

HALDIMAND COUNTY

Report CS-FI-01-2015 of the General Manager of Corporate Services For Consideration By Council in Committee

RE: Municipal Drain Billing

OBJECTIVE: To seek Council approval: of the revised Municipal Drain Construction and Maintenance Billing Policy; to levy the maintenance and construction costs of various Municipal Drains; and to write off various Municipal Drain expenditures deemed “uncollectable”.

RECOMMENDATIONS:

1. THAT Report CS-FI-01-2015 Re: Municipal Drain Billing dated January 5, 2015 be received;
2. AND THAT the Municipal Drain Construction and Maintenance Billing Policy, as outlined in Attachment 1 to Report CS-FI-01-2015, be approved;
3. AND THAT the applicable By-laws be passed to levy the actual costs of maintenance for the McNichol, Fred Buckner, Buckner, Lindsay, Stonehaven, Horseshoe Bay, Boyt, Waines, Bravin, Ellisworth, Furry, MacKeigan, Tweed, Harvey, North Hutchinson North, North Hutchinson South, South Hutchinson, and County Road 3 Municipal Drains Maintenance;
4. AND THAT the applicable By-laws be passed to levy the actual costs of construction for the Deamude and South Hutchinson Drains;
5. AND THAT the draft letter (Attachment #2) be sent to the Ministry of Agriculture, Food and Rural Affairs (OMAFRA) regarding concerns over the timing of receipt of annual Municipal Drain Maintenance Grants;
6. AND THAT the unbilled amounts related to the Municipal Drains identified in CS-FI-01-2015, totaling \$119,471.82, be written off as uncollectible, for the reasons outlined in the Report, with this one-time expense funded by the Contingency Reserve.

Prepared by:

Mark Merritt, CPA, CA
Treasurer
Date: January 5, 2015

Respectfully submitted:

Karen General
General Manager
Corporate Services Department

Approved:

Donald G. Boyle
Chief Administrative Officer

BACKGROUND:

The Drainage Act (the “Act”) is Provincial legislation that provides a mechanism for landowners with drainage problems, or lack of an outlet, to create a legal outlet for lands to be drained. The creation of a “Municipal Drain” is a statutory public process that includes: a petition from affected landowners to create a Municipal Drain, public meetings, a final engineering report, an appeal process and, finally, a municipal by-law to adopt the engineer’s final report. The Act further provides mechanisms for apportioning costs and recovery of costs from landowners for construction or periodic maintenance. (The Municipal Drain Frequently Asked Question (FAQ) Sheet, included in Attachment 1, provides more specific details related to Municipal Drains and is intended to be provided to affected residents during the construction/maintenance of Municipal Drains.)

The specific municipal drain billing details and proposed policy for future use by Haldimand County are the subject of this report for Council’s consideration.

ANALYSIS:

The billing of Municipal Drain construction and maintenance has been a struggle since the inception of the County. Significant attempts were made in 2009 and 2010 to catch up on the lack of prior billings. Although significant headway was made at that time, a fair number of drain billings remained outstanding at the end of 2010. Further to this, there has been a significant turnover of staff in both Finance and Engineering over the past few years, which has led to a knowledge and experience gap.

In recent years, staff have made significant improvements in the overall process of completing Municipal Drain construction and maintenance. A 10 year maintenance cycle has been established and has been included in the annual Tax Supported Capital Budget & Forecast for a number of years. Since improvements have been made in the planning for construction and maintenance, staff are now proposing to revisit and formalize the methodology and procedures implemented by the County for billing purposes.

1. Policy

The County’s historical billing practice for Municipal Drains maintenance is based on the following:

- For amounts due under \$150: Property owners must pay the full amount within 30 days of the invoice date. If the full payment is not received by the due date, the amount will be added to the property owner’s taxes.
- For amounts due of \$150 or more: Property owners must choose to pay the full amount owing within 30 days of the invoice date or the amount owing will be debentured including interest at a specified rate per annum, for a period of 5 years, with annual payments being levied through the property owner’s tax account.

The current practice has several financial and administrative drawbacks/difficulties:

- It is difficult to administer: Every Municipal Drain can have numerous property owners with varying billing amounts.
- It requires numerous billings: Individuals can own several properties serviced by a single Municipal Drain which can lead to multiple billings for different amounts with different payment options. There are separate invoices issued with additional charges applied to property tax accounts depending on the payment options selected. This can lead to considerable confusion, time and costs for each Municipal Drain billed.

- Considerable time lag between construction/maintenance work being completed and actual billing: Even under favourable conditions, substantial time can lapse between completion of the work and actual billings. The historical billing practice can add considerable time and administrative costs to recovering the associated drain costs. There are also substantial carrying costs incurred by the County until all the funds are ultimately recovered from the property owners serviced by the Municipal Drain.

