Report TR-TAPS-35-16

To: Chair Bell and Members of the Transportation and Public Safety Committee

From: Kim Wingrove, Chief Administrative Officer

Meeting Date: May 19, 2016

Subject: Request from the Town of the Blue Mountains to Transfer County Roads

Status: Recommendation adopted by Committee as presented per Resolution TAPS65-16; Endorsed by County Council June 7, 2016 per Resolution CC73-16; Also See Resolution TAPS66-16;

Recommendation(s)

WHEREAS Grey County Council directed Staff to meet with The Blue Mountains’ Staff to investigate the feasibility of transferring the download of Grey County Roads in The Blue Mountains, as a pilot project proposal to be implemented by August 1, 2017;

AND WHEREAS Council directed Staff to bring back a proposal for County Council’s consideration;

AND WHEREAS The Blue Mountains has provided a proposal for consideration to Grey County that requests permanent devolution of transportation infrastructure and the transfer of financial resources, which were contributed to by all member municipalities;

AND WHEREAS the County of Grey has a responsibility to represent the best interests of all member municipalities;

BE IT RESOLVED THAT Report TR-TAPS-35-16 be received;

AND THAT The Blue Mountains be advised that Grey County Council wishes to decline the proposal as presented.
Background

On July 7, 2015, Grey County Council directed Staff to setup meetings with The Blue Mountains’ Staff to investigate the feasibility of transferring responsibility of Grey Roads in The Blue Mountains to The Blue Mountains, as a pilot project proposal to be implemented by August 1, 2017.

Since then, the Transportation Services Department has provided information and met with colleagues from The Blue Mountains several times in order to aid them in completing a detailed cost benefit analysis of the road and structure responsibility transfer.

On May 9, 2016 The Blue Mountains’ Council authorized Mayor McKean to submit a letter to Grey County (attached) outlining terms and conditions under which the Town wished to assume the County roads and structures within their municipal boundaries.

Key elements of the proposal include:

1. The Blue Mountains will assume ownership and responsibility of the roads and structures (bridges and large culverts) currently owned and operated by the County within the boundaries of The Blue Mountains

2. Using Sections 311 and 326 of the Municipal Act, 2001, the County will special levy the other eight municipalities for County Transportation Services and accordingly, The Blue Mountains will be exempt.

3. The Blue Mountains will pay a $500,000 annual fee towards the operation, maintenance and capital replacement of County “feeder roads” outside of The Blue Mountains boundaries. The feeder roads suggested are Grey Roads 2, 40, 40 and 124. This fee will be indexed annually based on the County’s taxation change.

4. The Blue Mountains will assume ownership and responsibility of the Clarksburg Yard, including all facilities, located on Grey Road 40.

5. The County, at its own expense, will complete the Grey Road 119 resurfacing project or provide to The Blue Mountains with equivalent funding.

6. The County will be responsible for any current insurance claims.

7. Any development within The Blue Mountains’ boundaries will be exempt from the County’s roads and related Development Charges.

8. The County will transfer 26.11 percent of all current Transportation Services related reserves and reserve funds to The Blue Mountains.
9. Boundary structures will be shared 50 percent The Blue Mountains and 50 percent Grey County.

10. Grey County will provide The Blue Mountains with the first right of refusal at no cost on any Transportation Services Department machinery, equipment, and materials from the Clarksburg Yard deemed surplus by the County.

Financial/Staffing/Legal/Information Technology Considerations

The Blue Mountains proposal describes property taxes within the County of Grey as inequitable and seeks to link the taxes paid with the level of service received. This is contrary to the basis upon which property taxes are levied in Ontario.

The property tax in Ontario provides the provincial and municipal governments a source of revenue to support the delivery of services to residents. Unlike other forms of taxation that are linked to income (income tax) or consumption (sales tax), property tax is linked to wealth as measured by the estimated current value of the property they own. The Municipal Property Assessment Corporation (MPAC) notifies property owners of the current value of their property and there is an appeal mechanism should the property owner disagree with the value that has been placed on their property.

