleith Main Sewage Lift Station (CMSLS) Project (2023–2025)

Approval Task & Timeline	Description	Approved Budget / Budget Implications	Findings
August 15, 2023 & October 12, 2023	MSSPS & CMSLS – Preliminary Engineering (Pre-	Engineering Analysis Report submitted outlining current and projected wastewater production within the CMSLS and MSSPS	N/A

Approval Task & Timeline	Description	Approved Budget / Budget Implications	Findings
	30% / Analysis Stage)	service areas, including 10-year and ultimate build-out flow projections. This constituted preliminary servicing analysis and was not a detailed design submission.	
April 8, 2024	CMSLS Class C Estimates	CMSLS Class C Estimate provided for the HEWSF grant application	\$6,056,100 + 20% Contingency
July 22, 2024	CMSLS – 30% Design (Preliminary Design Review)	Technical memorandum issued for review. Consultant reviewed historical raw sewage flows using available operational data and evaluated alternative solutions to accommodate projected 10–20 year servicing demands derived through the wastewater master plan	N/A
September 13, 2024	CMSLS – 30–60% Design Submission	Issued for Client Review (not for construction). Submission included intermediate design drawings advancing toward detailed design.	N/A
January 15, 2025 – February 6, 2025	RFPQ – Contractor Pre-Qualification	Request for Pre-Qualification (RFPQ) issued January 15, 2025 and closed February 6, 2025 to establish a shortlist of qualified general contractors, electrical subcontractors and mechanical subcontractors prior to tendering.	N/A
February 07, 2025	CMSLS – 60% Design Submission	60% design package submitted including: <ul style="list-style-type: none"> • Draft Design Report • Class B Construction Cost Estimate • Issued for Review (IFR) Drawings • Special Provisions Index for future Tender Package 	\$7,942,700 + 15% Contingency

Approval Task & Timeline	Description	Approved Budget / Budget Implications	Findings
April 15, 2025	CMSLS – 90% Design Submission	90% Issued for Review drawings submitted along with Division Index and detailed tender structuring documentation in preparation for Issued for Tender (IFT).	N/A
June 24, 2025	CMSLS – Issued for Tender (IFT) Package	Town received complete IFT package including finalized drawing set and detailed technical specifications for construction tendering.	N/A
July 28, 2025	CMSLS Construction Tender	<p>Tender issued July 28, 2025 and closed September 18, 2025. Following consultant’s tender review and recommendation, award process commenced. Award recommendation finalized October 3, 2025 and award letter issued same day.</p> <p>Grant Condition Note: HEWSF funding required construction award by September 30, 2025. Due to tender timing, staff sought extension. After discussions with Ontario HEWSF Senior Program Analyst, extension granted to October 10, 2025 to award major HEWSF-funded works (CMSLS & Bay Street Forcemain).</p>	<p>Engineer’s Estimate in the Award Recommendation Letter: \$7,942,700 + 15% Contingency = \$9,134,105.00</p> <p>Tender Awarded Value: \$8,477,900 with additional \$500,000 contingency</p>
November 3, 2025	CMSLS – Class A (IFT) Estimate	Following identification of cost escalation concerns (October 30 internal review), staff reviewed project files and requested confirmation of Class A estimate from consultant. Consultant provided finalized Class A (IFT) estimate November 3, 2025.	\$7,034,600 + 10% Contingency

Table 1.3 Comparison of Class C (HEWSF) and Class A Construction Cost Estimates for the Craigleith Main Sewage Lift Station (CMSLS), Including Divisional Variances and Contingency

Craigleith Main Sewage Lift Station – Cost Estimates Comparison Class C & A			
Division	Class C (\$) / HEWSF (\$)	Class A (\$)	Increase / (Decrease)
Div 1 – General	988,200	1,147,900	+159,700
Div 2 – Existing/Demo	167,500	167,500	0
Div 3 – Concrete	310,000	135,000	(175,000)
Div 5 – Metals	235,000	185,100	(49,900)
Div 6 – Wood/Plastics	0	172,000	+172,000
Div 7 – Thermal/Moisture	0	469,400	+469,400
Div 8 – Doors/Windows	0	38,800	+38,800
Div 9 – Finishes	0	35,000	+35,000
Div 11 – Specialties	0	15,000	+15,000
Div 14 – Conveying	0	35,000	+35,000
Div 20-24 – Mechanical	355,000	465,200	+110,200
Div 25 – Instrumentation	462,800	462,800	0
Div 26-29 – Electrical	870,000	1,415,000	+545,000
Div 31-33 – Civil	750,000	720,300	(29,700)
Div 44 – Process Mechanical	1,917,600	1,605,600	(312,000)
Subtotal Basic Facility Cost (Outside contingencies)	5,067,900	5,886,700	+818,800
Final Estimate Including Contingency	\$7,268,000	\$7,739,000	+\$471,000