As a result, staff have undertaken a comprehensive review of the existing billing practices and have canvassed other municipalities in an effort to provide more efficient, timely and cost effective methods. Based on this review, staff are proposing a change to our current municipal drain billing practices to provide for a streamlined process for all affected landowners.

The proposed billing policy for Municipal Drains construction and maintenance (as detailed in Attachment 1) is based on the following:

- For amounts due under \$500: These amounts will be added to the property owner's taxes, due in four equal installments along with the owner's usual property tax payments. These payments will follow the same principles and requirements for payments as regular property tax payments. This will allow landowners to spread payments over the calendar year, similar to current property taxes.
- For amounts due of \$500 or more: Property owners will have two options:
 - a) follow the same process for amounts under \$500, or
 - b) have the amount owing debentured, including interest at an annual rate set by OMAFRA (based on that set for the Province's tile drainage loan program), for a period of 5 years with annual payments being levied on the property owner's tax account. The County must be notified by the property owner with 30 days of notification of billing as to which option they prefer. If no notification is received by the County, the property will default to option (a) above.

In the past, the interest rate applied to those who participated in the financing option was not clearly documented. In order to place standardized parameters around the rate that is being utilized, staff are proposing to utilize the rate set by OMAFRA with respect to land owners who participate in the Ministry's tile drainage loan program, which has very similar characteristics to the Municipal Drain maintenance and construction process. Currently, an interest rate of 6% is set for this program. This will change from time to time with any amendments made by OMAFRA to the tile drainage loan rate. Staff believe this interest rate is reasonable in that it is less than what is applied to taxes, but more than what is normally charged to the County when issuing debt. It is important to keep in mind that, until billing occurs, the County could be holding these costs for a couple of years, which in turn reduces the interest the County could potentially earn had these costs been recovered immediately. Also, the landowner has the choice to avoid these financing costs by paying the full amount over four equal installments in the billing year.

In order to ensure adequate understanding of the proposed Municipal Drain billing policy, once approved, staff will attend an upcoming Haldimand County Agricultural Advisory Committee meeting to speak to the revised billing process and address any questions that may arise.

2. Current Outstanding Billings

Municipal Drain construction and/or maintenance billing cannot occur until:

- a) the work has been completed; and
- b) all applicable grants have been received from the Ministry of Agriculture, Food and Rural Affairs (OMAFRA).

Due to the gap in timing of the grant submissions and when the funds are received from OMAFRA, the actual billing for the land owner costs may not occur for 2 or 3 years following the actual completion of the work. As much of the timing related to billing is dependent upon when the maintenance grant is received from OMAFRA, staff are seeking the endorsement of Council to send a letter related to the importance of the timely distribution of this grant (Attachment 2).

Based on the principles denoted above and after a thorough analysis of the current backlog of billing for the recovery of maintenance and construction of Municipal Drains, the following drains have been determined to be billable immediately. Included below is an analysis of when the actual maintenance or construction was completed.

Table 1: Drain Maintenance:

<u>Drain</u>	<u>Year Work Completed</u>
McNichol	2010
Fred Buckner	2010
Buckner	2010
Lindsay	2011
Stonehaven	2012
Horseshoe Bay	2006/2010
Boyt Drain	2012
Waines	2012
Bravin	2006/2007
Ellesworth	2006
Furry	2007
MacKeigan	2006
Tweed	2006/2011
Harvey	2010
North Hutchinson North	2008/2010
North Hutchinson South	2004/2005/2008
South Hutchinson	2004/2005/2008
County Road 3 Drain (from Norfolk)	2010/2011

Table 2: Drain Construction:

<u>Drain</u>	<u>Year Work Completed</u>
Deamude	2006
South Hutchinson (re-construction)	2003

In order to bill the final actual costs, a levying by-law must be passed by Council to impose upon the lands assessed the actual cost of maintaining or constructing the drain, in accordance with Section 61, of the *Drainage Act*, R.S.O. 1990 (as amended). The necessary by-laws will be presented for Council review and approval at the January 19, 2015 Council meeting. A separate by-law is required for maintenance and one for construction.

It is important to note that, due to the timing of this report and billing cycle, the notification that was sent to land owners at the onset of the maintenance will be slightly different than what will be implemented with respect to billing. With this being said, staff are confident that this new revised billing process is more beneficial to the land owner, as it provides them with more time to pay for their share of costs (over four installments, versus within 30 days under the previous methodology). However, given this change in procedure, staff will be ensuring that adequate notification is sent to the property owners outlining the requirements for payment. Going forward, the notification sent to land owners prior to construction will include these new revised billing procedures.

