



Staff Report

Corporate & Financial Services

Report To: COW- Admin, Corp and Finance, SI, Comm. Services
Meeting Date: May 26, 2025
Report Number: CFS.25.029
Title: Campus of Care Financial Analysis
Prepared by: Monica Quinlan, Director of Corporate and Financial Services

A. Recommendations

THAT Council receive Staff Report CSF.25.029, entitled "Campus of Care Financial Analysis" for information.

B. Overview

At the meeting of January 27, 2025 the following resolution was passed:

"At the November 12, 2024, Council Meeting Staff Report FAF.24.144 on page 4 under Financial Impacts it stated 'Staff will outline in the 2025 Budget the financial allocations of funding spent to date and propose the appropriate funding sources since purchase of the land is no longer a consideration through a Campus of Care Project'. In the absence of this information not having been included in the current draft budget.

THAT Council direct staff to provide a full cost accounting outlining all expenses and funding sources and including those associated (i.e. SHS consulting, Peel Street South engineering, HEWs funding application. Legal, staff time etc.) with the Campus of Care project inclusive of those incurred by the previous Council (i.e. period of September 2021-January 13, 2025);

AND THAT Council direct staff to provide costs under category headings in a spreadsheet format for transparency as opposed to aggregated numbers;

AND THAT Council direct staff to provide a report outlining all lessons learned from the lack of public consultation and engagement throughout the entire process."

Additionally, at the meeting of January 13, 2025 the following resolution was passed:

"THAT Council of the Town of The Blue Mountains receives for information the deputation of John Milne and Paul Reale, Residents Re: Comments on staff report ADM.25.002 Campus of Care Update;

AND THAT Council requests staff to prepare a written response to the deputation and answer all points clearly, and that the head of the Campus of Care project, Mayor Matrosovs, be a part of the process as Chair of the former Campus of Care Committee.”

This report is submitted in response to the request for analysis.

C. Background

Since late 2021, the Town has been actively working to support the development of a Campus of Care to increase public access to long term care, retirement housing and attainable housing to support the local community. The proposed site was located at 125 Peel Street in Thornbury. This work has been a collaborative effort between partners including the Ministry of Long-Term Care and the Ministry of Municipal Affairs and Housing.

The project was initiated in 2021 when a request by Council was submitted to the Ministry of Long-Term Care to schedule a meeting to fully understand the process regarding the long-term care bed allocation and the process to have municipal lands declared surplus and sold for the sole purpose of the Campus of Care project.

Since 2021, a series of staff reports have been provided to Council regarding the project. All of the reports and other relevant information is available on the Town website through the 125 Peel Street Community Campus of Care Project webpage.

In May 2023, staff report FAF.23.085 Introduction to the Campus of Care Concept was approved by Council. This report detailed the Campus of Care concept and sale price of the lands that had been negotiated with Skyline Development Acquisitions Inc. and peopleCare Communities Inc. The report explained that the Town had signed a Letter of Intent (LOI) with Skyline Development Acquisitions Inc. and peopleCare Communities Inc. that includes the negotiated purchase price of 18.7 contiguous acres of the 125 Peel Street property for \$15,000,000.

Based on the direction Council provided in May 2023 Town staff along with external Legal Counsel worked closely with the representatives of Skyline Development Acquisitions Inc. and peopleCare Communities Inc. to develop a formal Agreement of Purchase and Sale (APS).

However, as a result of careful consideration and thoughtful deliberations by Council, unfortunately, a mutually acceptable agreement was unable to be reached and the project was cancelled in 2024. The studies and due diligence completed are still intended on being leveraged for development in the future.

D. Analysis

In response to the resolutions from January 27, 2025, the total costs associated with the Campus of Care project amount to \$566,572, in addition to the land acquisition cost of approximately \$3.5 million. These costs are categorized into two components: internal staff time and external expenditures.

Staff contributions total 1,181.5 hours, representing a cost of \$118,804. The breakdown of staff costs by year is as follows:

Year	Cost
2021	\$ 40,201
2022	\$ 55,833
2023	\$ 22,770
Total	\$ 118,804

Noting that staff time is funded through the operating budgets of the respective departments to which each staff member is assigned.

External costs total \$447,767 and are detailed by category and by year in the tables that follow.

Vendor	Amount	Description
Cambium	\$ 38,702	EA
Cambium	\$ 5,546	Constraints Analysis
Cambium	\$ 63,781	Pre-Development Engineering Tasks
Archaeological Services Inc.	\$ 14,130	Stage 1-2 Archaeological Analysis
Rodney G. Reynolds	\$ 12,150	Land Survey
SHS Inc.	\$ 55,459	Development Management
P1 Consulting	\$ 6,587	Fairness Advisor
Saugeen First Nation	\$ 5,128	LOA
Stewart & Millhausen	\$ 2,340	Appraisal
Weirfoulds LLP	\$ 40,887	Legal Services
WT Infrastructure	\$ 187,196	Engineering
J.L. Richards & Associates	\$ 12,319	W&WW Modelling
Miscellaneous	\$ 3,541	Tree Removal / Surveying
Total	\$ 447,767	

Year	Cost
2021	\$ 2,748
2022	\$ 174,766
2023	\$ 133,724
2024	\$ 136,530
Total	\$ 447,767

External costs have been funded as follows:

- Servicing Costs for 125 Peel Street – Development Charge Reserve Funds - \$209,900 (note that final financial statements are still being reviewed by the Town’s auditors and may have minor changes).

- The remaining external costs of \$237,897 were budgeted through the Town’s “unfinanced account,” meaning they are ultimately funded through the annual surplus or deficit. In years where a deficit occurred, these amounts were funded through the Working Capital Reserve.
- The land acquisition cost was partially funded through the Parkland Cash-in-lieu Reserve in the amount of \$1.2 million, with the remaining balance financed through external debt over 25 years at an interest rate of 2.61%.

