

March 3, 2026

Via Email

Grey County Council
c/o Tara Warder, County Clerk
tara.warder@grey.ca

Dear County Council:

Re: Grey County Urban Road Transfer

City Council, at its Special meeting held on March 2, 2026, considered the above-noted matter, and passed Resolution Nos. S-260303-002 and S-260303-003 as follows:

S-260303-002

"THAT in consideration of Staff Report OP-26-007 respecting the Grey County Urban Road Transfer, City Council:

- 1. Does not approve the proposed Road Transfer Agreement at this time;**
- 2. Requests that County Council not approve the Urban Road and Road Exchange Task Force recommendations in report TR-UR-01-26 at this time, due to unresolved financial, operational, and equity concerns related to urban road transfers;**
- 3. Requests that County Council continue the Urban Road and Road Exchange Task Force and direct it to undertake further analysis of the financial and operational impacts associated with the proposed urban road downloads, including an update to the funding model to explicitly incorporate a risk premium or adjustment that recognizes the additional risk, complexity, and full 10-year capital**

- reinvestment needs associated with urban roads, which are fundamentally different from rural roads;
4. **Directs staff to work with Grey County to revise the funding approach so that it more fully reflects the operating, capital, and risk impacts associated with urban road transfers, prior to bringing any agreement back to Council for consideration; and**
 5. **Provides this report to County Council and all Grey County lower-tier municipalities."**

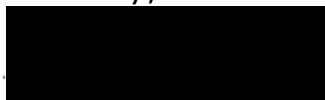
S-260303-003

"THAT in consideration of Staff Report OP-26-007 respecting the Grey County Urban Road Transfer, City Council directs staff to obtain a legal opinion respecting:

- 1. The Memorandum of Understanding between the City of Owen Sound and the County of Grey respecting Owen Sound re-entering the County as a member municipality;**
- 2. Development charges; and**
- 3. Liability assumption."**

If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,



Staci Landry
Deputy Clerk

Encl. Staff Report OP-26-007 from the Director of Public Works and Engineering Re: Grey County Urban Road Transfer

- c: Township of Chatsworth Council
Township of Georgian Bluffs Council
Municipality of Grey Highlands Council
Town of Hanover Council
Municipality of Meaford Council
Township of Southgate Council
Town of The Blue Mountains Council
Municipality of West Grey Council

Staff Report

Report To: City Council
Report From: Lara Widdifield, Director of Public Works and Engineering
Meeting Date: March 2, 2026
Report Code: OP-26-007
Subject: Grey County Urban Road Transfer

Recommendations:

THAT in consideration of Staff Report OP-26-007 respecting the Grey County Urban Road Transfer, City Council:

1. Does not approve the proposed Road Transfer Agreement at this time;
2. Requests that County Council not approve the Urban Road and Road Exchange Task Force recommendations in report TR-UR-01-26 at this time, due to unresolved financial, operational, and equity concerns related to urban road transfers;
3. Requests that County Council continue the Urban Road and Road Exchange Task Force and direct it to undertake further analysis of the financial and operational impacts associated with the proposed urban road downloads, including an update to the funding model to explicitly incorporate a risk premium or adjustment that recognizes the additional risk, complexity, and full 10-year capital reinvestment needs associated with urban roads, which are fundamentally different from rural roads;
4. Directs staff to work with Grey County to revise the funding approach so that it more fully reflects the operating, capital, and risk impacts associated with urban road transfers, prior to bringing any agreement back to Council for consideration; and
5. Provides this report to County Council and all Grey County lower-tier municipalities.

Highlights:

- In 2023, Grey County initiated its 2014 Transportation Master Plan recommendation to download County roads to the lower tiers. One rationale for the Urban roads was undue inconvenience and expense in coordinating capital programs with the lower tiers, e.g., coordinating lower-tier underground infrastructure with County surface work.
- The proposed road transfer will result in the assumption of 15.4 centreline kilometres of two to four-lane urban highways by Owen Sound. Owen Sound is taking on the most, followed by Hanover and the Blue Mountains, while many rural municipalities will upload roads to the County.
- The total estimated replacement value of the roads to be downloaded is \$87,610,935, not including bridges, structural culverts, retaining wall structures and 11 sets of Traffic Signals.
- Staff have noted that following the initiation of the road transfer process, approximately \$4,798,600 in projects previously identified within Owen Sound were no longer included in the County's Capital Program.
- In addition to eliminating projects, \$7,777,100 total of capital construction projects has been deferred to 2028 or later in the County's 10-year Capital Program.
- Assuming the accuracy of the County's stated winter and summer operating costs, the transferred assets would result in approximately \$330,000 in annual operating expenses for the City, representing about a 1 per cent impact on the tax levy.
- City Staff believe that the proposed funding formula is based on unrepresentative averages, does not include extraordinary costs for structures such as bridges and retaining walls, and, as a result, will grossly underfund the assets to be downloaded.
- Before the City of Owen Sound can endorse an agreement as proposed, considerations will need to be resolved that confirm that an undue burden is not placed on its taxpayers.
- County Staff have pointed out that the *Municipal Act* allows the County to download the roads to the lower tiers with or without consent or funding.

Vision 2050 - Strategic Plan Alignment:

[Strategic Plan](#) Priority: The recommendation contributes to core service delivery or a corporate initiative that enables service delivery for one or more strategic priorities.

Previous Report/Authority:

This topic has not been formally presented but has previously arisen at Council in discussions.

Background: Timeline

Through the 2014 Transportation Master Plan, County Council established road classification principles and identified a number of County roads that do not meet those criteria and were recommended for transfer to lower-tier municipalities.

In 2014, the County of Grey completed its Transportation Master Plan. As part of the Plan's dialogue, an attempt was made to establish a road classification system. The key principles of the proposed system included:

- County roads should provide service within all areas of the County and extend north, south, east, and west to link settlement areas.
- County roads should complement and connect with the Provincial highway system (Highways 6, 9, 10, 21, 26, and 89) and lower-tier roads.
- County roads should be standardized.
- County roads should not provide redundant service to alternative parallel roads.
- County roads should not extend through downtown areas of urban centres where access to abutting development is the primary need and where significant pedestrian activities result (both of which detract from the primary function of the road).

Through the Master Plan's analysis, it was determined that the following County roads do not meet the stated criteria and should be transferred to the lower tier:

- Grey Road 1, from the Warton town limits to Zion Church Road
- Grey Road 1, from Zion Church Road to Kemble Rock Road
- Grey Road 3

- Grey Road 5 (except for the small segment connecting Highway 26 to 8th Street East)
- Grey Road 9, from Grey Road 10 to Highway 6
- Grey Road 12, from Highway 10 to Highway 26
- Grey Road 13, from Grey Road 30 to Highway 26
- Grey Road 14, from Highway 89 to Southgate 11 Sideroad
- Grey Road 15, within the limits of the City of Owen Sound
- Grey Road 16, from Grey Road 3 to Highway 6/10
- Grey Road 17, from Concession 20/Kemble Rock Road to Grey Road 17A
- Grey Road 17B, from Grey Road 17 to Highway 21
- Grey Road 18, from Concession 10 to Grey Road 11
- Grey Road 19, from Grey Road 21 to Highway 26
- Grey Road 25, from Grey Road 10 to Grey Road 3
- Grey Road 27
- Grey Road 31, from Grey Road 113 and Grey Road 119
- Grey Road 40 (known as McNab Street), between Highways 6 & 10
- Grey Road 109, from Highway 6 to Grey Road 9

Grey Road 5, from 8th Street East to Highway 26, was specified to remain with the County. In addition, although Grey 1 was to be transferred, the portion of Grey Road 1 in Owen Sound was specifically not contemplated to be transferred.

Despite these recommendations in 2014, nothing was initiated until 2023, when Grey County began investigating the possibility of transferring its highway segments within urban boundaries to the lower tier. The rationale was primarily the additional coordination required to synchronize the lower tier's underground infrastructure replacement with their surface works, and the fact that their staff lacked the necessary expertise to manage urban infrastructure. They also cited, specifically in Owen Sound's case, that there is no County Works Depot within a reasonable response distance to make day-to-day maintenance practical.

Since 2023, limited discussions regarding the proposed transfer of County roads in urban areas have progressed from initial engagement to a County-directed implementation, with unresolved financial and operational concerns for the City of Owen Sound.

Grey County Staff requested a meeting with City Staff in April 2023. Initially, the concept was introduced as a way to solicit engagement and gauge interest from the lower tiers. Owen Sound Staff indicated that Staff

could not ethically support a proposal that puts additional financial burden on the City's taxpayers, in addition to several other primary concerns.

By February 2024, the County had determined that the road transfer would proceed, as outlined in the County's report TR-UR-05-24, titled "Maintenance of County Roads in Urban Areas." None of the City Staff's concerns raised at the initial meeting had been addressed. Moreover, the report noted under Legislated Requirements: *"Section 52 of the Municipal Act, 2001 permits the County to transfer jurisdiction and ownership of roads between the County and its lower-tier municipalities on its own. No formal approval is required from the lower-tier municipalities involved"*.

A second task force report was presented in September 2024. The general purpose of this particular report was to propose a funding formula.

City Staff did not receive any correspondence nor meet with County Staff between April 2023 and November 2024. At the November 2024 meeting, the County's presentation had shifted to outlining a process under consideration, with a pending recommendation to begin downloads and uploads involving the City. Further justification for the transfer was provided, including simplifying insurance matters, removing the County from Development Agreements, and transferring responsibility for traffic signals and storm sewers.

A large portion of the conversation at this meeting pertained to Development Charges. City Staff's position was (and remains) that the County collected development charge revenues based on background studies and capital forecasts that identified growth-related infrastructure needs within Owen Sound, and that these needs should be appropriately addressed as growth occurs.

Another report was released in March 2025 on a change to the winter maintenance responsibilities required during the transition period. County Staff reported hearing concerns from lower tiers that they could not maintain the downloaded roads to the required standard. To address this, the County would continue to maintain them and invoice the lower tiers. This was intended to be a "good news" report; however, it gave no benefit to Owen Sound, as it was already under contract with Grey County to provide the winter maintenance on County Highways within Owen Sound's jurisdictional boundary. The City has been performing winter maintenance for the County of Grey for many years, as the County lacks a convenient location from which to deploy its maintenance equipment within a reasonable distance.

Under contract with the County, the City receives a set compensation for providing patrolling, plowing, salting, sanding, and unit-rate compensation for load-and-haul of excess snow, when necessary, on County roads and boulevards. Discontinuation of the funding of these services would result in an instant (approximately) \$140,000 reduction (with annual increases) in the City's Winter Control Operating Budget.

At the March 20, 2025, County Council meeting, it was resolved to negotiate with the lower tiers. In addition to the forthcoming County Presentation at the City's March 9, 2025 Council meeting, all that City Staff received was an email from the County Clerk with the meeting link.

City Staff anticipated follow-up in the form of a written proposal from County Staff. The matter was discussed briefly at City Council at the time but was not advanced further in the absence of a formal proposal. While the County has since progressed to developing and sharing written proposals, including a deferred motion, the City's view is that this framing suggests remaining work focused on fine-tuning rather than on addressing underlying funding challenges with Urban Roads.

A Public Information Centre (PIC) was held at the Grey County Administration Office on May 6, 2025.

Aside from the PIC, there was limited formal communication from the County regarding the Urban Roads transfer between November 2024 and February 2026. While the topic was occasionally referenced in meetings, it was not the subject of focused or structured discussion.

County Council has paused the urban road transfer process, citing gaps in information sharing and consultation with lower-tier municipalities.

At the County Council meeting ratifying the minutes from the February 5, 2026, Urban Road and Road Exchange Task Force meeting, County Council discussed that the lower tiers should be further consulted to provide additional input. County Council resolved to defer the decision to move forward with the transfer process at the March 26, 2026, meeting, pending further meaningful consultation with the lower tiers.

Analysis and Options:

Asset Information

Information provided was insufficient to support informed decision-making.

County Staff were directed to provide all relevant information to the City in February 2026. The information was provided as PDFs of spreadsheets, which required conversion and additional manipulation to be usable. City Staff note that the information available would benefit from further review, as some data sets appeared incomplete, dated, or required additional clarification to confirm reliability.

The pavement condition ratings and the structure condition ratings in the assessment reports provided differ significantly from the City's versions. For example, 3rd Avenue East between 17th Street East and 18th Street East is listed as having a Pavement Condition Index (PCI) of 67.88 (out of 100), whereas the City's 2024 PCI rating is 31. Similarly, the same road between 14th Street and 16th Street was given by the County as 60.55, whereas the City's is 32-33. The City's PCI assessment is conducted by a qualified third party consultant. When City Staff have asked about actual condition-based values, the response has been that the condition across the entire road network was used in the determination of the "average value". PCI is one of the key attributes used to calculate an asset's condition, and therefore, value. If the actual condition is not used, then "age-based depreciation" is the typical default criterion to calculate the asset's prorated replacement value.

Incomplete storm asset data creates uncertainty around transferred infrastructure.

The storm sewer asset list lacked condition ratings and were difficult to locate to determine whether it was a complete list.

When it comes to storm sewers, the County's typical position has been that pipes with a diameter of 600mm or more are considered of universal value and therefore the property of the lower tier (except for structural culverts and bridges). Of the storm pipe information provided, more than 1km of pipe had an unknown diameter. Including diameters up to 600mm, plus the unknown diameter, the City will receive **more than 9.16 km of storm sewer**. When adding in the pipes with diameters larger than 600mm, the total is over 10.7 km.

In addition to the pipe assets, 537 Storm Structures (i.e., maintenance holes and catch basins) were listed in a table with no location or condition attributes.

City Staff observed that the information provided represents a partial snapshot of the overall bridge inventory, with some structures and inspection details requiring further confirmation or updating. Completing this information would support alignment with the Ontario Structure Inspection Manual (OSIM), which requires an assessment at least once every two years by a professional engineer, and related technical standards, which guide professional engineers in the inspection, evaluation, and management of bridge infrastructure in Ontario. OSIM is referenced alongside the Canadian Highway Bridge Design Code (CAN/CSA-S6-06) and the Structural Manual for design, evaluation, construction, and rehabilitation of bridges.

One structural assessment from 2025, the Jubilee Bridge, was provided following a separate request by City Staff. The assessment indicated that the bridge was approximately 60 per cent through its estimated service life, with an estimated replacement value of \$3.4 million, and identified a long-term replacement need over a 54-year horizon, with corresponding reserve planning considerations. A structural assessment of the Eddie Sargent Bridge conducted in 2023 was provided. City Staff noted that the estimated replacement value of \$3.7 million appeared comparatively low when reviewed alongside other recent bridge valuations. By comparison, the same consultant's 2023 assessment for the Jubilee Bridge identified a replacement value of \$2.57 million. When considered at a high level and for illustrative purposes only, this comparison suggests that the replacement value for the Eddie Sargent Bridge may warrant further examination, particularly when accounting for differences in scale, scope, engineering requirements, and the potential effects of inflation over time. Three retaining wall structural assessments were provided, all from 2022. Like bridges, retaining walls are subject to the OSIM regulations and must be assessed every two years. The structural report for the gabion wall adjacent to Harrison Park, which is supporting Grey Road 5, notes that there is evidence of ongoing rotational slope movement (essentially, signs that **the slope is slipping**), and that detailed surveys and assessments were recommended "**every three months until stable appearance or replacement.**" However, despite this grim warning, the report assigned an overall condition rating of 51. In light of the prospective road exchange, the City included the Grey Road 5 wall in its own OSIM assessments performed in 2025, which yielded a **structural rating of 14**, and noted, "**We recommend the wall be replaced during the next**

construction season. Overall, the structure is in poor condition as it appears to have continued to rotate away from the roadway. Moderate to Heavy erosion has occurred at both the bottom and top of the wall, causing outward rotation of the guiderail system and asphalt cracking". For context, anything below 40 generally requires detailed assessments, a weight restriction should be considered, and it should be slated for rehabilitation or replacement as soon as possible. This wall will be discussed in further detail under Capital Projects.

The County has chosen to abandon the County Road 5/2nd Avenue East (from 1st Street East to 1st Street Southwest) widening and slope stabilization project due to cost. At the November 2024 meeting, County Staff verbally committed for the second time to undertake a slope stability assessment as they were not proceeding with the roadwork. No follow-up studies were provided.

Staff are also aware of a reinforced-earth retaining wall along the same roadway for which no structural report was provided.

There was information missing on two structural culverts along East Bayshore Road. One is the 32nd Street culvert, to be discussed under Development-Related Projects, for which only a 2023 report was received. The other is the Kenny Drain crossing. Staff have requested information on these structures but have received no additional materials.

The length of road quoted for transfer is inconsistent across the County's provided materials. Depending on the data source, the centreline length varies by approximately 0.5 metres, with total lengths ranging from 14.94 to 15.6 km. The funding calculations have been based on the lowest value, 14.94 km.

For clarity, City Staff calculated the proposed transfer length of County Road to be 15.37 km, which is distributed as:

- 10.02 km – two-lane road
- 2.79 km – three-lane road
- 2.55 km – four-lane road

City analysis identifies a significant asset value and a structural equity gap in the proposed transfer.

City Staff calculated the total replacement value at \$2,267 per lane metre, including only curb-to-curb costs from current relevant construction contract prices. This results in a **total road asset value of \$87,610,935**. Please

note that this does not include the noted bridge, box culvert and retaining wall structures, and the 11 sets of traffic lights.

The proposed funding model shifts disproportionate risk to urban municipalities.

What this situation makes clear is that there is a real equity gap between the County and urban municipalities. While the County's funding model may appear fair in theory, it does not produce a fair outcome for urban roads. Urban assets are being transferred based on values that assume reliable, current, and complete information; however, the City is inheriting roads, structures, and underground infrastructure where the true condition is either uncertain or demonstrably worse than represented. In effect, the County is transferring ownership under optimistic assumptions, while the City is taking on the full financial, safety, and operational risk if those assumptions prove wrong.

Urban roads carry higher complexity, cost, and uncertainty than rural roads.

This imbalance matters because urban roads are fundamentally different from rural roads. They are more complex, more expensive to rehabilitate, more constrained to work on, and far more dependent on underground infrastructure that is difficult and costly to assess. When the data used to value those assets is incomplete or outdated, the risk does not disappear; it is simply shifted. In this case, it is shifted almost entirely to the City. As a result, the issue is no longer whether the funding formula is neutral on paper, but whether it fairly reflects the risk the City is being asked to assume.

For that reason, urban road downloads should not be framed as a simple asset exchange, but as a risk transfer. What the City should be asking for is a risk premium or adjustment that recognizes the higher uncertainty, the likelihood of earlier-than-planned capital work, and the potential for significant scope and cost escalation once assets are fully assessed. This is not about seeking preferential treatment; it is about correcting an imbalance so that the transfer is equitable in practice, not just in principle.

