



Committee Report

To:	Warden McQueen and Members of Grey County Council
Committee Date:	April 9, 2020
Subject / Report No:	CAOR-CW-04-20
Title:	Proposed Property Exchange of County Quarry for lands in the Municipality of West Grey, Town of Durham
Prepared by:	Randy Scherzer
Reviewed by:	Kim Wingrove
Lower Tier(s) Affected:	Municipality of West Grey and Municipality of Grey Highlands
Status:	Recommendation adopted by Committee as presented per Resolution CW69-20; Endorsed by County Council April 23, 2020 per Resolution CC45-20;

Recommendation

1. That the Committee receive Report CAOR-CW-04-20 in respect of an exchange of the County Quarry Property for the Durham Property, consisting of 32 acres of land, more or less, in the Municipality of West Grey, in the community of Durham (both as described in Report CAOR-CW-04-20);
2. That pursuant to the Sale and Acquisition of Land Policy (G-GEN-003) and the Sale of Land Procedure (G-GEN-003-001):
 - a. the County Quarry Property be declared surplus to the needs of the County;
 - b. that the value of the County Quarry Property, together with the value of the stockpiles of aggregate material located at the property, be established as equivalent to the value of the Durham Property; and
 - c. that the County Quarry property, together with the stockpiles of aggregate material located at the property, be sold through an exchange with Durham Stone and Paving Inc. for the Durham Property pursuant to a conditional Land Exchange Agreement between the Corporation of the County of Grey and Durham Stone and Paving Inc. made effective as of February 27, 2020
3. That pursuant to the Sale and Acquisition of Land Policy (G-GEN-003) and the Acquisition of Land Procedure (G-GEN-003-002), the Durham Property be

purchased pursuant to the provisions of the Land Exchange Agreement described above; and

- 4. That any costs associated with the land exchange be funded from the Long-Term Care Redevelopment Reserve; and**
- 5. That a by-law be brought forward to approve the Land Exchange Agreement and the County's entry into the further agreements contemplated therein.**

Executive Summary

The Province recently approved a new 128 bed long-term care facility in the Town of Durham, Municipality of West Grey which would replace the existing Rockwood Terrace facility. Following a review of property options, Council directed staff to enter into discussions for a property in Durham located adjacent to the current Rockwood Terrace site. The landowner of the property in Durham, being Durham Stone and Paving Inc., offered the approximate 32 acre property in the settlement area of Durham in exchange for the County Quarry. Previously Council indicated a desire to lease the County Quarry and therefore Council would need to reconsider the lease option and deem the County Quarry as surplus lands in order to consider this land exchange.

The proposed lands in Durham appear to be at least an equivalent value to the County Quarry and the aggregate stockpiles located there, and the lands in Durham are of greater benefit to the County now and in the future than the County Quarry will be. The lands in Durham will not only address the need for land to redevelop Rockwood Terrace but will also provide additional land that can be utilized to address other needs in the community such as affordable housing.

Due diligence has been performed for the subject lands including the completion of a Phase 1 and 2 Environmental Site Assessment by GM BluePlan which identified no initial concerns with respect to developing the lands in Durham. Information contained in this Report can be utilized by Council to make a final decision on whether to move forward with the land exchange.

If the sale of the County Quarry is not approved by Council, the previous decision of Council from 2019 to lease the property to an operator will remain in force and staff will proceed accordingly.

Background and Discussion

On September 23, 2019, the Province announced that Grey County was approved to construct a 128-bed long-term care facility in the Town of Durham, Municipality of West Grey. This new facility would replace the existing 100 bed Rockwood Terrace Long Term Care Facility located in the Town of Durham. Based on the Province's approval, County Council directed staff to investigate property options in the Town of Durham for the development of this new long-term care facility. It is estimated that approximately 4 to 6 acres will be required to construct the new facility.

