This document can be made available in other accessible formats as soon as practicable and upon request

Staff Report

Corporate & Financial Services

Report To:	**COW - Operations, Planning and Building Services**
Meeting Date:	June 10, 2025
Report Number:	CFS.25.034
Title:	Health and Safety Water Stream (HSWS) Grant Application
Prepared by:	Allison Kershaw, Manager of Water & Wastewater Services Brenna Agnew, Accounting Analyst Monica Quinlan, Director of Corporate & Financial Services

A. Recommendations

THAT Council receive Staff Report CFS.25.034, entitled "Health and Safety Water Stream (HSWS) Grant Application";

AND THAT Council endorse the Town of The Blue Mountains in its effort to capture available funding through this grant opportunity for the Craigleith WWTP upgrades project.

B. Overview

The Province is investing in housing and community-enabling infrastructure funding to help support housing development. As part of this funding, $175 million is allocated towards a new stream: Health and Safety Water Stream (HSWS).

Maximum provincial funding is up to $30 million. For joint applications, the primary applicant can apply for up to $30 million times the number of applicants to a maximum of $90 million.

HSWS will protect communities by addressing aging water, flood and erosion infrastructure. The objective of the stream is to:

- Support aging water infrastructure to improve critical health and safety issues.
- Preserve the province's current housing stock to increase options for Ontario residents looking for a home.
- Promote resiliency and adaptation across communities.

The funding intake is a competitive process and funding approval is not guaranteed. Projects will be evaluated with an emphasis on the criticality of the health and safety need.

C. Background

The Health and Safety Water Stream will help communities build, expand or rehabilitate aging water, wastewater, stormwater, flood and erosion infrastructure.

Eligible Asset Types:

- Drinking water assets (i.e. treatment plants, reservoirs, local pipes including distribution system watermain, and the applicant's portion of service lines, pump stations)
- Wastewater assets (i.e. lagoon systems, pump stations, lift station, linear assets, treatment plants, storage tanks and collection systems)
- Stormwater assets (i.e. management facilities, linear assets including conveyance piping/ditches/culverts)
- Water management, flood and erosion infrastructure including shoreline protection works (i.e. dams, dykes, channel conveyance improvements, riverine non-structural and structural erosion management shoreline works)

To be eligible for funding, projects must:

- Include a capital component and may also include pre-construction planning and design work. Planning and design work are not eligible as stand-alone projects.
- Protect or maintain housing units that are otherwise compromised by health and safety risks.
- Should demonstrate that they will create climate resiliency and adaptation.
- Be new construction, rehabilitation or expansion.
- Have not started construction.
- Start no later than June 30, 2026, and must be completed by March 31, 2029.
- Be in the process of, or completed, the design and planning phase.

D. Analysis

Staff have reviewed several Town capital projects that are either currently underway or in development and awaiting funding. Recognizing the importance of fully servicing Clarksburg with both water and wastewater infrastructure, staff have included a cost analysis for this project. Through the Clarksburg Master Plan Environmental Assessment, it was determined that there are some poor yielding wells, as well that are under the direct influence of surface water. This project does meet the spirit of this funding, as there are health and safety concerns with the available drinking water in Clarksburg. This would be considered an expansion of the Town's communal systems. Currently, the Town has a preliminary design for the Clarksburg drinking water and sanitary collection system.

Project 1: Water and Wastewater Servicing of Clarksburg

In 2019, The Community of Clarksburg Water and Wastewater Servicing Master Plan was completed. The desired servicing alternative for Clarksburg was to extend municipal water and gravity sewer services for the entire community. Water and wastewater are self-funded utilities, meaning that they are non-tax-supported operations, and the benefiting users will be required to cover the costs of installation, operations and replacement of the asset at end of life. The cost for the Clarksburg services was $142,289/user, based on 2018 costs and class D opinion of probable costs.

Staff have reviewed this project with the assumption that the Town would be successful for the full funding amount of $30,000,000 including the consideration that the Town would be seeking the services of a contract position to manage this project.

