



# Memorandum

**TO:** PUBLIC SAFETY, FINANCE AND  
STRATEGIC SUPPORT COMMITTEE

**FROM:** Scott P. Johnson

**SUBJECT:** FY 2009-10 FIRST QUARTER  
REVENUE COLLECTION  
STRATEGIC PLAN REPORT

**DATE:** 11-05-09

Approved

Date

11/12/09

**COUNCIL DISTRICT:** City-Wide

## RECOMMENDATION

- 1) Accept the Fiscal Year 2009-10 First Quarter Revenue Collection Strategic Plan Report.
- 2) Forward the attached list of bad debt write-offs to the City Council for approval. The list represents 134 accounts in the amount of \$1,958,504.87.

## OUTCOME

Provide an update regarding the progress of the Finance Department's revenue collection efforts for the first quarter of Fiscal Year 2009-10.

## EXECUTIVE SUMMARY

Although the Finance Department has historically focused on collecting funds due to the City along with targeted proactive collection programs, the Finance Department began a broader strategic approach through the Revenue Collection Strategic Plan (RCSP) program. The RCSP began in January 2007 when the Finance Department restructured its Revenue Management operations to maximize the effectiveness of the time spent by the City's Investigator-Collectors on revenue collection efforts.

Proactive collection efforts resulted in the Finance Department collecting \$10,805,301 in Fiscal Year (FY) 2007-08 and \$11,221,254 in FY 2008-09 representing 308% and 323%, respectively, above the annual collection target of \$2,650,000.

The RCSP collection target for FY 2009-10 is \$2,650,000. During the first quarter of FY 2009-10, staff collected \$1,346,660. Without the proactive collection of these delinquencies, the City would be required to increase its reserve for uncollectible accounts, which would negatively affect budgeted revenues.

**BACKGROUND**

The Finance Department's Revenue Management Division is responsible for several tax and fee compliance programs, in addition to the City's accounts receivable delinquency management program. The Business Tax, Accounts Receivable, and Revenue Compliance and Monitoring programs are in place to proactively monitor and collect on the revenue streams the City receives to facilitate the delivery of City services. The RCSP focuses on the City's accounts receivable delinquency management and revenue compliance and monitoring programs.

**ANALYSIS****Collection Results**

The Finance Department Revenue Management Division continues to implement the RCSP for the purpose of improving the City's collection efforts by optimizing staff resources utilizing billing and collection tools and implementing new collection initiatives. The collection results for the first quarter of FY 2009-10, compared to the first quarter of FY 2008-09 are summarized in Table I.

**Table I**  
**Finance Department**  
**Revenue Collection Strategic Plan**  
**Collection Results**

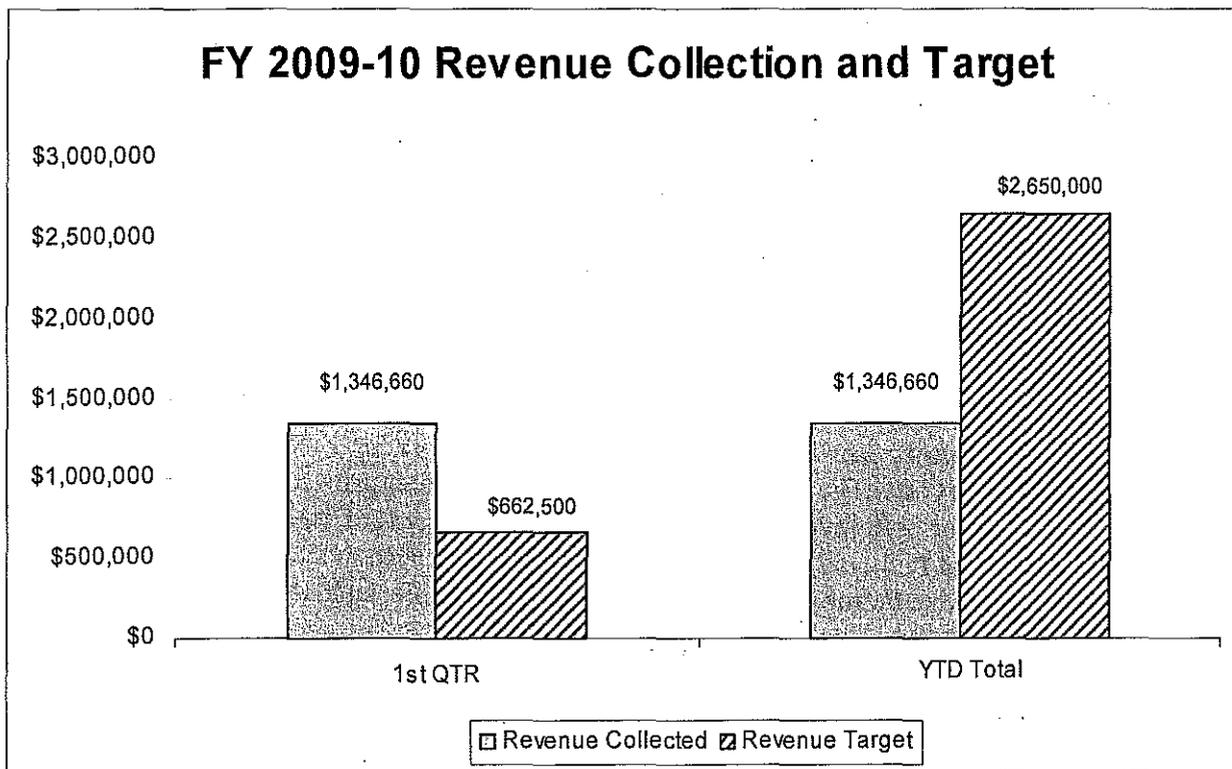
|                                                  | <b>FY 2009-10</b><br><b><u>1<sup>st</sup> Quarter</u></b> | <b>FY 2008-09</b><br><b><u>1<sup>st</sup> Quarter</u></b> |
|--------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| <b>Program Collections <sup>(1)</sup></b>        |                                                           |                                                           |
| Business Tax Delinquencies                       | \$346,053                                                 | \$467,901                                                 |
| Accounts Receivable Delinquencies                | 693,684                                                   | 1,214,599                                                 |
| Revenue Compliance/Monitoring                    | <u>306,923</u>                                            | <u>683,164</u>                                            |
| <b>Total Program Collections</b>                 | <b>\$1,346,660</b>                                        | <b>\$2,365,664</b>                                        |
| <b>Program Cost <sup>(2)</sup></b>               |                                                           |                                                           |
| Business Tax Delinquencies                       | \$98,900                                                  | \$111,758                                                 |
| Accounts Receivable Delinquencies                | 64,308                                                    | 58,492                                                    |
| Revenue Compliance/Monitoring                    | <u>130,150</u>                                            | <u>107,684</u>                                            |
| <b>Total Program Cost</b>                        | <b>\$293,358</b>                                          | <b>\$277,934</b>                                          |
| <b>Return on Investment (ROI) <sup>(3)</sup></b> |                                                           |                                                           |
| Business Tax Delinquencies                       | \$3.50                                                    | \$4.19                                                    |
| Accounts Receivable Delinquencies                | 10.79                                                     | 20.77                                                     |
| Revenue Compliance/Monitoring                    | <u>2.36</u>                                               | <u>6.34</u>                                               |
| <b>Total ROI</b>                                 | <b>\$4.59</b>                                             | <b>\$8.51</b>                                             |