A review of properties within the Town of Durham showed that there were limited options available that were large enough to construct the new Rockwood Terrace. Following the initial review of properties in Durham, Council directed staff on November 28, 2019 to pursue the

acquisition of a property adjacent to the current Rockwood Terrace facility and to enter into discussions with the landowner to determine if they would be interested in selling a portion of that property. County staff engaged the landowner being Durham Stone and Paving Inc. (“DSPI”) as per Council’s direction, and when approached on November 28, 2019 the landowner presented an option of a land exchange for the larger property in the Town of Durham in exchange for the County Quarry.

Based on a review of the offer from DSPI, on December 12, 2019 Council directed staff to negotiate a land exchange agreement pursuant to section 1(a) of the Acquisition of Land Procedure (G-GEN-003-002), conditional on due diligence inspections by both the County and DSPI, and conditional on the final approval of the agreement by County Council through enactment of a by-law. Staff, with the assistance of outside legal counsel, proceeded to negotiate a land exchange agreement with DSPI. Due diligence inspections were then undertaken by both County staff and DSPI. County staff and DSPI confirmed to the other in late February that they were satisfied with the results of those inspections.

Durham Property

The lands being offered in exchange for the County Quarry are located south of Grey Road 4 and east of Highway 6 and directly south of the existing Rockwood Terrace Long-Term Care facility (see Figure 1 – being Parts B, B1, B2, C and D). A detailed legal description of the Durham Property is in an appendix to this report.

The subject lands to be potentially acquired by the County are approximately 32 acres (13 hectares) in size. The subject lands can be accessed via five existing public roads being South Street East, Elgin Street South, Kincardine Street South, Rock Street, and Concession 1. Parts A, E and F would be retained by Durham Stone and Paving Inc. (DSPI). The lands identified as Part C and Part D in Figure 1 would allow for a future extension of South Street East from Kincardine Street South to Concession 1. Part D would be acquired by the County but would be leased back to DSPI for a period of 10 years. This lease is required by DSPI to complete any remaining extraction of aggregate in Part F in accordance with the existing aggregate license, which requires that it maintain control of part D as a “setback” during extraction. County staff understand that there is minimal activity that occurs within the existing aggregate operation.

Currently Parts C, D, E and F in Figure 1 are part of the existing aggregate license owned and operated by DSPI. Should the land exchange move forward, DSPI would revise the existing license by removing Parts E and C from the aggregate license immediately and eventually removing Part D following the lease period. Under the current aggregate license, a 30 metre setback exists from the aggregate license boundary (which essentially lies along the north side of Part C and D on Figure 1) and therefore no aggregate extraction is permitted within Parts C and D. By allowing the lease of Part D lands for a specific period of time, DSPI can continue to extract up to the 30 metre setback of the current aggregate license and then rehabilitate these lands in accordance with the aggregate license.

Figure 1 – Subject Lands



Should Grey County move forward with acquiring the subject lands, the County would work with the Municipality of West Grey to foster a comprehensive approach for developing these lands, including an overall concept plan showing what could be developed on site, a servicing plan, a road connection/network plan, and a comprehensive stormwater management plan. The overall plan would identify what future applications would be required to develop the subject lands, and identify the studies required to support the various applications in order to address the intent and direction of both the County Official Plan and the West Grey Official Plan.

The initial development phase would include the development of the new Rockwood Terrace long-term care facility. The location of the new facility will be determined as part of the overall concept plan and following future studies and further investigations of the subject lands. Based on recent long-term care facilities of a similar size, we have heard that approximately 4 to 6 acres is required which would leave approximately 25 plus acres to be used for other uses. The construction of the new Rockwood Terrace will need to be constructed by 2025 in order to meet the Province’s timeframes.

Several options for utilizing the additional lands could be considered including developing a campus of care model whereby a variety of housing options and services could be provided allowing residents to age in place. The housing options could include affordable apartments (former conversion of existing Rockwood Terrace), senior bungalow townhouse units, retirement home units, and the new Rockwood Terrace long-term care facility). Open space and trails will also be a key consideration so that residents and families can enjoy the outdoor space and stay active while they are progressing through different stages in their life.

There are significant benefits with the subject lands being located adjacent to the existing Rockwood Terrace facility. Moving residents, equipment, etc. from the existing facility to the new facility will be much easier with it being in close proximity. Future options for utilizing the existing Rockwood Terrace facility and integrating it as part of the overall concept plan for the development of the subject lands will be possible given that it is adjacent to the subject lands. All of these options will be explored in further detail should Council move forward with the land exchange.

