



**Proposed Budget
2022 / 2023**

City of Manzanita

Budget Committee Members

BUDGET 2022 - 2023



Mayor and City Council

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Linda Kozlowski, Council President
Hans Tonjes, Councilor
Steve Nuttall, Councilor
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Josh Gandy, Design Services

Jerry Taylor

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Table of contents

1 BUDGET MESSAGE

City Managers Message	6
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2 OVERVIEW

Introduction	10
City Overview	11
Organizational Chart	12
Council Goals	14
Fund Descriptions	15
Organization of Budget	18
Budget Schedule	21
User Guide	22

3 BUDGETS

Introduction	23
General Fund Revenues and Projections	26
General Fund Revenues	27
General Fund Expenditures	29
General Fund Administration	31
Public Safety Department Budget	32
Court Department Budget	34
Non Department Budget	36
Civic Reserve Department Budget	38

Table of contents

3 BUDGETS CONT.

Enterprise Funds	40
Water Operating Fund	41
Water Operating Fund Resources	42
Water Operating Fund Expenditures	43
Water Operating - Well Field and Transmission Lines	45
Water Construction Funds	46
Special Funds	48
Building Fund	50
Road Fund	52
Tourism Promotion and Facilities Fund	56
Timber Management Fund	58
Housing Loan Fund	60
Trust Fund	62
Puffin LID	66
Capital Project Funds	68
Storm Drain Facilities Fund	70
Parks Facilities Fund	72
City Hall Expansion Fund	74
Public Works Reserve Fund	78
Public Safety Reserve Fund	80
Building Fund	82

4 FINANCIAL FORECAST

Introduction	84
Budget Philosophy	86
5 Year Projections	89
General Fund	92
Water Fund	90

Budget Message

Leila Aman, Manzanita City Manager

Dear Mayor, City Councilors, Budget Committee Members and Fellow Manzanita Citizens,

It is my privilege to present the Fiscal Year (FY) 2022-2023 proposed budget for the City of Manzanita. Over the last year I have learned a great deal about how this city has historically operated as well as having gained a much deeper understanding of how we should operate today. Growth, development, and year-round visitors have changed the way our community functions. The problems we are now facing are complex and will require thoughtful attention and collaborative problem solving. The budget I am proposing sets us on a path to do just that. We begin with setting our financial house in order by establishing a reserve, defining new sources of revenue and setting up financial policies while investing in our future and creating and implementing new policy with meaningful public input that reflects who we are today.

The budget document provides a road map for how we will get there. The budget allocates resources that will be spent to provide baseline city services and describes where expenditures will be made to deliver on city priorities. The budget is focused on results and outcomes and is designed to be accessible to the community. Each Department or Fund budget includes descriptions of major changes with detailed context provided where appropriate. Key financial and policy assumptions and recommendations are also explained throughout. As required by law, this budget is balanced based on projected revenues and expenditures.

General Fund

The city's General Fund is in solid shape as a result of two consecutive years of record-breaking Transient Lodging Tax (TLT) revenue. While we have a significant sum in the bank we should plan to keep much of it there. The budget proposal includes a recommendation to use a portion of this carryover revenue to establish a General Fund Reserve. It is also recommended to place the remaining unexpended funds in reserve for this fiscal year.

Water Operating and Construction Fund

The Water Operating Fund has been sustaining itself close to the margin for the last several years. This should not be a surprise, as our system has expanded rapidly over the last ten years, costs have gone up significantly for materials and services and rates have remained the same. The city will need to address this revenue deficiency this year. The city has a water rate study underway and will have recommendations for City Council to consider early in the fiscal year.

The Water Construction Fund is still in decent shape and includes a \$2.5 million dollar reserve.

Infrastructure

The proposed budget also diverts from past practice and does not include any major transfers for infrastructure. Historically the city has funded the majority of road, parks and storm drain projects with the General Fund. Much of the extra revenue generated through the years has been transferred into these funds for projects, including operations and maintenance requirements. The proposed budget includes only those transfers required for existing planned capital projects. Identifying new sources of revenue and increasing existing fees will be essential for the city's continued ability to keep pace with growth and provide maintenance and services of these utilities.



