



Date: April 11, 2023
To: Mayor and Council
Author: Diane Broda, Payroll & Billing Supervisor
Ryan McLeod, Director of Finance, IT and Customer Service
RE: Tile Loan Applications
Report No.: FS-2023-09

RECOMMENDED ACTION

1. That Tile Drainage Debenture 20-2023 and the related Offer to Sell, **BE APPROVED**; and,
2. That By-Law 20-2023 to authorize the issuance and collection of Tile Loans under the Tile Drainage Act be taken as having been read three times and finally passed and the Mayor and Clerk **BE AUTHORIZED** to sign same.

BACKGROUND

Several years ago, the Province of Ontario created a Tile Loan Program to help landowners finance tile drainage systems.

Installing tile drainage is a very common land improvement practice among farmers in Ontario. Corrugated plastic tubing, clay and concrete drain tile are installed beneath the surface of agricultural land to drain excess water from the crop root zone. The benefits of tile drainage for crop productivity, farm efficiency and even for reducing environmental impacts have been studied and are generally well known to farmers.

Under the Provincial Tile Loan Program, landowners are eligible for a loan of 75% of the value of the tile drainage work, up to a maximum of \$50,000. All tile loans have 10 year terms and a fixed interest rate set by Province (currently set at 6%).

The Tile Loan Program is administered by Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) and the local municipalities.

Municipalities may place restrictions on amount of tile loans issued but must ensure that all loan applicants are treated equally. Council must appoint a drainage inspector to inspect the tile drainage work and file an inspection report. Once the work is completed, municipal staff prepare and submit the loan documents to OMAFRA.

DISCUSSION

In 2022, the Town received 2 applications for Tile Loans requesting a total of \$69,600.

The Town's Drainage inspector has completed the required inspection and approved the applications.

The next step in the process is for Council to approve;

- a) Tile Drainage Debenture No. 20-2023 and the Offer to Sell this debenture to the Minister of Finance, and
- b) Rating By-law (20-2023) which identifies the terms and conditions under which the funds are advanced to the applicants.

After the Town receives the funds from the Province, it will distribute them to the applicants. The Town will recover the loan by adding the annual principle and interest payments to the final tax levy over the 10 year term of the loan.

FINANCIAL CONSIDERATIONS

In 2005, Council approved By-law 11-2005 to authorize the Town to issue up to \$500,000 in loans under the Tile Loan program.

As of the December 31, 2022, the Town had 6 tile loans outstanding with a collective balance of \$67,590.

With the approval of the 2 applications under consideration, the Town will remain well within the \$500,000 threshold set out in By-law 11-2005.

ENVIRONMENTAL CONSIDERATIONS

An effective tile drainage system improves farm efficiency and productivity.

CONSULTATIONS

None.

PREPARED BY:

Diane Broda

Diane Broda
Payroll & Billing Supervisor

Handwritten signature of Ryan McLeod in black ink.

Ryan McLeod, CPA, CA
Director of Finance, IT and Customer Service

REVIEWED BY:

Handwritten signature of John Norton in black ink.

John Norton
CAO