OCEANSIDE PETITION FOR INCORPORATION
ECONOMIC FEASIBILITY STATEMENT

I. INTRODUCTION

Oceanside's communal history, demographic, economy and setting render incorporation an economically feasible vehicle for it to provide needed services at a level that Tillamook County lacks the resources to match.

A. History

The site that is now central Oceanside was first settled by William Maxwell in 1885. He built a home near the beach in 1866 at what is now an Oregon State Park Beach Wayside. He farmed much of the mountainous area for about 35 years. The nearby offshore Three Arch Rocks were named by a pair of naturalists in 1901, and in 1907 President Teddy Roosevelt was persuaded to declare the site a National Wildlife Sanctuary.

In 1921 J.H. and H.H. Rosenberg purchased Maxwell's land, and on July 5th, 1922, they named the area "Oceanside." (Accordingly, Oceanside will celebrate its Centennial in July 2022.) The Rosenbergs built a dance hall (now the greenspace next to the community hall), a store (now Roseanna's), and their homes. Access to Oceanside was difficult, however, until the Rosenbergs financed a plank road from Netarts that opened on July 3, 1925. Hillcrest Court (currently the Oceanside Inn), and 40 small oceanfront cabins were early fixtures, and there were also many camp sites set up with tents. Oceanside soon evolved into a popular destination for tourists who wanted to escape summers in Portland and other parts of the West. In 1926, the Rosenbergs built a now famous tunnel in 1926 through Maxwell Point to allow access to the beach beyond it (now Tunnel beach) that could otherwise only be accessed during extremely low tides.

The village grew over the years, and homes began to creep up the mountain side. Most of the houses were modest and used as weekend and summer homes. Maxwell Mountain was opened up to new development in 1959, and a number of additional homes were built. Today Oceanside residents strive to help retain its rustic seaside village character, but that is changing rapidly. Today, vacation residences and rentals outnumber permanent residences, and the last of the original oceanfront cabins are slated to be demolished in late 2022, to be replaced by a three-story hotel.

B. Demographics and Economic Drivers

Oceanside has long been viewed, from outside and within, as a distinct and distinctive community with characteristics that lend themselves to feasible incorporation. These include:

- decades of recognition as a discrete community by the U.S. Census;
- a formally established boundary (Oceanside Community Boundary);
- a compact geographical setting with a cohesive road system;
- a civic-minded population united in their affection for their setting, and
- an evolved and detailed statement of common civic goals and values (Oceanside Community Plan).

Oceanside's economic drivers are also distinct, and even insular, when compared to other coastal communities, such as Manzanita, Pacific City, Garibaldi or Rockaway, where visitor growth and retail commerce drive each other. By contrast, Oceanside is hidden away, nine miles from Highway 101, with only a few hundred residences and a "main street" that barely accommodates its lone restaurant, two coffee shops and two motels. Oceanside is no commercial hub.[1]

Accordingly, Oceanside's potential as an economically viable city stems not from its commerce, but from its setting. Upon rounding that last turn on Highway 131, visitors are treated to an inviting prospect of jumbled houses nestled on terraced streets in the coved lee of Maxwell Point, jostling to share spectacular views of Oceanside Beach, Netarts Bay and Three Arch Rocks. Such visitors may encounter colorful paragliders circling above the village, an exposition by local artists at the community hall or a festive wedding gathering on the beach below. This unique ambience explains why travelers who "discover" Oceanside tend to claim it, sharing the discovery with friends as they would a favorite book or heirloom recipe.

It also explains why they also revisit it, by the thousands, again and again. Despite the dearth of commercial facilities, Oceanside's engaging setting draws over 300,000 annual visitors (and their business) to Tillamook County – more than communities many times its size.[2] People who manage to find Oceanside regularly return, often stopping for gas, groceries, meals or sightseeing in other county communities on their way. Its economic

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[1] The Oregon tourism website "Beach Connections.net" opens its description of Oceanside with this statement:

> "*One tiny town has never provided so many means of fun and distraction. And It's all done without a single commercialized attraction*."