One practical way to express this is through an adjusted urban funding share. The current model allocates approximately 10.6 per cent of total funding to urban roads based solely on replacement value. That figure assumes urban roads behave like rural roads on average. However, when risk and complexity are taken into account, a higher share becomes

reasonable and defensible. An urban share of 15 per cent would represent a modest recognition of uncertainty and hidden-condition risk. A 20 per cent share would better reflect the real cost and volatility of owning and maintaining urban roads. Higher scenarios, such as 25 per cent or 30 per cent, are not necessarily targets, but they help illustrate the scale of risk being transferred and the potential downside exposure the City is absorbing.

Without a risk adjustment, the model remains equitable in theory but not in practice.

Framed this way, a risk premium is not a challenge to the County's methodology, but a necessary adjustment to achieve true equity. Without it, the funding model remains fair in theory but incomplete in practice, and the City bears a disproportionate share of risk that was never priced into the original calculation. Recognizing and addressing that gap is essential if urban road transfers are to be sustainable, defensible, and fair to taxpayers over the long term.

A shift in County capital programming coincided with the proposed road transfer.

Capital Projects:

County capital programs from 2022 through 2026 reflect changes to projects within the City's boundary. These include:

Grey Road 1

- Project 1075 - 10th Street West to 14th Street West Urbanization - **\$2,067,600** deferred from 2027 to 2029.

Grey Road 5

- Project 5024-4027 – 1st Street Southwest - 1st Street East (Harrison Park Entrance) - **\$2,747,200** deferred from 2025 to 2028.
- Project 5030 – 1st Street East (Harrison Park Entrance) to 3rd Street A West Reconstruction – **\$1,830,800** proposed for 2025 – Eliminated.

Grey Road 15

- Project 15015-15018 – 10th Street East – 12th Street East Reconstruction – **\$1,447,300** deferred from 2027 to 2028.
- Project 15021 – 12th Street East – 14th Street East Reconstruction - **\$1,515,000** deferred from 2028 to 2029.

- Structure 15-902; Grey Road 15 Box Culvert Replacement – 32nd Street East Intersection – Deferred from 2025 to 2028, and budget reduced by **\$517,600**.

For a total of **\$7,777,100 deferred** and **\$4,798,600 eliminated** in capital investment.

Furthermore, when examining the total expenditure proposed for County Roads inside Owen Sound’s boundary within the Capital Program were:

- 2024-2033 – \$24.14M, of which \$9.58M was tax-funded.
- 2025-2034 – \$22.08M, of which \$13.06M was tax-funded.

In comparison, the **proposed \$9,525,021 (over ten years)** in the County’s funding formula is intended to fund both capital and operational needs.

The proposed road transfer presents a material financial risk to the City by transferring significant unfunded capital, lifecycle, and previously committed costs that are not fully reflected in the County’s funding model.

In addition to the major capital projects discussed above, the County also budgets for several pooled or minor capital costs annually. These include engineering (consulting and in-house), traffic signal repairs and consulting, bridge and structure inspections, construction inspections, storm structure repairs, etc. These costs should also be considered in the download responsibility of these assets. For example, the City is prospectively assuming 11 sets of traffic signals, or 1/3 of the County’s inventory.

Speaking specifically about traffic signal capital, the County planned to spend \$1,401,800 on 33 sets of traffic lights from 2025 to 2034. 1/3 of these costs would be **\$467,266.67** over 10 years.

The County has stated that its funding proposal is based on the per-kilometre value of each road type as specified in the County’s Asset Management Plan. While it is a simplified approach to using the overall averaged values in the Asset Management Plan, as noted, these numbers are likely not representative of the actual costs of the assets being transferred. City Staff suggest that this information should be readily available and have been requesting it since the transfer was first broached with the City.

County's Asset Management Plan Costs per km (2023 dollar value):

Urban	\$3,417,000.00
Semi-urban	\$2,754,000.00
Rural	\$1,346,000.00

Rather than simply assuming the roads in question are representative of the County's overall road inventory, the County should provide a current and comprehensive condition assessment of each asset to be assumed so that appropriate lifecycle costs can be calculated. Funding a complete replacement of each asset over the term of the agreement, not just what would be expected in the Asset Management Plan over a shorter term, will effectively assume every asset is in 100 per cent condition.

Within the transfer planning horizon, several road reconstructions were already planned, and funding had been promised/committed. For example, projects in support of development, the reconstruction of County Road 5 up the hill past Greenwood Cemetery (which the County cancelled due to cost), and those proposed in the capital program. With these documented commitments, Staff recommend Council request that the funding committed to these projects prior to the road transfer **continue to be funded as planned in the Capital Program.**

Moreover, as the 10-year horizon will be well within the useful life of the infrastructure, it would be beneficial to confirm that the funding proposal (using blanket asset management costs) is representative of the ultimate lifecycle cost of these assets, not just the capital reinvestment calculated over that 10-year term.

The assumption of County roads also implies the assumption of bridges and structural culverts (with spans over 3m). A full assessment and lifecycle costing of any associated bridges and structural culverts must also be considered; Staff have requested copies of the current OSIM studies that provide expected expenditures for each asset. Regardless of the amortization of these assets' value, the expense of replacing these very costly structures may require **establishing a reserve** to fund future rehabilitation costs.

Consideration is required to ensure Development Charges collected for County road projects within the City are appropriately addressed as part of the road transfer.

Development-Related Capital:

Staff suggest that City Council request that **further consideration be given to Development Charges (DCs)**. The County has been collecting DCs based on, and including, the total cost of upgrades to County Roads within the City's boundary triggered by County-wide growth. As the formula would have included the projects on roads to be downloaded, the proportionate share of the collected development charges should be conveyed along with the road.

This also applies to any DC-eligible projects that have been committed to, but with a construction date later than the proposed transfer. The City faces opposition to its tax and Development Charge rates, so increases in these expenses, passed on to property owners and developers, must be carefully considered.

The County's DC background study (completed in 2021) states the value of road work to be done over the next 10-20 years. It is the basis on which the County ultimately determines growth cost shares for capital work and calculates Development Charges (DCs). The DC Background Study indicates that the full cost of future road work within the planning horizon is **\$36,300,000**. Moreover, using an estimated inflation rate of 2.5 per cent, the payment over 10 years to recover a net present value of \$36,300,000 would be **\$4,147,600 per year**.

Arguably, the quoted work cost in the DC Study should be an accurate estimate of future costs. Conversely, the Capital Program, at least in recent years, does not reflect the 2021 DC background study. The 2022 capital forecast appears to be more in line; however, this underscores the significance of the Capital Project revisions once the transfer process began. By the time of the 2026 capital budget, the Capital Program doesn't appear to include any of the Owen Sound roads in any of the years.

As noted throughout this report, the County has already committed to funding several development-related projects. With the road transfer, this supplementary funding disappears, both cost-sharing and DC-funded.

Approximately 2 km of Grey Road 5, from Highway 6 & 10 to 28th Avenue East, and north to 16th Street East, requires full urbanization. With two

intersections currently and a third and possibly fourth coming due to development, much of the \$9.5M of the 10-year funding for all the downloaded roads would be consumed, and this road work will probably be triggered within the next 5 years.

Staff also note that the City’s and County’s **DC Background Studies will need to be updated** to reflect the change in ownership; otherwise, the County would continue to collect for costs that will never be conveyed to the asset.

The following is a summary of the funding commitments, in the form of comments provided to the City’s Planning circulations, the County has made regarding Development-Related Capital Costs:

SkyDev	Provisions for the Owner to front-end the cost of design and construction of the replacement and extension of the existing culvert on East Bayshore Road at 32 nd Street East, with the County reimbursing the Owner for the culvert replacement.	\$720,000 County
Flato (Greystone Village)	Upgrades to 8th Street East/Grey Road 5 to an urban cross-section and upgrading is required for intersections that connect to intersecting roads from the subdivision.	
Redhawk	Upgrades to 8th Street East/Grey Road 5 are required for intersections that connect to intersecting roads from the subdivision.	
Telfer Creek	Design and construction of the 8th Street East and 20th Avenue East intersection is the responsibility of the County. Comments from the County indicate that the intersection will be stop-controlled on both sides at this time. In the future, the intersection may become a roundabout. The Transportation Plan discussed in Section B will address timing of intersection improvements.	
	Phased intersection improvements at 8th Street East and 20th Avenue East – analysis shall consider pedestrian crossing and navigation needs and transit servicing among its priorities.	
	The option of a roundabout be considered for the future intersection of 8th Street East (Grey Road 5) and 20th Avenue East. Staff	

	acknowledge that a roundabout is not warranted at this time, based on the results of the traffic study, and would accept a stop-controlled intersection in the interim. Staff would recommend similar draft conditions to those that were applied to the Redhawk development across the road, for intersection-related matters in this regard.	
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The County’s funding model relies in part on DCs, but the Task Force reports do not demonstrate that DCs have been adequately studied, clearly defined, or applied in a way that produces an equitable outcome for urban road transfers.

The County reports note that urban transition funding would be “sourced from both the annual capital budget and the Development Charge funds accumulated up to the date of transfer”; however, no further detail is provided regarding how much has been collected, which assets those DCs relate to, or whether those funds meaningfully offset the risks and costs being transferred. The reports also acknowledge that DCs are limited to growth-related infrastructure, which is accurate, and therefore cannot be applied to many of the issues that dominate urban road risk, including deteriorated pavement, aging storm sewers, deficient structures, or deferred state-of-good-repair work. By contrast, the County’s rural financial model explicitly deducts DC-eligible funding when calculating the net levy impact of rural uploads. No comparable adjustment is made for urban road downloads, despite the greater complexity, uncertainty, and liability associated with urban assets. As a result, DCs operate as a general funding source rather than an equity tool, and do not address the imbalance created when urban municipalities inherit higher, largely unpriced risk.

This reinforces the conclusion that the County’s funding formula is fair in concept but incomplete in its application and **does not produce a fair outcome** for urban roads without an adjustment or a risk-based premium. Accordingly, County staff should undertake a more detailed review of DCs as they relate specifically to urban road transfers, including what has been collected, how it is applied, and whether it appropriately reflects the risks being assumed.

The County's stated winter and summer operating costs for the transferred assets would result in approximately \$330,000 in annual operating expenses for the City, representing about a 1 per cent impact on the tax levy.

Operational Impacts:

Bridges and Structural Culverts have additional operational requirements, including labour (e.g., drain cleaning, expansion joint and rocker/roller maintenance, guiderail repair, patching) and biennial Structural Assessment. The additional storm infrastructure adds obligatory costs and labour related to inspections and compliance reporting. The City already conducts OSIM inspections on bridges, structural culverts, and retaining walls, but this will result in minor additional perpetual costs.

Owen Sound already performs winter maintenance for the County; however, the City would need to assume non-winter maintenance, such as line painting, sign compliance, guide rail inspection and repair, patching, bridge maintenance, storm sewer and catch basin maintenance and repair (i.e. flushing, sump cleanout, and CCTV inspection), and traffic signal maintenance. County roads tend to be arterial roads within the City's network; major roads have higher traffic counts and, therefore, could experience more frequent collisions than local roads, which may result in more frequent after-hours callouts for collision cleanup and traffic signal repair.

The County's Urban Road and Road Exchange Task Force Review report TR-UR-27-24 (September 6, 2024) notes that "*The County's current annual maintenance costs are \$8,044 per km for winter maintenance, \$2,500 per km for summer maintenance (both based on ongoing current agreements), \$97.06 per storm sewer structure, \$4,184 per signalized intersection, \$346 per km for line painting, and total urban hand painting associated costs.*" This equates to a **total operational cost for Owen Sound of \$327,937 annually**, plus inflation. However, since that report was written, County Staff have distributed correspondence stating that if a lower tier wishes the County to continue providing winter maintenance, the 2026-2027 cost will be \$9,200 per two-lane kilometre. For context, the cited annual operating cost of approximately \$330,000 represents roughly a 1 per cent increase in the City's tax levy.

Additionally, the County's Capital Program earmarks annual budgets for pooled assets. While the actual costs for Owen Sound may vary as some

costs may be combined with existing budgets, such as the bridge inspection contract, for illustrative purposes, these budgets were reduced to the proportion to be assumed by Owen Sound (i.e. 1/3 of the total budget) as follows:

Minor Capital	\$270,000
10-Year Bridge Designs	\$20,000
Major Bridge and Culvert Repairs	\$130,000
Structure Detailed Investigations	\$10,000
Catch Basin Repair	\$15,000
Capital Projects Inspection	\$107,000
In-House Engineering Support	\$105,000
External Engineering Costs	\$90,000
Traffic Signal Engineering	\$10,000
Traffic Signal Upgrades	\$25,000
Annual Total	\$782,000

The proposed transfer could materially increase City staffing, fleet, and operational demands, impacts that are not accounted for in the County’s cost assumptions.

To aid in assessing the operational impact of the transfer, Staff have requested that County Staff provide the City with road classification data, maintenance service level policies/procedures, and the most recent traffic count data for the roads to be transferred; however, none have been received.

The County would be transferring 11 sets of traffic signals, adding 50 per cent extra to the City’s current inventory. Not only is this a considerable capital expense, but it also entails additional costs for inspection, testing, and repairs. This will also substantially increase the workload of the Traffic

Engineering position, who oversees the signal maintenance and capital projects, resulting in an estimated cumulative effect of one additional staff member to take over Capital Projects on a full-time basis.

The proposed funding is based on the County's costs, distributed pro rata to the lower tiers. The majority of the downloaded roads are being transferred to Hanover and Owen Sound (Hanover inheriting almost 13 km and Owen Sound more than 15 km). Based on the City's current Public Works staffing, it is reasonable to assume there would be 1-2 additional field staff and 1-2 additional pieces of fleet to accommodate the change.

In addition to the operational "fieldwork" impact, the assumption of more than 15 km of additional road is likely to affect the Engineering Services Division's workload. An additional Technologist/Project Manager position may be required. While the report is correct that, administratively, this change simplifies and reduces confusion for road closure and encroachment permits, etc., it does not reduce anyone's workload other than County staff. For the report to simply allocate the costs for capital (pro-rated against their entire inventory of roads – not representative) and the current operational service agreements, it does not appear that they have accounted for the other savings realized across departments: engineering, administrative, dispatch, customer service, permitting, accounts, and community services.

With regard to *Accessibility for Ontarians with Disabilities Act* (AODA), intersections will need to be considered when reconstructing them. As seen with the 9th Avenue East at 6th Street East intersection reconstruction, land constraints may figure in the ability to retrofit some intersections. The condition and configuration of the downloaded intersections may also increase the City's liability to claims. Moreover, the City struggles to maintain functioning pedestrian signals at its own intersections, and adding another 50 per cent to the City's inventory would represent a significant maintenance burden.

In the last two years, the City's Traffic Operations were allocated \$60,000 annually for equipment repairs, and in both years, expenditures exceeded the budget. In 2024, Engineering did not have a staff member dedicated to traffic signals; some defects, deferred repairs, and system deficiencies were likely not addressed and may have carried forward into 2025. This situation contributed to a backlog of maintenance requirements that required attention in 2025. Unfortunately, that resulted in the actual operating expenditure reaching approximately \$137,000, of which \$39,939.48 was spent solely on 10th Street West and 8th Avenue West after it was struck by a vehicle in early

2025. These expenditures represent essential operational requirements that cannot reasonably be deferred without potentially compromising driver and pedestrian safety.

The City currently maintains 23 signalized intersections, resulting in an average operating cost of approximately \$5,950 per intersection in 2025. Applying this average, the addition of 11 new signalized intersections would imply an estimated annual increase of roughly **\$65,000** in maintenance costs.

Although the maintenance cost per unit is expected to decrease this year due to many deficiencies being addressed in 2025, the downloading of 11 additional signalized intersections will add further pressure to an already constrained operating budget. The maintenance budget will need to be increased.

The County's funding proposal is based on unclear assumptions and provides funding that is materially lower than past capital commitments for roads in Owen Sound.

Funding Proposal:

The County's approved funding formula, in the most recent iteration, has been reduced to **\$9,525,021 over ten years**. The first year is to be prorated, and subsequent years are proposed to have a 2 per cent inflationary increase. It appears, however, that the payments may vary based on the actual County levy changes from year to year. Staff recommend Council request that the funding agreement be tied directly to a price index rather than the County's levy increase or budget adjustments.

While per-kilometre costs were provided for three road types, certain assumptions, such as lane configuration, annual levy increases, and the treatment of extraordinary structures were not explicitly outlined.

Staff believe that the existing capital commitments and complexity of urban roads are not adequately captured in the County's simplified per-kilometre funding approach.

The 2025 Capital Program proposes \$22,075,800 for projects in Owen Sound within the 10-year plan, of which \$13,062,300 was to be funded from the tax levy.

This highlights the need to agree on the treatment of funding for projects on the cusp of and just after the downloading date. Projects already in the

County's Capital Forecast would suggest that funding for these projects has already been established or, at a minimum, contemplated. It would be logical to expect these monies to be treated separately from the default funding calculation, as the funding has already been committed, and the County would be responsible if the cost or scheduling of the work deviated from what was planned.

The County's Asset Management Plan notes that the replacement cost of urban road is \$3.4 million per km. **This translates to a total cost of \$50,800,000 for Owen Sound (at 2023 value)**, plus the County's annual operating costs of approximately \$328,000. The operational cost alone for the City's newly assumed roads, inflated at the same rate as the funding formula, would represent up to **half of the total proposed annual funding**.

The County's 2014 Transportation Master Plan states, *"A typical Grey County Road has a rural cross-section and provides 2 lanes of travel (one lane per direction). While it is common practice for towns and cities (and becoming more prevalent in Counties/Regions) to assign a functional classification (i.e. arterial, collector, local) to the roads within their transportation system, a formal classification of road function does not currently exist for Grey County beyond the designation of upper tier roads (Provincial highways and County roads) and lower tier roads (municipal/local roads). There are wide variations in AADT volumes on Grey County Roads, with volumes ranging from 400 to 9,500 vehicles."* This statement appears to endure today; from the asset information and funding formula provided, the County's position is that their archetypal road is a two-lane, undivided rural highway, yet there is a vast spectrum of traffic volumes across their network. As such, it is difficult to reconcile the position that all roads can be distilled down to three costs per kilometre.

Moreover, as discussed in the background of this Staff Report, the roads recommended for transfer to the lower tiers are not consistent with the current road exchange proposal. Most notably, there are sections of Grey Road 1 and Grey Road 5 that are shown in the report to remain with the County, but all roads within the City's boundary are proposed to be downloaded. Conversely, significant portions of County Road in Georgian Bluffs are not being transferred. City Staff observe a pattern that may reflect a preference for divesting road segments with underground infrastructure. This observation is not intended to attribute intent, but rather to highlight staff concerns about how County highways are managed across urban and

rural environments, and the importance of ensuring consistent and equitable approaches.