When Grey County sets its budget annually, Council has a responsibility to raise sufficient revenue to deliver services in response to the public’s needs. County councillors have input into service levels and associated costs through discussions at each of the standing committees as well as at council meetings. Once service levels and costs are agreed to, the required levy amount from the budget is set against the total assessed value of property to determine the tax rate. Further, tax ratios are set to distribute taxation between property tax classes (residential, farm, industrial, etc.). The Municipal Act does not provide for discretion in allocating costs between municipalities unless there is a service or benefit being provided in one specific area that is not generally available to all.

Specifically, Section 326 of the Municipal Act allows a municipality to identify a special service and the costs associated with that special service that are being provided to a designated area and to recover those costs. A "special service" means a service or activity of a municipality or a local board of the municipality that is, (a) not being provided or undertaken generally throughout the municipality, or (b) being provided or undertaken at different levels or in a different manner in different parts of the municipality.
The Blue Mountains proposes that the County declare roads operation, maintenance and construction as a special service. Currently however, the operation, maintenance and construction of roads and structures in Grey County are undertaken in a consistent manner across the entire County. It is a transportation network that is interconnected and serves to provide for the seamless movement of goods and people. It is not clear that the requested change would withstand a challenge at the Ontario Municipal Board or how it would improve transportation for residents and business or provide greater cost and operational efficiencies for the remaining municipalities.

Also of concern, is the transfer request of significant County assets in the form of 82 kilometres of road and 20 structures, the Clarksburg depot and 26 percent of Transportation Reserves and Reserve Funds to The Blue Mountains. These assets, whose value is well in excess of $100,000,000, were paid for by all of the member municipalities in Grey County over a long period of time. The proposal does not offer any compensation for these assets and neither does it recognize The Blue Mountains’ contribution to the overall levy has not always been 26 percent. Furthermore, The Blue Mountains is offering only $500,000, as its share of responsibility for the remaining parts of the transportation network (90 percent of the total).

Finally, the proposal is silent on the implications that a permanent transfer would have for the County and the Staff in the Transportation Services Department. Under the terms of the current CUPE Collective Agreement, employee’s rights are protected. The contracting out of work done by CUPE Staff that would result in layoffs is expressly prohibited.

In conclusion, the proposal submitted by The Blue Mountains, if accepted, would result in an unfair and inequitable transfer of assets from the rest of the County to The Blue Mountains, that would weaken the long term viability of the County’s transportation network and negatively impact the economy of the region. Individual ratepayers are taxed in a consistent manner across the County and those resources applied to the provision of services where and when they are needed.

Link to Strategic Goals / Priorities

Goal 2: Pursue strategies and offer services that strengthen communities, put people first, and improve quality of life opportunities.
Attachments

The Blue Mountains Committee of the Whole Report FAF.16.23 Grey County Roads Transfer Proposal April 25 2016

Letter From The Blue Mountains RE Proposal For Transfer of Grey County Roads Within The Blue Mountains May 11 2016

Respectfully submitted by,

Kim Wingrove
Chief Administrative Officer
A. Recommendations

THAT Council receive Staff Report FAF.16.23 entitled “Grey County Roads Transfer Proposal”;

AND THAT Council approve forwarding to the County of Grey, the Town of The Blue Mountains’ County Road Transfer Proposal letter as attached to Report FAF.16.23.

B. Background

Over the years, concern has been raised by some members of Council and interested residents about the transfer inequities between the Town of The Blue Mountains and County of Grey with respect to the taxation paid by the Town for the level of service received. For example, as a percentage of the County, the Town represents 7% of the permanent population and 13% of the number of households, but at the same time pays 26% of the County’s levy. One possible avenue to address the inequity has been thought to be the potential transfer of responsibility for County roads within The Blue Mountains from the County to the Town. To that end, in July 2015 the County passed resolution C91-15 to investigate the feasibility of transferring Grey County roads in The Blue Mountains as a pilot project that would be implemented by August 1, 2017. Further, on September 9, 2015 The Blue Mountains Council passed the following resolution:

AND THAT Council approve the allocation of $25,000 from Working Capital Reserve to be utilised to prepare a concept proposal for the transfer of all Grey County Roads within the Town to Town operation.

