



# Staff Report

## Infrastructure & Public Works

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**Report To:** Committee of the Whole  
**Meeting Date:** August 22, 2016  
**Report Number:** CSPW.16.076  
**Subject:** Grey County Sand Dome Shared Use Agreement  
**Prepared by:** Jim McCannell, Manager of Roads and Drainage

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### A. Recommendations

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THAT Council receive Staff Report.16.076 entitled, "Grey County Sand Dome Shared Use Agreement";

AND THAT Council authorize the Mayor and Clerk to sign the Grey County Sand Dome Shared Use Agreement upon the recommendation of the Director of Infrastructure and Public Works and the Town's solicitor;

AND THAT Council delegate authority to execute extensions of the Grey County Sand Dome Shared Use Agreement to the Director of Infrastructure and Public Works.

### B. Overview

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In 1982 the Town and County entered into an Agreement to construct and maintain a sand dome located on the Grey County yard in Clarksburg. Under that Agreement the County and Town are respectively responsible for 57% and 43% of the construction costs and maintenance costs.

The County has requested that the current Agreement be reviewed. The purpose of this report is outline the changes recommended.

### C. Background

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The Town's current Agreement with the County has provided the Town with access to the winter sand needed for winter control. Each fall the County tenders for winter sand and fills the sand dome. Over the winter, both County and Town trucks draw sand out as needed for storm events. The Town purchases the sand from the County at the County's cost without any markup or additional costs. The Town estimates using 3500 Tonnes of sand each winter and the County adds this volume of sand to their tender to assist in receiving better unit pricing. The advantage to the Town is being able to purchase only the sand used. The Town pays a rental cost to the County to cover the operating cost of the in loader used to load the trucks. Without the

County's loader the Town would need to supply a method of loading sand through either equipment purchase or lease.

Sharing the County's sand dome has also allowed the Town to participate in new and innovative winter control activities that the County has experimented without a significant cost. This has led to the Town using more treated salt for more effective ice control at a lower cost.

The proposed Agreement, provided in final draft as Attachment 1, contains three key modifications.

1. The County is looking to limit the term of the Agreement to 5 years, at which time it will need to be renewed. The current agreement has no time or expiry limit. Staff agree that term limits are important within an agreement. The Agreement is to be automatically renewed for two year periods unless 180 days' notice is given. In the event that the Agreement is cancelled, the County will pay the Town 43% of the then appraised fair market value of the dome.
2. The proposed Agreement establishes a set annual cost. In the past, the loader rental was calculated on the number of truckloads of salt or sand taken from the dome. Under the new Agreement the "annual maintenance cost" will be a flat rate based on an average of the past 5 years loader rentals costs. This will make budgeting for this cost much easier for Staff. In the future this maintenance cost will be indexed at 2% annually. Refer to Schedule A of Attachment 1 for payment schedule.
3. A new cost that has been added within the proposed Agreement is for the Town to contributed 43% of the insurance costs associated with the dome. The County has not asked for these costs in the past. Staff feels it is appropriate to share in these costs as described in Schedule A of Attachment 1.

#### **D. Analysis**

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It would be difficult and expensive for the Town to replace the use of the sand and salt dome at the County Yard. The environmental studies involved would be extensive and the cost of construction significant. The Town certainly couldn't provide the expected level of service within the current budget.

Therefore, Staff recommends continuing to share use of the sand dome with Grey County and that the Mayor and Clerk be authorized to sign the updated Agreement with Grey County upon the recommendation of the Director of Infrastructure and Public Works and the Town's solicitor. In addition, to ease the bi-annual renewals, it is recommended that Council delegate authority to execute future extensions of the agreement to the Director of Infrastructure and Public Works.

#### **E. The Blue Mountains Strategic Plan**

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Goal #5:       Ensure Our Infrastructure is Sustainable

## **F. Environmental Impacts**

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The use of a covered building for the storage of winter sand follows the industry best practices

## **G. Financial Impact**

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The annual maintenance cost will be funded from the Roads and Drainage Operating budget for winter control. The 2017 Operating Budget will reflect the increase for the annual insurance costs.

## **H. In consultation with**

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John Metras, Solicitor.

