



Tile Drainage Loan Policy

1. Purpose

To set out the procedures for staff to follow when a tile drainage loan application is received from a resident/landowner in the Township.

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.

In Ontario, the Tile Loan Program, authorized by the Tile Drainage Act, provides loans to agricultural property owners to help them finance these tile drainage projects.

2. Policy Scope

This policy applies to all tile drainage loan applications.

3. Tile Drain Loan Application Guidelines

- a. Applications are available at www.southgate.ca, or at the Municipal Office. All tile loans have 10-year terms. The current loan amount per owner is 75% of the eligible costs, up to a maximum of \$50,000, inclusive of all municipalities in Ontario. The amount of funds available to each application, the amount of funds available to the Township of Southgate and the interest rate applied are all set annually by the Province of Ontario. Funds may not be available for loans that are applied for later in the Fiscal year (April-March for the Province) but may be funded the following year if applications are completed properly. It is the property owner's responsibility to ensure that the installing contractor is fully licensed by the Province of Ontario. Failure to do so may make the applicant ineligible to receive approval for the tile drainage loan.
- b. Completed applications can be returned to the Municipal Office for presentation to Council for approval. Property taxes must be paid up to date before approval can be given. Approval must be received before funds are requested from the Ontario Ministry of Agriculture, Food & Rural Affairs (OMAFRA).
- c. Once work is completed and the applicant has received final invoices, they should be taken to the Municipal Office as soon as possible. The invoices need to be marked paid in full at this stage, as these figures will be used for processing the loan.
- d. Since loans are issued only once per month and must be approved by OMAFRA, timing is very important. The Municipal Office needs at least 10 working days before the 3rd Monday of each month to prepare the loan documents. The loan debenture is the 1st day of the following month after approved by Council. If not received by that date the approved funds will be delayed until the 1st of the

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following month. The applicant will not receive the funds before the Township has received them from OMAFRA.

- e. Once the applicant receives their loan, repayment of principal and interest (at the prescribed rate from Ontario) will be made with their property taxes. This will be a "local improvement charge" added to the interim and final tax bills and will be due on the same dates as the installments outlined on the tax bills.
- f. Equal payments will start the property tax billing cycle after the applicant receives their funds.
- g. Failure to comply with any of these provisions, improperly installing the tile drainage system, or misrepresentation by way of cost, design, or any other means could invalidate an applicant's right to receive a loan.

4. Policy

The Tile Drainage Act allows municipalities to "Sell" debentures to the Province of Ontario for funding private tile drainage projects. The Township of Southgate may only offer to sell one debenture per month to the Province and this debenture must be dated for the first of the month and include all tile loans received for that month.

5. Procedures

The Township of Southgate must follow the Provincial policy which covers; limits, eligible costs and interest rates.

What forms are required:

- a. Application Form 7 (Municipal World Form 1116) – to be completed by the applicant
- b. Copies of the invoices from the drainage installation company and the tile company (could be the same company)
- c. Rating By-law (Municipal World Form 1120-1) – form is 2 pages
- d. Offer to Sell (Municipal World Form 1118)
- e. Tile Drainage Debenture (Municipal World Form 1113)
- f. Inspection & Completion Certificate (Municipal World Form 1117)

Advise Tile Drain Inspector (Public Works Superintendent) that an inspection will be required before the application is brought to Council.

How forms are completed:

- a. Complete the Inspection & Completion Certificate. This will determine the amount of the loan. The information for the Certificate is taken from the loan application and from the contractor invoices. The Lot and Concession at the top of the form is where the applicant is residing. *It may not be the same as the property being drained.* When completing the section on materials please note: the Province requires the length in metres, most contracts still use feet/inches (1ft = .3048 metres; 4 inches = 100 mm, 6 inches = 150 mm, etc.). The loan is 75% of the total invoice(s) cost (not including taxes) and cannot be rounded up. Example: if the total cost is \$18,069.20, 75% is \$13,551.90 the loan will be for \$13,500. This form will be signed by the Drainage Superintendent when the inspection is completed.

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- b. Prepare two copies of the Rating By-law to be signed at passing.
- c. Offer to Sell – Borrowing By-law number is the latest approved By-law passed by Council. The date, above where the Treasurer signed, is to be the debenture date (i.e. the first of the following month)
- d. Debenture – the debenture numbering system is the month and year (ex. 09/08 would be September 2008). The interest rate is set by the Province and the installment dates are the 1st day of the month for 10 years starting the next year. The Borrowing By-law number is the same as on the Offer to Sell.
- e. The contact phone number at OMAFRA is 519-826-3551, for assistance if required.
- f. Council passes the Rating By-law and the Mayor signs the Debenture. The package containing original copies of the Rating By-law, Debenture, Offer to Sell, Inspection & Completion Certificate and copies of the contractor invoices are sent to OMAFRA (note: Province requires this package by the 20th of the month before the date on the Debenture).
- g. A cheque or EFT from the Province will be forwarded to the Township of Southgate around the first of the month. Southgate issues a cheque or EFT (if information is submitted to the Municipal Office) to the applicant when received and records the loan in the accounting system.

6. Related Policies and Legislation

Township of Southgate Policy #4 – Tax Collection Policy

7. Policy Review Cycle

This policy will be reviewed at minimum every three (3) years and updated if required by legislative changes.