Table #1: Breakdown of the Project Costs for Water and Wastewater Servicing

Item	Cost	Comments
Contract Project Manager (4 years)	$ 500,000	This project would require 50 to 75% of project manager
Construction of required Water & Wastewater Infrastructure	$ 62,400,000	This includes the updated construction pricing from 2018, engineering for final design and contingency
Total funding that could be awarded to project	$ 30,000,000	HSWS funding will only fund 73% of a project to a maximum of $30,000,000
Water Capital Charges per unit	$ 24,126	From the 2024 DC background Study
Wastewater Capital Charges per unit	$ 32,640	From the 2024 DC background Study
Allowance for work on private lands	$ 15,000	Decommission well & septic and connect to Town services
Cost for Water and Wastewater/unit (This is the cost that would be passed on to the residents that require both water and wastewater servicing)	$ 134,300	Servicing 484 units in the Clarksburg area that require both water and wastewater
Cost for Wastewater/unit (This is the cost that would be passed on to the residents that require only wastewater servicing)	$ 80,300	Servicing 56 units in the Clarksburg area that already have water, but no sewers.

Even with the maximum available funding, the estimated cost per unit for providing both water and wastewater services is approximately $134,300. For wastewater services alone—limited to residents currently connected to the Town's drinking water system—the cost is estimated at $80,300 per unit. These amounts would need to be borne by the property owners and

significantly exceed the Town's established affordability criteria. While the Clarksburg servicing project aligns with the objectives of the HSWS funding program, the available funding is insufficient to make the project financially viable. As such, staff do not recommend pursuing this funding program for Clarksburg at this time and will continue to explore more substantial funding opportunities.

Another consideration for servicing Clarksburg is to only extend the water services for the community and allow them to continue to use their private septic services. This type of servicing does not align with the Provincial Policy Statement regarding servicing a community. When users have access to unlimited water, through a communal drinking water system, they tend to over burden their septic systems. Many of these existing septic systems are likely already at the end of life and may have an impact on the natural environment, including the Beaver River.

Table #2: Breakdown of the Project Costs for only Water (484 users)

Item	**Cost**	**Comments**
Contract Project Manager (4 years)	$ 500,000	This project would require 50 to 75% of project manager
Construction of required Water Infrastructure	$ 52,080,000	This includes the updated construction pricing from 2018, engineering for final design and contingency
Total funding that could be awarded to project	$ 30,000,000	HSWS funding will only fund 73% of a project to a maximum of $30,000,000
Water Capital Charges per unit	$ 24,126	From the 2024 DC background Study
Allowance for work on private lands	$ 5,000	Decommission well and connect to Town's Drinking Water System
Cost for Water/unit (This is the cost that would be passed on the resident that require water)	$ 74,800	Servicing 484 units in the Clarksburg area that require water services

To provide water services to the residents of Clarksburg, the cost per equivalent residential unit is $74,800/unit, if the Town was successful in being awarded the full $30,000,000 funding. This cost would be required to be paid by the resident. Once again this far exceeds the Town's affordability criteria. Staff are recommending however that we include the engineering for the

final design in the 2026 Budget, to be commenced when a more robust funding opportunity is available.

Project 2: Craigleith Wastewater Treatment Plant (CWWTP) Upgrades

Staff recently awarded a consulting assignment to support several projects at the Craigleith Wastewater Treatment Plant (CWWTP). This assignment includes seven (7) distinct scopes of work, encompassing both asset replacements and improvements to increase capacity within the collection system. Some of the identified work stems from recommendations in the Long Point Road Municipal Class Environmental Assessment. The assignment includes the following seven (7) components:

1. Sewage Lift Station at the plant
2. Septic receiving station at the plant
3. Replacement back-up generator for the plant, lift station and septic receiving station
4. Replacement of the motor control center (MCCs)
5. Replacement of the aeration blowers, at end of life
6. Addition of automatic screening units for the inlet works
7. Linear works on Long Point Road from Hwy 26 to the plant, including gravity sewer, upsizing one sanitary forcemain, replacement of the existing watermain and the installation of a watermain for the Town of Collingwood.

The construction budget for these works has not yet been approved by Council, however it will be included in the 2026 budget. The cost of construction is estimated to be $45,000,000 for all seven (7) scopes of work. These are to be paid for through a combination of wastewater asset replacement reserves and wastewater development charges. The linear works includes a provisional watermain installation for the Town of Collingwood. If this work goes ahead, the cost of this installation will be paid for by the Town of Collingwood, however, this is a very minor portion of the work.

These projects do meet the spirit of the HSWS funding and they are required to extend sanitary servicing to new users and ensure continuous operations of the wastewater treatment plant. A properly operated treatment facility protects human health and the natural environment.

