

**Re: Construction Budget Increase for Craigleith SLS, Mill St. SPS and Bay-Grey St. Linear Works, OPS.25.049**

Dear Madam Mayor and Members of Council:

I'm here on behalf of residents following the staff report seeking a \$19-million increase to its budget.

We are not here to argue against fixing critical wastewater infrastructure. Our concern is how we got here and what it means for trust and household budgets.

**1. Timing and disclosure**

On the same day that Council approved Draft 3 of the 2026 budget, a staff report proposing an additional \$19 million for this project was released to the public on a future meeting agenda.

All budget discussions were in open session, and none mentioned that this major capital project was likely to need such an increase.

Our first questions go directly to trust:

- When did the Mayor, Deputy Mayor, Treasurer, and CAO each first know that a major budget increase for this project was likely?
- And if that was during the 2026 budget process, why was it not disclosed then, when residents still had a chance to respond?

That is not a minor optics issue; it goes to the heart of whether residents can trust the budget process.

**2. The scale of the increase and what the money is actually paying for**

Residents were originally told this project would cost about \$34.79 million. We are now told it will cost about \$53.56 million—an increase of more than 50%.

The Staff Report admits the original numbers were based on “Class C/D estimates” and “conceptual engineering” done before the 2024 Wastewater Master Plan. In short, the project was sold to the public on the basis of rough, low-accuracy estimates, not detailed design.

We are asking:

- For the original \$34.79 million, what were we supposed to get?
- At \$53.56 million, what has changed?

- Of the extra \$19 million, how much is:
  - truly new and necessary scope,
  - inflation and market conditions, and
  - simply correcting estimates and assumptions that were too weak to begin with?
- And, for each of the major projects, what were the original approved costs, the current costs, and the overrun on each?

Put simply: Are residents getting value for this extra \$19 million or mainly paying for a planning and estimating failure?

### **3. Who pays, what gets pushed aside, and over what timeframe**

The Town has secured a \$25.4-million provincial grant for this work, with a completion deadline, but the extra \$19 million still has to come from somewhere.

We are asking Council:

- For both the originally approved \$34.79 million and the new total \$53.56 million, will you provide a clear breakdown by funding source (Development Charges, Asset Management reserves and other reserves funded by taxation, and any direct taxation/operations)?
- The Staff Report’s funding table shows that Development Charge eligibility is “to be confirmed by Hemson Consulting.” That means the split between “growth pays” and “existing ratepayers pay” is not final.
  - If Hemson reduces the DC-eligible share, how much more of this project will be shifted onto existing taxpayers and water/wastewater ratepayers?
- Will the Town rely on internal borrowing, external debt, or both, over what time frame, and what will the expected annual carrying costs be?

We are also asking two very concrete questions on behalf of households:

- Can you assure residents that property taxpayers and water/wastewater ratepayers will not pay any portion of this \$19-million increase over the next five years?
- If not, what is your best estimate of how much they will pay over that same five-year period?

We also know that \$5 million has been moved from the wastewater outfall project to help cover this increase.

- Is the outfall project now revised, delayed, or effectively shelved?
- And given that our borrowing capacity is not unlimited, which specific capital projects in the 10-year plan are now likely to be postponed, scaled back, or cancelled to make room for this extra \$19 million?

Finally, when the province announced the HEWS grant in 2024, the Town's portion of the funding changed:

- When that \$25.4-million grant was awarded in 2024, did the Town reduce its own committed funding accordingly in the capital plan found in the 2024 budget?
- If so, where did those freed-up Town dollars go?

#### **4. The growth assumptions and fixing the process**

The Staff Report justifies this project on the basis that it will ultimately unlock capacity for about 13,724 additional housing units. It also says that, once complete, the Town anticipates that only about 782 residential and commercial units could commence construction in the short to medium term — roughly five or six percent of that capacity.

The Official Plan put TBM total new housing for the next 25 years at roughly 3,600 units. Yet this project is being sized for capacity almost four times that figure.

When the HEWS grant was first announced, the Town described it as enabling over 2,000 new housing units.

Our questions are:

- What is the actual plan behind those 13,724 units?
  - Where are they expected to be built?
  - On what rough timeline?
  - How does that reconcile with TBM's own long-range housing forecasts and the earlier "over 2,000 units" figure used to describe this funding?

More broadly, we do not believe this is an acceptable model for how major projects are handled in future. We appreciate the process changes identified in the staff report and are asking Council to build on them and direct staff to bring back specific, concrete improvements. For example:

- Stronger estimating standards and cost checks before the Town commits to large, grant-driven projects;
- Clear “early warning” triggers that require staff to come back to Council and residents when a major project is trending significantly over its approved budget, before the Town is locked in by grant deadlines or contracts.

### **Closing and clear asks**

\$19 million is not a rounding error, and the way this has been handled so far has shaken confidence.

We ask Council to do four things:

1. **Tell residents who knew what, and when.** Be clear about when the Mayor, Deputy Mayor, Treasurer and CAO first knew a major overrun was likely, and why it was not raised during the 2026 budget process.
2. **Provide a clear explanation of how we got from \$34.79 million to \$53.56 million,** including what the original amount paid for and what the additional \$19 million is paying for.
3. **Spell out who pays, over what timeframe,** what happens to water and wastewater rates, and which other capital projects are affected or delayed as a result.
4. **Commit to specific process changes**—on estimating, on unbundling projects, and on early public disclosure—so that residents are not blindsided like this again on the next major project.

Residents can accept that big projects are complex. What they cannot accept is being kept in the dark about costs. We need the infrastructure, but we also need a process we can trust.