

Council Policy No.:	C-162-EPW-015 <u>TBD</u>
Council Policy Name:	Tile Loan Program
Date Approved by Council:	July 14, 2009 CR2009-842
Date revision approved by Council:	
Related SOP, Management Directive, Council Policy, Forms	

Policy Statement and Rationale:

The installation of tile drainage is a very common land improvement practice among farmers in Ontario. 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. The Tile Drainage Act provides loans to agricultural property owners to assist them in financing tile drainage projects. Known as the Tile Loan Program, the program is a partnership between municipalities and the province. Owners of agricultural land in a municipality who plan to install a tile drainage system on their land, are eligible for a loan through the municipality. In this way, the municipality supports its agriculture community through participation in the tile loan program.

Scope:

This policy applies to all owners of agricultural land who are planning to install a tile drainage system on their property and wish to apply to the City for a “tile loan”. Loans are available each year starting when the tile loan program is announced (typically late spring) until the last debenture date of March 1st of the following year.

Definitions:

“City”, “City of Kawartha Lakes” or “Kawartha Lakes” means the Corporation of the City of Kawartha Lakes and its entire geographic area.

“Drainage Inspector” means the person appointed by the Director of [Public Works Engineering and Corporate –with Assets with](#) the authority to inspect the drainage work constructed on the land for which the tile loan application was made.

“OMAFRA” means the Ontario Ministry of Agriculture, Food and Rural Affairs.

Policy:

1.0 OMAFRA’s Responsibilities

The Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) is responsible for:

- ensuring that municipalities are aware of the loan policies and program details
- processing the loan documents received from the municipality and transferring the loan funds to the municipality
- collecting the annual repayments from municipalities, as well as any early tile loan payouts
- for issuing licenses to contractors who install tile drainage systems

2.0 The City’s Responsibilities

- The City must ensure that it has a valid borrowing by-law under the Tile Drainage Act and that it is aware of the details of the current provincial policies on the Tile Loan Program.
- The Manager of [Engineering Technical Services](#), or his delegate, must review each application for loan and approve or reject it. As part of the review process, the City’s drainage inspector will inspect the proposed outlet for the proposed area to be drained. The granting or refusal of the application is at the sole discretion of the Manager of [Engineering Technical Services](#) whose decision is final.
- The landowner will be advised in writing of the City’s decision regarding the application.
- Council may place borrowing restrictions on tile loans, but must ensure that all loan applicants are treated equally. This policy is in place to address tile loans in an equal and consistent manner.
- Once the work is completed and the invoices and mapping have been submitted by the landowner, the City’s drainage inspector will carry out an inspection of the tile drainage work and file an inspection and completion certificate with the Clerk.
- City staff will then prepare and present the by-law to Council for adoption. The supporting documents will then be submitted to OMAFRA. Submissions can only be submitted to OMAFRA once per month.
- After the City receives the funds from OMAFRA, City staff will distribute them to the loan applicants. An inspection fee of \$100.00 shall be charged by the City

and will be paid out of the money borrowed and deducted from the loan amount as set out in section 7 of the Tile Drainage Act.

- The City is responsible for collecting the repayments from the property owner and repaying these funds to OMAFRA's Financial Management Branch. Interest is charged on late payments. The loan is added to the property tax roll where the tiling occurred. The City's responsibility for the collection of the repayment of the loan has been delegated to the Manager of Revenue and Taxation.

3.0 The Loan Applicant's Responsibilities

- Before any tile installation begins, the property owner must complete the tile loan application and submit it to the City's [Public Works- Engineering and Corporate Assets](#) Department. A sketch showing the drainage area as well as the proposed outlet shall accompany the tile loan application.
- Only agricultural property owners may apply for a loan. Farmers who wish to tile rented farmland must make their own arrangements with the property owners.
- A tile loan will not be approved if tiling starts before the City approves the application.
- As part of the approval process, the drainage inspector will carry out an inspection of the proposed outlet for the proposed area to be drained. All tile work must conform to the "Agricultural Tile Drain Discharge to Roadside Ditches" Policy No. [414-EPW-007 \(to be renumbered through Report ENG2021-027\)](#) which deals with the use of roadside ditches as a means for providing outlets for private agricultural drains and ditches.
- If the application for loan is approved, the owner hires a licensed tile drainage contractor to do the work. The contractor must be licensed by OMAFRA and must have OMAFRA machinery licences. The licence numbers are required by OMAFRA to qualify for a tile loan. All work must be carried out in accordance with the Agricultural Tile Drainage Installation Act.
- Invoices signed by the supplier indicating they have been paid in full, one copy of a map of the tiled areas indicating the location, spacing, direction and depth of the tile installed and the number of hectares/acres drained must be submitted to the drainage inspector. The drainage inspector will carry out a second inspection upon completion of the work.
- If more than one property is affected by the tiling project, a separate tile loan application must be filed for each property. It is the property owner's responsibility to ensure the contractor and supplier identify the costs separately for each property.
- The amount of loan requested must be a multiple of \$100 not exceeding 75% of the total expenditure excluding [GST-HST](#) costs to a maximum of \$50,000.00 in any fiscal year.
- Costs, such as costs not related to tile drainage, costs incurred off the property, rebates and refunds received by the property owner and work performed by an

unlicensed contractor are not eligible for funding through the program. Goods and Harmonized Services Tax (GST HST) is also not an eligible cost since farmers are eligible for a full rebate of their GST HST costs.

- Applicants should allow four to six weeks after all the required information is submitted for the receipt of approval and the processing of funds.
- Upon receipt of the funds, the property owner is responsible for making the loan repayments. The equal annual payment is collected in the same manner as taxes and deemed to be taxes. The annual payment is levied on the final tax bill of the year and collected as taxes for a term of ten years. Due to the scheduled tax installment dates, this annual payment may be collected by the City either as a pre-levy or post levy. The loan can be repaid in full at any time.
- A loan application will be valid for a period of one year from the date the application is approved by the City. After that date, the property owner will be required to re-apply.
- The Tile Drainage Act sets out procedural matters concerning apportionment of a loan when part of the land is sold, discharge of the indebtedness upon repayment of the loan at any time, and all other matters pertaining to applications for tile loans.

Revision History:

Proposed Date of Review:

Revision	Date	Description of changes	Requested By
0.0	[Date]	Initial Release	