

RESOLUTION

ADOPTING A POLICY ON USER FEES AND CHARGES

WHEREAS, the City of Beloit delivers many services and programs, some of which generate benefits to specific individuals, called private goods; and,

WHEREAS, without a fair, consistent and reasonable approach to pricing those services that confer private good, the cost may be inappropriately subsidized by the general taxpayer; and,

WHEREAS, bearing the cost of private good services with general governmental funds interferes market signals for demand and can trigger an oversupply of service and waste of city resources; and,

WHEREAS, bearing the cost of private good services with general governmental funds would cause the tax levy and resulting tax rate to be disproportionately higher in Beloit than in other communities, creating a disadvantage in the City's effort to attract economic and residential development; and,

WHEREAS, in order to maintain taxpayer equity, the City Council must periodically consider imposing or revising fee schedules, even in the face of vocal opposition by the beneficiaries of the private good.

NOW BE IT RESOLVED THAT, the Administrative Policy Statement on the General Topic of Revenue Administration and the Specific Subject of User Fees and Charges, dated April 5, 1999 and attached for reference is hereby adopted.

Adopted at Beloit, Wisconsin, this 5th day of April, 1999.

William W. Watson, President of the Council

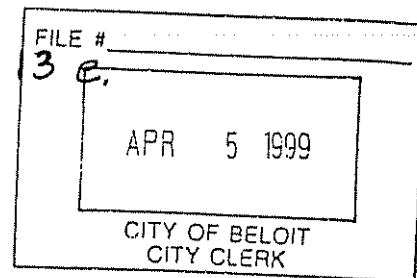
Attest:

Carol S. Alexander, City Clerk

CITY OF БЕЛОIT
ADMINISTRATIVE POLICY STATEMENT

GENERAL SUBJECT: Revenue Administration

SPECIFIC SUBJECT: User fees and charges



Objective: To ensure a fair, consistent and reasonable approach to recovering the City's costs associated with providing public services that generate benefits to specific individuals.

STATEMENT OF POLICY

In allocating scarce resources, a well-administered pricing system simulates customer demand for services, reduces the oversupply of service leading to the waste of governmental assets, and improves the tax equity among tax payers. When considering the method of financing a city service, the Council shall consider the degree of public subsidy that activity should receive based on the beneficiaries of the service. Services that benefit the public as a whole are public goods and may be appropriate to subsidize with public funds. Services that generate benefits limited to individual consumers are private goods and may not be appropriate to subsidize with governmental funds. Services that generate benefits to both the individual consumer and the general public are merit goods and may be appropriate to finance with a combination of fee revenue and public funds.

As part of the budget process, the City Council will consider recommendations from the City Manager on initiating or revising a fee for service. If adopted by the City Council, the fee schedule will be set by resolution or ordinance.

GENERAL GUIDELINES

- A. As part of budget development and administration, the City Manager will periodically review City services and existing fees. The Manager will present recommendations to the City Council for action.
- B. For fee recommendations related to private goods and merit goods, the degree of public subsidy may be influenced by the following factors:
 1. The ability to enforce the fee collection
 2. The revenue potential as compared to the cost of collection
 3. The desire to regulate demand
 4. The accuracy of cost data available to price the service
 5. Any legal constraints
 6. Comparable fees or competitive prices
 7. The relative proportion of public benefit to private benefit.
- C. Fee schedules shall be set to recover no more than the actual cost incurred in providing the service, net of any public subsidy justified as the value of the public good.