<sup>(1)</sup> Includes "new" revenue as well as cash collected for revenue previously recognized but not yet collected.

<sup>(2)</sup> Includes staff (Investigator-Collectors only, including salary/fringe benefits/retirement) and consultant costs.

<sup>(3)</sup> ROI is defined by revenue/cost.

Table I highlights how the restructuring of staff resources has benefited the collection efforts of Business Tax, Accounts Receivable, Revenue Compliance and various other collection strategies described in this RCSP report. The chart below summarizes the revenue collection results for the first quarter FY 2009-10 compared to the budgeted revenue targets. As of September 30, 2009, 51% of the budgeted revenue target for the entire fiscal year had been collected. Although the program collections are higher than the first quarter target of \$662,500, collections are approximately 43% less than the FY 2008-09 first quarter. This is due in part to staff being utilized for the accounts receivable migration from the VAX legacy system to Revenue Plus. In addition, auditing staff resources have been focused on Ballot Measures J and K implementation and landfill audit compliance.



**Collection Performance Breakdown**

• ***Business Tax Delinquencies***

- Business Tax (BT) Turnover – BT has historically shown a 20% business turnover rate in the City each year. Due to the high turnover rate, it becomes vital for Revenue Management staff, specifically the Investigator-Collectors, to interact directly with the business community to assure the highest level of business tax compliance.
- Business License Information Program (BLIP) – BLIP is a program that generates business tax leads by cross checking various databases to identify entities that may not have a business tax certificate with the City. The Finance Department continues to work on an

aggressive revenue collection and BT compliance campaign. This program is intended to reach out and to educate new and continuing businesses in San Jose of the City's business tax requirements. Furthermore, the program increases the BT revenue base and reduces the average number of days the active accounts remain past due. The Finance Department continues to notify businesses to comply with City BT requirements.

- Business Discovery Program (BDP) – This program performs field enforcement to increase the City's BT and helps ensure that the self-reported tax amount accurately reflects the true amounts owed to the City. In addition, the BDP verifies that businesses are properly allocating sales tax to the City and are paying unsecured property tax to the County, of which the City receives a portion of the revenue. Furthermore, the BDP verifies that sewer and storm rates are properly coded for commercial business properties within the City.
- Business Tax Program ROI – As noted in Table I the City recovered \$346,053 from delinquent and non-compliant BT accounts at a cost of \$98,900 during the first quarter. This represents a \$3.50 return for every dollar spent on program costs.