The $25,000 was used in 2015 on consultation for engineering opinions on the state of the infrastructure as well as for legal opinions. Using the information gained from these experts, Town Staff have considered alternatives, their implications and have prepared the following key concepts which collectively is known as the “Proposal”.

Proposal Concepts

The following is a listing of the key concepts included in the Proposal.

1) The Town will assume ownership and responsibility of the roads and structures (bridges and large culverts) currently owned and operated by the County within the boundaries of The Blue Mountains.
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2) Using sections 311 and 326 of the Municipal Act, 2001, the County will special levy the other 8 municipalities for County Transportation Services and accordingly, the Town will be exempt.

3) The Town will pay a $500,000 annual fee towards the operation, maintenance and capital replacement of county roads outside of the Town boundaries. This fee will be indexed annually based on the County’s taxation change.

4) The Town will assume ownership and responsibility of the Clarksburg Yard, including all facilities, located on Grey Road 40.

5) The County, at its own expense, will complete the Grey Road 119 resurfacing project or provide to the Town equivalent funding.

6) The County will be responsible for any current insurance claims.

7) Any development within the Town boundaries will be exempt from the County’s Roads and Related Development Charges.

8) The County will transfer 26.11% of all current Transportation related reserve and reserve funds to the Town.

9) Boundary structures will be shared 50% Town and 50% County.

10) The County will provide the Town the first right of refusal at no cost on any Transportation Department machinery, equipment, and materials from the Clarksburg Yard deemed surplus by the County.

The above concept was developed bearing in mind operational, legal and financial implications. Each is briefly discussed below.

Operational

The addition of 82km of county roads will add a significant workload to the Town’s Road and Drainage Division. County Roads must be maintained at a higher level of service than local roads due to traffic volume and speed. Winter maintenance is the priority with respect to ensuring adequate resourcing. Summer maintenance is equally important but there is more flexibility in coverage during non-winter control events. Staff have taken a conservative approach in determining resourcing needs. There may be some room to optimise operations when a plan is developed in detail.

The operational plan is built around creating two new snow plow routes staffed for 24 hour operation. Both of the new routes will be Town operated. One of the Town’s current routes is planned to be converted to a contracted truck and driver. Thus, the net change is one additional contracted route and one Town staffed route. Staff are furthermore recommending that a truck when it comes time for replacement be retained instead as a spare. As a result, the Town’s truck fleet will increase by two tandem trucks with one maintained as a spare plow truck. It should be noted that if any equipment is deemed surplus by the County due to the transfer of the county roads, the Town may be able to obtain a truck with the transfer.

To staff the additional plow truck route on a 24 hours basis, meet winter patrol requirements and undertake the additional summer maintenance activities, the Town
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will require 3 full time staff and one winter contract position. To coordinate the work of the additional operators year round and offer some operational redundancy, a Lead Hand role is recommended. Two additional light duty pickups will be required for the use of the Lead Hand and the operators.

Along with the additional operational resources, staffing is required to undertake the associated contract administration for maintenance and capital projects on the County Roads. It is felt two contractor administrator roles will be needed – one for operational purposes and another for capital works.

The operational plan and associated costing has been prepared in accordance with the concept of providing an enhanced level of service. The enhanced level of service includes:

1. The provision of paved shoulders or cycling lanes on most if not all County roads;
2. Rehabilitation/ reconstruction of roads, bridges, and culverts in accordance with best practices; and,
3. Improved response time for operational needs such as asphalt repairs, roadside maintenance and drainage improvements.