Cost Increase for Craigleith Main Sewage Lift Station:

The net increase of approximately \$818,800 between Class C and Class A estimates reflects the progression from Optimization Study, (The optimization study was undertaken in April 2022 to evaluate the existing facility's performance and identify cost-effective upgrades that would improve reliability, energy efficiency, regulatory compliance, and long-term operational sustainability.) assumptions to fully developed, building code-compliant, tender-ready design package. The largest increases occurred in Electrical (+\$545K) and Thermal/Moisture Protection (+\$469K), reflecting redesign of distribution equipment, updated power supply and classification requirements, integration with expanded mechanical systems, waterproofing of concrete structures, flashing, and building envelope improvements. Division 1 General costs increased (+\$159K) due to scale adjustments in contractor overhead and markup percentages applied to the refined construction value. Mechanical systems increased (+\$110K) to reflect relocation of electrical equipment into a dedicated room, more robust HVAC requirements (to meet current building code) for classified spaces, upgraded plumbing, washroom facilities, and instantaneous hot water. New scope items not explicitly captured in Class C such as interior framing, envelope upgrades, doors, finishes, fall protection, and conveying systems were introduced as the design matured. Offsetting these increases were reductions in Process Mechanical (-\$312K) and Concrete (-\$175K), where quantities were refined and certain structural assumptions from Class C were optimized. Overall, the increase reflects refinement of design details and incorporation of code-required elements identified through detailed review, rather than a discretionary change in scope, and is consistent with the Consultant's explanation and the progression from a Class C estimate (typically based on limited design definition and carrying a wider accuracy range of approximately $\pm 20\text{--}30\%$) to a more definitive Class A estimate (based on substantially completed design with a narrower accuracy range of approximately $\pm 10\text{--}15\%$ and a higher percentage of scope defined).

BAY ST – GREY ST LINEAR WORKS:

Project Timelines, Cost Estimate Progression and Rationale for Cost Increase

Below is the summary outlining the Bay Street - Grey St Linear Works project timelines, progression of cost estimates from Class D through Class A / Issued-for-Tender, and the explanation for the variance between design-stage estimates. As the project advanced from preliminary concept to detailed design, additional scope elements were incorporated including stormwater regulatory requirements, outfall works, Elgin Street SPS decommissioning impacts, extended bypass pumping, utility relocations, and refined unit quantities for linear works based on updated field investigations. Market escalation, staging constraints, and integration with associated wastewater infrastructure upgrades further contributed to the increase observed between early conceptual estimates and the final tender-ready construction values.

Table 1.4 Chronological Timeline of Engineering Design Development, Public Consultation, Cost Estimate Evolution, Tendering Process, and Construction Award for the Bay Street Forcemain and Reconstruction Project (2024–2025)

Timelines for Bay St Forcemain Engineering Submissions, Construction Tender & Award			
Date	Project Component	Submittal Received	Estimate
March 06, 2024	Bay Street Forcemain – 30% (PIC Materials)	Town staff received draft PIC materials for internal review. Based on concerns raised at the December 3, 2023 Neighbourhood Meeting, residents requested clear rationale for routing the forcemain on Bay Street. Consultant evaluated four alternative alignments (Options A, B, C, D). This work was outside original scope and addressed under Engineering Scope Change No. 5 (within Engineering Contingency Budget). PIC materials were revised multiple times between March 6 and March 29, 2024 to incorporate staff comments.	N/A
April 8, 2024	Bay Street Grey Street Linear works Class D Estimate	Staff coordinated with Consultant to obtain Class D estimate to support HEWSF grant application. Estimate reflected preliminary (pre-30%) design stage quantities.	\$12,472,702.50 + 25% Contingency
April 18, 2024	Bay Street – PIC #1	Public Information Centre #1 was held (notice issued March 27, 2024). Public comments captured during meeting, and via subsequent emails, calls, and in-person discussions.	N/A
July 15, 2024 (CSOPS.24.031)	PIC #1 Follow-Up & Council Direction	Follow-up staff report presented incorporating public feedback and consultant recommendations. Following Council and SMT direction, Consultant prepared revised one-way and two-way alternatives (tree-minimization and impact-minimization options), completed Traffic Impact Study via subconsultant, and advanced design under Change Order No. 06 (30-day schedule extension).	N/A

