



PROFESSIONAL & TECHNICAL ENGINEERS, LOCAL 21, AFL-CIO
An Organization of Professional, Technical, and Administrative Employees

March 25, 2025

Sender's Email: kdelatorre@ifpte21.org
Sent Via Email

Office of Employee Relations
San Jose City Hall
200 E. Santa Clara Street
San Jose, CA 95113

RE: IFPTE's Information Request Follow-Up

Dear Mr. Kouyoumdjian:

IFPTE Local 21 is renewing our request for information as we continue to have questions. Please see our follow-up questions below in red.

Response to IFPTE's New Information Request

- 1. The City provided budget instructions provided to departments as part of the budget process of FY 25-26. The 2025-2026 Operating Budget Development Planning memorandum refers to various budget proposal submittals required by departments. Please provide the following reports submitted by departments:**
 - a. Department Memorandum.**
 - b. Department Budget Proposal Submittal.**
 - c. City Service Area (CSA) Memorandum.**

Please be advised that your request seeks draft reports from City Departments. The City is unable to provide these draft reports, as such reports show the City's deliberative process as it works toward developing a final overall budget proposal recommendation to the Mayor and City Council that would then be considered, debated, and potentially modified in open session during the City Council's formal approval process for the City's budget. To the extent that there is a belief that the City is required to produce such reports, please provide any legal authority to support such belief for our review.

However, we could certainly meet in the coming weeks to discuss the approaches we are considering for inclusion in the City Manager's Proposed Operating Budget. If interested, I will coordinate this meeting with the City Manager's Budget Office.

Unions have greater rights to information than the public generally. The employer's right to deliberative process privileges applies only to union information requests that would reveal collective bargaining strategies or tactics. Departmental responses to budget instructions do not contain information on collective bargaining strategies or tactics, but rather information on various budget balancing measures the agency has contemplated. Policymakers have asked that Local 21 and other city unions provide input on service efficiencies and other budget balancing measures. Knowing which budget balancing measures departments are already contemplating would ensure that these discussions are productive.

- **Please provide a definition for the “write-offs” referenced above and under what circumstances they would occur.**
- **How much in uncollectable revenue needed to be included in FY 23-24 and why were they considered uncollectable revenues?**
- **How many write-offs are there per year typically?**
- **How is the budget assumption for the Business License Penalties determined?**

For context, IFPTE requested the information above in response to the information that the [City provided to IFPTE on February 20, 2025](#), regarding Business License Penalties.

The Business License Penalties budget is an estimate based on historical annual collections coupled with information that may be known regarding upcoming write-offs, though the actual amount will vary.

A write-off for a business tax account eliminates the principal business tax plus penalties and interest. Due to their compounding nature, penalties and interest are significant and can surpass the principal amount owed. A delinquent business tax account becomes eligible for write-off based on three criteria: (1) the total delinquent balance is below \$5,000, (2) no payments have been made within the past four years, and (3) collections efforts by City staff and/or collections agencies have been unsuccessful.

The number of business tax write-offs varies from year to year. In Fiscal Year 2023-2024, approximately \$5 million in “uncollectable” business tax revenue was identified, based upon two criteria: (1) a delinquent balance greater than 180 days and (2) assignment to the City's collections agency. Over the past two write-off cycles, the businesses whose business tax accounts have met the criteria for being written off have had an average of three employees per business. In Fiscal Year 2023-2024 write-offs decreased principal by \$2.1 million and penalties and interest by \$2.5 million. As the City previously provided to IFPTE, there were no write-offs in Fiscal Year 2022-2023, and some of the Fiscal Year 2023-2024 amount could be attributed to the lack of write-offs in the previous year.

In the City's response, you explain there are three criteria for qualifying for a write-off including: (1) the total delinquent balance is below \$5,000, (2) no payments have been made within the past four years, and (3) collections efforts by City staff and/or collections agencies have been unsuccessful. Could the City clarify how much in “uncollectable” fees fell into each qualifying category?

Sincerely,

Krista De La Torre
Representative/Organizer
IFPTE Local 21

CC:

Kristen Schumacher, Lead Research Specialist, IFPTE Local 21
Stefanie Portillo, Research Specialist, IFPTE Local 21

