

MEMORANDUM

Department of Financial Services



To: Honorable Mayor and City Council
Through: Tom Williams, City Manager
From: Emma C. Karlen, Director of Financial Services *Em C Karlen*
Subject: FY 06-07 Accounts Receivable Write-offs
Date: August 25, 2008

Background:

In preparation for the year-end financial statements, Finance Department reviewed all the outstanding accounts receivable and recommends write-off of the attached list of accounts in order not to overstate the City's net assets. These accounts have been outstanding for more than a year and all the currently available collection procedures have been exhausted.

The following table shows the percentage of accounts that are deemed uncollectible by invoice category:

	Invoice amounts	Proposed write-off amounts	% of invoice amt
Utility accounts & related svcs	\$ 24,027,266	\$ 54,194	0.23%
Animal Violations	15,300	2,700	17.65%
NBO Violations	14,300	6,500	45.45%
Fire permits	184,288	1,005	0.55%
False Alarms	51,175	1,600	3.13%
DUI cost recoveries	14,637	6,120	41.81%
Treatment Plant fees	398,378	6,703	1.68%
Private development jobs	1,421,371	8,201	0.58%
Misc. other	3,846,769	701	0.02%
Bounced checks		5,144	
Total	\$ 29,973,484	\$ 92,868	0.31%

The City's total uncollectible accounts represent approximately 0.31% of all the invoiced amounts during the same period. The successful collection rate was 99.69% which is high by any industry standards. However, there are several revenue categories for which the uncollectible rates were high. They are animal violations, neighborhood ordinance violations, and DUI cost recoveries.

Procedures that have been Implemented to improve Revenue Collection

Since last year, staff implemented additional procedures or methods to improve the City's revenue collection.

- 1) Reduce the possibility of bounced checks – Beginning in October 2007, the City no longer accepted personal checks for one-time services. One-time services are defined as services that are provided and completed within a very short duration which means that the City no longer has the leverage of discontinuing services when the checks were returned unpaid. For example, the City will not accept personal checks for towed vehicle release fees. However, it will continue to accept cash, debit card, credit card, certified check or money order for these one-time services.
- 2) Beginning in FY 07-08, all the DUI cost recovery collection were transferred to the County District Attorney's Office. In addition to handling the prosecution of DUI offenders, the County District Attorney office also administers the recovery of the City's DUI response costs as part of the condition of probation. It is much more cost effective for them to handle the cost recovery for the cities as they have direct contact with the probation officers and the leverage of incarceration.

Recommendation to Further Improve Revenue Collection

Fines related to Neighborhood Ordinance violations, Animal Violations, False Alarms and charges related to Fire Annual Permits and other services

Generally, any condition caused or permitted to exist in violation of the Milpitas Municipal Code constitutes a "public nuisance". The current Municipal Code allows the City to take action to abate a public nuisance and recover its costs via the administrative hearing and lien procedures of the Neighborhood Beautification Ordinance. However, such procedures are available only when such nuisances are related to the condition of properties or structures (e.g., the careless stacking of fire hazard materials in front yards, etc.).

Unpaid business license fees, annual fire permit fees, improvement-related obligations and other unpaid amounts do not seem to fit into the current category of "abatement costs" that can be recovered via the administrative fine and lien procedures of the Municipal Code. The City could consider amending the Municipal Code to expand what delinquent abatement costs, fines or charges could be collected via the property tax roll. Collecting via the tax roll is more advantageous than the lien procedures. Under the lien procedures, the City can recover its charges only when the property owner sells or refinances the property whereas property tax must be paid annually.

