



Staff Report

Corporate & Financial Services – Facilities & Fleet

Report To: COW- Admin, Corp and Finance, SI, Comm. Services
Meeting Date: March 16, 2026
Report Number: CFS.26.018
Title: Facilities Capital Projects Status Update
Prepared by: Phil Pesek, Manager of Facilities & Fleet

A. Recommendations

THAT Council receive Staff Report CFS.26.018, entitled “Facilities Capital Projects Status Update”;

AND THAT Council endorses reallocation of the 2026 Facilities Capital Budget to better align with available opportunities and emerging areas of concern.

B. Overview

This report provides Council with a comprehensive status update on key Facilities capital projects currently underway or in active planning. The projects addressed include:

- Craigleith Heritage Depot HVAC Replacement
- Blue Mountains Public Library (BMPL) Washroom Renovations
- Fire Station #2 Replacement
- Roads and Drainage Facilities Expansion (Hoffman Street and Ravenna Works Yards)
- Town Hall HVAC Recommissioning and Upgrade

The report also outlines proposed 2026 capital budget reallocations intended to address emerging priorities, leverage available grant funding, and to mitigate identified infrastructure risks.

C. Background

Craigleith Heritage Depot:

The Craigleith Heritage Depot project will be re-examined under funding available through the Investing in Canada Infrastructure Program (ICIP). Administration intends to reallocate \$20,000 from the approved 2026 Facilities Capital Budget to leverage an additional \$60,000 in ICIP funding.

This funding will support continued replacement of aging and obsolete HVAC systems serving the facility. The upgrades are necessary to improve system reliability, enhance environmental control, and protect the integrity of heritage materials housed within the building. Work is anticipated to occur in Summer/Fall 2026.

Proposed reallocation of 2026 budget: \$20,000
Total Budget: \$80,000

Project Progress: 20%

BMPL Washroom Replacement:

Following considerable delays primarily associated with challenges during the consulting and design process, the BMPL washroom renovation project has now been awarded to a successful contractor and is proceeding toward construction. The renovation will modernize aging facilities, improve accessibility, and enhance user experience within the Library. With the contract awarded, the project is expected to proceed without further delay.

Total Spent to Date: \$14,000
Total Budget: \$350,000

Fire Station #2 Construction and Engineering:

Project is on schedule with expected substantial completion March 2027. Currently the project is trending to remain under budget. There have been significant timing and weather-related pressures that have affected progress and overall costs. As the project progresses into the summer construction period and underground works are completed, greater cost certainty will be achieved, and any potential budget implications can be more accurately forecasted. There has been no grant funding decision made by the Federation of Canadian Municipalities (FCM) at this point in time.

Engineering Spent to Date: \$862,071
Engineering Budget: \$1,300,000

Total Spent to Date: \$3,290,044
Total Budget: \$16,638,073

Roads and Drainage Facilities Expansion:

Hoffman St. Works Yard:

The town is nearing completion of the required engineering and design to retrofit the existing facility to create a new hub for this division. If structural assessments are satisfactory construction of the new administrative section will commence spring/summer 2026.

Ravenna Works Yard:

A detailed facility condition assessment is nearing completion for the Ravenna Works Yard. The results of this assessment will guide the scope of required upgrades and improvements. As part of the project the Town intends to redeploy the existing home on-site as a satellite administrative facility. Construction and retrofit work are expected to begin in Summer 2026.

Total Spent to Date: \$5,106,198

Total Budget: \$8,561,000

Town Hall HVAC Recommissioning and Upgrade:

Phase 1:

Close-out of the original Town Hall HVAC project is almost complete; however, significant system deficiencies were identified in late 2025. While the project successfully implemented a new building automation system and associated controls, broader mechanical performance issues were uncovered that have limited overall operational efficiency. Examples include, two heat pumps that were offline and were not commissioned under the original scope, several units were operating near failure to maintain temperature setpoints, and the geothermal loop was not providing adequate thermal performance. As a result, the existing boiler (undersized for the actual system demand) has been required to operate beyond its intended design capacity.

Phase 1 Project Cost: \$576,000

Phase 2:

Following the critical system failure in January 2026 and in recognition of the complexity of the HVAC deficiencies identified, the Town will proceed with Phase 2 of the HVAC project to address corrective measures that were beyond the scope of the original work. Tatham Engineering will be retained to design the required system modifications, with the objective of restoring full functionality and ensuring long-term reliability, energy efficiency, and operational stability.

Proposed reallocation of 2026 budget: \$150,000

Total Budget: \$150,000

D. Analysis

The recommendations are intended to align capital funding with current project requirements, mitigate infrastructure risk, and leverage available external funding opportunities. Reallocating \$20,000 to the Craighleith Heritage Depot project enables the Town to secure \$60,000 in ICIP funding, reducing overall municipal financial exposure. Similarly, the proposed \$150,000 reallocation for Town Hall HVAC Phase 2 will proactively address identified system deficiencies, limiting the risk of escalating repair costs, operational disruptions, and potential damage to municipal assets.

At present, Fire Station #2 remains on schedule and is trending on budget, with manageable risk pending completion of summer construction milestones. The BMPL Washroom Renovation project, while previously delayed, has now been awarded and is moving forward, significantly reducing delivery risk. The Roads and Drainage Facilities Expansion projects at Hoffman Street and Ravenna support long-term operational efficiency through facility modernization and consolidation of administrative functions. Advancing engineering validation prior to construction reduces structural and financial risk and ensures informed capital investment decisions.

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.

F. 4. Environmental Impacts

N/A

G. Financial Impacts

Currently, there are no additional financial impacts, only requested amendments to the approved 2026 budget. 2026 projects affected by the proposed amendments include exterior cladding replacement and HVAC retrofits at the Beaver Valley Community Centre. These projects are being reevaluated as a part of the ongoing facility condition assessments.

Based on current projections, the Facilities Asset Replacement Reserve Fund is expected to be in a deficit position of approximately (\$165,000) by the end of 2025. While annual contributions of approximately \$200,000 continue to be made to the reserve, planned facility capital requirements are currently outpacing available funding, which is expected to further increase the deficit position in 2026. As a result, internal and/or external borrowing may be required in the short term to support priority facility projects.

Staff are currently reviewing the **10-Year Capital Plan**, in collaboration with the Managers' group, to reassess project timing, funding strategies, and reserve sustainability.

H. In Consultation With

Vicky Bouwman, Supervisor of Accounting & Budgets
Monica Quinlan, Director of Corporate & Financial Services / Treasurer

I. Public Engagement

Any comments regarding this report should be submitted to Phil Pesek, Manager of Facilities & Fleet facilitiesandfleet@thebluemountains.ca.

J. Attached

N/A

Respectfully submitted,

Phil Pesek,
Manager of Facilities & Fleet

Monica Quinlan,
Director of Corporate & 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:

Phil Pesek - Mar 5, 2026 - 11:09 AM

Monica Quinlan - Mar 5, 2026 - 11:57 AM