



# Report of the Oceanside Neighborhood Association Incorporation Task Force

November 22, 2021

## EXECUTIVE SUMMARY OF FINDINGS AND CONCLUSIONS

This Task Force was asked to investigate and recommend whether incorporation is a feasible option for Oceanside worthy of community consideration and debate as a way to preserve and enhance the quality of Oceanside's civic life. To do so, the Task Force focused its efforts on three key factors: (1) benefits (services) the "city" of Oceanside might reasonably provide; (2) financial feasibility (costs and revenues), and (3) practical feasibility (community participation). Here is a summary of the Task Force's findings and conclusions:

1. On the issue of feasible benefits, the Task Force concluded that incorporation has the potential to significantly enhance those aspects of civic life that Oceansiders have identified as priorities: road improvements, localized land use planning and visitor management.
2. On the issue of financial feasibility, the Task Force concluded that the availability of more than \$430,000 in revenue from "external sources" (TLT, grants, STR fees) combined with the city's modest staffing needs, would enable the city to function effectively with a city property tax rate of no more than 80 cents per \$1000 of tax-assessed value (generating \$250,000.) Given that this city tax revenue will be matched by a significantly greater amount of external revenue, the Task Force concluded that this could feasibly be considered a prudent investment in Oceanside's civic life.
3. On the issue of community participation, the Task Force concluded Oceansiders' history of involvement and service in previous community initiatives feasibly indicates that Oceansiders will rise to the occasion if they feel their efforts will actually matter to the quality of their civic life.

In sum, when considered as a choice between forming a city or continuing to rely on county officials to preserve and enhance Oceanside's civic life, the Task Force concluded that incorporation is a feasible option worthy of community consideration and debate. Whether incorporation is an affordable or desirable option is for Oceansiders to decide for themselves. The Task Force members hope they find the information in this report helpful in doing so.



## **REPORT**

### **I. INTRODUCTION**

The ONA Board authorized ONA President Jerry Keene to recruit a task force to explore the feasibility of city incorporation in August 2021. That decision was prompted by growth events in the community and concerns over the implications of various county interactions that had come to a head. Among other things, these included the commencement of county proceedings to approve three subdivision/lot partition applications cumulatively seeking approval of 64 new building lots in Oceanside; the county's sudden imposition of day use fees at neighboring beach accesses, which drove visitors to Oceanside's free beach accesses, word that the county had recently advised the owners of Oceanside Cabins that their site was not considered "oceanfront" (and therefore not subject to a 24-foot height limit) and the Community Development Department's persistent inability (citing staff shortages) to commit to scheduling hearings on new lighting and building height standards that ONA committees had been working on for months. Such concerns were compounded when the Board of Commissioners ended a long moratorium on TLT awards by directly allocating millions of tourism facilities dollars to address visitor crowding and parking in Pacific City, while advising other communities to wait and compete for much smaller TLT facilities grants to be announced at some later point in the year.

It was widely recalled that a group of Oceansiders preliminarily explored the option of incorporation during the late 2000s but abandoned the effort as too costly.<sup>1</sup> To avoid wasting valuable volunteer time on a redundant investigation, ONA President Jerry Keene spent several months locating and reviewing incorporation guides, analyzing other city budgets and interviewing officials in other small towns to determine whether incorporation was even remotely workable for a town with Oceanside's population and resources. Once satisfied that changed circumstances now made incorporation at least arguably feasible, Keene sought the ONA Board's approval to set up an exploratory task force to confirm his initial impression.

### **II. TASK FORCE MEMBERS**

It quickly became apparent that the scope of the needed research was too broad for one group. Accordingly, Oceansiders with helpful backgrounds to serve on three specialized investigative teams composed of both full-time and part-time residents:

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<sup>1</sup> During our investigation, an e-mail surfaced indicating that the investigation had been "paused" based on disconcerting information about the cost of police in then-recently incorporated Damascus, Oregon, and news of impending assessments Oceansiders faced in connection with construction of a new, federally mandated waste processing facility by the Netarts-Oceanside Sanitary District.



- A. **Budget/Services Team:** This team first worked to identify the primary services Oceansiders would likely expect from its municipal government, once incorporated. It then sought to project the range of costs for such services to assemble a projected personnel and materials budget for the first three years. For this team, we recruited current and former members of the Board of Directors from the Netarts Oceanside Sanitary District and a local community leader with experience in short term rental operation and regulatory issues. One of these members had served on the committee that evaluated and rejected incorporation in the 1990s.
- B. **Revenue Team:** This team was asked to investigate and verify the revenue sources and amounts available upon incorporation, including TLT funds, state revenue-sharing and block grants and a city property tax. For this team we recruited an Oceansider with business administration and investment expertise and the manager of a local business with experience as a Comptroller for a large nonprofit agency.
- C. **Legal/Procedures Team:** This team of retired and practicing attorneys took on the task of reviewing the relevant state statutes, administrative rules and local guidelines to confirm the procedures, timelines and criteria to be satisfied for incorporation. One of these members is the daughter of a surviving member of the previous incorporation committee who remains in close contact with him and provided valuable, multi-generational perspective.

The Oceansiders who contributed to the research and findings expressed in this Report are:

**Sharon Brown, Mike Dowd, Carol Kearns, Jerry Keene, Blake Marvis,  
Susan Moreland, John Prather, and Sue Wainwright**

### **III. METHODOLOGY**

The Teams conducted independent meetings on their respective research areas from early September through late October 2021. At such meetings, the members interviewed local officials, compared notes on their respective research assignments and agreed on further assignments for later meetings. To maintain Covid-19 protocols and also to accommodate the busy schedules of the officials and experts being consulted, most interviews were conducted by individual Team members via Zoom, with summaries presented to the other members at subsequent meetings. President Keene regularly touched base with each of the Teams, assisting as needed to coordinate their research progress, identify information resources, help schedule interviews and blend the three Teams' research findings into a single, cohesive report for community review.



### III. ANALYSIS AND CONCLUSIONS

After months of research and discussion, the Task Force assembled their findings and evaluated them in light of Oceanside's particular circumstances, resources and community priorities. While the decision requires consideration of many factors and a daunting amount of information, the Task Force felt the analysis ultimately reduced to three questions:

1. Would incorporation enhance the civic experience in Oceanside?
2. What are the likely risks and costs of such enhancements?
3. Would the benefits be worth incurring the risks and costs?

The Task Force members utilized these questions, not only to guide its research, but also as an outline for communicating their findings and conclusions. Those findings were detailed in ONA newsletter installments characterized as an "Incorporation Conversation" and scheduled for distribution in November 2021. Those installments are reproduced in Section IV below. At the end of each installment, "Research Notes" were subsequently appended to provide additional information, analysis and resources relevant to that installment.

**1. An Enhanced Oceanside?** As research progressed, the Task Force was struck by the narrow range of services or obligations the newly incorporated city would need to manage, given how many services are and will continue to be provided by separate Special Districts or other entities. Aside from managing the communications, fiscal transactions and decision-making processes of the municipal government itself, the city would be able to target most of its resources to three functions: (1) land use management (zoning, applications for variances, land partitions), (2) public works (roads), and (3) short term rental administration and regulation. By coincidence or not, the Task Force perceived that these are also the priorities on which most Oceansiders felt the County has historically fallen short. The public officials from other cities and the county that the Task Force consulted felt that even a small city like Oceanside could effectively manage this narrow range of functions with the right staff. Based on its independent evaluation, the Task Force agreed. **In that event, the Task Force concluded that incorporation has the potential to significantly benefit the aspects of civic life that most Oceansiders view as priorities.**

**2. Risks and Costs?** The Task Force felt the risks and costs of achieving these improvements are significant and should not be approached lightly. Two other Oregon towns have pursued incorporation in the past 30 years: La Pine in Deschutes County and Damascus in Clackamas County. While La Pine (population 1900) is generally viewed as a success, Damascus (population 11,084) is commonly viewed as a disaster. After talking with people from both efforts, the Task Force concluded that Oceanside's size, isolated rural setting and political circumstances are more comparable to La Pine than to Damascus.