[2] When asked to provide data on the number of estimated annual visitors to the Oceanside Beach Wayside, OPRD Associate Director Chris Havel provided these counts:

2012: 328,096	2017: 314,992
2013 313,534	2018: 317,992
2014: 303,882	2019: 317,760
2015: 327,670	2020: 244,956 (COVID)
2016: 315,020	

dynamic is also reflected in its thriving short-term rental economy, which in 2021 alone has generated over $3 million in lodging fees to date, exclusive of separate cleaning fees that support a satellite economy of local small cleaning businesses and their employees. Indeed, Oceanside's 120 short term rentals are so active year-round that Oceanside ranks second only to much-larger Pacific City in generating annual Transient Lodging Tax revenues since the tax's inception in 2014. The 2020 U.S. Census report indicates that roughly half of all residences in Oceanside are owned by part-time residents or non-residents.

In and among the short-term rentals are its full-time residents: a population of 366 according to the 2020 Census, only 7.4% of which are under 18 and (it is generally acknowledged) the overwhelming majority of which are retired. This population has remained remarkably stable since the 2010 census (the population was 361), reflecting that people retire and relocate to Oceanside for full-time residence at about the same rate as those who depart, usually to be closer to medical facilities or family due to advanced age. The result is a surprisingly cohesive and homogeneous population core that is mature, relatively affluent, sparing in its demand for police or social services and deeply invested in the relaxed quality of life they relocated to Oceanside to enjoy.[3] As a side-benefit, Oceanside's population is rife with accomplished individuals graduated from successful careers in a variety of professions and businesses. Together, they offer a reservoir of skills and experience that the unincorporated community has repeatedly and successfully drawn upon to accomplish a number of civic goals.

C. Boundary

Oceanside is categorized as a ruralized unincorporated community in Tillamook County's Comprehensive Plan. During that process, Tillamook County devoted extensive effort to delineating the boundary of the Oceanside Community Boundary. Out of respect for that process (and to avoid re-plowing old ground), Petitioners have mostly adopted that boundary in drawing the proposed map for an incorporated Oceanside – with two exceptions as follows:

a. The Capes

The Capes is a self-contained, gated community that was still under development when the county Comprehensive Plan and Oceanside's community boundary were formulated. Petitioners understand that the developers strongly urged including The Capes in the Oceanside community as opposed to the nearby Netarts community. Petitioners originally to include The Capes in the proposed incorporation area out of respect for this history. At the same time, Petitioners were cognizant of likely objections from The Capes residents and The Capes Home Owner' Association based on legitimate concerns that its distance from Oceanside's core, established civic structure, and privately-enforced community restrictions

[3] In three successive Community Plans compiled since the late 1990s, the Oceanside Neighborhood Association has reflected widespread sentiment that preserving Oceanside's "rustic coastal village atmosphere" is its primary community objective.

would obviate most, if not all, of the benefits of incorporation. In the course of the Petitioners' public outreach campaign in early December 2021, the Capes Homeowners' Association President and Board conveyed a formal request for exclusion from the incorporation initiative, supporting it with an internal survey that overwhelmingly reflected that property owners in The Capes would enjoy none of the benefits to be realized by incorporating Oceanside. Because their own evaluation suggested the County Commissioners would probably agree, Petitioners modified the original map to exclude The Capes development.

b. Eastern/Northern Boundary Adjustments

In collaboration with the County Assessor's office, Petitioners made slight adjustments to the eastern and northern boundary to encompass additional homes that were built after the Oceanside Community Boundary was established in the 1980 and to avoid splitting tax lots.

II. EXISTING AND PROPOSED CITY SERVICES

The proposed city encompasses an area comprising 1063 tax lots according to the County Assessor's office. According to the 2020 Census report, 653 of these are occupied housing units: 201 of which are "occupied" and 452 of which are "vacant or seasonally occupied." The average household size was reported at 1.82 individuals. The number of occupied housing units rose from 647 to 653 (approximately 1%) over the preceding decade. [4]

The people occupying these residences and the community's handful of modest commercial structures are currently served by Special Districts (listed below), franchised vendors or county departments with established delivery systems and funding mechanisms.

> **Declaration regarding Special Districts**: Because each of these districts or entities also serves geographic areas outside of the proposed area, it would not be necessary or practical for the new city government to disturb these systems. In particular, the petitioners disclaim any intent or need to extinguish any of the existing Special Districts. See ORS 221.031(3)(f).[5]

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[4] The Census data presumably includes residences in "The Capes" and should be discounted accordingly. The Capes HOA has informed Petitioners that roughly 28 of their residences are occupied "full time," the rest are vacation homes, and none of them are short term rentals (which are prohibited).

[5] ORS 221.031(3)(f) provides:

> "If the petitioners propose not to extinguish a special district pursuant to ORS 222.510 (Annexation of entire district) (2) or a county service district pursuant to ORS 451.585 (Duty of city when all or part of district incorporated or annexed) (1), the petition shall include a statement of this proposal."