Timelines for Bay St Forcemain Engineering Submissions, Construction Tender & Award			
Date	Project Component	Submittal Received	Estimate
September 24, 2024	Bay Street – 30% Design	Four one-way design options developed including underground infrastructure layouts (plan & profile). Extensive internal coordination to accommodate utilities within constrained ROW. Traffic Impact Study completed to assess feasibility of one-way configuration.	N/A
November 19, 2024	Bay Street – 60% Draft Drawings	Draft 60% design set received, reviewed, and returned with comments. Utility coordination initiated with EPCOR, Rogers, Enbridge and others for relocation planning.	N/A
November 26, 2024	Bay Street – PIC #2 Notice	Notice issued for Public Information Centre #2 scheduled for December 17, 2024.	N/A
December 17, 2024.	Bay Street – PIC #2	Virtual PIC #2 held to present 60% design evolution and gather additional public feedback.	N/A
February 4, 2025 OPS.25.004	PIC #2 Follow-Up Staff Report	Staff report summarized PIC #2 outcomes and sought Council direction to proceed to final design, tender and construction based on approved one-way cross-section. Council approved direction and authorized increase to engineering contingency for enhanced communications, arborist and landscape services.	\$150,000 (Engineering Contingencies Increase)
February 24, 2025	60% Design Package	Full 60% package submitted including preliminary design report, PIC materials, Class C estimate, and Issued-for-Review drawings. Internal review completed and consolidated comments issued to Consultant.	

Timelines for Bay St Forcemain Engineering Submissions, Construction Tender & Award			
Date	Project Component	Submittal Received	Estimate
February 24, 2025	Class C Estimate – Bay Street Reconstruction	Class C estimate reflected refined quantities compared to April 2024 Class D estimate. Class C subtotal was 5.70% higher than Class D; including contingency, overall increase was 1.48%.	\$13,184,755.00 + 20% Contingency
March 12, 2025	Bay St E (RFPO)	Request to pre-qualify contractors issued March 12, 2025. Closed April 10, 2025.	N/A
May 16, 2025	90% Design Submission	90% Issued-for-Review drawing package received. Reviewed internally and presented to SMT. Walking site review conducted June 4, 2025 with Consultant due to limited opportunity for design changes at advanced stage.	N/A
June 23, 2025	100% Design Package	100% design package received including draft tender file, Class A construction estimate, and Issued-for-Review drawings. Approximately \$2.3M of Treated Effluent Outfall works identified for allocation to separate budget. Estimate remained within approved overall project budget envelope.	\$15,649,915.00 + 10% Contingency
July 18 to August 19, 2025	Final Tender Package (IFT) with IFT Cost Estimate	The final Issued-for-Tender (IFT) package was received, including the complete IFT drawing set, technical specifications, bid forms, design report, supporting technical studies, and the updated Class A/IFT construction cost estimate. A significant increase was observed when compared to the April 2024 Class D estimate. Town Staff later clarified that the IFT estimate was embedded within the appendices of the preliminary design report	\$23,245,110.00 + 10% Contingency Corrected to: \$17,995,110.00 + 10% Contingency

