



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Mayor and Members Committee of the Whole
COMMITTEE DATE:	April 8, 2020
SUBJECT/REPORT NO:	Tile Drainage Loan (Senchuk) (FCS20036) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Marcin Zukowski (905) 546-2424 Ext. 2162 Duncan Robertson (905) 546-2424 Ext.4744
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That a loan in an amount not to exceed \$39,200.00 pursuant to the Tile Drainage Loan Application submitted by Nadia Senchuk, 1491 Highway 8, Stoney Creek, (part of Lot 1 of Parts 3 and 4, Concessions 1 and 2, former Township of Saltfleet) be authorized and approved, subject to:
- (i) the availability of Provincial funding and an Inspection Completion Certificate being filed with the City by the Drainage Inspector;
 - (ii) the terms and conditions required by By-Law Number 01-090 and the *Tile Drainage Act*;
 - (iii) the City of Hamilton's External Loan Guidelines not applying to the loan;
 - (iv) such additional terms and conditions as determined by the General Manager of Finance and Corporate Services;
- (b) That the issuance and sale to the Province of Ontario of a Tile Drainage Debenture, in respect of a Tile Drainage Loan to Nadia Senchuk, in an amount not to exceed \$39,200.00 to provide for the borrowing by the City of Hamilton from the Minister of Finance, be authorized and approved subject to the requirements of By-Law Number 01-090 and the *Tile Drainage Act*;

- (c) That the General Manager of Finance and Corporate Services be authorized and directed, on behalf of the City of Hamilton, to sign all agreements, debentures and related documents, including the Tile Drainage Debenture prepared in accordance with By-Law Number 01-090 and the *Tile Drainage Act*, necessary to give effect to Recommendations (a) and (b) of Report FCS20036 and, each such agreement, debenture and documents to be in a form satisfactory to the City Solicitor and in accordance with By-Law Number 01-090 and the *Tile Drainage Act*.

EXECUTIVE SUMMARY

A tile drainage loan application in the amount of \$39,200.00, which represents 75% of the total estimated cost (\$52,377.00), for the property known municipally as 1491 Highway 8, Stoney Creek and described as part of Lot 1 of Parts 3 and 4, Concessions 1 and 2, former Township of Saltfleet, has been received for Council approval. The owner of the subject lands has indicated on the application that the anticipated date of commencement and completion of the tile drainage installation is May of 2020.

The application has been reviewed and is in accordance with By-Law 01-090 (Appendix “A” to Report FCS20036) and the *Tile Drainage Act*. Staff recommends approval of this loan subject to the availability of Provincial funding and an Inspection Completion Certificate – details of the repayment schedule are provided in Appendix “B” to Report FCS20036.

Alternatives for Consideration – N/A

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: There is no impact on the City for Tile Drainage Debentures since the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) provides funding for the program.

Staffing: No impact on current staffing levels.

Legal: In Ontario, the Tile Loan Program, authorized by the *Tile Drainage Act*, R.S.O. 1990, provides loans to agricultural property owners to help finance tile drainage projects. On May 11, 2001, the City of Hamilton passed the Tile Drainage Loan Program – Borrowing By-Law 01-090, which allows lending of funds of up to 75% of the value of tile drainage work.

HISTORICAL BACKGROUND

The Tile Drainage Loan Program (the “Program”) is funded by OMAFRA and allows municipalities to sell debentures to the Province for funding private tile drainage projects. The Program is used in rural areas to financially assist drainage of agricultural lands. Tile Drainage Loans, secured by priority lien status, are available to farmers, through their local municipality, at an interest rate determined, from time to time, by the Lieutenant Governor in Council for a ten-year term. The current rate is 6%. The maximum amount of loan available to an individual farmer in one year is \$50,000. Therefore, farmers may obtain a loan not exceeding the lesser of:

- (a) amount applied for by the farmer, or
- (b) 75% of the value of the tile drainage work performed, or
- (c) \$50,000

The granting of the approval of any loan application is at the discretion of the local Council, whose decision is final. Once approval of the loan is received from Council, the applicant proceeds with the work and an inspection is done by an inspector appointed by the municipality. All work must be carried out in accordance with the *Agricultural Tile Drainage Installation Act* and must be approved by the inspector. Once approved, the loan can be debentured and sold to OMAFRA under the authority of the City’s Borrowing By-law 01-090 for tile drainage works. The loan amount is applied directly to the property and is collected in the same manner as taxes on the property.

By-Law No. 01-090 permits borrowing up to \$200,000 to aid in the construction of drainage works under the *Tile Drainage Act*. Under the current By-Law, a total sum of \$85,000 has been borrowed on credit from the Minister of Finance.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The Tile Drainage Loan Program is administered by Municipalities on behalf of OMAFRA and policies set by the Ministry must be followed.

RELEVANT CONSULTATION

Legal and Risk Management Services Division – Corporate Services Department
Ontario Ministry of Agriculture, Food and Rural Affairs
City of Hamilton’s Drainage Superintendent

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The Tile Drainage Loan Program is offered by OMAFRA for those who require financial assistance to upgrade drainage on agricultural lands. The municipality officials must ensure loans under the program adhere to terms provided in the *Tile Drainage Act* and By-law. Tile Drainage Loans are secured by priority lien status and are not subject to the City's external loan guidelines.

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Clean and Green

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report FCS20036 – By-law 01-090 – Being a By-law to Raise \$200,000 to Aid in the Construction of Drainage Works Under the *Tile Drainage Act* in the City of Hamilton

Appendix "B" to Report FCS20036 – Tile Drainage Loan Amortization Schedule

MZ/DR/dt