



Staff Report

Administration – Chief Administrative Officer

Report To: COW - Operations, Planning and Building Services
Meeting Date: March 17, 2026
Report Number: ADM.26.022
Title: Grey County Roads Transfer Followup, Further to March 2, 2026
Grey County Deputation
Prepared by: Adam Smith, Chief Administrative Officer

A. Recommendations

THAT Council receive Staff Report ADM.26.022 entitled “Grey County Roads Transfer Followup, Further to March 2, 2026 Grey County Deputation”;

AND THAT Council requests that the County of Grey defer the proposed transfer of Grey Road 13 and Grey Road 113 to the Town of The Blue Mountains until 2027;

AND THAT Council requests that in deferring the proposed road transfer the County of Grey consider the following:

1. Revising the County’s capital funding formula to better align with replacement value of assets and anticipated rehabilitation works on infrastructure located on Grey Road 13 and Grey Road 113;
2. Inclusion of operational maintenance funding and ensuring continuity of service levels within the transfer agreements;
3. Including an additional public engagement session to support community understanding of prospective impacts related to the transfer.

B. Overview

The purpose of this staff report is to summarize commentary from both Council and administration with respect to the proposed transfer of Grey Road 13 and Grey Road 113. Further, the report offers recommendations to be submitted to the County of Grey regarding next steps.

C. Background

Grey County Council previously directed County staff to collaborate with member municipalities on the download of specific urban roads to better align infrastructure ownership with municipal service delivery.

Staff note that a similar road transfer initiative was explored by Grey County in approximately 2015, however, the transfers did not proceed at that time. While the circumstances surrounding the earlier discussions may differ from the current proposal, this historical context underscores the importance of undertaking thorough due diligence to ensure that financial, operational, and asset management implications are fully understood before any transfer is considered.

Operations staff have been actively meeting with County representatives, and discussions remain ongoing. At this time, negotiations are not near finalization.

The County has provided preliminary asset information, including reconstruction estimates and replacement values for associated bridge structures. Staff continue to seek confirmation of asset conditions, the scope and timing of capital repairs, and any infrastructure commitments prior to transfer.

Given the potential long-term financial implications, collaboration with Finance, Procurement, and Risk will be necessary as discussions progress to ensure a thorough evaluation of the Town's exposure.

D. Analysis

Prior to the [deputation by Grey County Staff](#) at the March 2nd 2026 Special Meeting of Council, staff requested questions in advance from members of Council to assist in developing the County's presentation or allow for County staff to promptly prepare responses to be submitted back to the Town. Attachment #1 is a compilation of these questions with the associated themes underpinning them. Highlighted in red are the responses from Grey County staff.

Town staff have reviewed the questions and responses submitted by the County and offer the following commentary with respect to additional areas of focus prior to moving forward on the roads transfer.

Strengthening the funding model of the roads transfer to support effective asset management and mitigate fiscal impacts on the Town.

Grey County has proposed transition funding of approximately \$3.58 million over a 10-year period. While this funding provides short-term assistance, it is time-limited and does not extend beyond the transition window, whereas the Town's ownership obligations would be ongoing.

Based on the information available to date, staff have concerns that the proposed funding may not sufficiently offset the lifecycle costs associated with maintaining and replacing the infrastructure.

Estimated Road Infrastructure Financial Exposure

The total estimated road replacement exposure associated with the proposed transfers is approximately \$16.7 million, of which \$4.28 million relates to projects previously identified within Grey County's capital plan and \$12.44 million relates to projects that were not previously

scheduled. The proportion of unscheduled works introduces a level of uncertainty regarding future capital timing and reinforces the importance of confirming asset condition prior to any transfer.

Staff note that several reconstruction projects were not included in the County’s prior capital forecast and are based on full reconstruction assumptions pending confirmation of underground infrastructure conditions.

Bridge/Structure Rehabilitation and Replacement

Structure ID	Estimated Rehab Cost	Replacement Value
013-068	\$1,190,700	\$3,540,000
113-902	\$0	\$234,000
113-901	\$0	\$1,866,000

The identified bridge rehabilitation requirement totals approximately \$1.19 million. In addition, the associated structures carry a combined replacement value of approximately \$5.64 million, representing a significant long-term financial obligation once these assets reach the end of their service life.

Staff have identified concerns regarding the replacement values associated with these structures and the long-term financial commitments they represent.

Total Identified Infrastructure Exposure

The total identified infrastructure exposure associated with the proposed transfers is estimated at approximately \$22.3 million in replacement values, inclusive of roads and bridge structures. These figures highlight the scale of the financial responsibility that could be assumed by the Town and reinforce the importance of careful evaluation prior to entering into any transfer agreement.

Asset Type	Replacement Value
Roads	\$16,714,512
Bridge Structures	\$5,640,000
Total	\$22,345,512

Managing service level adjustments and maintenance requirements for roads to be transferred to the Town.

While Grey County has proposed transition funding to support the transfer of these assets, the funding model appears primarily focused on capital infrastructure and does not fully account for the ongoing operational costs that would be assumed by the Town.