Timelines for Bay St Forcemain Engineering Submissions, Construction Tender & Award			
Date	Project Component	Submittal Received	Estimate
		and was inadvertently overlooked during initial review, as the 100% design estimate had been assumed to represent the final construction cost. Staff also identified an error in the excess soil quantity calculation within the estimate.	
August 20, 2025	Construction Tender	Tender published August 20, 2025. Eight addenda issued. Closed October 2, 2025. Four bids received from prequalified bidders.	\$17,927,450 Award Amount + \$2,410,550.00 (Contingencies)
October 2, 2025	Mill Street SPS – Budget Allocation Email	Consultant advised allocation of Bay Street tender costs to correct budget categories. Confirmed HEWSF grant applied only to eligible forcemain components. Estimated approx. \$13.7M available within HEWS envelope for MSSPS after allocation.	\$13.7M (Budget Available for MSSPS) and Estimate provided was \$12-\$14M range.
October 6, 2025	Mill Street SPS –Estimate Email	Consultant identified revised Mill Street SPS pre-tender estimate of approx. \$13M compared to earlier HEWS estimate of \$10.78M. Increase attributed primarily to scope additions during detailed design rather than market escalation. Noted absence of formal Class B estimate for MSSPS in project files.	\$13M (Mill St Estimate)
October 7–9, 2025	Tender Review & Award	Consultant reviewed four compliant bids and identified lowest bidder at \$17,927,450 (excl. HST), approx. 30% below pre-tender estimate. Bid confirmed balanced and	\$17,927,450 Award + \$2,410,550 Contingency

Timelines for Bay St Forcemain Engineering Submissions, Construction Tender & Award			
Date	Project Component	Submittal Received	Estimate
		<p>compliant. Award approved October 9, 2025.</p> <ol style="list-style-type: none"> 1. This was the point at which staff first became aware, through the award recommendation, that the IFT cost estimate for the Bay Street Works was approximately \$8 million higher than the previously provided Class A estimate. 2. Further review determined that the estimate contained an error in the excess soil calculation and should have been disregarded. 3. Although the estimate was subsequently corrected by the Consultant, it was not resubmitted to the Town because the project had already been awarded. 	
February 19, 2026	Corrected IFT Estimate	Based on a request made on February 19, 2026, the consultant provided a revised Class A estimate and included the following clarification. The consultant advised that the updated estimate had originally been prepared following discussions with Staff on or about October 13. The consultant explained that the error stemmed from excess soil being treated in the same manner as contaminated soil within the estimate. During a prior revision, quantities had been converted from cubic metres to tonnes, with an intended unit rate adjustment from \$40/m ³ to \$20/tonne; however, the estimator had incorrectly multiplied and rounded the rate to \$100/tonne	Corrected to: \$17,995,110.00 + 10% Contingency

Timelines for Bay St Forcemain Engineering Submissions, Construction Tender & Award			
Date	Project Component	Submittal Received	Estimate
		instead of dividing by two to arrive at \$20/tonne. The consultant further noted that this revised estimate had not been submitted to the Town at the time because the project had already closed and the award letter had been issued. The revised estimate was prepared internally to validate the corrected values once the discrepancy had been identified.	

Table 1.5 Bay Street–Grey Street Linear Works – Cost Estimate Comparison (Class D vs. Class A / IFT)

Bay St – Grey St Forcemain Reconstruction – Cost Estimates Comparison Class D & A			
Component	Class D / HEWSF Estimate (2024)	Class A / IFT Estimate (2025)	Key Reason for Increase
General Conditions	\$570,000	~\$1,295,000	Class A breakdown includes detailed allowances for bonding/insurance, mobilization, traffic control, erosion & sediment control, vibration monitoring, tree protection zones, site trailer, asbestos management, excess soil destination assessment, and related general requirements
Road Construction	\$4,813,902	\$7,066,020	Class A reflects refined quantities and full road/driveway/streetscape restoration requirements by segment, including removals, granulars, curbs, asphalt, temporary road works (Phase 2), sidewalk/MUT works on Grey Street, line painting, and landscaping/topsoil/sod restoration (Sections B + F + M).
Stormwater Infrastructure	\$1,413,300	~\$2,687,630	Progression to Class A incorporated detailed storm system scope including OGS units (Stormceptor), new/upsized storm sewers, maintenance holes, headwalls/outfalls, check valves, private drain laterals, insulation, and

