

Staff Report

Report To: City Council
Report From: Mason Bellamy, Manager of Public Works and Engineering
Meeting Date: July 27, 2026
Report Code: OP-26-040
Subject: Superior Street Watermain Replacement

Recommendations:

THAT in consideration of Staff Report OP-26-040 respecting the Superior Street Watermain Replacement project, City Council:

1. Approves the project budget increase of \$75,000, including the non-refundable allocation of HST; and
2. Authorizes the Purchasing Agent to execute the Contract Change Order for the replacement of the watermain from the current limits of the 9th Avenue East rehabilitation project to the new watermain completed during the 6th Street East Phase 2 looping watermain project.

Highlights:

- Replacing the remaining 190 metres of aged cast iron watermain will complete the East Hill water distribution system upgrades and eliminate the final cast iron section in the area.
- The existing watermain has a history of breaks and poor hydraulic performance, creating an elevated risk of service disruptions, low water pressure events, and ongoing maintenance costs.
- This work was originally included in and designed as part of the 9th Avenue East Watermain Replacement project but was removed prior to tender to ensure the project was within budget while allowing a contingency buffer.

- Now that the project has sufficiently advanced to be reasonably comfortable that additional budget availability remains, staff propose reintroducing the remaining section to the project.
- Completing the work now leverages the existing contractor mobilization and completed design, avoiding future engineering, tendering, and construction mobilization costs.
- Tatham Engineering supports proceeding with the replacement, noting that the pricing is competitive and that completing the work now provides the most cost-effective and operationally beneficial solution for the City.

Vision 2050 - Strategic Plan Alignment:

[Strategic Plan](#) Priority: The recommendation contributes to core service delivery or a corporate initiative that enables service delivery for one or more strategic priorities.

Previous Report/Authority:

[CR-24-081](#) Award of RFT-24-011 – 9th Avenue East Looping Watermain – Phase 2

[CR-25-074](#) Award of RFT-25-008 - 9th Ave E - Road Rehabilitation and Watermain Replacement

Background:

On May 26, 2025, City Council approved the award of Contract No. RFT 25-008 9th Avenue East - Road Rehabilitation and Watermain Replacement at a cost of \$4,454,645.51 including the non-refundable allocation of HST, to E.C. King Contracting, a Division of Miller Paving Limited. The primary focus of the project was to improve municipal water supply security to a portion of the East Hill Pressure Zone and the entirety of the East Hill Reduced Pressure Zone, while also improving roadway infrastructure.

Before the watermain on 9th Avenue East could be replaced, the new East Hill Pressure Zone "looping" watermain was constructed in two phases as part of Project 22P.7. This work was completed on an existing City-owned corridor and within private property easements located east of 9th Avenue East. Phase 1 (City-owned corridor) was completed in 2023, while Phase 2 (private easements) was completed in 2024.

During the design phase of these two previous projects, it was anticipated that the watermain between 9th Avenue East and the end of the Phase 2 looping watermain would be replaced as part of the 9th Avenue East road rehabilitation project between 6th Street East and Superior Street, and the detailed design for this work was completed at this time. However, this component was ultimately removed from the project scope prior to tendering to ensure the project would remain within budget, given the estimated cost at that time and knowing that unforeseen subsurface complications could arise through the course of construction.

The 9th Avenue East reconstruction project is now nearing completion and is anticipated to achieve substantial completion by August 28, 2026, with the majority of underground and roadway infrastructure works completed. The project has advanced sufficiently to offer a reasonable level of comfort that unspent contingency funds exist to execute the portion of watermain that had previously been removed from the project.

There is approximately 190 metres of existing 150 mm diameter cast iron watermain remaining on Superior Street between the new looping watermain and 9th Avenue East. Based on available records, the watermain dates to the 1950s–1960s and has experienced five recorded main breaks since 1972. Recent hydraulic testing has identified poor flow characteristics likely due to tuberculation (an effect of corrosion leaving rust build-up, which restricts flow by reducing the internal diameter of the pipe), and the section represents the final remaining cast-iron link between recently upgraded PVC watermain infrastructure in the area.