SCHEDULE OF ACCOUNTS FOR WRITE-OFFS
Cut-Off Date As of August 31, 2007
Sorted by Invoice Caterogy

INVOICE				
N A M E	DATE	AMOUNT	DESCRIPTION	
ERIC & DELIA BERNAL	6/16/2006	175.00	Animal Violation	
ANALISA & ERROL SALUD	6/23/2006	300.00	Animal Violation	
LETICIA JUAREZ LUNA	6/30/2006	100.00	Animal Violation	
MARYLOU FIGUEROA AND	9/1/2006	1,050.00	Animal Violation	
JAMES H & UN S PARK	9/15/2006	150.00	Animal Violation	
WHITNEY REESE	9/22/2006	150.00	Animal Violation	
KRISTI WILLIS	1/12/2007	250.00	Animal Violation	
EVELYN SISON & VINCENTE DEVERA	1/12/2007	175.00	Animal Violation	
EDGAR ALLAN BARRON	1/26/2007	100.00	Animal Violation	
HERMINIO A CASTILLO JR.	6/29/2007	100.00	Animal Violation	
BALDEMAR SALGADO	8/3/2007	150.00	Animal Violation	
TOTAL ANIMAL VIOLATION		2,700.00		
JORGE RAUDEZ	8/25/2006	380.18	DUI-Police Cost Recovery	
VAN TAN	8/25/2006	619.70	DUI-Police Cost Recovery	
JORGE GODINES IBARRA	8/25/2006	299.77	DUI-Police Cost Recovery	
CARLOS ALFONSO COLON	11/17/2006	519.93	DUI-Police Cost Recovery	
MATTHEW SONNY TORRES	4/6/2007	557.04	DUI-Police Cost Recovery	
KEVAN RAY THOMAS STOVER	4/6/2007	364.24	DUI-Police Cost Recovery	
ELIZBETH NAOMI STEWART	4/20/2007	410.55	DUI-Police Cost Recovery	
SANTIAGO CHAVEZ SANCHEZ	4/20/2007	1,313.00	DUI-Police Cost Recovery	
BENJAMIN MARIN PRIETO	4/20/2007	216.74	DUI-Police Cost Recovery	
ARMANDO MARTINEZ VIRRUETA	4/20/2007	1,155.72	DUI-Police Cost Recovery	
JULIE MARIE HODGES	6/7/2007	283.41	DUI-Police Cost Recovery	
TOTAL DUI-POLICE COST RECOVERY		6,120.28		
LA MAIN INCORP	12/22/2006	6,703.32	Treatment Plant Fee	
TOTAL ENGINEERING MISCELLANEOUS		6,703.32		
VITESSE SEMI CONDUCTORS	12/29/2006	50.00	False Alarm - PD	
VITESSE SEMI CONDUCTORS	12/29/2006	100.00	False Alarm - PD	
DOLORES MANDRIGUES	12/29/2006	150.00	False Alarm - PD	
VITESSE SEMI CONDUCTORS	1/26/2007	1,000.00	False Alarm - PD	
DOLORES MANDRIGUES	1/26/2007	250.00	False Alarm - PD	
DOLORES MANDRIGUES	8/31/2007	50.00	False Alarm - PD	
TOTAL FALSE ALARM - PD		1,600.00		
CAL STATE MUFFLER	12/1/2006	232.00	Fire Annual Permit	
MR. BRAKE & CLUTCH	12/1/2006	357.00	Fire Annual Permit	
LRGFAMILYCARE-2216 STRATFORD D	12/1/2006	104.00	Fire Annual Permit	
APARTMENT COMPLEX	4/27/2007	312.00	Fire Annual Permit	
TOTAL FIRE ANNUAL PERMIT		1,005.00		
VICTOR RUFFRAGE	7/14/2006	100.00	NBO Violation Fees	
ANDY LE	10/13/2006	100.00	NBO Violation Fees	
LAURI KANERVA	10/27/2006	1,300.00	NBO Violation Fees	
LEONARDO PERALTA	1/5/2007	1,300.00	NBO Violation Fees	