Bay St – Grey St Forcemain Reconstruction – Cost Estimates Comparison Class D & A			
Component	Class D / HEWSF Estimate (2024)	Class A / IFT Estimate (2025)	Key Reason for Increase
			CCTV/commissioning requirements (Sections C + G + N).
Sanitary Infrastructure	\$3,623,000	~\$3,690,580	Class A confirms detailed sanitary works including the 600mm HDPE forcemain, valve chambers/drain chambers, deep sanitary sewer works, maintenance holes, check valves, connections/caps, laterals, and testing/commissioning. The estimate also reflects schedule impacts that shifted a significant portion of sanitary/forcemain work into winter conditions (typically requiring ~50% additional effort/productivity allowance), and includes added pumping/bypass pumping costs to maintain system operations during construction. Deeper sewer installation requirements, ESSPS decommissioning impacts, and added forcemain scope on Russell Street also contributed to the variance.
Water Infrastructure	\$1,727,500	~\$1,437,400	Class A refined the watermain scope/quantities and unit rates based on detailed design, including temporary water supply and specific connection/valve/hydrant quantities by segment (<i>Overall decrease reflects refinement vs. early Class D allowances.</i>)
Treated Effluent Outfall	-	\$527,480.00	Added / separately defined treated effluent outfall installation scope on Grey Street, including maintenance holes, pressure pipe, HDPE transition, testing, and CCTV.
Provisional Items	\$325,000	~\$1,341,000	Class A includes expanded provisional allowances for temporary hydro pole supports, hydrovac/test holes, rock excavation, boulder removal, insulation, clear stone bedding, OLS resets, dust control, bypass pumping (effluent), and site-specific landscape restoration.
Subtotal (Construction)	\$12,472,702	\$17,995,110	Class A is based on detailed design quantities and specifications across Phase 1 and Phase 2,

Bay St – Grey St Forcemain Reconstruction – Cost Estimates Comparison Class D & A			
Component	Class D / HEWSF Estimate (2024)	Class A / IFT Estimate (2025)	Key Reason for Increase
			with expanded definition of general requirements, restoration, and provisional risks.
Contingency	25% (\$3.12M)	10% (\$1,799,511)	Contingency percentage reduced at Class A stage as scope definition and quantities are more refined; contingency value is applied to the updated Class A construction subtotal.
Total Estimated Cost	\$15,590,878	\$19,794,621	Increase driven primarily by more defined general conditions, road/storm scope, addition of treated effluent outfall scope, and expanded provisional allowances; partially offset by refined water infrastructure quantities.

Cost Increase for Bay St – Grey St Linear Works:

The increase in cost for the Bay- Grey Street Linear Works from the Class D estimate to the Class A / IFT estimate was primarily driven by significant scope evolution and regulatory requirements that were not fully defined at the conceptual stage. The original Class D estimate did not include the TWWTP Effluent Outfall component or associated Grey Street works, which alone added approximately \$1.54M, plus approximately 50% of the Grey Street road reconstruction works. Additional major impacts included expanded stormwater requirements (oil-grit separators, upsized outlet, and 1500mm outfall pipe) exceeding \$1M; Elgin Street SPS decommissioning and associated sewer deepening (~\$900K), which was largely attributable to winter construction conditions (as reviewed with WT and confirmed through internal discussion), along with related downstream impacts; full-duration bypass pumping (~\$1.6M shared impact across contracts); contaminated soil management (~\$400K); CPI escalation (~5.4%, ~\$1.5M); added utility relocations (~\$900K); public relations requirements (~\$175K); additional forcemain length (~\$210K); landscaping/restoration enhancements (~\$200K); and the addition of a parking lot at Elgin Street. Collectively, these scope additions, winter construction impacts, regulatory changes, staging constraints, and inflationary pressures resulted in the Class A estimate substantially exceeding the original Class D projection.

2. MILL STREET SEWAGE PUMPING STATION:

Below is the summary outlining the Mill Street Sewage Pumping Station project timelines, progression of cost estimates and the explanation for the variance between design-stage estimates. As the project advanced from preliminary design to detailed engineering, significant scope refinements were incorporated, including deepening of the station, revised pump selection and generator sizing, extended bypass pumping duration, upgraded shoring and

caisson systems, and expanded process mechanical components. These design developments, together with updated market pricing and refined quantity take-offs, contributed to the increase between the early-stage Class C estimate and the final Class A construction estimate.