In response to the resolutions from the January 13, 2025 meeting, the following requests for clarification were requested through the deputation:

“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?”

To provide greater clarity the November 2024 [FAF.24.144](#) report included the following comment:

*“**Since 2022**, significant staff and Council time has been allocated to this project and it is unfortunate that an agreement was unable to be reached for the project to proceed.*

Approximately \$150,000 has been expended throughout the negotiation process which also included the completion of pre-development studies that were the responsibility of the Town”

It is noted that since 2022, a total of approximately \$270,000 has been expended (in 2023 and 2024), including \$187,000 in engineering services through WT Infrastructure. Staff may have been referencing only the non-engineering components prior to and following 2022, and the figures cited were understood to be approximate.

Additionally, the costs referred to in staff report [CSOPS.23.038](#) for engineering of \$459,865 were committed costs (i.e. included in a Purchase Order) and not actual costs spent, noting that the report included the following information:

“The 2022 budget includes a capital project of \$11,500,000 for the pre-servicing of 125 Peel Street and the future Secondary Planning Area. Financial updates will be provided in future reports as the engineering designs progress and when the results of the water and wastewater modelling are completed to evaluate if additional servicing capacity is required.

Committed costs to date to support the servicing of 125 Peel Street South”:

<i>Capital Project</i>	<i>Committed Costs</i>	<i>Consultant</i>
<i>125 Peel Street Servicing Project</i>	<i>\$459,865 (Engineering)</i>	<i>WT Infrastructure</i>
<i>Peel Street North Reconstruction Project</i>	<i>\$57,000 (Engineering)</i>	<i>MTE</i>

Finally, in response to the comment regarding the \$10.6 million decrease in projected Development Charge Reserve Fund balances, it is important to note that these projections are prepared on a deliberately conservative basis and reflect a high-level, macro view. Specifically, the 2025 projections were developed based on the full implementation of the capital projects as outlined in the budgets available at the time. Staff take a cautious approach when estimating reserve fund balances to ensure appropriate planning and risk management.

That being said in response to each of the questions:

“Was this funding secured or borrowed against future development charges?” **Staff Response:** No there was no funding secured or borrowed against future development charges, noting that if there was any debt issued (beyond the land) it would be shown in the Treasurer’s statement.

“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?” **Staff Response:** Please see response above with respect to projections on reserve fund balances and that no funding was secured or borrowed against.

“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?” **Staff**

Response: Please see response above with respect to projections on reserve fund balances.

Communication & Public Engagement

Communication activities related to the Campus of Care were led by the Chief Administrative Officer and the Communications Division. The first public communication regarding the 125 Peel Street property was issued in February 2021, and the Campus of Care project was introduced in January 2022 through the announcement of the allocation of long-term care beds.

At the beginning of the project, a dedicated webpage was published on the Town website to serve as the primary information portal. The project page evolved over time and included content related to the chronological project timeline, including links to Council meeting video recordings, staff reports, press releases, public notices, bid documents and resolutions. The webpage also included a subscription feature for residents to subscribe to email updates.

Multiple staff reports, press releases and public notices were issued throughout the project. Information about the project was also shared through the Town’s social media accounts, e-newsletter and print newsletter. Detailed public communications plans were also developed and endorsed by Council at various stages throughout the project.

Key lessons learned:

- The Campus of Care project was connected to the 125 Peel Street Servicing project, which was an extension in the scope of work for the Substandard Watermain Replacement Project. The servicing work related to the Campus of Care resulted in various concerns and questions from affected property owners. The servicing work was conducted following the Town’s standard approach to municipal infrastructure projects, which included a structured project plan that included public information centres. Challenges existed in separating the works tied to an asset replacement project versus those to support Campus of Care. ***While a unique situation, in the future, communications can place an emphasis in clearly articulating the desired outcomes of multiple projects in one area.***
- The Campus of Care project shifted from an MZO to a CIHA and then back to an MZO. This resulted in various concerns and questions from residents regarding the impact on the local planning process and public engagement. ***Even in using these tools, the Town still intended on proceeding with a planning and development process inclusive of public engagement. If these tools are to be leveraged in the future, there is a need to ensure that the engagement process is clearly understood and promoted.***
- The Campus of Care project included a land sale, which was negotiated in closed-session meetings with Council as permitted under the Municipal Act. The closed session meetings resulted in various concerns and questions from residents about the

transparency related to the process. Despite negotiations being conducted in closed session meetings, all formal decisions were made by Council in open session. The process of what is required to negotiate the land sale was not effectively communicated. ***Although this is a normal practice, the process of what is required to negotiate the land sale was not effectively communicated.***

- The sale of 125 Peel Street Property included both a cash and development charges component. The reduction in the sale price due to changes in Provincial legislation related to development charges on long-term care homes resulted in various concerns and questions from residents. Communication issued by the Town could have been clearer to explain the changes/reduction. ***Communication issued by the Town could have been clearer to explain the changes/reduction.***
- Lastly, the planning and conceptualizing of the Campus of Care project extended over three years and through terms of Council complicating the vision and communications. ***For land matters associated with major development projects, a focus will be on simplifying and streamlining the process to build mutual understanding and reduce risks be it financial or otherwise that can occur through extended negotiations with parties involved.***

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

As noted above.

H. In Consultation With

Adam Smith, Interim CAO
Tim Hendry, Director of Strategic Initiatives

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

No attachments included.

Respectfully submitted,

Monica Quinlan
Director of Corporate and Financial Services

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:

Monica Quinlan - May 21, 2025 - 10:45 AM

No Signature found

Adam Smith - May 22, 2025 - 9:41 AM