



Staff Report

Administration – Chief Administrative Officer

Report To: Council Meeting
Meeting Date: April 20, 2026
Report Number: ADM.26.024
Title: Performance Audit Re: Craigleith SLS, Mill Street SPS and Bay-Grey Linear Works Projects
Prepared by: Adam Smith, Chief Administrative Officer

A. Recommendations

THAT Council receive Staff Report ADM.26.024, entitled “ Performance Audit Re: Craigleith SLS, Mill Street SPS and Bay-Grey Linear Works Projects”;

THAT Council direct staff to move forward with an agreement with StrategyCorp up to a maximum of \$100,000 (plus HST) to conduct a capital project delivery review;

AND THAT Council endorses a scope that will identify recommendations to support system-wide improvements with a focus on project management, governance, performance monitoring, organizational structure and accountability and a policy and escalation framework.

B. Overview

The purpose of this staff report is to outline single-source procurement options for third-party support to lead a review of the Craigleith SLS, Mill Street SPS and Bay-Grey Street Linear Works projects in alignment with the objectives stated at the April 2, 2026 Special Meeting of Council meeting.

C. Background

At the April 2, 2026 Special Meeting of Council, Council provided the following direction to staff:

THAT Council receive Staff Report CFS.26.022, entitled “Value Engineering Exercise Review – Mill Street Pumping Station”;

AND THAT Council directs CAO Smith to provide a staff report directly to the April 20, 2026 Council Meeting regarding this request;

AND THAT Council reach out to the Auditor General or another reputable source as verified by Council to conduct a performance audit regarding the commencement of the Craigleith SLS, Mill Street SPS and Bay-Grey Street Linear Works projects;

AND THAT the scope of this investigation specifically includes but not be limited to, anatomy of the business case, process integrity, internal decision-making frameworks, financial oversight, risk management, and the adherence to procurement, project management policies; and staff-Council reporting relationship and touch points;

AND THAT the report, by the Auditor General or another reputable source on the findings be presented directly to Council to ensure transparency and institutional performance improvement.

Since that time, staff have engaged with various third-parties that could deliver on the scope of work envisioned by Council and approved through the Provincial Vendor of Record (VOR) for Management Consulting Services. In accordance with the Town's Purchasing of Goods and Services Policy, negotiation is permitted through Cooperative Purchasing. In preparing consultant options, objective criteria including; prior work experience with the Town, service alignment with scope of work, organizational expertise and value-add to the prescribed scope were all considered.

D. Analysis

Based on the directions provided by Council on April 2nd, 2026, staff initially assessed public sector options that were identified in the meeting including both the Office of the Auditor General of Ontario and the Ontario Ombudsman. Following this step, staff engaged with private third parties including Colliers Project Leaders, Strategy Corp and KPMG.

Public Agencies

Office of the Auditor General of Ontario

This option is not feasible based on the agency explicitly outlining that it does not "audit areas under the exclusive jurisdiction of Indigenous, federal, or municipal governments". The Craigeith SLS, Mill Street SPS and Bay-Grey Street Linear Works projects are exclusively within the realm of the municipality as they all involve assets/services explicitly identified within the Municipal Act as being within municipal jurisdiction.

Ontario Ombudsman

Under the Ombudsman Act, the Ontario Ombudsman by statute is the agency responsible for investigating complaints about administrative issues in the public sector including municipalities. Specifically, in the Act, "the function of the Ombudsman is to investigate any decision or recommendation made or any act done or omitted in the course of the administration of a public sector body and affecting any person or body of persons in his, her or its personal capacity." No restriction exists regarding who may file a complaint thus the municipality may be able to do so to investigate issues facing the delivery of the projects in question. This service is free of charge but can take considerable time for an investigation to conclude. Generally, the Ombudsman does not investigate with the intent to be punitive, but rather to offer recommendations to enhance transparency and accountability for those agencies under its purview.

Third-Party Consultants

Colliers Project Leaders

Colliers Project Leaders offers strategic advisory services to the public sector, Colliers brings substantial experience assisting public sector entities in providing independent project evaluations and in advancing their project management maturity, governance, and oversight capabilities related to the effective delivery of capital projects and programs.

Colliers' approach includes a review of existing project management documentation, internal discovery sessions with relevant stakeholders, an assessment of current-state processes and delivery methodologies being deployed, as well as considerations around the Town of The Blue Mountains' current alignment to public sector best practice, and potential next steps to close gaps. Colliers Project Leaders will examine the causes of significant cost escalation on the Craigleith SLS, Mill St. SPS, and Bay/Grey Street linear infrastructure projects and to assess the Town's broader project management capability.

The work would include a root-cause diagnostic of the three projects, document review, staff interviews, and an OPM3-based maturity assessment. The intent of this maturity assessment is to score the organization against pre-determined criteria to assess current state capabilities. The outcome of this assessment will be used to identify gaps and develop a target level of maturity as well as to prioritize recommendations and improvements within a specific timeline. Following these steps, a final report will be prepared with a roadmap identifying governance, process, control, and delivery improvements. The review is intended to provide both an independent explanation of what drove the overruns and practical recommendations to strengthen future capital project delivery.

