



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Scott P. Johnson

SUBJECT: SEE BELOW

DATE: August 6, 2007

Approved

Date

8/15/07

SUBJECT: ADOPTION OF RESOLUTION AUTHORIZING THE WRITE OFF OF UNCOLLECTIBLE AIRPORT ACCOUNTS TOTALING \$42,877.33

RECOMMENDATION

The City Council adopt a resolution authorizing the write off of the uncollectible accounts listed in the attached Bad Debt Write Off Report as provided for in Section 4.24.030 of the Municipal Code.

OUTCOME

The result of writing off these accounts will be reducing our reported outstanding receivables, which can affect our credit ratings.

BACKGROUND

Airport invoices for costs and fees related to landing, fuel flowage, remote parking, space and building rent, utilities, and other related charges. When collection efforts have been exhausted, accounts are written off as bad debt.

ANALYSIS

This request represents the accumulation of two uncollectible accounts in the amounts of \$20,606.28 and \$22,271.05.

Collection efforts including skip tracing, filing court actions in Small Claims, Municipal, and Superior court, referral to the City Attorney's office have been exhausted. The City is unable to effect collection due to one debtor going out of business and the other filing bankruptcy.

Writing off the uncollectible debts is desirable to facilitate accurate maintenance of the City's book of accounts and is not deemed a relinquishment of the City's claim. Section 4.24.030 of the San Jose Municipal Code requires the express consent of the City Council to write off as uncollectible debts that exceed \$5,000. Amounts under \$5,000 are written off with the approval of the Director of Finance.

EVALUATION AND FOLLOW-UP

There are no performance measures that this action addresses.

POLICY ALTERNATIVES

Not Applicable.

PUBLIC OUTREACH/INTEREST

The action taken does not require public outreach, and doesn't fit in any of the criteria below.

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

COORDINATION

This memorandum has been coordinated with the City Attorney's Office and Airport Department.

FISCAL/POLICY ALIGNMENT

Not Applicable.

HONORABLEMAYOR AND CITY COUNCIL

8-6-07

Subject: Adoption of Resolution Authorizing Write off Uncollectible Airport Accounts Totaling \$42,877.33

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COST SUMMARY/IMPLICATIONS

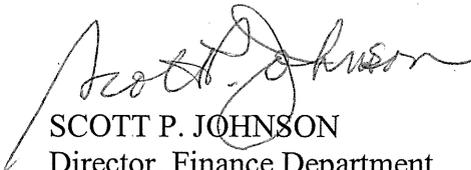
Not applicable.

BUDGET REFERENCE

Not applicable.

CEQA

Not a project.


SCOTT P. JOHNSON
Director, Finance Department

For questions please contact David McPherson, Deputy Director at (408) 535-7091.

Bad Debt Write off Report
 Airport Department
 July 25, 2007

ACCOUNT#	CLIENT NAME	DATE OF LOSS	BALANCE DUE	REASON UNCOLLECTABLE	SERVICES PROVIDED	SERVICE DATE	COLLECTION EFFORTS
398	Today's Aircraft Maintenance Contracting Organization	9/6/2003	\$ 20,606.28	Out of Business	Space and building rent; Permit Fees	8/1/2002	Default judgment received 3/24/04
356	Reno Air Express	12/15/1995	\$ 22,271.05 \$ 42,877.33	Filed Chapter 7 bankruptcy 4/19/96	Space and building rent; Permit Fees	2/5/1995	Filed proof of claim