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INVOICE			
NAME	DATE	AMOUNT	DESCRIPTION
MANUEL J & QUANDA A SOTO TRUST	2/2/2007	100.00	NBO Violation Fees
ROSE HOUGHTON	3/30/2007	3,100.00	NBO Violation Fees
JOHN & TOSHIE HELLYER	5/25/2007	300.00	NBO Violation Fees
BESSIE L CARR ET AL	6/15/2007	100.00	NBO Violation Fees
LAURI KANERVA	7/6/2007	100.00	NBO Violation Fees
TOTAL NBO VIOLATION FEES		6,500.00	
CHI MAI AND BUI KIM HANG	3/24/2006	367.09	Private Job
CHI MAI AND BUI KIM HANG	6/30/2006	72.53	Private Job
CHI MAI AND BUI KIM HANG	9/22/2006	145.08	Private Job
CHI MAI AND BUI KIM HANG	10/27/2006	654.90	Private Job
SAL'S PALLETS INC.	12/29/2006	253.09	Private Job
KABALEN FILIPINO CUISINE	12/29/2006	128.04	Private Job
KABALEN FILIPINO CUISINE	4/27/2007	176.70	Private Job
PIEDMONT 237 LLC	8/27/2004	1,399.66	Private Job
PIEDMONT 237 LLC	10/29/2004	2,566.91	Private Job
PIEDMONT 237 LLC	11/24/2004	687.66	Private Job
BARAKAT II, LLC	1/27/2006	1,748.95	Private Job
TOTAL PRIVATE JOBS		8,200.61	
BRENDA CRUZ	3/5/2004	400.52	Retiree Medical (Old Sundry)
TOTAL RETIREE MEDICAL BENEFITS		400.52	
OE K YI	5/27/2005	3,023.20	Returned Check
SPEEDY ROOTER AND PLUMBING	6/23/2006	269.00	Returned Check
A-1 STEAM + FIRE PROTECTION	6/30/2007	516.00	Returned Check
HAYNES AND SON'S PLUMBING CO.	8/24/2007	100.00	Returned Check
MICHAEL DAVID MURPHY	12/1/2006	165.00	Returned Check
ZYNDA JOVERA	8/10/2007	65.00	Returned Check
MR BRAKES	8/25/2006	357.00	Returned Check - Fire
MR BRAKES	8/25/2006	247.00	Returned Check - Fire
JOCELYN V BURNHAM/CERVANTEZ	9/1/2006	255.00	Returned Check-Recreation
RACQUEL JONES	3/16/2007	147.00	Returned Check-Recreation
TOTAL RETURNED CHECKS		5,144.20	
PRO-TECH CLEANERS	10/9/2006	50.00	Solid Waste Ordinance 3.20
OLA'S EXOTIC COFFEE	12/22/2006	50.00	Solid Waste Ordinance 3.20
OLA'S EXOTIC COFFEE	12/29/2006	50.00	Solid Waste Ordinance 3.20
OLA'S EXOTIC COFFEE	1/5/2007	50.00	Solid Waste Ordinance 3.20
INANG ROSING	1/19/2007	50.00	Solid Waste Ordinance 3.20
LYON'S RESTAURANT	3/16/2007	50.00	Solid Waste Ordinance 3.20
TOTAL SOLID WASTE ORDINANCE		300.00	
TOTAL NON-UTILITY WRITE - OFFS		38,673.93	

