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TILE DRAINAGE LOAN - EAST GWILLIMBURY

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, undated, from the Commissioner of Finance.

1. RECOMMENDATIONS

It is recommended that:

1. Approval be granted to impose a special levy on the Corporation of the Town of East Gwillimbury relating to the issuance of a \$50,000 debenture issued under the *Tile Drainage Act* with the following conditions:
 - a. the annual sum of the special levy will be \$6793.40; and
 - b. the payments to the Region from the Town will start in 2012 and finish in 2021
2. The Regional Solicitor be authorized to prepare the necessary by-laws associated with issuing of this special tax levy.

2. PURPOSE

The purpose of this report is to request approval to impose a special levy on the Corporation of the Town of East Gwillimbury in relation to a debenture issued by the Region under the *Tile Drainage Act*.

3. BACKGROUND

The Tile Drainage Loan program is a partnership between municipalities and the Province of Ontario. Individual farmers who wish to install a tile drainage system on their properties may apply for a loan under the program. Once the application has been accepted, the farmer arranges to have the work completed by a licensed contractor. Subsequently, the local municipality applies to the Region to prepare a debenture for sale to the Province of Ontario in the amount of the loan.

The Region transfers the debenture proceeds to the local municipality which in turn provides the funds to the farmer. The local municipality administers the loan payments from the farmer, passes on the payments to the Region, which are in turn paid back to the Province.

Within 30 days of the issuance of a debenture, the Region is required to impose a special levy by-law on the local municipality for an annual amount sufficient to cover the payment of the principal and interest on the issued debenture.

4. ANALYSIS AND OPTIONS

The Town of East Gwillimbury has received an application from a resident for a Tile Drainage Loan in the amount of \$50,000. The work has been completed and all necessary inspections completed. The Town will finalize documentation required by the province in respect of the loan prior to January 20, 2011.

The Region periodically passes by-laws in respect to authorizing debentures for local municipalities in block amounts of usually \$100,000 and then draws these authorities down over several years as each specific request is made. The Region has the authority to issue this requested debenture under By-law L-0135-2006-067 enacted on June 22, 2006 which has \$38,200 of authority remaining and By-Law No. D-0189-2007-041 issued on May 24, 2007 with remaining authority of \$100,000. The issuance of this \$50,000 debenture will exhaust the authority in the 2006 By-law and leave \$88,200 of remaining authority in the 2007 by-law. The Region will issue the \$50,000 debenture and related documentation to the Province by that date, subject to completion of documentation by the Town.

5. FINANCIAL IMPLICATIONS

The Region is an intermediary in the Tile Drainage Loan process and will receive all required amounts due to it through the issuance of this special levy.

6. LOCAL MUNICIPAL IMPACT

The Town of East Gwillimbury will be responsible for administering the loan, and making payments on a timely basis to the Region.

7. CONCLUSION

This report recommends that a special levy be imposed on the Town of East Gwillimbury in respect of a Tile Drainage Loan.

For more information on this report, please contact Len Bulmer, Head of Financing and Reserves at Ext. 1676.

The Senior Management Group has reviewed this report.