

Report to/Rapport au :

Agriculture and Rural Affairs Committee
Comité de l'agriculture et des affaires rurales

and Council / et au Conseil

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Submitted by/Soumis par :

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CITY WIDE / À L'ÉCHELLE DE LA VILLE

Ref N°: ACS3013-CMR-FIN-0012

SUBJECT: BORROWING BY-LAW UNDER THE *TILE DRAINAGE ACT*

OBJET : RÈGLEMENT D'EMPRUNT EN VERTU DE LA *LOI SUR LE DRAINAGE AU MOYEN DE TUYAUX*

REPORT RECOMMENDATIONS

That Agricultural and Rural Affairs Committee recommend that Council enact a by-law in the form prescribed under the *Tile Drainage Act*, R.S.O. 1990, c.T.8. (the "*Tile Drainage Act*"), authorizing,

- (i) the borrowing of money from the Minister of Finance for the purpose of lending money for the construction of drainage works as defined in the *Tile Drainage Act*; and
- (ii) the issuance of debentures in the form prescribed under the *Tile Drainage Act*.

RECOMMANDATIONS DU RAPPORT

Que le Comité de l'agriculture et des affaires rurales recommande au Conseil de promulguer un règlement, sous la forme prescrite par la *Loi sur le drainage au moyen de tuyaux*, L.R.O. 1990, chap.T.8. (la « *Loi sur le drainage au moyen de tuyaux* »), autorisant ce qui suit :

- (i) l'emprunt de fonds au ministère des Finances permettant de prêter de l'argent pour des travaux de drainage, tel que défini dans la *Loi sur le drainage au moyen de tuyaux*;

- (ii) **l'émission de débentures, rédigées selon la formule prescrite par la *Loi sur le drainage au moyen de tuyaux*.**

BACKGROUND

Under the *Tile Drainage Act*, R.S.O. 1990, c.T.8, the Province makes financing available to the owners of agricultural land to install and construct drainage systems for the purpose of improving the productivity of agricultural land. The City acts as a financial intermediary through which the Province provides financing to landowners. The City issues debentures to the Province based on applications from landowners, after the landowner's drainage work is completed and an "inspection and completion" certificate is issued by the inspector. The proposed borrowing by-law gives the City the authority to offer to sell to the Province of Ontario the debentures the City issues under the borrowing by-law.

The City recovers all payments and interest to be made under the debenture from the landowner by way of a special levy. The special levy requires a "rating by-law" to be passed by Council. Council may only pass one rating by-law per month, which consolidates all the loans to the various landowners during that month. As rating by-laws are passed and debentures are issued, the amount remaining available under the borrowing by-law decreases accordingly.

DISCUSSION

On June 13, 2001 Council enacted By-law 2001-224 which consolidated the remaining balances of the borrowing by-laws of the former municipalities to authorize the City to borrow up to an amount not exceeding \$1,967,500.00 for the purpose of lending money for the construction of drainage works. As at January 31, 2013 the amount remaining available under By-law 2001-224 is \$120,700. Unless a new By-law is enacted, the City will not be able to facilitate tile drain loans once the amount remaining is issued. It is recommended that a new By-law be enacted in the amount of \$2,500,000.

The Ministry of Agriculture, Food and Rural Affairs prescribes the documentation to be used under the *Tile Drainage Act*. Attached as Document 1 is the form of By-law required under Subsection 2. (1) of Ontario Regulation 382/12 under the *Tile Drainage Act*. Subsection 2. (2) of the *Tile Drainage Act* provides that the By-law passed by Council becomes valid and binding unless an application is made or an action is brought to squash the by-law in a court of competent jurisdiction within four weeks after the by-law is passed.

Attached as Document 2 is the form of Affidavit of Clerk to be signed by the City Clerk under Section 4 of Ontario Regulation 382/12 under the *Tile Drainage Act* and once the four week period has lapsed and no application or action has been made to squash the By-law.

Attached as Document 3 is the form of Debenture to be issued under Section 3 of Ontario Regulation 382/12 under the *Tile Drainage Act*.

RURAL IMPLICATIONS

A new borrowing By-law is required for owners of agricultural land to access loans from the City through the *Tile Drainage Act*. Without this By-law the City cannot issue debentures to the Province and therefore, cannot make the loans.

CONSULTATION

The public consultation process is not applicable.

COMMENTS BY THE WARD COUNCILLOR(S)

Not applicable.

LEGAL IMPLICATIONS

There are no legal impediments to the implementation of the recommendation in this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications to enacting the by-law attached as Document 1.

FINANCIAL IMPLICATIONS

Under the financing arrangements described in this report, the City acts as a financial intermediary through which the Province provides financing to individuals to carry out tile drainage work on their agricultural property. Since payments for debts created by the issue of debentures under the *Tile Drainage Act* are recovered from the respective property owner, the issuance of new debentures does not involve any additional financial commitments by the City.

ACCESSIBILITY IMPACTS

Not applicable

ENVIRONMENTAL IMPLICATIONS

Not applicable

TECHNOLOGY IMPLICATIONS

There are no technical implications associated with this report.

TERM OF COUNCIL PRIORITIES

Not applicable.

SUPPORTING DOCUMENTATION

Document 1 Draft Tile Drainage Borrowing By-law
Document 2 Affidavit of Clerk
Document 3 Debenture

DISPOSITION

Following consideration by Agriculture and Rural Affairs Committee, the recommendation will be forward to Council for its consideration.