Because existing entities will continue to provide these basic services, a new city will be able to focus its attention and resources on relatively few services or functions as prioritized by its residents and City Council.

A. Services to be Provided by the Proposed City – ORS 221.035(2)(a)

Before deciding to submit a Petition, the Petitioners worked with an ONA Task Force in an extensive but hypothetical[6] effort to project the city services Oceanside would provide if incorporated. Based on the relevant legal requirements and surveys conducted by the Oceanside Neighborhood Association, Petitioners envision that those services will mainly consist of the following:

Land Use Planning / Building Services

Land use planning is the only service specifically required of cities by Oregon law. Currently, every incorporated city in Tillamook County contracts with the Department of Community Development (DCD) to perform at least some of those services – particularly with regard to building and trade permits and associated inspections. Oceanside would initially continue to contract with the county for such services. This makes sense, financially and practically, because the county zoning ordinances and standards will continue to govern such permits until the City conducts the research and public notice process to enact its own.[7] Petitioners envision, however, that the new city will eventually recruit staff with significant experience in land use planning to assume some of these responsibilities with the assistance of contracted consultants to assist with training, complicated applications and the preparation of staff reports in planning disputes that are appealed. The projected budget incorporated and reflects this expectation.

In addition to services, an incorporated Oceanside will be required to prepare a Comprehensive Plan, including designation of an Urban Growth Boundary, within four years. When meeting with Petitioners to discuss this eventual obligation, officials of the Land Conservation and Development Commission (LCDC) indicated that it was likely the state will provide financial assistance for that project.

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[6] Should the Petition reach the ballot and be approved, the same election will select and seat a new City Council. ORS 221.050(1). Except for name, boundary and maximum city tax rate, however, the projections offered in the Economic Feasibility Statement in support of the Petition will not be binding on the new City Council. In particular, except for the maximum tax rate, it will start from scratch when allocating funds to services and reserves to assemble an initial budget.

[7] The Oregon Supreme Court helpfully clarified this in *1000 Friends v. Wasco County, et al.,* 299 Or 344, 365 (1985) (

Road Maintenance and Construction/Stormwater Management

Given its small size, modest road system and small growth rate, the new city will not initially employ public works personnel or equipment. Instead, it anticipates that the city will place a priority on recruiting staff with expertise in public works contracting. Staff will be assisted in this by several local residents with years of relevant experience who have already indicated their willingness in surveys to advise and or serve on relevant civic committees. The projected budget includes a fixed, annual baseline allocation for filling potholes and limited maintenance with the expectation that the new City Council will prioritize roadwork when allocating unanticipated revenues or surplus funds that result from budget adjustments over time. The new city will also participate in the grant programs, such as the ODOT Small City Allotment Program for more ambitious grading and paving projects.

Tillamook Public Works Director Chris Laity advised Petitioners that a broad program of road improvement would eventually implicate a need for updated stormwater drainage infrastructure in the core village and associated drain water treatment. An incorporated Oceanside is expected to continue existing county efforts to locate grant funding for such a project.

Code Compliance/Enforcement

Based on research, a review of Sheriff patrol logs and interviews with leaders and managers in nearby cities, Petitioners do not envision that an incorporated Oceanside will require or be able to afford its own police force or jail facilities to address conventional crime or public safety issues. (See discussion of "Police/Public Safety" in Section IV. B. below.) However, one of the main drivers for incorporation is what many Oceansiders view as a persistent disregard by tourists and short term rental visitors for local standards or norms relating to noise, parking, loose pets, fireworks and the like. The projected budget includes a fixed, annual allocation from the general fund for addressing this issue, leaving it to the future City Council to determine whether it will be spent on staff or, for example, third-party security vendors to patrol Oceanside and respond to complaints during high volume visitor periods.

Emergency Preparedness

A committee of ONA volunteers has already taken preliminary steps to plan and muster community resources for emergency survival and resiliency measures. This has been motivated by the realization that any significant disaster, such as a wildfire, tsunami-related inundation or earth movement, will probably leave the Oceanside community isolated from communication or material assistance for an extended period of time. The concern is compounded by the fact that the community will be confronted with hundreds of stranded visitors if such a calamity occurs during summer or spring break or other high-volume holidays. One significant hurdle to such planning is the scarcity of resources at the county or state level for unincorporated communities. Incorporation will not only enable the community to channel and devote its own resources to such planning, but also provide it

with staff time and the legal status to pursue federal, state and private grants available to municipalities. Petitioners deemed this goal too aspirational and undefined to identify a specific allocation in its projected budget.