Table 1.6 – Mill Street Sewage Pumping Station (MSSPS) – Engineering Submissions, Procurement Milestones & Cost Escalation Timeline

Timelines for Mill St Sewage Pumping Station Engineering Submissions, Procurement & Cost Escalation			
Date	Project Component	Submittal Received	Estimate
August 15, 2023 & October 12, 2023	MSSPS & CMSLS – Preliminary Engineering (Pre-30%)	Engineering Analysis Report submitted outlining current and projected wastewater production within the CMSLS and MSSPS service areas, including 10-year and ultimate build-out flow projections. This constituted preliminary servicing analysis and not a detailed design submission.	N/A
May 28, 2025	Mill Street SPS – 30% Design	30% Design Report and Preliminary Structural Drawing Set issued for Town review.	N/A
July 18, 2025	Mill Street SPS – 60% Design	60% design package issued for Town review (not for construction), including Structural, Civil, Architectural, Mechanical, and Electrical components.	N/A
September 5, 2025	Mill Street SPS – 90% Design	90% design submission issued for client review (not for construction), including advanced drawing set and draft tender specifications.	N/A
October 2, 2025	Mill St SPS (Estimate Email)	Consultant advised that Bay Street tendered costs should be allocated to appropriate budget categories, confirming HEWSF funding applies only to eligible forcemain-related infrastructure within the \$32M envelope. Based on breakdown of the \$17.93M Bay Street tender, consultant indicated that approximately \$13.7M remained available for MSSPS within HEWSF allocation.	\$13.7M (Budget Available for MSSPS) and Estimate provided was \$12-\$14M range.
October 6, 2025	Mill St SPS (Estimate Email)	Following closing of Craigeith Main SPS and Bay Street tenders, consultant identified a Mill Street SPS pre-tender estimate of approximately \$13M, compared to the earlier HEWSF estimate of \$10.78M. Increase attributed primarily to scope	\$13M (Mill St. Estimate)

Timelines for Mill St Sewage Pumping Station Engineering Submissions, Procurement & Cost Escalation			
Date	Project Component	Submittal Received	Estimate
		additions during detailed design rather than market escalation. Consultant indicated MSSPS was still anticipated to be managed within the HEWSF grant framework, subject to proper cost allocation and eligibility review. It is noted that no formal Class B estimate for MSSPS was present in the project files.	
October 15, 2025	Mill Street SPS – 100% Design	100% design package issued for Building Permit submission.	N/A
October 29, 2025	Mill Street SPS – Class A Estimate	Consultant provided Class A construction cost estimate (with comparison to Class C). The estimate did not align with the earlier October 2 and October 6 budget communications. Based on earlier correspondence regarding allocation of certain outfall-related works to separate budgets, there was still going to be some remaining funds but not enough to cover entire cost of MSSPS. Upon receipt of the Class A estimate, Operations Staff met with Finance on October 30, 2025 to review the escalation, scope evolution, and funding implications.	\$18,127,700 + Contingency
October 30, 2025 to November 10, 2025	Internal Review & Strategy	Staff undertook internal discussions with Finance and consultants to evaluate overall cost increase and funding strategy. A staff report was prepared between November 10 and November 19, 2025 to present findings and recommendations to Council.	N/A

Cost Increase for Mill St Sewage Pump Station:

As identified by the Consultant, the increase from the earlier Class C estimate to the Class A estimate reflects scope refinement and constructability changes confirmed during detailed design, including deepening of the pump station to meet revised inlet and operational requirements, final pump selection and vendor pricing exceeding preliminary allowances,

replacement of the initial rock anchor concept with a braced excavation system incorporating concrete caissons due to depth and soil conditions, extension of bypass pumping for the full construction duration, expansion to dual forcemains with additional isolation and drain valving, and replacement of the existing generator with a new appropriately sized unit once electrical loads were finalized; these changes increased the civil, mechanical, and electrical components of the project and reduced estimate uncertainty at the Class A level. Public disclosure of detailed Class A estimate values may influence bid pricing in a limited prequalified market by establishing a pricing benchmark that could reduce competitive tension during tender, such cost comparison shall be brought to council at a later date once the MSSPS Construction Tender is closed.

Financial Summary – Budget, Design Estimates and Tender Comparison:

This section provides a consolidated financial comparison of the approved project budgets against the progression of design-stage estimates (Class C/D to Class A / Issued-for-Tender) and the final tender award values were available. The table illustrates how costs evolved as scope definition increased, regulatory requirements were incorporated, and detailed quantities were finalized through the design process.