- ***Accounts Receivable Delinquencies***

- Accounts Receivable Delinquency Management – The Accounts Receivable Unit proactively collects on citations issued by various departments, including Environmental Services, Fire, General Services, Planning, Building and Code Enforcement, Police and Transportation. Additionally, RM staff collects on invoices as a result of damage to City property and other miscellaneous delinquent accounts from various City departments. Investigator-Collectors use skip tracing tools to locate debtors and recover outstanding amounts owed the City. The successful management of delinquent accounts increases the City's cash flow for both investments and use of funds to pay for City programs. This strategy is aimed at reducing the City's aging of delinquent accounts receivable accounts, which may otherwise be subject to future write-offs as uncollectable debts owed the City.
- Collaboration with other City Departments and Public Agencies – The Finance Department proactively works with other City departments and public agencies to collect revenues due to the City. RM staff members are working collaboratively with the County Assessor's Office and the State Board of Equalization to conduct compliance verifications for unsecured property tax and sales tax revenues.

The outstanding amount of Accounts Receivable that was over 90 days past due was reduced from \$14.33 million (ending balance at the end of first quarter September 30, 2008) to \$11.74 million the end of the first quarter as of September 30, 2009. The City's aging accounts receivable balances (including fire, administrative citations and miscellaneous) for the current and prior fiscal years are summarized in Table II.

- Accounts Receivable ROI – As noted on Table I, the investigator-collectors collected \$693,684 in delinquent accounts receivables at a cost of \$64,308 during the first quarter. This represents a \$10.79 return for every dollar spent on program costs.

**Table II**  
**City of San José**  
**Accounts Receivable Balance <sup>(1)</sup>**

|                                              | <u>FY 2009-10</u><br><u>1st Quarter</u> | <u>FY 2008-09</u><br><u>1st Quarter</u> |
|----------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>Current Receivables <sup>(2)</sup></b>    |                                         |                                         |
| 0 – 30                                       | \$2,762,257                             | \$5,850,228                             |
| 31 – 60                                      | 769,027                                 | 391,625                                 |
| 61 – 90                                      | <u>1,031,417</u>                        | <u>335,334</u>                          |
| <b>Total Current Receivables</b>             | <b>\$4,562,701</b>                      | <b>\$6,577,187</b>                      |
| <b>Delinquent Receivables <sup>(3)</sup></b> |                                         |                                         |
| 91 – 120                                     | \$1,180,545                             | \$5,299,311                             |
| 121 – 365                                    | 2,354,792                               | 1,190,014                               |
| 366 – 730                                    | 1,804,455                               | 665,088                                 |
| 731 – 999                                    | <u>6,400,757<sup>(4)</sup></u>          | <u>7,177,122</u>                        |
| <b>Total Delinquent Receivables</b>          | <b>\$11,740,549</b>                     | <b>\$14,331,535</b>                     |
| <b>Total Accounts Receivables</b>            | <b><u>\$16,303,250</u></b>              | <b><u>\$20,908,722</u></b>              |

<sup>(1)</sup> Includes fire, administrative citations and miscellaneous accounts receivables.

<sup>(2)</sup> Current = 90 days or less.

<sup>(3)</sup> Delinquent = 91 days or more.

<sup>(4)</sup> Includes \$1,403,348.11 which was liened on the property tax roll.

• **Revenue Compliance and Monitoring**

- **Revenue Compliance Efforts** – The Revenue Compliance and Monitoring (RCM) Unit conducts compliance audits to collect taxes and fees. Revenues in this category include Sales and Use Tax, Utility Users Tax (UUT), Telephone Utility Tax (TUT), Telephone Line Tax (TLT), Franchise Fees, Transient Occupancy Tax (TOT), Emergency Communications System Support (ECSS) Fee, Unclaimed Property, City Tow Franchises, Disposal Facility Tax (DFT) and Commercial Solid Waste Enforcement Fees (SWEF).
- **Compliance Audits and Sales Tax Reviews** – During the first quarter, sales tax compliance reviews generated \$215,760 in revenues for the City. Solid waste compliance reviews generated an additional \$2,073.
- **Revenue Compliance ROI** – As noted in Table I, the revenue compliance and monitoring audits have generated \$306,923 in additional revenue at a cost of \$130,150

during the first quarter. This represents a \$2.36 return for every dollar spent on program costs.

• ***City Wide Accounts Receivable Program/Bad Debt Write-offs***

- On May 13, 2008 Council directed the Finance Department to provide an annual update on the City's bad debt exposure. As a result, the Finance Department will submit an update and request for write-offs on a quarterly or semi-annual basis in order to comply with this Council directive. At the present time, the Finance Department is requesting the PSFSS Committee to forward the attached list of delinquent accounts, in the amount of \$1,958,504.87 to the City Council for write-off approval.
- Writing off the City's uncollectible debts is appropriate to maintain an accurate accounts receivable record and is not deemed a relinquishment of the City's claim. The City's reserves for bad debt are funded to cover the amount being submitted for write-off. As a last resort, staff will assign these delinquent accounts to the collection agencies, which will make an attempt for further collection action, in order to exhaust all remedies available to the City.
- These uncollectible accounts were from debtors where:
  1. Debtor has no assets or no indication of future assets;
  2. Debtor is deceased and has no estate;
  3. Debtor is incarcerated for an extended or unknown period;
  4. Debtor has filed bankruptcy;
  5. Debtor has "skipped" or has moved and has no forwarding information; or
  6. Statute of limitations has expired.