Timing

- *12 – 16 weeks to complete*

Prior Experience with the Town

- *Led development of Multi-Use Recreation Facility Feasibility Assessment (MURFA)*
- *Project Manager – Craigleith Community Park and Moreau Park Revitalization*

StrategyCorp

StrategyCorp provides strategic advisory services in fields such as government relations, strategic communications, and management consulting. The consultant's proposed approach is a forward-looking capital project delivery review for the Town of The Blue Mountains to identify the root causes of recent cost escalation related to identified projects and strengthen how capital projects are planned, governed, managed, and monitored. The review is not positioned as a forensic audit; instead, it focuses on practical, system-wide improvements. The review is intended on being grounded in a project management and performance lens, focusing on how projects are defined, coordinated, and controlled across the organization as well as how governance and oversight structures support effective delivery.

The work will be evidence-based and designed to produce implementable results. The review will assess the Town's capital project delivery approach and develop recommendations across key stages of the project lifecycle. This includes targeted review of selected projects, capital planning and governance, project management processes, project controls and performance monitoring, organizational structure and accountability, and the Town's policy and escalation framework.

Undertaking this work will rely primarily on internal document review, staff interviews, and comparisons to leading practices in similar municipalities. Proposed deliverables include a current state report, prioritized recommendations, an implementation roadmap, supporting tools such as templates and accountability matrices, and a presentation to Council on findings.

Timing

- 10 weeks to complete

Prior Experience with the Town

- 2026 Corporate Strategic Plan

KPMG

KPMG is a global organization of independent professional services firms providing audit, tax and advisory services. The organization has a public sector advisory that brings together a wide range of specialists in business transformation services, organizational change management, project management, system implementations, asset management and financial management. KPMG's proposal is to conduct an improvement-focused review of the Town of The Blue Mountains' recent major infrastructure procurement, specifically being the Craighleith SLS, Mill St. SPS, and Bay/Grey Street linear infrastructure projects.

The review is intended to assess whether the Town's procurement strategy, policy framework, governance, and implementation practices were appropriate for the project, while distinguishing between market-driven pressures such as construction inflation and contractor availability and issues within the Town's control. KPMG proposes a three-phase approach—initiate, assess, and deliver—including document review, evaluation of procurement strategy and bundling decisions, interviews and analysis of key decision points, and benchmarking against broader municipal market conditions, culminating in a final report with practical recommendations to improve governance, cost predictability, reporting, vendor oversight, procurement controls, and future project delivery.

Timing

- 8-10 weeks

Prior Experience with the Town

- 2024 Corporate Structure Review

- *Financial Audit Services*

Evaluation

Based on evaluating the third-party services that have expressed interest in reviewing the Craighleith SLS, Mill Street SPS and Bay-Grey Street Linear Works projects, there are common themes amongst all the approaches. This includes identifying process improvements and decision-making frameworks utilized in these capital projects, scaling and leveraging leading practices elsewhere and the production of a report that will be presented to Council. Distinctions arise in the scope of the exercise in terms of reviewing through the lens of practices and policies underpinning project management for the selected projects to a broader organizational assessment inclusive of staff engagement regarding capital project delivery.

StrategyCorp offers this broad alignment that is with the lens to improvements that can maximize outcomes tied to capital project delivery. Importantly, staff are keen to ensure that if a review exercise is undertaken it does not duplicate any effort from the value-engineering exercise that has recently concluded. Additionally, the initiative is built from investigative efforts undertaken by senior staff alongside Council-approved policy/process changes as a result of the challenges faced with the Craighleith SLS, Mill Street SPS and Bay-Grey Street Linear Works projects.

The proposed approach by StrategyCorp appears to complement the prior work on this file and go beyond with a current state report that reviews other projects so as to have a holistic portrait of capital project delivery at the Town. In doing so, the goal is to produce an exercise that will offer value-for-money and result in tangible recommendations that can be applied be it in the management of the works proceeding to construction or in the undertaking of future projects.

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

There are no environmental impacts associated with the staff report.

G. Financial Impacts

Statt anticipate the \$100,000 budget for this project could be sourced through the year-over-year reserves which is currently estimated at \$417,000.

H. In Consultation With

Serena Wilgress, Manager of Purchasing and Risk Management

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

1. N/A

Respectfully submitted,

Adam Smith
Chief Administrative Officer

For more information, please contact:
Adam Smith, Chief Administrative Officer
cao@thebluemountains.ca
519-599-3131 extension 234

Report Approval Details

Document Title:	ADM.26.024 Performance Audit Re Craigleith SLS, Mill St SPS, Bay-Grey St. Linear Works Projects.docx
Attachments:	
Final Approval Date:	Apr 16, 2026

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

Adam Smith - Apr 16, 2026 - 2:54 PM