



Report to: General Committee Finance & Administration

Date of Meeting: November 20, 2006

SUBJECT: Proposal for Reduction in Refundable Deposits

PREPARED BY: Kevin Ross, extension 2126

RECOMMENDATION:

THAT the report titled "Proposal for Reduction in Refundable Deposits" be received;

AND THAT all parties who placed deposits with the Town prior to December 1, 2004 as security in respect of certain works, but who neglected to advise the Town of the completion of these works, be given the opportunity to apply for a return of the deposits;

AND THAT Council approve the placement of an advertisement in a nationally circulated newspaper and the Town website, thereby giving due notice to parties who placed deposits with the Town that they may be eligible to apply for a return of such security within a predetermined time frame;

AND THAT due notice be given of the possible forfeiture of unclaimed funds to the Town's revenue in said advertisement where deposits remain unclaimed;

AND THAT the Treasurer be authorized to receive refund applications and disburse funds, as appropriate;

AND THAT staff report back to Council after all refund applications have been assessed and monies repaid, to advise of status and to seek Council authorization on the disposition of the remaining funds.

PURPOSE:

The purpose of this report is to obtain Council's approval to place an advertisement in a nationally circulated newspaper and the Town website aimed at generating deposit refund requests for projects completed to the satisfaction of the Town, to institute a refund application process and to make refunds to depositors in the appropriate circumstances in order to clear outstanding balances from the refundable deposit accounts.

FINANCIAL CONSIDERATIONS:

The newspaper/internet notice and application process provides a method of reaching parties who placed deposits and will allow for the return of monies to their rightful owners. Applicants successful in obtaining a refund through this process will be required to sign a document indemnifying the Town from future claims.

A preliminary assessment has revealed that the cost to run the advertisement should be the main financial factor in this proposal.

A further report will be made to Council to account for the amount of monies refunded, to recommend the transfer of unclaimed funds from deposit accounts to Town revenue accounts, and to make additional recommendations regarding changes to previous practices to ensure a more timely return or forfeiture of deposits.

BACKGROUND:

Refundable deposit balances have been increasing over the years and have been highlighted in past audit management letters. The basis for refunds rests with the parties who placed the deposit advising the Town that their projects are complete, thereby requesting an inspection, which if passed leads to a refund payment. Such confirmation by depositors has not been forthcoming over the years, thus leading to the current accumulation of refundable deposits.

The accounts involved are those that include deposits for the following works:

Account Name	Balances Prior to December 1, 2004
	\$
• Lot grading	247,760
• Pool construction	60,049
• Non-occupancy	4,000
• Road defouling	33,750
• Refuse disposal	24,000
• Landscaping and trees	122,995
• Fence construction	42,065
	<u>534,619</u>

OPTIONS/DISCUSSION:

The alternative to placing a notice to invite applications for the refund of deposits for completed works is to attempt to locate each individual and then contact that person to initiate discussions regarding his or her eligibility for a refund. Placing a general notice which invites persons to apply for a refund provides a more expeditious method to contact such persons and places the onus on the applicant to prove that the works have been satisfactorily completed or otherwise encourages completion of long-outstanding works. The application process will also limit the timeframe by which requests for refunds can be made, providing some finality to the accounting process. Applications will be invited over a period not exceeding 45 days. This approach of placing a general notice has been used by other municipalities.

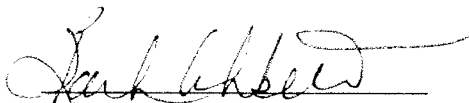
When staff have determined the amount of unclaimed deposits, it will report to Council with recommendations as to what should be done with the unclaimed amounts.

BUSINESS UNITS CONSULTED AND AFFECTED:

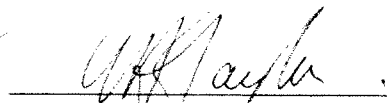
The departments consulted as a part of this process are: Legal, Planning and Urban Design, Waste Management, Operations, Building Standards and Engineering (Operations).

RECOMMENDED

BY:



Barb Cribbett
Treasurer



Andy Taylor
Commissioner of Corporate Services

