

Highway 15 and Range Road 212 Intersection Upgrades

Report Purpose

To provide information regarding an emergency approval by the Chief Commissioner of a capital budget amendment to the Highway 15 and Range Road 212 Intersection Upgrades project, to be funded entirely by industry contribution.

Council History

November 28, 2016 – Council approved the 2017 Consolidated Capital Budget.

September 5, 2017 – Council approved: 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.

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-001-027: Tangible Capital Assets Financial Reporting Policy; GOV-001-024: Authorization and Verification of Unbudgeted Expenditures

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 Heartland Sulphur 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. On September 5, 2017, a Capital Budget Amendment was approved to provide funding necessary to award the contract to the lowest

bidder. After construction began, the project required deeper subsoil excavation (due to topsoil under the existing roadway) than the geotechnical report anticipated, using up budgeted contingencies. Furthermore, inclement weather caused delays in construction and in order to meet development timelines with access requirements, cement stabilization was required for the project to facilitate drying of the soil to achieve compaction. Additional contingencies are also included to facilitate completion of asphalt paving in 2017, weather permitting.

On Friday, October 13, 2017, given the late construction season timing and that all costs are to be covered by the Developer, Strathcona County's Chief Commissioner approved the additional scope and increased funds of \$250,000 as per the policy GOV-001-024, Authorization and Verification of Unbudgeted Expenditures.

Gibson Energy has provided written acceptance for the increased contribution, which is required as per the completed Contribution In Aid of Construction (CIAC) agreement between Strathcona County and Gibson Energy. 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.

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

Enclosure

- 1 Project Limits Map (Document: 10827346)
- 2 Aerial Photos