Staff anticipate distributing letters and FAQ sheets to property owners upon approval of this report by Council at the January 13, 2015 Council in Committee meeting. Templates of this communication are included in the process documentation included in Attachment 1. Property owners with amounts owing over \$500 will have until the beginning of February to notify the County of whether they would like to debenture finance their portion of the drain costs. Once the final information is reconciled, the total amounts owing will be added to property tax accounts in time for the interim tax billing.

3. Write Offs

A number of costs related to Municipal Drain maintenance and construction were transferred to the County from the former Town of Dunnville. Over the past few years, much of the expenditures that were transferred have been billed out to the appropriate property owners. Staff have spent an extensive amount of time and effort reviewing the remaining accounts and have deemed them uncollectable due to insufficient supporting documentation to warrant billing. A summary of the Dunnville drains billing history and the proposed write offs is included in Table 3 below.

Table 3: Dunnville Drain Billing History and Proposed Write Offs:

<u>Summary of Current Balance</u>		<u>Billing Activity</u>	<u>Outstanding Balance</u>
2001 Opening Balance			<u>\$333,079.33</u>
	2002 Billings	(18,481.48)	314,597.85
	2002 Adjustments	(6,048.40)	308,549.45
	2004 Billings	(74,294.91)	234,254.54
	2005 Billings	(55,336.25)	178,918.29
	2006 Billings	(41,113.13)	137,805.16
	2008 Billings	(7,695.11)	130,110.05
	2010 Billings	(11,000.29)	<u>\$119,109.76</u>
<u>Details of Balance Recommended to be Written off</u>			<u>Amount</u>
James Drain	Timing of work unknown, prior to 2000		\$(547.02)
Waines Drain	Timing of work unknown, prior to 2000		(1,278.51)
Furry Drain *	Work completed without Engineer's report		11,111.48
Mitchener Drain	Work completed in 1980s. Insufficient backup		9,836.39
Mitchener Branch Drain	Work completed in late 1990s. Insufficient back up to bill		5,078.38
North Hutchinson North Drain	Work completed in 1996. Insufficient back up to bill		3,310.18
North Hutchinson South Drain	Work completed in 1998. Insufficient backup to bill.		3,037.60
South Forks Drain	Work completed in 1996. Insufficient back up to bill		2,893.50
South Hutchison Drain	Work Completed in 1998. Land Owners indicated they have already been billed.		76,384.28
Jones Drain	Timing unknown, prior to 2000. No by-laws or reports on file to support billing		690.44
Big Fork Drain	Timing unknown, prior to 2000. Drain was not constructed		1,176.09
Pat Warren Drain	Timing unknown, prior to 2000. Insufficient backup		690.29

Wolf Creek Drain	Timing of work unknown, prior to 2000. No by-laws or reports on file to support billing		648.85
Stonehaven Drain	Work completed in 1999. Insufficient back up on file to support billing		292.52
Inman-Aiken Drain *	Timing of work unknown. Mutual Agreement Drain.		818.17
Sutor Drain	Timing of work unknown, prior to 2000. Drain does not exist		257.50
Hoover Creek Drain *	Timing of work unknown, prior to 2000. Insufficient back up to support billing.		4,709.62
<u>Total Write offs:</u>			
	Unbillable Dunnville Drains (above)		\$119,109.76
	Miscellaneous Accounting Discrepancies to be written off		\$362.06
	Total Write offs:		<u>\$119,471.82</u>

* – identified in 2002 as unbillable but not written off at the time

Staff have undertaken a substantial review of the available information associated with the above noted costs recommended for write-off. Since 2001, a substantial portion of these costs, approximately \$214,000 or 64%, have been recovered. In 2002, the former Town of Dunnville Treasurer and Haldimand County employee, Laurie Davis, completed a listing of all unbilled drain amounts from the former Town of Dunnville (reconciling the detailed accounting transactions from 1995 to December 31, 2000). During this review, he also identified Municipal Drains with insufficient supporting documentation to bill the amounts owing (as required under the Act). These have been identified in the above table. No additional information has been located, despite significant time and resources allocated to this task, to change staff's opinion with respect to these unbilled amounts.

In addition, of the \$119,472 proposed to be written off, \$76,384.28 or 64%, is related to reconstruction costs of the South Hutchison Drain prior to 2000. Due to the timing of the reconstruction by the former municipality, staff have been unable to obtain sufficient supporting documentation to bill land owners. Further to this, staff have been advised that the land owners may have already been billed for these costs at some point in the past. County staff recently contacted one of the larger land owners on this drain and received confirmation that they have indeed been billed for this work. Staff have also contacted OMAFRA, but their records retention policy only requires that files be maintained onsite for two years, and then offsite for 10 years. Therefore, although this figure is large, staff do not have the supporting back up necessary to justify billing for these costs.