## **I. Attached**

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1. Final Draft Sand and Salt Storage Structure Agreement

Respectfully submitted,

***Brian Kane*** As per  
Jim McCannell  
Manager of Roads and Drainage

***Reg Russwurm***  
Reg Russwurm, MBA, P.Eng  
Director of Infrastructure and Public Works

For more information, please contact:  
Jim McCannell  
[jmcannell@thebluemountains.ca](mailto:jmcannell@thebluemountains.ca)  
519-599-3131 extension 271

# Sand and Salt Storage Structure Agreement

**THIS AGREEMENT** made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, in duplicate between:

**THE CORPORATION OF THE COUNTY OF GREY**  
(Hereinafter referred to as "the County")

- and -

**THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS**  
(Hereinafter referred to as the "Town")

**WHEREAS** the County and the Town shared in the cost to construct a sand dome structure located at 827489 Grey Road 40, Concession 11, Part of Lot 28, in the Town of The Blue Mountains on property owned by The County, for use by the County and the Town for the storage of sand-salt mix and other materials for road maintenance use;

**AND WHEREAS** the County and the Town agree that ownership of the sand/salt structure is shared, with the County owning 57% and the Town owning 43%;

**AND WHEREAS** the County agrees that the Town has the right to use the sand/salt structure;

**AND WHEREAS** the parties are desirous of entering into an agreement to declare their respective rights, obligations, and liabilities in connection with the sand dome structure;

**NOW THEREFORE** in consideration of the mutual covenants set out below together with other good and valuable consideration (the receipt of which is acknowledged), the parties agree as follows:

## 1.0 Term

- 1.1 This Agreement shall be effective as of the date of execution and run for a period of five (5) years ("the Term").
- 1.2 This Agreement may be amended by mutual consent in writing by both of the parties.
- 1.3 The Term of the Agreement shall be automatically renewed for successive periods of two (2) years each unless one party gives to the other at least one hundred eighty (180) days of written notice of its wish to terminate this Agreement. Such notice shall be provided on November 1 of any year within the Term.
- 1.4 In the event that a party serves notice to the other to terminate this Agreement, it is agreed by both parties that the amount of equity in the structure will be assessed based on the then appraised fair market value. An independent appraiser agreeable to both parties shall perform the appraisal, and upon termination, the County will pay the Town an amount equal to 43% of the then appraised fair market value.

## 2.0 Maintenance, Improvement, Repair Work and Costs

- 2.1 During the Term of the Agreement, the County shall be responsible for maintenance of the sand/salt structure at the expense of the County. For the purposes of this Agreement, maintenance shall include all work except for structural repairs, improvements or renovations.
- 2.2 As further clarification, storage building maintenance shall include but not be limited to, the following works:
- a) Minor repairs to replace small amounts of shingles and patch leaks on roof;
  - b) Repairs to interior and exterior lighting.
- 2.3 Structural repairs and renovations shall include but not be limited to the following:
- a) Storage structure replacement;
  - b) Storage structure component replacement or repair;
  - c) Roof replacement;
  - d) Concrete rehabilitation;
  - e) Major rehabilitation painting or cladding replacement;
  - f) Drainage upgrades around structure, if required;
  - g) Interior or exterior lighting system replacement.
- 2.4 An annual inspection of the sand/salt structure shall be carried out by a representative of the County together with a representative of the Town.
- 2.5 When the County identifies structural repairs, improvements or renovations it wishes to be completed to the sand/salt structure, the County may request in writing that the Town consent to the completion of the identified work. Within 60 days of receiving such a request, the Town shall consent or decline to consent to the completion of the work described in this paragraph in its absolute discretion. While it is recognized that budget constraints may limit the work to which the Town consents and/or when it may be completed, such consent shall not be unreasonably withheld.
- 2.6 Costs for work described in Section 2.5 to which the Town consents shall be shared as follows:
- a) 57% by the County
  - b) 43% by the Town
- 2.7 The Town shall notify the County of any and all damage that is caused by its staff or agents of the Town, and shall be responsible for all repairs that it or its staff or agents have caused to the sand/salt structure.
- 2.8 The County shall notify the Town of any and all damage that is caused by its staff or agents of the County, and shall be responsible for all repairs that it or its staff or agents have caused to the sand/salt structure.