Policy Context

County Official Plan

The County Official Plan designates most of the subject lands as Primary Settlement Area. A small portion of the subject lands directly adjacent to Concession 1 is designated as Rural. The small portion is also identified as being within the Aggregate Resource Area, however in looking at the air photos, it appears that most of this area is wet and therefore the aggregate potential for this small portion is not suitable for aggregate. This combined with the fact that it is adjacent to the settlement area of Durham and adjacent to existing residential uses makes this small portion of land not suitable for future aggregate extraction.

Appendix A of the County Official Plan identifies a portion of the subject lands within a Wellhead Protection Area. The County has engaged the Sourcewater Protection Authority in pre-submission consultation to receive some initial comments as it relates to the Source Protection Plan (SPP) policies. The County does not anticipate any issues with respect to the SPP as the development will be; on full municipal services, the generator to be installed as a back-up power source for the new facility will be serviced with natural gas (i.e. not a diesel generator), and any storm water management ponds required within the subject lands will be designed and constructed to address SPP policy requirements.

The County hired GM BluePlan to conduct an environmental site assessment (ESA) on the subject lands in Durham. GM BluePlan conducted a Phase 1 ESA and a scoped Phase 2 ESA and identified no major concerns. There were several fill pile samples that slightly exceed the Table 1 and 2 residential criteria for metals and inorganics meaning that these fill piles cannot be used for residential development. On GM BluePlan recommendation, a condition was included in the Land Exchange Agreement that DSPI would remove those fill piles to the County's satisfaction prior to completion of the land exchange transaction. There are also a couple of piles on site that contain broken pieces of concrete that would also be removed by the landowner. The approximate location of the fill piles to be removed are identified on Figure 1.

The County has had pre-development consultations regarding the lands in Durham with staff from the Municipality of West Grey, Saugeen Valley Conservation Authority, and the Sourcewater Protection Authority. No concerns have been identified with respect to developing the subject lands.

The County Official Plan does not identify any environmental constraints on the subject lands. There does appear to be some wet areas on the east lands, and we have engaged Saugeen Valley Conservation Authority (SVCA) in pre-submission consultation to determine if there are any hazard lands/regulated areas on site. SVCA has confirmed that there are no regulated areas or hazard lands identified on the subject lands. There is a potential storm sewer that

exists on the lands identified as B2 in Figure 1 and this will be investigated further as part of the overall stormwater management plan. SVCA does note that historical species at risk occurrences have been identified within 1km of the subject lands. Based on existing information, it does not appear that these species at risk occurrences are located on the subject lands. This will be investigated further as part of future studies and investigations.

The development of the subject lands within the Primary Settlement Area for residential land uses would appear to conform to the County's Official Plan.

West Grey Official Plan

Local Official Plan Amendment No. 3 (LOPA 3) to the West Grey Official Plan was adopted by West Grey and approved by the County in 2016. LOPA 3 designated the lands as Residential and included some specific policies for the subject lands. LOPA 3 contains the following exceptions (D2.4.21.1):

- (i) *Notwithstanding their 'Residential' designation, on those lands designated 'Residential' on Schedule A to the Municipality of West Grey Official Plan and noted within the text 'See Section D2.4.25', the following shall apply:*
 - 1) *The subject lands shall not be severed or otherwise conveyed independently from the adjacent 'Industrial' lands to which the subject lands were attached on the day of adoption of Official Plan Amendment No. 3 until such time as the Municipality of West Grey has reviewed a detailed development proposal for all of the 'Residential' lands and is satisfied that (1) no portion of the 'Industrial' lands is required for municipal roads; and (2) all land use compatibility issues involving the proposed residential development and the existing aggregate operation have been resolved in accordance demonstrate compliance (appears to be typo) with the Ministry of the Environment and Climate Change D-6 Guidelines (Compatibility Between Industrial Facilities and Sensitive Land Uses).*
 - 2) *A Record of Site Condition addressing historical use of the site and possible soil contamination shall be submitted to the Municipality when a detailed development proposal is being considered for this site.*