**The primary risk discerned by the Task Force is that Oceanside might not be able to field enough community members** with sufficient time or interest for an effective City Council, Planning Commission or other Advisory Committees. Dysfunctional committees would discredit and doom the effort from the start. On balance, however, **the Task Force determined that historical events warrant optimism about the community's capacity to muster sufficient leadership resources.** This is based on the solid history of participation and progress achieved by the Oceanside Neighborhood Association in commissioning and then adopting the work of multiple committees and task forces dating to the 1990s on projects such as the Oceanside Community Plan (and two subsequent revisions), short term rental conflict resolution and updated building standards. Our community's history of constructive and meaningful civic interaction provides a reasonable basis to conclude that such interaction will continue after incorporation.

Another, contingent **risk** is that the new city would initially be dependent on TLT revenues derived from and proportional to revenue generated by local short-term rentals. The Task Force was aware of initiatives in other coastal communities, and particularly in Lincoln County, aimed at banning or at least capping the growth of short-term rentals. Upon reflection, the Task Force concluded that such a risk is manageable. First, because only 30% of TLT revenue may be used for general purposes, the impact of a cap or ban on short term rentals would be limited. Second, a countywide ban on STRs would not apply in Oceanside if it incorporates because cities govern their own short-term rentals. If Oceanside itself imposed such a ban or cap, it is unlikely it would do so without taking steps to mitigate the financial impact. Finally, the Task Force deems the risk of new state laws banning or capping short term rentals to be remote. It is far more likely that legislature will bow to pressure to allow counties and cities more flexibility in how to use TLT revenues.

**The primary cost is the imposition of a new city property tax** by a new City Council, which the Task Force projects at a maximum of 80 cents per \$1000 of tax-assessed value (as already determined for the county property tax). For Oceansiders with homes that have a county tax-assessed value of \$400,000, this would add \$320 as a new line item on their annual property tax bill. When the new tax is added to what Oceansiders already pay every year for water, sewer and fire protection, the total would be comparable to what residents of other incorporated cities pay for such combined services. Whether such a new city tax is affordable is a decision that, of course, must be made by each Oceansider based on their personal circumstances. Whether it is feasible to consider such a tax financially prudent is subject to some objective debate, which we have tried to capture below.

### **3. Risks v. Benefits.**

Ultimately, the Task Force coalesced around a cost analysis along these lines: A city tax of 80 cents per \$1000 (\$320 in the example above) is not painless, but it would sting just once a year. By contrast, the benefits of better roads, locally controlled land use decisions and an effective



local mechanism for curbing visitors would be appreciated the rest of the year. One critical factor is that a new city tax would be matched by revenue from the TLT tax that our short-term rental operators collect from outside visitors. Instead of being spread elsewhere by the county, those funds would stay in the community to be used for purposes decided by local decisionmakers after local hearings. Incorporation would also render the city eligible for \$100,000 - \$200,000 in outside grants and state revenue sharing. When considered as a choice between forming a city with most of its revenues from outside funding or continuing to rely on county officials and their resources to manage Oceanside's future needs, the Task Force concluded that it would be reasonable to view the costs of incorporation as a prudent investment in Oceanside's future civic integrity and quality of life.

That said, this is just a recommendation based on our assessment of the information we gathered. The ultimate decision is up to Oceansiders. The Task Force sincerely hopes that Oceansiders will find the information and findings in this report to helpful in making this decision for themselves.

#### **IV. COMMUNITY ENGAGEMENT – AN INCORPORATION CONVERSATION**

The scope of the inquiry and resulting findings exceeded what might effectively be communicated (or absorbed) in one presentation. The Board and Task Force members decided the most effective way to share its findings and involve the broadest number of community members was to utilize the ONA e-mail newsletter list to present capsule summaries of the Task Force findings and conclusions. The ONA newsletter list includes more than 290 actively engaged e-mail address recipients (many of them serving multiple family members) representing subscribers who have affirmatively asked to receive ONA communications. Historically (according to our MailChimp records), ONA emails are opened on average by 240 to 260 recipients within 48 hours of being sent. By contrast, the Incorporation newsletters were regularly opened by 270-280 recipients within 24 hours of receipt.

The Task Force determined that it should present its findings in form of a community "Incorporation Conversation" to allow for sharing complex information in more readily absorbed installments, and to surface questions and comments along the way. To accomplish that, it decided to also invite and share the community feedback and questions in interim emails between each newsletter installment. Upon completion of the series, the Task Force decided to conduct a newsletter survey to gauge its impact and also to schedule an ONA Zoom Meeting for discussion and debate. Ultimately, Oceansiders will be asked to vote on whether the ONA should support submission and circulation of an Incorporation Petition in time to place the issue on the ballot at the May 2022 Primary Election.

What follows are the individual newsletter installments of the Task Force's findings to be shared with the community. In between them are **research notes** indicating the sources of the information or expanding on key aspects of the analysis.



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## Newsletter No. 1

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As our community approaches its **100<sup>th</sup> birthday**, it is time to ask ...

### **What does Oceanside want to be when it grows up?**

We are all watching it happen. Multiple **subdivision approvals, construction trends, increased traffic** and mounting **tourism numbers** are bringing changes to Oceanside that will determine its **character** and **quality of life** for decades to come. As an **unincorporated community**, Oceanside currently relies on **Tillamook County** and its staff to **anticipate** and **manage** such changes, but we are one of **13 unincorporated communities** vying for their attention. County staff are juggling competing demands for their time and resources by all of these communities on issues like **road maintenance, parking, land use planning/zoning updates, short term rental regulation** and more.

The County acknowledges these difficulties, and the situation is **not likely to improve** in the future. In exploring **solutions**, the **ONA ORS** has learned that one way to address this would be for Oceanside to **“incorporate”** as an Oregon “city,” which would enable it to **provide** and **manage** such services **for itself**.

#### **Incorporation: Doing the homework.**

To take a closer look at this option, we recruited **Oceansiders** with helpful backgrounds for a **Task Force** of **specialized teams** to investigate the **implications, costs, benefits** and **legal requirements** of incorporation. They have spent the past several months:

- studying relevant **state laws**,
- reviewing available **guides** and consulting with **incorporation experts**,
- interviewing **county officials** about current **services** and **costs**,
- studying **budgets/staffing levels** in **nearby incorporated towns**, and
- confirming the **financial resources** that would be **available to Oceanside** upon incorporation.

Based on their **research findings**, the ONA ORS believes that **incorporation is a feasible option** that is worth Oceansiders’ time to **evaluate for themselves**.

#### **Starting the conversation.**



The **Task Force** and the **ONA ORS** are now ready to share these **research findings** so that the community can check its work and weigh in. We propose to engage Oceansiders in an **“Incorporation Conversation”** with a series of emails on the following topics:

1. **Starting an Incorporation Conversation: (This ORS.)**
2. **Oceanside and the County: Why consider incorporation now? (November 1)**
3. **Structure and Services: Picturing an incorporated Oceanside. (November 8)**
4. **Budgeting: Does Incorporation make financial sense? (November 15)**
5. **Incorporation Process: Who decides, and when? (November 22)**
6. **Survey: Weigh in with your thoughts on creating a City of Oceanside. (November 29)**

In between these installments, we will **share and respond to questions or comments** that Oceansiders send our way by hitting **“Reply”** to this ORS or sending them directly to [\*\*oceansidefriends@gmail.com\*\*](mailto:oceansidefriends@gmail.com)

### **Choosing Oceanside’s future.**

At the completion of this “conversation,” the ORS will ask ONA Members **to take a formal vote** on whether or not to **endorse going forward** with submission of a **Petition for Incorporation** at the **Regular ONA (Zoom) Meeting on December 2, 2021**. The ORS is still evaluating whether it is prudent to also open the meeting for live attendance.

