

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 tentatively slated to be demolished and 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 shop/cafes 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,

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	2021: Unavailable as yet

groceries, meals or sightseeing in other county communities on their way. Its economic dynamic is also reflected in its thriving short-term rental economy, which generated over \$3 million in lodging revenue in 2021 alone, 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 ("TLT") 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 reported a population 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. The only exception being slight adjustments to the eastern and northern boundary to encompass additional homes that were built after the Oceanside Community Boundary was established in the 1990s and to avoid splitting tax lots. This decision was made in consultation with the County Assessor.

II. EXISTING AND PROPOSED CITY SERVICES

The proposed city encompasses an area comprising 1068 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."

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.

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.

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).⁴

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 hypothetical⁵ 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. It consists of two main components: Building Services (building/trade permits and associated inspections) and Planning Services (land use reviews/applications for variances and subdivisions/appeals). Under state law, Tillamook County Department of Community

⁴ 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.”

⁵ Should the Petition reach the ballot and be approved, voters will simultaneously elect a new City Council. ORS 221.050(1). Except for the city name, boundary and proposed, maximum city tax rate, the City Council will not be bound by the projections offered in this Economic Feasibility Statement. They are *hypothetical* allocations that the law requires to be included.

Development will continue to provide such services and apply existing county ordinances pursuant to an intergovernmental agreement in exchange for retention of the relevant fees.⁶ Petitioners envision, however, that the new city will eventually recruit staff to provide and coordinate Planning Services with the assistance of contracted consultants who will help with training, complicated land use applications and the preparation of staff reports in planning disputes that are appealed. The projected budget incorporates this phased approach in its staffing projections.

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 after incorporation.⁷ When meeting with Petitioners to discuss this eventual obligation, officials of the Land Conservation and Development Commission (LCDC) indicated a likelihood that the state will provide financial assistance for that project.⁸

Road Maintenance and Construction/Stormwater Management

a. Roads

Given its modest road system (less than 3 miles in total) and historically slow growth rate, the new city will not initially employ public works personnel or purchase equipment. Instead, it is anticipated that the city will place recruiting staff with expertise in public works contracting. Staff will be assisted in this by several local residents with years of pertinent experience who have already indicated their willingness in surveys to serve on relevant civic advisory committees.

Based on data and advice from Public Works Director Chris Laity, the proposed roads budget projects funding streams allocated separately to:

- (1) **a road maintenance** fund and
- (2) **a capital improvements** reserve.

⁶ The Oregon Supreme Court helpfully clarified this in *1000 Friends v. Wasco County, et al.*, 299 Or 344, 365 (1985).

⁷ ORS 197.757 provides: “Cities incorporated after January 1, 1982, shall have their comprehensive plans and land use regulations acknowledged under [ORS 197.251 \(Compliance acknowledgment\)](#) no later than four years after the date of incorporation.”

⁸ The Oregon Department of Land Conservation & Development offers grants to assist communities to formulate and obtain acknowledgment of comprehensive plan, adopt land use ordinances consistent with that plan, and to fund planning compliance projects. See <https://www.oregon.gov/lcd/CPU/Pages/Community-Grants.aspx>

Petitioners anticipate the new city will allocate fixed-amount transfers to these accounts from the general fund, state gas tax city allocations and unrestricted TLT funds. 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.⁹ Importantly, based on community surveys and comment, Petitioners anticipate that city residents will urge the new City Council to prioritize road work when allocating unanticipated revenues or surplus funds that result from budget adjustments over time.

b. Stormwater Management

Director Chris Laity advised Petitioners that a broad program of road improvement would eventually dovetail with a long-term need for updated stormwater drainage and treatment infrastructure in the coming decades – especially in the Maxwell Mountain area. Laity further advised that an incorporated Oceanside will be in a better position than the county to successfully obtain grants for such work that are available from state and federal agencies.

Code Compliance/Enforcement

Based on their research, a review of county Sheriff patrol logs for Oceanside 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

⁹ Information on the state of Oregon “Smallest Cities” grant program is available at <https://www.oregon.gov/odot/LocalGov/Pages/SCAC.aspx>

community to channel and devote its own resources to such planning, but will also afford it staff time and the legal status to pursue federal, state and private grants available to municipalities.¹⁰

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 the community initiative for the new terraced ramp at the Oceanside Beach Wayside access path currently under construction. This type of community support is typical and will undoubtedly continue.

