



July 18, 2019

Board of Directors
Ventura Regional Sanitation District
Ventura, California

CONSIDER AND AUTHORIZE WRITE-OFF OF UNCOLLECTABLE ACCOUNTS RECEIVABLE

RECOMMENDATION

Approve \$61,521.11 write-off of Accounts Receivable balances as of June 30, 2019.

FISCAL IMPACT

Recognition of \$61,521.11 loss to offset revenues previously recognized but not collected.

BACKGROUND/ANALYSIS

A recent review of the District's Accounts Receivable aging report found a total balance of \$58,837.50 for services and charges that have been outstanding between 5 and 9 years and \$2,680.63 related to the 2017 Thomas Fire. The outstanding balances consist of the following eight customer accounts whose identities have been withheld for these purposes:

Customer A: \$1,317.75 for Water/Wastewater Services – The balance resulted from the short-payment of a 2014 invoice originally for \$4,684.75. The District's Project Manager requested the write-off of the unpaid balance as a result of a budget overage issue.

Customer B: \$3,692.00 for Water/Wastewater service – In 2014 the District performed closed circuit TV inspection work for their sewer lines which the wastewater customer has refused to pay. The District's documentation establishing approval of the inspection work is deemed insufficient to collect on this account.

Customer C: \$3,000.00 for equipment purchase – In 2011, the customer took possession of miscellaneous equipment that was part of a larger purchase from the former Covanta building. The customer's company has gone out of business, leaving no viable option for collection.

Customer D: \$519.06 for utility charges – The District and the customer shared electrical and water services at the Toland landfill. The District was the account holder, responsible for paying the charges and would then bill Customer D for its portion of the charges. During 2012 and 2013 the customer stopped paying for their share of these utility costs. The customer's structures which used these utilities have since been burned and damaged by recent fires, leaving no viable option for collection.

Customer E: \$5,004.83 for equipment purchase – In 2011, the customer took possession of miscellaneous equipment that was part of a larger purchase from the former Covanta building. Due to staff turnover within the customer's agency and the significant time lapse, all collection efforts have been unsuccessful.

Customer F: \$40,153.39 for Water/Wastewater Services – The balance resulted from the short-payment of a 2010 invoice originally for nearly \$48,000. The customer made a partial payment of \$7,750. The District's Project Manager agreed to write-off close to \$12,000 (which requires Board approval), leaving the unpaid balance as a result of a budget overage issue.

Customer G: \$5,150.47 for Water/Wastewater Services – In 2012, the District performed storm drain cleaning and manhole work for which the customer has refused to pay. The District's documentation establishing approval of the work is deemed insufficient to collect on this account.

Customer H: \$2,680.63 for Solid Waste Fees – The extremely high volume of activity in the months following the Thomas Fire resulted in minor discrepancies related to tonnage fees associated with Customer H. District staff spent countless hours trying to reconcile tonnage fees with the customer, as well as, CalRecycle representatives, resulting in an un-reconcilable figure of \$2,680.63, which is minimal when compared to the nearly \$1.7 million in revenue generated by this customer. Given the magnitude of the discrepancy versus the amount of staff time required to reconcile in full, the customer, CalRecycle and District staff believe it's in both parties best interest to write-off the difference.

Since District staff lacks any write-off authority for these delinquent accounts receivable, the Board is asked to consider writing off \$61,521.11, of uncollectable receivable balances. The total balance includes three accounts with combined balances of \$2.98 in addition to those described above.

This letter has been reviewed by Legal Counsel as to form.

If you should have any questions or need additional information, please contact me by phone at (805) 658-4646 or via email at tinarivera@vrsd.com.

ALVERTINA RIVERA, DIRECTOR OF FINANCE

APPROVED FOR BUDGET IMPACT: 
Alvertina Rivera, Director of Finance

APPROVED FOR AGENDA: 
Chris Theisen, General Manager

Attachments: None

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