

HALDIMAND COUNTY

Memorandum FIN-M05-2019 Municipal Drain Billing

For Consideration by Council in Committee on December 10, 2019



To: Mayor Hewitt and Members of Council

From: Charmaine Corlis, 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), every year a levying by-law must be passed by Council to authorize the billing of the actual costs of maintaining or constructing specific drains. Separate by-laws are required for maintenance and for construction.

The necessary by-laws will be presented to Council for review and approval at the December 16, 2019 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 first payment required by the property owner will not be due until March 31, 2020.

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. Land owners are only billed upon receipt of the Provincial grant.

The following table shows a breakdown of outstanding drain maintenance costs to be billed (there are currently no construction costs eligible 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
Horseshoe Bay Main Branch	10,532.16	607.77	9,924.39	2017
Black Creek	93,408.86	18,961.12	74,447.74	2017
South Forks	1,679.04	482.58	1,196.46	2017
Chrysler	37,361.62	8,819.24	28,542.38	2017
Deamude	21,939.73	3,791.92	18,147.81	2017
Byers	4,601.70	1,453.85	3,147.85	2018
Girling	4,666.16	1,140.62	3,525.54	2017
Ellsworth	21,139.25	5,849.38	15,289.87	2018
Tweed	41,319.16	11,650.16	29,669.00	2017
Crow Road	3,641.48	741.23	2,900.25	2018
East Kelly	8,378.32	1,616.65	6,761.67	2018
Total	\$248,667.48	\$55,114.52	\$193,552.96	

1. Year in which the last maintenance was completed. Some drains also include work from previous years but not yet billed. If completed in 2018, costs were under \$500 and therefore ineligible for grant.

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 Budget.

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. There are currently no drain construction costs to be billed.

Under the Municipal Drains Construction & Maintenance Billing Policy, the normal billing timeline is two years after construction or maintenance work (as the case may be) 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, delay in receipt of grant funds from the Province, or are scheduled to be billed the next cycle with current maintenance costs. Staff are continuing to review any outstanding receivables to bill in a timely manner.

Through PW-ES-08-2016, Council approved process enhancements to the notification process related to Municipal Drains and the subsequent related billing. 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 paid over time, 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.