Another unmet need is safer access routes for pedestrians and bicyclists to reach the beach and 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 effort, 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 (also serves Cape Meares)
http://www.owd-oregon.org

Netarts Water District (also serves part of Oceanside)
4970 Crab Avenue, W.
Tillamook, OR 97141
(no website) |

¹⁰ For example, emergency preparedness grants are available through federal grant programs administered by the Oregon Emergency Management Performance Grant Program (EMPG). <https://www.oregon.gov/oem/emresources/Grants/Pages/default.aspx>

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 two 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%.¹¹ 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.¹²

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.

¹¹ 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](#)

¹² 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.

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](#)", 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 Oceanside 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 notwithstanding 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 annual budgets to provide additional context for the feasibility determination. These calculations assume the new city will be established in November 2022 and will operate based on a July 1 to June 30 fiscal year.

A. Projected Resources

The new city will initially enjoy minimal revenue during the first fiscal year because the timing of the November 2022 election will not allow it to certify a city tax to the County Assessor in time to meet the yearly July 15 deadline. As a result, city tax collections will not begin until November 2023.

Aside from city tax revenues, Petitioners project that the new City Council will take the necessary administrative steps to commence collection of revenue in the first half of

calendar year 2023 from a 9% Transient Lodging Tax and a Short Term Rental Operator’s Fee program (both of which will be initially be modeled on comparable Tillamook County ordinances). While some grant funding may also be available during the first three years, Petitioners opted not to include such funds as resources to fund general operations despite a high degree of confidence they can be obtained. The other allocations are broad projections by the Petitioners based on research and advice from contacts with local cities in Tillamook County and County officials. They will not be binding on the new City Council, should incorporation be approved by voters.

PROJECTED RESOURCES

	Fiscal Year 11/2022-6/2023	Fiscal Year 7/2023-6/2024	Fiscal Year 7/2024-6/2025
(1) City Tax*		225,000	230,000
(2) Previous Year City Tax			25,000
(3) Transient Lodging Tax*	126,000	315,000	600,000
(4) STR Operator’s Fees	36,000	80,000	80,000
(5) State Revenue Sharing			35,000
(6) Misc. Fees and Taxes		30,000	30,000
(7) Donations (cash and In kind)	10,000		
TOTAL	172,000	650,000	1,000,000

* See special notes below.

NOTES REGARDING RESOURCE LINE ITEMS

(1) The item reflects a tax rate of \$.80 per \$1000 as applied to a total assessed value of \$303,723,512 for Oceanside (including The Capes) as of April 21, 2022 based on data from the County Assessor. The total assessed value was supplemented to include two annual increases of 3% each anticipated before Oceanside collects its first city tax in November 2023. Per Oregon Department of Revenue rules, the resulting tax revenue has been discounted to 95.5% to reflect reductions due to early payment discounts and non-collected funds. This revenue figure is deemed conservative because (1) it does not reflect anticipated increases that will result from new property developments currently underway (such as the 60-lot Avalon Heights subdivision approved in 2021 and a proposed oceanfront hotel at the current site of Oceanside Cabins), and (2) it contains no adjustments for new revenue generated when properties with outdated tax valuations are sold or transferred to new owners.

SPECIAL NOTE: After this budget was presented, the County Commissioners voted to exclude The Capes from the city boundary, which reduces projected city tax

revenue by \$55,000 to \$60,000 in 2023-2024 and 2024-2025. At the same time, the DCD provided late reports that increased projected annual TLT revenue for these years by more than \$300,000 – see Note (3) below. Because 30% of this increased TLT revenue (\$100,000) will be available for general fund use, it more than offsets the projected \$60,000 reduction in the city tax due to exclusion of The Capes.

