
Subject: Request for Write-Off of Interest Payment, Town of Lincoln

Report to: Corporate Services Committee

Report date: Wednesday, August 9, 2023

Recommendations

1. That Regional Council **APPROVE** the write-off of interest charges on the 2022 tax installment arrears by the Town of Lincoln in the amount of \$208,692.21.

Key Facts

- The Town of Lincoln experienced timing challenges through 2022 with respect to financing through Infrastructure Ontario. These challenges impacted their ability to meet the set deadlines for Levy Tax Installment payments to the Region.
- Town staff and Region staff were in continuous dialogue through 2022 regarding this matter. By-Law 2022-13 clearly defines the rules with respect to the payment of Tax Installments, and in this case the assessment of interest penalties. Accounts Receivable Policy C-F-001 provides authority for the Corporate Services Committee to write-off amounts greater than \$25,000.
- The Town has requested consideration for the write-off and subsequent refund of the interest penalty paid in 2023. Staff is of the opinion that the Town's request is fair and reasonable

Financial Considerations

The amount being recommended to be refunded to the Town of Lincoln was paid by the Town of Lincoln in 2022, was not a budgeted item in the 2022 Operating Budget and was included in the year-end surplus/deficit reconciliation with the closeout of the 2022 Budget. Should Council approve the recommendation to refund, the same reconciliation would occur with the closeout of the 2023 Budget.

Analysis

Correspondence from the Town of Lincoln, requesting consideration for the refund of the penalty payment has been attached to this report as Appendix A.

In concise terms, the Town of Lincoln experienced timing challenges through 2022 with respect to receiving financing from Infrastructure Ontario which impacted timely payments of their tax levies to the Region. Town staff and Region staff were in continuous dialogue throughout 2022 regarding this matter. By-Law 2022-13 clearly defines the rules with respect to the payment of Tax Installments, and in this case the assessment of interest penalties. Accounts Receivable Policy C-F-001 provides authority for the Corporate Services Committee to write-off amounts greater than \$25,000.

As indicated in the letter from the Town, the tax installment arrears were ultimately paid in full in 2022. The interest penalty, in accordance with the Region's policy and by-law, was also paid in early 2023, in order to demonstrate good faith while this matter was being reviewed. Should Council approve the write-off request, this will result in a refund issued to the Town for the amount already paid. As Region staff did not have discretion in this matter due to the amount, the decision has been brought to the Corporate Services Committee. Staff is of the opinion that the recommendation is fair and reasonable given the circumstances.

Alternatives Reviewed

Council may choose to take no action not write-off the invoice and not refund the interest penalty payment amount as it was applied in accordance with By-Law 2022-13. Staff have not recommended this alternative as we believe it to be punitive given the circumstances described.

Relationship to Council Strategic Priorities 2023-2026

Effective Region – Remaining an employer of choice by transforming service delivery in a way that is innovative, collaborative and fiscally-responsible.

Other Pertinent Reports

- By-Law 2022-13 – A BY-LAW TO SET AND LEVY THE RATE OF TAXATION FOR REGIONAL GENERAL AND SPECIAL PURPOSES FOR THE YEAR 2022.

Submitted by:

Ron Tripp, P. Eng
Chief Administrative Officer

Appendices

Appendix 1 – Correspondence from CAO of the Town of Lincoln, Re: Region Invoice #1000716170, June 9, 2023

This report was prepared in consultation with Todd Harrison, Commissioner of Corporate Services.



4800 SOUTH SERVICE RD.,
BEAMSVILLE, ON L3J 1L3
905-563-2799

August 3, 2023

Ron Tripp, Chief Administrative Officer
Regional Municipality of Niagara
1815 Sir Issac Brock Way, PO Box 1042
Thorold, ON, L2V 4T7

Re: Region Invoice #1000716170

Dear Mr. Tripp,

The purpose of this letter is to request the cancellation of invoice #1000716170, and a refund of the payment made by the Town of Lincoln in the amount of \$208,692.21.

The invoice was issued due to a delay in payment of the fourth levy instalment in 2022. The delay resulted from circumstances beyond the control of the Town, in finalizing the construction financing for a major capital project, which can only be done through the Region as the upper tier municipality. The region was working closely with the Town on this. The amount of the construction loan was \$11,162,500, which for perspective is over 55% of the Town of Lincoln's tax levy for 2022. During the debenture application and borrowing process, the Town and the Region were working with Infrastructure Ontario (IO). There was a short delay in the scheduling and approval flow, and it was the understanding of Town staff that when the construction financing flowed to the Town, from IO, the fourth levy instalment would be paid immediately. This did take place expeditiously and seamlessly, however, after this occurred the Town received an invoice for interest owing on the fourth levy instalment. In discussions with regional staff, the Town paid the interest charge, to guarantee this was addressed.

Therefore, seeing as all balances owing have been paid, and as per discussions with Regional senior staff, we ask that the invoice be reversed, and the Town of Lincoln be refunded the interest.

Sincerely,

Charlotte Tunikaitis, CPA, CA
Acting Director of Finance, Administration & Innovation/Treasurer

Mike Kirkopoulos
Chief Administrative Officer

Cc: Todd Harrison, Commissioner of Corporate Services/Treasurer