It is recommended that the amounts to be written off be funded by the Contingency Reserve as a one time expenditure in 2014.

BUDGET/LEGAL IMPLICATIONS:

Drain Maintenance

The 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). 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 maintenance costs to be billed to property owners based on grants approved by OMAFRA:

Table 4: Drain Maintenance to be Billed

<u>Drain Name</u>	<u>Gross Costs \$</u>	<u>Grant Received \$</u>	<u>Net Assessment \$</u>
McNichol	47,189.36	8,639.05	38,550.31
Fred Buckner	10,575.92	2,190.91	8,385.01
Buckner	9,827.37	2,325.17	7,502.20
Lindsay	11,331.88	2,193.09	9,138.79
Stonehaven	1,684.01	0.00	1,684.01
Horseshoe Bay	10,443.38	1,632.16	8,811.22
Boyt	2,742.47	105.13	2,637.34
Waines	12,043.92	3,145.30	8,898.62
Bravin	1,125.20	0.00	1,125.20
Ellsworth	25,039.59	6,941.51	18,098.08
Furry	32,889.71	7,798.89	25,090.82
Mackeigan	6,462.72	1,291.99	5,170.73
Tweed	49,900.88	9,580.37	40,320.51
Harvey Drain	2,768.38	645.96	2,122.42
North Hutchinson North	12,957.46	3,099.71	9,857.75
North Hutchinson South	9,435.76	0.00	9,435.76
South Hutchinson	19,713.75	5,133.27	14,580.48
County Road 3	186.11	0.00	186.11
Total	266,317.87	54,722.51	211,595.36

Many of the County's Municipal Drains benefit County owned land (primarily roadways/ditches). The County's apportioned cost is funded through the Drain Fund Account that is contributed to annually through the operating budget to offset the County's share of maintenance on Municipal Drains.

Drain Construction

The Ministry of Agriculture, Food and Rural Affairs 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 5: Drain Construction to be Billed

<u>Drain Name</u>	<u>Gross Costs \$</u>	<u>Grant Received \$</u>	<u>Net Assessment \$</u>
Deamude Construction	74,964.03	10,594.10	64,369.93
South Hutchison Re-Construction	8,522.07	0.00	8,522.07
Total	83,486.10	10,594.10	72,892.00

Once this current backlog of billing for the recovery of maintenance/construction on Municipal Drains is completed, additional billings will be brought forward on an annual basis each Fall/Winter to ensure more timely annual billing of completed drainage works is undertaken.

As noted above, the amount of \$119,472 recommended to be written off as uncollectible will be offset by funding from the Contingency Reserve in the 2014 financial records.

INTERDEPARTMENTAL IMPACTS:

Municipal Drain Maintenance is a responsibility of the Drainage Superintendent in the Engineering Services Division. The recommendations contained in this report were jointly reviewed with the Drainage Superintendent and Director/Manager of Engineering Services.

LINKS TO STRATEGIC PLANS:

Not applicable.

CONCLUSION:

Following years of ineffective billing processes for municipal drain construction and maintenance costs, staff have prepared a policy for Council's consideration. As part of this in-depth review, several issues were identified including: need to write-off a significant sum of drainage work incurred by the former Town of Dunnville as deemed uncollectible; standardization of repayment options and related financing costs; addressing the delay in billing to landowners caused by lack of timely notification of grants by the Ministry of Agriculture and Rural Affairs; and improved communication of the revised approach to municipal drain billing processes.

In order for County staff to proceed with the billing of the actual cost to lands and roads assessed on the various Municipal Drains outlined in this Report, a levying by-law for each drain must be passed by Council in accordance with Section 61 of the *Drainage Act*, R.S.O. 1990. Such by-laws will be presented at the January 19, 2015 Council meeting for approval.

ATTACHMENTS:

1. Municipal Drain Construction and Maintenance Billing Policy
2. Draft Letter to OMAFRA RE: Municipal Drain Maintenance Grant Timing

REQUIRED AND RECEIVED COMMENTS FROM: Yes or Not applicable	
Clerk's	Not applicable
Community Services Department	Not applicable
Finance	Not applicable
Health & Social Services Department	Not applicable
Human Resources	Not applicable
Information Systems	Not applicable
Legal	Not applicable
Public Works Department	Yes
Planning & Economic Development Department	Not applicable
Support Services	Not applicable
Other	Not applicable