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INVOICE			
NAME	DATE	AMOUNT	DESCRIPTION
ALEXANDER, BOOKER	03/16/04	44.58	Closed Utility Account
ALTAMINARNO, JACOB	11/13/06	276.33	Closed Utility Account
ANDERSON, MARK	02/26/07	183.95	Closed Utility Account
ANDERSON, SHEMEKA	01/22/07	338.05	Closed Utility Account
ANDREWS, CANDACE	01/15/07	527.56	Closed Utility Account
ANIAG, ALEXANDER	09/11/06	286.24	Closed Utility Account
ARROYO, OMAR	05/21/07	226.25	Closed Utility Account
AUSTIN, MICHAEL	01/22/07	405.22	Closed Utility Account
AYIERS, NASHALA	08/13/07	276.70	Closed Utility Account
BALILI JR, ALBERTO	02/12/07	61.65	Closed Utility Account
BEAR CREEK PAINTBALL	08/13/07	196.89	Closed Utility Account
BEAR CREEK PAINTBALL	08/13/07	457.21	Closed Utility Account
BEARD, JACKIE	11/20/06	302.93	Closed Utility Account
BEARD, MONICKA	05/07/07	127.63	Closed Utility Account
BEAUMONT, CLINT	09/11/06	329.93	Closed Utility Account
BELLOT, BENITO	04/02/07	260.90	Closed Utility Account
BRAGG, LARRY	02/26/07	142.30	Closed Utility Account
BRYANT, SUSAN	05/21/07	158.50	Closed Utility Account
BURRELL, FELICIA	05/07/07	177.95	Closed Utility Account
CABANSAG, IAN	09/11/06	33.17	Closed Utility Account
CABRERA, CHRISTINE	11/20/06	137.68	Closed Utility Account
CAMPOS, DEBBIE	08/28/06	111.24	Closed Utility Account
CAN, LY	06/18/07	285.25	Closed Utility Account
CARROLL, DENISE	11/13/06	345.20	Closed Utility Account
CHAO, JESSY	09/04/06	264.47	Closed Utility Account
CHAU, CA	07/09/07	312.61	Closed Utility Account
CHEADLE, MAUREEN	01/22/07	264.43	Closed Utility Account
CHEN, TED	07/09/07	655.98	Closed Utility Account
CLABORNE, OVERTON	05/28/07	217.26	Closed Utility Account
CLOUD, AUDREY	07/02/07	118.03	Closed Utility Account
CRIADO, MONICA	02/26/07	552.78	Closed Utility Account
DATU JR, ENRIQUE	01/01/07	259.72	Closed Utility Account
DAVIS, WILLIE	01/29/07	557.35	Closed Utility Account
DELOS REYES, BOBBY	02/12/07	189.62	Closed Utility Account
DELOSSANTOS, MELISSA	11/13/06	121.29	Closed Utility Account
DEROSA, LAURA	08/20/07	345.90	Closed Utility Account
DIAZ, MONICA	08/06/07	193.77	Closed Utility Account
DOBSON, WILLIAM	11/06/06	438.43	Closed Utility Account
DOMINGUEZ, LISA	11/13/03	249.27	Closed Utility Account
DUCKWORTH, JAMES	07/10/06	150.36	Closed Utility Account
DUNN, COLLEEN	11/13/06	143.75	Closed Utility Account
DUQUE, EMILIO	02/05/07	50.14	Closed Utility Account
ECHEVARRIA, VICTORIA	09/04/06	285.43	Closed Utility Account
ECKLES, VIOLET	07/24/06	166.19	Closed Utility Account
FITZHUGH, CHRISTINA	07/17/06	58.20	Closed Utility Account
FOSTER, TRINA	07/09/07	208.52	Closed Utility Account
FRANCIS, ERIC	09/05/01	194.84	Closed Utility Account

