

2100.3. SUBJECT: REVENUE POLICY

:1 OBJECTIVE:

To establish policies and procedures guiding administration of City revenue sources to ensure financial stability, enhance financial planning, and promote sound financial management.

:2 AUTHORITY:

This policy is adopted by the City Council, 11/1/10, Item A-2.

:3 DIRECTION:

The Chief Financial Officer, as an appointed official, serves at the pleasure of and receives direction from the Mayor.

:4 FUNCTIONS:

A. Introduction

City government, as an institution, has multiple partners including citizens, taxpayers, businesses, visitors, employees, and other governments. As a major institutional, economic, and service force in the region, it is important that the City strengthen relationships with its partners by adopting a clear and comprehensive set of policies and procedures.

Furthermore the integrity of the City of Orlando is of utmost importance, and adopting a set of policies is a key element to maintain this integrity. The revenue objectives and policies stated herein shall provide the framework for developing the City's budget and evaluating revenue alternatives.

B. Objective

The primary objective of the City of Orlando is to maintain a diversified revenue system that provides a stable base to fund ongoing operations. To that extent, the following statements shall serve as the City's overall revenue policy objectives:

1. A diversified, stable revenue system will be utilized to protect the City from fluctuations in any one revenue source.
2. Cost recovery revenue sources (user fees) will be analyzed on an annual basis and modified as necessary to ensure that revenue collections reflect the cost of providing the associated service.

3. The City will strictly enforce laws and regulations requiring fees for service and will aggressively pursue collection of revenue owed to the City.
4. Enterprise operations of the City are intended to be self-supporting. General Fund revenues should not be used to subsidize enterprise fund operations.
5. The City will actively oppose State and/or Federal legislation which would mandate costs without providing a revenue source to offset those mandated costs. The City will be diligent to protect current revenues received from State and Federal sources.

C. Policies

1. Diversification and Stabilization

- a. The City shall strive to diversify its revenues in order to maintain the current level of service during periods of declining economic conditions.
- b. To the extent feasible, one-time revenue will be applied to one-time expenses. Ongoing revenue should be equal to or greater than ongoing expenses.
- c. Revenue received from the sale of real property in excess of \$100,000 shall be credited to the unappropriated fund balance of the appropriate fund, and it is the City's intention to use those funds to reinvest in another capital asset.

2. Estimates of Revenue

- a. The City will project its annual revenue through an analytical process and will adopt its budget using conservative estimates.
- b. Annually the City will develop a forecast of General Fund revenue for the five ensuing fiscal years.
- c. Annually the City will prepare an inventory of revenue sources (Revenue Manual) that will include legal authority, important characteristics, and historical collections.

3. User Fees

- a. The City will maximize utilization of user charges that can be individually identified and where costs are directly related to the level of service.
- b. The City will regularly review the budget to identify those programs that can be funded by user fees. When developing user fee opportunities, the City will consider the following:
 - 1) Community acceptability
 - 2) Market pricing and fees charged by similar governments
 - 3) The impact of normal cost increases and expenditure growth on the fee to be charged in the future
 - 4) The impact of users opting not to use the service because of the fee
 - 5) The cost of administering the user fee
 - 6) Distribution of the City's revenue burden as measured by ability to pay and the benefits received
 - 7) Other policy considerations specific to the proposed fee
- c. The amount of a fee will not exceed the overall cost of providing the facility, infrastructure, or service for which the fee is imposed. When calculating the potential cost to be recovered, the following will be considered:
 - 1) Costs which are directly related to the provision of the service
 - 2) Indirect costs, or support costs, which are general in nature but are necessary for the delivery of the service
- d. When determining the percentage of the total cost that can be recovered through a user fee, the following factors will be considered:
 - 1) The nature of the facility, infrastructure, or service

- a) Proprietary services shall be self-supporting
 - b) The cost of governmental services should be supported with general tax dollars to the extent the benefit and enjoyment is community-wide
 - 2) The nature and extent of the direct benefit to the fee payer (when a service or facility results in a substantial, immediate and direct benefit to fee payers, a higher percentage of the cost should be recovered by the fee)
 - 3) The level of demand for the service
 - 4) Ease of collection
 - e. User fees will be reviewed and updated on an ongoing basis to ensure they keep pace with changes in cost of the related service as well as changes in the method or level of service delivery.
 - f. Criteria for waiving, adjusting, rebating or deferring a user fee shall be approved by the City Council in the ordinance, resolution, or policy establishing or governing the fee.
4. Property Taxes
- a. The City will use its resources and means to ensure a diverse and stable property tax base.
 - b. The local taxing effort of other cities and unincorporated areas as well as the demand and need for local public services will be the major considerations in determining the City's millage rate.
5. Grants
- a. The City will pursue federal, state and private grants but will strictly limit financial support of these programs to avoid commitments beyond the availability of the grant funding source.
 - b. With limited exception new positions funded by grants shall only be authorized as contract positions. Existing positions that lose grant funding shall be considered new position requests if it is determined that the City will assume funding for their function.

6. Designation of Funds

All revenue received shall be used to support the ongoing operation of the City and shall not be designated for a specific purpose or expenditure. The only exceptions to this policy are when the enabling legislation for the revenue specifically requires a designation or separation of funds, or if funds are received by the City by a donor and can only be used for a specific purpose.

:5 FORMS

None

:6 COMMITTEE RESPONSIBILITIES

None

:7 REFERENCE

Procedure adopted by City Council February 26, 2007, Item A5; amended November 1, 2010, Item A-2.

:8 EFFECTIVE DATE

This procedure effective 11/1/2010.