Ownership of these roads would introduce several recurring pressures to the Town, including but not limited to:

- Winter maintenance activities such as plowing, sanding, and ice control
- Summer road maintenance, inspections, and regulatory compliance
- Traffic signal, signs, storm sewer maintenance, ditches and culverts
- Increased service level expectations typical of urban roadways
- Additional demands on staffing resources and operational capacity
- Future equipment requirements and potential contracted services

These costs are ongoing in nature and extend beyond the proposed transition funding window. As a result, the Town will experience incremental operating budget pressures that compound over time.

Staff note that higher service expectations are often associated with urban roads, particularly with respect to winter response times, surface condition standards, and overall roadway performance. Meeting these expectations may require adjustments to existing service delivery models.

At this stage, the full operational impact has not yet been quantified, however, staff anticipate that support from Finance will be required to evaluate the long-term operating implications should the transfers proceed.

Ensuring community impacts are well-understood by residents prior to approval of by-laws and agreements for the roads transfer.

The Town understands there has been a series of public open houses organized in 2025 to build awareness of roads transfer with a specific session in the community on April 29th, 2025. However, given the scale of asset valuation being transferred, a subsequent engagement at Town Hall supported by administration may be of benefit to maximize exposure and awareness of what to expect. In particular, this relates to service standards to be applied through Town ownership which has yet to be firmly established. Furthermore, this would allow for staff to analyze and communicate Town budget impacts and make necessary adjustments to the Town's Asset Management Plan.

E. Strategic Priorities

1. Communication and Engagement

We will enhance communications and engagement between Town Staff, Town residents and stakeholders

2. Organizational Excellence

We will continually seek out ways to improve the internal organization of Town Staff and the management of Town assets.

3. Community

We will protect and enhance the community feel and the character of the Town, while ensuring the responsible use of resources and restoration of nature.

4. Quality of Life

We will foster a high quality of life for full-time and part-time residents of all ages and stages, while welcoming visitors.

F. Environmental Impacts

The transfer of urban roads and structures would introduce environmental responsibilities for the Town, including stormwater management, winter salt impacts, and regulatory compliance. While no significant environmental liabilities have been identified, further review is required to understand any potential long-term implications.

G. Financial Impacts

There are several financial considerations that warrant Council's awareness before the agreement can be considered:

- Transition funding is limited to approximately \$3.58M over 10 years, while asset obligations extend well beyond this period.
- Identified road asset replacement exposure alone is approximately \$16.7M.
- Bridge assets introduce an additional \$5.64M in long-term replacement liability.
- Several projects were not previously forecasted within the County's capital plan.
- Annual Operating and Maintenance have not been included in proposed funding

Collectively, these factors indicate the potential for significant long-term financial pressure should the transfers proceed without appropriate mitigation.

H. In Consultation With

Alan Pacheco, Director of Operations

I. Public Engagement

The topic of this Staff Report has not been the subject of a Public Meeting and/or a Public Information Centre as neither a Public Meeting nor a Public Information Centre are required. However, any comments regarding this report should be submitted to Adam Smith, Chief Administrative Officer cao@thebluemountains.ca.

J. Attached

1. Comments of Council Members Re: County Roads Transfer – Grey County Responses
2. Draft Agreement Template
3. Map of Proposed Roads to be Transferred
4. TBM 10 Year Capital Project Data
5. Enhanced Clarksburg OSIM Bridge Inspection
6. Original Clarksburg OSIM Bridge Inspection
7. OSIM Inspection Structure Id #113-902
8. OSIM Inspection Structure Id #113-901
9. TBM Storm Sewer Data
10. TBM Storm Structure Data
11. TBM PCI Data

Respectfully submitted,

Adam Smith
Chief Administrative Officer

For more information, please contact:
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Report Approval Details

Document Title:	ADM.26.022 Grey County Roads Transfer Followup, Further to March 2, 2026 Grey County Deputation.docx
Attachments:	<ul style="list-style-type: none">- Attachment 1 Comments of Council Members Re County Roads Transfer - Grey County Responses.pdf- Attachment 2 Draft Agreement Template.pdf- Attachment 3 Map of Proposed Roads to be Transferred.pdf- Attachment 4 10 Year Capital Project Data.pdf- Attachment 5 Enhanced Clarksburg OSIM Bridge Inspection.pdf- Attachment 6 Original Clarksburg OSIM Bridge Inspection.pdf- Attachment 7 OSIM Inspection Structure ID 113-902.pdf- Attachment 8 OSIM Inspection Structure ID 113-901.pdf- Attachment 9 TBM Storm Sewer Data.pdf- Attachment 10 TBM Storm Structure Data.pdf- Attachment 11 TBM PCI Data.pdf
Final Approval Date:	Mar 6, 2026

This report and all of its attachments were approved and signed as outlined below:

No Signature - Task assigned to Adam Smith was completed by delegate Monica Quinlan

Adam Smith - Mar 6, 2026 - 12:07 PM