

## **FIN-2.06 - Revenue**

### **REVENUE**

*Binding City Policy*

BCP-FIN-2.06

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#### **Policy**

The City will maximize and diversify its revenue base to raise sufficient revenue to support essential City services and to maintain services during periods of declining economic activity. City services providing private benefits should be paid for by fees and charges as much as possible to maximize flexibility in the use of City general revenue sources to meet the cost for services of broader public benefit. The City's overall revenue structure will be designed to recapture some of the financial benefits resulting from City economic and community development investments. Revenue collection efforts that produce positive net income for City service delivery will be the highest budget priority.

Bureaus that primarily or exclusively operate with non-General Fund revenue will minimize reliance on General Fund support for discrete programs that are not supported with fees.

#### **Cost Recovery**

Charges for services that benefit specific users should recover full costs, including all direct costs, General Fund overhead, loss of interest and depreciation on capital plant and equipment. Bureau overhead rates and General Fund overhead allocations will be established annually by the Office of Management and Finance.

The City may subsidize the services funded primarily by user fees based on other City objectives such as remaining competitive within the region. However, all such services will be presumed to be 100 percent cost reimbursable unless the Chief Administrative Officer makes a specific exception.

#### **Additional Resources**

The City will use and obtain resources according to the following principles:

1. The City will use as efficiently as possible the resources that it already collects.
2. The City will collect as efficiently as possible the resources to which it is already entitled.
3. The City will seek new resources, consistent with its financial policies and City goals.
4. The City will strive to keep a total revenue mix that encourages growth and keeps Portland competitive in the metropolitan area.
5. The City will enforce its authority to collect revenue due the City, including litigation if necessary.

#### **Grants**

The City will avoid using grants to meet ongoing service delivery needs. Prior to a grant application submittal, or acceptance if an application is not required, all grants will be reviewed by the Financial Planning Division of the OMF Bureau of Financial Services to ensure compliance with state, federal and City regulations. The City will budget expenditures for grant-funded programs only after receipt of the grant award or letter of commitment and only for the amount of the grant award to be expended within the fiscal year.

#### **Unfunded Mandates**

The City will oppose state or federal actions that mandate expenditures that the Council considers unnecessary and are unfunded. The City will pursue intergovernmental funding to support the incremental cost of such mandates.

#### **Bureau-generated Revenues**

City services that benefit a specific user and whose quantity, quality, and/or number of units may be specified should be paid for by fees and charges. All bureaus charging fees are required to complete fee studies based upon cost-of-service principles. These studies are to be updated at a minimum of every two

years and provided to City Council and the Financial Planning Division in the requested budget submission. Bureaus that provide water, sewer, stormwater and solid waste services will update their fee studies in their annual rate ordinances.

The fee studies and structures will take into account:

- The degree to which a service provides a general benefit in addition to the private benefit provided to a specific business, property or individual.
- The economic impact of new or expanded fees, especially in comparison with other governments within the metropolitan area.
- The true or comprehensive cost of providing a service, including the cost of fee collection and administration.
- The impact of imposing or increasing fees on economically at-risk populations and on businesses.
- The overall achievement of City goals.

All fee revenues are dedicated to the bureau that generates them.

### **Revenue Projections, Surpluses and Shortfalls**

- Revenue Projections. Bureaus shall conservatively estimate revenue.
- Revenue Surpluses. Bureaus shall retain all excess bureau-generated revenue. Surpluses above the budgeted revenue estimate will be available to the bureau for appropriation through the budget monitoring process. Additional appropriations will be used for activities that support the function or program generating the additional fees.
- Revenue Shortfalls. Overall bureau revenue shortfall requiring additional discretionary General Fund resources will result in a bureau current appropriation level reduction. The reduction shall be equal to discretionary resources above budget amounts and will be made in the following fiscal year and only for that fiscal year. In the event of a current fiscal year projected total revenue shortfall, the bureau is required to document other offsetting revenues or reduce its budget within the regular budget monitoring process. Additional General Fund discretionary appropriation will not be transferred to cover revenue shortfalls without Council authorization.

### **Responsibilities**

The Financial Planning Division of the OMF Bureau of Financial Services will oversee compliance of this policy with the participation of all revenue-producing bureaus and will issue roles and responsibilities for the bureaus. [See roles and responsibilities for revenue.](#)

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### **HISTORY**

Resolution No. 35005 and Resolution No. 35006, adopted by City Council June 17, 1992.  
Replaced by Ordinance No. 181829, passed by City Council May 14, 2008 and effective July 1, 2008.  
Amended by Ordinance No. 182377, passed by City Council November 26, 2008 and effective December 26, 2008.