In summary, the additional equipment and staffing over and above the Town’s current Roads and Drainage staffing to provide an enhanced level of service on County roads are:

Equipment
- One additional contract truck and driver
- Two additional Town plow trucks (one results from non-replacement of an older snow plow)
- Two light duty pickup trucks

Staffing
- One lead hand
- Three fulltime operators
- One contract operator for winter control
- One fulltime contract administrator for operations
- One fulltime contract administrator for capital works

Should the Town wish to maintain the County roads at their current level of service, half to one full-time contract administrator position will not be required. It will also be possible to replace one of the fulltime operators with a contracted winter control position.

There are additional human resource implications to the Town that have been presented to Council within a Closed Session format, but which should be considered with all of the other information presented herein in determining Council’s path forward.

Another important aspect of operations that must be considered is a works yard. The Town’s current yard in Ravenna will be inadequate to absorb the additional equipment and staffing requirements without a significant expansion. In fact, the Ravenna Yard is
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currently inadequate for the Town's current needs. The County's Clarksburg Yard on Grey Road 40 is an attractive alternative to expanding the Ravenna Yard. Once the Clarksburg Yard is transferred to the Town, the Ravenna Yard would become a satellite yard primarily used to store road graders and materials for the rural southern part of the Town. Staff recognise that the County may still want to use a portion of the facility, and as such, feel arrangements can be made for its cooperative use.

Legal

Staff have obtained legal opinions on the abilities of the Town and County to come to an arrangement to transfer the county roads to the Town and to excuse the Town from the County’s Transportation Levy. The legal opinion received indicates that the mechanisms to achieve the goal is to impose a special upper-tier levy under sections 311 and 326 of the Municipal Act, 2001. The other eight lower tier municipalities within the County for Transportation Services would be charged the special levy. As a result, the Town will not be charged for the County's Transportation Services.

Financial

The Financial Section below provides an overview of the various scenarios depending on the level of service that could be offered by the Town or the County. The costing includes operational requirements, insurance, allowance for the benefit received from county roads outside of the Town and other direct costs.

Transfer Powers

In order for the transfer of the County roads to occur, the County of Grey, as composed of the Town and eight other lower-tier municipalities, will need to agree to the transfer. In particular, the requirements under section 191 of The Municipal Act, 2001 will need to be satisfied.

Transfer of power to lower-tier

191. (1) A lower-tier municipality may pass a by-law to provide for,

(a) the transfer of all or part of an upper-tier power from its upper-tier municipality to one or more of the lower-tier municipalities forming part of the upper-tier municipality for municipal purposes which are specified in the by-law; and

(b) transitional matters to facilitate the assumption of the upper-tier power. 2001, c. 25, s. 191 (1).

Coming into force

(2) A by-law under subsection (1) shall not come into force unless,

(a) at least half of all the lower-tier municipalities forming part of the upper-tier municipality for municipal purposes, excluding the lower-tier municipality which passed the by-law, have passed resolutions giving their consent to the by-law;
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(b) the total number of electors in the lower-tier municipalities which have passed resolutions under clause (a) and in the lower-tier municipality which passed the by-law form a majority of all the electors in the upper-tier municipality; and

(c) the council of the upper-tier municipality has passed a resolution giving its consent to the assumption of the power and a majority of all the votes on the council were cast in favour of the resolution. 2001, c. 25, s. 191 (2).

In addition to a majority of County Council members voting in favour of the transfer of County roads within the Town, at least four other municipalities plus the Town, with combined numbers of electors including the Town equal to or more than a majority of all the electors in the County, will have to pass resolutions in support of the transfer.

Conclusion and Recommendation

A draft letter proposal from Mayor McKean to Warden Barfoot has been prepared to outline the proposal concepts for the County’s consideration. The Proposal letter is provided as Attachment #1. The County is expected to undertake an evaluation of the Proposal. To aid in their work, Staff suggest that any background documents prepared by the Town be provided to the County in confidence.

Staff recommend that Council approve forwarding the Town of The Blue Mountains' County Road Transfer Proposal letter as attached to Report FAF.16.23 to the County of Grey.

Ultimately, a detailed transfer agreement will be required between the Town and the County to create the legal instrument by which to transfer the county roads and enact the various conditions.

