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Date: January 27, 2022  
To: Mary Hull Caballero, City Auditor  
From: Tom Rinehart, Chief Administrative Officer  
Re: Response to Taxes, Fines and Fees Audit

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We thank the staff in the Auditor's Office for their work on this Audit Report.

To provide context on the City's collection of revenues, over 20 bureaus collect some form of revenue from individuals, businesses, or both; in FY 2021, this totaled over \$1.28 billion in taxes, fees, permits, franchises and over a hundred other types of charges. We wholeheartedly agree with the audit's conclusion that our decentralized and disjointed approach to revenue collection has led to many different penalty, interest, payment plan and debt forgiveness policies across the City. It also leads to duplicated effort, uncoordinated customer service, and inefficiency.

Further, the City maintains at least 17 different customer information systems (CIS) at great expense, with virtually no coordination, and with few interfaces. When customer information changes, that data must be keyed into every applicable City CIS separately. If a customer receives a hardship waiver or low-income discount in one City program, they must apply again to receive a similar treatment from another bureau, assuming such a hardship program was available. As a result, Portlanders routinely receive multiple separate bills and notifications from different City bureaus. For these reasons and as noted in your audit, outside consultants have twice recommended the City consolidate revenue collection functions.

To address this disjointed approach to revenue collection, in 2005 the City Council approved the creation of the Revenue Bureau (now Division) and centralized over 200 revenue collection staff from various City bureaus within it. Following a turnover in City elected leadership in 2006 and ongoing disagreement about how best to collect revenue and provide customer service, the consolidation unraveled and was ultimately reversed. The audit finding of "inconsistent and uncoordinated" revenue collection we have today is a direct result of the City's failure to carry through with the 2005 consolidation. We believe it is past time to revisit the question of centralizing revenue collection.

OMF and the Bureau of Revenue and Financial Services agree with the audit recommendations to develop citywide standards for collections and monitor progress toward meeting those standards. However, we believe any such initiative, beyond the herculean effort required and opportunity cost of diverting scarce resources, will result in only marginal improvements unless revenue collection functions are also consolidated into one bureau. Our team believes waiting for the outcome of the Charter Review Commission's work on modernizing our form of government is the better decision for the organization.



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