



Staff Report

TO: Board of Harbor Commissioners
FROM: Boomer Henthorne, Accounting Manager
DATE: August 21, 2019
SUBJECT: Bad Debt Write-Off Request

Recommendation/Motion:

Motion: Authorize the Interim General Manager to write-off as bad debt a total of \$156,893.94 in accounts receivable: \$58,274.01 from Oyster Point Marina and \$98,619.93 from Pillar Point Harbor.

Background/Discussion:

The District faces many unique challenges when collecting receivable balances at both harbors. Although most of our berth renters pay timely and take advantage of our auto-pay service, several of our slip holders do not pay us timely or at all. Eventually, bad debts need to be written off and District staff requests the Board to write-off these accounts. Periodically writing off stale balances from accounts receivable follows prudent accounting practices. This is the first major write-off request that has been brought to the Board in recent years.

All proposed bad debt write-offs are for berthers who are no longer at our harbors. Additionally, each account listed had been sent to our collection vendor (Rash Curtis) prior to 2019 with no amounts recovered. By agreeing to write off these debts, the Commission is not forgiving the debt, but acknowledging that we do not expect to receive payment.

Policy Implications:

The District's current procedures require Accounting to submit potential write-offs to the Board of Harbor Commissioners for approval at least semi-annually. The procedure also requires that the names of the debtor and the amount owed be listed. This information is listed in the attachment to this staff report.

Fiscal Implications/Budget Status:

The proposed bad debt write-off of \$156,893.94 would reduce our Allowance for Doubtful Accounts (balance sheet account) for FY18-19. Our Allowance at both harbors exceed the amounts we are requesting for each harbor above. This means

that we have already recognized Bad Debt Expense for these amounts in prior periods. It should be noted that the proposed bad debt write-off amount represents only 4.72% of our total budgeted Berth Rent revenues for FY 2018-19 (\$3,327,000).

Alternatives Considered:

Staff could maintain collection efforts on the accounts listed in the attachment. This is not recommended since our collection's vendor, Rash Curtis, has made no progress on any of these accounts for at least eight months.

Summary/Recommendation:

In summary, staff is recommending the following:

Authorize the Interim General Manager to write-off as bad debt a total of \$156,893.94 in accounts receivable: \$58,274.01 from Oyster Point Marina and \$98,619.93 from Pillar Point Harbor. Each of these delinquent accounts have been with our collection's vendor for over eight months with no amounts recovered.

Attachment:

[Proposed Write-Offs 08.21.2019](#)