

**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 additional costs related to unsuitable soils.

**Recommendation**

THAT an amendment to the 2017 Capital Budget for an increase to the Highway 15 and Range Road 212 Intersection Upgrades project of \$200,000 (from \$2,250,000 to \$2,450,000) to be funded from Developer Contribution (1.3431) be approved.

**Council History**

October 31, 2017 - Council was provided with 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.

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.

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. Strathcona County will benefit from additional property taxes for the development. The land is owned by Gibson Energy and Heartland Sulphur LP, and they will have a long-term rental agreement.

**Governance:** n/a

**Social:** The intersection upgrades facilitate the development of the Heartland Sulphur Forming and Transloading Facility on Gibson Energy property, which includes creation of full time jobs.

**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:** Finance

**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 improvements at the Highway 15 and Range Road 212 intersection (Enclosure 1) required by Alberta Transportation. This project is being done in coordination with 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 site. There were delays by the developer in finalizing required

Author: Garry Johnston, Transportation Planning and Engineering

Director: Ron Fraser, Transportation Planning and Engineering

Associate Commissioner, Division: Kevin Glebe, Infrastructure and Planning Services; Gregory J. Yeomans, Financial and Strategic Management

Lead Department: Transportation Planning and Engineering

development agreements, resulting in a late summer tender. A Capital Budget Amendment was approved September 5, 2017 providing additional funds due to higher than anticipated tender costs. Start of construction was in fall 2017. The Range Road 212 roadway and north shoulder of Highway 15 was completed in 2017, in time for development needs.

On Friday, October 13, 2017, given the late construction season timing and that all costs were 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. This was to cover additional unforeseen costs related to required additional subsoil excavation, and cement stabilization required to dry the soil during wet weather.

In fall 2017, the portion of the project on Range Road 212 and the north shoulder of Highway 15 were completed and paved. The last day of paving was October 30, 2017. This provided the portion of paved roadway that was needed in time to meet development timelines.

In 2018, the south shoulder of Highway 15 must be completed, as a part of the Alberta Transportation geometric requirements. Remaining costs have been estimated (Enclosure 2), with best case and worst case scenarios. The best case scenario shows completing the project within the existing budget, with about \$10,000 remaining.

In fall 2017, wet weather and poor soils brought further unforeseen costs that exceeded what was anticipated in the October 2017 Capital Budget Amendment, using up the contingency amounts. These unforeseen costs were due to increased amounts of unsuitable material in the roadway that also factored into increased quantities for cement stabilized subgrade preparation. Due to large depths of unsuitable materials, additional consulting hours were required on-site to recommend solutions to construct the road efficiently. An additional \$200,000 is estimated to allow the project to be completed, including an extra \$100,000 allowance for unknowns.

In February 2018, Transportation Planning and Engineering discussed this matter with Gibson Energy, who was amenable to providing the additional funding, and are required to provide the additional funds as part of their Contribution In Aid of Construction (CIAC) agreement with Strathcona County.

Transportation Planning and Engineering is requesting approval for this additional \$200,000 funding (Enclosure 2), which will be fully funded by additional developer contributions.

Should approval not be granted, and additional costs are required, lack of adequate funding would require the contractor to stop work and then re-mobilize once funds are in place, introducing further costs and delays in construction completion. The remaining work on the south shoulder of Highway 15 is required to be completed as per Alberta Transportation's development requirements.

Year	2017	2018	2019	Total
Expenditure by Year	\$1,770,000	\$630,000	\$50,000	\$2,450,000

## Enclosures

- 1 Project Limits Map
- 2 Cost Estimate

Author: Garry Johnston, Transportation Planning and Engineering  
Director: Ron Fraser, Transportation Planning and Engineering  
Associate Commissioner, Division: Kevin Glebe, Infrastructure and Planning Services; Gregory J. Yeomans, Financial and Strategic Management  
Lead Department: Transportation Planning and Engineering