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NAME	DATE	AMOUNT	DESCRIPTION	
GARCIA, MELANIE	08/27/07	455.90	Closed Utility Account	
GIANOCARO, ALBERT	01/15/07	200.57	Closed Utility Account	
GLASS, TERRY	03/12/07	222.46	Closed Utility Account	
GOLDEN DRAGON CORNER RESTAURA	09/18/06	8,220.75	Closed Utility Account	
GUNABE, FRANCISCA	07/23/07	164.76	Closed Utility Account	
HADJI LATIPH, CAMID	07/30/07	184.49	Closed Utility Account	
HAMILTON, JEFFREY	04/16/07	230.45	Closed Utility Account	
HENDERSON, SHERRIE	07/23/07	146.97	Closed Utility Account	
HENDRIX, ELLIS	07/10/06	87.95	Closed Utility Account	
HERRERA, HERMINIA	10/09/06	429.34	Closed Utility Account	
HICKS, ELIZABETH	09/11/06	240.23	Closed Utility Account	
HILLMAN, THERESA	04/23/07	43.27	Closed Utility Account	
HO, LIEN	03/19/07	279.32	Closed Utility Account	
HODGES, KIMBERLY	02/26/07	176.09	Closed Utility Account	
INANG ROSING'S BBQ	06/18/07	529.36	Closed Utility Account	
JAFRI, MOHAMMAD ALI	01/08/07	180.80	Closed Utility Account	
JAMES, ARETA	01/08/07	91.85	Closed Utility Account	
JONES, DONNIE	07/02/07	309.27	Closed Utility Account	
JONES, REGINALD	08/21/06	305.99	Closed Utility Account	
KENNEDY, BONNY	09/18/06	336.43	Closed Utility Account	
KUDELA, NATHAN	03/19/07	340.02	Closed Utility Account	
LA, SHELLEY	10/02/06	88.59	Closed Utility Account	
LAM, LAN	07/31/06	310.23	Closed Utility Account	
LATHAM, TINA	10/23/06	308.87	Closed Utility Account	
LESLIE, ANTONIQUE	10/09/06	130.77	Closed Utility Account	
LOPEZ, GILBERT	03/19/07	1,472.62	Closed Utility Account	
LOSOYA, ANGELA	08/06/07	752.49	Closed Utility Account	
LUCERO, CONSTANCIO	03/05/07	168.47	Closed Utility Account	
LUCERO, DANIEL	09/11/06	589.85	Closed Utility Account	
MACANAS, EMILIA	05/21/07	342.00	Closed Utility Account	
MAJOR, AUDREY	06/11/07	451.71	Closed Utility Account	
MANGAOANG, CECILIA	08/06/07	182.12	Closed Utility Account	
MARISCAL, GREGORY	11/27/06	181.81	Closed Utility Account	
MARQUEZ, GLEN	02/05/07	222.43	Closed Utility Account	
MARTINEZ, GLORIA	04/23/07	251.40	Closed Utility Account	
MARTINEZ, ILEEN	08/07/06	771.91	Closed Utility Account	
MARTINEZ, RACQUEL	09/18/06	1,158.53	Closed Utility Account	
MAXTOR CORP	07/10/06	269.05	Closed Utility Account	
MCFARLANE, LYNNETTE	09/18/06	199.41	Closed Utility Account	
MERIDA, HUMBERTO	06/11/07	100.00	Closed Utility Account	
MITCHELL, ROBERT	12/18/06	281.87	Closed Utility Account	
MONTENEGRO, SULEYMA	07/16/07	672.53	Closed Utility Account	
MORENO, LEONARD	02/19/07	304.34	Closed Utility Account	
MORSE, THOMAS	12/04/06	49.46	Closed Utility Account	
MOSLEY JR, RUFUS	07/09/07	274.14	Closed Utility Account	
NARVAEZ, EMELINA	09/25/06	324.22	Closed Utility Account	
NAVARRO, MARIA	08/07/06	32.05	Closed Utility Account	