**EVALUATION AND FOLLOW-UP**

The Finance Department will continue to manage existing revenue compliance review programs and continue to explore additional opportunities to implement programs for collecting taxes and fees due to the City. Other methods and programs will also be reviewed to decrease delinquent receivables and increase cash flow for the City.

**POLICY ALTERNATIVES**

N/A

**PUBLIC OUTREACH/INTEREST**

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater.  
**(Required: Website Posting)**

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- Criteria 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)**
- Criteria 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 Manager's Budget Office and the City Attorney's Office.

### FISCAL/POLICY ALIGNMENT

The RCSP is consistent with the budget balancing strategy principle to focus on improving employee productivity and continuously improving business practices. The RCSP includes streamlining, innovating and simplifying City operations so that services can be delivered at a higher level of quality, with better flexibility and at a lower cost. This RCSP program maximizes revenue generation and furthers the City's overall economic goals.

### COST SUMMARY/IMPLICATIONS

The budgeted target for the RCSP in FY 2009-10 is to generate collections of at least \$2,650,000. Through the first quarter of FY 09-10 from July 1, 2009 through September 30, 2009, RCSP efforts resulted in the collection of \$1,346,660.

### BUDGET REFERENCE

N/A

### CEQA

Not a project.

  
SCOTT P. JOHNSON  
Director, Finance

For questions, please contact David McPherson, Revenue Division Manager, Finance Department at (408) 535-7091.

