

January 13, 2025

RE: ADM.25.002 Campus of Care Update

Dear Mr. Chair and Committee Members:

The Campus of Care project at 125 Peel Street was introduced as a solution to pressing community needs but has left behind a trail of unanswered questions and unresolved issues. From its inception, the project was marked by shifts in scope, escalating costs, and minimal public consultation. By the time of its termination in November 2024, what was initially a promise of long-term care and affordable housing had transformed into a story of financial uncertainty and governance shortcomings.

This is not just a story about a failed project. It is a case study in the need for transparency and accountability in municipal decision-making. When public resources and trust are on the line, the absence of clarity undermines both. To move forward, we must first understand what went wrong and ensure it does not happen again.

Financial Discrepancies

When the Campus of Care project was terminated in November 2024, the staff report stated that **\$150,000** had been spent on negotiations and pre-development studies. However, publicly available documents tell a very different story. Based on staff reports, over **\$1.1 million** had already been spent on this project, including:

- **\$144,139** on property studies and consulting by May 2022 (**FAF.22.096**, pp. 8–9).
- **\$91,094** on studies and services by November 2022 (**FAF.22.150**, p. 7-8).
- **\$173,951** on procurement, legal fees, and project costs by March 2023 (**FAF.23.036**, p. 12).
- **\$459,865** for engineering services by June 2023 (**CSOPS.23.038**, p. 4).
- An additional **\$100,000** requested for engineering contingencies in April 2024 (**CSOPS.24.018**, p. 15).

These expenditures alone far exceed the \$150,000 reported in the termination document. And this is not even making mention of the over **1,600 hours of staff time** recorded in 2022 and 2023, which are not fully accounted for in these numbers. What's more, all figures for 2024—financial or otherwise—are conspicuously absent from subsequent staff reports.

Adding to this concern is the precipitous drop in the projected reserve fund for the 2025 draft budget. In November 2024, we were told that the reserve fund was projected to be

\$42.1 million. Just one month later, this projection was revised down to **\$31.5 million**—a difference of **\$10.6 million**.

The 2022 budget allocated **\$11.5 million from development charges** for Campus of Care servicing costs. Was this funding secured or borrowed against future development charges? If the latter, the project's failure would mean these charges will not materialize, leaving the reserve fund to absorb the costs. Could this explain the significant \$10.6 million drop in the 2025 reserve fund projection? Was this dramatic change caused by costs associated with the termination of the Campus of Care project, such as legal fees, contract-related payouts, or other obligations?

Governance Failures

The Campus of Care project did not fail overnight. From its inception, there were clear red flags in how this project was managed and communicated to the public. Consider the following:

- **Evolving Scope:** What began as a long-term care facility evolved into nine multi-storey buildings, drastically altering the project's scope without meaningful public input.
- **18 Iterations:** The project went through 18 iterations of agreements with the developer, yet it still collapsed. Why were these negotiations prolonged when the financial feasibility was increasingly uncertain?
- **Public Consultation:** Requests for transparency were met with silence, or worse, with exorbitant Freedom of Information fees—\$32,000 in one case—that effectively shut out public scrutiny.
- **Regulatory Questions:** Even after termination, the Community Infrastructure and Housing Accelerator (CIHA) remains in place for this property. Why does this tool still apply, and what does it mean for the site's future?
- **Missing Documents:** The Campus of Care website does not provide a comprehensive account of the project. Key documents—including pre-development studies such as environmental and archaeological assessments—are missing, even though they were flagged as completed and paid for in staff reports.

These failures erode public trust and confidence in staff and Council. They also reveal systemic governance issues that must be addressed. If taxpayers cannot access key documents or understand how their money was spent, how can they trust that future projects will be managed any differently?

The Need for Forensic Accounting

Given the financial discrepancies and governance failures surrounding the Campus of Care project, a forensic accounting is not just warranted—it is essential. Such a review would:

1. **Provide Transparency:** Taxpayers deserve to know where every dollar went—from legal fees and staff costs to termination-related payouts.
2. **Restore Public Trust:** By uncovering the full financial picture, this committee can demonstrate its commitment to accountability and good governance.
3. **Prevent Future Failures:** Identifying where processes broke down will allow the Town to implement safeguards and ensure better outcomes for future projects.

This is not about assigning blame; it is about learning from the past to protect the future. Without such an inquiry, the Campus of Care risks becoming a symbol of secrecy and mismanagement rather than a lesson in accountability.

The unanswered questions about its financial and procedural outcomes will hamper Council's ability to do its job. We respectfully urge this committee to:

1. Conduct a forensic accounting review of the Campus of Care project from September 2021 to November 2024.
2. Make the results of the audit public, detailing all expenditures and reserve fund impacts in the 2025 draft budget.
3. Commit to greater transparency and accountability in all future municipal projects.

The taxpayer deserves answers: What went wrong, where their money went, and how this committee will ensure such failures never happen again.

Respectfully,

Paul Reale

John Milne