## 3.0 Indemnification and Insurance

- 3.1 The County shall indemnify and hold harmless the Town, its officers, members of council, servants, employees, invitees or licensees from and against any liabilities, claims, expenses, demands, loss, cost, damages, actions, suits or other proceedings by whomsoever made, directly or indirectly arising out of this Agreement attributable to bodily injury, sickness,

disease or death or to damage to or destructions of tangible property including loss of revenue or incurred expense resulting from disruption of service; and caused by any acts or omissions of the County, its officers, members of council, agents, servants, employees, customers, invitees or licensees, or occurring in or on the sand/salt structure, the subject property, or any part thereof and/or, as a result of activities under this Agreement.

3.2 The Town shall indemnify and hold harmless the County, its officers, members of council, agents, servants, employees, invitees or licensees from and against any liabilities, claims, expenses, demands, loss, cost, damages, actions, suits or other proceedings by whomsoever made, directly or indirectly arising out of this Agreement attributable to bodily injury, sickness, disease or death or to damage to or destructions of tangible property including loss of revenue or incurred expense resulting from disruption of service; and caused by any acts or omissions of the Town, its officers, members of council, agents, servants, employees, customers, invitees or licensees, or occurring in or on the sand/salt structure, the subject property, or any part thereof and/or, as a result of activities under this Agreement.

3.3 The County shall, at its expense, obtain and keep in force during the term of this Agreement:

- a) Municipal General Liability Insurance satisfactory to the Town, including the following and underwritten by an insurer licensed to conduct business in the Province of Ontario:
  - i) A limit of not less than \$10,000,000 per occurrence;
  - ii) The Town shall be named as an additional insured;
  - iii) The policy shall contain a provision for cross liability in respect of the named insured;
  - iv) Non-owned automobile coverage with a limit of at least \$5,000,000 including contractual non-owned coverage;
  - v) Products and completed operation coverage (Broad Form) with an aggregate limit of not less than \$10,000,000;
  - vi) The 30 days prior notice of an alteration, cancellation or material change in policy terms which reduces coverage shall be given in writing to the town;
- b) Standard Automobile policy with liability limits of no less than \$5,000,000 in respect of each owned or leased vehicle;
- c) Broad Form Property policy to cover the sand/salt structure, contents, and equipment owned, leased or stored by the County, with limits sufficient to cover these assets;
- d) Environmental Liability Insurance in a combined amount of not less than \$1,000,000 per occurrence against claims for:
  - i) Bodily injury, including sickness, disease, shock, mental anguish, mental injury;
  - ii) Injury to or physical damage to tangible property including loss of use of tangible property, or the prevention, control, repair, clean-up or restoration of environmental impairment of lands, the atmosphere or any water course or body of water on a sudden and accidental basis and on a gradual basis.

The County shall provide a certificate of insurance to the Town annually as proof of the coverage required under this Agreement.

- 3.4 The Town shall, at its expense, obtain and keep in force during the term of this Agreement:
- a) Municipal General Liability Insurance satisfactory to the County, including the following and underwritten by an insurer licensed to conduct business in the Province of Ontario:
    - i) A limit of not less than \$10,000,000 per occurrence;
    - ii) The County shall be named as an additional insured;
    - iii) The policy shall contain a provision for cross liability in respect of the named insured;
    - iv) Non-owned automobile coverage with a limit of at least \$5,000,000 including contractual non-owned coverage;
    - v) Products and completed operation coverage (Broad Form) with an aggregate limit of not less than \$10,000,000;
    - vi) The 30 days prior notice of an alteration, cancellation or material change in policy terms which reduces coverage shall be given in writing to the County;
  - b) Standard Automobile policy with liability limits of no less than \$5,000,000 in respect of each owned or leased vehicle;
  - c) Environmental Liability Insurance in a combined amount of not less than \$1,000,000 per occurrence against claims for:
    - i) Bodily injury, including sickness, disease, shock, mental anguish, mental injury;
    - ii) Injury to or physical damage to tangible property including loss of use of tangible property, or the prevention, control, repair, clean-up or restoration of environmental impairment of lands, the atmosphere or any water course or body of water on a sudden and accidental basis and on a gradual basis.