City Staff propose alternative funding approaches to ensure transparency, equity, and full recognition of lifecycle, capital, and operational costs associated with the road transfer.

In summary, to ensure transparency and equity within the County's road exchange proposal, City Staff offer two options for how the funding formula should be approached.

Option 1:

Funding should be provided for the asset's complete lifecycle, i.e., 25 years for a road rather than the proposed 10-year term. A 25-year term is more appropriate, as it funds the asset over its full lifecycle before the City is required to assume full costs, and allows Owen Sound to gradually increase costs to soften the impact on property owners at the end of the funding term. As noted, approximately 15 centreline kilometres (14.94-15.371, depending on source) of arterial road have substantial capital and operational costs that have not been borne by the City to date. Additional fleet and staff will likely be required.

Option 2 Recommended:

Funding should include all capital and development-related projects that were committed to within the last several years, that have now been eliminated or deferred in the County's Capital Program. Full allocations of operational costs should also be considered. This will ensure transparency and demonstrate that the County was not divesting its assets just to cut costs, as the full reinvestment program proposed in the Capital Program would continue to be provided. This Staff Report demonstrates that the proposed funding formula is not equivalent to the costs the County had already planned to expend (through capital, operational, and development-related costs).

The transfer reallocates assets and responsibilities without a corresponding shift in County staffing and creates broader implications for grants, compliance, and service delivery.

Other:

While the County is divesting a significant proportion of complex inventory, there has been no indication that this transfer will result in any reduction in

County Staff. The lower tiers are being required to make do and find their own funding sources to supplement the proposed funding. At the same time, the County is being relieved of responsibility for the design and reconstruction of 38.8 km of urban road, while only uploading 12.43 km of rural highway, with no reduction in staff.

The Ontario Community Infrastructure Fund (OCIF) is based on the current replacement value of core assets within a municipality. As County Staff have indicated that the County's capital program is funded in part by OCIF, it will need to be determined at what point in the relationship each municipality will claim the transferred roads in their asset inventory, as we assume they cannot be claimed in both the County's and the City's asset inventory for grant applications simultaneously, and specifically for this grant. If the official transfer of assets occurs at the beginning of the funding term, the City would presumably claim the roads in its inventory. It is expected that this would result in a reduction of OCIF funding allocation for the County. It is unclear if this affects the proposed funding of the transfer payment model.

The County's storm assets must be incorporated into the City's asset inventory and operational plans to ensure compliance with the Continuous Linear Infrastructure Environmental Compliance Approval (CLI-ECA). Due to the incomplete information provided, some effort and expense will be required to collect the missing asset data, such as diameter and condition ratings. This also represents over nine additional kilometres of flushing, inspection, catch basin repairs and cleaning. As the two municipalities' systems are interconnected, for the City's due diligence, the City's mapping and inventories do capture some of the County's assets, but generally not to the extent of the attribute information collected on City infrastructure.

Lastly, City Staff will need to undertake a review of the service contracts currently in place for County roads, noting that the City already holds some contracts applicable to these services. These may include contracts for structural inspections, traffic signals, line painting, and crosswalk markings. Staff do not recommend automatically assuming existing arrangements; rather, contract terms and scopes will need to be assessed to determine whether continuation, amendment, renegotiation, or re-procurement is appropriate. Summary of the Draft Road Transfer Agreement:

The draft Road Transfer Agreement was sent to the City on February 25, 2026, and sets out the legal and financial framework for the transfer of jurisdiction over several County roads within the City of Owen Sound, including Grey Road 5, Grey Road 15, and Grey Road 1, with a proposed

Transfer Date of July 6, 2026. Upon transfer, the City would assume full responsibility for all aspects of these roads, including maintenance, operations, liability, traffic signals, bridges, culverts over three metres, and all related infrastructure, effective immediately on the transfer date.

The agreement is indefinite in duration and provides no termination or re-opener clauses once executed. While the County commits to providing existing documentation related to the roads by December 31, 2026, it does not condition the transfer on the City's satisfactory due diligence.

Notwithstanding the County's provision of associated legal support, the City must conduct its own legal review as part of its due diligence given the magnitude of the transfer and will be responsible for all of its own related legal costs.

Financially, the agreement provides for 10 years of transition funding for urban roads, with annual payments set out in Schedule "B" of the agreement. These payments are based on projected assumptions, including a 2.55 per cent predicted levy increase under the County's Asset Management Plan, plus an additional 2 per cent annual inflation adjustment. Importantly, the agreement states that the payments are "contingent upon the annual budgetary process" and may be adjusted by the County through its financial governance procedures, creating uncertainty about the funding stream's reliability. The final year payment is significantly reduced, which reflects a prorated adjustment related to the mid-year transition. Dispute resolution is limited to negotiation, mediation, and ultimately arbitration, with the location of arbitration determined by the County.

Why Council Should Not Sign the Agreement in Its Current Form

The agreement requires the City to assume full responsibility for bridges, culverts, retaining walls, and traffic signals without those assets being meaningfully valued or factored into the funding model. The agreement itself confirms that all such infrastructure becomes the City's responsibility on the Transfer Date, yet the transition funding is calculated independently of these liabilities.

The agreement contemplates the provision of existing documentation following the transfer. As a result, City Staff have identified the importance of additional time required to ensure that sufficient information regarding asset condition, remaining service life, and potential capital needs is available to support informed planning and alignment with transition funding assumptions.

From a financial perspective, the transition payments are not guaranteed, as they are expressly subject to annual County budget approvals and may be amended or reallocated through County processes outside the City's control. There is no provision to adjust funding if asset conditions are worse than anticipated, if major structures require early replacement, or if operational costs exceed projections. Once signed, the agreement provides no mechanism to rebalance funding to reflect actual risk or cost.

Finally, the agreement locks the City into an indefinite assumption of liability with no termination rights, no re-opener tied to asset condition, and no explicit recognition of the higher complexity and cost of urban infrastructure. In effect, it finalizes the transfer of long-term financial and safety risks under a funding model that has already been identified as fair in principle but incomplete in application. Signing the agreement as drafted would therefore formalize an inequitable outcome, leaving the City responsible for significant undefined risk without adequate protection or adjustment.

Bottom Line for Council

The draft agreement achieves legal transfer, but it does so before the equity, valuation, and risk issues have been resolved. Until the agreement is amended to address asset condition certainty, bridge and signal valuation, funding reliability, and a risk-based adjustment mechanism, Council does not have a sufficient basis to approve it in the public interest.

Resource Alignment:

Financial Resources

It is Staff's opinion that the valuation approach understates the scale and complexity of urban assets being transferred.

The breadth of the County's valuation approach highlights a significant gap in the assessment of urban road networks. The framework aggregates approximately \$1.36 billion in County Road assets, of which 10.6 per cent are being transferred overall, yet the City is assuming approximately 30.86 per cent of the urban road network, based on calculations that rely largely on kilometres of road and the number of intersections, rather than asset condition, complexity, or replacement risk. This approach fails to adequately account for major urban-specific infrastructure, including 11 sets of traffic signals, each with an estimated replacement cost of \$350,000 to \$450,000, as well as significant bridge assets such as the Jubilee Bridge (approximately

\$3.4 million) and the Eddie Sargent Bridge (estimated at almost \$5 million), both of which City Staff believe are materially undervalued. Notably, the County made a deliberate decision not to factor bridge replacement costs into the funding equation, despite the long-term capital, safety, and liability implications associated with these structures. As a result, the valuation methodology is too broad to capture the true scale of urban asset risk and replacement exposure being transferred.

The funding model is spending-driven rather than asset-driven and fails to reflect the complexity of urban roadways.

From a funding perspective, transition payments were developed using a program-level approach rather than being tied to individual asset condition or replacement timing. The model includes defined annual escalation assumptions and an asset management allowance, with payments structured to smooth funding over the transition period, including timing-related adjustments in the final years.

Funding sources are applied based on asset ownership, with certain programs becoming available to the City only after transfer. Development Charges are treated as indicative, collected at the time of development, and would continue to be administered by the City post-transition where applicable. Not all lower-tier municipalities have Development Charges, and those without them are also not receiving road transfers.

City Staff note that while the model applies a consistent approach, it does not explicitly account for differences in cost and complexity between urban and non-urban assets, which warrants further consideration..

While the City is prepared to work collaboratively on the road transfer, incorporating a concept such as an urban risk premium is essential to ensure the funding model fairly reflects the realities of urban infrastructure.

The concept of an urban risk premium recognizes that urban roads entail significantly higher costs, greater complexity, and greater uncertainty than rural roads, even though they represent a smaller share of the overall network by replacement value. The current funding model allocates approximately 10.6 per cent of total road funding to urban roads, largely based on average asset values and high-level assumptions. While this approach may appear fair in theory, it assumes that urban and rural roads behave similarly over time. In practice, as noted throughout this report,

urban roads are more expensive to rehabilitate, more constrained to work on, and far more likely to include hidden or undocumented risks such as aging storm sewers, traffic signals, retaining walls, and structures. A higher urban funding share is therefore not about over-funding, but about recognizing and pricing the additional risk being transferred to urban municipalities through road downloads.

An urban share of 15 per cent to 30 per cent illustrates how different levels of risk recognition would translate into funding support. A 15 per cent share represents a modest adjustment that acknowledges known gaps in condition data and the likelihood of earlier-than-planned capital work. A 20 per cent share more realistically reflects the true cost and volatility associated with owning and maintaining urban roads, including higher rehabilitation frequency and greater exposure to public safety and liability risks. Higher scenarios, such as 25 per cent or 30 per cent, are not necessarily targets, but serve to demonstrate the potential scale of unpriced risk being assumed by the City if asset conditions prove worse than represented. In this context, the urban risk premium functions as a balancing mechanism, helping ensure that funding better aligns with the responsibility and risk being transferred.

Council's support for this approach aligns directly with the intent of the recommendation in this report. The recommendation is not to abandon the County's funding model, but to refine it so that it delivers a fair outcome, not just a fair formula. By supporting an adjusted urban share or a risk-based premium, Council would acknowledge that urban road transfers are not simply an exchange of assets but a transfer of long-term financial, operational, and public safety risks. Incorporating a risk premium improves transparency, protects taxpayers, and reduces the likelihood of future budget pressures or disputes once the true condition of urban assets becomes fully known.

Human Resources

Although the County has indicated there is no intention to reduce staff as part of the road exchange, it is anticipated that there will be a staffing impact arising from the City assuming the additional work.

Specifically, to accommodate summer (non-winter) maintenance activities, the work would generally be split between Engineering Services and Public Works. 10.6 km of additional storm sewer inventory may justify splitting off a stormwater group within the Public Works division, as noted in the long-term Department Organizational Structure concept presented as part of

Service Review. This may involve reallocating some staff with additional training, with or without promotions, and potentially another superintendent or lead hand. This should be investigated in more detail; a job evaluation and business case would refine this concept.

Similarly, the Transportation field staff will be responsible for collision cleanups, pothole repairs, sweeping, inspections, and maintenance of the additional road inventory. This is expected to trigger the need for at least two more FTE (full-time equivalent). The justification for this number of positions is based on an extrapolation of each field staff's portion of the City's road network. Currently, 17 staff members maintain 114 centreline kilometres of road. This may not be an ideal ratio, but it has been the case for several years and is manageable (while allowing for the use of time-off banks, such as overtime, sick leave and vacation). The addition of 15 km to the City's inventory would yield a need for an additional two (2) FTEs. To round down to a whole FTE, the ratio would change from 6.7 km per employee to 6.8 km.

The number of signalized intersections will increase by 50 per cent. As such, there will be an increased workload for the Traffic Technologist, and additional road rehabilitation and reconstruction projects for Engineering staff to plan, procure, administer, and manage. An additional FTE within the Engineering Services Division should also be investigated.

Time and Scheduling

This report is being presented in advance of a deputation by the County on March 9, 2026. A decision is required by mid-March, for City Council's feedback to be heard at the March 26, 2026, County Council meeting.

Should the road transfer proceed, the effective date is proposed to be July 6, 2026. Any adjustment to the transfer date may result in additional pro rata reduction of the County's proposed funding.

Technology and Infrastructure

With the addition of 15 km of arterial road, it is expected that additional fleet and computer hardware will be required to support additional staff.

The additional requirement is due to the addition of non-winter control duties; the County has clearly outlined its operational costs at \$327,937 (based on the per-kilometre prices provided). This demonstrates the level of staffing the County invests in the 15km of road in Owen Sound, in addition to material costs. To further justify the need for additional staff, the current

crew complement maintains a pro rata allocation of 6.7km per employee. This would translate to just over two FTEs with the additional 15km of road; it would be reasonable to round it down to two full-time positions.

Climate and Environmental Impacts:

There are no anticipated climate or environmental impacts.

Communication and Engagement:

This report has been posted to the City's website with the agenda in advance of the meeting. This report will be sent to Grey County and all of its lower-tier municipalities.

If Council is supportive of Staff's recommendation. The overall communication message will focus on:

- Protecting local taxpayers by ensuring the true costs of urban road transfers are fully recognized before any agreement is finalized.
- Council supports fair road transfers, but not at the expense of Owen Sound taxpayers.
- Immediate pressure on the City's tax levy. In its current form, the road download would have a near-immediate impact on City operating budgets starting in 2027, including more than \$140,000 in added winter maintenance costs each year.

Report Developed in Consultation With:

Director of Corporate Services/Treasurer, Public Works and Engineering Staff, City Manager, Manager of Planning and Heritage, and Director of Community Services.

Attachments:

1. County Road Transfer Map – Received February 19, 2026
2. Draft Transfer Agreement
3. TR-UR-05-24 February Task Force Urban Detailed Report
4. TR-UR-27-24 September Task Force Urban Financial Report
5. TR-CW-31-24 October Council Recommendations
6. TR-UR-06-25 March Urban Road and Road Exchange Task Force Recommendations

7. TR-UR-01-26 Urban Road and Road Exchange Task Force Report for Transfer By-law

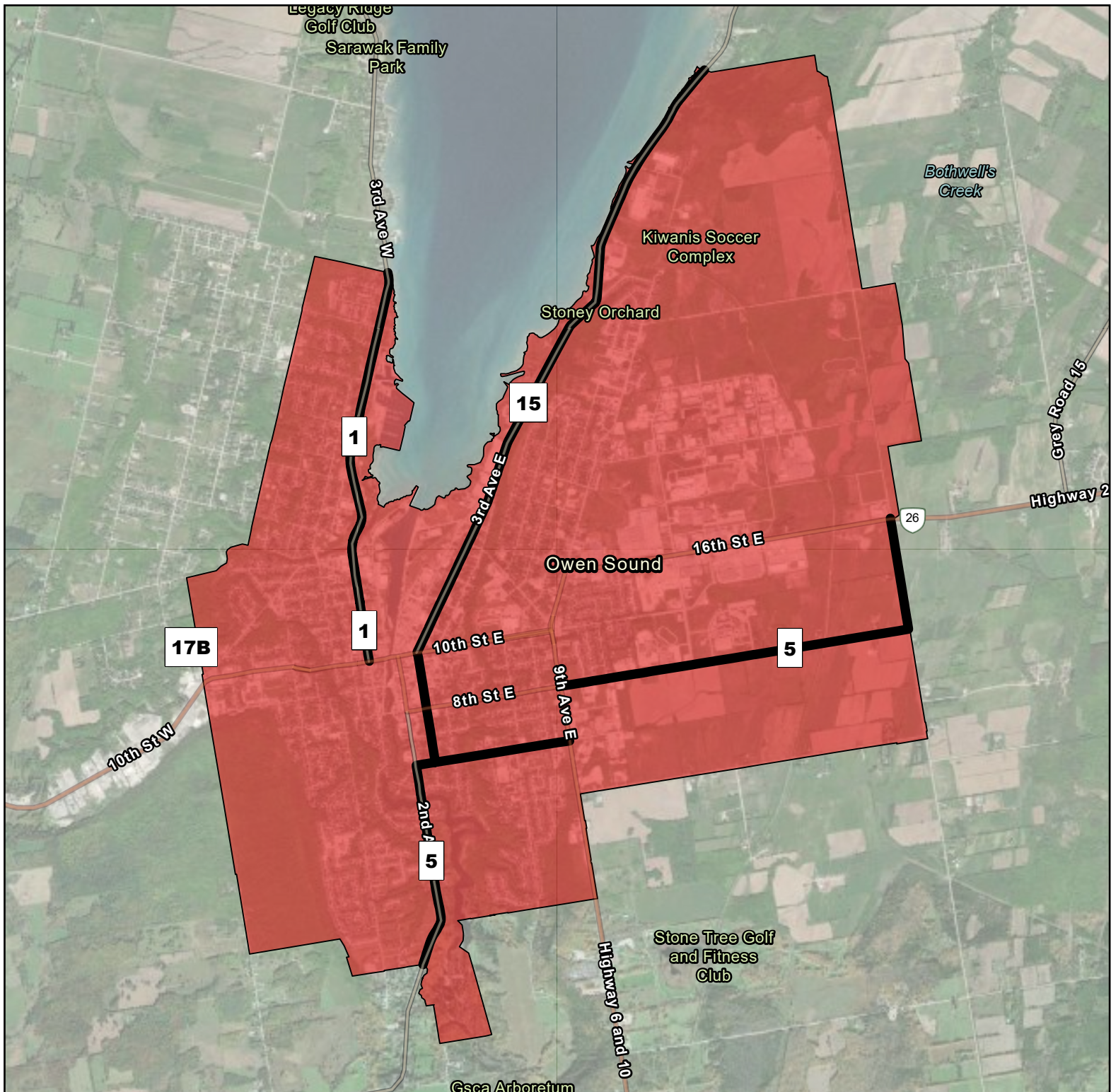
Submitted by:

Lara Widdifield, Director of Public Works and Engineering

Submission approved by:




Tim Simmonds, City Manager

For more information on this report, please contact Lara Widdifield, Director of Public Works and Engineering at lwiddifield@owensound.ca or 519-376-4440 ext. 1201.



