

## Sierra Yoyo Desan Resource Road



“This project is a good example of an innovative public-private partnership that will create employment and economic opportunities for B.C.”

– Richard Neufeld, former Minister of Energy and Mines

“Ledcor is strongly committed to achieving the efficient delivery of a safe, high quality road while minimizing costs, commitments which are easily recognized with the SYD Road.”

– Dave Lede, Chairman & CEO, Ledcor Industries Inc.

### Project Overview

The Sierra Yoyo Desan (SYD) Resource Road is a 180-kilometre-long route running east and north of Fort Nelson, providing primary access to more than 27,000 square kilometres of oil and gas exploration territory.

The road is used almost exclusively by oil and gas, forestry and pipeline companies, and prior to 1998, it consisted of various fragments, under the control of a variety of owners. Without improvements and sufficient maintenance, the roadbed deteriorated under the stress of heavy equipment and adverse weather conditions that frequently made the road inaccessible.

In 1998, the SYD Road was consolidated under the ownership of the B.C. Government and upgrading and maintenance work was financed through fees and levies charged to the road’s users; however, in its condition after time, the road was a barrier to realizing future opportunities for B.C.’s oil and gas sector.

The upgrade to the SYD Road was completed in August 2005—three months ahead of schedule—at an estimated capital cost of \$40 million. The upgrade was designed to promote all-season oil and gas activity and generate economic growth as part of the Province’s Oil and Gas

Development Strategy. The upgraded road has the following features:

- A new, 22-kilometre-long bypass and a new major bridge across the Fort Nelson River completed in November 2004; widening and surface improvements; replacement and/or upgrades to some of the existing bridges.
- Ongoing operation and maintenance to specified standards.
- Safety enhancements including improved sightlines and improved road surface.

### Partnership Highlights

Through a fair, competitive selection process, Ledcor was selected to design, construct, finance, operate and maintain the SYD Road for a term of 16 years. Ledcor is a B.C.-based company which has been building roads for the oil and gas industry since 1947.

Highlights of the partnership include:

- Ledcor invested \$40 million in the first two years to upgrade and improve the road, and is spending another estimated \$2.5 million a year to maintain the road for another 14 years.

- The road remains a public highway, owned by the Province and leased to Ledcor for the term of the agreement.
- Ledcor assumed the risks for: construction costs, design risk and environmental permitting.
- Incentives for early completion of the upgrades and improvements to the SYD Road, and for a well-maintained road over the long term; however, penalties are imposed if the road is not maintained to specified standards.

### Expected Benefits

The SYD Road upgrade demonstrates value for money for B.C. taxpayers by:

- Improving and maintaining the primary route into B.C.’s northeast oil and gas fields.
- Completing the necessary road improvements at no direct cost to taxpayers.
- Protecting B.C. taxpayers by transferring most of the risks in this project, including construction, maintenance and operation risks.
- Tying payments to performance. Ledcor must meet agreed-upon standards before it is paid for improvements and maintenance.
- Helping to create jobs and increase economic activity in the Northeast.
- Maintaining free and open public access to the road.

### Public Sector Partner

- Ministry of Energy, Mines and Petroleum Resources

### Private Sector Partners

Ledcor Group

- McElhanney Consulting Services
- Buckland & Taylor
- Trow Associates
- Triton Environmental Consultants

### Partnerships BC’s Role

Partnerships BC provided procurement management services to the Ministry of Energy, Mines and Petroleum Resources.