

Financial Services Committee Meeting Minutes

Date: July 5, 2023
Time: 3:30 pm – 4:40 pm
Location: Zoom

Members Present **Deputy Mayor Gosse**
 Councillor Connors
 Councillor Butler
 Councillor Barrett

Staff Present **Liz Davis, Director of Financial**
 Services

1. Disbursements from the Operating Fund

1.a Accounts Payable Cheques

The approval of the Committee was requested to pay accounts payable cheques totaling \$428,301.90 as per the attached listing.

The Committee concurred with the following recommendation:

Recommendation:

Be it so resolved that approval be given to accounts payable cheques totaling \$428,301.90 as per the attached report.

1.b Manual Cheques

The approval of the Committee was requested to ratify the payment of manual cheques totaling \$115,153.79.

The Committee concurred with the following recommendation:

Recommendation:

Be it so resolved that approval be given to ratify the payment of manual cheques totaling \$115,153.79.

1.c Direct Payments

The approval of the Committee was requested to ratify the payment of direct payments totaling \$387,984.44 as per the attached listing.

The Committee concurred with the following recommendation:

Recommendation:

Be it so resolved that approval be given to ratify direct payments totaling \$387,984.44.

2. Capital Items

2.a Capital Invoice Approval

The Committee was requested to approve the payment of capital invoices in the amount of \$410,860.47, as per the attached report.

The Committee concurred with the following recommendation:

Recommendation:

Be it so resolved that approval be given to pay capital invoices in the amount of \$410,860.47 as per the attached report.

2.b Capital Change Order Approval

The Committee was requested to approve capital change orders in the amount of \$21,648.75, as per the attached report.

The Committee concurred to accept the change orders as presented.

2.c Capital Project Update

A financial update of active capital projects was provided for the information of the Committee.

3. Tax and Other Receivables Adjustments

3.a 230704 - CLICK001

As per signed affidavit, this business is no longer operating. It is recommended that a portion of the 2022 interest and the 2023 business tax and interest in the amount of \$374.09 be adjusted to reflect this business closure.

The Committee agreed to adjust this account as recommended.

3.b 230704 - HDIGI001

As per signed affidavit, this business ceased to operate as of October 1, 2022. It is recommended that a portion of the 2022 business tax and the full amount of 2023 business tax and interest in the amount of \$453.66 be adjusted to reflect this business closure.

The Committee agreed to adjust this account as recommended.

3.c 230704 - INSTY001

As per signed affidavit, this business has transferred ownership as of December 31, 2022. The new owner has submitted the proper documents to set up the business in their name. It is recommended that the 2023 business tax, service fee and interest charges in the amount of \$4,998.63 be adjusted to reflect this transfer of ownership. The new owner will be billed accordingly.

The Committee agreed to adjust this account as recommended.

3.d 230704 – MERCE007

As per the signed affidavit, this business ceased to operate as of May 31, 2023. It is recommended that a portion of the 2023 business tax and interest in the amount of \$3,359.51 be adjusted to reflect this business closure.

The Committee agreed to adjust this account as recommended.

3.e 230704 - CATHY001

There was a daycare operated as a home based business but was closed when the property sold in 2016. No affidavit was provided as daycares were not taxable prior to 2023. It is recommended that the 2023 business tax and interest be adjusted in the amount of \$366.40.

The Committee agreed to adjust this account as recommended.

3.f 230704 - COLLM005

A daycare operated in home but closed when property was sold in 2021. No affidavit filed as daycares were non-taxable prior to 2023. It is recommended the 2023 business tax and interest be adjusted in the amount of \$ 366.40.

The Committee agreed to adjust this account as recommended.

3.g 230704 - KKSLE001

A daycare operated in home but closed when property was sold in 2022. No affidavit filed as daycares were non-taxable prior to 2023. It is recommended the 2023 business tax and interest be adjusted in the amount of \$ 366.40.

The Committee agreed to adjust this account as recommended.

3.h 230704 - LEWIS008

A daycare operated in home but closed when property was sold in 2021. No affidavit was filed as daycares were non-taxable prior to 2023. It is recommended the 2023 business tax and interest be adjusted in the amount of \$366.40.

The Committee agreed to adjust this account as recommended.

3.i 230704 - SEALC004

As per correspondence from our legal counsel, this land has been vested back to the Crown. The amount owing on this property is not collectible as there has been a dispute about who owns the property for years. The

company listed as the owners filed for bankruptcy and abandoned the land in 2006.