Earthstar Geographics, Province of Ontario, Esri Canada, Esri, TomTom, Garmin, SafeGraph, GeoTechnologies, Inc, MEI/NASA, USGS, EPA, NPS, USDA, NRCan, Parks Canada

Legend

-  County Road within Settlement Area for Transfer Consideration
- Settlement Areas**
-  Primary Settlement Area
-  Secondary Settlement Area

Owen Sound

Length of County Road (Km): 15.39

Attachment 1: County Road Transfer Map

Received February 19, 2026
 Note length - highlighted in green above

Road Transfer Agreement

THIS AGREEMENT made this _____ day of _____, 20____, in duplicate between:

The Corporation of the County of Grey

(referred to in this Agreement as “the County”),

-And-

The Corporation of the City of Owen Sound

(referred to in this Agreement as the “Township” or “Municipality”);

(each being a “Party” and together being the “Parties”)

WHEREAS the County’s highway system is designed primarily to connect area municipalities, provide efficient movement of people and goods within and through the County and provide access to the Provincial highway system;

AND WHEREAS in 2014 the County completed a Transportation Master Plan which contained an evaluation of the classification and management of the road networks within the County of Grey;

AND WHEREAS the Transportation Master Plan identified certain roads for review;

AND WHEREAS the County’s Urban Road and Road Exchange Task Force (the “Task Force”) was established on January 26, 2023;

AND WHEREAS one of the responsibilities of the Task Force was to review the recommendations of the Transportation Master Plan in light of the most current information and to determine whether to pursue them further;

AND WHEREAS the County’s committee report TR-UR-06-25 was presented to the Task Force on March 20, 2025 recommending specific roads for transfer;

AND WHEREAS at its meeting of Committee of the Whole on March 27, 2025, County Council approved the minutes of the Task Force meeting held on March 20, 2025 and endorsed the resolution contained therein which directed staff to negotiate new road agreements with the affected municipalities in accordance with the activities in report TR-UR-06-25;

AND WHEREAS Section 52 of the *Municipal Act, 2001*, S.O. 2001, c.25 authorizes the transfer of jurisdiction of a highway;

AND WHEREAS the identified roads for transfer are more particularly described in Schedule "A" attached ("Identified Roads");

AND WHEREAS the County enacted By-law No. XX on [insert date], authorizing the transfer of jurisdiction of those Identified Roads listed in Schedule “A” as being transferred from the County to the Township/Municipality, in accordance with the terms of this Agreement;

AND WHEREAS the County enacted By-law No. XX on [insert date], authorizing the addition to the County highway system and the assumption of jurisdiction over those Identified Roads listed in Schedule “A” as being transferred from the Township/Municipality to the County, in accordance with the terms of this Agreement;

AND WHEREAS the Parties have entered into this agreement ("Agreement") to set out the terms and conditions upon which the transfer of jurisdiction of the Identified Roads will occur;

NOW THEREFORE in consideration of the mutual covenants and agreements below and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties covenant and agree as follows:

1.0 General

1.1 Definitions

In this agreement:

- a) “Transfer Date” means the date on which jurisdiction over the Identified Roads is transferred from the Donor Party to the Receiving Party, as of 12:01 a.m. on the July 6, 2026.
- b) “Donor Party” means the Party designated in Schedule “A” as transferring its jurisdiction over the applicable Identified Roads to the Receiving Party.
- c) “Receiving Party” means the Party designated in Schedule “A” as receiving jurisdiction over the applicable Identified Roads from the Donor Party.

1.2 The terms defined in the recitals above have the same meaning as if defined here at length.

1.3 The following documents (“**Schedules**”) are appended to this Agreement and are incorporated by reference as though contained in the body of this Agreement:

- a) Schedule “A” – Legal description of Identified Roads
- b) Schedule “B” – Financial Arrangements
- c) Schedule “C” – Maintenance Agreement

2.0 Term

- 2.1 This Agreement shall be effective from the date it is executed by both the County and the Township/Municipality and shall continue in full force and effect indefinitely.

3.0 Responsibilities of Both Parties

- 3.1 The Donor Party agrees that by December 31, 2026, it will provide the Receiving Party with all agreements, documents, surveys and/or plans relating to the Identified Roads, including but not limited to the following types of material. The Donor Party will provide original copies of all documents listed below wherever possible:

- a) As built drawings for all utilities;
- b) Utility agreements;
- c) Entrance permits;
- d) Speed by-laws;
- e) Special Use agreements;
- f) Encroachment agreements;
- g) Unregistered Easements;
- h) Any other available documentation;

- 3.2 The Donor Party shall provide ongoing cooperation as issues arise with the Identified Roads and shall provide the Receiving Party with all information that it has regarding the Identified Roads, including but not limited to, ownership and maintenance records.
- 3.3 The Receiving Party shall be responsible for all maintenance of the Identified Roads as of 12:01 a.m. on the Transfer Date.

4.0 Land Transfer Provisions

- 4.1 Subject to the terms of this Agreement, and subject to the passage of the necessary by-law(s) by the County, each Party agrees to transfer jurisdiction of those Identified Roads for which it is designated as the Donor Party to the other Party, and each Party designated as the Receiving Party agrees to accept such jurisdiction.
- 4.2 The Receiving Party shall be responsible for completing all title searches for the Identified Roads which it will obtain jurisdiction over. The Parties agree to work collaboratively to identify and resolve any title issues,

relating to the Identified Roads to be transferred to the Receiving Party's jurisdiction, so that good and valid title can be obtained by the Receiving Party.

- 4.3 The Parties acknowledge that the transfers of the Identified Roads shall be completed by electronic registration and that each Party shall retain a lawyer to complete the transfers pursuant to electronic registration. The Parties further acknowledge that the delivery of documents and the release thereof may, at the lawyers' discretion: (a) not occur contemporaneously with the registration of the transfers and other registrable documentation; and (b) be subject to conditions whereby the lawyer receiving documents and/or money will be required to hold them in trust and not release them except in accordance with the terms of a document registration agreement between the lawyers.
- 4.4 The transfer in respect of the Identified Roads will be prepared by the Donor Party, save and except for the Affidavit of Residence and Value of the Consideration, which shall be completed by the Receiving Party.
- 4.5 The Parties acknowledge and agree that in the event of a boundary change within any municipality, transfer limits are subject to change.

5.0 Maintenance Provisions

- 5.1 The Parties acknowledge and agree that, following the transfer of jurisdiction, any maintenance operations to be performed by the County with respect to those Identified Roads for which the Township/Municipality has assumed jurisdiction shall be governed by a comprehensive maintenance agreement. The applicable rates for such maintenance shall be established based on average recovery costs, as set out in the maintenance agreement in the form attached as Schedule "C", which the Parties agree to execute on or before the Transfer Date.

6.0 Financial Arrangements

- 6.1 The Township/Municipality will receive transition funding for the transfer of the Urban Roads listed in Schedule "A" to the Township/Municipality. The total amount, annual payment amounts, and payment timing are set out in Schedule "B". The annual payment amounts shall reflect inflationary increases, calculated in accordance with a predicted future levy increase of 2.55% per annum under the Asset Management Plan released July 2024, plus an annual inflation adjustment of 2%. In the event of any discrepancy between this Agreement and Schedule "B", the terms of Schedule "B" shall prevail.

- 6.2 The Receiving Party shall be responsible for the payment of Land Transfer Tax and registration fees and any other taxes and fees payable in connection with the registration of the transfer of the Identified Roads.
- 6.3 Each Party shall pay its own legal costs and disbursements associated with the transfer of the Identified Roads and this Agreement.

7.0 Bridges & Culverts

- 7.1 The Parties acknowledge that in addition to any roads being added to their system, all infrastructure including but not limited to bridges and/or culverts over 3 metres which are part of the Identified Roads or located under the Identified Roads shall be included as a responsibility of the Receiving Party as of the Transfer Date.

8.0 Traffic Signals/Intersections

- 8.1 The Parties acknowledge that in addition to any roads being added to their jurisdiction, all traffic signals/controlled intersections which are part of Identified Roads shall be included as a responsibility of the Receiving Party from and including the Transfer Date.

9.0 Indemnification

- 9.1 The County shall indemnify and save harmless the Township/Municipality from and against any and all liabilities, losses, damages, costs, and expenses (including reasonable legal fees) which may arise either directly or indirectly from any act, negligence, or willful misconduct of the County, its servants, employees, contactors, or agents in the performance, partial performance, or failure to perform any obligation imposed or assumed pursuant to this Agreement.
- 9.2 The Township/Municipality shall indemnify and save harmless the County from and against any and all liabilities, losses, damages, costs, and expenses (including reasonable legal fees) which may arise either directly or indirectly from any act, negligence, or willful misconduct of the Township/Municipality, its servants, employees, contactors, or agents in the performance, partial performance, or failure to perform any obligation imposed or assumed pursuant to this Agreement.

10.0 Insurance

- 10.1 Each Party shall maintain insurance coverage appropriate to its obligations under this Agreement and applicable law, including but not limited to commercial general liability insurance with coverage limits satisfactory to the County.

- 10.2 Upon execution of this Agreement, and thereafter upon request, the Township/Municipality shall provide the County with a certificate of insurance evidencing such coverage.

11.0 Notice

- 11.1 Any notices required must be in writing and delivered to the following addresses.

For the County:
County Clerk
County of Grey Administration Building
595 9th Ave E
Owen Sound, ON N4K 3E3
Fax Number: 519-376-8998
Email: countyclerk@grey.ca

For the Township/Municipality:
Contact and Title:
Address:
Fax:
Email:

- 11.2 Notices delivered in person must be delivered between 9:00 a.m. and 4:30 p.m., Monday to Friday, excluding statutory holidays and other periods of business closure. Hand-delivered notices shall be deemed received on the business day of delivery. Notices sent by mail shall be deemed received on the fifth business day after mailing, unless mail service is disrupted. Notices delivered by fax or email shall be deemed received on the next business day after electronic confirmation of receipt.

12.0 Counterparts

- 12.1 This Agreement may be executed in one or more counterparts, including counterparts delivered electronically, each of which shall be deemed to be an original and all of which, taken together shall constitute one and the same instrument. Counterparts may be transmitted by fax or in electronically scanned form.

13.0 Force Majeure

- 13.1 Neither the County nor the Township/Municipality shall be held responsible for any damage or delays arising from war, invasions, insurrection, demonstrations, decisions or actions of civilian or military authorities, fire, flood, human health emergency, strikes, or any other event beyond the reasonable control of the County or the Township/Municipality.

- 13.2 The County and the Township/Municipality agree that in the event of a disaster or force majeure, they will co-operate and both will make all reasonable efforts to provide temporary replacement service until permanent service is completely restored.

14.0 Governing Law

- 14.1 This Agreement will be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada. The Parties submit to the exclusive jurisdiction of the courts of Ontario with respect to any matter arising under or related to this Agreement.

15.0 Severability

- 15.1 Each of the provisions in this Agreement is distinct and severable. A declaration of invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions in this Agreement.

16.0 Entire Agreement

- 16.1 This Agreement is the entire agreement between the Parties with respect to the road transfers and replaces all prior written or verbal agreements, understandings, negotiations or discussions.

17.0 Amendment of Agreement

- 17.1 This Agreement can only be changed by a written document signed by signing authorities for both Parties.

18.0 Successors and Assigns

- 18.1 Neither party may assign all or any part of this Agreement without the written approval of the other Party.
- 18.2 This Agreement benefits and binds the Parties and their respective successors and permitted assigns.

19.0 No Partnership

- 19.1 Nothing in this Agreement means that a partnership, joint venture or employment relationship exists between the County and the Township/Municipality including employees and volunteers.

20.0 Adherence to Laws

- 20.1 The Township/Municipality and the County agree to follow all applicable federal and provincial laws in carrying out the terms of this Agreement.

21.0 No Waiver

- 21.1 Any waiver or release of rights under this Agreement by either Party must be made in writing and signed by both Parties.
- 21.2 A waiver of a breach of one provision of the Agreement does not constitute a waiver of a breach of any other provision.
- 21.3 A failure or delay in enforcing an obligation in the Agreement does not prevent the enforcement of that obligation at a later date.

22.0 Dispute Resolution

- 22.1 A dispute between the Parties relating to the interpretation or implementation of this Agreement will be addressed through good faith negotiation, with or without the assistance of a mediator. The Parties agree that in the event that they are not able to reach a resolution of all the matters in dispute after mediation, then the matters remaining in dispute will be finally determined by arbitration in accordance with the provisions of the *Ontario Arbitrations Act*.
- 22.2 The location for any such arbitration hearing will be within the County of Grey at a location to be determined by the County.

[The remainder of this page intentionally left blank.]

The County and the Township/Municipality, intending to be legally bound, have executed this Agreement on the date first written above.

The Corporation of the County of Grey

Andrea Matrosovs, Warden

Date

Tara Warder, Clerk

Date

I/We have the Authority to Bind the County

The Corporation of the City of Owen Sound

Name:
Title:

Date

Name:
Title:

Date

I/We Have the Authority To Bind the Township/Municipality

Schedule “A” –Description of Identified Roads

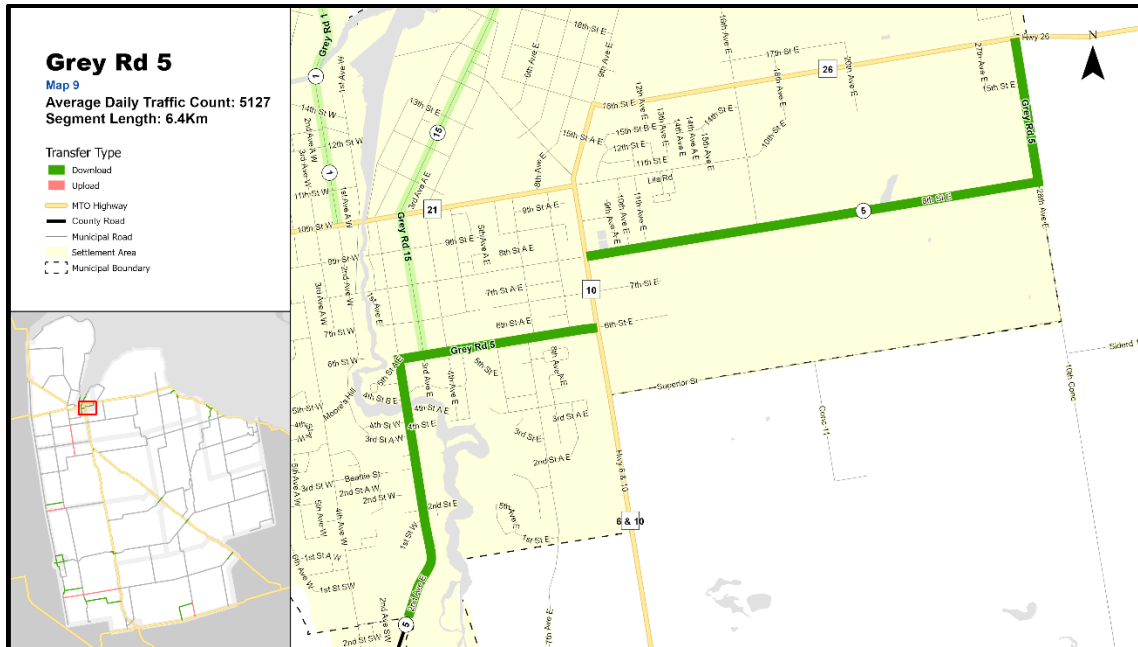
Urban Road Download:

Transfer the following Urban Roads from the County (Donor Party) to the Township/Municipality (Receiving Party):

- 1) Those portions of lands forming part of the road allowance currently known as Grey Road 5, consisting of 3.6 kilometers, running from 9th Avenue East in an easterly direction along 8th Street East then northerly along 28th Avenue East to Highway 26 and 2.8 kilometers, running from 1st Street Southwest to 9th Avenue East, as shown in green on Map 9 below, being more particularly described as being:
 - a) All of the lands as identified by the following Property Identification Numbers:
 - i) 37063-0063;
 - ii) 37064-0247;
 - iii) 37061-0004;
 - iv) 37067-0246;
 - v) 37067-0001;
 - vi) 37068-0002;
 - vii) 37069-0002;
 - viii) 37070-0002; and
 - ix) 37066-0149.
 - b) Part of the lands as identified by the following Property Identification Numbers:
 - i) 37091-0051;
 - ii) 37065-0001; and
 - iii) 37068-0001.

registered in the Land Registry Office of the Land Titles Division of Grey (No. 16).

Map 9 – Grey Road 5



2) Those portions of lands forming part of the road allowance currently known as Grey Road 15, consisting of 5.9 kilometers, running from 6th Street East to the north settlement boundary of Owen Sound located approximately 920 metres north of 32nd Street East, as shown in green on Map 10 below, being more particularly described as being:

a) All of the lands as identified by the following Property Identification Numbers:

- i) 37068-0205;
- ii) 37073-0190;
- iii) 37055-0001;
- iv) 37059-0618;
- v) 37060-0127;
- vi) 37060-0163;
- vii) 37060-0168;
- viii) 37060-0164;
- ix) 37060-0126; and
- x) 37060-0156.

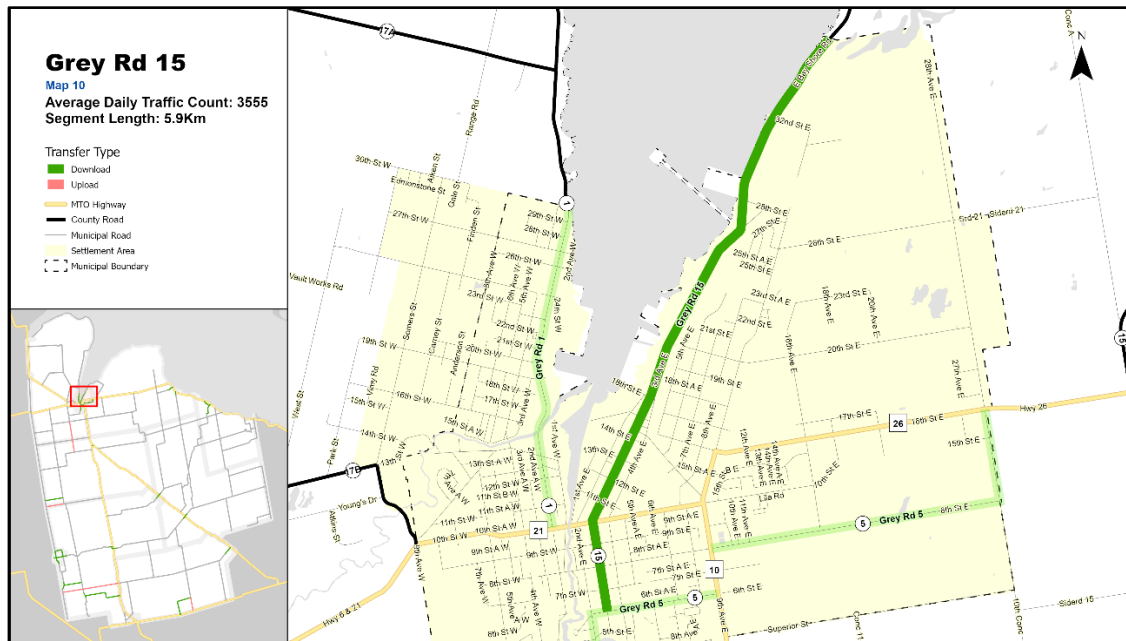
b) Part of the lands as identified by the following Property Identification Numbers:

- i) 37073-0002;
- ii) 37059-0615;
- iii) 37060-0121;
- iv) 37060-0125; and

v) 37060-0158.

registered in the Land Registry Office of the Land Titles Division of Grey (No. 16).