The County passed resolution C91-15 in July 2015 to investigate the feasibility of transferring of Grey County Roads in the Town of The Blue Mountains as a pilot project to be implemented by August 1, 2017. The Town is on-track to meet that timeline. With the County's prompt attention to the Proposal, the transfer can be completed by mid-2017.

Council Workshop

During the time this report has been prepared, some individual members of Council have expressed concern that the notion of the Town taking over County roads has been assumed as a solution to the County levy inequity problem, without looking at what other possible options/solutions may exist, or in fact without having formally expressed the Town's concerns regarding the levy inequities and asking the County what solutions they might propose to address the issue.

As such, prior to sending the roads Proposal to Grey County, Council may wish to consider holding a workshop to consider the implications of the Proposal against other ideas such as alternate service arrangements or governance models. To help Council fully understand the options available several experts could be invited to present and answer questions. Staff estimate that an appropriate budget for a one-day workshop is $20,000 for the preparation and presentation of expert advice and other direct costs.
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Should Council wish to undertake a workshop prior to, or instead of, forwarding the Proposal, Staff recommend the following resolution:

    THAT Council approve the allocation of $20,000 from Working Capital Reserve to be used to hold a Council Workshop to consider alternatives to the Town’s current financial and governance relationship with the County of Grey.

C. The Blue Mountains’ Strategic Plan

Goal #4: Promote a Culture of Organizational and Operational Excellence
Objective #4: To Be a Financially Responsible Organization

D. Environmental Impacts

None

E. Financial Impact

Below are the anticipated financial impacts of proceeding with a transfer of responsibility for County roads within The Blue Mountains from the County to the Town.

Part #1 Current Transportation Services Levy

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation Service Budget</td>
<td>16,874,135</td>
</tr>
<tr>
<td>Town’s portion</td>
<td>26.11%</td>
</tr>
<tr>
<td>Total Transportation Levy Paid by the Town</td>
<td>$4,405,837</td>
</tr>
</tbody>
</table>

Part #2 Feeder Road Fee

Staff have assumed that the County will not be likely to agree to the Town discontinuing contributions to the County roads altogether. As such, Staff have considered the notion of the Town paying an annual “feeder road fee” to the County. The fee will help cover the costs to operate and maintain the County Roads that contribute to economy activity in the Town. Grey County Roads 2, 4, 40, and 124 have been identified as these feeder roads. Staff have used the historical average cost per kilometer to calculate this fee.

<table>
<thead>
<tr>
<th></th>
<th>Cost/KM</th>
<th>KMs</th>
<th>Town’s Portion</th>
<th>Town Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>11,720</td>
<td>103.4</td>
<td>26.11%</td>
<td>316,405</td>
</tr>
<tr>
<td>Capital</td>
<td>6,563</td>
<td>103.4</td>
<td>26.11%</td>
<td>177,177</td>
</tr>
<tr>
<td>Total</td>
<td>$18,282</td>
<td>$207.4</td>
<td>26.11%</td>
<td>$493,582</td>
</tr>
</tbody>
</table>

Part #3 What will it cost the Town?

The main purpose of this exercise is to explore the idea that the Town will be able to operate and maintain the roads at a lower cost then what the Town currently pays to the
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County. The chart below uses the same costs per kilometres as above and calculates the level of service that the Town is currently receiving.

<table>
<thead>
<tr>
<th>Cost/KM</th>
<th>KMs</th>
<th>Financial Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>11,720</td>
<td>82</td>
</tr>
<tr>
<td>Capital</td>
<td>6,563</td>
<td>82</td>
</tr>
<tr>
<td>Total</td>
<td>$18,283</td>
<td>$1,499,206</td>
</tr>
</tbody>
</table>

The Town is paying $4,405,837 annually but only receiving $1,499,206 worth of transportation services. The next chart looks at what it would cost the Town to operate and maintain the County assets using the same level of service.