Pursuant to Section 341.(1) of the Corporations Act RSNL 1990 c. C-36, the Registrar of Companies may dissolve a corporation under certain circumstances by issuing a certificate of dissolution. The Registrar of Companies issued such a certificate of dissolution on January 20, 2006, thereby dissolving Seal Cove Service Station Limited.

The Corporations Act provides guidance on what should occur when a corporation is dissolved but still has property left undisposed of. Pursuant to Section 357.(1) of the Act, reproduced here in its entirety, the undisposed of property vests in the Crown:

Vesting of property in Crown

357. (1) Property of a body corporate that has not been disposed of at the date of its dissolution vests in the Crown.

(2) The Lieutenant-Governor in Council upon the report of the Attorney General may dispose of property vested in the Crown under subsection (1).

(3) Where a body corporate is revived under section 331, property other than money that vested in the Crown under subsection (1) and that has not been disposed of shall be returned to the body corporate; and there may be paid to the body corporate out of the Consolidated Revenue Fund

(a) an amount equal to money received by the Crown under subsection (1); and

(b) where property other than money vested in the Crown under subsection (1) and that property has been disposed of, an amount equal to the lesser of

(i) the value of that property at the date it vested in the Crown, and

(ii) the amount realized by the Crown from the disposition of that property.

(4) This section applies to bodies corporate whether incorporated or registered in Newfoundland and Labrador or the Province of Newfoundland and Labrador or not, dissolved before as well as to those dissolved after January 1, 1987 .

(5) The property of a body corporate which was dissolved before January 1, 1987 and which has not come into the ownership of another person is considered to have vested in the Crown on January 1, 1987 .

It is recommended the property and water/sewer tax and interest for the years 2004 – 2023 and the water/sewer connection fees and interest for the years 2001-2004 be adjusted in the amount of \$65,740.59.

The Committee agreed to adjust this account as recommended.

3.j 230704 - LITTL003

A daycare operated in home but closed when property was sold in 2021. No affidavit filed as daycares were non-taxable prior to 2023. It is recommended the 2023 Business Tax and Interest be adjusted in the amount of \$ 366.40.

The Committee agreed to adjust this account as recommended.

3.k 230704 - YOUNG001

A daycare operated in home but closed when property was sold in 2018. No affidavit filed as daycares were non-taxable prior to 2023. It is recommended the 2023 Business Tax and Interest be adjusted in the amount of \$ 366.40.

The Committee agreed to adjust this account as recommended.

The Committee concurred with the following recommendation:

Recommendation:

Be it so resolved that approval be given to adjust tax and other receivables accounts as follows:

CLICK001	\$374.09
HDIGI001	\$453.66
INSTY001	\$4,998.63
MERCE007	\$3,359.51
CATHY001	\$366.40
COLLM005	\$366.40
KKSLE001	\$366.40
LEWIS008	\$366.40
SEALC004	\$65,740.59
LITTL003	\$366.40
YOUNG001	\$366.40

4. Other Items for Discussion

4.a 2024 Assessments

2024 Assessment Notices were mailed to residents on June 1, 2023. Residents can appeal their assessed value up to and including July 31, 2023.

The Municipal Assessment Agency provides professional, independent property assessments throughout Newfoundland and Labrador in accordance with the Assessment Act, 2006. They are a not-for-profit entity. The Municipal Assessment Agency (MAA) is responsible for assessing over 210,000 properties in the Province of Newfoundland & Labrador each year (excluding the City of St. John's). This process is governed by the Assessment Act, 2006. The Assessment Act is legislation that provides rules and procedures for assessing commercial and residential properties.

MAA determines the assessed value of each property based on several variables and approaches to value depending on the property type.

Residential Property

Real property that is used or designated for use as a domestic establishment, in which one or more persons usually sleep and prepare and serve meals, and includes land or buildings that are appurtenant to the real property; as defined by the Assessment Act, 2006. This includes vacant land, single-family, multi-unit (3 units or less), mobile homes, and condo units.

Market Adjusted Cost Approach

This approach to valuation is a hybrid of both the cost and the direct comparison approaches. The value of land is determined by analyzing vacant land sales in the area, followed by an estimation of what it would cost to replace the structure, minus any depreciation. Next, sales are reviewed for each area and a market adjustment is calculated and applied to these areas. This adjusts the cost of all residential structures in a neighbourhood to their estimated market value.

Commercial Property

All real property other than residential property; as defined by the Assessment Act, 2006.

Examples of this type of property would include industrial, commercial, and institutional properties.