At the time of LOPA 3, there were questions as to whether or not the lands shown as Part C and D on Figure 1 (future extension of South Street East lands) would be required in order to provide adequate connections (both from a servicing and road connection standpoint) in order to adequately develop all of the lands that were designated as Residential. As noted previously, the County would be acquiring the lands that would allow a future extension of South Street East as well as the lands that are directly adjacent to Concession 1 and therefore these lands can be used for servicing and road connections to ensure that the Residential lands can be developed appropriately. Given that the lands that the County would be acquiring are different from the subject lands in LOPA 3, the site-specific policy D2.4.21.1(i) no longer applies as the lands the County would be acquiring are beyond the lands designated in LOPA 3.

Notwithstanding this, it is the County's opinion that Item 1 of D2.4.21.1(i) has been addressed as the County is acquiring a portion of the Industrial lands which can be used for municipal roads/servicing in the future. West Grey staff have agreed with this interpretation and that the County's proposed acquisition of the Durham Property is not the situation contemplated in LOPA 3. They have indicated that they have no issues with the land exchange occurring.

Should Council move forward with the land exchange, the County will work with West Grey to develop an overall concept plan for the subject lands.

As for Item 2 of D2.4.21.1(i), the County would complete a D-6 Study to address any mitigation measures that may be required in order to ensure that the development of the subject lands will be compatible with the adjacent gravel pit. Prior to completing this D-6 Study, the County wants to work with West Grey and the community to develop a concept plan that would maximize the development of the site and would address the needs of the community in terms of affordable housing, seniors housing, accessible housing, new long term care facility, etc. Following the creation of the detailed concept plan, the County would then complete a comprehensive D-6 Study which would address any mitigation requirements to be implemented as various phases of the development proceeds. West Grey staff supports this process.

Section D2.4.21.1(ii) of LOPA 3 notes that a Record of Site Condition is required for the subject lands addressing historical use of the site and possible soil contamination. The policy notes that this shall be submitted to the Municipality when a detailed development proposal is being considered for this site. During the time of LOPA 3, it was assumed that a Record of Site Condition (RSC) would be required as the lands were previously designated as Industrial and in order to be used for residential it was assumed that a Record of Site Condition would be required. GM BluePlan has completed a Phase One and Two Environmental Site Assessment (ESA) for the property. The ESA's note that the RSC requirements are not considered applicable to the lands designated as Residential in the West Grey Official Plan. GM BluePlan notes that the RSC regulation is based on actual property use, and since the property is outside of the licensed pit it is not deemed to have had an industrial use. For the South Street East lands (Part C and D on Figure 1), the intent would be to use these lands for servicing/municipal road connections. Based on the above, it is the County's opinion that based on the work completed by GM BluePlan that an RSC is not required to develop the Residential lands and therefore based on the studies completed to date, the requirements for Section D2.4.21.1(ii) have been addressed. The County would work with West Grey staff on these matters should Council move forward with the land exchange.

West Grey Zoning By-law

Zoning By-law Amendment 2016-71 zones most of the subject lands as R2-h (Medium Density Residential with a holding). Other portions of the subject lands are zoned as M4 (lands that are adjacent to Concession 1), a small sliver of Institutional (I) zone at the end of and east of Kincardine Street, and M1-144 (South Street East lands which are Parts C and D on Figure 1). Any residential development on the subject lands would occur within the R2-h zone. The 'h' (holding) suffix attached to the R2 zoning for the subject lands can be removed by West Grey Council once a detailed development proposal has been submitted to the satisfaction of the Municipality which shall include applicable drawings and background reports. As noted previously, the County would work with West Grey and the community to create an overall concept plan for the development of the subject lands and will be preparing background reports to the satisfaction of West Grey.

For the initial phase of developing the new Rockwood Terrace on the subject lands, Municipality of West Grey staff have noted that they are satisfied that a zoning by-law amendment is not required as per Section 6.34 of the Municipality of West Grey Zoning By-law. Based on the potential uses being contemplated for the subject lands, the ideal zone would be the Mixed-Use

Zone (MU1) for full build out of the site. West Grey has noted that this can be addressed as part of the update to the Zoning By-law which is scheduled to occur in 2020.