Recreational Services and Amenities

Oceanside's "front yard" is one of the Oregon's most beautiful and expansive beaches, featuring an Oregon State Park parking wayside and affording ready views of an offshore National Wildlife Refuge (Three Arch Rocks). The community makes intensive use of the beach for recreation and exercise. It has also consistently rallied to support (and helped fund) ways to make it more usable and welcoming, such as its pending community initiative for installation of a terraced ramp at the Oceanside Beach Wayside access path. This type of community support is typical and will undoubtedly continue. Another unmet need is safer access routes for pedestrians and bicycles to the beach and Oceanside's main street from the homes in the hillsides above. Petitioners anticipate that an incorporated Oceanside will aggressively press for broader guidelines to allow use of Transient Lodging Tax (TLT) "facilities" funds for such purposes. Regardless of its success in that direction, the hundreds of thousands of dollars in TLT revenue generated annually by Oceanside's short term rentals will be available to fund amenities such as a replacement for its venerable, but time-worn community hall, that would benefit both visitors and residents.

B. Relationship Between Proposed and Existing Services – ORS 221.035(2)(b)

The city services envisioned above would complement and fill the narrow service gaps left by existing services providers, who would continue their operations uninterrupted and unaffected by incorporation. The following entities currently provide essential services to the Oceanside community, including established revenue sources independent of an incorporated Oceanside:

Waste Treatment:	Netarts-Oceanside Sanitary District Netarts-Oceanside Sanitary District (n-o-s-d.com)
Water:	Oceanside Water District http://www.owd-oregon.org Netarts Water District 4970 Crab Avenue, W. Tillamook, OR 97141 (no website)
Fire/Emergency Rescue:	Netarts-Oceanside Fire District www.netartsoceansidefire.org

Each of the above, voter-approved Special Districts has served the area of the proposed city reliably for decades. (The water districts each serve approximately half of the proposed

geographic area.) During that time, the population of the area has remained stable. If that trend continues, the Special Districts will obviously be able to continue serving their needs, assuming continued good management and maintenance by their elected Directors and staff.

If Oceanside begins to grow in population and the number of residences, most of these Special Districts have recently issued formal communications confirming their capacity to serve a significant increase. Specifically, (except for the Oceanside Water District, which was not involved), these Districts formally confirmed their capacity to accommodate increased usage anticipated by the addition of 65 residential lots to the area's inventory – an increase of 10%.[8] Given the stable population history, an acknowledged capacity to accommodate a 10% increase in residences is ample. A capacity analysis by the Oceanside Water District was equally reassuring.[9]

Services in the form of public transportation are provided by:

Public Transportation: Tillamook County Transportation District

The Transportation District participates in the NW Connector program as part of the Northwest Oregon Transit Alliance. It currently maintains three round trip routes between Oceanside and the Tillamook Transit Center, where connections may be made to Portland and coastal communities to the north and south. In addition, Oceanside residents are eligible for on-demand service from the District's Dial-A-Ride Service. Both services abide by federal and state accessibility requirements. Petitioners do not anticipate that incorporation will affect the availability of this service, just as it does not affect current service to other incorporated communities.

Law enforcement and public safety services are currently provided by:

Police / Public Safety Tillamook County Sheriff's Office

The Tillamook County Sheriff's Office currently services Oceanside by way of its established patrols and call response system. According to its "Calls for Service Log",

[8] Over the past year, these Special Districts issued capacity confirmation letters to the county in conjunction with subdivision/partition applications regarding Building Permit Nos. 851-21-000095-PLNG; 851-21-000202-PLNG; 851-21-000047-PLNG and 851-21-000332-PLNG. These letters and other associated documents are available at Land Use Applications Under Review | Tillamook County OR

[9] In response to a separate inquiry, the current Superintendent of the Oceanside Water District recently advised that it would only utilize 67% of its present capacity, even if you assumed the highest daily usage recorded over the last year, and assumed that rate every day for an entire year.

the County Sheriff's Office responded to 210 calls in Oceanside for the period of August 12, 2020 through August 12, 2021. These calls varied from 11 to 31 calls per month with an average of 18. The number of visits was sufficiently high, and the incidence of serious or violent crime was so low, that the Petitioners believe that is reasonable and sufficient for the new city to continue relying on them for its needs, at least in the near term. In emails and telephone conversations with the Petitioners, the Sheriff's office confirmed that incorporation would not affect the services it provides to Oceanside.