Photo by Ben Amstutz

Debt Service

The budget proposal does not propose to obligate the General Fund to any new debt just yet, including financing for a new city hall. The budget does include an option that would allow for a debt service payment out of the City Hall Expansion Fund in the event the city determines there is sufficient resources. But there currently isn't enough information or resources to clearly justify a new debt service payment without further discussion of other priorities and funding mechanisms. This does not diminish the importance or urgency for a new facility. Over the last year it has become evident how important a meeting place is for our community. While it doesn't need to be extravagant, having a safe meeting facility where we can gather in-person for City Council, Plan Commission and committee meetings will be essential as we tackle some of the tough issues we must face as a community. Manzanita citizens deserve a safe, clean place to have these conversations.

Develop Financial Policies

A key recommendation is for the Budget Committee and City Council to set financial, reserve and debt management policies. These policies will ensure that the framework for the overall financial management of the city, and the day to day guidelines of the city's long range fiscal planning and decision making are clear and transparent. A policy framework also allows for periodic review and updating, which is good practice for all our plans, and policies.

The city can set a reserve policy for the General Fund with this years budget by Resolution. Reserve policies for the Water Operating and Building Funds should also be established but can be part of a larger policy package. A reserve policy will ensure that we always have some resiliency built into the budgets of our major funds.

The city should develop policies around how infrastructure projects will be funded and when funds should be allocated, if at all, from the General Fund. Ideally, utilities such as roads, storm drains and even parks should be self-sustaining, and paid for through fees by the users who create the demand for the service and the wear and tear on the system. Using General Fund dollars means other things can't be funded, so discussion on those policy trade offs will be important in establishing funding priorities and reducing reliance on the TLT.

Foregone Revenue

Manzanita is at the heart of one of the most incredible places on earth, sandwiched between two of the most heavily visited state parks in Oregon. The run of glampers, campers, road trippers and day trippers have also impacted life in our city tremendously and we have yet to find a way to leverage their visits to contribute to providing the service that can help continue to make Manzanita a nice place to visit. The city has forgone unrealized revenue with this population, and there is great opportunity to tap this resource as way to reduce reliance on short term rental businesses. STRs we can control to some extent, but whether people stop in on their way to Shorty's is something we cannot.

Foregone Revenue for a Purpose

This summer, when occupancy of our hotels and short-term rentals were maxed out, many of our businesses were closed or had limited hours due to lack of staff. The lack of staffing wasn't only reflection of larger national trends but an example of the impact of the housing crisis locally. This crisis impacts nearly everyone who lives here, including many people on our staff and in our favorite restaurants, coffee shops and grocery stores. Long term rentals are becoming increasingly rare and home ownership is out of reach for working people. This certainly impacts the ability for businesses, including the city, to attract and retain a skilled workforce. Such trends will impact the social and economic viability of the city and will have lasting impacts on the city's long-term health if something isn't done to address these issues, now.

One action the City Council has recommended to move forward with this fiscal year is to adopt the County Workforce Housing Tax Abatement Program. This Program would abate property taxes for developers willing to rent to people earning between 80-120% of the area median income. The city will forego revenue on average, of about \$2,000 per unit over ten years to leverage about 40,000 per unit of abated county taxes to incentivize workforce housing in our community. In the near term we provide an important tool to support development of workforce housing for future residents, and in the long run we will have more full time residents, and eventually that revenue will find its way into the General Fund. Because the anticipated budget impact is so low this policy decision did not impact revenue projections, but it is good policy worth noting and it does impact property tax revenue.

Community Engagement

The city also has an opportunity to invest in the future through meaningful outreach with the community to create new policies that guide the growth and development in our city that more accurately reflect who we are today. There are funds included in the budget proposal to expand outreach efforts to gather feedback and input from community members on a range of issues to inform a community vision, updates to key policy and regulations and ultimately leading to an update of the Comprehensive Plan and zoning code. These efforts will require patience and col-

laboration and trust. Doing things right means putting the time, the effort and the resources toward what matters. This budget includes resources to do this, including opportunities for in person engagement wherever possible. The lack of a City Hall makes it more challenging but we will find a way, we always do.

The budget also includes a proposal to have Tillamook County Visitors Association continue its management of our contractor for the visitor's center and to conduct community outreach for the development of a Destination Management Plan.

The City Council is also establishing a Short Term Rental Committee that will be charged with examining specific policy issues related to short term rentals in our neighborhoods. The STR freeze adopted by City Council in April limits the issuance of new licenses in the capped zones for three years while the city explores policy and funding options. Engagement with the community is paramount to successfully addressing this issue.

