

September 20, 2002

REPORT TO THE HONORABLE MAYOR  
AND CITY COUNCIL

COLLECTION STATISTICS

In the Spring of 1997, our office created the Civil Enforcement Unit to assist the Treasurer and other city departments in recovering unpaid taxes, breach of contract damages, unpaid administrative fines or penalties, and other accounts receivable to the City of San Diego. While the Collections section of the Treasurer's Office had a strong track record, we believed there were significant taxpayer funds that would not be recovered without dedicated legal advocacy.

Over the last five years, by any measurement, the Civil Enforcement Unit has been a tremendous success. In FY 2002, the City Attorney's Civil Enforcement Unit recovered \$803,431.90 on behalf of the taxpayers of San Diego. Senior Deputy City Attorney Grant Telfer, who leads our Unit, has done an outstanding job of developing the policies, procedures and training required for the Unit to succeed.

Below, please find a table documenting the progression of the Unit's success since 1997.

FY 1998	\$434,803.46
FY 1999	\$617,355.11
FY 2000	\$585,826.78
FY 2001	\$792,558.53
FY 2002	\$803,431.90

Another measure of the value of the Civil Enforcement Unit has been in steps taken to solve problems that have historically caused losses in City revenue. One example of this is in the Transient Occupancy Tax, possibly the most important revenue source to the City. Upon taking over the Unit, Grant found that there was a heavy loss of TOT revenue when hotels changed hands, due to a loophole in the Municipal Code. Grant took several of the cases to trial, not always successfully. In the interim, he drafted an amendment to the Municipal Code, which you enacted, thus resolving this problem. There have been no TOT cases since. Another example was in recovery of Long Term Disability, where the City was being forced to pay some of the recovery to lawyers employed by the City employee involved. Grant and others on our staff rewrote the LTD Application to eliminate this problem. In just a single LTD cases last year, this action saved the City in excess of \$20,000. This proactive approach has permitted the Unit to extend its services to new areas of revenue recovery for the City.

The support of the Mayor, Council, Manager, and Treasurer has been central to the success of our collections effort. The recovery numbers above do not reflect the significant collections efforts that existed in the Treasurer's Office prior to creation of the Civil Enforcement Unit. Such efforts continue to the present and the City Attorney does not participate in every collections case. But a partnership between the Treasurer and the City Attorney has developed that continues to lead to strong success across the board in recovering monies on behalf of the City.

In FY 2002, the Civil Enforcement Unit handled a variety of small and large matters that yielded the current levels of recovery. A breakdown of the amounts recovered is described below:

Referrals From Collections	\$520,192.52
Referrals From Other Departments	\$207,634.38
LTD/Intervention	\$ 75,605.00

<b>TOTALS</b>	<b>\$803,431.90</b>
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The significant cases included cases against businesses, contractors, and individuals with financial disputes with the City. Deputy City Attorney Yolanda Gammill handled a matter involving Golfquest, a holdover Navy vendor at the former Naval Training Center [NTC]. Golfquest manages a 9-hole golf course on the property. During the transitional period at NTC, Golfquest failed to pay for their complete water use on the property. Though a statute of limitations issue raised problems with recovery, Ms. Gammill recovered \$25,000 from Golfquest to satisfy their obligation. Senior Deputy City Attorney Telfer recovered \$170,000 from PCL Contractors resulting from their potential liability for a series of pipeline ruptures in the Fall of 1997. The ruptures caused significant damage at Black Mountain Middle School. PCL disputed their liability and the City Attorney prepared to go to trial on our civil action to recover monies already paid by the City for school repairs. On the eve of the trial, PCL Contractors agreed to settle the City's suit for \$170,000. Another rewarding result for our Unit was the recovering of attorney's fees and costs (\$13,859.38) for a frivolous lawsuit related to the City's lawful impound of rental cars filed against the City by Attorney Jim Kinder.

In FY 2003, the Civil Enforcement Unit will be working closely with Real Estate Assets on unlawful detainer actions. The issues surrounding holdover tenants on City property and other related lease controversies have resulted in significant lost income to the City. Real Estate Assets Director Will Griffith and the Civil Enforcement Unit have identified the magnitude of the problem and we are working cooperatively to recover lost City revenues. We also intend to focus resources in the coming year on standardizing the invoicing and demand letters for the loss of City trees. We intend to seek appraisals for the full value of every destroyed tree and to seek double or treble damages when appropriate.

The Civil Enforcement Unit has become an integral part of our Trial Unit, headed by Head Deputy City Attorney Frank Devaney. It is a shining example of a pro-active approach to recovering otherwise uncollected city revenues. The Unit remains available to build even stronger partnerships with other City departments as needs are identified.

Respectfully submitted,

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CASEY GWINN  
City Attorney

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