#### 4.0 Purchasing, Usage and Invoicing of Materials

- 4.1 The County, through a fair and competitive tendering process, will have a mixed winter sand product placed in the sand/salt structure no later than September 15 and available through until May 1 every year. The sand shall conform to Ontario Provincial Standard Specification 1004 and the salt shall conform to Ontario Provincial Standard Specification 2502.
- 4.2 The County shall invoice the Town for any mixed winter sand or salt it uses from the County's stockpile, based on the amount recorded on Winter Material Usage tickets. The County shall charge the Town the tender price. Payment of any invoice by the Town shall be due 30 days from the date of the invoice.
- 4.3 The parties acknowledge that they have acted in good faith according to the terms of this section as if it had been in effect for the 2015/2016 winter maintenance season, pending the execution of this Agreement. Therefore, the County shall invoice the Town for the 2015/2016 winter maintenance season pursuant to section 6.0 of this Agreement.

## 5.0 Other Services

- 5.1 The County shall provide a functional, well maintained loader at the sand/salt structure for Town staff and agents to use to load sand/salt into road maintenance trucks. The loader must have a bucket capacity of at least 1.25 cubic yards and be capable of loading the materials into Town trucks. Town staff and agents shall be permitted to use the loader to load sand/salt into winter maintenance trucks.

## 6.0 Annual User Fee

- 6.1 The County shall invoice the Town upon execution of this Agreement for the 2015/2016 winter maintenance season, on October 1, 2016 for the 2016/2017 winter maintenance season, and on October 1 of each subsequent year throughout the Term of the Agreement for a lump sum annual user fee in the amount indicated respectively on Schedule "A" of this Agreement. The Town shall provide payment to the County no later than 30 days from the date of each invoice.
- 6.2 The County shall invoice the Town upon execution of this Agreement for the 2015/2016 winter maintenance season, on October 1, 2016 for the 2016/2017 winter maintenance season, and on October 1 of each subsequent year throughout the Term of the Agreement for its share of the annual property insurance premium for the structure. The details are contained in Schedule "A" of this Agreement. The Town shall provide payment to the County no later than 30 days from the date of each invoice.

## 7.0 Termination of Previous Agreement

- 7.1 The parties acknowledge that upon entering into this Agreement, the previous Agreement made between the parties is terminated.

## 8.0 Notice

Any notice required to be given by the County to the Town shall be in writing and shall be sufficiently delivered if given to the Town Clerk by personal delivery or prepaid post, c/o the Town Clerk, to:

The Town of The Blue Mountains  
PO Box 310  
Thornbury, ON N0H 2P0

Any notice required to be given by the Town to The County shall be in writing and shall be sufficiently delivered if given to the County Clerk by personal delivery or prepaid post, c/o the County Clerk, to:

County of Grey  
595 9th Avenue East  
Owen Sound, ON N4K 3E3  
Notice delivered by mail shall be deemed to have been received on the fifth (5<sup>th</sup>) business day following the date of such mailing.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the day and year set out above:

**THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS**

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JOHN MCKEAN, MAYOR

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CORRINA GILES, CLERK

We have the authority to bind the Town.

**THE CORPORATION OF THE COUNTY OF GREY**

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ALAN BARFOOT, WARDEN

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SHARON VOKES, CLERK

We have the authority to bind the County.

## Schedule "A" Sand & Salt Storage Structure Agreement – Clarksburg

Location: Sand/Salt Structure located 827489 Grey Road 40, Concession 11, Part of Lot 28, in the Town of The Blue Mountains on property owned by the County.

With reference to Section 6.1 of the Agreement, the lump sum annual user fee includes the use of the loader, based on a previous five (5) year average.

The lump sum amount shall increase by 2% per year in each subsequent year throughout the term of the Agreement.

The County will invoice the Town for the lump sum annual user fee as follows over the term of the Agreement:

2015-2016	\$6,353.00
2016-2017	\$6,480.06
2017-2018	\$6,609.66
2018-2019	\$6,741.85
2019-2020	\$6,876.69
2020-2021	\$7,014.22

With reference to Section 6.2 of the Agreement, the County will invoice the Town for its share of the annual property insurance premium for the subject structure. The share will be calculated using a formula of:

**Current Insurance Premium x 43% = Town Share**

For 2015-2016:	\$1,987 x 43% = \$854.41
For 2016-2017:	\$2,046 x 43% = \$879.78

The remaining four (4) invoiced amounts for the Town's share of the annual property insurance premium will be calculated based upon the insurance premium for the subject structure each year throughout the Term. Such calculation will be included with the invoice to the Town each year throughout the Term.

No additional fees shall be charged for yard, maintenance, electricity or other overhead items.