Table 1.8 – Approved Budget vs. Class C/D Estimate vs. Class A / IFT Estimate vs. Tender Award

Project Component	Approved Budget	Class C/D Estimate (2024)	HEWSF (2024)	Class A / IFT Estimate (2025)	Tender / PO Value (Awarded)	Percentage Increase HEWSF Approved Budget to Tender
Engineering (All Components)	\$2,775,200	-	\$2,775,200 + 25% Con	—	\$2,479,646.10	0%
Craigleith Main SLS (CMSLS)	\$51,015,929	\$7,268,000	\$5,067,900 + 25% Con	\$7,739,000	¹ \$8,977,900	23.53%
Bay Street & Grey Street Linear Works		\$15,590,878	\$7,517,100 + 25% Con	\$19,794,621	² \$20,338,000	30.45%
Mill Street SPS (MSSPS)		\$10,780,000	\$12,472,703 + 25% Con	\$19,941,000	Not Yet Tendered	³ 84.98%
Miscellaneous (Utilities, Permits, etc.)		-	-	-	\$618,313.04	-
Total	\$53,791,129	\$33,638,878.00	\$34,791,128.75	\$47,474,621.00	32,413,859.14	51.34%

¹The value includes \$500,000 in contingencies awarded and \$500,000 additional contingency to be used at the discretion of staff.

²This included \$2,410,550 in additional contingencies to be used at the discretion of staff.

³This percentage represents increase from Class C to Class A estimate and not tender cost as the works is not tendered yet.

E. Strategic Priorities

1. Communication and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

3. Community

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

4. Quality of Life

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

F. Environmental Impacts

N/A

G. Financial Impacts

The following table outlines the evolution of the approved project budget from 2021 through 2026. It reflects successive Council-approved increases associated with expanded project scope, inclusion of construction costs, alignment with grant applications, and the addition of the Mill Street Pumping Station works. References to the applicable staff reports supporting each budget adjustment are provided below.

Budget Evolution:

Description	Budget	In-Year Request	Total
2021 Budget - Engineering	\$1,285,000	\$0	\$1,285,000
2022 Budget - Engineering	1,285,000	715,000 ¹	2,000,000
2023 Budget - Engineering	2,000,000	550,000 ²	2,550,000

Description	Budget	In-Year Request	Total
2024 Budget – Engineering & Construction	33,150,000 ³	0	33,150,000
2025 Budget – Engineering & Construction	34,791,129 ⁴	0	34,791,129
2026 Budget – Engineering & Construction	\$34,791,129	\$19,000,000 ⁵	\$53,791,129

¹ Staff report [CSOPS.22.041](#) (May-22) – request to increase to \$2M and bundle the Mill Street and Craighleith Projects.

² Staff report [CSOPS.23.019](#) (Apr-23) – request to increase to \$2.2M following the RFP results. Staff report [CSOPS.23.044](#) (Aug-23) – requested an increase to \$2.55M to include the Bay Street Reconstruction.

³ In the 2024 Budget the construction costs were introduced – the total budget included a \$200K Engineering contingency and a \$3M Construction contingency.

⁴ The 2025 budget included an increase to the budget from the previous year, to bring the budget in line with the HEWSF application amounts. Contingency in the budget remained at \$200K for Engineering and \$3M for Construction.

⁵ Staff report [OPS.25.049](#) (Dec-25) – is the request of \$19M to allow for the construction of the Mill Street Pumping Station.

As of February 12, 2026, the total approved project budget is \$53.79 million, inclusive of engineering and construction contingencies as established through the annual budget process. The table below summarizes the current total allocation between engineering and construction components based on approved budget books.

Description	Amount
Engineering (inclusive of \$200K Contingency)*	\$2,775,200
Construction (inclusive of \$3.0M Contingency)*	<u>51,015,929</u>
Total	<u>\$53,791,129</u>

* The contingency amounts are based on what was posted in the budget books as approved each year.

The table below summarizes major procurements completed to date, including engineering, utility relocations, and construction contracts. It compares contract values and purchase order commitments against the available budget at the time of award, illustrating how budget capacity has been allocated as the project has progressed through design and construction phases.

