



Staff Report

Administration – Chief Administrative Officer

Report To: Special Meeting of Council
Meeting Date: March 2, 2026
Report Number: ADM.26.020
Title: Investigative Report Follow-up– Craigleith SLS, Mill Street SPS and Bay-Grey Street Linear Works
Prepared by: Adam Smith, Chief Administrative Officer

A. Recommendations

THAT Council receive Staff Report ADM.26.020, entitled “Investigative Report Follow-up– Craigleith SLS, Mill Street SPS and Bay-Grey Street Linear Works;”

B. Overview

The purpose of this staff report is to address the February 17, 2026 resolutions passed by Council in response to staff report [ADM.26.015 Investigative Report – Craigleith SLS, Mill Street SPS and Bay-Grey Street Linear Works](#). Responses have been provided to questions posed by members of Council, the Blue Mountains Ratepayers Association (BMRA) and Community Matters group.

C. Background

For context, the initial series of questions posed in response to staff report [ADM.26.015 Investigative Report – Craigleith SLS, Mill Street SPS and Bay-Grey Street Linear Works](#) was presented through a deputation by BMRA. In response, Council passed the following resolution:

THAT Council of the Town of The Blue Mountains receives for information the January 29, 2026, correspondence of Jim Torrance, Blue Mountains Ratepayers Association, regarding Agenda Item B.4.1 - Craigleith SLS, Mill Street SPS, and Bay-Grey Street Linear Works;

AND THAT Council direct staff to provide a followup staff report to answer all questions posed in the January 29, 2026 correspondence of Jim Torrance, Blue Mountain Ratepayers Association, as follows:

- 1. What are the critical learnings regarding financial oversight, project management discipline and timely communications and reporting? How and when will these be implemented?*
- 2. Do Council and Staff leadership have confidence in our current asset management plan, how will the Town will prioritize upgrades and replacements of other major infrastructure, and have a clear picture of what this means for our long term finances?*

3. *Will an external audit also be conducted so that we get an unvarnished evaluation and further recommendations for the future?*

4. *But the biggest question may be: Can a town the size of Blue Mountains responsibly and effectively manage these kinds of large infrastructure projects*

AND THAT the above information be included in the staff report to be provided at the March 16/17, 2026 Committee of the Whole meeting

Following the staff presentation of staff report [ADM.26.015 Investigative Report – Craigleith SLS, Mill Street SPS and Bay-Grey Street Linear Works](#), Council passed the following resolution:

THAT Council receive Staff Report ADM.26.015, entitled “Investigative Report – Craigleith SLS, Mill Street SPS and Bay-Grey Street Linear Works” for information;

AND THAT Council directs the CAO to address the following points in his February investigative report:

- 1. What escalation processes will the CAO be considering to ensure that all information (financial, engineering, construction and risk management) regarding capital projects is reported on “as early as possible” to Council?*
- 2. Further to these processes, how would the CAO incorporate consultation with Council and the public at the real beginning (the thought or identified need) and throughout the projects, as per the example offered about the decision to place the forcemain on Bay Street?*
- 3. Please provide the details of the evidence-based decision making process leading to the choice of Bay Street for the forcemain including but not limited to how they met the bullet points on slide 14 of the April 18, 2024 Public Information Centre, at a minimum.*
- 4. To answer all questions put forward by the Community Matters group in their public comment made today*
- 5. Please explain why the gap occurred between the awareness of the overage in the summer of 2025 and when SMT became aware in November 2025.*

The focus of this staff report is to address both resolutions given they are directed towards the same report and are of a similar theme. The responses have been formulated to the extent possible for an open session of Council.

D. Analysis

What are the critical learnings regarding financial oversight, project management discipline and timely communications and reporting? How and when will these be implemented?

Further to staff report ADM.26.015 there is a need to reduce the complexity in financial tracking and eliminate any ambiguity with respect to checkpoints with Council. In addition, sign-offs for expenses in excess of \$500,000 prior to the awarding of a tender strengthens project

oversight. These learnings were implemented immediately upon understanding the full scope of the project coverage.