Analysis and Options:

The remaining section of metallic watermain has experienced multiple failures (breaks) in the past, along with documented poor flow characteristics. As there is a high likelihood of recurring operational and maintenance issues if the existing watermain remains in service, this section is considered a priority candidate for replacement to improve system reliability and complete the intended East Hill water distribution network improvements.

If the City does not proceed with the replacement of this section of watermain, the water system will continue to have a higher likelihood of failure in this small section of watermain, adding to additional operation and maintenance costs. If the watermain feed from 9th Avenue East is disrupted

in either a break or by fire hydrant use, the water users served from this portion of the network will continue to experience low or no water pressure events.

If the City proceeds with replacing this section of watermain, the cast iron pipe will be completely replaced in this area of the distribution system. With new infrastructure, the likelihood of failures would be minimized, and flow characteristics in the area would be restored to design specifications and subsequently maintained if either feed is disrupted.

Currently, the City has a contractor on site that can complete this work. The City's consultant, Tatham Engineering, has reviewed the contemplated change notice pricing and agrees that they are competitive. By proceeding with the increase in scope, the City capitalizes on using a design that has already been completed and a contractor who is already mobilized. This will result in substantial savings over postponing the project to another standalone or bundled construction contract.

Should Council approve the recommended increase in project scope, the additional work will be authorized through a formal change order in accordance with the City's Procurement Policy and the existing construction contract. The change order will incorporate the contractor's quoted pricing, revised contract value, and associated engineering and geotechnical services required to complete the work. The change order will be executed following Council approval and incorporated into the existing contract administration process.

Tatham Engineering has provided a letter (as attached) that expresses the benefits of proceeding with the replacement of the 190 metre cast watermain on Superior Street as part of the 9th Avenue East road rehabilitation and water replacement project.

Resource Alignment:

Financial Resources

As of July 21, 2026, approximately \$479,460 remains in the project's original \$530,000 contingency allowance. Currently, there is approximately \$125,600 of anticipated additional costs. These additional costs include asphalt cement price index increases and watermain quantity increases on 9th Avenue East, due to site conditions and other minor change orders.

E. C. King's quote to complete the extra 190 metres of watermain on Superior Street is \$261,939. Additional engineering and geotechnical costs are estimated at \$54,750, bringing the total cost of the Superior Street watermain scope of work to \$316,689.

The combined value of the identified extras and recommended Superior Street watermain works is estimated at \$442,289, indicating that sufficient contingency funding is currently available to accommodate these costs should the optional work proceed.

Although it is anticipated that the available contingency budget would not be exceeded by the recommended and known remaining work, given the uncertainty in global energy markets and the pending "lame duck" period, staff recommend that the contingency budget be increased by an additional \$75,000 funded from the water rate reserve. This will account for asphalt cement price index increases, unit rate adjustments, and any remaining unforeseen construction costs through project completion. It is considered low risk that much, if any, of this additional funding will be necessary. However, it is proposed that the funding be authorized to provide the basis for a staff-approved change order, if necessary, during the later stages of the project.

As per the new Procurement Policy effective August 1, 2026, a completed project over-budgeting report will also be completed when the project is formally closed by the project lead.

Human Resources

This is an existing project in staff's work plan, and the additional scope can be accommodated. Additionally, Tatham Engineering would remain retained by the City to perform contract administration for the additional scope of work.

Time and Scheduling

This additional work would add four to five weeks to the project. 9th Avenue East would be fully open before the additional work commenced. The target completion date would then be mid-October 2026.

Technology and Infrastructure

N/A.

Climate and Environmental Impacts:

The recommendation supports the City's Climate Mitigation Plan.

Significant carbon emissions will have been saved by avoiding the contractor demobilizing and remobilizing the site.

Communication and Engagement:

This report has been posted to the City's website with the agenda in advance of the meeting.

Report Developed in Consultation With:

Engineering Technologist, Water Distribution Superintendent, Manager of Water and Wastewater, and Purchasing and Claims Coordinator.

Attachments:

Tatham Engineering Supporting Letter

Reviewed by:

Lara Widdifield, Director of Public Works and Engineering

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Mason Bellamy, Manager of Public Works and Engineering, at mbellamy@owensound.ca or 519-376-4440 ext. 3300.