Map 10 - Grey Road 15



3) Those portions of lands forming part of the road allowance currently known as Grey Road 1, consisting of 3.1 kilometers, running from 10th Street West to the north settlement boundary of Owen Sound located approximately 150 metres north of 29th Street West, as shown in green on Map 11 below, being more particularly described as being:

a) All of the lands as identified by the following Property Identification Numbers:

- i) 37053-0041;
- ii) 37053-0190;
- iii) 37051-0263;
- iv) 37047-0116;
- v) 37053-0195;
- vi) 37053-0034;
- vii) 37053-0030;
- viii) 37053-0001;
- ix) 37040-0232; and
- x) 37040-0223.

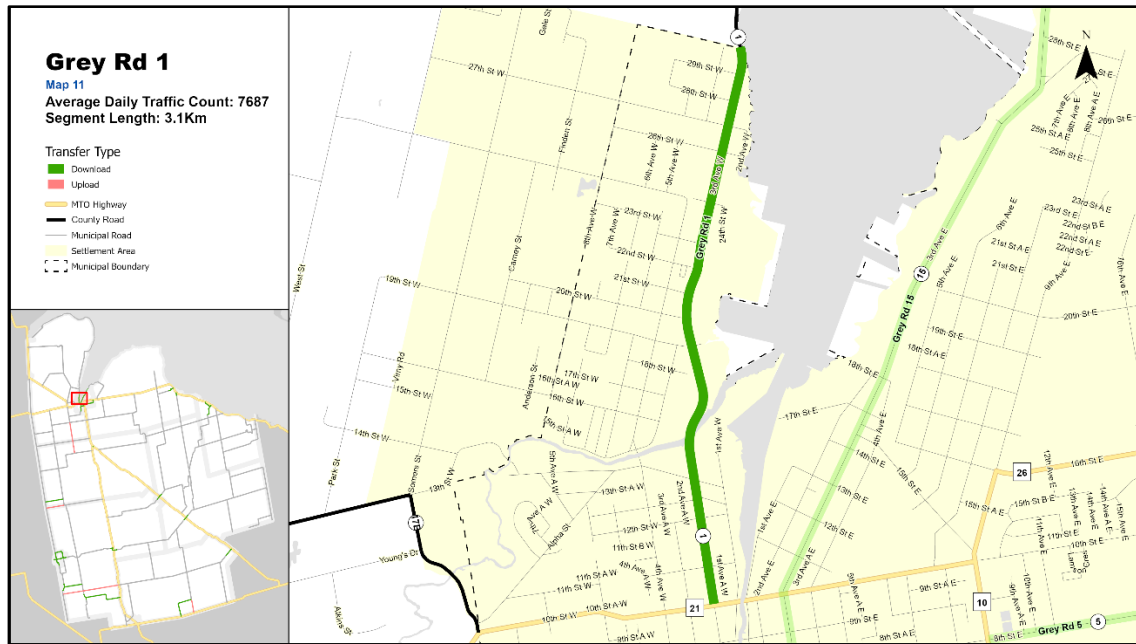
b) Part of the lands as identified by the following Property Identification Numbers:

- i) 37047-0114;

- ii) 37053-0144;
- iii) 37040-0134;
- iv) 37040-0131; and
- v) 37040-0224.

registered in the Land Registry Office of the Land Titles Division of Grey (No. 16).

Map 11 - Grey Road 1



Schedule “B” – Financial Arrangements

The 2026 payment will be prorated depending upon the Transfer Date and the remaining nine years will reflect inflationary increases as outlined in section 6.1 of this Agreement.

Notwithstanding section 6.1, the payments set out in the table below shall be contingent upon the annual budgetary process and may be adjusted to reflect any amendments, reallocations, or approvals made through County’s financial governance procedures.

*Note that boundary adjustments will also affect the amount of transition funding

Payment Timing:

The prorated payment for 2026 shall be made within [redacted] days of the Transfer Date. Each subsequent annual payment (2027-2036) shall be made on or before [redacted] of each respective year.

Year	Amount
2026	\$321,570
2027	\$729,238
2028	\$787,331
2029	\$847,815
2030	\$910,770
2031	\$976,276
2032	\$1,044,418
2033	\$1,115,283
2034	\$1,188,956
2035	\$1,265,533
2036	\$337,830

Schedule “C” – Maintenance Agreement

No maintenance provisions following road transfer.

To:	Chair Greig and Members of the Task Force
Committee Date:	February 15, 2024
Subject / Report No:	TR-UR-05-24
Title:	Maintenance of County Roads in Urban Areas
Prepared by:	Sharon Melville – Administration Manager and Trevor Ireton – Engineer Manager – Transportation Services
Reviewed by:	Pat Hoy, Director of Transportation Services and Randy Scherzer, Deputy CAO
Lower Tier(s) Affected:	All Member Municipalities
Status:	

Recommendation

1. That report TR-UR-05-24 regarding information, timelines and urban road maintenance strategies be received for information.

Executive Summary

In this report, staff delve into the intricacies of the decision-making processes surrounding the urban maintenance of county roads. The next Task Force meeting will be scheduled to review a report specific to the contemplated road transfers. These first two meetings serve as crucial information forums where discussions can be held relating to the information provided to the Task Force from County staff including Engineering, Administration, Planning, Legal and Finance to deliberate and strategize on the optimal approaches for Grey County's road network.

Following further discussions with the member municipalities, and with direction from the Task Force, this report will provide recommendations for changes to the County road system relating to urban road maintenance with the goal of streamlining the County road network and improving management of the infrastructure that is present within municipal urban areas.

Background and Discussion

Urban road maintenance is a critical aspect of local infrastructure that impacts the daily lives of residents. Grey County roads designated in Primary, Secondary and Recreational settlement areas, make up 89 km for an approximate total of 10% of the 870 km County road system. Although this seems quite small, the maintenance of County roads in urban areas is complex to manage, requiring coordination of responsibilities for underground infrastructure as well as maintenance of the roadway. Urban areas throughout the County have different service level

requirements for snow removal, pedestrian accommodation, lighting, signalization, etc. Given these complexities, it would be much more efficient for each municipality (i.e. a single entity) to manage their own urban roads within Primary settlement areas. This would be a total potential transfer of 43.39 km.

Currently, County roads and the associated storm sewer in urban settings are owned and maintained by the County (which includes the property encompassing the road allowance) and associated signalized intersections. The member municipalities own and maintain any underground infrastructure that services residents of the municipality such as watermain, sanitary sewers and above ground infrastructure, such as illumination and on-street parking. The member municipality is also responsible for sidewalks.

During a reconstruction project, Grey County is responsible to cover the cost to reconstruct the roadway from curb to curb including storm sewers up to 600 mm in diameter, granular base and asphalt. The cost of any lanes dedicated to parking, falls to the member municipality. Additionally, the member municipality is responsible for all costs related to the upgrading of sanitary sewers, watermains, and all other assets outside of the curb line such as sidewalks, boulevards, trees, and some retaining walls.

Typically, urban projects are administered by the member municipality including planning, design, construction, and management of the project which is typically completed by consultants. Urban construction is more expensive than rural construction and often scheduling these projects is difficult as the underground asset replacement schedules do not always align with the replacement schedules for other assets, including the road itself. Even if owned by one agency, the issue would still exist as assets deteriorate at different speeds but would be easier to plan and coordinate the overall replacement of assets if owned by a single entity.

Asset management plans (AMP) are making it easier to plan activities on Grey County's storm infrastructure and aligning it with road work. However, the AMP for the member municipalities are not easily accessible by both parties so if the member municipality makes a change within their AMP, the County is not typically aware of the change, and vice versa. County staff have no data on the watermain or sanitary sewers so any predictions on project timing are strictly based on the Grey Road infrastructure and through consultation with the member municipalities throughout the years.

Another concern with the current arrangement is that the public is generally unaware of road responsibility and the inclusion of MTO connecting links make the system even harder to decipher for most taxpayers. The County and municipalities frequently receive calls regarding roads not under their jurisdiction. Further, there is often confusion with staff as to which entity owns which asset resulting in a frustrated resident being sent back and forth between the County and municipality.

Local municipal staff are often better equipped to address the specific needs of their communities and can respond more promptly to maintenance issues as their depots/crews may be closer to the urban roads. They are also closer to understanding the local needs which may result in more effective maintenance strategies and prioritization of projects. Control of local roads may also allow for greater control over road maintenance budgets and allocation of funds.

In the meetings held between County and Municipal staff, municipal staff showed very little interest in managing the urbans for a variety of reasons. Some were related to staffing, but it was the cost of summer/winter maintenance and construction that was seen as most prohibitive. If urban roads are transferred to the member municipalities, the update to the Urban Centre

Agreement could provide both financial relief and maintenance support to municipalities, as part of an overall transition plan, until such time as the additional work and staffing concerns have been resolved.

Setback, Entrance, Encroachment, Road Closure Policies/By-Law Exemptions

Each of these County policies differ from the local municipal policy, some much more than others. This issue has been managed with regular exceptions to the policy within the urban areas which takes time to review and approve.

Ideally, the local policies would be adopted within the newly created urban centre agreement to create administrative efficiency by using local knowledge to address any permits/applications.

Traffic Signal Maintenance

Grey County has responsibility for the maintenance of 34 signalized intersections. Most of these are in urban areas and those sections that are also provincial highways are covered by connecting link agreements between the member municipality and the province. Grey County cannot apply for funding to upgrade these intersections as part of the agreements between the province and the municipality.

The maintenance of a signalized intersection involves various tasks to ensure the proper functioning and safety of the traffic signal system. Some elements of traffic signal maintenance include:

1. **Regular Inspections:** Conduct 2 annual inspections to identify any visible issues, such as damaged signal heads, ongoing electrical issues or physical damage to signal equipment.
2. **Signal Timing:** Periodically review and adjust signal timings to optimize traffic flow based on changing traffic patterns, road conditions, or construction activities.
3. **Pedestrian Signals:** Ensure that pedestrian and audible signals are operational, and push buttons for crosswalks are functioning. Repair or replace any damaged pedestrian signal equipment.
4. **Detector Systems:** Check the functionality of traffic loops or Miovision systems to ensure accurate detection and response to traffic demand.
5. **Emergency Vehicle Pre-emption:** If the intersection is equipped with an emergency vehicle pre-emption system, ensure it is in working order to allow emergency vehicles to prioritize traffic signal changes.
6. **Communication Systems:** Check communication systems, including interconnectivity between signals and communication with the controller.
7. **Signage and Markings:** Inspect and maintain road signs and pavement markings associated with the intersection. This includes crosswalk markings, and other regulatory signage.
8. **Software Updates:** Keep traffic signal controller software up to date to take advantage of any improvements or bug fixes provided by the manufacturer.
9. **Emergency Repairs:** Respond promptly to any emergency repairs or malfunctions to minimize disruptions to traffic flow and ensure safety.

10. **Record-Keeping:** Maintain detailed records of maintenance activities, inspections, and repairs for future reference and audit purposes.

11. **Compliance with Standards:** Ensure that the traffic signal system complies with relevant traffic engineering standards and regulations.

Regular and proactive maintenance is essential to keep traffic signalized intersections operating efficiently, minimize disruptions, and enhance overall road safety. Maintenance schedules may vary depending on factors such as traffic volume, environmental conditions, and the age of the equipment.

It is recommended that the responsibility for signalized intersections should transfer to the member municipality. A contract has just been tendered and put in place to provide maintenance for the signals for the next 4 years.

Storm Sewers

The urban roads within Grey County typically include storm sewers. As per the current urban road policy, the County pays for the construction of storm sewer up to 600mm in diameter with the member municipalities paying the additional portion for larger pipes.

The ongoing efforts to catalogue all storm sewer assets have indicated that the storm sewers will continue to create challenges for Grey going forward.

- Grey County does not control many of the system outlets. Many of the County's storm systems are just one section of a larger system, with the outlets being controlled by the member municipalities.
- Grey County is working at establishing condition ratings of all the storm sewers. In general, a significant amount of urban storm sewer age data is missing.
- The latest asset management regulations are difficult to satisfy as much of the data shows that the ability to withstand a 100-year storm cannot be calculated unless the member municipalities storm sewer data is in the calculation. A large stormwater study may be the only way to determine this.

In 2021, the Ministry of the Environment, Conservation and Parks (MECP) requested municipalities apply for a Municipal Consolidated Linear Infrastructure Environmental Compliance Approval (CLI-ECA) for their entire storm water and sanitary sewer systems within their municipality. The CLI-ECA process is meant to streamline future ECA applications via the pre-authorization of certain low-risk sanitary and stormwater infrastructure works including alterations to existing infrastructure and additions of new infrastructure to the system. As long as the relevant criteria are met, municipalities and developers can get pre-approval and authority to alter and add infrastructure without the need of a separate ECA application to the MECP.

Currently, both the County and municipality would require a CLI-ECA for a portion of a storm sewer system passing through a County road. Although this is feasible, this would result in duplication of efforts and would be less clear than a single CLI-ECA accounting for the entire system. County staff met with staff from the MECP in the fall of 2023 and discussed the CLI-ECA process. During this discussion, the MECP indicated that their preference is that storm sewer systems should be owned in their entirety by a single municipality as part of their CLI-ECA to improve efficiency and clarity in the process.

Ideally, all storm sewer infrastructure within Primary, Secondary and Recreational Resort settlement areas should be transferred to the local municipality. Further, any storm sewer

systems outside of the noted settlement areas that include infrastructure shared by the County and the municipality should also be transferred to the local municipality. Storm sewer systems 100% owned by the County outside of the Primary, Secondary and Recreational settlement areas will be evaluated during the urban agreement discussion process.

Using information from the 2021 Asset Management Plan (AMP), the total cost of stormwater assets divided by an average 75-year life span indicates that Grey County owns \$55,833,519 of storm sewer infrastructure. With an average service life of 75 years, this equates to approximately \$750,000 per year on Storm Sewer Replacement. Most of the storm sewer infrastructure is located on urban County roads. Any storm sewer infrastructure upgrades are typically incorporated into projects costs and are therefore not quantifiable as a separate budget line item. These funds could be applied to financial agreements for municipal urban road transfers to help with the transition of owning and maintaining the storm sewers.

Urban Centre Agreement

Staff recommend that in order to improve administrative efficiency, enhance local decision making, and better align financial responsibility and accountability, the existing Urban Centre Agreements between the County and municipalities should be updated.

The updates to the urban centre agreement would include a change to traffic signal and storm sewer ownership/management, and adoption of local by-laws, on what are now considered, urban County roads including setback by-laws, entrance policies, encroachment policies and road closure policies and applications. Determining the exact location of these agreement boundary limits could create some challenges. For example, in the case of Hanover, the municipal boundaries are not symmetrical with different municipalities present on each side of the road; also, in many cases the limits of the settlement area do not appear to be an urban construction standard.

The following **option** is for discussion:

Municipalities become 100% responsible for all activities on urban county roads within Primary and Secondary settlement areas noted in Table 1 and Table 2 below. The Municipality will govern the roads as per the local by-laws and policies attributable to their local roads.

Winter maintenance may be an exception based on what was heard at the Municipal/County joint meetings highlighting that it may be difficult for some member municipalities to complete winter maintenance with the same response level as the County. All changes will be reflected within an updated Urban Centre Agreement noting any shared responsibilities.

Grey County will provide an avenue within the Urban Centre Agreement for financial relief requests specific to road maintenance/reconstruction for planned urban road projects over the next 10 years following urban transfers which will align with the current approved Capital Budget.

Table 1 – Primary and Urban Road Areas Under Consideration

	Mun.	Settlement Area	Grey Road No.	Type	Length (Km)
1.	BM	Thornbury	13	Primary	3.52
2.	BM	Thornbury	113	Primary	1.7
3.	GH	Markdale	12	Primary	1.85
4.	HA	Hanover	4	Primary	2.66
5.		Hanover	10	Primary	3.43
6.	ME	Meaford	7	Primary	1.08
7.			12	Primary	1.92
8.	OS	Owen Sound	5	Primary	6.37
9.			15	Primary	5.94
10.			1	Primary	3.07
11.	SG	Dundalk	9	Primary	2.73
12.	WG	Durham	4	Primary	2.67
13.	WG	Neustadt	10	Primary	2.25

Table 2 – Other Urban Road Areas Under Consideration

	Mun.	Settlement Area	Grey Road No.	Type	Length (Km)
1.	GH	Flesherton	4	Secondary	2.03
2.	WG	Ayton	3	Secondary	2.17

Table 3 – Primary, Secondary & Recreation Urban Road Areas Not Recommended for transfer

	Mun.	Settlement Area	Grey Road No.	Type	Length (Km)
1.	BM	Heathcote	13	Secondary	0.55
2.	BM	Ravenna	2, 119	Secondary	0.37
3.	CH	Desboro	40	Secondary	1.19
4.	CH	Walter's Falls	29	Secondary	0.79
5.	GB	Balmy Beach	1	Secondary	0.98
6.	GB	Big Bay	1	Secondary	0.35
7.	GB	Brooke	17B	Secondary	0.57
8.	GB	Cobble Beach		Primary	0.00
9.	GB	Creamery Hill	5	Secondary	1.02

10.	GB	East Linton	1	Secondary	2.11
11.	GB	Oxenden	1	Secondary	0.87
12.	GB	Keady	3, 16	Secondary	1.38
13.	GB	Kilsyth	5	Secondary	1.03
14.	GB	Rockford	18	Secondary	0.78
15.	GB	Shallow Lake	170	Secondary	0.49
16.	GB	Springmount	18, 17, 17B	Secondary	0.64
17.	GH	Badjeros	9	Secondary	0.39
18.	GH	Ceylon	4	Secondary	1.42
19.	GH	Eugenia	13	Secondary	2.75
20.	GH	Feversham	2	Secondary	1.02
21.	GH	Kimberley	13	Secondary	1.22
22.	GH	Maxwell	2, 4	Secondary	1.94
23.	GH	Priceville	4	Secondary	1.27
24.	ME	Annan	15	Secondary	0.63
25.	ME	Bognor	29	Secondary	1.11
26.	ME	Leith	15	Secondary	1.02
27.	ME	Woodford	18	Secondary	0.68
28.	SG	Cedarville	14	Secondary	0.41
29.	SG	Holstein	109	Secondary	1.85
30.	SG	Hopeville	9, 14	Secondary	1.27
31.	WG	Allan Park	4	Secondary	0.53
32.	WG	Dornoch	25	Secondary	0.54
33.	WG	Elmwood	10	Secondary	1.22
34.	GH	Singhampton	124, 31	Secondary	1.51
35.	SG	Dromore	23	Secondary	0.47
36.	BM	Blue Mountain	19	Recreational	8.10
37.	BM	Blue Mountain	21	Recreational	2.77
38.	BM	Blue Mountain	119	Recreational	.53

Legislated Requirements

Section 52 of the Municipal Act, 2001 permits the County to transfer jurisdiction and ownership of roads between the County and its lower-tier municipalities on its own. No formal approval is required from the lower-tier municipalities involved.