Table #3: Breakdown of the Costs at CWWTP

Project	Cost	Funding Source	Comments
Sewage Lift Station at the plant	$ 13,700,000	Wastewater Asset Replacement Reserves and Wastewater Development Charges Reserves	Outcome from the Long Point Road MCEA. Construct a new lift station at the plant. The new station will allow additional users/developments to connect to the system

Project	Cost	Funding Source	Comments
Septic Receiving Station	$ 2,800,000	Wastewater Asset Replacement Reserves	The Town's current septic receiving station is located on Lakeshore Road, across from Fraser Cres. This station is at end of life and causes odours in a residential area. Relocating this station was included in the Long Point Road MCEA. A septic receiving station is a critical infrastructure when there is a significant population on septic systems. Additionally, the new facility will be able to unload recreational vehicles.
Back-up Generator at CWWTP	$ 2,700,000	Wastewater Asset Replacement Reserves and Wastewater Development Charges Reserves	The current generator is at end of life and is undersized. This is essential to maintain continuous operations of the plant. It will also provide back-up power for the new lift station and septic receiving station.
Replacement of the Motor Control Center (MCCs) for (CWWTP	$ 9,600,000	Wastewater Asset Replacement Reserves and Wastewater Development Charges Reserves	The current MCCs are at end of life and are also obsolete. These are required to operate the plant. Power will also be provided to the new lift station and septic receiving station from these MCCs. This work for identified through the CWWTP Optimization Study.
Replacement of aeration blowers at CWWTP	$ 4,000,000	Wastewater Asset Replacement Reserves	The current aeration blowers are at end of life and are also obsolete. These are required to provide adequate air to the treatment train, and are essential to the operation of

Project	Cost	Funding Source	Comments
			the plant. New blowers will reduce the energy consumption of the facility. This work for identified through the CWWTP Optimization Study.
Installation of new automatic screening units in the inlet work	$ 7,400,000	Wastewater Asset Replacement Reserves	CWWTP currently has manual bar screens. An operator must rack the bar screens twice daily to remove the larger debris. The screens are located outside, in the natural environment. This is a health and safety risk to staff, as the material collected must be handled, and the bar screens tend to freeze in winter months. Additionally, any material that isn't caught, may cause damage to the rest of the treatment system. This work was identified through the CWWTP Optimization Study.
Linear works	$ 4,800,000	Wastewater Asset Replacement Reserves and Wastewater Development Charges Reserves	The works include the installation of gravity sewer between the northern end of Grey 21 the CWWTP, an upsize to one of the existing forcemains from Craigleith Main lift station, replacement of TBM's water main, and installation of watermain for the Town of Collingwood. This work was included in the Long Point Road MCEA.
Total cost of the seven (7) projects	$ 45,000,000		

These projects include work that is required to support growth and maintain the Town's wastewater assets. The total value of the work is $45,000,000. All the preliminary studies required to undertake the final design and construction have been completed. The final consultant has been awarded the contract for the final design and construction administration for this work. With an approved construction budget, it is anticipated that some of the work will be commencing in 2026, additionally, all the work will be completed by the funding deadline of March 31, 2029.

Staff recommend that the Town apply for the Health and Safety Water Stream funding for the Craigleith WWTP upgrades.

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

The Craigleith WWTP is critical Town owned wastewater infrastructure, and to protect human health and the environment the required assets must be replaced at end of life. Additionally, providing full communal water and wastewater services to new developments supports growth in the community.

G. Financial Impacts

Securing grant funding for water and wastewater projects helps reduce the financial burden on the Town's reserve funds, preserving these limited resources for future needs. By offsetting capital costs through external funding, the Town can mitigate upward pressure on user rates, supporting greater affordability for residents and ensuring long-term sustainability of the systems.

The engineering budget of $1,550,000 was included in the approved 2025 Budget. The engineering assignment has been awarded. Through the 2026 Budget process, staff will be including $45,000,000 request for the construction of the CWWTP upgrades. This will be financed through the Wastewater Asset Replacement Reserves and the Wastewater Development Charges Reserves.

H. In Consultation With

Alan Pacheco, Director of Operations
Pruthvi Desai, Manager of Capital Projects
Shawn Postma, Manager of Planning

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 Monica Quinlan, Director of Corporate & Financial Services directorcfs@thebluemountains.ca.

J. Attached

None.

Respectfully submitted,

Monica Quinlan,
Director of Corporate & Financial Services

For more information, please contact:
Monica Quinlan, Director of Corporate & Financial Services
directorcfs@thebluemountains.ca
519-599-3131 extension 231

Report Approval Details

Document Title:	CFS.25.034 Health and Safety Water Stream (HSWS) Grant Application.docx
Attachments:	
Final Approval Date:	May 29, 2025

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

No Signature found

Alan Pacheco - May 29, 2025 - 1:53 PM