Commercial properties are valued using the following three approaches:

1. Cost Approach

The Cost Approach begins by establishing the value of the land on which the building sits, based on sales of similar lands. The replacement cost of the buildings, minus depreciation, is added to the land value. In determining the replacement cost of a building, the assessor considers such factors as: age, size, condition, quality of construction, and other features that influence value.

The Cost Approach is best suited to value properties that rarely, if ever, sell in the marketplace, and which do not generate rental income to owners. Example of properties valued by the Cost Approach include large industrial plants, communication towers, and institutional buildings such as schools and hospitals.

2. Income Approach

For some properties, the income that they generate is the best indicator of their value. Properties that generate income for their owners include hotels, apartments, and commercial buildings that are leased out. It is this rental income that attracts a buyer and determines the selling price.

To ensure accuracy by the Income Approach, it is essential that income and expense information, requested for the building owners, is submitted to the assessor. Information gathered is treated with the strictest of confidence.

The Income Approach converts the net operating income of a property into an estimated market value through capitalization. The net operating income is the gross revenue generated by the property, minus typical operating expenses. In most cases, the actual income is not used in determining value, but the typical revenue generated by similar properties is used. This ensures equitable tax distribution amongst similar properties. Typical expenses are those necessary to operate and maintain the property as well as provide for replacement. The capitalization rate is derived by dividing the net income of comparable properties that have sold into their sale prices. This rate is applied to the net

income and the resulting figure is the estimated market value. Simply stated, the income approach equations are:

$$\text{Net Operating Income (sale property)} / (\text{Sale Price}) = \text{Capitalization Rate}$$
$$(\text{Gross Income} - \text{Expenses}) / (\text{Capitalization Rate}) = \text{Market Value}$$

For the purpose of the Income Approach, certain expenses are not admissible as deductions from the gross revenue. For example, depreciation charges and debt service charges.

3. Market Approach

The Sales Comparison Approach utilizes property sales information to estimate the value of unsold properties. The actual value of the real property under subsection (1) of the Assessment Act, 2006 shall be made by determining the actual value of the real property as of the base.

MAA receives records of all property sales from multiple sources, such as the Registry of Deeds, municipalities, lawyers, etc. Properties where sales have occurred are checked by staff in order to ensure that:

The amount of the sale value is correct;
There are no unusual circumstances surrounding the sale; and
The information on file accurately reflects the land/building characteristics which existed at the time of purchase.

Information concerning sales properties is confirmed mostly through property inspections and phone calls. Sales which are “non-valid” are excluded from the sales analysis. Examples of sales which may be non-valid are family sales, mortgage sales, and estate sales.

Land rates and building assessments can both be determined using the sales comparison approach. Location is one of the primary factors affecting market value. For this reason, municipalities within the Province are divided into “Neighbourhoods.” Sales within these neighbourhoods are analyzed using specially designed computer programs, in combination with a full statistical analysis. Neighbourhoods can be analyzed independently or in “Groupings.” The purpose of grouping sales for sales analysis is to expand the sales base where sales patterns are similar. This helps to ensure equitable land and building assessments.

It is important to recognize that assessment is “Mass Appraisal” and as such, it is different than the individual appraisal of properties. Assessment

reflects the most probable market value of the property in the reference year. If your property sold within the annual base date, your assessment will likely be close to the actual sale price, but it need not be exactly that amount. The primary purpose of assessment is to ensure that similar properties receive similar assessments so that taxes are distributed fairly.

Prior to 2019, reassessments were completed every three years. 2021 was a transitional year with a two year reassessment and starting in 2022 reassessments were completed annually. This was a change to the Assessment Act and the town was not in favour of this change at the time and provided feedback during the consultation process. The three year assessment cycle provided much more certainty for budgeting and any unusual market events, such as what happened during COVID, could be smoothed over a three year assessment period and not have such volatile changes due to sales market impacts on an annual basis.

It is not unusual to see differences in assessed values of \$50,000 to \$100,000 on individual streets. There are many factors that would impact the assessed value of houses that seem similar from the outside. These would include but are not limited to: finished vs unfinished basement, secondary unit or in-law suite, number of bathrooms, type of heating, age of home, have there been significant renovations, accessory buildings, etc. Attached are some sample streets from each ward with the assessed values for all of the houses on the street to show the range in what would appear to be "similar" homes.

MAA have advised that they have received approximately 1,000 calls to date from residents inquiring about their 2024 assessments.

It is important to note that MAA is an independent entity and the town has no involvement in the assessment process. Residents who are not satisfied with the assessment value for 2024 still have a month or so to file and appeal.

