

**2017 Capital Budget Amendment – Highway 15 and Range Road 212 Intersection Upgrades****Report Purpose**

To amend the 2017 Capital Budget to increase the cost of the Highway 15 and Range Road 212 Intersection Upgrades project due to higher than anticipated tender costs.

**Recommendation**

THAT an amendment to the 2017 Capital Budget for the Highway 15 and Range Road 212 Intersection Upgrades project to increase the cost by \$600,000 (from \$1,400,000 to \$2,000,000), due to higher than anticipated tender prices, be approved, subject to receipt of \$600,000 from third party contributions to fund the increase.

**Council History**

November 28, 2016 Council approved the 2017 Capital Budget

**Strategic Plan Priority Areas**

**Economy:** The Highway 15 and Range Road 212 Intersection Upgrades contribute to effective and efficient municipal infrastructure to meet the needs of our growing community. The intersection upgrades will facilitate the development of the Heartland Sulphur Forming and Transloading facility. The land is owned by Gibson Energy, and Heartland Sulphur LP will have a long-term rental agreement. Construction costs for the Heartland Sulphur LP development are estimated at \$25 million, and it is anticipated that the construction phase for the development will employ 30-50 people. Ultimately 16 full-time jobs will also be created.

**Governance:** n/a

**Social:** n/a

**Culture:** n/a

**Environment:** n/a

**Other Impacts**

**Policy:** FIN-001-024: Financial Reserves; FIN-001-027: Tangible Capital Assets Financial Reporting Policy

**Legislative/Legal:** n/a

**Interdepartmental:** Transportation Planning and Engineering, Financial Services, Corporate Planning

**Summary**

The Highway 15 and Range Road 212 Intersection Upgrades project limits include a section of Range Road 212 from Highway 15 to 400m north of Highway 15. This also includes an improvement at the Highway 15 Intersection (Enclosure 1). This project is being done in coordination with the timing of Gibson Energy's development in the Industrial Heartland Area, which is the Heartland Sulphur Forming and Transloading facility.

In 2016, Gibson Energy approached Strathcona County to design and construct the necessary improvements for access to their development. The design of the project was completed in early 2017, with upgrades intended to be constructed in coordination with the development on Range Road 212 north of Highway 15 in summer 2017.

The project was tendered in July 2017 and closed August 8, 2017. Upon reviewing the bids, the lowest bid was above the approved budget. Transportation Planning and Engineering has discussed the bids with Gibson Energy's representatives as additional funding will be required; Gibson Energy verbally seems amenable to the increased contribution, however, we are waiting for formal acceptance. As part of Gibson Energy's Development Agreement, they have 45 days to provide the additional funds once written notification is supplied by Strathcona County.

If Gibson Energy does not provide formal acceptance of the amended costs of the project, the project will be deferred pending further discussions.

Failure to move forward on this project will compromise Gibson Energy's ability to open their facility on schedule.

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

Year	2017	2018	2019	Total
Expenditure by Year	\$1,900,000	\$50,000	\$50,000	\$2,000,000

**Enclosure**

1 Project Limits Map (Document: 10613641)