Procurement Timing and Budget Values:

Vendor	Award Date	Contingency in Contract Amount	Contract Value	Change Orders	Updated Contract Value	Purchase Order (PO) Value ¹	Budget at Award Date	Remaining Budget Value
WT Infrastructure	Apr-2023	\$200,000	\$1,971,299	\$270,440 ²	\$2,241,739	\$2,241,739	\$2,200,000	\$(41,739)
EPCOR/ Hydro One/ Enbridge/ Rogers	2024/2025	\$ -	\$ - ³	\$ -	\$ -	\$588,803	\$30,908,261	\$30,319,458
Peak Construction	Oct-2025	\$500,000	⁴ \$8,477,900	\$ -	\$8,477,900	\$8,977,900	\$31,960,587	\$22,982,687
Arnott Construction	Oct-2025	\$ -	\$17,927,450	\$ -	\$17,927,450	\$2,410,550	\$22,982,687	\$2,644,687

¹ The Purchase Order Value includes the contract amount and a blind contingency (not visible to the vendor) in some cases – hence the difference between the contract value and the PO.

² The change order for this contract was issued following the Staff Report [CSOPS.23.044](#) requesting an increase to the Engineering Budget from \$2.2M to \$2.55M for the addition of Bay Street Reconstruction.

³ Utility relocations work somewhat differently in the Procurement Process, given that the Town is not the owner of the infrastructure, thus an estimate is received from the Utility Corporation and is considered the “Contract Value” and the amount for the PO. It is noted that the EPCOR estimates state clearly that they have included a 25% contingency.

⁴ The \$8,477,900 contract included an initial \$500,000 contingency (5.9%), and due to the higher-than-anticipated contract value, an additional \$500,000 was added, increasing total contingency to \$1,000,000 (11.8%) to better align with overall project risk.

The following table provides the funding composition of the overall project, including confirmed grant allocations, estimated Development Charge (DC) eligibility, and the remaining municipal asset management funding requirement. DC eligibility percentages are based on the current apportionment of project growth components and may be refined upon final cost reconciliation.

Funding Details (Confirmed Development Charge (DC) Eligibility):

Description	Estimated Costs ¹	Grant Allocation ²	Net Municipal Cost	DC Eligibility % ³	DC Funding	Asset Mgmt Funding
Mill St. SPS	\$20,291,962	\$10,281,849	\$10,013,113	69%	\$6,909,978	\$3,103,135
Craigeith Main SLS	9,135,910	4,629,123	\$4,506,784	40%	1,802,714	2,704,070

Description	Estimated Costs ¹	Grant Allocation ²	Net Municipal Cost	DC Eligibility % ³	DC Funding	Asset Mgmt Funding
Bay/Grey St.	20,695,950	10,486,548	10,209,402	4%	408,376	9,801,026
Engineering	2,523,390		2,523,390	37%	930,525	1,592,865
Utility Relocations	915,840		915,840	37%	337,725	578,115
Total	\$53,563,052	\$25,397,524	\$28,165,528		\$10,386,317	\$17,779,211

¹ Estimated costs are based on the Operations Staff Report [OPS.25.049](#).

² Grant allocation must be assigned prior to claiming the DC portion for a project. The amounts assigned to each project are proportionately shared (i.e. each project has been assigned their share of the Grant funds based on their total estimated costs) distribution amongst the projects may change and are dependent on the final actual costs associated. For ease of allocation and since the total budget is much greater than the grant the Engineering and utility relocation costs have not yet been allocated to each project.

³ The DC Eligibility percentage for both the Engineering and Utility Relocations has been based on the apportionment of total project costs, this is subject to change but is a reasonable assumption until final costs are confirmed.

H. In Consultation With

Monica Quinlan, Director of Corporate and IT Services / Treasurer

Vicky Bouwman, Supervisor of Accounting & Budgets

Serena Wilgress, Manager of Purchasing and Risk Management

Pruthvi Desai, Manager of Capital Projects

Allison Kershaw, Manager of Water and Wastewater Services

Mike Humphries, Senior Infrastructure Capital Project Coordinator.

I. Public Engagement

The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required.

Any comments regarding this report should be submitted to Alan Pacheco, Director of Operations directorops@thebluemountains.ca.

J. Attached

N/A

Respectfully submitted,

Pruthvi Desai
Manager of Capital Projects

Alan Pacheco
Director of Operations

For more information, please contact:
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Report Approval Details

Document Title:	OPS.26.013 Craigleith SLS, Mill St SPS and Bay-Grey St Linear Works Update.docx
Attachments:	
Final Approval Date:	Feb 20, 2026

This report and all of its attachments were approved and signed as outlined below:

Alan Pacheco - Feb 20, 2026 - 12:13 PM