CITY OF HAMILTON

CORPORATE SERVICES DEPARTMENT
Budgets & Finance Division

Report to: Chair and Members
Audit and Administration Committee

Submitted by: Joseph L. Rinaldo
General Manager
Finance and Corporate Services

Date: January 17, 2007

Prepared by: Reg Moffatt x4190

SUBJECT: Tile Drainage Debenture 07-01 & By-Law Imposing Special Annual Drainage Rates (FCS07015) (Ward 14)

RECOMMENDATION:

a) That the General Manager of Finance and Corporate Services be authorized and directed to sign the “Offer to Sell” and the Mayor and the General Manager of Finance and Corporate Services be authorized and directed to sign the Tile Drainage Debenture 07-01 prepared in accordance with By-Law Number 01-090 and the Tile Drainage Act R.S.O. 1990, Chapter T-8 to provide for the borrowing by the City of Hamilton of $7,400 from the Minister of Finance;

b) That the appropriate By-Law imposing special annual drainage rates, as set out in Appendix “A” of FCS07015, upon land as described, for a period of ten years, in respect of money borrowed under the Tile Drainage Act, R.S.O. 1990, be passed and enacted.

Joseph L. Rinaldo
General Manager
Finance and Corporate Services

EXECUTIVE SUMMARY:

Mr. John Neeb at 2525 Governors Road in the former municipality of Flamborough, made a request to The City of Hamilton for a Tile Drainage Loan of $7,400. As a result, the City of Hamilton is issuing a debenture under the Tile Drainage Act in the amount of $7,400 to be dated March 1, 2007. Repayment will be made by the property owner via the City to the Province of Ontario at the rate of 6% over 10 years. Instalments of $1,005.42 will commence March 1, 2008.
Since Council approval is required to impose special rates on the owner for repayment of this loan, attached is a By-Law (refer to Appendix ‘A’ to FCS07015) imposing special annual drainage rates upon the lands located at 2525 Governors Road (formerly Flamborough) for the loan amount of $7,400 borrowed under the Tile Drainage Act, R.S.O. 1990. The annual rate of $1,005.42 will be levied on the owner for a period of 10 years and collected in the same manner as property taxes.

**BACKGROUND:**

The Tile Loan Program is funded by the Ministry of Agriculture, Food and Rural Affairs 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 Loans 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 interest rate of 6% shown in the attached Amortization Schedule (refer to Appendix ‘B’ to FCS07015) is determined by the Ministry of Agriculture, Food and Rural Affairs. The maximum amount of loan available to an individual farmer in one year is $50,000.00. Therefore, farmers may obtain a loan for 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 farmer receiving the funds pays the annual debt charges to the municipality via the tax roll. The application for this Tile Drainage Loan was approved by Council as Item 2 of the Corporate Administration Committee Report 06-11 on June 28, 2006.

**ANALYSIS/RATIONALE:**

The Tile Drainage Loan Program is offered by the Ministry of Agriculture, Food and Rural Affairs for those who require financial assistance to upgrade drainage on agricultural lands.

**ALTERNATIVES FOR CONSIDERATION:**

N/A

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

There is no impact on the City for Tile Drainage Debentures since the Ministry of Agriculture, Food and Rural Affairs provides funding of the program.
POLICIES AFFECTING PROPOSAL:

The Tile Drainage Loan Program is administered by Municipalities on behalf of the Ontario Ministry of Agriculture, Food and Rural Affairs and policies set by the Ministry must be followed.

RELEVANT CONSULTATION:

- Ministry of Agriculture, Food and Rural Affairs web site
- The City’s Drainage Superintendent.

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Evaluate the implications of your recommendations by indicating and completing the sections below. Consider both short-term and long-term implications.

Community Well-Being is enhanced. ☑ Yes ☐ No

Public services and programs are delivered in an equitable manner, coordinated, efficient, effective and easily accessible to all citizens.

Environmental Well-Being is enhanced. ☑ Yes ☐ No

Improved drainage of agricultural lands

Economic Well-Being is enhanced. ☐ Yes ☑ No

Does the option you are recommending create value across all three bottom lines? ☐ Yes ☑ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☐ Yes ☑ No
THE CITY OF HAMILTON

BY-LAW NO. _______

A BY-LAW IMPOSING SPECIAL ANNUAL DRAINAGE RATES
UPON LAND IN RESPECT OF WHICH MONEY IS BORROWED
UNDER THE TILE DRAINAGE ACT, R.S.O. 1990

WHEREAS owners of land in the municipality have applied to Council
under the Tile Drainage Act, R.S.O. 1990 for loans for the purpose of
constructing subsurface drainage works on such land;

AND WHEREAS the Council upon application will lend the owners the
total sum of $7,400.00 to be repaid with interest by means of rates hereinafter
imposed;

NOW THEREFORE the Council of the Corporation of the City of Hamilton
enacts as follows:

1. THAT the Annual Rates as set out in the Schedule “A” attached hereto
are hereby imposed upon such land as described for a period of ten
years, such rates to be levied and collected in the same manner as
taxes.