The city has also been working hard to implement new provisions of the STR Ordinance which included significant changes to improve livability in Manzanita. Over the last year we have implemented new licensing and inspection standards. We have also begun to enforce on other requirements through our inspections program including dark sky lighting, signs with manager contact information, parking requirements which are now verified and documented. Compliance will increase greatly over the next three years as each and every STR receives an updated inspection. We have also made significant improvements to how licenses are administered and are moving toward an electronic format for all city transactions.

We are at a critical turning point in our growth and development as a community, but we are in a good place to take control of our future and turn the tide of change to our advantage. But it will take time, patience, empathy and understanding, and it won't happen over night. However through smart fiscal management, meaningful public engagement and policy that leads to action along with a solid team of dedicated people we can make certain that Manzanita remains one of the most wonderful places on earth. I am confident we can get there, I look forward to working with each and every one of you along the way.

Respectfully submitted this 2nd day of May, 2022.

Leila Aman
City Manager



INTRODUCTION

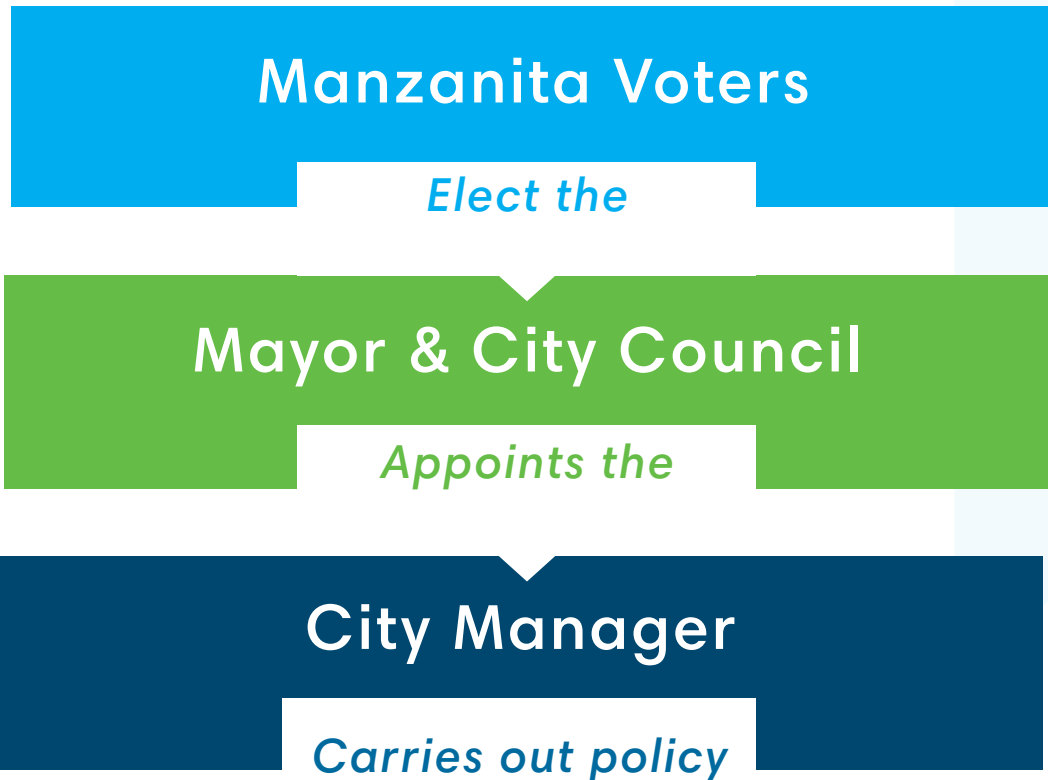
Manzanita Fiscal Year Budget 2022-2023

The city's budget is the principal policy and management tool for the city's Administration and defines the work program for the coming year. The budget puts forward a financial plan that enables the city to provide essential services and direct limited resources to achieve community priorities that achieve the greatest public benefit.

The city takes its responsibility as the financial steward of public resources seriously and the budget process represents a cumulative expression of the city's financial and service goals for the year. Resources are allocated to provide the highest quality services at a reasonable cost to meet the growing and changing needs of the community.

This section of the budget outlines how the Manzanita city government operates, the role the Council and the City Manager play in ensuring city services are provided and policies are put into action. This section highlights the policy priorities for the city, which are represented in the form of Council goals, and how those priorities are reflected in this year's budget.

