

# City of Portland Revenue Bureau Strategic Plan 2008-2010

**Customer Focus** 

Professionalism

Innovation

Diversity

Accountability

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# Executive Summary

This document outlines the City of Portland Revenue Bureau's Strategic Plan for 2008 - 2010. Information in this document provides details of the plan as well as background information on its development. This plan is meant to be a working document, created to be distributed to customers, community partners, other city bureaus and staff. It also serves as a key foundation for future bureau planning efforts. The Strategic Plan was designed to promote the mission and values of the Revenue Bureau.

#### Revenue Bureau Mission, Vision and Values

As determined by prior planning and outreach efforts, the bureau's mission, vision and values are outlined below.

#### Mission Statement

The Revenue Bureau collects revenues to fund essential services and provides regulatory oversight for protection of the public.

#### Vision Statement

To provide the highest quality customer service while efficiently collecting revenues and providing regulatory oversight.

#### Values

Customer focus: We value our customers and will continue to provide them with service that is balanced and solves problems in a fair, timely, efficient, cooperative and courteous way, whether we are collecting revenues, enforcing regulations or providing information.

Professionalism: We value integrity and honesty, being well-trained, competent, helpful, knowledgeable, respectful, hard working and conscientious.

Innovation: We value thoughtful risk taking and encourage efforts to find better ways to deliver our services to our customers.

Diversity: We value and respect all individuals, including their unique cultures, languages and qualities.

Accountability: We value sound business practices in the administration of our duties and transparency in policies and procedures.

Customer Focus Professionalism Innovation Diversity Accountability

#### The Value of a Strategic Plan

A strategic plan provides a general outlook on bureau planning for the coming years. What direction will the Revenue Bureau choose to follow? What challenges are ahead and what are the opportunities for overcoming those obstacles? What are the main objectives of the Bureau?

The answers to these and other questions will provide management and staff with a conceptual framework in which to make informed business decisions. This document is intended to establish the overall plan and objectives for the next few years to guide and aid the decision making process in all areas of the bureau.

#### The Planning Process

The strategic planning process was accomplished through careful review and evaluation of other city of Portland plan and goal documents, prior Revenue Bureau planning efforts, interviews with staff and stakeholders and analysis of the environment in which the Revenue Bureau operates. Extensive internal and external stakeholder evaluation was conducted in 2005 and reviewed for relevance in 2008. An updated analysis of the strengths, weaknesses, opportunities and threats of the bureau in 2008 provided a further foundation to build upon.

#### **Strategic Plan Goals**

The key purpose of a strategic plan is to provide goals and objectives for the Revenue Bureau. Goals are over-arching focus areas, whereas objectives are defined as milestones or action items supporting goals. As described in further detail later in the plan, the Bureau's goals are:

- Maximizing revenue generation through efficient operations and economies of scale
- Using technological resources to enhance efficiency and service
- Maintaining a focus on the customer and how they can be better served
- Maintaining a diverse, well-trained, and satisfied workforce who are focused on customer service
- Enacting code and rule improvements in a thoughtful and timely manner
- Maintaining alignment with the strategic direction of the City of Portland
- Maximizing enforcement and voluntary compliance in regulatory programs to enhance public safety

# Background

#### Overview of the Bureau

The bureau has three primary business functions and multiple programs within each function. These functions are outlined below.

# Citywide Revenue Collection Infrastructure Division: Business Solutions

- Develop, maintain and deploy numerous collection platforms
- Expand collection services to other city bureaus, freeing them to focus on their core missions

#### **Revenue Collection**

#### Division(s): License & Tax and Operations

- City of Portland Business Licenses (BL) licenses for all businesses in the city, based on a percentage of net income
- Multnomah County Business Income Tax (MCBIT) tax for all businesses in the county, based on a percentage of net income
- Multnomah County Personal Income Tax (ITAX) a temporary voter-approved tax, based on Oregon taxable income and paid to support schools and social services
- Transient Lodgings Tax (Hotel/Motel Tax) collected from hotel patrons and paid by hotel operators to support the city general fund
- Liens Section collection of liens recorded on the docket of city liens for various other city bureaus
- Other program collections, such as Business Improvement Districts and police board-ups.

