



November 30, 2023

Alberta Transportation and Economic Corridors - Peace Region
1st Floor, Provincial Building
9621 – 96 Avenue
Peace River, Alberta T8S 1T4

Attention: Jeff Zhang, Regional Director (jeff.zhang@gov.ab.ca)

Dear Mr. Zhang:

**Re: Water for Life – Request for Additional Funding
Saddle Hills County – Central Peace Regional Water Supply System Phase 1 and 2**

Saddle Hills County, on behalf of the Central Peace G5 Group of municipalities consisting of Saddle Hills County, Town of Spirit River, Municipal District of Spirit River, Village of Rycroft, and Birch Hills County are working in partnership to undertake the critical Central Peace Regional Water Supply System (RWSS) Phase 1 and 2 project that is integral to municipal and regional growth and development, and protection and safeguarding of the environment. However, the initial cost estimate did not take into consideration the full complexities of the project and was severely underestimated. This has contributed to a significant cost escalation of \$63,430,000.

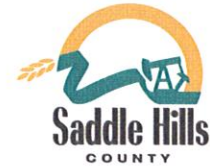
We are formally requesting additional grant funding of \$57,087,000 (90%) under the Water for Life (W4L) program for our RWSS project. This project is managed by Saddle Hills County, and we would contribute the additional \$6,343,000 (10%) as our cost-share contribution.

We have been working diligently on the design and environmental approvals for this complex raw water intake project which revealed that the project will be short of funds for construction. The reasons for the overage is a combination of the following:

- Complex project which created an undervaluation of the original estimate.
- The cost of building a pipeline through an active land slide area.
- The completion of the design and environmental permits identified additional work.
- Inflationary costs (e.g., power servicing to site has doubled, and steel pipe has tripled) plus supply chain issues creating slower project schedules hence higher costs.

The attached project overview addendum (**Appendix A**) will describe the project in detail and provide a new cost estimate with reasons for the overage.

Junction of Highway 49 and Highway 725, RR 1, Spirit River, Alberta, Canada, ToH 3Go
Phone: 780-864-3760 | Fax: 780-864-3904 | Toll Free: 1-888-864-3760



Thank you for your consideration in providing additional funding for this project and if you require any additional information please reach out to me at 780 864-3760 or at CMerritt@saddlehills.ab.ca

Your truly,

Cary Merritt
Chief Administrative Officer
Saddle Hills County

- cc: G5 Group of Municipalities
- cc: Danny Jung, Infrastructure Manager, Alberta Transportation and Economic Corridors
- cc: Mirek Grzeszczuk, Edmonton Region Manager, MPE Engineering Ltd.
- cc: Haj Oshiki, Senior Project Manager, MPE Engineering Ltd.

Attachments

- Appendix A: Water for Life – Project Overview Addendum