### **Our commitment to the community.**

Consistent with Oceanside’s **traditions**, the **ONA ORS** intends every step of this initiative to be **transparent** and **open to** maximum Oceanside **involvement** and **input!** Our **sole goal** is to foster an **informed and robust community conversation** about how to prepare for **Oceanside’s second hundred years!** The ultimate decision will be up to **all of us**.

### **Research Notes and Comments for Newsletter No. 1**

Here are more specifics about the research resources referred to in this newsletter:

1. **State Laws:** The statute outlining Oregon’s city incorporation procedures and criteria is ORS 221.005 through 221.240
2. **Incorporation Guides and Experts:** The Teams leaned heavily on advice and information provided by the League of Oregon Cities in its manual entitled, **“Incorporation Guide” (Revised 2017)**. We also consulted other LOC staff members on specific issues, including extensive e-mail exchanges with Matt Gharst, the LOC staff member who authored the Guide, for advice on specific issues.





See TFR resources including the following:

[TFR Prior Oceanside Incorporation Consideration email Keene.pdf](#)

[LOC Incorporation Guide Update.pdf](#)

[TFR State Revenue Sharing emails Keene.pdf](#)

**3. County Officials:** The Teams arranged in-depth interviews with the county managers to obtain their input on the staff time and other costs it would take for Oceanside to take over the services they currently provide. These included Sarah Absher (Department of Community Development) (zoning and land use planning), and Chris Laity (Department of Public Roads) (road maintenance and stormwater drainage system).

See TFR resources including the following:

[TFR Community Development Advice meeting notes Keene.pdf](#)

[TFR Roads Advice meeting notes Keene.pdf](#)

**4. Other Town Budgets:** The Team reviewed published budgets for Wheeler, Bay City, Manzanita, Garibaldi, Rockaway and the City of Tillamook. We also interviewed Bay City Mayor Dave McCall and former Garibaldi City Manager Geoff Wullschlager, who now manages La Pine, which is Oregon's most recently incorporated city.

See TFR resources including the following:

[TFR Management Advice email Keene.pdf](#)

[TFR Bay City Public Safety emails Keene.pdf](#)

[TFR Public Safety Research memo Keene.pdf](#)

[TFR Public Safety Research memo Brown.pdf](#)



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## Newsletter No. 2

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### Oceanside and the County: Why consider incorporation now?

At first glance, **Oceanside** seems **well-positioned** to pursue incorporation, based on:

1. its recognition as a **discrete community** by the **U.S. Census**;
2. a well-established **boundary** (Oceanside Community Growth Boundary);
3. a **compact geographical setting** with a manageable **road system**;
4. a **civic-minded population** united in their **affection** for our setting, and
5. an evolved statement of our **common goals and values** (the Oceanside Community Plan).

### But that has always been true. Why consider incorporation now?

In a word, because **Tillamook County** admits that it is increasingly **unable** to serve Oceanside's **emerging needs**. Here are some recent examples:

**Local Improvements.** Since 2014, the County has collected over **\$2 million** in “**transient lodging taxes**” (**TLT**) from short term rentals (**STRs**) in **Oceanside-Netarts** but has returned only **\$17,000** to fund TLT projects here. By contrast, the **County Commissioners** recently approved **\$4 million from TLT funds** to purchase oceanfront property and hire consultants to manage tourism crowding in **Pacific City** – on top of **hundreds of thousands** in TLT grants **previously** awarded there. The **ONA** has repeatedly questioned such **unbalanced spending**, with no tangible response. Similarly, with the **notable exception** of federal/county funding to restore the **Cape Meares Loop Highway**, the county has been **forced to minimize** work on **Oceanside's roads** in favor of more urgent **infrastructure repairs** elsewhere. The County has **disclaimed any responsibility** for much-needed repairs to what it deems “**local access**” roads, such as **Hillcrest Avenue, Grand Avenue** and **Highland Drive**.

**Land Use Management.** For several years, **County staff** assisted the ONA in its recent effort to update Oceanside's **building** and **lighting** regulations. (The County is only able to provide such assistance to each of the **13 unincorporated communities** on a rotating basis every **three or four years**.) This past August, just **one month** before the critical **community meeting** to finalize our work, the county abruptly **suspended its planning assistance** to Oceanside (and all other communities) while it addressed a **demand for priority attention** by the county's **building contractors protesting** backlogged permits and inspections. Thanks to heroic overtime efforts, the County staff has since resumed some help. No one knows for how long, however, and this was not the first time that competing demands and short staffs compelled the County to **sideline our local planning priorities**.



**STR Regulation and Coordination.** Oceanside has roughly **120 short term rentals** currently regulated by the County. We rely heavily on the county **Short Term Rental Advisory Committee** as a forum to communicate and address **local STR issues and concerns**, such as **STR proliferation, parking issues and visitor misconduct**. Despite their best efforts and **repeated assurances**, County staff have **not had the time or resources** to convene an **STR Committee** meeting in well over **two years**. Oceanside’s representatives on the committee **cannot seek action** from the committee if it **does not even meet**.

**Parking.** Every coastal community has seasonal **parking issues**. In **Pacific City/Woods**, the County not only responded with **millions of dollars** to buy land and hire consultants (see above) but also devoted **staff time and resources** to an extensive **“Master Plan”** to address surging tourism at Cape Kiwanda. Oceanside has been offered no such help. Overcrowding similarly prompted the Commissioners to impose or increase **day use parking fees** at county facilities like **Netarts and Bayocean Spit**. This predictably drove additional visitors to **Oceanside**, where the beach waysides, street parking and State Park lots **remained free of charge**. Despite the **obvious impact on Oceanside**, however, the County did not consult our community, either before or after adopting these measures. Our **community leaders** were left **on their own** to contact the local State Park manager about possible remedial measures. (To be fair, the County did respond quickly when we requested them to place **Porta Pottys** and **garbage receptacles** at our beach waysides.)

**Visitor Disturbances.** The ONA regularly receives complaints about **fireworks near trees**, loose or unruly **pets** and late-night **noise**, usually during peak tourism periods. We refer them to the County Sheriff, but anyone who has reported such concerns knows the County simply **does not have the personnel or resources** to respond in a timely fashion.

**What difference would incorporation make on these issues? What are the risks, benefits and costs?**

These are **critical questions**, so we recruited a **volunteer Task Force** to explore answers – with **specialized teams** focusing on **(1) Services and Budget, (2) Revenues and (3) Legal Issues and Procedures**. As noted above, we will continue to **share the information** they’ve gathered over the next few weeks, followed by a **Survey** to invite your views and feedback.

### **Research Notes and Comments for Newsletter No. 2**

**1. Census.** The Team obtained assistance from the Portland State University Urban Studies department to obtain the 2020 Census Summary from Oceanside.

See TFR resources including the following:

[Oceanside 2020 Census.pdf](#)

[TFR Oceanside Census Data PSU email Keene.pdf](#)



**2. Boundary and Maps.** The team used the Oceanside Growth Boundary Map that is available online as part of the Tillamook County Comprehensive Plan. We have requested an easily shareable electronic version of the map for distribution by e-mail.

See TFR resources including the following:

[Oceanside Community Boundary.pdf](#)

**3. Oceanside Community Plan 2018.** The Plan is available [here](#). Several of the ONA Committee members who helped compile the Plan also worked on the Task Force.

**4. TLT Spending.** A list of the County's TLT tourism facilities grant expenditures is available on the Tillamook County website. The Master Plan for Cape Kiwanda is also posted there. In a subsequent e-mail, Director Laity emphasized that the county is expending \$2.2 million as its share of the costs for the federal-state project to realign and restore Cape Meares Loop Road. Some of those funds come from TLT revenues that the County designates for road repairs.

