



Staff Report FIN2023-010

Title of Report: FIN2023-010- Tile Drain Loan 2023-01-Hodges
Department: Finance
Council Date: April 20, 2023

Recommendation:

Be it resolved that Council receive Staff Report FIN2023-010 for information; and **That** Council consider approval of By-law 2023-040 with no objection to an application for a Tile Drainage Loan for Stephen Hodges at 124384 Southgate Rd 12 Holstein, in the approximate amount of \$30,900.00, subject to the availability of funds.

Background:

The *Tile Drainage Act, RSO 1990* provides for ten-year term loans from the Province to individuals, administered through their local municipalities. Through this program, property owners can access loan funding through their local municipality for the installation of tile drainage systems on their agricultural land.

The tile drainage funds are available on a first come, first served basis for the fiscal year. The Ministry of Agriculture, Food and Rural Affairs (OMAFRA) sets the loans interest rate and maximum amounts for loans available to individuals each year, and the interest rate is currently set at 6%, and a maximum available to an individual farmer in one year is \$50,000.

The Township has its own borrowing By-law No. 22-2011 (attachment 1) which sets a limit for all Tile Drainage Loans to not exceed \$500,000 in total. Currently the Township has 7 tile drain loans open to Southgate property owners at a total amount of \$63,817.19.

Analysis:

The application process requires that Council approve the Tile Loan Application for Stephen Hodges, in the approximate amount of \$30,900.

Staff Comments:

Staff have received a complete Tile Drain Loan Application from Stephen Hodges and recommend approval of the loan (no. 2023-01) in the approximate amount of \$30,900.00 for a term of 10 years at 6% interest.

If approved, staff will submit all necessary documents to OMAFRA to proceed.

Financial Implications:

The approval and administration of the Tile Drainage loan has little financial impact to the municipality. The loans are issued by OMAFRA. Finance staff will administer

the loan and collect the repayments through the annual property tax bill process and remit these funds to the province. A penalty may be charged on any late payments.

Communications & Community Action Plan Impact:

The installation of tile drainage is a very common land improvement practice among farmers throughout Ontario. Drain tiles 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 reducing environmental impacts have been widely studied and reported.

Concluding Comments:

That Council approves the proposed Tile Drainage Loan Rating By-law to lend \$30,900 to Stephen Hodges for a term of 10 years at 6% interest and that the Mayor and the Deputy Treasurer be authorized to sign all necessary documentation and submit same to OMAFRA.

Respectfully Submitted,

Staff Approval: *Original Signed By*

Nicole Corley, Property Tax & Assessment Coordinator

CAO Approval: *Original Signed By*

Dina Lundy, CAO

Attachment #1 – Southgate Borrowing By-law 22-2011