| Type of Debt Owed         | Department Name                           | Fund # | Account # | Name                                             | Current Balance<br>(Write-Off Amount) | Reason for Write-off       |
|---------------------------|-------------------------------------------|--------|-----------|--------------------------------------------------|---------------------------------------|----------------------------|
| Administrative Citation   | Planning, Building, Code Enforcement      | 1      | 139612    | KIRK BRIGGS SIGNS                                | \$ 6,314.00                           | Out of Business            |
| Administrative Citation   | Planning, Building, Code Enforcement      | 1      | 139842    | SYVERAIN MILLIARDAIRE MD C/O SHASA MEDICAL GROUP | \$ 9,281.25                           | Out of Business            |
| Administrative Citation   | Planning, Building, Code Enforcement      | 1      | 139957    | SYVERAIN MILLIARDAIRE MD C/O SHASA MEDICAL GROUP | \$ 18,700.00                          | Out of Business            |
| Administrative Citation   | Planning, Building, Code Enforcement      | 1      | 139497    | COGS SALES MANDY & FRED HUMMEL                   | \$ 5,082.00                           | Skip (Unable to locate)    |
| Administrative Citation   | Police                                    | 1      | 148129    | TANG YING PEARL MASSAGE                          | \$ 7,380.00                           | No Assets                  |
| Administrative Citation   | Police                                    | 1      | 148361    | ZHANG HONG CHIN'S ACUPUNCTURE                    | \$ 5,244.50                           | No Assets                  |
| Administrative Citation   | Team San Jose                             | 1      | 1706      | CENTURY 21 SU CASA                               | \$ 6,975.00                           | Bankruptcy                 |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 121322    | BAER, MILA UROSEVIC, DENI                        | \$ 5,750.00                           | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 121729    | BAER, MILA UROSEVIC, DENI                        | \$ 14,250.00                          | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 122769    | BAER, MILA UROSEVIC, DENI                        | \$ 25,000.00                          | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 123472    | BAER, MILA UROSEVIC, DENI                        | \$ 6,500.00                           | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 110984    | BEVIS, WILEY G.                                  | \$ 18,909.00                          | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 126878    | BRENNER, KURT C                                  | \$ 6,480.94                           | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 111414    | CABALLERO, MICAELA                               | \$ 11,200.00                          | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 101816    | CABALLERO, MICAELA                               | \$ 10,540.90                          | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 108211    | CISMONDI, ED JR.                                 | \$ 6,700.00                           | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 101439    | FRIAS RAYMOND                                    | \$ 26,850.00                          | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 101352    | GARCIA, CARMEN                                   | \$ 6,529.90                           | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 100351    | GARCIA, CARMEN                                   | \$ 22,000.00                          | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 101694    | GARCIA, CARMEN                                   | \$ 20,700.00                          | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 122765    | HAMMERSLEY, RAYMOND G HAMMERSLEY, MADELYN C      | \$ 5,911.00                           | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 125829    | HAMMERSLEY, RAYMOND G HAMMERSLEY, MADELYN C      | \$ 7,861.00                           | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 128047    | HAMMERSLEY, RAYMOND G HAMMERSLEY, MADELYN C      | \$ 6,100.00                           | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 101363    | KRVAVICA JAMES & JOHN                            | \$ 7,588.95                           | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 100182    | LIU, YAW-JU                                      | \$ 15,718.00                          | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 100212    | MONTANO AL & LYDIA J                             | \$ 15,529.90                          | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 102032    | OROZCO, PAUL RUBEN                               | \$ 10,588.95                          | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 102019    | OROZCO, PAUL RUBEN                               | \$ 15,707.05                          | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 103751    | PASCENCIA, RIGOBERTO                             | \$ 26,200.00                          | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 104481    | ROMO, MANUELA                                    | \$ 7,011.00                           | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 1      | 113498    | SANCHEZ, AURELIO                                 | \$ 5,700.00                           | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 350    | 121978    | CHEW, WINSTON F CHEW, JOHANNA J                  | \$ 10,932.42                          | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 350    | 100903    | PALOMBO ROCCO                                    | \$ 6,730.52                           | Property Sold/Lien Unpaid* |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 553    | 101645    | SARTORIS LOUIS AND ARVILLA                       | \$ 10,864.20                          | Statute of Limitations     |
| Administrative Remedies   | Planning, Building, Code Enforcement      | 553    | 101637    | SARTORIS LOUIS AND ARVILLA                       | \$ 19,391.20                          | Statute of Limitations     |
| Board-up                  | Parks, Recreation & Neighborhood Services | 553    | 101268    | HERNANDEZ, NICHOLAS AND ANNIE                    | \$ 13,362.25                          | Statute of Limitations     |
| Event Charges             | Team San Jose                             | 1      | 797       | CHILDREN'S MUSICAL THEATER SAN JOSE              | \$ 5,775.00                           | Dispute over Invoice       |
| Event Charges             | Team San Jose                             | 1      | 766       | SAN JOSE STAGE COMPANY                           | \$ 13,205.50                          | Dispute over Invoice       |
| Event Charges             | Team San Jose                             | 1      | 1599      | SAN JOSE STAGE COMPANY                           | \$ 5,040.00                           | Dispute over Invoice       |
| Event Charges             | Team San Jose                             | 1      | 3106      | THE LEARNING ANNEX                               | \$ 81,712.50                          | Dispute over Invoice       |
| Event Charges             | Team San Jose                             | 1      | 3138      | THE LEARNING ANNEX                               | \$ 6,800.00                           | Dispute over Invoice       |
| Event Charges             | Team San Jose                             | 1      | 3958+4012 | HOPPE AND HOPE LLC                               | \$ 6,300.00                           | Out of Business            |
| Event Charges             | Team San Jose                             | 1      | 3520      | PULVER.COM                                       | \$ 6,975.30                           | Out of Business            |
| Event Charges             | Team San Jose                             | 1      | 1901      | MONSTER MAGIC                                    | \$ 16,837.00                          | Skip (Unable to locate)    |
| Excavation Permits        | Public Works                              | 1      | 101697    | PACIFIC GAS & ELECTRIC ADMIN SERVICES            | \$ 29,245.00                          | Bankruptcy**               |
| Excavation Permits        | Public Works                              | 1      | 105951    | PACIFIC GAS & ELECTRIC CO. ADMIN SERVICES        | \$ 29,145.00                          | Bankruptcy**               |
| Excavation Permits        | Public Works                              | 1      | 106194    | PACIFIC GAS & ELECTRIC CO. ADMIN SERVICES        | \$ 14,235.00                          | Bankruptcy**               |
| Federal Aid Reimbursement | Transportation                            | 429    | 121459    | DEPT OF TRANSPORTATION ACCOUNTING SERVICE CENTER | \$ 10,899.25                          | Dispute over Invoice       |
| Payroll Overpayment       | Finance                                   | 1      | 132242    | FERNANDEZ, FORREST                               | \$ 70,592.72                          | Statute of Limitations     |
| Payroll Overpayment       | Finance                                   | 1      | 123067    | STOFLET, THOMAS                                  | \$ 5,433.06                           | Statute of Limitations     |
| Permit Fees               | Public Works                              | 1      | 122906    | SBC ACCOUNTS PAYABLE                             | \$ 5,760.00                           | Dispute over Invoice       |
| Property Subrogation      | General Services                          | 552    | 101399    | BRACAMONTE, LIZ                                  | \$ 15,929.22                          | Statute of Limitations     |
| Property Subrogation      | General Services                          | 552    | 102231    | CONLON, JOHN THOMAS (DRIVER)                     | \$ 7,800.65                           | Statute of Limitations     |
| Property Subrogation      | General Services                          | 552    | 102051    | MENDOZA, SERGIO HERNANDEZ (DR)                   | \$ 5,286.45                           | Statute of Limitations     |
| Property Subrogation      | General Services                          | 552    | 100510    | PRANGE, SCOTT MICHAEL (DR/RO)                    | \$ 6,579.40                           | Statute of Limitations     |
| Property Subrogation      | Human Resources                           | 1      | 102664    | BANK STEVEN                                      | \$ 6,746.77                           | Statute of Limitations     |
| Property Subrogation      | Human Resources                           | 1      | 100055    | CHAVARRIA ROGER MURO (DRIVER)                    | \$ 26,510.17                          | Statute of Limitations     |
| Property Subrogation      | Human Resources                           | 1      | 120840    | CONNELL, STEPHEN CONNELL, STEPHEN PAUL II        | \$ 5,182.97                           | Statute of Limitations     |

\*Property Sold/Lien Unpaid: Judgment lien against owner, not property.