The Act and related legislation give the authority to close a highway and to restrict its use (e.g. speed limits, controlling what vehicles may use the road, limiting traffic flow to one-way traffic, etc.) to the municipality having jurisdiction over the road.

Financial and Resource Implications

Financial considerations for urban road transfer include the costs associated with maintenance and reconstruction of urban infrastructure within primary and secondary settlement areas. Staff has not quantified the financial impact.

The transfers and updated agreements would represent a significant workload increase for the Clerk's and Legal departments. Meetings with Legal and Clerks will continue as it relates to property transfers and new agreements for each municipality.

Relevant Consultation

Internal (list)

Planning Department

Finance Department

Corporate Services

Legal Department

AODA Compliance (describe)

Contribution to Climate Change Action Plan Targets (describe)

External (list)

Member Municipalities all commented during the task force staff meetings.

Appendices and Attachments

None.

To:	Chair Greig and Members of the Task Force
Committee Date:	September 6, 2024
Subject / Report No:	TR-UR-27-24
Title:	Urban Road Task Force Review
Prepared by:	Sharon Melville, Trevor Ireton and Shaun Anthony
Reviewed by:	Pat Hoy
Lower Tier(s) Affected:	All Member Municipalities

Recommendation

1. That report TR-UR-27-24 Urban Road Task Force Review be received; and
2. That the responsibility for the maintenance and capital repair of the urban road segments noted in Table 1 of this report be approved in principle for transfer to the appropriate lower tier municipality with a target date beginning Fall 2025; and
3. That staff be directed to negotiate new urban road agreements to take effect Fall 2025 with the municipalities noted in Table 1 and bring a report with the agreements and corresponding transition plans, including schedules, funding and maintenance support details, to a future Task Force meeting, for final approval of the transfer; and
4. That staff be directed to negotiate any agreements for continued county maintenance service on a cost recovery basis; and
5. That the urban capital transition funding model be approved in principle and referred to the Budget and Finance Committee for consideration

Executive Summary

The task force received report TR-UR-05-24 which outlined the rationale for transferring responsibility for the urban segments of some County roads to the member municipalities where they are located. This report examines the financial aspects of maintenance and construction and suggests a funding transition model between County and member municipalities over a 10-year period. The report proposes to transfer just over \$23 million over the next 10 years to receiving municipalities to support urban capital transition funding for the roads to be transferred identified in Table 1. The cost for the urban capital transfer funding would be offset by just over \$11 million in operational/maintenance savings for the County resulting in a net County cost for the urban transfers of just over \$12 million over the next 10 years.

Table 1 – Primary and Urban Road Areas to be Transferred

	Mun.	Settlement Area	Grey Road No.	Type	Length (Km)
1.	Blue Mountains	Thornbury	13	Primary	3.521
2.	Blue Mountains	Thornbury	113	Primary	2.126
3.	Grey Highlands	Markdale	12	Primary	2.125
4.	Hanover / West Grey	Hanover	4	Primary	3.888
5.	Hanover	Hanover	10	Primary	4.326
6.	Hanover / West Grey	Hanover	28	Primary	4.158
7.	Meaford	Meaford	7	Primary	1.119
8.	Meaford	Meaford	12	Primary	2.071
9.	OS / Meaford	Owen Sound	5	Primary	6.366
10.	OS	Owen Sound	15	Primary	5.936
11.	OS	Owen Sound	1	Primary	3.069
12.	Southgate	Dundalk	9	Primary	2.727
13.	West Grey	Durham	4	Primary	2.652
14.	West Grey	Durham	27	Primary	0.453
15.	West Grey	Neustadt	9	Primary	0.627
16.	West Grey	Neustadt	10	Primary	2.249
17.	Chatsworth	Chatsworth	40	Secondary	0.367
18.	Grey Highlands	Flesherton	4	Secondary	2.029
19.	West Grey	Ayton	3	Secondary	1.422

Background and Discussion

This report is a follow-up to [Staff Report TR-UR-05-24](#) that was presented to the Task Force on February 15, 2024. The previous staff report provided recommendations for changes to the County road system relating to urban roads with the goal of streamlining the County road network and improving the management of the infrastructure that is present within municipal urban areas.

The urban roads being transferred vary in condition, but on average, they are generally in good condition.

Reconstruction of urban roads involves more than just the road itself; it also depends on the condition of other assets like water mains, sanitary sewers, and storm sewers. The cost of roadwork is typically a portion of the total expenses for a complete urban road reconstruction, as much depends on the scope of work required for these other assets. This complexity makes it challenging for Staff to accurately assess the overall condition of each urban road being transferred, as the County is responsible only for the road surface and storm sewers and has little information on the condition of the water mains and sanitary sewers, which are managed by the municipality.

When an urban road surface is in poor condition, but the underground assets are still in good shape, the County typically undertakes a simple grind and pave as part of our minor capital budget. This helps synchronize future reconstruction work, so that all assets are requiring replacement at the same time, optimizing spending.

Relating to the above noted transfers, the following projects were completed within the past 5 years:

- 2019 Grey Road 4 – Hanover - \$361,800 (\$208,500 from DC's)
 - Grey Road 4 – Durham - \$800,800
 - Grey Road 9 – Dundalk - \$3,081,200 (\$58,800 from DC's)
- 2020 Grey Road 4 – Durham - \$131,300
 - Grey Road 9 – Dundalk - \$252,200
- 2022 Grey Road 15 – Owen Sound - \$2,119,200 (\$1,610,600 from DC's)
 - Grey Road 27 – Durham - \$943,700 (\$717,200 from DC's)
- 2023 Grey Road 7 – Meaford - \$1,612,600 (\$1,026,500 from DC's)
 - Grey Road 15 – Owen Sound - \$103,900 (\$79,000 from DC's)
 - Grey Road 28 – Hanover - \$1,052,400 (\$799,800 from DC's)

The following projects associated with the above noted transfers have been identified in the 10-year capital plan up to 2028:

- 2025 Grey Road 28 – Hanover - \$1.6 M (\$1.2 M from DC's)
- 2026 Grey Road 4 – Durham - \$3.2 M (levy)
 - Grey Road 9 – Dundalk - \$3.7 M (levy)
 - Grey Road 12 – Markdale - \$1.9 M (levy)
- 2027 Grey Road 5 (signals & roundabout) – Owen Sound - \$10 M (\$6.9 M from DC's)
 - Grey Road 13 – Clarksburg - \$2.1 M (\$0.9 M from DC's)
- 2028 Grey Road 12 – Markdale - \$1.5 M (levy)
 - Grey Road 12 – Meaford – \$2.6 M (levy)
 - Grey Road 15 – Owen Sound - \$1.4 M (\$0.3 M from DC's)

The recommended urban road transfers results in an estimated operational (maintenance) reduction of \$1,007,607 to Grey County annually. The costs experienced by member municipalities will depend upon their service level standards and cost allocations.

It is recommended that Urban Capital transfer funding be provided to municipalities over 10 years using the ratio of the urban road sections capital replacement value to be transferred against the entire Grey County road network replacement value.

Staff concluded that using the replacement values from the Asset Management Plan allows for a more equitable distribution of funding based on the assets being transferred. In contrast, allocating urban transfer funding based on the 10-year plan would result in a less balanced distribution, favoring municipalities with more County road work scheduled in their upcoming plans. Additionally, this approach would disproportionately benefit municipalities with older infrastructure, as their roads require reconstruction within the next 10 years, compared to those with newer infrastructure, where reconstruction needs may be 10+ years away.

The following table provides the proposed amount of funding to be provided to member municipalities, the estimated reduction to the County’s operating budget, and net levy change.

Table 2 – Annual Net Funding Requirements

Year	Urban Capital Transfer Fund	Estimated County Operating Budget Reduction	Net Levy Impact of Urban Transfers
2025	\$2,060,971	\$1,007,607	\$1,053,364
2026	\$2,255,612	\$1,027,759	\$1,227,853
2027	\$2,475,771	\$1,048,315	\$1,427,456
2028	\$2,694,013	\$1,069,281	\$1,624,732
2029	\$2,924,946	\$1,090,667	\$1,834,279
2030	\$3,169,205	\$1,112,480	\$2,056,725
2031	\$2,766,553	\$1,134,730	\$1,631,823
2032	\$2,270,395	\$1,157,424	\$1,112,971
2033	\$1,672,243	\$1,180,573	\$491,670
2034	\$963,033	\$1,204,184	(\$241,151)
Total Over Next 10 Years	\$23,252,741	\$11,033,019	\$12,219,721

Administrative Efficiency

Providing full control of urban roads to local municipalities, will increase efficiency for businesses, community groups and municipalities themselves. Single ownership will reduce ‘red tape’ allowing a single party to be consulted, provide municipal comments and approvals and/or permits for areas of local importance, such as road closures related to community events,

façade improvement programs and sign permits, entrance permits; it will also enable communities interested in film production to become more investment ready through streamlined permitting and closure processes, which are key to business attraction. This proposed change will support urban development and investment readiness across the County.

Currently County Road standards are better suited to a rural cross-section, in terms of the policies for the number of intersections and separation distances between intersections. Allowing for municipalities to control such parameters in the Primary Settlement Areas, could ensure alignment between their projected growth and infrastructure needs, without needing exemptions to County policies, as is currently the case.

Urban Road Maintenance Costs

Maintenance costs for urban roads include maintenance per km for summer and winter, annual costs relating to storm structures, signalized intersections, line painting and hand painting.

The County's current annual maintenance costs are \$8,044 per km for winter maintenance, \$2,500 per km for summer maintenance (both based on ongoing current agreements), \$97.06 per storm sewer structure, \$4,184 per signalized intersection, \$346 per km for line painting, and total urban hand painting associated costs. In the urban areas identified for transfer, the total county spend has been \$1,007,607 annually. Table 3 below outlines Grey County's estimated annual maintenance budget requirements per municipality. An increase of 2% annually has been included to account for potential inflation.

Table 3 – Annual Maintenance Costs for Urban Roads

Municipality	Distance (km) Winter Maint	Distance (km) (Misc. Summer Maint.)	Storm Structures (#)	Signalized Intersection (#)	Line Painting (km)	Hand Painting (\$)	Year 1 (\$)
The Blue Mountains	5.65	5.65	155	1	5.646	14,085	\$ 97,625.24
Chatsworth	0.37	0.37	0	0	0.367	200	\$ 4,244.13
Georgian Bluffs	0.00	0.00	0	0	0	0	\$ -
Grey Highlands	4.15	4.15	106	2	4.154	6,905	\$ 72,169.42
Hanover	10.44	9.46	247	12	10.44	51,054	\$ 246,688.22
Meaford	3.62	3.62	71	2	3.623	7,387	\$ 63,570.63
Owen Sound	14.94	14.94	546	11	14.939	55,192	\$ 327,937.37
Southgate	2.73	2.73	84	0	2.727	8,558	\$ 48,127.17
West Grey	9.33	12.44	165	1	9.334	14,695	\$ 147,245.16
Total (#)	51.23	53.36	1374	29	51.23	158,076	\$ 1,007,607
Current Rate (\$)	\$8,044.00	\$ 2,500.00	\$ 97.06	\$ 4,184.00	\$346.00	\$ 1.20	
Annual Amount (\$)	\$ 412,094	\$ 133,400	\$133,360	\$ 121,336	\$17,726	\$ 189,691	
Total Cost (\$) Year 1							\$1,007,607
Total Cost (\$) Year 2							\$1,027,759
Total Cost (\$) Year 3							\$1,048,315
Total Cost (\$) Year 4							\$1,069,281
Total Cost (\$) Year 5							\$1,090,667
Total Cost (\$) Year 6							\$1,112,480
Total Cost (\$) Year 7							\$1,134,730
Total Cost (\$) Year 8							\$1,157,424
Total Cost (\$) Year 9							\$1,180,573
Total Cost (\$) Year 10							\$1,204,184

+2%
/
year
↓

Total 10 Years \$ 11,033,019

Road Maintenance and Plow Routes

The member municipalities may face some challenges to immediately take on the maintenance of the transferred urban roads due to competing priorities, staffing and equipment resources. In some cases, the potential transferred road would require a higher level of service than some of the other roads owned by the municipality. It is anticipated that some municipalities may not be able to or wish to provide the same level of service as the County currently provides. Maintenance routes would need to be modified and the County could establish maintenance contracts on a fee for service basis with the municipalities that will require support.

Urban Road Capital Construction Funding

Another element of urban transfers relates to capital construction. Understanding that the member municipalities will now be owners of the urban roads and responsible for the maintenance and construction costs, the County proposes to provide transition funding to support the member municipalities replacement costs over the next 10 years. It is recommended that after the initial 10 years have passed, the member municipalities would then be fully responsible for all costs of these road assets.

The funding plan was developed using the ratio of the urban road sections to be transferred against the entire Grey County road network. As part of the progress being made on the 2023 Asset Management Plan, the current replacement costs for all Grey County roads is \$1.4 billion. Staff have further extracted the replacement costs for the recommended urban roads to be transferred and determined a replacement cost of \$151.7 million or 10.6% of total replacement costs.

Presently, the County's financial commitment to urban reconstruction projects in member municipalities typically ranges from \$1,500,000 to \$3,400,000 per km. This cost encompasses the County's share of the project, covering asphalt and granular material for the road, curb and gutter installation, and the replacement of the stormwater system. Additional expenses for design, contract administration, and inspection typically amount to between 8% to 12% on top of the estimated construction costs for urban reconstruction projects. Additional costs for structure replacements, property acquisition, utility relocations and right-of-way clearing are not included within the ranges provided above. The costs associated with these items can vary depending on the scope of the project and the nature of the existing conditions for the road.

Capital Transition Funding

It is recommended that Urban Road Capital Transition funding be provided to help member municipalities manage the responsibility for capital improvements on urban sections of County roads over a 10-year period. In the interest of fairness, the funding has been based on replacement value rather than the number of km's transferred.

The funding was calculated by determining that the 51 km's of urban road being transferred constitutes 10.60% of the total replacement cost of all County road assets. The County's 10-year capital budget allocates approximately \$16.57 million annually for capital construction, therefore, there will be an annual transfer of a portion of the Transportation Services' Major Road and Bridge Construction budget to the receiving municipalities.

This amount will be distributed based on the proportion of urban road transfers and traffic signals within each municipality and will be used at the receiving municipalities discretion. The transition funds will be sourced from both the annual capital budget and the Development Charge funds accumulated up until the transfer date.

Table 4 below illustrates the annual payments to each municipality.

Table 4 – Urban Capital Transition Funding

	Municipality	BM	CH	GB	GH	HA	ME	OS	SG	WG
	Number of Urban Roads kms	5.65	0.37	0.00	4.15	10.44	3.62	14.94	2.73	9.33
	% of Urban Roads Transferred	11.59%	0.70%	0.00%	8.69%	19.14%	6.15%	30.86%	6.02%	16.85%
Year	Number of Intersections	1	0	0	2	12	2	11	0	1
2025	\$2,060,971	\$230,066	\$13,684	\$0	\$177,228	\$418,711	\$127,483	\$643,710	\$117,524	\$332,564
2026	\$2,255,612	\$252,456	\$15,034	\$0	\$194,112	\$456,447	\$139,462	\$703,928	\$129,113	\$365,061
2027	\$2,475,771	\$277,801	\$16,562	\$0	\$213,213	\$499,077	\$153,009	\$772,024	\$142,235	\$401,851
2028	\$2,694,013	\$302,920	\$18,076	\$0	\$232,147	\$541,349	\$166,439	\$839,531	\$155,239	\$438,311
2029	\$2,924,946	\$329,507	\$19,679	\$0	\$252,184	\$586,060	\$180,649	\$910,958	\$169,005	\$476,904
2030	\$3,169,205	\$357,635	\$21,375	\$0	\$273,379	\$633,332	\$195,678	\$986,500	\$183,571	\$517,735
2031	\$2,766,553	\$310,753	\$18,535	\$0	\$238,327	\$556,809	\$170,950	\$862,418	\$159,180	\$449,581
2032	\$2,270,395	\$253,025	\$15,039	\$0	\$195,144	\$462,402	\$140,476	\$709,484	\$129,157	\$365,669
2033	\$1,672,243	\$183,468	\$10,827	\$0	\$143,093	\$348,485	\$103,733	\$525,079	\$92,989	\$264,568
2034	\$963,033	\$101,030	\$5,837	\$0	\$81,385	\$213,327	\$60,166	\$306,408	\$50,131	\$144,751
Total Over Next 10 Years	\$23,252,741	\$2,598,661	\$154,647	\$0	\$2,000,212	\$4,715,999	\$1,438,045	\$7,260,040	\$1,328,144	\$3,756,994

Next Steps

Following support in principle from the Task Force and Council regarding the recommended transfer of urban road segments to the appropriate member municipality, the following next steps will be required:

- Present the urban capital transition funding model to the Budget and Finance Committee for budget consideration purposes.
- County staff to meet with local municipal staff to negotiate any agreements for continued county maintenance service that may be required on a cost recovery basis.
- County staff to negotiate new urban road agreements with the municipalities noted in Table 1.
- Prepare a follow-up report to the Task Force identifying the agreements and corresponding transition plans, including schedules, funding and maintenance support details.

Legislated Requirements

Section 52 of the Municipal Act, 2001 permits the County to transfer jurisdiction and ownership of roads between the County and its lower-tier municipalities on its own. No formal approval is required from the lower-tier municipalities involved.

The Act and related legislation give the authority to close a highway and to restrict its use (e.g. speed limits, controlling what vehicles may use the road, limiting traffic flow to one-way traffic, etc.) to the municipality having jurisdiction over the road.

