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# HALDIMAND COUNTY

## Report FIN-08-2024 Tile Drainage Loan for 260 Concession 4 Road for 260 Concession 4 Road



For Consideration by Council in Committee on May 21, 2024

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### OBJECTIVE:

To secure Council's approval of the application for a tile drainage loan and, upon certified work completion, to secure Council authority through a subsequent by-law to impose special annual drainage rates upon land owned by AA Crop Company Limited, related to money borrowed under the *Tile Drainage Act, R.S.O. 1990 c T.8*.

### RECOMMENDATIONS:

1. THAT Report FIN-08-2024 Tile Drainage Loan for 260 Concession 4 Road be received;
2. AND THAT the application for a tile drainage loan for AA Crop Company Limited be approved in the amount of \$50,000 subject to the availability of funds from the Province of Ontario through the Ministry of Agriculture, Food and Rural Affairs;
3. AND THAT, once the work is certified complete, special annual drainage rates be imposed upon the land in respect of which money is borrowed under the *Tile Drainage Act, R.S.O. 1990 c T.8*;
4. AND THAT a Rating By-law be enacted in the prescribed form after the required inspection of the completed work to give effect to the recommendations herein.

**Prepared by:** Erika Tardif, Senior Financial Analyst

**Reviewed by:** Samuel Koppeser, Supervisor, Taxation & Revenue

**Respectfully submitted:** Mark Merritt, CPA, CA, General Manager of Financial & Data Services

**Approved:** Cathy Case, Chief Administrative Officer

### EXECUTIVE SUMMARY:

AA Crop Company Limited has made application for a loan in the amount of \$50,000, the maximum allowable under the *Tile Drainage Act, R.S.O. 1990 c T.8*, for the purpose of constructing sub-surface drainage work. The County acts as an intermediary in this process between the landowner and the Province of Ontario.

Once the works have been inspected and a completion certificate in the prescribed form is issued, the loan amounts, principal and interest at the prescribed rate, will be repaid by the land owner over a maximum period of 10 years.

### BACKGROUND:

The *Tile Drainage Act, R.S.O. 1990 c T.8* ("The Act") provides fixed rate loans to landowners who are installing a tile drainage system on their agricultural land. When an application is received, in the prescribed form, by Haldimand County staff, it is first presented to Council for their review and approval.

In the event that the application is approved, the owner arranges to have the work completed by a licensed tile drainage contractor.

Under *The Act*, the Municipality will then hire a drainage inspector to inspect the work and file an inspection and completion certificate, in the prescribed form, with the Clerk. The cost of such services by the inspector shall be paid out of the money borrowed and deducted from the amount loaned.

A Rating By-law will then be brought back to Council to provide staff the authority to submit the loan documents to the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA). After processing the documents received from Haldimand County, OMAFRA will forward funds to the municipality via debenture who then distributes the loan funds (netted against the cost of the inspector) to the applicant. The municipality collects the loan repayments from the owner via property taxes and remits them to OMAFRA. Once the works have been inspected and a completion certificate in the prescribed form is issued, the loan amounts, principal and interest at the prescribed rate, will be repaid by the land owner over a maximum period of 10 years. The specific payment terms are outlined within the attached draft by-law.

Haldimand County By-law 47/01 allows the County to borrow a maximum amount of \$500,000, from OMAFRA, via debentures, as a blanket amount for all tile drainage work, within Haldimand County, associated with the Tile Drain Loan program. As such, the only by-law required after completion & inspection will be the Rating By-law to impose the special annual drainage rates to the land's owned by AA Crop Company Limited.

## **ANALYSIS:**

Haldimand County acts as the agent for the Province of Ontario in the management of the Tile Drain Loan application made by AA Crop Company Limited. On approval from the Province, the funds are forwarded to the municipality for disbursement to the applicant.

An individual can apply for a loan of up to 75% of the cost of the proposed works to a maximum of \$50,000 annually. Should the value of the work exceed \$50,000, an individual may apply for a continuation loan in subsequent years up to a maximum of \$50,000 annually. The province sets the applicable interest rate and is currently set at 6%.

The value of the proposed work is \$142,067 and as such the applicant wishes to apply for the maximum of \$50,000, as 75 per cent of the proposed costs exceeds the limit.

## **FINANCIAL/LEGAL IMPLICATIONS:**

There are no budget implications, as the County is acting as an agent in collection of the debt repayments. The special annual drainage rates imposed will be added to the property tax account and shall have priority lien status on the property. Should AA Crop Company Limited default on debt repayments, the County would still be responsible for making the payments to OMAFRA but would ultimately be collected by the County through property taxes.

## **STAKEHOLDER IMPACTS:**

None.

## **REPORT IMPACTS:**

Agreement: No

By-law: Yes

Budget Amendment: No

Policy: No

## **REFERENCES:**

1. [Tile Drainage Act, R.S.O. 1990, c. T.8](#)

## **ATTACHMENTS:**

1. Schedule A – Copy of the Application for Loan.
2. Draft Tile Drainage By-law for 260 Concession 4 Road.