



Report to: Council
Date: April 8, 2026
From: Amanda Gubbels, Chief Administrative Officer
Subject: CAO-2026-25 - Tender Award and Financial Strategy Update – Glencoe Business and Industrial Park Servicing Project
Attachments: Spriet Associates – Letter of Recommendation, Updated Project Cost Estimates, Design Alteration

Recommendation 1:

That Council receive the report dated April 8, 2026, prepared by the Chief Administrative Officer titled Tender results for the Glencoe Business and Industrial Park Servicing Project;

And that Council direct staff to award the Glencoe Business and Industrial Park Servicing Project to BKT Excavating Ltd. in the amended amount of \$2,411,620.60 excluding HST, as recommended by Spriet Associates;

And that the Mayor and Clerk be authorized to execute the necessary documents to proceed with the project.

Recommendation 2:

Whereas the Municipality of Southwest Middlesex is proceeding with the Glencoe Business and Industrial Park Servicing Project as a priority economic development initiative;

And whereas tender results for the project have identified increased construction costs, resulting in updated total project costs and the need to adjust the approved financing strategy;

And whereas County of Middlesex has indicated support for economic development projects through its loan program and confirmed the Municipality may apply for an updated loan amount based on increased total project costs;

Therefore be it resolved that Council direct the Chief Administrative Officer to submit an application to the County of Middlesex for an updated loan amount reflecting up to 25% of the total project cost.

Background:

The Municipality of Southwest Middlesex is advancing the Glencoe Business and Industrial Park Servicing Project to provide municipal infrastructure required to support development within the industrial park.

The total project cost was initially estimated at \$2.75 million and was planned to be funded through:

- 50% Southwestern Ontario Development Fund (SWODF)
- 25% interest-free loan from the County of Middlesex (15 year term)

- 25% municipal contribution

Design work was completed by Spriet Associates, and the project was tendered on February 27, 2026, closing on March 17, 2026.

Discussion:

Following the submission of bids on Tuesday March 17, 2026, seven (7) tender submissions were received. The results of the tender submissions can be found below.

Spriet Associates reviewed all submissions for compliance with the tender requirements and identified BKT Excavating Ltd. as the lowest compliant bidder, with an original bid of \$2,752,544.85 excluding HST.

Contractor Name	Total Cost (Excluding HST)
BKT Excavating Ltd.	\$2,752,554.85
PV-EX Construction Ltd.	\$2,777,991.44
Birnam Excavating Ltd.	\$2,798,572.89
291 Construction Ltd.	\$3,013,772.90
Cope Construction & Contracting Ltd.	\$3,172,745.07
All Seasons Excavating	\$3,034,598.50
ASG Excavating Inc.	\$4,103,091.76

Design Modification and Cost Reduction

In response to the tender results, staff worked with Spriet Associates to identify cost-saving opportunities. A design modification was identified involving the conversion of a portion of the storm servicing works to an open ditch configuration, resulting in a cost reduction of \$340,924.25 (outlined in Attachment).

The revised design was reviewed with BKT Excavating Ltd., and updated pricing was obtained. The revised contract price is \$2,411,620.60 excluding HST. Spriet Associates has reviewed this adjustment and confirmed the pricing is reasonable and consistent with the design change.

Updated Project Cost

Based on the revised construction cost and updated estimates, the total project cost is now \$2,877,701 inclusive of engineering, geotechnical, and related costs (see Attachment).

Staff have confirmed the following with funding partners:

- The County of Middlesex has advised that the Municipality may apply for an increased loan amount of up to 25% of the total project cost, subject to County

Council approval

- SWODF has confirmed that no additional funding is available; however, the Municipality remains eligible for the approved grant amount of \$1,375,000

Risk Considerations

If Council does not proceed with the award at this time, the project will not advance in 2026, presenting the following risks:

- Potential loss of SWODF funding due to program timelines and requirements
- Loss of current market advantage as the only serviced industrial land in Middlesex County
- Rising construction costs if delayed
- Sunk investment risk related to land acquisition, design, and engineering
- Continued vacancy of lands, delaying tax revenue and economic growth

Development and Marketing Strategy

To support the successful absorption of serviced lands and mitigate financial risk, the Municipality is advancing a coordinated approach to development and marketing.

- Community Improvement Plan (CIP) updates are underway to introduce targeted development incentives
- Staff will work closely with the County of Middlesex Economic Development team to actively market the lands
- A coordinated sales and positioning strategy will be implemented to promote the site and attract investment

Given the cost reductions achieved, confirmed procurement compliance, and available financing options, proceeding at this time represents a reasonable and strategic approach to advancing a priority economic development project for the Municipality.

Awarding the tender will allow construction to proceed in 2026 and position the Municipality to support future business development and investment.

Financial Implications:

The updated total project cost is approximately \$2.88 million, representing an increase from the original \$2.75 million budget.

Staff have confirmed that no additional SWODF funding is available, and the Municipality remains eligible for the approved grant amount of \$1,375,000. The County of Middlesex has advised that the Municipality may apply for an updated loan amount of up to 25% of total project costs, subject to approval.

The financial strategy therefore reflects the following scenarios:

Scenario	SWODF Funding	County Loan	Municipal Contribution
Scenario 1 – County at Original Approved Allocation (\$687,500)	~\$1,375,000	~\$687,500	~\$815,201 (+127,701)
Scenario 2 – County at 25% of Updated Project Cost	~\$1,375,000	~\$751,350.50	~\$751,350.50 (+63,850.50)

The municipal portion is planned to be debentured, consistent with the original financing strategy.

Note that Council is also expected to enter into a Community Benefit Agreement (CBA) with Hydro One for the Longwoods to Lakeshore project in Spring 2026. It is anticipated that up to 30% of the total CBA funding may be received in 2026. This funding represents a potential opportunity to offset a portion of the municipal contribution associated with this project, should Council wish to consider this approach.

The Municipality intends to recover its investment through the sale of serviced industrial lands, including repayment of the County interest free loan. Lands are expected to be marketed at an at-cost price of approximately \$80,000 to \$100,000 per acre.

This project positions Glencoe as the only fully serviced industrial land in Middlesex County, creating a strong and time-sensitive competitive advantage.

While this strategy provides a clear path to cost recovery, it remains dependent on land absorption and carries some financial risk if sales are slower than anticipated.

Others Consulted:

- Manager of Public Works
- Manager of Finance/Treasurer
- Spriet Associates
- Procurement Services Manager, County of Middlesex