**5. County Roads:** The Team based its findings regarding county roads and maintenance costs on information submitted in response to our inquiries by Chris Laity, the County Public Works Director, during a Zoom interview. The Team is still awaiting a promised, written summary of these costs from Director Laity. In a subsequent e-mail, Director Laity emphasized that the county is expending \$2.2 million as its share of the costs for the federal-state project to realign and restore Cape Meares Loop Road. Some of those funds come from TLT revenues that the County designates for road repairs. The Board shared that information with the community in an ONA news e-mail.

See TFR resources including the following:

[TFR Roads Advice meeting notes Keene.pdf](#)

[ODOT Small City Allocation – Paving – Guide.pdf](#)

**6. Short-term Rentals:** More information is available in these TFR resources:

[Tillamook County Ordinance 74 – TLT.pdf](#)

[Tillamook County Ordinance 86 – STR Operations Fees.pdf](#)

[LOC Guide to Transient Lodging Taxes.pdf](#)



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## Newsletter No. 3

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### Structure and Services: Picturing an Incorporated Oceanside

Our volunteer task force focused most of its efforts to researching the **financial** and **practical ramifications** of incorporating Oceanside. They consulted incorporation **experts** and **guidance materials**, reviewed relevant **statutes** and **court decisions**, viewed online **budgeting seminars**, met with state and county officials for **cost and revenue data**, sought advice from other, **recently incorporated Oregon towns** and interviewed leaders from **nearby towns** about their budgets. The Teams then applied what they learned to Oceanside's **particular circumstances** and attempted to **project the key features, benefits** and **challenges** that our community would face. These are only **projections**, however. The **actual city structure** would be determined by an elected City Council of Oceansiders with the benefit of **community input** and public hearings.

#### I. Geography and Demographics

An incorporated Oceanside would adopt the existing boundary of the **Oceanside Community Growth Boundary**, which runs from **Fall Creek (including The Capes)** in the south to **Short Creek** in the north (including **Radar Road**), and stretches **eastward** from the **coast** into the forested area **beyond Highway 131/Cape Meares Loop Road** - an area of about **one square mile**. That area currently has **269 registered voters** (per the County Clerk) out of **366 residents** (per the 2020 Census), with all but a handful exceeding **65 years** in age. It contains roughly **600 residences** - only **half** of which are **owner-occupied** - with an average **market value ranging from \$400-500,000**. An incorporated Oceanside would probably assume responsibility for **all county roads** in the area (excluding **Highway 131** and **Cape Meares Loop Road**), and most "local access" roads, such as **Grand Avenue, Highland Road** and **Hillsdale Street**.

#### II. Governmental Structure

Incorporation would add a **layer of government with taxing authority** to our civic lives. This should be **carefully considered**. Among other obligations, **Oregon law** would require an incorporated Oceanside to elect a five-member **City Council**, which would appoint residents to serve on a **Planning Commission** to rule on land use applications (variances, lot partitions and new subdivisions) and a **Budget Advisory Committee**. The City Council would have authority to enact **local ordinances** (including **zoning** and **building standards**), **generate revenues** (fees and taxes), hire **city staff**, approve **public spending projects** and **contract for services** like **road maintenance** and **code enforcement**. Importantly, however, **Oceanside's limited programs** would likely require only a **modest paid staff** or **office space**. (See below and next



**week's email installment.)** City Council meetings would initially be held at the **Netarts-Oceanside Sanitary District Conference Room.**

### **III. Key Benefits: Funding Opportunities and Local Control**

Last week, we discussed **Tillamook County's struggle** to keep up with Oceanside's **evolving needs**, but could a new "city" of Oceanside **do any better**? Our research suggests that incorporation could **significantly enhance** Oceanside's ability to **address its own problems**. As just a **few examples**, incorporation would ...

- enable Oceanside to **retain and control 90% of all transient lodging tax ("TLT") revenues** generated here (currently over **\$200,000** per year) for **local services and projects**, subject to certain **state law restrictions**. That revenue **currently goes to the county** for spending elsewhere;
- make Oceanside eligible to receive and control **annual state revenue-sharing funds (roughly \$30,000)**, a state **street paving grant (\$100,000)**, **emergency preparedness grants (to be determined)** and **other infrastructure resources** available to small towns;
- empower Oceanside to create its own **local program** for short term rental owners and residents to collaboratively address community STR concerns with the aid of more than **\$60,000** in annual, combined **STR licensing fees** and **"operations fees"** that currently go to the county;
- entitle Oceanside to **set its own land use policy and priorities (consistent with state law)** to guide development policy on matters like **variances** that are currently left to the **discretion** of county officials;
- allow Oceanside to **formulate and enforce** its own traffic and parking **management plan, including the option to assume control of Pacific Avenue.**

### **IV. Key Feature: Minimal Bureaucracy with Maximum Impact**

An incorporated Oceanside would enjoy an **important advantage** compared to other local cities - the flexibility and funds to focus extra **attention and resources** on its priority concerns. Why? Because other **small cities** must devote most of their staff and revenues to providing **services that Oceansiders already receive** from our area's **"special districts,"** such as the **fire district, sewer district, water district, and transportation district.** Those districts would **continue** to operate independently based on existing taxes or billing systems without interruption, even if Oceanside incorporates. **Trash collection** and **Sheriff patrols** would also continue. That means an incorporated Oceanside could function with **minimal staff** and



**overhead**, freeing up city resources to concentrate on the specific services where the county has fallen especially short: **(1) roads, (2) land-use management, and (3) tourism/short-term rental concerns.**

## **V. Key Challenge: Reliance on Resident Involvement**

Aside from concerns over the cost (detailed in our next newsletter), perhaps the primary **challenge** or **risk** of incorporation is that a new "City of Oceanside" would rely heavily on the **willingness of local residents** to serve on other city **decision-making bodies, such as a City Council** (mandatory), **a Planning Commission** (optional) and **a Budget Committee** (mandatory). We would also need volunteers for **citizen advisory teams** to help the City Council set **funding priorities for road improvements, short term rental initiatives and capital spending projects.** Fortunately, Oceanside boasts an unusually high percentage of **accomplished residents** with a rich variety of **skilled backgrounds** who would **excel** at such efforts. On the other hand, **most of us are retired** - leaving it unclear how many Oceansiders would volunteer **to lend time** and **expertise** to help out on civic matters. That will be one issue we'll explore in our **survey** at the end of these emails.

### **Research Notes and Comments for Newsletter No. 3**

**1. Boundary.** The Oceanside Growth Boundary was adopted and approved in the 1990s as part of the Tillamook County Comprehensive Plan. Most people living within it consider Oceanside to be their residence address. It is already well established by the Tax Assessor, Community Development Department and TLT Tax staff as a discrete zone for segregating population and revenue. By continuing to adopt the same boundary. The Task Force adopted the same boundary for its research because it seems like a logical choice, and using it will obviate the need to pay surveying costs to formulate new boundaries.

See TFR resources including the following: [Oceanside Community Boundary.pdf](#)

**2. Roads.** County Public Works Director Chris Laity indicated in conversations with Jerry Keene that he would probably request that Oceanside assume responsibility for all roads except Cape Meares Loop and Highway 131 (a state highway) as part of the transition process if Oceanside incorporates.

See TFR resources including the following: [TFR Roads Advice meeting notes.pdf](#)

**3. City Organization.** The structure of new cities is addressed in ORS 221.050.



**4. City Meeting Space.** The NOSD conference room was funded by a federal grant that included use of the conference room by other public agencies as a condition of funding. Superintendent Dan Mello has already indicated such use could be arranged. The Team anticipates that Oceanside Community Hall would also be available for public gatherings. Eventually, the Team projects that the new city would explore ways to utilize TLT funds that are reserved for “tourism facilities” to construct or remodel a new community event and meeting space that also accommodates a city office.

