



Staff Report

Corporate & Financial Services

Report To: COW- Admin, Corp and Finance, SI, Comm. Services
Meeting Date: January 12, 2026
Report Number: CFS.26.009
Title: Single Source - Value Engineering Exercise RE HEWS Funding
Prepared by: Monica Quinlan, Director of Corporate & Financial Services

A. Recommendations

THAT Council receive Staff Report CFS.26.009, entitled "Single Source - Value Engineering Exercise RE HEWS Funding";

AND THAT Council direct staff to move forward with an agreement with MEMAR Value Strategies Inc., up to a maximum of \$150,000 (plus HST) to conduct a Value Engineering Exercise on the Mill Street Pumping Station, with funding through the approved engineering project budget.

B. Overview

The purpose of this report is to seek Council approval to **single-source a Value Management (VM) study** for the Housing Enabling Water Systems (HEWS) wastewater infrastructure projects, specifically the Mill Street Sewage Pumping Station (SPS), with a systems-level review of the broader Craigleith and Bay Street components.

C. Background

As outlined in Staff Report [OPS.25.049](#), the Town is advancing a set of highly interdependent wastewater infrastructure projects funded in part by \$25.4 million in Provincial HEWS funding, with strict completion deadlines and material financial risk should scope, sequencing, or system performance be compromised.

Construction contracts for the Bay Street linear works and the Craigleith Sewage Lift Station have already been awarded, while the Mill Street SPS remains **designed but not yet tendered**, presenting the Town with a narrow but critical opportunity to reassess value, cost, constructability, lifecycle performance, and system integration before proceeding further.

In response to significant cost escalation between preliminary and final engineering estimates, staff have identified Value Management as a prudent and proactive step to ensure Council, staff, and the public can be confident that the final infrastructure solution represents **best**

value for money, balances capital and operating considerations, and minimizes unintended downstream risk.

D. Analysis

What is Value Management?

Value Management (also referred to as Value Engineering) is a structured, facilitated, and internationally recognized methodology used in major infrastructure projects to systematically assess whether a project's design, assumptions, and delivery approach are optimized to achieve required performance at the lowest total lifecycle cost.

VM does not focus solely on cost cutting. Instead, it evaluates:

- Fitness for purpose;
- Functional requirements;
- Risk exposure;
- Constructability;
- Long-term operations and maintenance impacts; and
- Opportunities for scope optimization, deferral, or redesign.

The methodology is widely used by senior levels of government and large municipalities for complex water and wastewater projects and is particularly valuable after design completion but prior to tender, when meaningful change remains possible without contract disruption.

Rationale for Single Sourcing

The Town's Purchasing of Goods and Services Policy permits single sourcing where competitive procurement may be impractical or where specialized expertise is required. Staff recommend single sourcing this VM study for the following reasons:

1. Highly Specialized and Independent Expertise

Value Management is a niche discipline requiring certified facilitators with demonstrated experience leading structured VM workshops for complex municipal infrastructure. MEMAR Value Strategies Inc. possesses specialized credentials and a depth of experience that noteworthy in the marketplace, including leadership of VM programs for major Canadian municipalities and critical water and wastewater infrastructure.

2. Time Sensitivity and Project Risk

The HEWS projects are already under construction in part, with immovable funding deadlines. Undertaking a competitive procurement process would introduce schedule risk and reduce the practical value of the VM exercise by narrowing the window in which findings could influence the Mill Street SPS prior to tender.

3. Need for System-Level Understanding Without Contract Interference

As clarified in correspondence with the consultant, the VM study will not involve negotiation with awarded contractors, nor will it reopen existing contracts. The selected firm's role is advisory and facilitative, focused on identifying opportunities at Mill Street SPS and assessing broader system implications transparently so Council can make informed decisions.

4. Independence From the Design Team

Single sourcing a firm that is not the project designer is essential to maintaining objectivity. The selected firm has had no role in preparing the engineering designs or estimates and brings an independent lens focused solely on value, risk, and outcomes.

5. Demonstrated Value for Money

The consultant's Value Management work has resulted in over \$1 billion in cumulative capital and lifecycle cost avoidances or deferrals across public-sector infrastructure portfolios. Even a modest percentage improvement on a project of this scale would materially outweigh the cost of the VM exercise itself.

Scope and Focus of the VM Study

The VM study will focus primarily on the Mill Street Sewage Pumping Station, as this component has not yet been tendered and therefore provides the greatest opportunity to influence outcomes.

At the same time, the study will maintain a systems-level perspective to ensure that any proposed changes:

- Improve overall system performance or resilience;
- Enhances long-term operational efficiency; and
- Does not introduce unintended cost or risk to the already-awarded Bay Street or Craigmyle contracts.

Any recommendations with potential downstream impacts will be clearly identified so Council can assess trade-offs before decisions are made.

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

The VM study represents a targeted, one-time professional services engagement intended to reduce capital risk, improve lifecycle outcomes, and strengthen Council's confidence in advancing the Mill Street SPS to tender. Funding for this work can be accommodated within the approved project budget framework and is consistent with prudent financial stewardship given the overall scale of the HEWS investment.

H. In Consultation With

Adam Smith, CAO
Alan Pacheco, Director of Operations

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.

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J. Attached

N/A

Committee of the Whole
CFS.26.009
Respectfully submitted,

1/12/2026
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Director of Corporate & Financial Services

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Report Approval Details

Document Title:	CFS.26.009 Single Source - Value Engineering Exercise RE Hews Funding.docx
Attachments:	
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This report and all of its attachments were approved and signed as outlined below:

No Signature found

Alan Pacheco - Jan 2, 2026 - 12:22 PM

No Signature found

Adam Smith - Jan 3, 2026 - 11:36 AM