CLERK'S DIVISION REVIEW Report: CS-FI-01-2015 - Municipal Drain Billing	
<p>COUNCIL IN COMMITTEE: RECOMMENDATION NO</p> <p><input type="checkbox"/> Approved</p> <p><input type="checkbox"/> Approved with Amendments</p> <p><input type="checkbox"/> Defeated</p> <p><input type="checkbox"/> Deferred</p> <p><input type="checkbox"/> Other <input type="text"/></p>	<p>COUNCIL: RESOLUTION NO:</p> <p><input type="checkbox"/> Approved</p> <p><input type="checkbox"/> Approved with Amendments (Noted below)</p> <p><input type="checkbox"/> Defeated</p> <p><input type="checkbox"/> Deferred</p> <p><input type="checkbox"/> Other <input type="text"/></p>
Amended Recommendation(s):	
Council Direction:	
Clerk's Division Action Taken:	

Municipal Drain Construction and Maintenance Billing Policy

PURPOSE

To establish parameters and guidelines to be followed for the billing of construction and maintenance work completed on Municipal Drains.

IMPLEMENTATION PROCEDURE

Construction:

As stated in the *Drainage Act*, the costs related to the construction of a Municipal Drain are to be recovered by all lands, roads, and utilities that are within the watershed, as determined by the Engineer's report, net of any grant monies received under the Agricultural Drainage Infrastructure Program, as administered by the Ministry of Agriculture, Food and Rural Affairs. The County is required to pass a levying by-law to assess costs as per the requirements of the *Drainage Act*, R.S.O. 1990. Assessments are billed to the current property owners at the time of bill preparation.

Maintenance:

All lands, roads, and utilities that are within the watershed of a Municipal Drain are responsible for the costs of the maintenance of that drain. Haldimand County is responsible for maintaining all Municipal Drains on behalf of the community of property owners. The County has authority through the *Drainage Act* to bill for maintenance work completed on Municipal Drains.

The Ministry of Agriculture Food and Rural Affairs provides a grant under the Agricultural Drainage Infrastructure Program of up to one-third of the cost of maintenance for qualifying lands. The Municipality applies for the grant on behalf of the landowners and the qualifying landowner is responsible for the remaining costs. The County's apportioned cost is funded through the Drain Fund Account (G.378.1110.9900.9913) that is contributed to annually through the operating budget to offset the County's cost of maintenance on Municipal Drains. The County is required to pass a levying by-law and assess costs as per the requirements of the *Drainage Act*, R.S.O. 1990. Assessments are billed to the current property owners at the time of bill preparation.

As there is a current backlog of billing for the recovery of maintenance on Municipal Drains, staff devised a regular billing schedule to eliminate this backlog. As a result, additional billings will be brought forward on an annual basis each Fall/Winter.

Once work is completed and all grants are received for a maintenance or construction project, a By-Law will be presented to Council to give authority to bill based on the assessment schedule. Properties assessed at \$500 or greater will have the option of signing up for a five year payment plan (Financing Option outlined below). If a property is assessed an amount of lower than \$500, or if the landowner decides not to partake in the payment plan, then the assessment will be added to the interim billing, to be paid over four equal installments in the year of billing.