**5. TLT Revenues.** The TLT revenue attributable to individual county regions is available at the county website. Here is a link: [TLT Revenue Summary | Tillamook County OR](#) That summary combines the revenue from Oceanside, Netarts and Cape Meares. More refined records subsequently obtained from the County Development Office indicate Oceanside has generated between \$1.5 and \$2 million dollars in TLT revenue since 2014. The broader Netarts-Oceanside area has generated in excess of \$3.5 million.

**6. State Revenue Sharing and Grants.** League of Oregon Cities staff member conducted a special study for our Task Force to project the Oregon revenue sharing and grant totals that would likely be available to Oceanside upon incorporation.

See TFR resources including the following: [TFR State Revenue Sharing emails Keene.pdf](#)

**7. STR Licensing and Operations Fees.** Pursuant to the state TLT statutes and Tillamook County Ordinance Nos. 74 and 86, incorporation would enable Oceanside to take over receipt of the county’s annual STR licensing/renewal fees and a more recent “STR Operator’s” fee adopted to pay for workforce housing programs. The figure that the Task Force assumed may be too conservative, since the latter is assessed quarterly based on gross income, and the county had only collected the new fee for a few months at the time the time this report was released.

See TFR resources including the following:

[TFR Summary of STR and RE Tax Data.pdf](#)

[Tillamook County Ordinance 74 – TLT.pdf](#)

[Tillamook County Ordinance 86 – STR Operations Fees.pdf](#)

[Attorney General Opinion Letter 2008-3 TLT Funds.pdf](#)

[LOC Guide to Transient Lodging Taxes.pdf](#)

**8. Land Use Planning Services.** The Task Force engaged in detailed conversations with County Development Director Sarah Absher and state LCDC officials Jim Jinings and Lisa Phipps to





ascertain the land-use ramifications of incorporating, which includes mandatory preparation of a Comprehensive Plan and Urban Growth Boundary. Jinings actively advised La Pine on such issues during its incorporation transition. He assured the group of LCDC's support, including likely financial support, and readiness to assist the new city with land use compliance in the event it incorporates.

See TFR resources including the following:

[TFR Department of Land Conservation and Development meeting notes Brown.pdf](#)

[TFR Community Development Advice meeting notes Keene.pdf](#)

[TFR Land Use Contracting Research memo Keene.pdf](#)

**9. Sheriff Patrols.** The ONA contacted the county Sheriff's office to ask whether it would continue to include Oceanside in its regular patrols if it incorporated. Under-Sheriff Kelly responded in writing that their office would continue including Oceanside in county patrols and call responses without any changes or charge even if it incorporates. That is because city residents would continue to pay county taxes, which go to fund the Sheriff's department. Bay City has the same agreement, which has been sufficient according to Mayor David McCall. Some city's contract for exclusive patrols or hire their own police officers. The Team explored the costs of those options and deemed them unrealistic for our small town. To be thorough, the Team also obtained a police log of all the Sheriff call responses in Oceanside over the past year. According to the 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 Team felt it could responsibly assume that continued reliance on existing Sheriff patrols was adequate and responsible – at least in the short term.

See TFR resources including the following:

[TFR Sheriff Services emails Keene.pdf](#)

[TFR Bay City Public Safety emails Keene.pdf](#)

[TFR Public Safety Research memo Keene.pdf](#)

[TFR Public Safety Research memo Brown.pdf](#)

[Tillamook County Sheriff Calls for Service in Oceanside August 2020- August 2021.pdf](#)

**10. ODOT.** The Task Force conducted a joint interview with Public Works Director Chis laity and local ODOT liaison Ken Schonkwiler. In that interview, Schonkwiler indicated he did not believe there would be any ODOT resistance should the new city wish to assume jurisdiction of Pacific Avenue in order to control our own "main street."

**11. Special Districts.** Where special districts serve an area that falls both in and outside a new city, Oregon law permits it to remain in place and continue ordinary operations. All of the listed



Special Districts encompass an area beyond the proposed Oceanside city border. Representatives of the Task Force consulted with all of the Special Districts about this aspect of the incorporation proposal.

12. **City Priorities.** The Task Force will include questions about how Oceansiders would rank the relative importance of these services in the Membership Survey.



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## Newsletter No. 4

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### **Budgeting: Does incorporation make financial sense?**

Under **Oregon law**, towns that seek to incorporate must first prepare a **balanced budget** that demonstrates "**economic feasibility.**" Oceansiders deserve that the same assurance before deciding whether to attempt incorporation. To that end, we assembled **two specialized Teams**: one to project the **likely expenses** of an incorporated Oceanside, and another to verify the **available revenues**. This difficult task required some assumptions and informed guesses, but we've done our best to present a **streamlined, fiscally conservative** proposal for Oceansiders to evaluate for themselves.

#### **Costs: A Proposed Budget for Programs and Staff**

**Programs:** As noted previously, an incorporated Oceanside will not need to budget for services that would continue to be provided by our regional Special Districts or the County. Specifically, Special Districts would continue to rely on existing tax assessments or billing arrangements to provide **Sewer, Water, Fire/Emergency Protection, and Public Transportation** (bus service), even if Oceanside incorporates. **Garbage service** and **County Sheriff Patrols** would also be unaffected. As a result, **Oceanside's program expenses** would generally be confined to these categories:

- **City / City Council Administration and Operations**
- **Financial Administration, Grants & Budgeting**
- **Land Use Planning Services**
- **Short Term Rental Licensing and Regulation**
- **Public Works Contracting (Roads and Drainage)**
- **Building Permits and Inspections**
- **Code Enforcement (Staff or Contracted)**

Some of these services would initially be **deferred** and others, such as **building permits**, will continue to be provided by the county staff on a **contract basis** ("intergovernmental agreement"), while the newly incorporated Oceanside City Council **recruits staff** and works through the practical steps needed to **begin operations**.

**Staff:** Our **Services/Budget Team** analyzed the budgets of **nearby cities** to discern how many **employees** and/or **contracted vendors** they employ to provide the same services Oceanside will offer. The Team also met with **County managers** to verify the staff time the County **currently devotes** to providing such services to Oceanside. Based on that data and other



informed advice, the Team concluded that Oceanside could adequately **staff** these programs with the **equivalent of 2.5 to 3 full time employees ("FTE"s)** hired gradually over a period of roughly **two years** and supplemented by **contracted services** from external vendors. The projected budget (below) also includes an allocation for

staff or contracted services devoted to **enforcement of city ordinances or codes**, such as lighting standards, building codes or noise standards. (The Incorporation Task Force Report that we post online next week will provide a more detailed analysis of the projected staff allocations and assignments.)

**Budget:** Based on this data, the Team assembled this rough projection of Oceanside's essential annual costs - once fully staffed:

<b>Staff Salaries/Benefits (3 FTEs):</b>	<b>\$250,000 *</b>
<b>Equipment, Rentals, Utilities, Dues and Supplies:</b>	<b>25,000</b>
<b>Contracted Professional Services (legal, accounting, land use planning, etc.)</b>	<b>50,000</b>
<b>Contracted Public Works (Roads) (excluding grants)</b>	<b>50,000</b>
<b>Allocation for Code Enforcement</b>	<b>50,000</b>
<b>Miscellaneous Fees, Training, Insurance, Travel</b>	<b>30,000</b>
<b><u>Non-Allocated Reserve for Contingencies</u></b>	<b><u>25,000</u></b>
<b>TOTAL EXPENDITURES</b>	<b>\$480,000</b>

\*During the first **two years**, staff costs will be significantly less than the allocated \$250,000 while the city gears up and gradually **recruits** employees. Funds that are not spent on staff during the first two years will be available to cover **one-time consulting, legal services** and other **isolated expenses** related to start-up arrangements for the new city.

### **Revenues: Where would the money come from?**

From a revenue standpoint, Oceanside is in an **enviable position** in that **over half of its anticipated income** would come from what we're calling "**external sources**," with the balance coming from a **city property tax**. (See chart below.)