# **Regulatory Programs and Event Coordination Division: Regulatory**

- Towing and Private Property Impound
- Amusement devices
- Social games
- Secondhand dealers
- Private For Hire Transportation: includes taxicabs
- Pav and Park
- Special events permitting: permits for street or sidewalk use
- Payday lenders

# 2008 Organizational Analysis

#### **Current Business Climate**

In recent years, Portland, like much of the rest of the nation, has benefited from a favorable economy. Increased business profits yield more business income taxes/fees, and attract additional businesses to the city. As such, the revenue collected by the Revenue Bureau has increased in recent years. However, current national economic forecasts and a deepening national financial crisis indicate a slowing U.S. economy, and will likely impact future collections.

Consistent, efficient revenue collection is at the heart of the mission of the Revenue Bureau and is fundamental to the health of the city as a whole. Bureaus throughout the city including Portland Police Bureau, Portland Parks and Recreation and the Fire Bureau rely upon Revenue Bureau collections to offset the costs of critical operations. Key organizational metrics which track our success in collections (see Appendix) are ultimately tied to a number of external factors, chief of which is the economy itself. As such, it should be noted that the bureau's perceived success or failure in controlling cost per dollar collected

<sup>&</sup>lt;sup>1</sup> The Revenue Bureau collects about 24% of the general fund, which is the primary discretionary fund used to maintain these critical fire, life, safety and livability services.

is heavily influenced by the profitability of businesses. The workload is the same whether businesses are profitable or not.

#### **SWOT Analysis**

A scan of the internal and external environment is an important part of the strategic planning process. Environmental factors internal to the bureau are classified as strengths (S) or weaknesses (W), and those external to the bureau are classified as opportunities (O) or threats (T). Such an analysis of the strategic environment is referred to as a SWOT analysis.

The SWOT analysis provides information that is helpful in matching the bureau's resources and capabilities to the environment in which it operates. As such, it is instrumental in strategy formulation and selection. The results of the SWOT analysis are detailed in the table below.

#### Strengths

- Experienced, committed and flexible staff
- Readiness and ability to take on new programs
- Strong, well-defined collection processes
- Commitment to customer service

#### Weaknesses

- Hiring process is slow and inflexible
- Inability to process payments by telephone
- Lack of depth and cross-training in some positions

#### **Opportunities**

- Administration of new programs
- Improvement of internal and external communications
- Community outreach and education
- Web site improvement

#### **Threats**

- Political instability
- Economic downturn
- Budget reductions

An awareness of strengths, weaknesses, opportunities and threats, and the environment in which the bureau operates was a necessary framework on which to build strategic plan goals and objectives.

# Strategic Goals and Objectives

#### **Enhanced Collection and Enforcement**

Maximizing revenue generation through efficient operations and economies of scale

The primary objective of any government tax or fee collection agency should be to collect the maximum amount owing under the applicable law at the lowest possible cost and in the shortest possible time. To achieve this goal, the organization must have aggressive, fair and efficient collection practices, and fixed costs should be minimized and spread across as many collection programs as possible.

The following action steps will continue to promote strong collection and enforcement activities while spreading and minimizing fixed costs:

- Actively seek new revenue collection programs to administer. The bureau has
  established an efficient and effective infrastructure for the administration of these
  programs, as evinced by the successful collection of Multnomah County's ITAX. The
  Cayenta utilities computer application supported by the Business Solutions Division
  (BSD) provides a unique resource that enables the bureau to quickly and cost-effectively
  take on new programs. With the addition of new programs (including existing programs
  which are currently administered by other agencies), economies of scale are realized
  and the decrease in the total administrative costs reduces the burden of collection costs.
- Continue with aggressive collection practices, including the standardization of policies on past due accounts and cooperative efforts with the city attorney's office to address seriously delinquent accounts.
- Develop cooperative relationships with other entities to enhance the bureau's ability to identify non-compliant businesses through data matching and other means.
- Enhance efforts to educate tax payers about the law and how to comply with it.
- Continue to seek the most cost-effective staffing levels and functions. When the correct staff functions are being performed at the correct staffing level, the impact to revenue can be dramatic. In late 2007, a team of MBA students from Portland State University researched bureau processes and produced an "Optimal Staffing Report" for business license tax and fee collection functions in the License and Tax and Operations divisions of the bureau. Similar efforts and exercises should continue at regular intervals. Realignment of functions within different divisions of the bureau should also be considered in these efforts.
- Enhance regulatory program tools such as computer systems, and automation to allow better utilization of existing staff. Increase field activities to achieve voluntary compliance and to ensure adequate public safety.

