



July 8, 2025

City Council Committee Report

To: Mayor & Council

**Fr: Greg Breen, Director of Engineering and Infrastructure
Ryan Marsh, Director of Finance**

Re: Budget Amendment – Keewatin Channel Bridge Steel Repairs and Recoating Project

Recommendation:

That Council hereby approves an amendment to the 2025 Capital Budget in the amount of \$4,360,000.00 to allow for the award of the Keewatin Channel Bridge Recoating and Steel Repairs Project; and further

That in accordance with Public Notices By-law Number 160-2022, public notice is hereby given that Council intends to amend its 2025 Capital Budget at its July 8, 2025 Special Meeting of Council, for this purpose; and further

That Council gives three readings to a by-law to amend the 2025 Capital Budget for this purpose

Background:

The City receives inspection reports through the City's Bi-annual OSIM inspection program. Over the last three inspection cycles, the following high-level construction cost estimates have been provided for the Keewatin Channel Bridge Steel Repairs and Recoating, by Stantec:

- 2020: \$4.5M
- 2022: \$5.0M
- 2024: \$5.0M

Following consultation with Stantec regarding their construction cost estimate range, the City's Capital Budgets included a \$4.4M project budget spanning 2023 and 2024. \$50,000 in 2023 for engineering services and \$4.35M in 2024 for remaining engineering services and construction.

The design and contract administration of this construction project is specialized engineering work that the City doesn't have the ability to execute in-house.

The City issued an RFP for pre-design assessment, design and contract administration in Q2 2023. Stantec was the successful proponent and were contracted in Q4 2023. Assessment and design work proceeded and the design package was tendered in Q2 2025, following receipt from Stantec.

The tender included 2 scopes of structural steel repair that require sand blasting and conditional assessment during the early construction stage. These were made known to

bidding contractors but could not yet be priced. Following sandblasting and condition assessment, the repair methods will be detailed and they will be added into the construction contract through a change order. The means that bids received are less than the total final expenditure that will be required to complete the project.

The tender process was longer than most the City undertakes, requiring a couple of extensions to accommodate inquiries about the work and maximizing the number of competitive bids received.

Following tender closing on June 26, 2025, the City opened 5 bids. Bid amounts received ranging from \$9.03M to \$22.1M.

Proceeding with the lowest compliant bidder would require an expenditure of \$9.03M. The cost for the remaining to-be-determined steel repairs would be in addition to this.

The City had Stantec review the submitted bids, both as a requirement of their contract administration duties, but also to provide an explanation of the significant difference between bid prices and the estimated cost.

Stantec clarified that their estimate for the work in the 2022 and 2024 inspection periods had not updated from their 2020 inspection report. They are attending the Committee of the Whole meeting to support Council with any information they may need or questions they may have.

Next Steps:

It is well known that cancelling or deferring the project will lead to further construction cost increases. It is in the City's best interest to find a way to move ahead with this project now, as those increases have been typically outpacing average inflationary increases.

Accounting for the remaining to-be-determined repairs and project contingency, Administration recommends an increase of the total project budget to \$10.4M, which represents a 15% increase over the bid price.

To achieve a \$10.4M project budget, the City will rely on two key funding sources:

1. The Housing Enabling Core Servicing Stream funding agreement, which has already increased the project budget to \$5.74M from \$4.4M.
2. The deferral of the \$10.3M Portage Bay Bridge rehabilitation project to at least 2030, made possible by the interim repairs taking place this year that will extend that bridge's service life by 5 years.
 - a. The Portage Bay Bridge rehabilitation funding is made up of:
 - i. \$300,000 Ontario Community Investment Fund (OCIF) in 2025
 - ii. \$4M OCIF in 2026, less 600,000 allocated to Portage Bay Bridge interim repairs in April 2025.
 - iii. \$6M Debt Financing in 2026.

Portage Bay Bridge Design and Construction Project (2025/2026)			
	2025	2026	Total
Debt Financing	-	6,000,000	6,000,000
Ontario Community Investment Funding	300,000	4,000,000	4,300,000
	<u>300,000</u>	<u>10,000,000</u>	10,300,000

Upon approval of this budget amendment, Administration will reallocate:

- \$300,000 of OCIF funding in-year from the Portage Bay Bridge Rehabilitation Project to the Keewatin Channel Bridge Recoating and Steel Repairs Project.
- \$3.4M of OCIF funding from the 2026 projected Capital Budget into the 2025 Capital Budget
- \$960,000 of debt financing from the 2026 2026 projected Capital Budget into the 2025 Capital Budget

Keewatin Channel Bridge Repainting Project (2023/2024)		
Canada Community Building Fund		4,400,000
Proposed Amendments:		
Housing Enabling Core Servicing Stream		1,340,000
Portage Bay Bridge Reallocation		
OCIF (2025)		300,000
OCIF (2026)	4,000,000	
Less: Portage Bay Bridge Interim Repairs	<u>(600,000)</u>	3,400,000
Debt Financing (2026)		960,000
Total Amended Keewatin Bridge Repainting Budget		<u>10,400,000</u>

The interim repairs to the Portage Bay Bridge are planned to proceed in Q3 and Q4 of 2025, seeing the bridge reopen upon their completion. The larger Portage Bay Bridge rehabilitation project will be deferred to 2030, as required based on further bi-annual OSIM inspections.

Budget: This budget amendment increases the 2025 Capital Budget by \$4.36M, funded from the deferral of the Portage Bay Bridge rehabilitation project, which is made possible by the interim repairs to the Portage Bay Bridge taking place this year.

Risk Analysis: There is a significant financial risk associated with this report. Construction costs have been outpacing prior estimates significantly, and seem untethered from average inflation rates. Further deferral of this project would most likely see both an increase in the project costs, but also further deterioration of the steel substructure of the bridge.

Communication Plan/Notice By-law Requirements: public notice of budget amendment and bylaw required.