Council-Manager Form of Government



The City of Manzanita has a Council-Manager form of government. The Council is comprised of five members, a Mayor who is elected every two years and four Councilors who are elected on staggered four year terms. All powers of the City of Manzanita, a municipal corporation, are vested in the Council except those specifically provided for by Ordinance or the City Charter. The Council is responsible for setting policy for the city that represent the collective interests of the community.

The City Manager is appointed by the City Council and is responsible for implementing policies, and ensuring that outcomes are delivered in a timely manner. The budget was prepared with the participation of all departments. Each budget describes personnel associated with the fund, materials and services required and any other requirements necessary to provide services. The organizational chart on the next page illustrates how the city functions.



City Organizational Chart

Total FTE - 16.2

Filled FTE - 15.6

The City includes 8 different departments that provide a range of services. The city operates its own police department, municipal court, water, and storm water utilities; and provides street operations, planning services, building inspections, tourism facilities and maintenance and short term rental licensing, regulation and enforcement. The City Manager is responsible for proposing an annual budget and setting the work plan for the staff to carry out these services and to deliver on community priorities as defined by the City Council.

Council Goals

In January 2022 City council set three ambitious multi year goals that serve as the key priorities for the city's work plan in the coming year.

1

Level Up Manzanita

Advancing the city's internal organizational capacity and infrastructure including adopting new technology to enhance efficiency and establish replicable and transferable procedures.

Establishing systems for managing records, and increasing electronic access to public records and information.

Greater financial transparency and accountability through the use of new financial software and a focus on developing internal systems and policies to enhance financial controls and allow for greater separation of duties.

2

Budget Forward Manzanita

Establish financial policies for revenue, reserves and debt service.

Find new sources of revenue and reduce reliance on short term rental income as the city's primary funding source.

Find sources of revenue to fund the city's infrastructure and utilities.

3

Envision Manzanita

Develop a vision for growth to inform the development of a comprehensive plan update.

Address livability issues in our community including the impact of short term rentals in our neighborhoods.



FUNDS

There are a total of 16 funds managed by the city. The main funds that comprise the majority of the city's activities include the General Fund, the Water Operating Fund, the newly established Building Fund, the Tourist Promotion Fund, Road Fund and the City Hall Expansion Fund. The Water Construction Fund, Storm Drain Facilities Fund will also see major expenditures this year due to the construction of the Dorcas project. The various fund types, and their main sources of revenue are described below

General Fund

Accounts for the administrative, public safety (police), municipal court, parks, planning and short term rental licensing and management functions of the city. Principal sources of revenue consist of license and permit fees, transient room taxes, transfers from other governmental agencies, and the property tax levy.

Enterprise Funds

Water Operations Fund

Accounts for revenue from water supplied to residents of the City as well as residents within the Urban Growth Boundary. Receipts are derived from billings to water users, and expenses are for costs of operations, depreciation and system replacement and expansion.

Water Construction Fund

Receives revenue from system development charges, and serves as an account for capital projects related to the City's water master plan.

Special funds

Building Fund

Includes restricted revenue from building inspections and plan review. These funds are restricted to building department related expenditures.

Road Fund

Accounts for the City's share of the State of Oregon's gas tax revenues. The use of these receipts is restricted to street maintenance and repair, and bike paths. Other revenues include franchise fees, grants, and transfers from the General Fund.

Tourism Promotion and Facilities Fund

This account was created in 2012 to account for 70% of the revenues from a 2% increase in the transient lodging tax. These revenues are required by State Statute to be used for tourism promotion and tourist-related facilities.

Timber Management Fund

Includes revenues generated by the periodic sale of timber on city-owned property.

Housing Rehabilitation Loan Fund

This fund was created in 1998-99 to account for loan repayments from recipients of no-interest loans awarded by a Community Development Block Grant for housing rehabilitation. Receipts from this fund can be loaned again to other low- and moderate-income homeowners.

Trust Fund

This fund includes revenues from donations for specific city or community projects, or for specific city volunteer organizations that do not have separate tax-exempt status. The original purpose of this fund was to provide a clear way to assure persons donating for a specific project or volunteer organization that their monies are going towards the intended use.