Solid waste disposal and curbside recycling services are currently provided to the Oceanside area by:

Solid Waste Disposal/Recycling	City Sanitary Service
	Tillamook Co. Solid Waste Administration

Petitioners anticipate that the new City Council will either ratify and adopt the franchise agreement currently in place between the county and City Sanitary or enter its own agreement under the same terms. Oceanside residents have also historically been avid supporters and users of the recycling services and facilities made available by the Tillamook County Solid Waste Administration. That will continue despite incorporation.

IV. PROPOSED FIRST AND THIRD YEAR BUDGETS

Pursuant to ORS 221.035(2), Petitioners must propose "first and third year budgets for the new city to demonstrate its feasibility." Petitioners have elected to project all three of the initial budgets to provide additional context for the feasibility determination. These calculations assume the new city is established in May 2022 and will operate based on a July 1 to June 30 fiscal year. Nearly all of the revenue in FY 2022-2023 will be deferred until Q3. Except for the maximum tax rate, these allocations are broad projections by the Petitioners based on research and advice. They will not be binding on the new City Council, should incorporation be approved by voters.

(*continued*)

PROJECTED RESOURCES

	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
(1) City Tax	144,000	148.000	152,000
(2) Previous Year City Tax		37,000	38,000
(3) Transient Lodging Tax	180,000	300,000	310,000
(4) STR Operator's Fees	40,000	80,000	80,000
(5) STR License Fees	15,000	30,000	30,000
(6) State Revenue Sharing		35,000	35,000
(7) Misc. Fees and Taxes		30,000	30,000
TOTAL	375,000	660,000	675,000

NOTES REGARDING RESOURCE LINE ITEMS

(1) These amounts are based on a tax rate of $.80 per $1000, a total county-assessed value of $233,800,000 in FY 2021-2022 with 3% annual increases in assessed value thereafter and a non-payment rate of 5%. They do not incorporate any assumed increases in the number of taxed properties.

(2) The Assessor's Office advises that more than 90% of taxpayers usually pay their entire annual tax bill by mid-November to take advantage of the prepayment discount, with the rest paying in installments thereafter. To be conservative, this budget assumes an initial lump sum payment rate of 80% with the remaining 20% paid during the subsequent fiscal year. It also includes a small adjustment for interest collected on the deferred installment payments.

(3) These amounts assume the new City Council will expeditiously enact an ordinance imposing a 9% tax on short term rentals in the new city. In accordance with historic trends, annual revenues have been apportioned by quarter to reflect a 15%, 25%, 45% and 15% respectively in Q1 though Q4. They do not reflect anticipated increases in the number of individual STRs licensed in Oceanside or the significant revenue that will be realized for 25-unit hotel that has been proposed at the current site of Oceanside Cabins. They do reflect a likely 3% increase (inflation) in STR lodging fees, and therefore TLT revenues based upon them, in FY3

(4) These amounts assume Oceanside will act expeditiously to impose short term rental operator's fees at rates comparable to those which Tillamook County currently assesses in unincorporated areas. The amounts were derived by extrapolating the county's revenues collected in the third quarter of 2021. They are necessarily speculative and based on incomplete data because (1) only one quarter of collections has occurred to date and (2) the county is currently in the process of revising the

payment factors and formula in its ordinance to align it with current interpretations of relevant state law.

(5) This amount assumes Oceanside will act promptly to replicate and assess short term rental licensing and license-renewal fees comparable to the $250 annual fee currently imposed by the county. It does not include any associated inspection fees (currently $100) as it is anticipated the city will enter into an IGA with the county to continue to conduct such inspections in exchange for retaining the fees.

(6) The League of Oregon Cities provided Petitioners with an analysis projecting that an incorporated Oceanside could reasonably expect cumulative state revenue sharing revenue of $92.00 per capita commencing in FY 2023-2024 for taxes on gas, tobacco, and marijuana. The amount shown is based on a population of 367 per the U.S. Census. It is not included in FY 2022-2032 because cities are ineligible for some of these amounts only after enacting and collecting a city property tax during the preceding year. The entry for FY2 and FY3 do not include any inflation factor. The gas tax portion of this revenue (approximately $28,000) must be used for roads or similar transportation construction or maintenance. This is included in the allocation for roads in the Expenses chart.