Financing Option

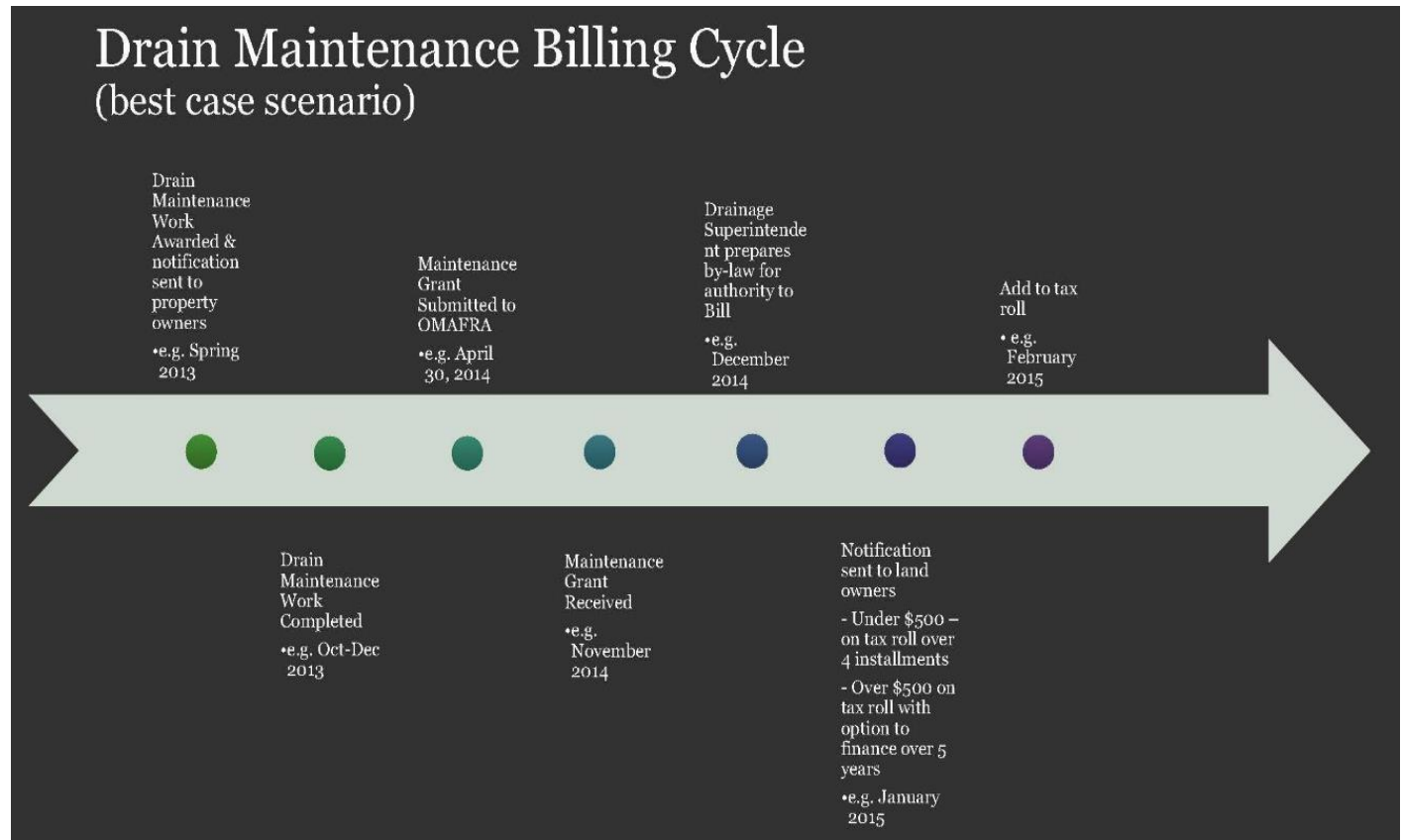
Property owners assessed an amount of \$500 or greater may choose to have the amount owing debentured, including interest at an annual rate set by OMAFRA (based on that set for the Province's tile drainage loan program), for a period of 5 years with annual payments being levied on the property owner's tax account. The County must be notified by the property owner, with 30 days of 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 on the current year's tax account.

In the past, the interest rate applied to those who participated in the financing option was not clearly documented. In order to place standardized parameters around the rate that is being utilized, the interest rate will be consistent with the annual rate set by OMAFRA with respect to land owners who participate in the Ministry's tile drainage loan program, which has very similar characteristics to the Municipal Drain maintenance and construction process. The interest rate will change with any amendments made by OMAFRA to the tile drainage loan rate. Landowners have the option of avoiding these financing costs by paying 100% of the cost over four equal installments in the year of billing.

ATTACHMENTS:

1. Timeline of Municipal Drain Maintenance Billing Procedures
2. Notification Letter
3. Post Construction/Maintenance Letter
4. Municipal Drain FAQ Sheet

Attachment #1 – Timeline of Municipal Drain Maintenance Billing Procedures



Attachment #2 – Notification Letter



OFFICIAL NOTICE

According to the provisions of The Drainage Act, R.S.O. 1990, Chapter D.17, all Municipalities are responsible for the maintenance and repair of drainage works constructed under a by-law passed under this Act, and are required to:

1. Inspect every Municipal Drain periodically
2. Maintain in good repair according to the last revised Engineer's Report every Municipal Drain, if said drain so requires.

The _____ **Municipal Drain** has been inspected and has been found to be in an unsatisfactory condition to provide drainage in accordance with the last revised Engineer's Report and therefore requires cleaning and repairing to again be useful as a drainage works.

The maintenance work will be undertaken during _____, and may stretch through to the new year depending on the weather.

Tile drain outlets, survey stakes, gas lines, utility lines, buried telephone or electrical cables, tree or fruit plantations or any property which could be damaged, should be clearly marked by you, so that the machine operator is aware of these obstructions, since the Municipality shall not be responsible for damages.

Description of proposed maintenance work: brushing, bottom cleaning, level spoil.

Upon completion of the cleaning and repairing of the drain, you will be notified of your share of the cost, net of any grants. If the amount owing is under \$500, it will be added to your taxes, to be paid over four instalments. If the amount owing is over \$500, you will have an option of financing your costs over five years at a prescribed interest rate of **X%**. If financed, the annual amount due, including interest, will be distributed over the four annual instalments for a period of five years.