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INVOICE				
NAME	DATE	AMOUNT	DESCRIPTION	
NEGRON, PAULA	04/16/07	88.06	Closed Utility Account	
NEOSCALE SYSTEMS	03/05/08	310.92	Bankruptcy	
NGUYEN, CHRIS	07/23/07	343.00	Closed Utility Account	
NGUYEN, HUNG	07/03/06	283.99	Closed Utility Account	
NGUYEN, MONG	08/06/07	33.24	Closed Utility Account	
OLD COUNTRY BUFFET #250	05/13/08	2,754.50	Bankruptcy	
OLIVARES, CHRISTINE	08/21/06	707.90	Closed Utility Account	
OLVERA, MELITON	08/20/07	37.17	Closed Utility Account	
ONEIL, STEFANIE	04/16/07	302.26	Closed Utility Account	
ORTIZ, JORGE	08/14/06	171.62	Closed Utility Account	
ORTIZ, MARTIN	09/25/06	225.74	Closed Utility Account	
PASCUCCI, ERIC	02/05/07	656.72	Closed Utility Account	
PERALEZ, ELAIN	02/05/07	213.98	Closed Utility Account	
PEREZ, MELISSA	08/20/07	306.32	Closed Utility Account	
PETTIS, MARILYNN	07/09/07	140.53	Closed Utility Account	
PINEDA, ART	03/12/07	205.04	Closed Utility Account	
PIPER, KEITH	10/02/06	34.25	Closed Utility Account	
PRO-TECH CLEANERS	10/02/06	506.98	Closed Utility Account	
QUALLS, KARYN	07/24/06	258.80	Closed Utility Account	
RAMIREZ, SONIA	01/01/07	340.96	Closed Utility Account	
REFUERZO, CHARITO	09/04/06	95.25	Closed Utility Account	
ROJAS, SONIA	10/16/06	549.89	Closed Utility Account	
ROMANO, CELENA	09/11/06	869.82	Closed Utility Account	
ROUTH, AIMEE	10/30/06	281.31	Closed Utility Account	
RUECKER, RUDY	08/07/06	939.12	Closed Utility Account	
RUELAS, MARTHA	08/28/06	287.19	Closed Utility Account	
RUIZ, ERVIN	04/09/07	275.78	Closed Utility Account	
SALAZAR, REGINA	08/28/06	172.37	Closed Utility Account	
SAMARO, LINDA	11/20/06	553.06	Closed Utility Account	
SAMPLE, SONJA	03/19/07	239.75	Closed Utility Account	
SAMSON, DONNA	03/05/07	183.88	Closed Utility Account	
SAN PEDRO, MARIA	10/16/06	206.45	Closed Utility Account	
SANCHEZ, GARY	10/23/06	70.34	Closed Utility Account	
SANSANO, MARY	04/09/07	101.28	Closed Utility Account	
SANTILLAN, ENEDINA	07/30/07	316.99	Closed Utility Account	
SANTILLAN, JUAN	01/08/07	187.77	Closed Utility Account	
SATO, YOHEI	11/20/06	247.08	Closed Utility Account	
SERRAN, FELY	06/25/07	111.11	Closed Utility Account	
SHIPLEY, JASON	03/19/07	212.94	Closed Utility Account	
SIMON, JACKIE	01/01/07	52.61	Closed Utility Account	
SKALA, RENEE	07/03/06	162.54	Closed Utility Account	
SOLORIO, ELIA	11/13/06	481.66	Closed Utility Account	
SOUSA, MARIO	04/09/07	153.64	Closed Utility Account	
SOUZA, PATRICIA	07/31/06	81.76	Closed Utility Account	
SPENGLER, BEVERLY	06/04/07	200.32	Closed Utility Account	
SUMLER, MARY	08/21/06	236.71	Closed Utility Account	
TALAMANTES, ANGELA	07/10/06	253.98	Closed Utility Account	

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TERRY, KERRY	04/16/07	60.04	Closed Utility Account
TROUNG, VIET	02/12/07	106.50	Closed Utility Account
TROVAO, MILLIE	12/11/06	546.43	Closed Utility Account
TRUONG, PHI	08/20/07	136.03	Closed Utility Account
TUJIMAVAVE, JOHN	09/11/06	193.74	Closed Utility Account
UBAY, LARRY	05/21/07	537.00	Closed Utility Account
VAZQUEZ, RONALD	01/01/07	209.27	Closed Utility Account
WATERS, WILLIAM	05/14/07	113.28	Closed Utility Account
WHITTAKER, ROBERT	09/04/06	257.56	Closed Utility Account
WILLIAMS, KEVIN	04/30/07	235.14	Closed Utility Account
WILLIS, KRISTI	12/11/06	194.64	Closed Utility Account
WILLOUGHBY, KEN	06/11/07	71.27	Closed Utility Account
WILSON, CHANTEAU	10/02/06	140.00	Closed Utility Account
WILSON, CLINT	05/07/07	244.48	Closed Utility Account
YANG, NAING	06/11/07	404.68	Closed Utility Account
YOUNG, ANGELA	05/28/07	266.24	Closed Utility Account
ZABALA, LISAMARIE	07/02/07	271.98	Closed Utility Account
TOTAL UTILITY WRITE - OFFS		<u>54,193.65</u>	
GRAND TOTAL		<u>92,867.58</u>	