Supporting Studies Required

In addition to the overall concept plan, the County would ensure that an adequate D-6 Study is completed. County staff would work with West Grey to develop an adequate terms of reference for the D-6 Study prior to engaging a consultant to complete this study.

In addition to the D-6 Study, the County would develop a comprehensive preliminary stormwater management plan that addresses the stormwater management requirements for the entire site based on the detailed overall concept plan. County staff would again work with West Grey staff on a terms of reference for this study prior to engaging consultants.

In addition to the D-6 Study and the comprehensive preliminary stormwater management plan, the County would also work with West Grey to develop a comprehensive functional servicing plan to ensure that the services surrounding the subject lands are adequately sized to accommodate not only the initial phases of the development but future phases of development on the subject lands.

County staff anticipate other studies being required as part of the overall development of the subject lands including a Planning Justification Report, an Archaeological Assessment (Stage 1 and 2), possible environmental studies, etc. A comprehensive list of studies can be discussed further as part of pre-submission consultation with West Grey staff should Council move forward with the land exchange.

In terms of applications, we anticipate that a series of site plan applications will be required to develop various phases of the subject lands. The initial site plan will be for the new Rockwood Terrace facility and then following that other site plan applications will be required to develop other parts of the site.

County Quarry Property

[Report TR-CW-18-19](#) was previously presented to Council which provided options for the future of the County Quarry including selling the Quarry or leasing it. County Committee of the Whole passed the following motion on June 27, 2019 which was endorsed by County Council on July 11, 2019:

CW144-19 Moved by: Councillor Mackey Seconded by: Councillor Milne

That Report TR-CW-18-19 regarding the Grey County Quarry Update be received for information; and

That staff be directed to pursue Option 5, being the leasing of the Grey County Quarry.

Carried

Council at the time expressed a desire to retain some value with the Quarry and therefore wanted to pursue the option of leasing it to an outside operator. Based on this motion, staff began work on a leasing process. Before this process could result in the issuing of procurement documents for an operator, the land exchange proposal was made.

In order for Committee of the Whole to consider this land exchange, Council would need to approve reconsideration of the previous motion to pursue the option of leasing the County Quarry.

A detailed legal description of the County Quarry Property is in an appendix to this report.

Valuation

Previous valuation of the County Quarry valued the County Quarry at approximately \$1.4 million. This valuation has been confirmed by an independent third-party quarry expert who has valued the County Quarry between \$1.4 million and \$1.5 million. Existing stockpiles on site have been valued at approximately \$215,000 and therefore the total value of the County Quarry with the existing stockpiles is approximately \$1.62 to \$1.72 million.

The lands in the Town of Durham are approximately 32 acres in size. Recent property valuation has estimated that land designated as Residential in the Town of Durham is at least \$52,500 per acre which then values the lands in Durham to be at least \$1.68 million. Recent property sales have indicated that \$52,500 per acre in Durham is on the low side with a recent property selling in Durham for approximately \$125,000 per acre. It is estimated that the value of the 32 acre property in Durham is somewhere between \$1.68 million to approximately \$3 million. Although only 4 to 6 acres of land is required to redevelop Rockwood Terrace, the additional lands can be utilized to address other community needs in the future including the development of affordable housing which adds additional value to the County and the community as a whole. The subject lands also have the ability to connect to 5 existing public roads and are directly adjacent to the existing Rockwood Terrace facility which as described earlier also adds significant additional benefits and value to the County.

Process

Should Council authorize reconsideration of the previous motion to lease the County Quarry, then this report may be considered by Committee of the Whole.

Pursuant to section 3 of the Sale of Land Procedure (G-GEN-003-001), made under the Sale and Acquisition of Lands Policy (G-GEN-003), notice of the possible sale of the County Quarry was published in the Advance on Wednesday, March 18, and posted on the County's website on Thursday, March 19.