PASSED AND ENACTED this 14th day of February, 2007

______________________________
Mayor

______________________________
City Clerk
THE CITY OF HAMILTON

SCHEDULE “A”
TO BY-LAW NO. _______

<table>
<thead>
<tr>
<th>Name &amp; Address of Owner</th>
<th>Description of Land Drained</th>
<th>Propose d Date of Loan</th>
<th>Sum to be Loaned $</th>
<th>Annual Rate to be Imposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Neeb</td>
<td>Pt Lot 25 &amp; 26, Conc. 1 (formally in the Township of Beverly)</td>
<td>March 1, 2007</td>
<td>$7,400.00</td>
<td>$1,005.42</td>
</tr>
</tbody>
</table>
ONTARIO TILE LOAN PROGRAM

CALCULATION OF LOAN AMOUNT, ANNUAL REPAYMENT AND AMORTIZATION
10 YEAR TERM LOAN AT 6% INTEREST

DATA ENTRY: Landowner Information (Optional)

<table>
<thead>
<tr>
<th>Landowner Name:</th>
<th>John Neeb</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landowner Home Address:</td>
<td>2525 Governors Road, R.R. 2 part of Lots 25 and 26, Concession 1 Lynden 301 140 45400 0000</td>
</tr>
</tbody>
</table>

Information Obtained From Inspection & Completion Certificate:

<table>
<thead>
<tr>
<th>Total Material Costs:</th>
<th>$6,008.70</th>
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</thead>
<tbody>
<tr>
<td>Total Installation Costs:</td>
<td>$3,583.70</td>
</tr>
<tr>
<td>Total Sundry Costs:</td>
<td>$215.55</td>
</tr>
<tr>
<td>Inspection Fee:</td>
<td>$100.00</td>
</tr>
</tbody>
</table>

CALCULATED Total Farmer Cost: $9,907.95
CALCULATED Maximum Available Loan: $7,400.00

The maximum available loan is the lesser of $50,000 or 75% of the total farmer cost. If the loan applicant wants a smaller loan than the maximum allowable enter it below, in multiples of $100. Otherwise leave $0.

Desired Loan Amount (eg. 12600): $7,400.00
Loan Date (YYYY-MM-DD): 2007-Mar-01
Note: All loans must be dated for the first of the month

CALCULATED Annual Repayment: $1,005.42

AMORTIZATION SCHEDULE

<table>
<thead>
<tr>
<th>Payment Number</th>
<th>Repayment Date (mo./yr.)</th>
<th>Installment Amount</th>
<th>Interest Cost</th>
<th>Principal Repayment</th>
<th>Loan Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>2007-Mar-01</td>
<td></td>
<td></td>
<td></td>
<td>$7,400.00</td>
</tr>
<tr>
<td>1</td>
<td>2008-Mar-01</td>
<td>$1,005.42</td>
<td>$444.00</td>
<td>$561.42</td>
<td>$6,838.58</td>
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<tr>
<td>2</td>
<td>2009-Mar-01</td>
<td>$1,005.42</td>
<td>$410.31</td>
<td>$595.11</td>
<td>$6,243.47</td>
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<td>2010-Mar-01</td>
<td>$1,005.42</td>
<td>$374.61</td>
<td>$630.81</td>
<td>$5,612.66</td>
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<td>4</td>
<td>2011-Mar-01</td>
<td>$1,005.42</td>
<td>$336.76</td>
<td>$668.66</td>
<td>$4,944.00</td>
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<td>5</td>
<td>2012-Mar-01</td>
<td>$1,005.42</td>
<td>$308.74</td>
<td>$636.68</td>
<td>$4,235.22</td>
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<td>6</td>
<td>2013-Mar-01</td>
<td>$1,005.42</td>
<td>$279.41</td>
<td>$726.01</td>
<td>$3,483.91</td>
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<td>7</td>
<td>2014-Mar-01</td>
<td>$1,005.42</td>
<td>$250.76</td>
<td>$754.66</td>
<td>$2,687.52</td>
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<td>8</td>
<td>2015-Mar-01</td>
<td>$1,005.42</td>
<td>$220.03</td>
<td>$785.39</td>
<td>$1,843.35</td>
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<td>2016-Mar-01</td>
<td>$1,005.42</td>
<td>$190.10</td>
<td>$815.32</td>
<td>$948.53</td>
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<td>2017-Mar-01</td>
<td>$1,005.42</td>
<td>$160.03</td>
<td>$845.39</td>
<td>$0.00</td>
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</table>

Total Principal Repaid: $7,400.00
Total Interest Paid: $2,654.20

http://www.gov.on.ca/OMAF/english/landuse/tileloan2.xls