**External Sources:** As previously noted, incorporation would immediately enable Oceanside to retain and control **90%** of the transient lodging tax ("**TLT**") revenues that our short-term rental operators ("**STRs**") **now collect from visitors and pay to the county**. The Team projects that Oceanside's TLT income will exceed **\$300,000 a year** based on county data. Under state law, however, a city may only utilize **30%** of TLT revenues **for general purposes** and must **reserve 70% for tourism-related capital projects**. We've reflected this in the chart below. Oceanside would also be positioned to collect **\$30,000 a year** in **short term rental licensing fees** and at least **\$50,000 a year** in **short term rental operations fees** that currently go to the county. Incorporation would entitle Oceanside to receive **state revenue-sharing funds**, currently projected at **\$30,000 annually**, starting after its first year. Finally, the Team projected



modest annual revenue of **\$20,000** from **miscellaneous fees, fines or taxes** that the new City Council may adopt, such as utility franchise fees, fines and penalties, new construction development charges or a business tax. Taken together, the chart below reflects our projection that these external sources would generate roughly **\$430,000 per year**, of which **\$200,000** per year would be **TLT revenues** reserved for **future capital projects**.

**City Tax:** To **balance the budget** and **qualify for state revenue sharing**, Oceanside would need to **initiate an annual city property tax**. The creation of such a new tax is often understandably raised as **the primary argument against incorporation**. This consideration is complicated because the **actual amount** of such a tax is not determined unless and until voters actually approve incorporation. In that event, the new **City Council** would set a tax rate based on **actual needs** and **community input** solicited at mandatory hearings. To provide some **clarity for voters**, however, the **Incorporation Petition** and election ballot must specify a tax rate that will serve as a **permanent cap on the eventual tax rate**. This means that the City Council may subsequently decide set a **lower tax rate** than the one stated on the ballot, but **may not exceed it**.

For purposes of this community conversation, the Revenue Team elected to assume a tax rate that is **probably higher** than Oceanside will actually require to provide the services specified above. That made room in the budget to include a **prudent reserve** to cover unexpected contingencies that a brand new city might face. With this in mind, the Team assumed a **maximum city tax rate of \$.80 [80 cents] per \$1000 of the tax-assessed value of a property (which is usually lower than market value)**. For a home with a **tax-assessed value of \$400,000**, this would result in an annual city property tax of **\$320**. While the eventual rate may be lower, even this rate would give Oceanside one of the **lowest city tax rates in Tillamook County (Bay City's rate is triple this amount)**, but would still generate **\$250,000 a year** for the city's **general fund**. The Task Force will continue to re-evaluate this maximum tax rate based on evolving data and may adjust it in the actual Incorporation Petition. For now, however, the **projected annual revenue** picture looks like this:

Transient Lodging Tax	\$100,000	(plus \$200,000 in reserved TLT funds)
Short Term Rental Licenses	\$30,000	
STR Operations Fees	\$50,000	
State Revenue Sharing	\$30,000	
Misc. Fees and Taxes	\$20,000	
<u>City Property Tax</u>	<u>\$250,000</u>	
<b>TOTAL REVENUES</b>	<b>\$480,000*</b>	<b>(plus \$200,000 in reserved TLT funds)**</b>

\*This total revenue includes an adjustment to partially reflect recent, **dramatic increases in the TLT revenue generated in Oceanside**. It does not reflect increases the county annually makes to the **tax-assessed value** of properties countywide. It also does not include miscellaneous, one-time revenue sources, such as an available State of Oregon **street paving grant of**



**\$100,000** or other federal and state grants that Oregon's **small cities** may apply for.

**\*\*This figure represents the 70% of annual TLT revenue which must be reserved for facilities with a partial "tourism" purpose.** The Task Force envisioned that Oceanside might use this to build a **quality community hall** for events like the **Art Show** and the **Paragliders' annual conference**, that would also be available for **community gatherings** or **small concerts** and include space for a **modest City office**. Ultimately, however, the new City Council and the **people of Oceanside** would decide how to use these funds.

ONA Treasurer and retired accountant Mary Flock created the following graphic to illustrate the potential impact of the assessment for a City of Oceanside, and comparing to the City of Garibaldi current assessments:

OCEANSIDE TAX ASSESSED VALUE				GARIBALDI TAX ASSESSED VALUE			
	\$	300,000.00			\$	300,000.00	
TILLAMOOK COUNTY		0.1549%	464.58	Same	TILLAMOOK COUNTY	0.1383%	415.02
NETARTS-OCEANSIDE RF		0.1621%	486.21	Same	(Fire department included in city tax)		
NETARTS-OCEANSIDE SD		0.0036%	10.80	Same	(Sewer and water included in city tax)		
CITY OF OCEANSIDE		0.0800%	240.00	New	CITY OF GARIBALDI	0.3883%	1,164.87
<b>TOTAL</b>			<b>1,201.59</b>				<b>1,579.89</b>

  

Oceanside already has its own fire and sewer districts.	Garibaldi population is triple the size of Oceanside.
Oceanside has 300 high-end residents who need no social services and all live in 1 square mile.	Garibaldi contracts with the Tillamook County Sheriff's office for police protection, and City Hall is also an unmanned Tillamook County Sheriff substation.
Garibaldi also depends on their property taxes for more of their budget more than Oceanside will.	Garibaldi does parks maintenance and have roadwork personnel on staff.
	Garibaldi has machinery and service capital assets (buildings).

### Research Notes and Comments for Newsletter No. 4

1. **Economic Feasibility Statement.** This requirement appears in ORS 212.031 and ORS 221.035.

2. **FTEs and Contracted Services.** The FTE reflects the Budget Team's assessment that the Programs listed could adequately be staffed by a City Manager, Assistant Manager and Clerical Assistant supplemented by specialized service vendors. Their time would be allocated roughly as follows:

City Administration. Based on a review of budgets and staff allocations in other cities, the Budget Team estimated that administration, budget/finance and external relations would consume .75 FTE of a qualified manager at the pay level contemplated if clerical support is provided.

Planning Services. During an extended interview with the Budget Team, Tillamook County Community Development Director Sarah Absher estimated that Oceanside-planning services would justify a .75 FTE for routine applications and "counter work" (interacting with the public to field outside inquiries about building in Oceanside). This would be in addition to



contracted services from an outside vendor to cover complicated applications and appeals. The Team discounted this to .50 FTE (plus contracted services) based on the assumption that a City of Oceanside could better manage the time allotted for public interactions and inquiries.

Public Works. County Public Works Director Chris Laity estimated that .25 FTE would suffice to negotiate and manage contracts for Oceanside road maintenance.

Short Term Rental Administration: The Team projected approximately .5 FTE for staff time allocated to STR licensing, inspections and regulatory interactions. This is a speculative calculation because other incorporated cities do not have a sufficient number of STRs to warrant an independent staff allocation for administering them. This is subject to a reduction, however, if Oceanside entered into an agreement for the County or State to continue to handle Oceanside's STR licensing and inspections for a fee.

Clerical. The Budget Team estimated that .5 FTE would be a sufficient allocation for the limited amount of clerical support the city's administrative staff would require.

Contracted Services. Based on budget allocations in other cities (Wheeler, Bay City, La Pine) and tentative quotes obtained from vendors, the Budget Team allocated \$50,000 for contracted professional services (other than initial consulting and legal costs for the start-up process) as follows: \$20,000 for Planning Services, \$10,000 Municipal Judge, \$5,000 Accounting, and \$15,000 for miscellaneous services such as IT / website services, etc.)

Code Enforcement. The Budget Team allotted \$50,000 for use by the City Council to design a municipal program for enforcement of city ordinances and codes. Whether this function would be allocated to city staff or to contracted personnel was left for the City Council to decide based on further analysis of the options and public input.