To:	Warden Milne and Members of Grey County Council
Committee Date:	October 10, 2024
Subject / Report No:	TR-CW-31-24
Title:	Urban Road and Road Exchange Task Force Recommendations
Prepared by:	Sharon Melville, Trevor Ireton and Shaun Anthony
Reviewed by:	Pat Hoy
Lower Tier(s) Affected:	All Member Municipalities

Recommendation

1. That report TR-CW-31-24 be received; and
2. That the funding model presented for the urban road and rural road transfers be approved; and
3. That the 2025 budget reflect a levy increase of \$1,148,300 to support the funding model.
4. That staff be directed to negotiate new road agreements to take effect Fall 2025 with the affected municipalities and bring a report with the agreements and corresponding transition plans, including schedules, funding and maintenance support details, to a future Task Force meeting prior to final approval of the transfers through Grey County Council.

Executive Summary

The purpose of this report is to update Council on the status of the urban road and road exchange project and to seek approval for staff to begin discussions with municipalities to finalize agreements on rural and urban transition plans, including transfer timing, funding and maintenance as recommended by the Urban Road and Road Exchange Task Force (Task Force). If approved, over the next 10 years, the impact of the urban transfers on the levy is estimated to be a total of \$23 million. The 10-year net impact of the rural transfers and reconstruction (costs for uploaded roads less expenditure reductions for downloaded roads) is \$36 million. Some of the required funds are currently in the annual capital budget and there is an estimated \$1 million in operational savings from the urban transfers expected to offset new expenditures. The bottom-line

impact to the levy is an increase of \$1,148,273 in 2025 with inflationary increases over the remaining nine years.

Background and Discussion

Urban Transfers

The Task Force received reports outlining the rationale for transferring responsibility for the urban segments of some County roads to the member municipalities where they are located. These reports examined the financial aspects of urban maintenance and construction and suggested a funding transition model between the County and member municipalities over a 10-year period. The report proposes to transfer just over \$23 million over the next 10 years to receiving municipalities.

Table 1 – Primary and Urban Road Areas to be Transferred

	Mun.	Settlement Area	Grey Road No.	Type	Length (Km)
1.	Blue Mountains	Thornbury	13	Primary	3.521
2.	Blue Mountains	Thornbury	113	Primary	2.126
3.	Grey Highlands	Markdale	12	Primary	2.125
4.	Hanover / West Grey	Hanover	4	Primary	3.888
5.	Hanover	Hanover	10	Primary	4.326
6.	Hanover / West Grey	Hanover	28	Primary	4.158
7.	Meaford	Meaford	7	Primary	1.119
8.	Meaford	Meaford	12	Primary	2.071
9.	OS / Meaford	Owen Sound	5	Primary	6.366
10.	OS	Owen Sound	15	Primary	5.936
11.	OS	Owen Sound	1	Primary	3.069
12.	Southgate	Dundalk	9	Primary	2.727
13.	West Grey	Durham	4	Primary	2.652
14.	West Grey	Durham	27	Primary	0.453
15.	West Grey	Neustadt	9	Primary	0.627
16.	West Grey	Neustadt	10	Primary	2.249

17.	Chatsworth	Chatsworth	40	Secondary	0.367
18.	Grey Highlands	Flesherton	4	Secondary	2.029
19.	West Grey	Ayton	3	Secondary	1.422

Transition Funding

It is recommended that urban transition funding be provided to municipalities over 10 years using the ratio of the urban road sections capital replacement value to be transferred against the entire Grey County road network replacement value. Staff concluded that using the replacement values from the Asset Management Plan allows for a more equitable distribution of funding based on the assets being transferred. In contrast, allocating urban transfer funding based on the 10-year plan would result in a less balanced distribution, favoring municipalities with more County Road work scheduled in their upcoming plans. Additionally, this approach would disproportionately benefit municipalities with older infrastructure, as their roads require reconstruction within the next 10 years, compared to those with newer infrastructure, where reconstruction needs may be 10+ years away.

The table below shows the amount that will be distributed based on the proportion of urban road transfers and traffic signals within each municipality and will be used at the receiving municipalities discretion. The transition funds will be sourced from both the annual capital budget and the Development Charge funds accumulated up until the transfer date. The 2024 Major Road and Bridge Construction capital budget includes \$36.1M in expenditures for in year projects and transfers to reserve. The budget is funded through a combination of sources that include a \$10.2M levy contribution, Canada Community-Building Funding and Ontario Community Infrastructure Funding. Funds from this budget would be transferred annually over the 10 year period to the receiving municipalities.

The recommended urban road transfers result in an estimated operational (maintenance) reduction of \$1,007,607 to Grey County. The costs experienced by member municipalities will depend upon their service level standards and cost allocations.

For informational purposes relating to the Urban transfers, the following projects were completed within the past 5 years:

- 2019 Grey Road 4 – Hanover - \$361,800
 - Grey Road 4 – Durham - \$800,800
 - Grey Road 9 – Dundalk - \$3,081,200
- 2020 Grey Road 4 – Durham - \$131,300
 - Grey Road 9 – Dundalk - \$252,200
- 2022 Grey Road 15 – Owen Sound - \$2,119,200
 - Grey Road 27 – Durham - \$943,700
- 2023 Grey Road 7 – Meaford - \$1,612,600

Grey Road 15 – Owen Sound - \$103,900

Grey Road 28 – Hanover - \$1,052,400

The following projects associated with the urban transfers have been identified in the next 5 years:

2025 Grey Road 28 – Hanover - \$1.6 M (will be completed prior to transfer)

2026 Grey Road 4 – Durham - \$3.2 M

Grey Road 9 – Dundalk - \$3.7 M

Grey Road 12 – Markdale - \$1.9 M

2027 Grey Road 5 (signals & roundabout) – Owen Sound - \$10 M

Grey Road 13 – Clarksburg - \$2.1 M

2028 Grey Road 12 – Markdale - \$1.5 M

Grey Road 12 – Meaford – \$2.6 M

Grey Road 15 – Owen Sound - \$1.4 M

Table 2 – Urban Transition Funding Model

*Table 2 below provides a framework for illustrative purposes and shows the annual payments to each municipality based on predicted future levy increases of 2.55% within the Asset Management Plan and 2% standard inflation. The 2025 payment will be prorated dependent upon transfer date.

	Municipality	BM	CH	GB	GH	HA	ME	OS	SG	WG
	Number of Urban Roads kms	5.65	0.37	0.00	4.15	10.44	3.62	14.94	2.73	9.33
	% of Urban Roads Transferred	11.59%	0.70%	0.00%	8.69%	19.14%	6.15%	30.86%	6.02%	16.85%
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2027	\$2,475,771	\$277,801	\$16,562	\$0	\$213,213	\$499,077	\$153,009	\$772,024	\$142,235	\$401,851
2028	\$2,694,013	\$302,920	\$18,076	\$0	\$232,147	\$541,349	\$166,439	\$839,531	\$155,239	\$438,311
2029	\$2,924,946	\$329,507	\$19,679	\$0	\$252,184	\$586,060	\$180,649	\$910,958	\$169,005	\$476,904
2030	\$3,169,205	\$357,635	\$21,375	\$0	\$273,379	\$633,332	\$195,678	\$986,500	\$183,571	\$517,735
2031	\$2,766,553	\$310,753	\$18,535	\$0	\$238,327	\$556,809	\$170,950	\$862,418	\$159,180	\$449,581
2032	\$2,270,395	\$253,025	\$15,039	\$0	\$195,144	\$462,402	\$140,476	\$709,484	\$129,157	\$365,669
2033	\$1,672,243	\$183,468	\$10,827	\$0	\$143,093	\$348,485	\$103,733	\$525,079	\$92,989	\$264,568
2034	\$963,033	\$101,030	\$5,837	\$0	\$81,385	\$213,327	\$60,166	\$306,408	\$50,131	\$144,751
Total Over Next 10 Years	\$23,252,741	\$2,598,661	\$154,647	\$0	\$2,000,212	\$4,715,999	\$1,438,045	\$7,260,040	\$1,328,144	\$3,756,994

Rural Transfers

The Task Force also received reports earlier this year which identified potential rural road transfers/exchanges, the potential benefits to the overall road network as well as the initial cost projections associated with each of the road sections. The goal of the Task Force was to determine an alignment of road utilization, road standards and ownership to enhance road safety and investments. In addition to the cost of upgrading the roads, there will be costs related to title searches, land surveys, preparation of by-laws, civic address changes and signage, all of which require a significant amount of effort.

Table 3- Recommended Rural Road Exchange/Transfers

Road Being Uploaded	Road Being Downloaded	Exchange Date*	Municipality	Required Construction by Grey County
Southgate SRD 11	Grey Road 14	TBD	Southgate	2026 – Overlay to add second lift
Bentinck-Sullivan Townline	Grey Road 25	TBD	Chatsworth/ West Grey	2029 – Full Reconstruction
Concession 5/Derby Concession 6/Sullivan		TBD	Georgian Bluffs/ Chatsworth	2027 – 50 mm overlay – Concession 6 2041 – Full Reconstruction
Concession 12	Grey Road 9	TBD	West Grey	2027/2028 – 3 Bridges 2030 – Grey Road 3 to GB Line 2032 to 2034 – Hwy 6 to Grey Road 3

After extensive discussions regarding the cost of reconstructing Concession 12, the Task Force chose to move forward with the transfer.

Understanding the comprehensive costs associated with upgrading roads is vital for informed decision-making and effective infrastructure planning. The total gross project costs identified in Table 4 below are based on current 2024 construction costs; inflationary increases will be required over the 10-year period. By taking these financial considerations associated with the recommended rural road transfers/exchanges into account, staff can make more accurate budget projections and allocate resources strategically to ensure the quality and safety of the overall road network.

The **Levy Impact** identified below is the difference between the new levy funding required due to upload and the levy no longer required due to download which represents the average annual levy requirement that would be needed annually to fund the road transfers in today's dollars.

Table 4 - 10-Year Capital Funding Summary of Transferred Rural Roads

Year	Total Gross Project Cost A	Estimated DC Funding Required B	Estimated New Levy Capital Funding Required due to Upload A+B	Estimated Levy No Longer Required due to Download C	Net Levy Impact (D) A+B+C
2025	\$3,073,260	\$0	\$3,073,260	\$0	\$3,073,260
2026	\$5,825,220	\$0	\$5,825,220	\$0	\$5,825,220
2027	\$722,160	(\$39,984)	\$682,176	(\$7,289,023)	(\$6,606,847)
2028	\$10,939,500	(\$4,375,800)	\$6,563,700	\$0	\$6,563,700
2029	\$3,370,080	(\$875,976)	\$2,494,104	\$0	\$2,494,104
2030	\$10,489,680	(\$4,195,872)	\$6,293,808	(\$2,925,782)	\$3,368,026
2031	\$0	\$0	\$0	\$0	\$0
2032	\$7,691,820	(\$3,076,728)	\$4,615,092	(\$4,885,845)	(\$270,753)
2033	\$1,777,860	(\$542,640)	\$1,235,220	\$0	\$1,235,220
2034	\$7,961,100	(\$2,684,232)	\$5,276,868	\$0	\$5,276,868
Total	\$51,850,680	(\$15,791,232)	\$36,059,448	(\$15,100,650)	\$20,958,797
Average Annual	\$5,185,068	(\$1,579,123)	\$3,605,945	(\$1,510,065)	\$2,095,880

The average annual levy requirement for major road and bridge construction is expected to increase by \$2,095,880, plus an additional \$60,000 in operational maintenance costs, to accommodate the rural road transfers.

Financial and Resource Implication

This is a comprehensive plan that is based on both the urban and rural transfers taking place. Transferring the urban roads to the member municipalities with capital funding gives them control and flexibility. County expenses for providing summer and winter maintenance will decrease by \$1M.

The newly acquired County roads (rural sections) will require significant upgrades. Substantial legal work will be required for land acquisition and title transfers; these costs have yet to be quantified. The removal of urban reconstruction projects from the current 10-year plan frees up some financial resources and time. Rural roads transferred to the County will be included in the next update to the development charge by-law that will take effect January 1, 2027.

The 2023 Asset Management Plan released in July 2024 reflected a total infrastructure deficit of \$30.7 million. By adding a net \$36 million in rural project costs and transferring \$12.2 million in capital funding for urban transfers, it can be anticipated that the portion of the infrastructure deficit relating to Transportation Services will increase. Without a more substantial investment in infrastructure than accounted for in this report, the adjustment to the County road network will result in uploaded roads moving ahead of work that was presented in the 2024-2033 10 year capital forecast.

Once the \$1.1 million increase to the levy occurs in 2025, the remaining 9 years will reflect in inflationary increases. |

2025 Budget Impact	
Urban Transfers	
Operating Budget Reduction	(\$1,007,607)
Urban Transition Funding for member municipalities	\$2,060,971
Less: Funds from the capital budget	(\$2,060,971)
Net Levy Operating Budget Decrease	(\$1,007,607)
Rural Transfers	
Operating Budget Increase	\$60,000
Capital budget increase for rural road exchanges	\$2,095,880
Net Levy Capital Budget Increase	\$2,155,880
Net Operating and Capital Budget Increase in 2025	\$1,148,273

Relevant Consultation

- Internal (list)
 - AODA Compliance (describe)
 - Contribution to Climate Change Action Plan Targets (describe)
- External (list)

Appendices and Attachments

[Link to TR-UR-05-24 February Task Force Urban Detailed Report](#)

[Link to TR-UR-14-24 April Task Force Rural Detailed Report](#)

[Link to TR-UR-27-24 September Task Force Urban Financial Report](#)

[Link to TR-UR-28-24 September Task Force Rural Financial Report](#)

To:	Chair Greig and Task Force Members
Committee Date:	March 20, 2025
Subject / Report No:	TR-UR-06-25
Title:	Urban Road and Road Exchange Task Force Recommendations
Prepared by:	Sharon Melville, Trevor Ireton, Shaun Anthony
Reviewed by:	Pat Hoy
Lower Tier(s) Affected:	All Member Municipalities

Recommendation

1. That report TR-UR-06-25 be received; and
2. That the funding model presented for the urban road and rural road transfers be approved; and
3. That a levy increase of \$1,240,901 to support the funding model for the road transfers be included in the 2026 draft budget for Council’s consideration; and
4. That staff be directed to negotiate new road agreements with the affected municipalities in accordance with the activities in the report; and
5. That the corresponding draft agreements come forward for consideration.

Executive Summary

The purpose of this report is to update the Task Force on the status of the urban road and road exchange project and to seek approval to finalize agreements on transition plans with municipalities including transfer timing, funding and maintenance plans.

Council received report TR-CW-31-24 in October 2024, which identified rural road transfers/exchanges, the potential benefits to the overall road network as well as the initial cost projections associated with the upgrade of each of the uploaded roads. The report directed staff to meet with each member municipality and bring forward a report to the Task Force summarizing transition plans relating to schedules, funding and maintenance support.

Background and Discussion

The goal of the Task Force was to determine an alignment of road utilization, road standards and ownership to enhance road safety and investments.

Staff met with each of the nine municipalities as directed. Discussions were held on the positive opportunity for member municipalities to make local decisions within their urban communities when the urban cross sections are transferred to them. The only significant concern came from those without a rural transfer component, noting a perceived inequity in the financial benefit being provided compared to those who had one. These municipalities (The Blue Mountains, Hanover, Meaford, Owen Sound and Grey Highlands) feel they would require additional funding to manage the transferred urban roads. Specifically, funds would be needed for future infrastructure upgrades and to hire staff to manage additional maintenance.

In response, Grey County re-evaluated the transition funding allocation (see below) and proposes to continue to provide winter maintenance within the majority of the urban transfer areas with costs to be invoiced to each municipality on a cost-recovery basis. Other transition considerations can be considered with each municipality as part of the new road agreements.

Transition Funding

The transition funding to be provided to municipalities over 10 years using the ratio of the urban road sections capital replacement value, was presented to each member municipality.

The table below shows the funding to be distributed based on the proportion of urban road km's and traffic signals within each municipality. Transportation staff are recommending an alternative funding model for municipalities without a rural trade component to provide further financial support over the next 10-year period.

The new funding model would maintain a consistent annual financial commitment. Any additional funding would come from the Transportation Capital budget rather than increasing the levy. The new funding model allows for a consistent amount over the 10-year period to be distributed to the municipalities without a rural transfer component.

In order to move forward, staff are recommending a reconstruction cutoff date of October 15, 2026. Projects recommended to be completed prior to end date are:

- Markdale – Grey Road 12 \$1,803,300
- Dundalk – Grey Road 9 - \$3,582,900
- Grey Road 14 – \$1,895,700

Table 1 below contains the details of the newly calculated funding.

Table 1 - Transition Funding Model

*Table 1 below provides a framework showing the annual payments to each municipality based on a predicted future levy increases of 2.55% within the Asset Management Plan released July 2024 and 2% standard inflation. The 2026 payment will be prorated dependent upon transfer date and remaining nine years will reflect inflationary increases as set out in agreements.

		Municipalities with only Urban Transfers					Municipalities with Rural Transfer Components			
Municipality		BM	GH	HA	ME	OS	SG	WG	CH	GB
KM of Urban Roads		5.65	4.15	10.44	3.62	14.94	2.73	9.33	0.37	0.00
% of Urban Roads Transferred		11.59%	8.69%	19.14%	6.15%	30.86%	6.02%	16.85%	0.70%	0.00%
Number of Intersections		1	2	12	2	11	0	1	0	0
Year	Total Annual Transition Fund									
2026	\$2,167,574	\$242,249	\$186,457	\$439,597	\$134,051	\$676,760	\$123,812	\$350,231	\$14,416	\$0
2027	\$2,388,039	\$267,630	\$205,586	\$482,285	\$147,617	\$744,950	\$136,953	\$387,072	\$15,947	\$0
2028	\$2,606,704	\$292,798	\$224,557	\$524,638	\$161,073	\$812,588	\$149,983	\$423,604	\$17,464	\$0
2029	\$2,838,185	\$319,448	\$244,641	\$569,454	\$175,317	\$884,184	\$163,782	\$462,289	\$19,070	\$0
2030	\$3,083,124	\$347,655	\$265,895	\$616,856	\$190,388	\$959,936	\$178,388	\$503,235	\$20,771	\$0
2031	\$3,342,192	\$377,497	\$288,376	\$666,972	\$206,328	\$1,040,052	\$193,842	\$546,555	\$22,571	\$0
2032	\$3,451,550	\$409,054	\$312,146	\$719,938	\$223,180	\$1,124,747	\$168,149	\$474,758	\$19,579	\$0
2033	\$3,549,423	\$442,412	\$337,268	\$775,893	\$240,988	\$1,214,250	\$136,479	\$386,241	\$15,891	\$0
2034	\$3,634,276	\$477,660	\$363,810	\$834,986	\$259,802	\$1,308,797	\$98,290	\$279,486	\$11,445	\$0
2035	\$3,704,462	\$514,891	\$391,842	\$897,372	\$279,669	\$1,408,638	\$53,003	\$152,876	\$6,172	\$0
Total Over Next 10 Years	\$30,765,530 (from \$24,514,432)	\$3,691,292	\$2,820,578	\$6,527,991	\$2,018,412	\$10,174,903	\$1,402,681	\$3,966,348	\$163,326	\$0

Transition Dates

Table 2 - Recommended Rural Road Exchange/Transfer Dates

*All transfer/exchange dates will rely upon a number of factors, which could include civic address notifications for residents and emergency services, agreement drafting and negotiations, investigations, staffing resources, timelines for surveys, etc.

