

Type of Decision									
Meeting Date	Thursday, February 21, 2019				Report Date	Tuesday, February 12, 2019			
Decision Required	X	Yes		No	Priority	X	High		Low
Direction	X	Information Only			Type of Meeting	X	Open		Closed

Northern Graphite – Unopened Road Allowance Report #21/02/19/1202

SUBJECT: Request to purchase portions of unopened road allowances by Northern Graphite Corporation (Northern).

RECOMMENDATION:

That council accepts this report as information for this meeting, to be used in consideration of the sale of unopened road allowances requested by Northern.

BACKGROUND/EXECUTIVE SUMMARY:

Northern has been requesting the use of unopened road allowances to allow for construction and operation of the Bissett Creek Mine for quite some time. As this type of request is not one that frequently comes through the office, advice was requested from the County of Renfrew planning department in 2015 from which the following areas of concern were identified:

1. Right to terminate and notice period
2. Protection of environment on our lands;
3. Need to acquire all necessary permits;
4. No obligation to provide the suggested donation- annual fee should be outlined;
5. Insurance certificate;
6. Third party liability protection – ATV user/or staff injured on road allowance once cleared.

Council authorized staff to seek legal opinion on the matter. In January 2016, an email was received from the municipal solicitor stating “One other option to consider is to simply sell the road allowances to the mining company and then all liability would be transferred. If there is a concern that the roads might be needed by the municipality at some point in the future we could use an option to repurchase. There is a risk that with a sale that the lands will not be remediated to a state that the Township would want to take ownership again. If contamination is a risk, the lease may give more control, but also increases liability.”

A draft lease agreement was also attached to the email (included for information). It was provided to Northern, but never finalized.

In December 2018, Northern sent a request by email, that Council consider the sale of the unopened road allowance, to simplify the process and transfer the potential of liability from the Township to Northern.

The land may not be of great value; however it is essential to the mining operation which could have the potential to improve our local economy. Northern states in their report that this mining operation could provide employment opportunities, the majority of which are anticipated to be filled by regional population.

Financial Considerations/Budget Impact:

As outlined in the request, Northern is proposing that they be granted an option to purchase the land for the sum of \$50,000 at any time for the next three years. Northern will pay a non-refundable deposit of \$10,000 if council approved the option agreement and it is executed, and will pay \$40,000 when Northern exercises the option agreement and acquires the land.

Under the agreement, the Township will have the option to reacquire the land at the end of the mine life for \$1.00 if it so chooses. Council needs to consider if this would be a viable option if the lands cannot be remediated to a state that the Township would want to take ownership again.

Options:

Council could agree to the sale of unopened road allowances as described in the report sent from Northern, or could amend conditions; or

Council could propose the lease of unopened road allowances.

Others Consulted:

Report# 23/05/14/1203

Report# 24/03/17/1201

Approved and Recommended by the Clerk

Crystal Fischer,
Interim Clerk