

2022 Capital Budget Amendment – Range Road 233, Fountain Creek to Balmoral Way**Report Purpose**

To amend the 2022 Capital Budget to increase the cost of the Range Road 233, Fountain Creek Way to Balmoral Way project due to higher than anticipated construction costs.

Recommendation

THAT an amendment to the 2022 Capital Budget to increase the cost for the Range Road 233, Fountain Creek Way to Balmoral Way project by \$175,642 (from \$1,620,658 to \$1,796,300) to be funded \$57,320 from developer levies and \$118,322 from Municipal Reserves, be approved.

Our Strategic Goals

Goal 3 - Responsible Development

Goal 3 Priority - Growth and development that prioritizes community well-being and economic benefits

Goal 3 Priority - Investment in our infrastructure that supports development and complete communities

Report

A Capital Budget amendment was approved by Council on July 19, 2022, to approve the construction of Range Road 233, Fountain Creek Way to Balmoral Way project. This work is now close to being completed, and administration is reconciling actual costs with the Developer who is constructing this work. Funding source requirements are shown in the project cost allocation map (Enclosure 1). Actual construction costs have exceeded original estimates and require some additional funding for items requiring Municipal Reserve funding and for items requiring developer levy funding. These changes are based on minor field adjustments and typical quantity fluctuations during construction that was led by the Developer.

Strathcona County (the County) and 1057494 Alberta Ltd. (the Developer), entered into the original development agreement for Sherwood Golf and Country Club Estates Stage 2 on August 17, 2016. In June 2022, Addendum No. 2 to the Sherwood Golf and Country Club Estates Stage 2 Master Development Agreement was executed by the Developer and resides with the County for final execution. Addendum No. 2 provides the framework for development of Stage 2C, with offsite municipal improvements including a roundabout at Range Road 233 and Fountain Creek Way/Greenside Drive, and adjacent improvements on Range Road 233 extending south of the roundabout to Fountain Creek Boulevard and extending north to just south of Balmoral Way.

Addendum No. 2 to the Development Agreement requires the Developer to complete construction of offsite municipal improvements by no later than October 31, 2023. This includes dedication of all required lands and easements and obtaining all required permits and approvals in compliance with applicable regulations, standards, and specifications. A detailed design has been completed in collaboration with the County and the Developer.

The Developer and the County have agreed on cost-sharing for design and construction improvements including land acquisition to accommodate road improvements. Total project

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costs were initially estimated at \$2,197,794 with the County's portion originally estimated to total \$1,620,658.

Per Development Agreement Addendum No. 2, cost reconciliations are to take place after the Construction Completion Certificate (CCC) for the roadway has been issued, with the Developer required to provide the County with actual costs within 60 days of CCC issuance. The County will undertake its best efforts to reimburse the Developer for its proportionate share of the land, the design, and construction costs, subject to Council approval of this Capital Budget amendment and subject to the design and construction being completed to the satisfaction of the County.

With regard to any unpaid portion of costs that the County owes to the Developer, the development agreement states: *"The County agrees that in calculating any costs owed to the Developer for its proportionate share of the costs identified in clauses 22 or 23 above, the County shall include interest, calculated from the date of the issuance of Construction Completion Certificates of the improvements outlined in clause 14 of this agreement, compounded monthly, at the Prime Rate plus ONE (1%) percent; PROVIDED, that interest shall cease to accrue a maximum of FIVE (5) years from the date of the issuance of Construction Completion Certificates for the improvements."*

Therefore, any delay in this Capital Budget amendment will require the County to pay interest to the developer at prime plus 1% from the CCC, which is anticipated to be completed in fall 2023.

Year	2022	2023	2024	Total
Expenditure by Year	\$0	\$1,796,300	\$0	\$1,796,300

Council and Committee History

July 19, 2022 Council approved the 2022 Capital Budget Amendment

Other Impacts

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

Legislative/Legal: N/A

Financial/Budget: There is a financial impact to the County in the amount of \$118,322. This will impact the County's overall reserve position and will impair the ability to fund other priorities. The replenishment strategy to replace these funds will have a future tax rate impact.

Interdepartmental: Financial and Strategic Services; Planning and Development Services; Transportation Planning and Engineering

Master Plan/Framework: Sherwood Golf & Country Club Estates Area Structure Plan, Range Road 233 Functional Planning Study

Enclosure

1 Project cost allocation map