



STAFF REPORT

Title: 2019 Capital Budget Amendment - Development Enforcement - MRR Developments Ltd.

Meeting Date: April 9, 2019

Executive Summary:

The developer for MRR commercial development (North of 69 Ave.) went into default in 2015 and failed to complete deficient work as per the development agreement. The City of Cold Lake completed the deficient work related to construction completion at the cost of \$215,000 on July 18, 2018. Now additional funds are required in the amount of \$130,000 to complete the remaining works related to final acceptance certificate which mainly includes the 2nd lift of asphalt.

Administration is recommending to allocate \$130,000 from accumulated surplus budget thereby increasing the 2019 Capital Budget from \$22,277,223 to \$22,407,223.

Background:

On November 25, 2015 the City issued a default for performance under the development agreement for Phase 1 and 2 of the MRR commercial development on the original legal Lot 4, Block 1, Plan 082 6598. The developer was given thirty (30) days to rectify the deficiencies and to date, has not done so. To date, the City of Cold Lake have expensed \$215,000 to rectify the construction completion deficiencies out of which \$155,000 came from the development securities and the rest (\$60,000) was allocated from the City's budget.

However, there is still known outstanding work to be completed pertaining to the Final Acceptance Certificate (FAC) that was not previously in default. This work includes the second lift of asphalt, other deficient items noted on the MRR development Construction Completion Certificate and warranty items such as the road settlement on 69 Avenue at the service tie in point.

Administration has made several attempts to connect with the owner to no avail and the default items have not been corrected to date. The estimated cost to complete the remaining outstanding work (pertaining to FAC) will be \$130,000.

The suggest work will include following:

- Second lift of Asphalt



- Repair work on the intersection of 69 Ave and Voyager Way due to settlement of road
- Sidewalk repairs
- Valve adjustments

Administration also considered reducing the scope by paving only up to the first access to Lake City Motor which will cost \$40,000. This option will leave single lift of asphalt to the second access of Lake City motors and other two lots (6906 and 6908). It is expected that this section of the road will experience heavy loads (delivering to Lake City) which may impact the structural stability of the pavement. Therefore it is recommended to pave 2nd lift of asphalt over the full length of Voyager Way to avoid complications in the future and will also help to complete the outstanding work.

Alternatives:

Council can consider the following options

1. Council may approve the increase to the capital budget by allocating \$130,000 to rectify the deficiencies of the development.
2. Council may defer a decision pending further information.

Recommended Action:

Administration recommends that Council approve the increase in the 2019 Capital budget from \$22,277,223 to \$22,407,223 to allocate \$130,000 required to rectify deficiencies on the development to be funded from accumulated surplus budget

Budget Implications (Yes or No):

Yes

Submitted by:

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