(7) This amount reflects substantial, as-yet undetermined revenue sources available to the new city, such as system development charges, utility franchise fees, other permit fees.

(*continued*)

PROJECTED EXPENDITURES

	FY 2022-2023	FY 2023-2024	FY 2024-2025
1. Staff Salary/Benefits	60,000	180,000	250,000
2. Election Costs	6,000		
3. Office Rent, Equipment, Supplies, Utilities	15,000	20,000	20,000
4. Fees, Training, Dues, Subscriptions, Travel	7,000	5,000	5,000
5. Insurance	6,000	10,000	10,000
6. Professional Services/Legal	60,000	60,000	30,000
7. Land Use Planning Services	20,000	25,000	25,000
8. Transfer to Roads Fund (Gas Tax allotment)	28,000	30,000	30,000
9. Transfer to Roads Fund	22,000	25,000	25,000
10. Code Compliance	10,000	50,000	50,000
11. Municipal Court	5,000	20,000	20,000
12. Transfer to TLT Tourism Reserve	126,000	200,000	200,000
13. Undetermined Contingency Reserve	10,000	35,000	10,000
TOTAL	$375,000	$660,000	$675,000

NOTES REGARDING EXPENDITURES LINE ITEMS

1. Salary/benefit amounts reflect an assumption that one full-time manager will be employed at a salary of no more than $75,000 commencing in the 2nd quarter of FY1 supplemented by part-time or contracted clerical support as needed. It is anticipated that a part-time or full-time assistant manager, if needed, will be recruited in the 3rd quarter of FY2 at an annual salary of $50,000. The full-time positions will include benefits estimated at 30% of salary and medical benefits subject to negotiation at hire.

2. This expenditure reflects the estimated election costs to be invoiced by the County Clerk for the incorporation election pursuant to ORS 221.061(1).

3. This amount includes allotments for rent, furniture, computer, printer, supplies and utilities for a modest office to serve as a center of operations and communications. Private and public meeting space will be made available without charge in the public meeting room at the Netarts-Oceanside Sanitary District.

4. This item reflects expenditures for association dues, subscriptions and fees to access education programs, training, group insurance programs and consulting offered by organizations such as the League of Oregon Cities. They anticipate participation in such training, not only by staff, but also by elected and appointed officials on issues such as municipal operations, liability, public meetings and public budgeting.

5. This allocation is a placeholder for any property/casualty/liability or workers' compensation insurance premiums. Actual quotes or even broad estimates were refused by insurers we contacted unless an application was completed. This estimate is based on a review of comparable expenditures budgeted for such insurance in other Tillamook County cities.

6. This item reflects an allocation for accounting, legal services and other professional service. The outsized estimates for FY1 and FY2 includes a significant allocation for legal services anticipated for the process of drafting and implementing the city's baseline ordinances, policies and procedures.

7. The Petitioners anticipate that the city will retain a land use planning consultant/services provider to assist with initial training, staff reports on appealed applications and the baseline work to prepare for drafting the city's Comprehensive Plan. Officials with LCDC has indicated it is likely their agency will offer financial support for such preparation.

8. This amount reflects a proposed, regular allotment for roads repair and maintenance to be contracted by staff with outside vendors to be reserved in combination with funds from the gasoline tax portion of revenue sharing allotments from the State of Oregon. This amount does not include available State of Oregon transportation/ roadwork grants available to small cities. Petitioners anticipate that roadwork reserve will also be the highest priority for unanticipated revenue or funds resulting from overestimating other budget expenditures.

9. This amount reflects a transfer of gas tax revenue from the State of Oregon to a reserve for road maintenance and repair.

10. This amount represents an undifferentiated allocation for "code compliance" or "code enforcement" services aimed at providing an effective patrol, warning and sanction regime for misconduct or infractions too minor to warrant interventions by county law enforcement. The Petitioners left it to the City Council and staff to determine whether this will best accomplished by staff assignments or third-party service providers.

11. The city will contract for periodic services from a private Municipal Judge.

12. This expenditure reflects an anticipated transfer of 70% of TLT revenues to a reserve for future expenditures for "tourism promotion" or "tourism facilities" pursuant to state law.

13. This amount reflects transfers to a reserve for unanticipated contingencies that will be converted to a cash carryover to the following fiscal year if not expended.

Respectfully submitted,

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Chief Petitioners and organizers of
Oceansiders United