

MANAGEMENT REPORT

Date: July 28, 2025
To: Mayor and Council
From: Nathan Bottema, Project Engineer
Report Number: COU25-090
Attachments: T2025-15 Bid Summary

Title: T2025-15 O’Loane Avenue Sanitary Trunk Sewer Extension Tender Award

Objective: To obtain Council approval to accept the lowest bid from Network Sewer and Watermain Limited of \$5,649,999.99 including HST, for the O’Loane Avenue Sanitary Trunk Sewer Extension.

Background: The 2025 approved capital program includes the O’Loane Avenue Sanitary Trunk Sewer Extension Project, from Riddell Drive to Galt Road. The project scope includes micro-tunneling of 420 metres of a sanitary truck sewer and the open trench installation of 100 m of a local sanitary sewer.

The City engaged MTE Consultants Inc. in September 2024 to complete the design and tender specifications to extend the O’Loane Trunk Sanitary Sewer from 200 m south of Huron Street to Galt Road. The consultant will also be responsible for contract administration and field inspections.

An online public engagement session was arranged 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 ITS25-008 on April 30th, 2025. The project was listed on the March 24, 2025, consent agenda.

The O’Loane Avenue Sanitary Trunk Sewer Extension tender was posted on the City’s website and on the Bids and Tenders public form on June 12, 2025, with the tender bidding period closing on July 8, 2025. Construction is planned for Fall 2025.

Analysis: There was a total of twenty-seven registered bidders for the project, with four submitting official bids. The lowest qualified bid of \$5,649,999.99 including HST was provided by Network Sewer and Watermain Limited. The submission was reviewed, and their experience and references were checked with satisfactory results.

Network Sewer and Watermain Limited specializes in heavy civil municipal construction and general contracting services. For their micro-tunneling subcontractor, they have named Earth Boring Co. Limited, which has operated for over 75 years and completed numerous successful micro-tunneling projects throughout Ontario. Recently, Earth Boring has encountered financial difficulties and filed for receivership but has been continuing operations as usual with nominal disruptions. Network Sewer and Watermain has provided assurance that, if their subcontractor cannot secure full project bonding and insurance, they will engage a different micro-tunneling subcontractor. Network Sewer and Watermain has acknowledged the financial risk to them of any delays that might result from this increased risk.

The Network Sewer and Watermain Limited bid of \$5,649,999.99 is \$5,087,999.99 after the HST Partial Rebate:

The estimated total project costs are:

Construction Contract (after HST rebate)	\$	5,088,000.00
Consultant fees (incl. contract admin)	\$	178,980.00
Geotechnical & Material Testing fees (estimated)	\$	20,000.00
Total	\$	5,286,980.00

When the financial components were being planned for this project, the estimated costs were \$4,290,000. The estimated costs for the project exceed this estimate by \$996,980.

This project is identified in the Development Charges Study as 96% growth related. Accordingly, the DCs will ultimately fund 96% of this project. However, the Sanitary DC account does not currently have sufficient cash at this time (\$1.3 million) to fund the works, resulting in a cashflow shortage that will require debt financing. Over the course of the debt repayment (still to be determined, estimated 10-15 years), the DCs collected annually are expected to be sufficient to carry this debt, but if not, then other reserve funds may be temporarily required pending recovery of the DCs.

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

Development Charges:	\$5,075,500
Sanitary Reserve Fund:	\$211,480
Total:	\$5,286,980

There will be no tax levy impact from this project in 2026 or future years as DCs and user-fee reserve funds are the funding source.

Proceeding with this project extends the sanitary trunk sewer past Huron Street to a location where future extensions can be constructed using conventional open cut excavation methods. Future extensions are required to service developable lands in northwest Stratford. Once fully constructed, the trunk sanitary sewer will have the capacity to support approximately 8,600 additional homes.

Financial Implications:

Financial impact on future year operating budget: It is not expected that there will be a tax levy impact from this project in 2026 or future years as DCs and user-fee reserve funds are the funding source.

The eventual capital project work will increase annual operating and maintenance costs in future years as the trunk sewer is extended and utilized. The works should have nominal impact to the property tax levy, as all costs for sanitary are paid through user fees and user fee reserve funds and have been included in the most recent water and wastewater rate study when determining rates.

The trunk sewer was identified in the 2022 Development Charges Background Study as a requirement to facilitate growth. Recovered DCs will eventually fund most of this project, however, reserve funds will be used as interim financing to cover the first phase of the construction.

Link to asset management plan and strategy:

All new assets and components would be added to the asset management plan which includes components like the trunk line, mains, and any technological components. New asset replacement for each component is planned for based on estimated useful life of those components. The increases to the asset base would reflect an increase to future capital planning forecasts and funding strategies which would be updated accordingly (noting again, that the funding strategies are based upon user fees for the water and wastewater assets).

Legal considerations: The status of the sub-contractor, Earth Boring, has been provided to the City solicitor for their awareness. Network Sewer and Watermain Limited understands the risks associated with their sub-contractor and will provide the City with standard performance bond securities in the amount of 100%.

Alignment with Strategic Priorities:

Enhance our Infrastructure

This report aligns with this priority as the new asset will maintain the longevity and safety of a critical transportation route.

Alignment with One Planet Principles:

Equity and Local Economy

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

Land and Nature

Protecting and restoring land for the benefit of people and wildlife.

Staff Recommendation: THAT the tender for the O’Loane Avenue Sanitary Trunk Sewer Extension (T-2025-15) be awarded to Network Sewer and Watermain Limited, at a total tender price of \$5,649,999.99, including HST;

AND THAT the Mayor and Clerk, or their respective delegates, be authorized to sign the necessary Contract Agreement for construction contract T-2025-15;

AND THAT staff be authorized to proceed with long-term debt financing options and documentation to be presented at a future Council meeting in 2026 or upon completion of the project.

Prepared by: Nathan Bottema, Project Engineer

Recommended by: Taylor Crinklaw, Director of Infrastructure Services
Adam Betteridge, Interim Chief Administrative Officer