See TFR resources including the following:

[TFR Community Development Advice meeting notes Keene.pdf](#)

[TFR Land Use Contracting Research memo Keene.pdf](#)

[TFR Management Advice email Keene.pdf](#)

3. **TLT Revenue.** The Task Force generally relied on the League of Oregon Cities publication, "*Legal Guide to Collecting Transient Lodging Tax (2019)*" and the statutes referenced in it. We also reviewed the original and amended versions of the County ordinances addressing STR regulation and TLT collection. (Ordinance Nos. 74, 75, 84 and 85.) Pursuant to Oregon law, a city (including a newly incorporated Oceanside) may collect its own TLT tax from its short-term rentals. Pursuant to Ordinance No. 74, Tillamook County assesses a 10% TLT tax on all STRs,



but will reduce it to a rate of 1% if they are located in a city that assesses its own TLT of 9%. The Task Force assumed Oceanside would enact a 9% tax, effectively diverting 90% of what it currently pays to the County back to Oceanside for local use.

According to county records, Oceanside's STRs had already generated in excess of \$320,000 during the first three quarters of the 2021, with an additional \$30,000 anticipated in the fourth quarter. That would bring the total for 2021 to \$350,000, which represents a significant increase over the historical average of \$200,000 per year. To err on the safe side, the Budget Team discounted the 2021 total and projected only \$300,000 per year going forward. If accurate, this would result in an annual allocation of \$100,000 to the general fund and \$200,000 to the mandated "tourism facilities" reserve.

**4. STR Licensing and Operations Fees.** According to County records, Oceanside has approximately 120 licensed short-term rentals. Each of these pays an annual fee of \$250 to renew their licenses, which equals \$30,000 annually in licensing fees (not counting new STRs that come on line).

The County also collects a progressive "operator's fee" based on a percentage of each STRs gross receipts. The County has only collected this operator's fee for a single quarter in 2021, and a final count was not yet available. Based on partial returns, however, Oceanside's STRs were estimated to generate in excess of \$100,000 on "operator's fees" during 2021. Because this figure is so speculative, however, the Budget Team reduced it by 50% to avoid overstating the revenue picture.

See TFR resources including the following: [TFR Summary of STR and RE Tax Data.pdf](#)

**5. State Revenue Sharing.** Besides a one-time "paving" grant for small cities, Oregon distributes other miscellaneous revenue based on its collection of gas taxes, alcohol taxes and marijuana taxes on roughly a per capita basis. The Budget Team asked an expert at the League of Oregon Cities to do a work-up of what Oceanside could reasonably anticipate to receive in 2021-2022. His calculation was about \$30,000 a year. To qualify for such revenue sharing, however, the city must have assessed a "city property tax" during the preceding year. (See below.)

See TFR resources including the following:

[TFR State Revenue Sharing emails Keene.pdf](#)

[ODOT Small City Allocation – Paving – Guide.pdf](#)





6. **City Property Tax.** According to the County Assessor, the tax-assessed value of properties in Oceanside is \$3,090,000. Based on this, a city tax rate of .00008% (or 80 cents per \$1000 of assessed-value) will generate approximately **\$250,000** per year.

See TFR resources including the following: [TFR Summary of STR and RE Tax Data.pdf](#)



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## Newsletter No. 5

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### Incorporation Process: Who decides, and when?

Any unincorporated community of **150 or more people** is eligible for incorporation as an **Oregon "city."** (Oceanside's population is 366). While the **ONA's ultimate position on incorporation** will be critical if the matter comes to a County Commissioner hearing (see below), organizers may independently proceed to form a separate **Political Action Committee** to communicate with voters, fundraise and file the necessary election forms. They may also designate up to **three Oceansiders** as the required **"Chief Petitioners"** who nominally lead the initiative. They will formally notify the **County Clerk** of the intent to initiate the incorporation process. After that, Oregon law outlines a **specific procedure and timeline** for moving forward.

Proceeding with the **incorporation process** will entail a series of steps:

1. Formulate an **"Economic Feasibility Statement,"** including (1) a **city name,** (2) an **official map,** (3) the **maximum city tax rate and** (4) a projection of the first and third year **budgets** accompanied by (4) a **description of city services.** This is a significant undertaking. The Task Force has already laid much of the groundwork in these "feasibility" newsletters and its Incorporation Final Report. It has also obtained copies of petition documents used by other cities and consulted Tillamook County officials about what they would specifically require in an Oceanside petition.
2. File the **Economic Feasibility Statement** along with a completed **Petition for Incorporation** form with the **County Clerk.** This will enable the organizers to **circulate the Petition** for signatures. Organizers will have **six-months** to do so.
3. Obtain valid **signatures** from **20% of the registered voters from within the proposed city limits.** Our review of information from the **County Clerk** indicates Oceanside currently has **376** registered voters, so at least **76 signatures** would be needed.
4. Submit the **Petition** with **signatures** to the **County Clerk,** who will then refer it to the **County Commissioners** for a **public hearing.** The ONA would appear at this hearing to testify on whether its membership supports or opposes incorporation, which means a formal vote will need to be taken by then. **Notices** of the hearing must be publicly **posted** in at least three county locations and **advertised** in a local newspaper for at least two weeks before the hearing.



5. Obtain the **County Commissioners' approval of the Petition**, including **proposed boundaries**. The Commissioners are empowered to **alter the proposed boundaries** to **include** other benefited areas, and **exclude areas** that would enjoy no benefit. (Residents of the affected areas usually raise and argue this to the Commissioners during the hearing.) At that time, the proponents must also demonstrate that the city is “reasonably likely” to be able to comply with Oregon’s **land use goals**. **If approved**, the Commissioners will direct that the question of incorporation be placed **on the ballot** for the next **Election** that is at least 90 days after the approval.
6. Approval of the Petition also clears the way for **candidates** to file for provisional election to serve in **five positions on the new City Council** in the event incorporation passes. Candidates must be **registered voters** in the proposed city and must file the necessary paperwork with the **County Clerk** no sooner than **100 days** before the election and no later than **70 days** before the Election. They also have the option of submitting a **Voters' Pamphlet statement**.
7. Receive a **majority vote** for incorporation in the Election. (Only voters **registered to vote in Oceanside** may participate.) **Five City Council** members will also be elected with staggered **one- or two-year terms** depending on which ones receive the most votes.
8. If incorporation **prevails in the Election**, the city is **immediately deemed incorporated**. The newly elected **City Council** then selects one member as the **mayor**, establishes its **rules and procedures** and commences operations. Among other obligations, state law will require the new city to formulate and submit a **Land Use Comprehensive Plan** for approval within **4 years**.

### When?

Regardless of when the ONA membership ultimately schedules a formal vote on incorporation, the Task Force **strongly recommends** that the organizers **immediately proceed** with the preliminary steps necessary **to preserve the option** of placing the issue on the ballot for the **Oregon Primary Election on May 17, 2022**. If incorporation ultimately passes, this would enable the new City Council to **meet the July 15, 2022 filing deadline** necessary to start tax collections in **November 2022**. Even then, the new city would spend **six months** without significant revenue while setting up operations and recruiting staff. Deferring an incorporation petition until the **November 2022 General Election** would miss the 2022 funding cycle completely and force a delay in any city tax funded operations until **November 2023**.



### **What now?**

**In our next newsletter**, we will provide an **Executive Summary** of the **Task Force's Conclusions** and include a link to the complete "**Final Report of the Incorporation Task Force**" posted at [www.oceansidefriends.org](http://www.oceansidefriends.org). The **Final Report** will include **all of the "Incorporation Conversation" newsletters**, supplemented with additional information, explanations and the **sources of the information in that installment**. This will help those who wish to do **independent research** and also allow the Oceansiders who **recently joined** our newsletter list to come up to speed.