Puffin LID

Created in 2014 to account for the construction of storm drainage improvements within the Local Improvement District. It was formed by the property owners adjacent to Puffin Lane between Nehalem Avenue and Garey St. within the Manzanita Urban Growth Boundary. The improvements are completed, and repayments to this fund have been completed.

Capital Project Funds

Park Facilities Fund

Includes revenues from park system development charges, which are used for the development of City parks. The fee is currently set at \$60 per unit so it does not generate sufficient resources on its own for any park expansion. All Parks Department operations and maintenance of existing parks are funded by the General Fund.

Storm Drain Facilities Fund

This fund includes revenues from storm drain system development charges, which are used for the renovation and improvement of the City storm drain system. These fees are set at \$174 per housing unit. SDCs alone do not generate sufficient resources to do any meaningful project expansion. The main funding source for the Storm Drain Facilities Fund has been the General Fund.

City Hall Expansion Fund

This is a reserve fund for the purpose of developing city hall facilities. The fund currently includes resources from the city's last timber sale, and is projected to include additional revenue from the sale of the old city hall building.

Reserve Funds

Public Safety Equipment Reserve Fund

Accounts for the transfers of funds from the General Fund for the purchase of major equipment and vehicles for the Public Safety Department.

Public Works Equipment Reserve Fund

Accounts for the transfer of funds from the Water Operating and Road Funds (transfers from the Road Fund are General Fund dollars) for the purchase of equipment which benefits the water, storm drainage, roads and parks operations.

Building Reserve Fund

Accounts for the transfer of funds transferred from the Building Fund for vehicles for building staff for inspections.



BASIS OF ACCOUNTING

The budget is prepared on the cash basis of accounting and contains separate balanced resources and expenditures for each fund. It is summarized by major expenditure categories within each organizational unit. Budget appropriations in the General Fund are by department to give the departments some flexibility in making expenditure decisions.

Organization of the Budget

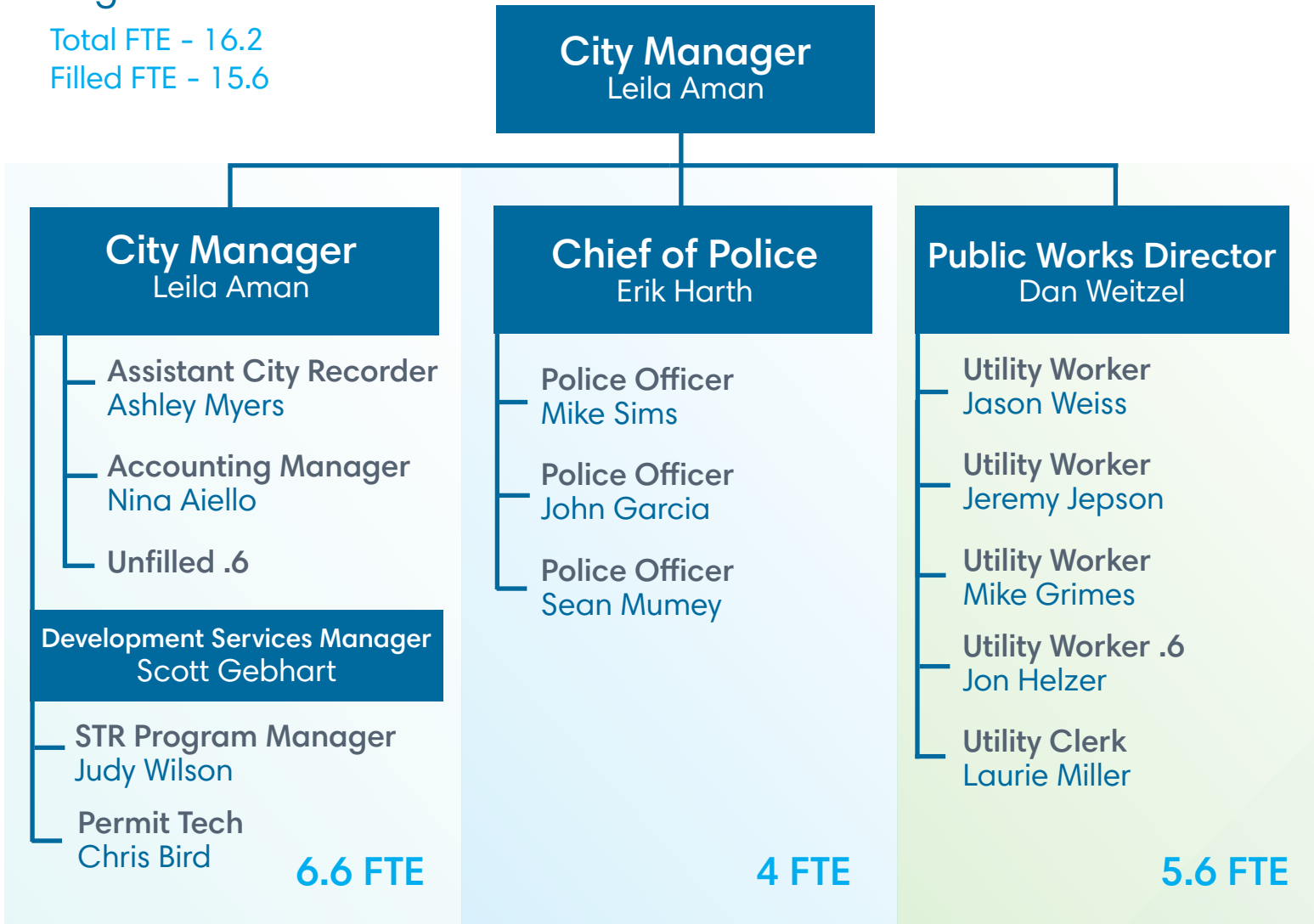
The budget is organized by major fund category beginning with the General Fund. The General Fund includes a summary of resources and budgets for each separate department. Each budget includes a range of categories, including Personnel Services, Materials and Services, Transfers, Debt Service, Capital Outlay and Reserves.