<table>
<thead>
<tr>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Budget (1)</td>
</tr>
<tr>
<td>Capital Budget</td>
</tr>
<tr>
<td>Feeder Road Fee</td>
</tr>
<tr>
<td>Total Costs</td>
</tr>
<tr>
<td>Current Levy</td>
</tr>
<tr>
<td>Potential Cost Savings</td>
</tr>
</tbody>
</table>

(1) Staff have increased the operating budget to account for lost efficiencies that the County currently has.

If the Town used the same level of service that is currently being provided by the County, the Town would see cost savings of over $2M. This level of service though is not considered best practice because the rate of investment is not keeping pace with maintaining the asset at the status quo. The Town’s infrastructure deficit would grow annually.

**Part #4 Best Practices Level of Service**

Using best practice levels of service Staff built operating and capital budgets. The operating budget is higher than outlined in Part #3 as additional staff will be required to administrate the additional capital projects.

The capital budget has been broken down into two parts: roads and structures. For the roads, an annual capital budget of $2,437,500 will be required to resurface on a 15 year replacement cycle. For the structures, Staff used the Town’s Tangible Capital Asset Policy to determine the useful lives of the structures. Currently there are a few structures that need to be replacement immediately. They represent a $212,000 debt payment over 25 years. The remaining structures will require $1,666,300 be transferred into reserves on an annual bases to fund these replacements as they occur. By going to this model the Town will not require long-term debt for each replacement.
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The chart below summarizes these numbers and shows a potential increase of $1,859,963 will be required to fund these items.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Budget</td>
<td>1,450,000</td>
</tr>
<tr>
<td>Feeder Road Fee</td>
<td>500,000</td>
</tr>
<tr>
<td>Capital -Roads</td>
<td>2,437,500</td>
</tr>
<tr>
<td>Capital -Structures</td>
<td>1,666,300</td>
</tr>
<tr>
<td>Debt Repayment</td>
<td>212,000</td>
</tr>
<tr>
<td><strong>Total Annual Budget</strong></td>
<td><strong>6,265,800</strong></td>
</tr>
<tr>
<td>Current Levy</td>
<td>4,405,837</td>
</tr>
<tr>
<td><strong>Potential Increase</strong></td>
<td><strong>$1,859,963</strong></td>
</tr>
</tbody>
</table>

Part #5 County’s Adoption of Best Practices Level of Service

Using the same criteria as Part #4 the below chart looks at what it would cost the Town if the County applied the best practices level of service:

<table>
<thead>
<tr>
<th></th>
<th>County</th>
<th>Town %</th>
<th>Town’s Levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>10,278,154</td>
<td>26.11%</td>
<td>2,683,626</td>
</tr>
<tr>
<td>Capital -Roads</td>
<td>24,848,333</td>
<td>26.11%</td>
<td>6,487,900</td>
</tr>
<tr>
<td>Capital -Structures</td>
<td>19,995,600</td>
<td>26.11%</td>
<td>5,220,851</td>
</tr>
<tr>
<td><strong>Total Transportation Budget</strong></td>
<td><strong>$55,122,087</strong></td>
<td></td>
<td><strong>$14,392,377</strong></td>
</tr>
<tr>
<td>Current Levy</td>
<td></td>
<td></td>
<td>4,405,837</td>
</tr>
<tr>
<td>Best Practices Levy</td>
<td></td>
<td></td>
<td><strong>$9,986,540</strong></td>
</tr>
</tbody>
</table>

As the chart outlines, if the County does adopt these practices the Town could see their Transportation Levy increase by almost $10M.
F. In Consultation With

Senior Management Team

G. Attached

1. Town of The Blue Mountains’ County Road Transfer Proposal letter, May XX, 2016

Respectfully submitted,

Troy Speck
Chief Administrative Officer
Date: May XX, 2016

Warden Alan Barfoot
Grey County Administrative Building
595 9th Avenue East
Owen Sound ON N4K 3E3

Re: Proposal for Transfer of Grey County Roads within the Town of The Blue Mountains

Dear Warden Barfoot,

For many years questions have been raised by concerned Town of The Blue Mountains councillors and residents about the inequities of transfers between the Town and the County of Grey with respect to the taxation paid for the level of service received. For example, as a percentage of the County, the Town represents 7% of the permanent population and 13% of the number of households, but at the same time pays 26% of the County’s levy.