The Committee discussed the assessment process at length. It was agreed that once the appeal period closes on July 31, 2023, the Director would provide an update on the number of appeals and any other feedback received. At that time, the Committee will assess and determine next steps.

4.b Municipal Assessment Agency Report

This was provided for the information of the Committee.

4.c GIC Investments

Attached was a proposal of options for investing some of the town's funds to provide a higher rate of return than is currently being earned on deposits.

The Director discussed options for investing funds. The Committee concurred to explore these options.

4.d 2022 Audited Financial Statements

The following recommendation is required:

Recommendation:

Be it so resolved that the Town accept and present the Audit Report as completed by Grant Thornton, Chartered Accountants. This document is hereby tabled for public review and a copy shall be forwarded to the Minister of the Department of Municipal and Provincial Affairs indicating the completion of our audited statement for the fiscal year 2022.

4.e Correspondence from Foxtrap Harbour Authority

The Committee reviewed the information provided and discussed this matter at length. The Committee deferred this matter to the next Committee meeting in order to obtain further information regarding the operations at the Harbour Authority including financial statements.

4.f Correspondence regarding Taxation and Senior Citizens

The Committee reviewed the correspondence and the policies and procedures surrounding options available to seniors regarding taxation. Additionally, knowledgeable and helpful staff are available by phone or in person to assist seniors with any questions. It was noted that the request in the correspondence was not financially feasible and would have a significant negative impact on the town's budget.

The Deputy Mayor advised that she would respond to the resident.

5. Department Report

5.a Financial Services Departmental Report

This was provided for the information of the Committee.

5.b Financial and Administrative Services Departmental Report

Be it so resolved that the decisions/recommendations of the Financial Services Committee Meeting of July 5, 2023 and the Administrative Services Committee Meeting of July 4, 2023 be accepted as presented.

The following items were discussed:

- capital change orders
- capital project update
- assessments
- Municipal Assessment Agency quarterly update
- investments
- Foxtrap Harbour Authority
- Taxation and Senior Citizens
- Confidentiality
- LPHA operational plans
- Mayor's meeting with the Premier

There being no further business, the meeting was adjourned at 4:40 p.m.

Deputy Mayor Andrea Gosse, Chair

Liz Davis, Director of Financial
Services

The Town of Conception Bay South

VENDOR CHEQUE REGISTER REPORT

Cheque Number	Vendor Cheque Name	Cheque Date	Amount
82970	Armstrong's Communication Ltd	6/9/2023	\$96.60
82971	Brenntag Canada Inc	6/9/2023	\$5,081.44
82972	Cahill Technical Services	6/9/2023	\$5,071.79
82973	CAN-AM Platforms & Construction Ltd.	6/9/2023	\$2,386.25
82974	Carmichael Engineering Ltd	6/9/2023	\$3,622.50
82975	Com-Adv Devices Inc	6/9/2023	\$1,442.10
82976	Staples Advantage Canada	6/9/2023	\$821.87
82977	FARRELL'S EXCAVATING LIMITED	6/9/2023	\$380.33
82978	Fastsigns	6/9/2023	\$2,982.99
82980	IMPRINT SPECIALTY PROMOTIONS	6/9/2023	\$4,875.39
82981	M & M HOLDINGS	6/9/2023	\$3,939.58
82982	Pardy Surveys Inc.	6/9/2023	\$800.00
82983	Rentokil Canada Corporation	6/9/2023	\$63.25
82984	Swagger Branded Everything	6/9/2023	\$3,670.97
82985	WOODPATH CAT & DOG HOSPITAL LTD	6/9/2023	\$200.10
83051	ABELL PEST CONTROL INC	45,107.00	\$184.00
83052	ACKLANDS-GRAINGER INC	6/30/2023	\$557.82
83053	Action Auto & Window Glass Limited	6/30/2023	\$368.00
83054	Ariva	6/30/2023	\$189.58
83055	Armtec Inc.	6/30/2023	\$16,607.58
83056	Avalon Trimline Signs	6/30/2023	\$55.20
83057	Brenntag Canada Inc	6/30/2023	\$9,571.06
83058	Canadian Homebuilders	6/30/2023	\$345.00
83059	HISCOCKS SPRING SERVICE	6/30/2023	\$6,443.11
83060	Central Square Canada Software Inc.	6/30/2023	\$56,962.36
83061	Champion Commercial Products Inc.	6/30/2023	\$541.54
83062	Chesley Lawrence Photography	6/30/2023	\$575.00
83063	Staples Advantage Canada	6/30/2023	\$1,371.34
83064	D & S Vacuum Truck Services Ltd	6/30/2023	\$862.50
83065	ERIC TAYLOR LIMITED	6/30/2023	\$5,531.55
83066	FARRELL'S EXCAVATING LIMITED	6/30/2023	\$17,544.41
83067	FIREWORKS F/X INC	6/30/2023	\$10,000.00
83068	F. J. WADDEN & SONS LTD	6/30/2023	\$487.87
83069	HARVEY & COMPANY LIMITED	6/30/2023	\$8,165.18
83070	Heave Away Waste Management Ltd	6/30/2023	\$297.85
83071	Hickman Motors Limited	6/30/2023	\$66,311.30
83072	Honeywell Limited	6/30/2023	\$1,380.00
83073	J & C Sod Farm Ltd.	6/30/2023	\$253.00
83074	KENT BUILDING SUPPLIES	6/30/2023	\$141.72
83075	Mikes Cooling & Heating	6/30/2023	\$4,800.00

