

2016 Capital Budget Amendment – Township Road 560 and Range Road 213 Project**Report Purpose**

To amend the 2016 Capital Budget to use existing developer contributions to fund all required costs to complete the Township Road 560 and Range Road 213 Industrial Heartland area project.

Recommendation

THAT an amendment to the 2016 Capital Budget to fund additional costs of \$1,056,000 (from \$7,150,300 to \$8,206,300) that are required to complete the Township Road and Range Road 213 project in the Industrial Heartland area, to be funded in the amount of \$1,056,000 from Developer Contributions (1.3431), be approved.

Council History

December 8, 2015 Council approved the 2016 Capital Budget.

Strategic Plan Priority Areas

Economy: The Township Road 560 and Range Road 213 project contributes towards effective and efficient municipal infrastructure to meet the needs of our growing community.

Governance: n/a

Social: n/a

Culture: n/a

Environment: n/a

Other Impacts

Policy: FIN-001-027: Tangible Capital Assets Financial Reporting Policy

Legislative/Legal: n/a

Interdepartmental: Financial Services, Planning and Development Services, Transportation and Agriculture Services, Transportation Planning and Engineering

Summary

The Township Road 560 and Range Road 213 project limits include a section of Township Road 560 from 300m east of Range Road 213 to 1050m west of Range Road 213, and Range Road 213 from 300m north of Township Road 560 to 1000m south of Township Road 560 (Enclosure 1). This includes access treatments onto Range Road 213 for the recent ATCO Energy Solutions development, at the southern limit of the project, as well as a bridge replacement on Township Road 560 at the western limit of the project. This project is being done in coordination with industrial development in the Industrial Heartland Area as well as coordinated to utilize existing Alberta Transportation grant funding.

The design of the Township Road 560 section was originally completed in 2008 with the upgrades intended to be in coordination with the proposed BA Energy development on Range Road 213 north of Township Road 560. Three grants of \$1.5M each were obtained from Alberta Transportation's Resource Road Program (total of \$4.5M), with Strathcona County required to provide funds to match the grants for qualified items. The grants are specifically tied to roadway sections, one tied to Township Road 560, one tied to Range Road 213, and one tied to the CP Rail overpass on Range Road 213. In 2008, the BA Energy development was cancelled and the project was put on hold.

In 2015, Alberta Transportation (AT) inquired whether Strathcona County intended to construct the roadway sections tied to the grants that Strathcona County received. The AT Rural Resource Program has been cancelled; however, Strathcona County has been given an extension to fulfil grant conditions. Transportation Planning and Engineering (TPE) will use a \$1.5M grant for

Township Road 560 and a \$1.5M grant for Range Road 213, as agreed upon with AT. The funding could potentially lapse if the tender is not awarded in 2017. The remaining \$1.5M grant is for the Range Road 213 CP Rail overpass north of Township Road 560, and there is currently no proposed work at this location.

Since the 2016 budget approval, TPE coordinated to refresh the design drawings and obtain environmental permits and has also coordinated with the Planning and Development Services department to move forward to obtain the required land. The project limits were chosen to complete the Township Road 560 bridge replacement, the Township Road 560 and Range Road 213 intersection, and the ATCO Energy Solutions accesses. The construction estimates for the projects currently maximize usage of the available AT grant funding.

There are some unforeseen additional costs required to complete the project. In developing the original project business case, lands associated with Shell Canada were assumed to be sold to Strathcona County in exchange for preliminary Contribution in Aid of Construction credits in lieu of cash, based on past philosophy of Shell leadership. However, with the recent divesting of interests by Shell Canada, the property's corporate leadership now requires monetary payment up front for the lands, creating an unforeseen project cost. Other unforeseen additional costs include legal survey costs, and an increase in design and construction costs for the project based upon current estimates including appropriate contingencies.

Upon completion of the project, TPE will release any remaining project funds back to the original funding source, Developer Contributions (1.3431), so the funds will be available for future projects in the Industrial Heartland area.

Should this Capital Budget Amendment not be approved, the project scope and limits must be reduced. Since the AT grant funds are tied to specific roadway sections, this will eliminate or greatly reduce the ability to utilize the available AT grant funding.

This is an estimated planned spending timeline of the project amendment (cash flow).

Year	2017	2018	2019	Total
Expenditure by Year	\$500,000	\$556,000	\$0	\$1,056,000

Enclosure

- 1 Project Map – Township Road 560 & Range Road 213 (Document: 10439649)
- 2 Summary of Costs (Document: 10439742)