Road Being Uploaded	Road Being Downloaded	Exchange Date*	Municipality
Southgate SRD 11	Grey Road 14	Following completion of Grey Road 14 reconstruction	Southgate
Bentinck-Sullivan Townline	Grey Road 25	Monday May 5, 2026	Chatsworth/West Grey
Concession 5/Derby Concession 6/Sullivan		Monday May 5, 2026	Georgian Bluffs/ Chatsworth
Concession 12	Grey Road 9	Following replacement of structures and some minor road upgrades – Fall 2027	West Grey

Table 3 - Recommended Urban Road Exchange/Transfer Dates

Municipality	Urban Road(s) to be Transferred	Transfer Date*
Southgate	Grey Road 9 (Main Street) in Dundalk	Dundalk following reconstruction
Chatsworth	Grey Road 40 (McNab Street) in Chatsworth	Monday May 5, 2026
Grey Highlands	Grey Road 4 (Collingwood Street) in Flesherton & Grey Road 12 (Main Street) in Markdale	Flesherton - Monday May 5, 2026 Markdale following reconstruction

West Grey	Grey Road 4 (Lambton, Bruce, Durham Rd.) in Durham	Monday May 5, 2026
Blue Mountains	Grey Road 13 (Bruce, Marsh St) in Thornbury & Grey Road 113 (Alfred St./10 th Line) in Clarksburg	Monday May 5, 2026
Meaford	Grey Road 12 (Nelson, Pearson & Miller St) in Meaford	Monday May 5, 2026
Owen Sound	Grey Road's 1 (2 nd Ave W, 3 rd Ave W), 5 (2 nd Ave SE, 2 nd Ave E, 6 th St E, 8 th St E, 28 th Ave E) 15 (3 rd Ave E, East Bayshore Rd)	Monday May 5, 2026
Hanover	Grey Road's 4 (10 th Street), 10 (7 th Ave, 2 nd St and 10 th Ave) & 28 (24 th Ave)	Monday May 5, 2026

Ongoing Maintenance Requirements

Table 4 - Requirements for Ongoing Maintenance

As transitions take place, the receiving municipality may need some time to fully take over the maintenance of the transferred infrastructure and will require operational support through a pay-for-service arrangement. Details of maintenance support will differ in the agreement for each municipality relating to the activity required and length of time the support is needed.

Municipality	Transferred Roads	Grey County ongoing Maintenance
Southgate	Grey Road 9 in Dundalk	Winter - plowing
Chatsworth	Grey Road 40 in Chatsworth	None required
Grey Highlands	Grey Road 4 in Flesherton & Grey Road 12 in Markdale	Winter - plowing, traffic signal management
West Grey	Grey Road 4 in Durham	Winter - plowing

Blue Mountains	Grey Road 13 in Thornbury & Grey Road 113 in Clarksburg	Winter - plowing
Meaford	Grey Road 12 in Meaford	Winter - plowing
Owen Sound	Grey Road's 1, 5 & 15	None required
Hanover	Grey Road's 4,10 & 28	Winter - plowing, Traffic Signal management, bridge inspection
Georgian Bluffs	N/A	N/A

Financial and Resource Implications

The transfer/exchanges presented include a comprehensive financial plan that is based on both the urban and rural transfers taking place. Report TR-CW-31-24 presented funding model options for the transfers; the 2025 budget was prepared and approved with no levy increase included for any changes to the road network and associated funding for the member municipalities.

Transferring the urban roads to the member municipalities with capital funding and the responsibility for maintenance costs, allows County operating expenses to decrease by \$1M.

Once the \$1.24 million increase to the levy occurs in 2026, the remaining 9 years will reflect inflationary increases, with the annual increase calculated based on the appropriate year over year increase to the Consumer Price Index and the county's asset management plan increase/decrease. The methodology for the increases will be included in the draft agreements with the affected municipalities.

Table 5 – 2026 Budget Impact

Urban Transfers	2025	2026*
Operating Budget Reduction	(\$1,007,607)	(\$1,027,759)
Urban Transition Funding for member municipalities	\$2,060,971	\$2,167,574
Less: Funds from the capital budget	(\$2,060,971)	(\$2,167,574)
Net Levy Operating Budget Decrease (A)	(\$1,007,607)	(\$1,027,759)
Rural Transfers		
Operating Budget Increase	\$60,000	\$61,200
Capital budget increase for rural road exchanges	\$2,095,880	\$2,207,460
Net Levy Capital Budget Increase (B)	\$2,155,880	\$2,268,660
Net Operating and Capital Budget Increase in 2026	(A + B)	\$1,240,901

*This table demonstrates the costing based on a full year. Actual amounts required will be dependent on transfer and agreement dates.

Relevant Consultation

- Internal (list)
 - AODA Compliance (describe)
 - Contribution to Climate Change Action Plan Targets (describe)
- External (All member municipalities)

Appendices and Attachments

TR-UR-05-24 February Task Force Urban Detailed Report

TR-UR-14-24 April Task Force Rural Detailed Report

TR-UR-27-24 September Task Force Urban Financial Report

TR-UR-28-24 September Task Force Rural Financial Report

TR-CW-31-24 - Urban Road and Road Exchange Task Force Recommendations.docx

CW104-24:

That report TR-CW-31-24 be received; and

That the funding model presented for the urban road and rural road transfers be supported in principle; and

That staff be directed to negotiate new road agreements with the affected municipalities and bring a report with the agreements and corresponding transition plans, including schedules, funding and maintenance support details, to a future Task Force meeting prior to final approval of the transfers through Grey County Council.

To:	Chair Greig and Task Force Members
Committee Date:	February 5, 2026
Subject / Report No:	TR-UR-01-26
Title:	Urban Road and Road Exchange Task Force Recommendations
Prepared by:	Sharon Melville, Trevor Ireton, Shaun Anthony
Reviewed by:	Pat Hoy
Lower Tier(s) Affected:	All Member Municipalities

Recommendation

1. That Report TR-UR-01-26 be received; and
2. That the draft road transfer template agreement be approved, and staff be directed to customize the template for each member municipality and circulate the agreements for execution and that the Warden and Clerk be authorized to execute the agreements; and
3. That the road assumption/deletion by-law(s) be brought forward to County Council with a transfer date of July 6, 2026, for both Urban and Rural transfers with the following exceptions being transferred on October 29, 2026;
 - Grey Road 4 within Flesherton
 - Grey Road 12 within Markdale
 - Grey Road 14 and Southgate SRD 11
 - Grey Road 9 within Dundalk; and
4. That staff be authorized to proceed prior to Council approval as per Section 26.6 (b) of the Procedural By-law.

Executive Summary

The purpose of this report is to update the Task Force on the status of the urban road and road exchange project.

Staff are seeking approval to:

1. Forward agreements for signature to each member municipality that clearly identifies the road sections to be transferred, associated funding amounts, and applicable maintenance arrangements.
2. Prepare the road assumption/deletion by-law(s) for Council approval, inclusive of two dates, July 6, 2026, and October 29, 2026.

The Task Force received report TR-UR-06-25 in March 2025, which identified all urban and rural road transfers/exchanges, the funding model associated with the transfers, and the potential transition dates. Following Council discussion in March 2025, the following motion was approved:

That report TR-UR-06-25 be received; and

That the funding model presented for the urban road and rural road transfers be approved in principle and that public information sessions be held; and

That a levy increase of \$1,240,901 to support the funding model for the road transfers be included in the 2026 draft budget for Council's consideration; and

That staff be directed to negotiate new road agreements with the affected municipalities in accordance with the activities in the report; and

That the corresponding draft agreements come forward for consideration.

Background and Discussion

Public Information Sessions

Transportation staff hosted seven public information sessions and received feedback from attendees. Information sessions were of a 'drop in' nature and held over evenings in Thornbury, Owen Sound, Hanover, Dundalk, Markdale, Durham and a final session was hosted at Grey Roots Museum. While attendance varied, the sessions provided valuable opportunities for staff to engage constructively with residents to understand any concerns. Questions raised by residents included road name changes, road maintenance and future road reconstruction.

Transfer Date

It is important that road transfers are completed well in advance of the winter season, to enable both Grey County and member municipalities adequate time to prepare for winter. Road names are used by many services and are of key importance to postal and emergency services. These services need to know the date on which road names will change to update their systems. On the date that the names will change, all existing sign blades must be replaced.

All road transfers are proposed for transfer effective Monday July 6, 2026, with the following exceptions:

- Grey Road 9 in Dundalk due to construction
- Grey Road 14 in Southgate due to construction (including the exchange of Southgate SRD 11)

- Grey Road 12 in Markdale due to construction
- Grey Road 4 in Flesherton to be consistent with Markdale transfer date

Due to construction timelines, the list above are proposed for transfer effective October 29, 2026.

Template Agreement

Attached is a template Road Transfer Agreement for review and approval. The main body of the agreement contains identical language for each of the nine municipalities. Following the main body of the agreement is:

- Schedule A – Description of each road transfer
- Schedule B – Financial Arrangements specific to the individual transition funding to be received (if applicable), and
- Schedule C – Winter Maintenance Provisions (if requested) inclusive of a Winter Maintenance Agreement that can be considered on its own due to future location changes or cost amendments.

An agreement with detailed schedules will be forwarded to each of the nine member municipalities for review and signature inclusive of the respective transfer dates as set out in the recommendation above.

Operational Steps

As of 12:01 a.m. on the respective transfer date (July 6th or October 29th), the transferred roads, as listed in the chart's below, will then become the responsibility of the receiving party. The most important activity relating to public safety is road name sign changes, specifically intersection signs. Changes must all take place on the respective transfer date to ensure that emergency services can attend if required. Staff are reviewing the best way to tackle the approximate 130 intersection blade changes and 75 address blade changes. County staff resources will be committed to support property owners and member municipalities with the address changes, including information and support for the accuracy of the municipal election voters list for affected properties. The transfer date is of major importance to civic addressing to ensure Bell 911 and Canada Post have current addressing along with the continuance of operational day to day activities from a roads perspective.

Civic Addressing Steps for a Road Name Change

Both Grey County and the Municipalities will pass a by-law to rename the transferred roads (if necessary), ensuring the effective date is at least 4 weeks in advance so the following can be done:

- Send notification of final address changes to address group with effective date (Bell911, MPAC, Canada Post, etc.)
- Send notification of road changes to emergency services and dispatch with effective date
- Send letters to owners to notify address change. They have 6 days after the effective date to change the address information on their driver's license
- Order new intersection signs and replace civic address blades to ensure changes take place on the effective date

Roads for Transfer July 6, 2026

Num	Mun	Settlement	Grey Road	Upload	Road description
1	BM	Thornbury	13		From Highway 26, the section of road runs 3.5 km to the south settlement boundary, located 145 m south of 10th Line.
2	BM	Thornbury	113		From Highway 26, the section of road runs 2.1 km to Bruce Street South.
4	HAN/WG	Hanover	4		From the west settlement boundary, located 350 m west of 3rd avenue, the section of road runs 3.9 km to the east settlement boundary, located 1 km east of 24th Avenue.
5	HAN	Hanover	10		From the south settlement boundary, located 920 m south of 2nd Street, the section of road runs 4.3 km to Grey Road 28.
6	HA/WG	Hanover	28		From the south settlement boundary, located 80 m south of 10th Street, the section of road runs 4.2 km north to Concession 2 NDR, then west to Bruce Road 10.
7	ME	Meaford	7		From Highway 26, the section of road runs 1.1 km to the south settlement boundary, located 315 m south of Muir Street.
8	ME	Meaford	12		From Highway 26, the section of road runs 2.0 km to the west settlement boundary, located 148 m west of Gardiner Street.
9	OS/ME	Owen Sound	5		From 1st Street SW, the section of road runs 6.4 km to 9th Avenue East.
10	OS	Owen Sound	15		From 6th Street East, the section of road runs 5.9 km to the north settlement boundary, located 920 m north of 32nd Street East.
11	OS	Owen Sound	1		From 10th Street West, the section of road runs 3.1 km to the north settlement boundary, located 150 m north of 29th Street West.
13	WG	Durham	4		From the west settlement boundary, located 320 m west of College Street North, the section of road runs 2.7 km to the east settlement boundary, located 178 m east of George Street East.
14	WG	Durham	27		From Grey Road 4 to Garafraxa Street North.
15a	WG	Neustadt	9		From Queen Street, the section of road runs 620 m to the east settlement boundary, located 95 m east of Forler Street.

Num	Mun	Settlement	Grey Road	Upload	Road description
15b	WG		9		From the east settlement boundary of Neustadt, located 95 m east of Forler Street, the section of road runs 4.8 km to Grey Road 3.
15c	WG		9		From Helena Street in Ayton, the section of road runs 11.5 km to Highway 6.
15d	WG		9		
15e	WG			Con 12	From Grey Road 10, the section of road runs 16.8 km to Highway 6.
16	WG	Neustadt	10		From the south settlement boundary, located 360 m south of Tower Street, the section of road runs 2.3 km to the north settlement boundary, located 220 m north of Cemetery Road.
18	WG	Ayton	3		From the south settlement boundary, located 748 m south of Edmund Street, the section of road runs 2.2 km to the north settlement boundary, located 210 m north of Victoria Street.
19	CH	Chatsworth	40		From Garafraxa Street, the section of road runs 365 m to Toronto Sydenham Street.
21a	CH		25		From the Grey Bruce Line to the section of road runs 5.4 km to Grey Road 3.
21b	CH/WG			Ben-Sul TL	From Bruce Road 10, the section of road runs 5.4 km to Grey Road 3.
22a	CH			Con 6	From Grey Road 40, the section of road runs 3.7 km to Grey Road 16.
22b	GB			Con 5 Derby	From Grey Road 16, the section of road runs 5.5 km to Grey Road 18.

Roads for Transfer October 29, 2026

17	GH	Flesherton	4		From the southwest settlement, located 670 m south of Harold Best parkway, the section of road runs 2.1 km to the northeast settlement boundary, located 500 m north of Victoria Street.
3	GH	Markdale	12		From the southwest settlement boundary, located 55 m south of Terra Drive, the road section runs 2.1 km to the northeast boundary, located 270 m north of Lawler Drive.
12	SG	Dundalk	9		From the southwest settlement boundary, located 322 m south of Ida Street, the section of road runs 2.7 km to Highway 10.

20a	SG		14		From Southgate SRD 11, the section of road runs 8.2 km to Highway 89.
20b	SG		14		
20c	SG			SG SRD 11	From Southgate Road 08. the section of road runs 4.1 km to Highway 89.

Road Assumption/Deletion By-law

Staff anticipate that the road assumption/deletion by-law(s) will be brought forward to County Council on the following date for consideration:

- May 14 for approval of the road transfers which are effective July 6, 2026, and October 29, 2026;

Legislated Requirements

Under Section 52 of the Municipal Act, the County can remove/add public highways from/to its jurisdiction by passing By-laws to update its County Road System. After a By-law is passed, staff will endeavor to complete the necessary registrations required to update the land registry office ownership records of roads, as required.

Grey County’s Notice Policy, By-law 5063-19, requires specific notice when changing the name of a highway. Notice must be posted on the website, with signage being posted and a media release 21 days prior to enactment of the by-law changing the name.

Financial and Resource Implications

Transition Workplan

Transportation Services and Legal Staff have worked together to build a workplan associated with the road transfer process.

1.	County Council approval of by-law(s) to assume and delete specific roads with transfer dates – a by-law to download, a by-law to upload, a by-law to rename the roads and finally a consolidated road network by-law.
2.	Working with all 9 member municipalities to enter road transfer agreements including funding and terms for continued winter maintenance support where needed
3.	Civic Addressing revisions (i.e. road names, intersection signage, data base, voters list, etc.).
4.	Property Owner letters advising of Address Changes (approx. 300 address changes/letters, 60 intersection blades) – is approximately a 4 week process.

5.	County Admin staff will offer to attend member municipal locations and provide a hotline number to aid in address changes for residents online with the MTO, OHIP, etc.
6.	Management of information movement to and from transferred municipalities. Review of internal records to note any property agreements (encroachments, easements, culvert inspections, construction work, warranty work, ongoing claims, road surveys, asset management records etc.)
7.	Boundary Road Agreement Updates
8.	Stop sign/no parking by-laws to be amended
9.	Speed zone by-laws to be amended
10.	Legal review with Transportation Services staff each section of road to determine specific requirements (survey or otherwise) to address at time of transfer
11.	Property searches for roads being exchanged
12.	Transfer of adjacent lands to local municipalities
13.	Survey of lands where required (if road extends beyond the limits that are proposed for download)
14.	Establish responsibility for costs associated with transfers, civic addressing, address changes, County or Municipality or both
15.	Claims policy for road transfer process
16.	Cancellation of current urban centre agreements
17.	Informing the public through social media
18.	Bridges and Road Needs study update
19.	Road and bridge inventory update
20.	Updating the County road numbering system
21.	Signage changes on Grey, Municipal and Provincial roads (i.e. road number signs, information signs, etc.)
22.	Revise the 10-Year Long-Term Capital Works Program (2027-2036)
23.	Possible re-alignment of Patrols and manpower/equipment requirements
24.	Plowing route changes

25.	Franchise agreement updates for utilities
26.	Updating/adjusting Adopt-A-Highway Program
27.	Provincial and local road mapping and GIS revisions
28.	Updating in office software programs to reflect added and deleted roads
29.	Process for Municipal Fund Distribution
30.	Tender administration for added/deleted roads

Relevant Consultation

- Internal (CAO, Clerk's, Legal)
 - AODA Compliance (describe)
 - Contribution to Climate Change Action Plan Targets (describe)
- External (all member municipalities, external legal)

Appendices and Attachments

[TR-UR-05-24 February Task Force Urban Detailed Report](#)

[TR-UR-14-24 April Task Force Rural Detailed Report](#)

[TR-UR-27-24 September Task Force Urban Financial Report](#)

[TR-UR-28-24 September Task Force Rural Financial Report](#)

[TR-CW-31-24 October Council Recommendations](#)

[TR-UR-06-25 March Urban Road and Road Exchange Task Force Recommendations](#)

Template Transfer Agreement