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**Subject:** Request to Write-Off Outstanding Amounts over \$25,000**Report to:** Corporate Services Committee**Report date:** Wednesday, January 9, 2019

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## Recommendations

That the write-off of uncollectible accounts receivable totaling \$542,745.00 **BE APPROVED.**

## Key Facts

- The purpose of this report is to authorize the write-off of three local area municipality's 2018 Transportation Master Plan (TMP) invoices, and one Casino Niagara account dating back to 2011/2012.
- Write-offs exceeding \$25,000 require Council approval.
- Transportation staff have contacted the local area municipalities to collect the outstanding cost sharing billings for the TMP and determined that a new cost recovery plan for municipal EMME model data or analysis requests is favourable.
- The Casino Niagara account is related to short payments of 2011 and 2012 invoiced amounts for policing services. The disputed amounts are from a contract disagreement and collection efforts have been exhausted.
- Staff are recommending the accounts be written-off in fiscal year 2018.

## Financial Considerations

The financial implication to the 2018 fiscal year related to these write-offs is \$195,000, related to the Transportation Master Plan (TMP) invoices. The remaining \$347,745 related to the Casino Niagara billings was fully provisioned to allowance for doubtful accounts in 2012.

Customer Name	Explanation	Year	Write-off Total
City of St. Catharines	Invoice for TMP cost sharing contribution. In consultation with the municipality, Transportation staff have agreed that this invoice should be written off and an alternative method of charging local area municipalities for data requested from the TMP will be pursued in the future.	2018	\$100,000.00

Town of Grimsby	Invoice for TMP cost sharing contribution. In consultation with the municipality, Transportation staff have agreed that this invoice should be written off and an alternative method of charging local area municipalities for data requested from the TMP will be pursued in the future.	2018	\$50,000.00
City of Welland	Invoice for TMP cost sharing contribution. In consultation with the municipality, Transportation staff have agreed to revise the original \$50,000 invoice down to \$5,000. The balance of this invoice should be written off, and an alternative method of charging local area municipalities for data requested from the TMP will be pursued in the future.	2018	\$45,000.00
Casino Niagara	Write-off amounts are related to short payments of 2011 and 2012 invoiced amounts for policing services due to contract differences. Original request for write-off was made to Corporate Services Committee at year-end 2013 and denied June 4, 2014.	2011	\$125,684.00
		2012	\$222,061.00
Total			\$542,745.00

## Analysis

This report is being brought forward in accordance with the Accounts Receivable Policy C-F-001 (formerly C3-A01) approved by Regional Council. This policy sets the following authorization levels for account write-offs:

- Write-offs not exceeding \$10,000 are authorized by the Manager, Accounting Services;
- Write-offs exceeding \$10,000 and not exceeding \$25,000 are authorized by the Deputy Treasurer / Treasurer; and
- Write-offs exceeding \$25,000 require Council approval.

## Transportation Master Plan Invoices

When the project began in 2013, the development of the Regional EMME model for undertaking the Regional Transportation Master Plan and supporting subsequent

municipal studies was based on the premise that each of the twelve municipalities within Niagara Region would contribute to the model development, calibration, and application. Over the life of this project, the cost sharing plan was modified.

Of the twelve municipalities, Transportation staff determined that eight would be billed; of that, four municipalities (West Lincoln, Niagara Falls, Lincoln, and Fort Erie) have paid their invoices in full. The remaining four municipalities (St. Catharines, Grimsby, Welland, and Thorold) are disputing their cost sharing contribution and will be billed under a new plan. (Note: At \$25,000, Thorold's invoice falls under the Deputy Treasurer / Treasurer's write-off authority and is not included in this report, but will be included in the Region's overall 2018 allowance for doubtful accounts.)

Following the preparation of the Niagara Region Transportation Master Plan, the Region retained IBI Group to provide EMME model data assembly and model analysis as a cost effective approach on a project basis. For municipal EMME model data or analysis requests, the Region requires IBI to provide a letter proposal to identify the project scope of work and associated cost. Going forward, the cost of responding to the project request will be shared by the municipality and Niagara Region as follows:

1. For local area municipalities that have paid their required model development contribution, the cost recovery for the IBI service is 50% municipality and 50% Niagara Region.
2. For local area municipalities that have not paid their required model development contribution, the cost recovery is 10% of the original model development contribution plus the cost for the IBI service as 50% municipality and 50% Niagara Region.

Staff recommend that the TMP cost sharing invoices are written-off in favour of the revised cost recovery plan.

### Casino Niagara

A request to write-off these 2011 and 2012 balances was made at 2013 year end and was denied by Corporate Services Committee on June 4, 2014. The amount stems from a dispute regarding the agreement between Niagara Regional Police Services Board and the Ontario Lottery and Gaming Corporation, which mandates the funding obligations of the involved parties for the Service's Casino Patrol Unit. This amount was fully provisioned at 2012 year end and since all collections procedures have been followed to collect this account and all collections efforts have been exhausted, staff recommend that this account be written-off. More information regarding the details of this account can be found in Niagara Regional Police Services Board Report C.189.2013.

## **Alternatives Reviewed**

Council may choose to not approve the write-off for the TMP invoices and increase the allowance for doubtful accounts; however, there is no further opportunity to pursue collection.

Council may choose to not approve the write-off for the Casino Niagara account; however, as there is no further opportunity to pursue collection and the amount was fully provisioned in 2012, there is no additional recourse.

## **Relationship to Council Strategic Priorities**

This report ties to Council's strategic priority of Moving People and Goods (with respect to the Transportation Master Plan).

## **Other Pertinent Reports**

CSD 100-2013 Request to write-off outstanding accounts over \$10,000

CSD 43-2014 Accountant's report with respect to Niagara Regional Police Service invoicing and collections

Niagara Regional Police Services Board report C.189.2013 Casino allowance write-off

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