One possible avenue to address the inequity has been thought to be the potential transfer of responsibility for County roads within The Blue Mountains from the County to the Town. You will recall that in July 2015, County Council passed resolution C91-15 to investigate the feasibility of transferring Grey County roads in the Town of The Blue Mountains as a pilot project to be implemented by August 1, 2017. The Town has now developed a high-level proposal for the transfer of all Grey County Roads within the Town to The Blue Mountains, which we ask that the County consider.

I wish to thank County Staff for their valued cooperation during the Town’s investigation and development of this proposal.

The following is a listing of the key concepts included in the Proposal.

1) The Town will assume ownership and responsibility of the roads and structures (bridges and large culverts) currently owned and operated by the County within the boundaries of The Blue Mountains.

2) Using sections 311 and 326 of the Municipal Act, 2001, the County will special levy the other 8 municipalities for County Transportation Services and accordingly, the Town will be exempt.
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8) The County will transfer 26.11% of all current Transportation related reserve and reserve funds to the Town.

9) Boundary structures will be shared 50% Town and 50% County.

10) The County will provide the Town the first right of refusal at no cost on any Transportation Department machinery, equipment, and materials from the Clarksburg Yard deemed surplus by the County.

Of course, all of the above is subject to negotiation/clarification of more precise details for the implementation of a transfer.

We assume the County will want to undertake an evaluation of the transfer proposal outlined above, and as such the Town is willing to provide background information to facilitate such an evaluation.

With the County’s prompt attention to this Proposal, we are confident the Town and the County can see the benefit of the transfer by mid-2017.

Sincerely,

Mayor John McKean
The Town of The Blue Mountains

cc: Grey County Councillors
    Town of The Blue Mountains Councillors
    Grey County CAO, Kim Wingrove
    Town of The Blue Mountains CAO, Troy Speck
May 11, 2016

Warden Alan Barfoot
Grey County Administrative Building
595 9th Avenue East
Owen Sound ON N4K 3E3

Re: Proposal for Transfer of Grey County Roads within the Town of The Blue Mountains

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2) Using sections 311 and 326 of the Municipal Act, 2001, the County will special levy the other 8 municipalities for County Transportation Services and accordingly, the Town will be exempt.
3) The Town will pay a $500,000 annual fee towards the operation, maintenance and capital replacement of county roads outside of the Town boundaries. This fee will be indexed annually based on the County’s taxation change.

4) The Town will assume ownership and responsibility of the Clarksburg Yard, including all facilities, located on Grey Road 40.

5) The County, at its own expense, will complete the Grey Road 119 resurfacing project or provide to the Town equivalent funding.

6) The County will be responsible for any current insurance claims.

7) Any development within the Town boundaries will be exempt from the County’s Roads and Related Development Charges.

8) The County will transfer 26.11% of all current Transportation related reserve and reserve funds to the Town.

9) Boundary structures will be shared 50% Town and 50% County.

10) The County will provide the Town the first right of refusal at no cost on any Transportation Department machinery, equipment, and materials from the Clarksburg Yard deemed surplus by the County.

Of course, all of the above is subject to negotiation/clarification of more precise details for the implementation of a transfer.

We assume the County will want to undertake an evaluation of the transfer proposal outlined above, and as such the Town is willing to provide background information to facilitate such an evaluation.

With the County’s prompt attention to this Proposal, we are confident the Town and the County can see the benefit of the transfer by mid-2017.

Sincerely,

[Signature]

Mayor John McKeen
The Town of The Blue Mountains

cc: Grey County Councillors
    Town of The Blue Mountains Councillors
    Grey County CAO, Kim Wingrove
    Town of The Blue Mountains CAO, Troy Speck