#### Technology/E-commerce

Using technological resources to enhance efficiency and service

The following action steps will ensure that the benefits of technology will be realized:

- Maximize the use of technology to limit the use of valuable employee time for data entry
  by exploring technological opportunities like adding a scannable 3-D barcode to our
  BL/MCBIT tax form. This use of technology will free employees for audit and collections
  activities and will optimize the use of their time to generate revenue.
- Continue seeking increases in the use of the BL/MCBIT on-line filing system. The
  number of on-line filers is significant and increasing, but it is still only a small portion of
  total filers. Developing partnerships with paid preparers, tax software developers and
  other tax agencies should be explored as these efforts are likely to bring in the largest
  number of filers to our on-line system.
- Add the ability to accept credit card payments to other programs within the bureau, even
  if a convenience fee is charged. This functionality will decrease manual payment
  transactions and it will provide a valuable collection tool to our staff in addition to
  enhancing customer choice.
- Regularly seek feedback from users regarding potential upgrades to the existing software applications. The creation of an entirely new application should be considered in some cases. Technological resources are limited, so planning needs to take place to ensure that these resources are used in the most cost-effective manner. When considering upgrades, enhancements that have already been developed for other applications in the bureau should be considered.
- Regularly and proactively update and improve the bureau's website. The website should be developed in a way that it would be the customer's first choice for contact with the bureau, rather than the telephone or mail.

#### **Customer Service**

Maintaining a focus on the customer and how they can be better served

The following action steps should be taken to most effectively increase the bureau's level of customer service:

- Work to implement citywide customer service standards as outlined by Bureau Innovation Plan (BIP) 6.
- Work to make the bureau's Call Monitoring Advisory Committee (CMAC), which is currently a pilot project, into a permanent tool to help ensure excellent and consistent customer service. Continue to seek other large-scale customer service improvement projects using the CMAC program resources and experience.
- Dedicate additional focus and resources to customer outreach (to provide information about our programs and how to comply) and view this activity as an important part of customer service. Develop a yearly marketing plan for the bureau which targets noncompliant customers and identifies the most effective ways to gain friendly access to those customers. Also, develop partnerships with other agencies that work with business clients to provide coordination of services and promote awareness of the need for licensing and tax filing.
- When offering employee training opportunities, place a high priority on customer service training. Require customer service training for all new employees. Encourage this training at all levels of the organization and offer this training on an ongoing basis.

Continue to develop and improve customer feedback tools. Customer feedback, along
with feedback from employees, should be solicited and analyzed on a regular basis. The
bureau has taken recent steps to more thoroughly solicit feedback from customers by
placing anonymous questionnaires in our lobby. These and similar efforts should be
sustained and improved throughout the term of this strategic plan.

#### Workforce Development

Maintaining a diverse, well-trained, and satisfied workforce who are focused on customer service

The following action items should be taken to maintain and develop a diverse, productive and satisfied Revenue Bureau workforce:

- Succession planning should continue to be a focus, especially considering the demographics of the bureau. A succession planning group was recently formed in the bureau. These and similar proactive efforts need to be undertaken to ensure that the bureau is prepared for upcoming workforce transition.
- Continue and strengthen the bureau's Labor-Management Committee (LMC) to provide more comprehensive employee representation and to allow for a cooperative process to address employee satisfaction concerns.
- Continue the practices that enhance the education and understanding of employees in diversity, including intercultural training and supportive hiring practices.
- Continue improving communication, especially between management and employees.
  In situations where a worker takes the initiative to offer suggestions to a manager, it is
  vitally important that the manager listen effectively and provide feedback to the worker
  about the concern or suggestion. Also, continue to administer the employee satisfaction
  benchmark survey at regular intervals.
- Form empowered teams composed of employees from multiple levels (i.e. managers, supervisors, and workers) to address key issues. An example might be a team to focus on increasing automatic data entry of business income tax information. The team should have the ability to make and implement decisions.
- Make formal employee training a higher budget priority and follow up to make sure that
  training opportunities are available and taken. Also, encourage more cross-training of
  employees in order to better retain the knowledge of workers, especially those
  approaching retirement. By cross-training on multiple tasks, employees are able to learn
  from experienced employees as well as increase their work variety and job satisfaction.
- Continue the practice of publishing written guidelines that clarify roles and procedures.
   Regularly use standardized performance evaluations as well as constructive dialogue as development tools for employees and supervisors.