\*\*Pacific Gas and Electric filed Chapter 13 bankruptcy in April 2001; all unpaid accounts were deferred to the City Attorney's Office for further action.

| Type of Debt Owed                            | Department Name                           | Fund # | Account # | Name                                               | Current Balance<br>(Write-Off Amount) | Reason for Write-off   |
|----------------------------------------------|-------------------------------------------|--------|-----------|----------------------------------------------------|---------------------------------------|------------------------|
| Property Subrogation                         | Human Resources                           | 1      | 101427    | CUSHING STEVE BRIAN (D/L)                          | \$ 67,011.58                          | Statute of Limitations |
| Property Subrogation                         | Human Resources                           | 1      | 100202    | DE LA ROSA, RENATO B. (DRIVER)                     | \$ 10,276.11                          | Statute of Limitations |
| Property Subrogation                         | Human Resources                           | 1      | 113377    | FLORES, MARIANE BETTENCOUR                         | \$ 14,725.00                          | Statute of Limitations |
| Property Subrogation                         | Human Resources                           | 1      | 100355    | FOLEY, LLOYD THOMAS                                | \$ 59,500.00                          | Statute of Limitations |
| Property Subrogation                         | Human Resources                           | 1      | 100891    | HOYT, HENRY WAYNE                                  | \$ 15,498.57                          | Statute of Limitations |
| Property Subrogation                         | Human Resources                           | 1      | 101767    | MEZA ARMANDO                                       | \$ 9,487.11                           | Statute of Limitations |
| Property Subrogation                         | Human Resources                           | 1      | 121248    | NGUYEN, TRAN THANH LUU                             | \$ 5,271.89                           | Statute of Limitations |
| Property Subrogation                         | Human Resources                           | 1      | 100472    | ROGERS MAXINE                                      | \$ 5,855.54                           | Statute of Limitations |
| Property Subrogation                         | Human Resources                           | 1      | 120134    | VALLERU, LAKSHMI ROJA                              | \$ 7,006.50                           | Statute of Limitations |
| Property Subrogation                         | Parks, Recreation & Neighborhood Services | 1      | 101449    | MEXICO AUTO BODY                                   | \$ 7,709.95                           | Statute of Limitations |
| Property Subrogation                         | Transportation                            | 1      | 131234    | LOPEZ, PABLO                                       | \$ 6,162.90                           | Dispute over Invoice   |
| Property Subrogation                         | Transportation                            | 1      | 122244    | MEKONNEN, KEBEBUS TAMENE                           | \$ 9,999.46                           | Dispute over Invoice   |
| Property Subrogation                         | Transportation                            | 1      | 129359    | RICHARDSON, JASON ANTON                            | \$ 8,083.75                           | No Assets              |
| Property Subrogation                         | Transportation                            | 1      | 122082    | AMERIGUARD MAINTENANCE                             | \$ 12,120.92                          | Statute of Limitations |
| Property Subrogation                         | Transportation                            | 1      | 100759    | CARAPINHA, GLORIA                                  | \$ 6,801.98                           | Statute of Limitations |
| Property Subrogation                         | Transportation                            | 1      | 100326    | CERVANTES, PEDRO LEYVA                             | \$ 7,819.12                           | Statute of Limitations |
| Property Subrogation                         | Transportation                            | 1      | 100339    | GOYETTE, MICHAEL DUANE                             | \$ 8,153.12                           | Statute of Limitations |
| Property Subrogation                         | Transportation                            | 1      | 101773    | HERNANDEZ, ARISTEL J                               | \$ 12,049.63                          | Statute of Limitations |
| Property Subrogation                         | Transportation                            | 1      | 101478    | MACK, RICHARD ERNEST                               | \$ 6,429.39                           | Statute of Limitations |
| Property Subrogation                         | Transportation                            | 1      | 101634    | MARTIN, JOSE SANCHE                                | \$ 5,452.52                           | Statute of Limitations |
| Property Subrogation                         | Transportation                            | 1      | 119352    | SANCHEZ, MIGUEL A                                  | \$ 13,196.34                          | Statute of Limitations |
| Property Subrogation                         | Transportation                            | 1      | 116897    | TELLEZ, BERNARDO DELUCIO, JUANA                    | \$ 7,922.47                           | Statute of Limitations |
| Property Subrogation                         | Transportation                            | 1      | 123570    | TRENADO, ARMANDO MORA                              | \$ 8,394.00                           | Statute of Limitations |
| Property Subrogation                         | Transportation                            | 350    | 112390    | RAMLOGAN, RAJMATIE G                               | \$ 16,651.12                          | Statute of Limitations |
| Rent                                         | General Services                          | 393    | 119774    | SANTA CLARA COUNTY LIBRARY ATTN: SHARON RODRIGUEZ  | \$ 6,400.00                           | Dispute over Invoice   |
| Rent                                         | Public Works                              | 391    | 107687    | METRICOM INC ATTN:NETWORK REAL ESTATE DEPT         | \$ 37,500.00                          | Bankruptcy             |
| Rent                                         | Public Works                              | 391    | 107689    | METRICOM INC ATTN:NETWORK REAL ESTATE DEPT         | \$ 37,500.00                          | Bankruptcy             |
| Rent                                         | Public Works                              | 521    | 107912    | MOBILE STAR NETWORK CORP REF:166/2077 AIRPORT BLVD | \$ 60,000.00                          | Out of Business        |
