

HALDIMAND COUNTY

Memorandum CS-FI-M04-2017 Municipal Drain Billing - 2018

For Consideration by Council in Committee on November 14, 2017



To: Mayor Hewitt and Members of Council

From: Mark Merritt, CPA, CA, Treasurer

Haldimand County has a Council approved Municipal Drains Construction & Maintenance Billing Policy that establishes parameters and guidelines to be followed for the billing of construction and maintenance work completed on Municipal Drains.

Based on Section 61 of the *Drainage Act*, R.S.O. 1990 (as amended), and communication from Ontario Ministry of Farming and Agriculture (OMAFRA), a levying by-law must be passed by Council to authorize the billing of the actual costs of maintaining or constructing drains. A separate by-law is required for maintenance and one for construction.

The necessary by-laws will be presented to Council for review and approval at the November 20, 2017 Council meeting. Staff will then complete the billing process for the drains identified below. Related municipal drain billings are brought forward on an annual basis, each Fall/Winter, with assessments added to the following year's interim tax billing, to be paid in four equal installments over the year.

The Ontario Ministry of Agriculture Food and Rural Affairs (OMAFRA) provides a grant, under the Agricultural Drainage Infrastructure Program, of up to one-third of the cost of maintenance for qualifying lands (i.e. lands in the farmland or managed forest assessment categories). A municipality applies for the grant on behalf of the landowner, with the qualifying landowner responsible for the remaining costs.

The following table shows a breakdown of outstanding drain maintenance costs to be billed to property owners based on grants approved by OMAFRA.

Table 1: Drain Maintenance to be Billed

<u>Drain Name</u>	<u>Gross Costs</u> \$	<u>OMAFRA Grant</u> \$	<u>Net Assessment</u> \$	<u>Year Work Completed</u> ¹
Sweet's Corners	11,534.42	2,141.24	9,393.18	2013
King Branch	26,737.05	5,372.23	21,364.82	2015
Sixth Concession ²	48,071.43	12,372.36	35,699.07	2015
Weikman	9,291.20	1,820.68	7,470.52	2015
Lundy	31,401.58	3,093.24	28,308.34	2015
North Forks	63,799.72	11,982.64	51,817.08	2015
South Forks	69,001.46	18,758.30	50,243.16	2015
Maple Creek	49,267.37	7,795.90	41,471.47	2015
Pat Warren	5,869.01	1,477.84	4,391.17	2015
Jarvis 1	84,980.82	13,055.04	71,925.78	2015
County Road 3 (Norfolk) ³	209.91	65.93	143.98	2016
Total	\$400,163.97	\$77,935.40	\$322,228.57	

1. Year in which the last maintenance was completed. Some drains also include work from previous years but not yet billed.

2. Sixth Concession also affects Norfolk properties but is maintained by Haldimand County. Norfolk County will bill their respective landowners on behalf of Haldimand County.

3. County Road 3 Drain is owned and maintained by Norfolk County. Haldimand County recovers the amount owed on behalf of the properties on the drain within Haldimand's boundaries.

Many of the County's Municipal Drains also benefit County owned land (primarily roadways/ditches). The County's apportioned share of maintenance costs is funded through the Drain Fund account that is contributed to annually through the Tax Supported Operating.

OMAFRA also provides a grant under the Agricultural Drainage Infrastructure Program for the cost of construction for qualifying lands (similar to maintenance grants as denoted above). The Municipality applies for the grant on behalf of the landowners and the qualifying landowner is responsible for the remaining costs. The following table shows a breakdown of outstanding drain construction costs to be billed:

Table 2: Drain Construction to be Billed

<u>Drain Name</u>	<u>Gross Costs</u> \$	<u>Grant Received</u> \$	<u>Net Assessment</u> \$	<u>Year Work Completed</u>
Sixth Concession ¹	83,055.92	-	83,055.92	2004 ²
Jarvis 1 ³	451,553.41	8,665.62	442,887.79	2014
<u>Total</u>	<u>\$534,609.33</u>	<u>\$8,665.62</u>	<u>\$525,943.71</u>	

- 1. Sixth Concession also affects Norfolk properties but is maintained by Haldimand County. Norfolk County will bill their respective landowners on behalf of Haldimand County.*
- 2. Sixth Concession construction work was completed in 2004, but has not been billed until now due to issues with the assessment schedule (related to allocating the correct assessments to Norfolk County properties).*
- 3. Although work began on the construction of the Jarvis Drain prior to 2014, drain construction grants cannot be applied for until work is complete. The applicable grants and apportionments have been received/determined for the Jarvis 1 Drain and as such, can be billed at this time. The Jarvis 2 Drain requires hiring an Engineer to complete a reapportionment related to new development and as such, will be billed at a future time when this information is available.*

Under the Municipal Drains Construction & Maintenance Billing Policy, the normal billing timeline is two years after construction and maintenance work is complete. As outlined in Report CS-FI-01-2015 Municipal Drain Billing, there has been a backlog of billing for the recovery of maintenance and construction of Municipal Drains. Staff have been continuing to clear a significant amount of the backlog, however, there are still drains that are eligible under the policy to be billed but are not being billed at this time due to issues with assessment schedules or are scheduled to be billed the next cycle with current maintenance costs.

Through PW-ES-08-2016, Council approved process enhancements to the notification process related to Municipal Drains and the subsequent related billing. However, as the billing outlined in this memorandum relates to maintenance and construction work that was undertaken prior to these process enhancements, additional notification letters will be sent to all property owners that have assessments being added to their property.

As per the Municipal Drains Construction & Maintenance Billing Policy, property owners assessed an amount of \$500 or greater may choose to have the amount owing debentured, including interest at an annual rate set by OMAFRA (based on the rate set for the Province's tile drainage loan program, currently 6%), for a period of 5 years with annual payments being levied on the property owner's tax account. The property owner must notify the County, within 30 days of receiving notification of the initial billing, as to which option they prefer. If notification is not received by the County, the property will default to full billing of the amount owing to be paid over four equal installments due in the coming year.

Staff have just recently received confirmation of additional grant funds for related drain maintenance work that is not covered by this memorandum. It is staff's intent to endeavour to provide Council with an additional memo at the December 5th Council in Committee meeting in order to proceed with further drain billings for 2018 to avoid these billings being delayed for another calendar year.