#### **Code Reform and Rule Development**

Enacting code and rule improvements in a thoughtful and timely manner

The following action steps should be taken in the area of code reform and rule development:

- Continue participation in external organizations, such as the Alliance for Portland Neighborhood Business Associations and the Small Business Advisory Council, to promote awareness of the bureau and maintain a positive relationship with members of the business community. These organizations should be solicited for ideas to simplify our laws and they should be involved in the process of enacting code and rule changes.
- Regularly solicit feedback from the bureau's customer service staff regarding confusing and contentious aspects of our law that could be easily fixed with a code or rule change.
- Continue to work closely and carefully with the city's Government Relations office to
  monitor legislative activity for items that may impact the bureau and to effectively
  intervene in the legislative process when warranted.

#### Strategic Alignment

Maintaining alignment with the strategic direction of the city of Portland

The following action steps will ensure commitment to overall City goals and strategic direction:

- Bureau management should continue to maintain a high level of involvement in city planning processes. For example, the implementation of a city-wide enterprise business solution (EBS) provides an excellent opportunity for the bureau to be involved in making sure that their internal programs continue to meet the needs of the stakeholders.
- As opportunities present themselves, the bureau should continue to actively share information about functions and processes with other bureaus to identify city-wide operational redundancies. When these redundancies are identified, they should be examined to see if there are opportunities for increased city efficiency through economies of scale, etc.
- Establish inter-bureau trust by understanding the roles, functions, difficulties, and priorities of other departments. By doing so, we will know what other bureaus need, we will be able to anticipate how other bureaus' actions will affect the Revenue Bureau, and we will have a greater understanding of how other bureaus can help us achieve our goals. This inter-bureau trust and understanding will also help control the risks to the Bureau that are associated with political uncertainty, budget reductions and economic downturn.
- Ensure that City Council and The Office of Management and Finance priorities
  are reviewed on at least an annual basis during the budget process to ensure
  the strategic plan maintains alignment with higher level organizations. The
  bureau's Labor Management Committee should play a role in this review.
- Post OMF Mission/Vision and Values throughout the bureau.

# Regulatory Enforcement Maximizing enforcement and voluntary compliance in regulatory programs to enhance public safety

 Secure additional funding and create a free-standing Regulatory Division to ensure regulatory code provisions are enforced.

- Provide additional enforcement and technology resources to the Regulatory Division.
- Move forward with regulatory code reforms and rule development that will enhance staff ability to uniformly enforce compliance and enhance public safety.

### Summary

The action steps associated with each strategic goal represent broad strategies to address these issues. The metrics used to measure the success of these action steps are outlined in the Appendix. The metrics are designed to be flexible and can be adjusted based on the needs of the bureau. Division level work plans will be developed in accordance with each goal and objective outlined in this Plan.

# Appendix: Metrics for Success

Revenue Bureau Performance Measures	Requested Budget (FY 2008-09) Targets	FY 2009-10 Projected	FY 2010-11 Projected	Type of Performance Measure
License & Tax Division				
Business License Fee/Tax Gap- Difference between business taxes & fees paid/owed (in millions)	\$3.87	\$4.83	\$4.30	effectiveness
Total license & tax revenue collected (in millions)	\$188.90	\$157.19	\$146.15	effectiveness
Cost per license & tax dollar collected	\$0.02	\$0.03	\$0.04	efficiency
# of licenses & tax accounts managed	56,317	58,233	59,689	workload
Operations Division				
Total other revenues collected (in millions)	\$10.30	\$12.47	\$12.45	effectiveness
Cost per operations dollar collected	\$0.04	\$0.04	\$0.05	efficiency
Number of collections accounts managed	3,521	3,507	3,214	workload
Business Solutions Division				
\$ of e-commerce transactions (in millions)	\$6.41	\$6.73	\$6.93	efficiency
# of e-commerce transactions	9,798	10,778	11,856	workload
Regulatory Division				
# of permits issued	3,556	3,574	3,594	workload