| Rent                                         | Public Works                              | 1      | 121577    | CINGULAR WIRELESS ATTN: PROPERTY MANAGER           | \$ 8,428.93                           | Statute of Limitations |
| Retirement Overpayment                       | Finance                                   | 1      | 130247    | SALDIVAR, JAIME E                                  | \$ 16,862.17                          | Dispute over Invoice   |
| Retirement Overpayment                       | Finance                                   | 1      | 122653    | TORRES, RALPH R                                    | \$ 23,478.27                          | Statute of Limitations |
| Return to Maker Check (Non-Sufficient Funds) | Finance                                   | 1      | 128781    | SMEDLEY & SONS                                     | \$ 7,026.09                           | Out of Business        |
| Return to Maker Check (Non-Sufficient Funds) | Finance                                   | 1      | 117565    | WORLD VACATION EXPO                                | \$ 5,042.50                           | Out of Business        |
| Sewer Service & Use Fees                     | Environmental Services                    | 541    | 102491    | INT'L MICROELECTRONIC PRODUCTS ATTN: ROY CHETI     | \$ 5,869.60                           | Bankruptcy             |
| Sewer Service & Use Fees                     | Environmental Services                    | 541    | 100833    | INT'L MICROELECTRONIC PRODUCTS ATTN: ROY CHETI     | \$ 6,096.20                           | Bankruptcy             |
| Sewer Service & Use Fees                     | Environmental Services                    | 541    | 101951    | INT'L MICROELECTRONIC PRODUCTS ATTN: ROY CHETI     | \$ 13,820.40                          | Bankruptcy             |
| Sewer Service & Use Fees                     | Environmental Services                    | 541    | 105112    | INT'L MICROELECTRONIC PRODUCTS ATTN: ROY CHETI     | \$ 5,104.50                           | Bankruptcy             |
| Sewer Service & Use Fees                     | Environmental Services                    | 541    | 105870    | INT'L MICROELECTRONIC PRODUCTS ATTN: ROY CHETI     | \$ 5,267.90                           | Bankruptcy             |
| Sewer Service & Use Fees                     | Environmental Services                    | 541    | 106585    | INT'L MICROELECTRONIC PRODUCTS ATTN: ROY CHETI     | \$ 10,950.50                          | Bankruptcy             |
| Sewer Service & Use Fees                     | Environmental Services                    | 541    | 107166    | INT'L MICROELECTRONIC PRODUCTS ATTN: ROY CHETI     | \$ 6,898.10                           | Bankruptcy             |
| Sewer Service & Use Fees                     | Environmental Services                    | 541    | 107637    | INT'L MICROELECTRONIC PRODUCTS ATTN: ROY CHETI     | \$ 7,707.70                           | Bankruptcy             |
| Sewer Service & Use Fees                     | Environmental Services                    | 541    | 112254    | INT'L MICROELECTRONIC PRODUCTS ATTN: ROY CHETI     | \$ 6,482.30                           | Bankruptcy             |
| Sewer Service & Use Fees                     | Environmental Services                    | 500    | 106373    | LIGHTWAVE MICROSYSTEMS CORP                        | \$ 9,791.63                           | Out of Business        |
| Sewer Service & Use Fees                     | Environmental Services                    | 541    | 100438    | STORMEDIA ATTN:LORI EARL                           | \$ 11,401.50                          | Out of Business        |
| Sewer Service & Use Fees                     | Environmental Services                    | 541    | 101050    | STORMEDIA ATTN:LORI EARL                           | \$ 10,949.40                          | Out of Business        |
| Sewer Service & Use Fees                     | Environmental Services                    | 541    | 100948    | BENECIA FOODS FLAG SHIP FOODS                      | \$ 6,440.50                           | Statute of Limitations |
| Sewer Service & Use Fees                     | Environmental Services                    | 541    | 101192    | BENECIA FOODS FLAG SHIP FOODS                      | \$ 5,108.40                           | Statute of Limitations |
| Sewer Service & Use Fees                     | Environmental Services                    | 541    | 100992    | BENECIA FOODS FLAG SHIP FOODS                      | \$ 13,091.00                          | Statute of Limitations |
| Sewer Service & Use Fees                     | Parks, Recreation & Neighborhood Services | 441    | 100130    | GONZALES JOE SR                                    | \$ 5,990.40                           | Statute of Limitations |
| Staff Charges                                | Public Works                              | 1      | 111064    | BROOKS FIBER COMMUNICATIONS ATTN: JEROLD E SLAGEL  | \$ 9,450.86                           | Bankruptcy             |
| Staff Charges                                | Public Works                              | 1      | 111319    | BROOKS FIBER COMMUNICATIONS ATTN: JEROLD E SLAGEL  | \$ 5,066.68                           | Bankruptcy             |
| Staff Charges                                | Public Works                              | 1      | 109177    | GLOBAL CROSSING                                    | \$ 6,971.11                           | Bankruptcy             |
| Staff Charges                                | Public Works                              | 1      | 105191    | METROMEDIA FIBER NETWORK ATTN: ELIZABETH ADAMS     | \$ 6,858.50                           | Bankruptcy             |
| Staff Charges                                | Public Works                              | 1      | 106157    | PACIFIC GAS & ELECTRIC ADMIN SERVICES              | \$ 5,129.26                           | Bankruptcy**           |
| Staff Charges                                | Public Works                              | 1      | 124192    | PACIFIC GAS & ELECTRIC ATTN: ADMIN SERVICES        | \$ 26,280.00                          | Bankruptcy**           |
| Staff Charges                                | Public Works                              | 1      | 105231    | PACIFIC GAS & ELECTRIC CO. ADMIN SERVICES          | \$ 7,225.54                           | Bankruptcy**           |
| Staff Charges                                | Public Works                              | 1      | 108410    | GLOBAL PHOTON SYSTEMS MR. BILL HARKNESS            | \$ 9,816.71                           | Out of Business        |
| Staff Charges                                | Public Works                              | 1      | 109178    | GLOBAL PHOTON SYSTEMS MR. BILL HARKNESS            | \$ 6,974.42                           | Out of Business        |