83076	Multi-Materials Stewardship Board	6/30/2023	\$10,347.70
83077	PIK-FAST EXPRESS INC	6/30/2023	\$46.50
83078	Pinnacle Office Solutions Ltd	6/30/2023	\$150.65
83079	Pinnacle Networks Inc	6/30/2023	\$211.60
83080	Ray Creative Agency Inc.	6/30/2023	\$7,043.75
83081	RCAP Leasing Inc	6/30/2023	\$239.32
83082	RDM Industrial Ltd	6/30/2023	\$610.01
83083	Ricoh Canada Inc	6/30/2023	\$44,623.45
83084	Royal Canadian Legion	6/30/2023	\$230.00
83085	Shamrock	6/30/2023	\$600.00
83086	Sobeys Inc	6/30/2023	\$262.13
83087	The Co-operators	6/30/2023	\$8,705.95
83088	This And That Handyman	6/30/2023	\$6,095.00
83089	Tyco Integrated Fire & Security	6/30/2023	\$546.42
83090	Veseys Equipment	6/30/2023	\$1,333.44
83091	WEIR'S CONSTRUCTION LTD	6/30/2023	\$2,317.83
83092	WOODPATH CAT & DOG HOSPITAL LTD	6/30/2023	\$713.03
83093	Cintas Canada Limited	6/30/2023	\$375.39
82986	Bell Aliant	6/12/2023	\$1,508.99
82987	CITY OF ST. JOHN'S	6/12/2023	\$67,240.36
82988	DE LAGE LANDEN FINANCIAL	6/12/2023	\$1,373.10
82989	PIK-FAST EXPRESS INC	6/12/2023	\$108.50
82991	Atlantic Bylaw Officers Association	6/22/2023	\$300.00
82992	Bell Aliant	6/22/2023	\$269.19
82993	Brink's Canada Limited	6/22/2023	\$845.19
82994	CONCEPTION BAY SOUTH FIRE	6/22/2023	\$3,000.00
82999	The Masterless Men	6/22/2023	\$6,325.00
83001	Rodney Taylor	6/22/2023	\$150.00
83010	57333 Newfoundland & Labrador Incorporated	6/22/2023	\$2,500.00
83024	The Navigators Music Inc	6/22/2023	\$5,750.00
83029	DE LAGE LANDEN FINANCIAL	6/29/2023	\$322.28
83034	PIK-FAST EXPRESS INC	6/29/2023	\$38.75
83035	Rogers	6/29/2023	\$433.74
83036	Royal Canadian Legion	6/29/2023	\$402.50
83040	57333 Newfoundland & Labrador Incorporated	6/29/2023	\$3,250.00
83022	Glen Carew	6/22/2023	\$2,500.00
83038	Darcy Scott	6/29/2023	\$650.00
83045	Jacques St-Pierre	6/29/2023	\$400.00
83004	Stephen Pretty	6/22/2023	\$1,500.00
		Total:	\$428,301.90

Capital Invoice Approval

The Committee is requested to approve the payment of capital invoices as follows:

Project	Vendor	Invoice Number	Amount	Description	Funding Program
Effluent Monitoring	BioMaxx	7334	\$5,341.75	Testing and monitoring effluent at treatment plant	Town Funded
Minerals Road Upgrade	ETL	Claim 1	\$399,181.07	Construction	Federal – Gas Tax (100% funded)
Water Transmission Main Upgrade	CBCL	486834	\$1,197.15	Engineering and project design	Federal – ICIP (70% cost shared)
Dunns Hill Pilot Project	Harbourside Transportation Consultants	2785	\$5,140.50	Consulting and project completion	Town Funded
Total Capital Invoices:			\$410,860.47		