



KEY INFORMATION REPORT

Finance

May 5, 2020

SUBJECT: Deferral of May Interest Charges

CURRENT/FUTURE ACTIVITIES:

We are asking for council's recommendation on levying interest charges for the month of May 2020 (and possibly June, July 2020) – or should interest be waived (akin to the waiving of the April 2020 interest charges).

In consultation with Michelle (our tax collector) and our CAO – we are seeking the opinion of council as to the waiving of penalty and interest charges on outstanding balances of property taxes. The waiving of the April interest has already been accomplished and has resulted in saving the taxpayers approximately \$24,000 (with an obvious corresponding loss of revenue to the township for the same amount).

If we were to run interest charges today - (May 4, 2020) - it would generate an amount of \$34,212.67 in interest income.

Last year (2019), after the March 31st due date, the interest charge was \$31,549.51.

Options:

- 1) Waive the interest for the month of May - \$34,212.67
- 2) Waive interest for May and June- assume a combined amount of \$68k
- 3) Charge interest in May with a view to alleviating interest charges in future months – should we find installments are difficult for people to pay.
- 4) Delay adding interest for a few more days to allow last-minute payments – difference would be minimal.

Although It is doubtful that this pandemic will suddenly end even on May 31st – we are beginning to hear some cautiously optimistic statements coming from the Province and to see the gradual opening of several small businesses – most notably landscaping, grass mowing, and similar industries that don't involve a lot of personal interaction and that can be accomplished while still maintaining social/physical distancing.

Having said that – with the interim bill delayed to April 30th – we have seen remarkably positive cash flow with regards to the payment of our interim tax levy. Just as an update to Finance's Monthly Activity Summary that was posted last week – we have received an additional \$967,674.75 since April 27th – and our outstanding balances of taxes receivable is down by that much.

The revised percentage of taxes receivable (originally posted as 44% in last week's report) – is now at 34.162% - at April 30th 2020 – numbers that are comparable to March 2019, (36.294%) and March 2018, (38.788%).

In a recent straw poll (taken today, May 4th), with the other lower-tier Townships of SDG – as to who is waiving interest charges – the results are shown below – as tabulated:

“South Glengarry – not waived – no impending report to Council (current April was waived by moving tax due date)

North Glengarry – waived for April and May

South Stormont – waived for April, May, June, and July

North Stormont – waived for April and May

South Dundas – not waived – report incoming to Council (potentially waiving April, May, June, and July)

North Dundas – waived for April, report going to Council, May 5th”

In summary, at least four of the six lower-tier municipalities – have either waived, or plan to waive - interest charges for both April and May (one has extended to June/July – and another one is considering going to June/July). I also note from a report on the City of Cornwall website – that the city, as part of its “Financial assistance to the Community” has “automatically waived the April, May and June monthly interest and penalty charges on all property tax and water accounts in arrears.”



ACTION REQUEST – Public Works

To:	Mayor and Members of Council
Date of Meeting:	May 5, 2020
Subject:	Tile Drainage Loan

RECOMMENDATION:

THAT Council accept and approve the Application for Tile Drainage Loan as submitted, for land to be drained in Part Lots 4 & 5 Concession 8 (approximately 65 acres) former Township of Mountain in the amount of \$50,000 in accordance with the *Agricultural Tile Drainage Installation Act* and the *Tile Drain Act*.

BACKGROUND:

Installing tile drainage is a common land improvement option for Ontario farmers to drain excess water from the crop root zone. Some of the benefits of tile drainage is increased crop productivity and farm efficiency.

In Ontario, the Tile Drain Loan Program, authorized by the Tile Drainage Act, provides loans to agriculture property owners to help them finance the tile drain projects they wish to pursue. The tile drain loan program is through the Ministry of Agriculture, Food and Rural Affairs.

All tile drains loans have 10-year terms and repayments are made annually on the individuals property tax rolls. Eligibility is for a loan up to 75% of the value of the tile drainage work. The interest rate of 6% is fixed for the full term of the loan, regardless of changes in market interest rates and is calculated annually.

The Drainage Superintendent is recommending that Council approve the tile drain loan request in the amount of \$70,000 for Peter & Connie Brogan who have an anticipated date of completion set for May 28, 2020

Once the application is approved by Council, the owner arranges to have the work completed by a licenced tile drain contractor. The municipality's drainage inspector will inspect the work at a cost of \$100 to the owner. Once completed and signed off by the municipal drainage inspector, the Clerk will forward the loan documents to OMAFRA and after the processing of the documents, OMAFRA issues a cheque to the municipality in the requested loan amount.

If the recommendation is approved, the Drainage Superintendent will contact the owner and advise that they can start the project.

OPTIONS AND DISCUSSION:

1. **Approve the application** – Recommended.
2. **Do not approve the application** – Not Recommended.

FINANCIAL ANALYSIS:

At this step, there are no financial implications until the project is completed and then the Clerk will bring back to Council a by-law imposing special annual drainage rates upon land in respect of which money is borrowed under the Tile Drain Act.

ATTACHMENTS:

Application Form