### **Now it's up to you!**

This **concludes** the "**Incorporation Conversation**" series except for the upcoming Survey. As we approach **Oceanside's Centennial**, the ONA Board's goal was to **share information about the option of incorporation** that we felt Oceansiders would want to **evaluate for themselves**. We also hoped to spark an **informed community discussion** about whether to approach the future as an independent **city**, or to **continue to work through the county** as an **unincorporated community**. **No matter how it comes out**, we believe Oceanside will be better off for having made an **intentional and informed choice** about how to start off our **second century**, rather than passively letting events take their course.

The ONA Board will soon send an email with a **Community Survey** to gather your views and **share** the results. In the meantime, we will continue to share **questions** and **comments** that you email to us.

### **And finally, thank you to the Task Force volunteers!**

Regardless of our eventual decision, the **ONA Board** is sure that Oceansiders share our **heartfelt gratitude** for the **months of hard work and thought** that went into gathering the information presented in these "Incorporation Conversation" emails and in its Task Force Report. Those volunteers were: **Sharon Brown, Mike Dowd, Carol Kearns, Jerry Keene, Blake Marvis, Sue Moreland, John Prather, and Sue Wainwright**. Take time to **thank them yourself** if you see them around town. They deserve it!

### **Research Notes and Comments for Newsletter No. 5**

1. Population: Population data is from the 2020 US Census Report for Oceanside obtained from Portland State University Urban Studies Program.
2. Oceanside Voters. Voter information obtained from the Tillamook County Clerk's office.



3. Incorporation Procedures: The procedures and timeline for an Incorporation Petition and election are outlined in the League of Oregon Cities in its “Incorporation Guide” (ORS 2017) and ORS 221.031 through ORS 221.061.

See TFR resources including the following:

[Form SEL701 – Prospective Incorporation Petition .pdf](#)

[Form SEL702 – Signatures for Petition for Incorporation.pdf](#)

[LOC Incorporation Guide Update.pdf](#)



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## Newsletter No. 6

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### Incorporation Survey

**Weigh in with your thoughts on incorporation!**

*To participate in this 10-question survey, simply click on "Reply" to this email. That will bring this survey up in a ready-made Reply email that will enable you to type in responses. When completed, hit 'Send.' Feel free to email us at [oceansidefriends@gmail.com](mailto:oceansidefriends@gmail.com) if you encounter problems.*

**Please complete and return your Survey responses by noon on December 3, 2021.**

**1.** Including yourself, **how many ONA members** or **guests** are responding on this form. Please list the names and whether each is an ONA member or a guest. (This is for compilation purposes only. The Survey responses will remain confidential unless you authorize us to share them.)

*(If responding for more than 1 person, and you have differing answers to some questions, simply mark more than one option or otherwise reflect the different positions in each response.)*

**2.** Have you reviewed the newsletters in our "**Incorporation Conversation**" emails or the **Incorporation Final Report** available at [www.oceansidefriends.org](http://www.oceansidefriends.org)? Choose one:

- a. not really
- b. somewhat closely
- c. very closely

**3.** Please **rate the email series on** how well it helped prepare you to form an opinion about incorporation.

- a. not helpful at all
- b. somewhat helpful
- c. very helpful.

Feel free to expand on your response.



4. Which of these best describes your current thoughts on whether Oceanside should incorporate as an independent city?

- a. strongly opposed
- b. leaning against
- c. entirely undecided
- d. leaning in favor
- e. strongly in favor

5. Which of these would **help you feel more comfortable** with firming up your decision before the ONA membership takes a final vote on whether to **endorse incorporation**?

- a. more Special ONA Zoom meetings for general questions and comments
- b. the opportunity to participate in a small group Zoom discussion
- c. more resource information I could review for myself - specify the topics
- d. other? (Please indicate what else might help)

6. Assuming Oceanside forms a city, please **list and rank** what you feel should be its **top 3 priorities** in its first two years.

- a. road improvements (name the road(s) you think the city should focus on)
- b. tourism visitor management (conduct and crowding)
- c. refining zoning and land use standards for future growth
- d. parking management
- e. short term rental regulation
- f. commercial development
- g. expanded housing options for diverse or younger residents
- h. crime prevention
- i. recreational facilities (parks, bike paths, etc.)
- j. emergency preparedness
- k. other (you name it)

Comments:

7. The Task Force has **cautioned** that the new city's success would depend on the **availability** and **willingness of Oceansiders** to serve on civic bodies, such as the City Council, a Budget Advisory Committee, and other special project committees like emergency preparedness, TLT capital projects and roadwork priorities, etc. If it is permitted to participate by Zoom or other videoconferencing, **which of the following** would you seriously consider taking part in. Feel free to pick **more than one** and indicate any **special interests**. The time requirements are just estimates.



- **City Council** (1 - 2 meetings per month - more at the beginning / significant "homework" between meetings)
- **Planning Commission** (quarterly meetings with scattered special meetings - significant homework for each meeting)
- **Budget Advisory Committee** (2 - 3 meetings during first quarter of each year - light homework)
- **Other Advisory Committees** (1 - 2 meetings per quarter - homework depending on subject)
- **Special Project Teams** (designing a town greeting sign, organizing special gatherings, charity drives) (time and homework as needed)

**8.** Regardless of whether you feel able to serve in one of the positions above, please indicate whether you have **background experience or expertise** in the following areas, provide a **brief description** and state whether you would be available to offer **advice** when needed.

- Service in any city, county or state elected position
- Municipal or county administration (any department)
- Grant applications and administration
- Public contracting
- Road engineering or construction management
- Land use planning
- Emergency Preparedness
- Law enforcement / public safety
- State or local courts
- Building construction or permitting
- Housing initiatives
- Other

**9.** Would you be willing to **sign a Petition** permitting that incorporation be placed on the ballot for the May 17, 2022 Primary Election?

- a. Yes, and I am a registered voter in Oceanside.
- b. Yes, but I am not registered to vote in Oceanside.
- c. Not yet, but perhaps later.
- d. No.

**Background Information for Question No. 10.**





*At the **December 11 Zoom meeting**, the ONA Board will schedule a vote on whether to **accept the Task Force's conclusion** that incorporation is a **feasible option worth considering and debating**. (See the excerpt above.) Feedback is mixed, however, on whether the membership is ready to take a **final vote** on whether the ONA actually **endorses incorporation**. Some members want more time for study and debate, while others point to recent events and urge a quick decision.*

*The Task Force indicated it is possible for the ONA to **defer taking a final vote on endorsing incorporation** until later in the process. If we delay a final vote, it would likely be scheduled for early to mid-January for presentation at the **public hearing** that the **County Commissioners** must hold to hear supporters and opponents. In the meantime, however, the Task Force strongly recommended **filing the necessary paperwork** to gather Petition signatures for the **May 17, 2022 Primary Election**. Otherwise, the Task Force warned that delaying until the November 2022 ballot would cause the new city (if it passes) to miss critical deadlines and go without city tax funded operations until November 2023.*

(continued)

**10.** Which of the following best describes **your opinion** on how the ONA should proceed? (This survey is not an official vote, and it will be kept confidential).

- a. The ONA should **reject the Task Force's conclusion** that "incorporation is a feasible option worthy of community consideration and debate" and take no further action on it.
- b. The ONA membership should **accept the Task Force's conclusion** that "incorporation is a feasible option that is worthy of community consideration and debate" but it should **defer a final ONA Membership vote on incorporation** until later in the process.
- c. The ONA membership should **accept the Task Force's conclusion** that "incorporation is a feasible option worthy of community consideration and debate" and **proceed immediately with a vote** on **whether the ONA endorses incorporation**.

Thank you for participating in our survey! We will announce the results here shortly before the December 4, 2021 ONA Zoom Meeting

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That completes our Final Report.

Respectfully submitted,

Sharon Brown



Mike Dowd,  
Carol Kearns,  
Jerry Keene  
Blake Marvis  
Sue Moreland  
John Prather  
Sue Wainwright