



## MANAGEMENT REPORT

**Date:** April 27, 2026  
**To:** Mayor and Council  
**From:** Nathan Bottema, Manager of Engineering  
**Report Number:** COU26-051  
**Attachments:** T2025-51

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**Title:** Tender Award for Contract T2025-51 Huron Street Reconstruction Phase 2

**Objective:** To obtain Council approval to accept the low bid from Birnam Excavating Limited of \$8,615,936.82 including HST, for the Huron Street Reconstruction Phase 2.

**Background:** Huron Street, from John Street to Matilda Street (Phase 2), was approved for reconstruction in the 2025 capital budget. The project will replace underground infrastructure, renew the roadway and sidewalks, and upgrade the signalized intersection infrastructure at Foreman Avenue.

The project was selected for funding through Ontario's 2025-2026 Connecting Link Program in January 2025 (Intake 10). The Connecting Links Program provides funding up to \$3,000,000.00 on eligible costs and must be completed by December 31, 2027.

A virtual open house was held in July 2025 to allow residents and interested members of the public an opportunity to review and comment on the planned improvements. The feedback received was summarized and presented to Council in Report ITS25-18 on September 24, 2025. The project was listed on the March 9, 2026 consent agenda.

The Huron Street Reconstruction tender was posted on the City's website and on the Bids and Tenders public form on March 16, 2026, with the tender bidding period closing on April 9, 2026.

Construction is planned in two stages, beginning in 2026 and concluding in fall 2027, with a winter shutdown between stages. Two-way traffic on Huron Street will be maintained throughout construction.

A request for proposals to retain a consultant for contract administration and inspection services for the Huron Street Reconstruction Project closes on April 22, 2026. A subsequent report will be brought forward respecting the award of this contract.

**Analysis:** There was a total of forty-six (46) contractors that picked up plans for the project, with five (5) submitting official bids. The lowest qualified bid of \$7,624,472.28 excluding HST was submitted by Birnam Excavating Limited. The low bidder has successfully completed projects of similar scope before. The tender price after the HST partial rebate is \$7,758,917.97.

The estimated total project costs are:

Construction Contract (after HST rebate)	\$	7,758,918.00
Consultant fees (estimated contract admin & inspection)	\$	250,000.00
Geotechnical & Material Testing fees (estimated)	\$	20,000.00
<b>Total</b>	<b>\$</b>	<b>8,028,918.00</b>

The total project costs exceed the 2025 budget, including carried forward approvals, of \$6,300,000.00 by approximately \$1,728,918.00.

Several factors have contributed to the tender price exceeding the original budget estimate. First, initial project estimates are typically based on benchmark pricing observed over the past two years and do not always fully reflect the added complexity of reconstructing a provincial highway while maintaining traffic. In addition, recent increases in fuel and asphalt prices have raised operating and material input costs and have introduced further uncertainty into future cost projections.

Because the 2025 capital program, carried over to 2026, only contained part of the funding approval, this report is seeking approval to proceed with the project with the understanding that in 2027, additional funding will be required for the full project, to be recovered from future sources as follows:

<i>2025 Budgeted Funding Sources (carried over) – Phase 1:</i>			
Provincial Grants	\$	1,500,000	Connecting Link
Storm Reserve	\$	150,000	R-R11-STRM
Water Reserve	\$	500,000	R-R11-WATR
Wastewater Reserve	\$	700,000	R-R11-WWTR
Road Reserve	\$	100,000	R-R11-PWCA
Sub-total	\$	2,950,000	
<i>2027 Budgeted Funding Sources – Phase 2</i>			
Provincial Grants	\$	1,500,000	Connecting Link
Storm Reserve	\$	1,750,000	R-R11-STRM
Water Reserve	\$	1,200,000	R-R11-WATR
Wastewater Reserve	\$	150,000	R-R11-WWTR
Road Reserve	\$	480,000	R-R11-PWCA
Subtotal	\$	5,080,000	
<b>Total:</b>	<b>\$</b>	<b>8,030,000</b>	

This work will improve water, sanitary, storm and road infrastructure. In general, the outcome is a system that is in better condition and has less operational issues such as breaks, failures, emergency repairs, and general maintenance needs, which overall would result in reduction in associated operational costs.

Given the tender overage, Council has the following options:

1. Proceeding using the recommended funding approach.
2. Postpone the project. Postponing the project to future years would result in losing the Connecting Link funding and may not yield any lower bids. Connecting Link Grants are allocated to specific Provincial Highway segments and governed by a Transfer Payment Agreement (TPA). It is not transferable, and requests to defer funding have not been accommodated in the past. If the project is postponed, any future Connecting Link funding would be subject to a new application and selection process, with no assurance of success.
3. Reduce the scope and retender the project. Given the size and complexity of the project, there are limited opportunities to reduce the scope without undertaking a complete redesign. Retendering would introduce additional delays and defer construction to future years, resulting in key Connecting Link TPA milestones being missed and the approved funding being lost. There is also no assurance that retendering would result in lower bid prices.

Staff recommend proceeding with Option 1.

### **Financial Implications:**

#### **Financial impact on current year operating budget:**

As the funding was established and in place from reserves for the first phase, there is no expected impact on the 2026 operating or capital budget.

#### **Financial impact on future year operating budget:**

The 10 and 20-year forecasting of reserve, borrowing and tax levy requirements that have recently been established do not factor in significant variances from capital project estimates such as this. However, when considering the timeline of the forecasting period, there will be opportunities to adjust, so that projects like this have a nominal impact to the future year operating budgets and the transfers to reserve funds required to support the capital program.

#### **Link to asset management plan and strategy:**

This project is consistent with the City's current Asset Management Plan, which prioritizes infrastructure renewal based on lifecycle needs, asset condition, and long-term financial sustainability. The AMP data identifies the linear infrastructure assets of this section of Huron Street to be a priority for reconstruction to maintain service levels

and avoid escalating maintenance costs. By aligning this planned investment with available Connecting Link funding, the City is adhering to the AMP's financial strategy of leveraging external grants and contributions to advance critical infrastructure work. Applying this funding to the reconstruction of Huron Street improves overall affordability and reduces reliance on the municipal tax base, both key objectives of the AMP.

**Alignment with Strategic Priorities:**

**Enhance our Infrastructure**

This report aligns with this priority by ensuring long-term reliability and sustainability of essential services. The reconstruction will replace deteriorating infrastructure, support efficient stormwater management, and provide upgraded pedestrian and vehicular access, contributing to a safer and more resilient transportation network.

**Alignment with One Planet Principles:**

**Health and Happiness**

Encouraging active, social, meaningful lives to promote good health and wellbeing.

**Equity and Local Economy**

Creating safe, equitable places to live and work which support local prosperity and international fair trade.

**Sustainable Water**

Using water efficiently, protecting local water resources and reducing flooding and drought.

**Travel and Transport**

Reducing the need to travel, encouraging walking, cycling and low carbon transport.

**Staff Recommendation: THAT the Tender (T-2025-51) for the Huron Street Reconstruction Phase 2 project be awarded to Birnam Excavating Limited at a total cost of \$8,615,936.82 including HST;**

**AND THAT the Mayor and Clerk, or their respective delegates, be authorized to sign the contract agreement for T-2025-51.**

**Prepared by:** Nathan Bottema, Manager of Engineering  
**Recommended by:** Taylor Crinklaw, Director of Infrastructure Services  
André Morin, CPA, Chief Administrative Officer