AGENDA ITEM

Sandy Point Development – Paving of Rge Rd 1-1

June 09, 2016

BACKGROUND

At the September 24, 2015 and January 28, 2016 meetings Council considered a request from the developers of Sandy Point for Lacombe County to up front the cost of paving Rge Rd 1-1 from the new alignment of Hwy 12 to the entrance to Sandy Point in 2016. A copy of the original agenda reports dated September 15, 2015 and January 28, 2016 are attached for your reference. The following resolutions of Council were defeated at the September 15, 2015 and January 28 meetings:

Moved by Mr. Stephenson that the County Commissioner be authorized to enter into an agreement with Delta Land Co. Inc. to provide for the paving of Rge Rd 1-1 in 2016.

Moved by Mr. Wigmore that the County Commissioner be authorized to enter into an agreement with Delta Land Co. Inc. to provide for the paving of Rge Rd 1-1 in 2016 with Lacombe County up fronting the costs and Delta Land Co. paying interest on the up fronted funding.

Following discussions at the May 26, 2016 Municipal Planning Commission meeting between Councillors and the representatives of Sandy Point Resort development Sandy Point Resort has forwarded a letter requesting that Council revisit and discuss options for the paving of Rge Rd 1-1 from the new Highway 12 alignment to the entrance to the Sandy point development. A copy of the letter dated May 30, 2016 is attached for your reference.

ANALYSIS

Pursuant to the Development Agreement the developer is required to make the following payments with respect to the upgrading of Rge Rd 1-1:

- up front the costs of a 75 mm lift of pavement on Rge Rd 1-1 from the current Hwy 12 alignment to the main entrance of Sandy Point prior to final approval of phase four, or when the average vehicles per day reaches 400
- up front the costs of a second (50 mm) lift of pavement from the existing Hwy 12 alignment to the main entrance to the Sandy Point development as part of phase 5 or once the average vehicles per day reaches 650
- up front the costs of intersectional treatment at Rge Rd 1-1 and the new alignment of Hwy 12 and for the paving of Rge Rd 1-1 from the new alignment of Hwy 12 to the existing alignment of Hwy 12 prior to final subdivision approval of phase 5

Delta Land Co. Inc. has requested that Lacombe County up front the costs of paving Rge Rd 1-1 and the developer would repay Lacombe County when the traffic numbers generated by Sandy Point residents is reached as per the development agreement. The wording of this request is not entirely consistent with the development agreement as the development agreement does not specify that the traffic numbers generated by Sandy Point residents but rather that the average vehicles per day reaches 400. The difference being that the development agreement would consider traffic numbers from all sources not just from Sandy Point residents.
The proposal from Delta Land Co. is based on the following conditions:

- Lacombe County to use the road off sight levies collected to date to offset the cost of paving.
- Delta will provide securities in the form of Phase 2 of Westside Country Estates with an estimated value of $2,500,000.
- Delta will pay an agreed upon annual interest rate on front end costs.
- Delta to repay the outstanding balance within the time lines set forth in the development agreement.

Based on 2015 tender results the estimated cost to place a 125 mm pave surface on Rge Rd 1-1 from the new alignment of Hwy 12 to the main entrance to the Sandy Point Development is $2,622,763. Using the latest tender information we have for 2016 projects the estimated cost to place a 125 mm paved surface on Rge Rd 1-1 from the new alignment of Hwy 12 to the main entrance to Sandy point is $2,202,187. At the May 28, 2016 Municipal Planning Commission meeting Delta Land Co. circulated an estimate of $1,739,614 for a 75mm bottom lift of asphalt on Rge Rd 1-1 from the new Hwy 12 alignment to the entrance of Sandy Point. The difference between the two estimates is that the original estimate was for a 125 mm lift and the Delta estimate is for a 75 mm bottom lift. In any event the project would have to be tendered and with the low tender typically being accepted.

To date Lacombe County has collected $200,940 in road levies for phase one and will collect an additional $236,400 for phase two for a total of $437,340. Phase two is expected to be complete in early 2016. The difference between the 2016 estimated cost and the per lot road improvement levy is $1,764,847. The cost of money to upfront the cost of paving Rge Rd 1-1 based on a short term rate of 1.5% would be just under $26,500 per year.

While the paving of Rge Rd 1-1 in 2016 will provide value to Sandy Point in the form of enhanced assess and marketing opportunities, there are also benefits to Lacombe County in the form of reduced maintenance on this road. Based on the current requirement to grade the road once per week during the summer months, it is estimated to cost $7,367 in grader operator and machine costs. In addition to the grading Lacombe County graveled this road in 2015 at a cost of approximately $35,500. Maintenance costs would be significantly reduced with the paving of Rge Rd 1-1. Issues relative to the dust control would also be addressed with paving of Rge Rd 1-1.

**ALTERNATIVES**

1. Have Delta Land Co. Inc. follow the development agreement and fund the first 75 mm lift of Rge Rd 1-1 prior to final subdivision approval of phase four or when the average traffic count reaches 400 vehicles per day.

2. Agree to up front the cost of paving Rge Rd 1-1 from the new alignment of Hwy 12 to the main entrance to the Sandy Point Development with Delta Land Co. Inc. reimbursing Lacombe County for the paving and paying interest on the upfront funding for the paving costs.

3. Agree to pave Rge Rd 1-1 from the new Hwy 12 to the entrance of Sandy Point with Lacombe County up fronting an amount to be determined by Council and Delta Land Co. Inc. reimbursing Lacombe County for the paving and interest on the up front funding for the paving costs.
BUDGET IMPLICATIONS

There are no provisions in the 2016 budget for the paving of Rge Rd 1-1. If Council is supportive of the proposal to up front the paving of Rge Rd 1-1 the upfront funding for the paving of Rge Rd 1-1 could be allocated from the Main Road Reserve. The estimated balance in this reserve as of December 31, 2016 is $15,730,386.

LEGISLATIVE RESPONSIBILITIES:

Section 3 of the Municipal Government Act states that the purposes of a municipality are to provide services, facilities and other things that, in the opinion of Council, are necessary or desirable for all or a part of the municipality.

STRATEGIC PLAN

The Service Delivery strategy is to pursue the best way to provide citizens with appropriate and financially responsible levels of service delivery.

RECOMMENDATION

That Council pass the following resolutions:

1) Authorize the County Commissioner to enter into an agreement with Delta Land Co. Inc. to provide for the paving of Rge Rd 1-1 in 2016 with Lacombe County up fronting the costs and Delta Land Co. providing security, paying interest on the up fronted funding and repaying the upfront funding in accordance with the development agreement.

2) That funding for the paving of Rge Rd 1-1 estimated at $1,764,847 be allocated from the Main Road Reserve.

PREPARED BY: Terry Hager, County Commissioner
REVIEWED BY: Terry Hager, County Commissioner