- (2) The Assessor’s Office advises that approximately 90% of taxpayers usually pay their entire annual tax bill by mid-November each year to take advantage of the prepayment discount, with the remaining 10% making payments during the ensuing year. This item reflects the delayed receipt of tax revenue originally levied in the previous year.
- (3) These amounts assume the new City Council will enact an ordinance within the first six months of incorporating that levies an annual tax of 9% levied on gross income by Oceanside short term rentals. Per DCD data prior to these hearings, the county’s current TLT tax of 10% was projected to generate roughly \$350,000 from Oceanside’s STRS in 2021. Oceanside’s 9% tax would generate \$315,000 – and this is the figure used in the table. (The county TLT ordinance specifies that it will reduce its TLT assessment by the amount that an STR pays in TLT to a municipality – up to a 9% maximum. **SPECIAL NOTE:** At the outset of the incorporation hearings in mid-2022, DCD reported that the actual TLT generated by Oceanside STRs during 2021 was roughly \$650,000 (a \$300,000 increase from previous projections), and a similar amount was projected for 2022 based on first quarter collections. To be conservative, Petitioners did not incorporate this increase into its ongoing revenue and expenditure projections until 2024-2025.
- (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. DCD staff provided this projection for fees anticipated from Oceanside’s short-term rentals. Shortly before the Commissioners’ hearings, DCD significantly increased these projections based on actual revenue in 2021 and the first quarter of 2022. To be conservative, Petitioners did not incorporate the new projections into the budgets for the first two fiscal years, but did do so for the third fiscal year.
- (5) At Petitioners’ request, the League of Oregon Cities projected that an incorporated Oceanside could reasonably expect cumulative state revenue sharing revenue of at least \$92.00 per capita commencing in FY 2024-2025 for taxes on gas, tobacco, and marijuana. The amount shown is based on a population of 367 per the U.S. Census. No such revenue is reflected before 2024 because cities are not eligible for state revenue sharing unless and until it has assessed and collected a city property tax during the preceding year. The gas tax portion of this revenue (approximately \$28,000) must be used for roads or similar transportation construction or maintenance. This is reflected as a discrete expenditure (transfer) in the following “Projected Expenditures” table.

- (6) This amount reflects as-yet unspecified and unrestricted revenue sources available to the new city, such as development charges, business receipts taxes, utility franchise fees and other permit fees.
- (7) During its initial year, it is anticipated that City Councilors will primarily work without staff utilizing equipment, space and services made available or donated by themselves or other city residents.

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PROJECTED EXPENDITURES

	FY 2022-2023	FY 2023-2024	FY 2024-2025
1. Staff Salary/Benefits		125,000	250,000
2. Election Costs	6,000		
3. Office Rent, Equipment, Supplies, Utilities	10,000	15,000	15,000
4. Fees, Training, Dues, Subscriptions, Travel		5,000	5,000
5. Insurance	10,000	15,000	15,000
6. Professional Services/Legal	30,000	50,000	25,000
7. Land Use Consult. Services		25,000	25,000
8. Transfer to Roads Maint. Fund (includes state gas Tax allotment)		50,000	50,000
9. Transfer to Roads Capital Reserve			30,000
10. Code Compliance/Mun. Ct.		50,000	50,000
11. Emergency Preparedness (may be allocated from TLT Tourism Reserve)		20,000	10,000
12. Transfer to TLT Tourism Reserve	88,000	220,000	420,000
13. Contingency Reserve	28,000	75,000	105,000
TOTAL	\$172,000	\$650,000	\$1,000,000

NOTES REGARDING EXPENDITURES LINE ITEMS

- Salary/benefit amounts reflect an assumption that one full-time manager will be employed at a maximum salary of \$80,000 commencing in Fiscal Year 2023-2024 supplemented by part-time or contracted clerical support as needed. The budget projection also allocates staffing funds based on the likelihood that a part-time or full-time assistant manager may be added in the 3rd year at an annual salary of \$50,000. The staffing projection anticipates benefits for full-time staff estimated at 30-35% subject to negotiation at hire.

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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, including use of in-kind donations, rent, furniture, computer, printer, supplies and utilities for a modest office to serve as a center of operations and communications. Subject to further negotiations and approvals, Petitioners have secured provisional agreement to locate a job trailer/office, serviced by existing utility hook-ups, on the Netarts-Oceanside Sanitary District waste treatment compound for a nominal charge. Public meeting space will also 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 to cover city officials and, eventually, staff. 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 anticipate the likely need for extra legal assistance during 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 also 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. The allotment represents the anticipated gasoline tax portion of revenue sharing allotments from the State of Oregon combined with a direct allocation from the general fund. Petitioners project this as a baseline allocation and anticipate that the road maintenance and capital

reserve funds will be the highest priority targets for any unanticipated revenue or other surplus revenues.

9. This amount reflects an annual transfer to a reserve fund for capital road projects and improvements.
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. Petitioners have left it to the City Council and staff to determine whether this will best be accomplished by staff assignments or third-party service providers. The city will also contract for periodic services from a private Municipal Judge.
11. 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. The remaining 30% will be retained in general funds.
12. 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,

Jerry Keene
Blake Marvis
Sharon Brown
Lead Petitioners for Oceansiders United