If Committee of the Whole determines to recommend the proposed land exchange transaction, staff would then move forward with finalizing the exchange of lands, including the preparation of an authorizing by-law. Staff would also then move forward with completing the required studies to develop the lands in Durham including submitting development applications to the Municipality of West Grey as noted previously. The funds for any future studies and application fees for the redevelopment of Rockwood Terrace would be funded from the Long Term Care Redevelopment Reserve.

Should Council not authorize reconsideration of the previous motion to lease the County Quarry, or should Committee of the Whole not recommend the proposed land exchange transaction, then the process to lease the County Quarry to an outside operator would resume.

Legal and Legislated Requirements

Section 11 of the Municipal Act, 2001 provides that the County has broad powers to deal with its property.

Section 106 of the Municipal Act, 2001 provides that a municipality may not provide assistance to any industrial or commercial enterprise through the granting of bonuses.

Acquisition and disposition of land by the County are governed by the Sale and Acquisition of Land Policy (G-GEN-003) and the procedures established under it.

Financial and Resource Implications

Based on valuation estimates of both the County Quarry and the lands in Durham, there appears to be at least equal value if not greater benefit for the County as not only will these lands allow the redevelopment of the new Rockwood Terrace it will also provide future development opportunities to address other needs in the community including affordable housing, seniors housing, etc. There are also added benefits and value with the lands in Durham including the ability to connect to 5 existing public roads and having a site that is directly adjacent to the existing Rockwood Terrace facility.

A survey of the lands within Durham will be required in order to complete the land exchange which will cost approximately \$10,000 and it is proposed that this be funded from the Long Term Care Redevelopment Reserve. There will be a cost for future studies and applications associated with developing the subject lands in Durham and these would also be funded from the same Reserve. The funds required to reconstruct the new 128 bed long term care facility will be covered by the County and the Province. The County has set aside funds to redevelop Rockwood Terrace. It is estimated that the development of the new Rockwood Terrace will cost approximately \$35 million.

Relevant Consultation

- Internal (Legal Services, Planning Department, Finance Department, Long Term Care Department)
- External (Municipality of West Grey, Saugeen Valley Conservation Authority, Sourcewater Protection Authority; Sorbara, Schumacher, McCann LLP (outside legal counsel))

Appendices and Attachments

[Land Exchange Agreement between Durham Stone and Paving Inc. and The Corporation of the County of Grey, made effective February 27, 2020](#)

[TR-CW-18-19 – County Quarry Update Report](#)

Legal description of Durham Property (attached – Appendix 1)

Legal Description of County Quarry Property (attached – Appendix 2)

Appendix 1 - Durham Property
Legal Description

Those parcels described in instrument GS137474 as follows:

1. PART OF PARKLOT 9 NORTH SIDE SOUTH STREET EAST PLAN 500 DURHAM;
2. PART OF PARKLOT 10 NORTH SIDE SOUTH STREET EAST PLAN 500 DURHAM;
3. PART OF PARKLOT 11 NORTH SIDE SOUTH STREET EAST PLAN 500 DURHAM;
4. PART OF PARKLOT 12 NORTH SIDE SOUTH STREET EAST PLAN 500 DURHAM;
5. PART OF PARKLOT 13 NORTH SIDE SOUTH STREET EAST PLAN 500 DURHAM;
6. PART OF ROCK STREET, PLAN 500 DURHAM (CLOSED BY DH5059); and
7. PART OF SOUTH STREET PLAN 500 DURHAM (CLOSED BY DH5059);

together with parts of the following parcels described in GS137474 as follows:

8. PARKLOT 14 NORTH SIDE SOUTH STREET EAST PLAN 500 DURHAM;
9. PARKLOT 15 NORTH SIDE SOUTH STREET EAST PLAN 500 DURHAM; and
10. PART OF LOT 61 CONCESSION 2 EGR GLENELG,

all in the Municipality of West Grey, County of Grey.

Being part of the parcel presently bearing PIN 37320-0222

Appendix 2 - County Quarry Property
Legal Description

Part of Lot 28 Concession 7 Euphrasia as in R358757; Municipality of Grey Highlands, County of Grey

Presently bearing PIN 37166-0077