\*Property Sold/Lien Unpaid: Judgment lien against owner, not property.

\*\*Pacific Gas and Electric filed Chapter 13 bankruptcy in April 2001; all unpaid accounts were deferred to the City Attorney's Office for further action.

| Type of Debt Owed                 | Department Name                           | Fund # | Account # | Name                                       | Current Balance<br>(Write-Off Amount) | Reason for Write-off   |
|-----------------------------------|-------------------------------------------|--------|-----------|--------------------------------------------|---------------------------------------|------------------------|
| Staff Charges                     | Public Works                              | 1      | 103329    | ICG TELECOM GROUP ATN: CURT HELEY          | \$ 5,617.01                           | Out of Business        |
| Staff Charges                     | Public Works                              | 1      | 102199    | ICG TELECOM GROUP, INC.                    | \$ 5,025.02                           | Out of Business        |
| Staff Charges                     | Public Works                              | 1      | 110544    | MCI METRO ATTN: RAY CASTELLANOS            | \$ 5,340.33                           | Out of Business        |
| Staff Charges                     | Public Works                              | 1      | 111787    | MCI WORLDCOM ATTN: JERRY STAGEL            | \$ 5,750.01                           | Out of Business        |
| Staff Charges                     | Public Works                              | 465    | 120863    | MCI-FIBER OPTIC                            | \$ 5,827.87                           | Out of Business        |
| Utility User's Tax                | Finance                                   | 1      | 125223    | MCI METRO ACCESS TRANSMISSION SERVICES LLC | \$ 20,299.26                          | Out of Business        |
| Utility User's Tax                | Finance                                   | 1      | 125036    | MCIMETRO ACCESS TRANSMISSION SERVICES LLC  | \$ 9,686.51                           | Out of Business        |
| Water Bill                        | Parks, Recreation & Neighborhood Services | 1      | 101848    | MAYFAIR COMMUNITY GARDENS                  | \$ 7,293.16                           | Statute of Limitations |
| Water Valve Adjustment            | Public Works                              | 429    | 116986    | SAN JOSE WATER PURCHASING                  | \$ 6,000.00                           | Statute of Limitations |
| Workers' Compensation Subrogation | Human Resources                           | 1      | 105901    | KIELOCK, BRUCE EDWARD                      | \$ 78,706.77                          | Statute of Limitations |
| Workers' Compensation Subrogation | Human Resources                           | 1      | 101982    | ARMSTRONG, RICKY DEFORRES                  | \$ 9,688.22                           | Statute of Limitations |
| Workers' Compensation Subrogation | Human Resources                           | 1      | 122248    | BACA, SARAH E.                             | \$ 10,000.00                          | Statute of Limitations |
| Workers' Compensation Subrogation | Human Resources                           | 1      | 101332    | HERNANDEZ, ALFREDO MORALES                 | \$ 76,593.39                          | Statute of Limitations |
| Workers' Compensation Subrogation | Human Resources                           | 1      | 101088    | MENDOZA, ROCKY G                           | \$ 23,732.07                          | Statute of Limitations |
| Workers' Compensation Subrogation | Human Resources                           | 1      | 101640    | RAMSEY, DANIEL P                           | \$ 52,720.50                          | Statute of Limitations |
| Workers' Compensation Subrogation | Human Resources                           | 1      | 101044    | SARAVIA, VICTOR MANUEL                     | \$ 46,852.03                          | Statute of Limitations |
| Workers' Compensation Subrogation | Human Resources                           | 1      | 102619    | VILLEGAS, MANUEL R.                        | \$ 22,137.79                          | Statute of Limitations |
| Workers' Compensation Subrogation | Human Resources                           | 1      | 123240    | WATSON, KELLI                              | \$ 12,000.00                          | Statute of Limitations |
|                                   |                                           |        |           |                                            | \$ 1,958,504.87                       |                        |

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