If you are contemplating transferring your property, previous to the payment of your costs of the maintenance of this drain, it is recommended that you advise the new owner and his solicitor of the impending drainage levy, in order to avoid any misunderstanding to the Agreement of Sale.

Should you have any questions, concerns or preferences, please contact either **Enter contractor name here** or **Enter name of Supervisor, Projects & Municipal Drains (Drainage Superintendent)** at **(905) 318 5932 ext. xxxx** as soon as possible, otherwise, the Municipality will assume that you have no concerns over the maintenance of the aforementioned drain.

Attachment #3 - Post Construction/Maintenance Letter



OFFICIAL NOTICE

Roll Number: _____

Re: Final Assessment – _____ **Municipal Drain**

Maintenance of the _____ Municipal Drain was completed as part of the Municipal Drain Maintenance program, in accordance with Section 74 of the Drainage Act R.S.O. 1990. Based on the actual final costs the assessment to your property is as follows.

The Final Total Assessment to your property is \$ **xxx.xx**

If the Total Assessment **is less than \$500.00** it will be added to your 20XX taxes, payable in four equal instalments and will appear on your interim and final billings. If the Total Assessment **is over \$500.00**, you have the option of financing your costs over a five year period at a prescribed interest rate of **X%**. The annual costs, including interest, will be added to your taxes, with the annual amounts due in four equal instalments.

The Municipal Drain Billing report can be found on the county's website, please refer to: <http://www.haldimandcounty.on.ca>.

Please review the insert with this Invoice; if further questions are required you may direct them to xxxxxxxx, Supervisor, Projects & Municipal Drains (Drainage Superintendent) at 905-318-5932 ext.xxxx.

Attachment #4 – Municipal Drain FAQ Sheet



FACT SHEET

Q: What is a Municipal Drain?

A: A municipal drain is constructed to improve the drainage of agricultural lands. It is used primarily in rural areas to discharge excess water from the private agricultural tile drainage systems, roadside ditches, residential lots, churches, schools, industrial lands, commercial lands and any other properties. Municipal drains have been part of the local infrastructure since the 1800's. Without these artificial drainage systems in place, many of the County's rural areas would be flooded on a regular basis causing decreased farm production on the land and increase public health risks.

Q: Are roadside ditches Municipal Drains?

A: There are cases where Municipal Drains run in part or in whole along roadsides, however this is not typical. Roadside ditches are maintained by the Roads Operations Division. Should you have questions regarding roadside ditches or maintenance of roadside ditches please call Roads Operations at (905) 318 5932.

Q: What is the Drainage Act?

A: The Drainage Act provides for a Municipal Drain to be created. Not all ditches and buried pipes in the County are considered municipal drains. The County must first pass a by-law adopting an engineer's report to class a ditch or pipe as a municipal drain.

The process of designating a municipal drain contains three key elements:

1. Community Project - Landowners who need to solve a drainage problem may request a municipal drain by submitting a prescribed petition under the Drainage Act to Haldimand County. If the situation meets certain criteria, the County will appoint an engineer to prepare a report to identify the proposed solution to the problem and how the costs will be shared among the landowners in the watershed of the municipal drain. There will be a number of meetings where landowners can receive more information, voice their desires and their concerns about the municipal drain. There are also several appeal stages where landowners can voice their objections. The result - an engineering report for a "communally accepted " project.
2. Legal Existence - Once the project has been "communally accepted", the County will pass a by-law to adopt the engineering report. The County now has the authority and the responsibility to construct a municipal drain. The cost of the work is then assessed to each property within the watershed using the same ratio identified in the engineering report.
3. Municipal Infrastructure - Once a municipal drain has been constructed under the Drainage Act, it becomes part of the County's infrastructure. The County is responsible for repairing and maintaining the municipal drain at the expense of the watershed.

Q: How does a municipal drain benefit my property?

A: Benefit will vary between different lands, according to their differences of elevation, the quantity of water to be drained from the land, the distance from the municipal drain, and the presence or absence of other existing drains, natural courses and other like factors. A municipal drain may benefit a property owner by raising the value of the property making it more marketable, by increasing the productivity of the land and by preventing water from entering on to it.

Q: Who is responsible for maintaining the drain?

A: The County is responsible for maintaining the municipal drain on behalf of the community of property owners. The County will periodically arrange to enter onto your property and undertake any necessary work. As a property owner, it is your responsibility to report any problems to the drainage superintendent. Do not store materials such as brush, wood or other floatable material near the drain; in a storm they could float away and block the drain. All municipal drains eventually connect with a lake, river or stream. Therefore, do not direct septic system waste, milkhouse waste, barnyard and manure storage run-off or other pollutants directly to these drains.