Other measures to be implemented by Fall 2026 include an emphasis of risk management strategies to be documented in the tendering process and in reporting to Council. A requirement to be explored further is engraining as a standard practice or policy, value engineering exercises for major capital projects. Consideration can be given for this in the review of the Town's Procurement Policy expected to be completed this year.

Do Council and Staff leadership have confidence in our current asset management plan, how will the Town will prioritize upgrades and replacements of other major infrastructure, and have a clear picture of what this means for our long term finances?

The project remains aligned with the Town's Asset Management Plan (AMP). However, the fiscal capacity of the Town to support needs identified within the Plan will need to re-evaluated due to the unanticipated cost escalations in the project. As the Town continues to determine the most appropriate mechanism to fund the cost exceedances, capital planning be it to address desired levels of service within the AMP or timing of embarking on other growth-related works will be affected.

Will an external audit also be conducted so that we get an unvarnished evaluation and further recommendations for the future?

Based on the scope of reporting and corrective action identified, an external audit is not being pursued. However, a value-engineering exercise is being completed that among the goals is to provide recommendations that could potentially be applied for future projects.

Can a town the size of Blue Mountains responsibly and effectively manage these kinds of large infrastructure projects?

Currently, there are several major infrastructure projects currently being managed internally and there remains confidence in the ability of staff to ensure they meet desired outcomes in alignment with relevant policies and procedures. Third-party engineering support may be considered depending on scope of project and complexity.

What escalation processes will the CAO be considering to ensure that all information (financial, engineering, construction and risk management) regarding capital projects is reported on "as early as possible" to Council?

In eliminating the practice of bundling projects and requiring additional sign-offs on expenses in excess of \$500K, there are clear trigger points to escalate issues to Council. Effective reporting requires the communication of all relevant information that will assist Council in making an informed decision. Greater assistance to staff in preparing these communications is being considered within the review of the staff report template.

Further to these processes, how would the CAO incorporate consultation with Council and the public at the real beginning (the thought or identified need) and throughout the projects, as per the example offered about the decision to place the forcemain on Bay Street?

The Town's budget process represents the best opportunity to discuss the basis and high-level scope of projects planned for the coming year, particularly those that are in the design stage. Even so, the design process for major infrastructure works at the Town do contain numerous opportunities for Council and the general public to offer comment through Public Information Centres (PICs) and follow-up reports to Council. A unique practice relative to other communities of a similar size, the challenge with deepening consultation for capital works, particularly for reconstruction, is managing expectations based on the input received. Often, the replacement of critical infrastructure results in impacts that are unavoidable to ensure the Town is regulatory compliant and fiscally sustainable.

Please provide the details of the evidence-based decision making process leading to the choice of Bay Street for the forcemain including but not limited to how they met the bullet points on slide 14 of the April 18, 2024 Public Information Centre, at a minimum.

Within the context of the overall project bundle and the overages experienced, the forcemain alignment chosen continues to represent the best value-for-money option. When assessed against the alternatives, they all involve separate projects sites that would still be intended on running concurrently with the other upgrades related to the Mill Street Pumping Station and reconstruction of Bay Street. Additional rationale with respect to the location of the forcemain is best positioned as a separate staff report given it is unlikely that a different forcemain location would have mitigated costs for the projects in question over both the short and long-term.

To answer all questions put forward by the Community Matters group in their public comment made today.

In relation to fully understanding the scope of the project overage, Council as a whole, as opposed to individual members, became aware shortly after formal escalation by staff in November 2025.

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.

F. Environmental Impacts

N/A

G. Financial Impacts

The staff report is solely for information and does not result in financial impacts. Additional financial and administrative controls noted within this staff report have either been implemented or are anticipated to be instituted over the coming months.

H. In Consultation With

Corrina Giles, Town Clerk

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. However, any comments regarding this report should be submitted to Adam Smith, Chief Administrative Officer cao@thebluemountains.ca .

J. Attached

No attachments.

Respectfully submitted,

Adam Smith
Chief Administrative Officer

For more information, please contact:
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Report Approval Details

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

Adam Smith - Feb 25, 2026 - 5:27 PM