

MUNICIPALITY OF CHATHAM-KENT
INFRASTRUCTURE AND ENGINEERING SERVICES
DRAINAGE, ASSET AND WASTE MANAGEMENT

TO: Mayor and Members of Council

FROM: Tim Dick, C.E.T.
Director, Drainage, Asset and Waste Management

DATE: November 2, 2011

SUBJECT: Borrowing By-law - Tile Drainage Act

RECOMMENDATION

It is recommended that:

1. Three readings be given to the Borrowing By-law for raising money in the amount of \$2,000,000.00 to aid in the construction of drainage works under the Tile Drainage Act.

BACKGROUND

The Province of Ontario provides loans to property owners who install private farm tile on their agricultural properties through the Tile Loan Program under the legislation of the Tile Drainage Act. The criterion for the Tile Loan Program is ascertained by the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) on an annual basis. The annual loan maximum per property owner is \$50,000.00 with a 6% interest rate for a ten-year term. Tile drainage loans are available on a first come first served basis for the Provincial fiscal year. The Municipality collects the funds from the property owners through their final tax bills and then pays the amounts due to the Province.

COMMENTS

The Tile Drainage Act requires that the Council of the local municipality pass a borrowing by-law for tile loans for an amount that will meet anticipated borrowing demands for a reasonable length of time. Four weeks after the by-law is passed, the Clerk swears an affidavit before a commissioner. A certified true copy of the by-law and affidavit are sent to the Resources Management Branch of OMAFRA. Total debenture sales to the Province from the Municipality may not exceed the total borrowing authority under this by-law. By-law 220-2009 was adopted on December 21, 2009 establishing a total

borrowing limit of \$1,000,000.00. Currently, there is \$197,000.00 remaining under this by-law and there are four more debentures to be prepared by March 2012. Since the anticipated demands remain consistent and \$50,000.00 loans are frequently issued, Council is being asked to approve a borrowing limit of \$2,000,000.00.

COMMUNITY STRATEGIC PLAN

The recommendation in this report supports the following objectives and strategic directions:

B: Economy – We are a prosperous community

B4: Encourage the continuing growth of a diversified and sustainable economic base

Desired Outcomes/Proposed Activities

- Develop and promote available industrial/commercial/residential/agricultural properties.

The recommendation will not adversely impact on the remainder of the Community Strategic Plan.

CONSULTATION

Administration is constantly communicating with staff at OMAFRA regarding details of the tile loan program. Drainage staff has also consulted with the Acting Director of Financial Services/Treasurer regarding implementation details.

FINANCIAL IMPLICATIONS

There are no financial implications resulting from the recommendation.

Prepared by:

Reviewed by:

Lynn Tyhurst
Drainage Analyst

Tim Dick, C.E.T.
Director
Drainage, Asset and Waste Management

Reviewed by:

Leo Denys, P. Eng.
General Manager
Infrastructure and Engineering Services

c. Acting Director, Financial Services/Treasurer
Municipal Clerk, Corporate Services

Attachment: Appendix A - Borrowing By-law -Tile Drainage Act

File name (r:/Infrastructure and Engineering/I and ES/2011/3409.doc)

BY-LAW NUMBER

OF THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT

A Borrowing By-law to raise money to aid in the construction of drainage works under the Tile Drainage Act.

FINALLY PASSED the 21st day of November, 2011

WHEREAS landowners within the Municipality of Chatham-Kent apply to Council under the Tile Drainage Act for loans for the purpose of constructing subsurface drainage works;

NOW THEREFORE the Municipal Council of The Corporation of the Municipality of Chatham-Kent enacts as follows:

1. The Corporation may from time to time, subject to the provisions of this by-law, borrow on the credit of the Corporation such sums not exceeding in the whole \$2,000,000.00, as may be determined by the Council, and may in manner hereinafter provided, issue debentures of The Corporation for the amount so borrowed as provided in the Act payable to the Treasurer of Ontario at the Parliament Buildings, Toronto, which debentures shall reserve the right to prepay the whole or any part of principal and interest owing at the time of such prepayment.
2. Where an application for a loan under the Act is approved by the Council and the Inspector of Drainage has filed with the Clerk an Inspection and Completion Certificate, the Council may include a sum, not exceeding the amount applied for or 75 per cent of the total cost of the drainage work with respect to which the loan is made, in a debenture payable to the Treasurer of Ontario in accordance with the Act, and may approve of the Corporation lending the said sum to the applicant.
3. A special annual rate shall be imposed, levied and collected over and above all other rates upon the land in respect of which the money is borrowed, sufficient for the payment of the principal and interest as provided by the Act.

THIS By-law shall come into full force and effect upon the final passing thereof and shall be known as the Tile Drainage Act Borrowing By-law for participation in the Tile Loan Program.

First, second and third reading

November 21, 2011

Enacted this 21st day of November, 2011.

Mayor – Randy R. Hope

Clerk – Judy Smith