Q: Who pays for the cost of construction and maintenance of the drain?

A: All lands, roads, and utilities that are within the watershed of a municipal drain are responsible for the costs of the maintenance of that drain. The cost to each property owner will differ based on the assessment schedule as set out in the Engineers report for each Municipal Drain.

Q: When are costs assessed out to the landowners following maintenance of a municipal drain?

A: Typically costs for municipal drain maintenance will be assessed once all costs are completed and applicable grants have been received. For example;

The Lindsay drain is maintained in the fall of 2010. Once all costs are known, the municipality will apply for grant funding from the Ministry of Agriculture, Food and Rural Affairs. Following receipt of the grant the municipality will pass a levying by-law and assess the costs according to the schedule set out in the Engineers report for the Lindsay drain. Final costs will be added to the applicable property owner's taxes in 2012, due in four equal installments.

This example is typical moving forward however there is a backlog of completed maintenance projects and invoices may be issued for prior work.

Q: How do I make a payment for my share of the cost?

A: Haldimand County will send property owners a notice for their assessed cost of the drain maintenance. All amounts owing will be added to the property owner's tax account. For amounts \$500 or more property owners have the option to decide (within 30 days) to sign up for a five year payment plan at a prescribed interest rate. The interest rate applied to municipal drain works is the same rate that is charged by the Ministry of Agriculture, Food and Rural Affairs for their Tile Drainage Loan Program.

Q: What do I do if I want maintenance done on a section of the drain?

A: The County has established a regular maintenance program where each drain will have the major maintenance on a 10 year cycle (mechanical brushing, bottom cleanout leveling of spoil), the drainage superintendent can advise you of the year in which maintenance is scheduled on that particular drain. If the maintenance is beaver dam removals or bank wash-outs, culvert collapses or specific blockages, contact the Drainage Superintendent for Haldimand County (contact info listed below), and arrangements will be made for the minor works to be completed.

Q: I did not own the property when the maintenance was completed, why am I being invoiced for the work?

A: The costs of maintenance are assessed to the property, not the property owner. The property continues to benefit from the maintenance of the municipal drain regardless of who the owners of the property are. The invoice is directed to the owners of the property at the time of billing out the final costs.

Q: What do I do if I don't want to be part of the municipal drain anymore?

A: Under Section 84, of the Drainage Act, a drain can be abandoned, in whole or in part, by petition. The petition to request abandonment of an area must be submitted to Haldimand County Council. In order for the petition to be considered it must be representative of and supported by the signatures of 75% of the landowners in the benefit property area. The petition should include the printed names and signatures of each property owner followed by the roll number, lot number and concession number.

Q: Who do I contact if I have any questions or concerns?

A: For more information visit the Ontario Ministry of Agricultural Food and Rural Affairs (OMAFRA) website at www.omafra.gov.on.
or contact:

Supervisor, Projects & Municipal Drains (Drainage Superintendent)
Engineering Services Division
Haldimand County
Caledonia Satellite Office
282 Argyle St. S., Caledonia, ON N3W 1K7
Tel. 905 318 5932 x xxx
Or Email: xxxxx@haldimandcounty.on.ca



January 20, 2015

Ministry of Agriculture, Food and Rural Affairs
Food Safety and Environment Division
Environmental Management Branch
Approvals, Certification and Licensing
1 Stone Road West
Guelph, Ontario N1G 4Y2
Attention: Len Senyshyn, Manager

RE: Timing of Drain Maintenance Grant Allocations

Dear Mr. Senyshyn:

Haldimand County has recently completed a comprehensive review of its Municipal Drain maintenance billing procedures. As a result of this review, we are contacting the Ministry to follow up on the process related to the distribution and receipt of grant funding related to drain maintenance work.

Applications for the Drain Maintenance Grant program are due to the Ministry by April 30th of the year following the completion of the maintenance work. The County has noticed a significant delay in disbursement of funds in the past couple of years. This has negatively impacted the timing of when the funds can be disbursed related to the grant applications.

Timely receipt of grant funding is imperative as part of the Municipal Drain maintenance billing process. The longer it takes to process and receive Municipal Drain maintenance grant funding, the longer it will take to bill land owners for their share of the drain costs. Not only is this a concern for the land owners, but it is a financial burden on the County as well, since we are carrying the costs related to the drain maintenance until the billing has occurred.

Please advise if improvement can be made in the annual distribution of Municipal Drain maintenance grant funding, as well as the anticipated timelines for such processes in the future. This will assist us greatly in planning our corresponding billing to land owners.

Yours truly,

Mark Merritt, CPA, CA
Treasurer
Haldimand County

cc. Ontario Federation of Agriculture
Haldimand County Agricultural Advisory Committee