Personnel Services

The city employs 15.6 FTE employees which is sufficient to meet current obligations and successfully perform the various essential functions of the city. Many staff are cross trained to perform a variety of functions and must operate at a high level of efficiency in order to meet the growing demands of the city with limited resources.

City Staff Organizational Chart

Total FTE - 16.2
Filled FTE - 15.6



Personnel Services requirements are based on current budgeted staffing levels and expected increases in salaries and benefits. All positions are currently filled with the exception of .6 FTE in the Administration Department which will remain unfilled for FY 22/23.

Personnel services increased in the FY 2022-23 largely due to a market correction to staff salaries based on a comprehensive salary survey completed in March 2022. Salaries also include a 7% Cost of Living Adjustment (COLA). The Western Consumer Price Index (CPI-U) was used to make the COLA adjustment, as of March 2022 the CPI was 8.7% and rising. The staff salaries ensure that Manzanita can offer competitive compensation with other jurisdictions and provide a livable wage to city employees.

The salary scheduled used to calculate Personnel Services for each operating fund is on the following page.

Health insurance premiums remained relatively static, though there were increases in workers compensation and unemployment rates. No PERS increases were assumed for this year, the city is in the second of a two year cycle. PERS rates are expected to increase next year

	A	B	C	D	E
City Manager	\$,,\$,\$	\$,,\$,\$	\$,,\$,\$	\$,,\$,\$	9,809
Police Chief	7,395	7,765	8,152	8,560	8,988
Public Works Director	6,411	6,732	7,068	7,423	7,793
Development Services Manager	6,411	6,732	7,068	7,423	7,793
Accounting Manager	5,412	5,683	5,966	6,265	6,578
Police Officer	4,933	5,180	5,439	5,711	6,252
Assistant City Recorder	4,284	4,498	4,723	4,959	5,208
STR/TLT Program Manager	4,284	4,498	4,723	4,959	5,208
Planning and Permit Technician	4,093	4,297	4,512	4,738	4,974
Public Works Utility Clerk	4,049	4,251	4,464	4,687	4,921
Senior Utility Worker	4,284	4,498	4,723	4,959	5,208
Utility Worker	3,669	3,852	4,045	4,247	4,460

Materials and Services

Materials and services increase over the prior fiscal year are based on known expenditure increases. Departmental narratives provide key information on any notable increases in spending. Most budgets remained relatively stable with previous years but for increases in materials such as fuel and certain professional services to implement policy goals. In many places budgets were trimmed to get closer to actual expenditures and reduce General Fund obligations over all.

The Administration provides IT, legal, finance and records support in addition to other administrative services such as centralized financial accounting software, payment and banking services, among others. Each department accounts for specific memberships, legal, or IT hardware needs. Department heads are responsible for tracking and ensuring that budgets are within the appropriations amount.

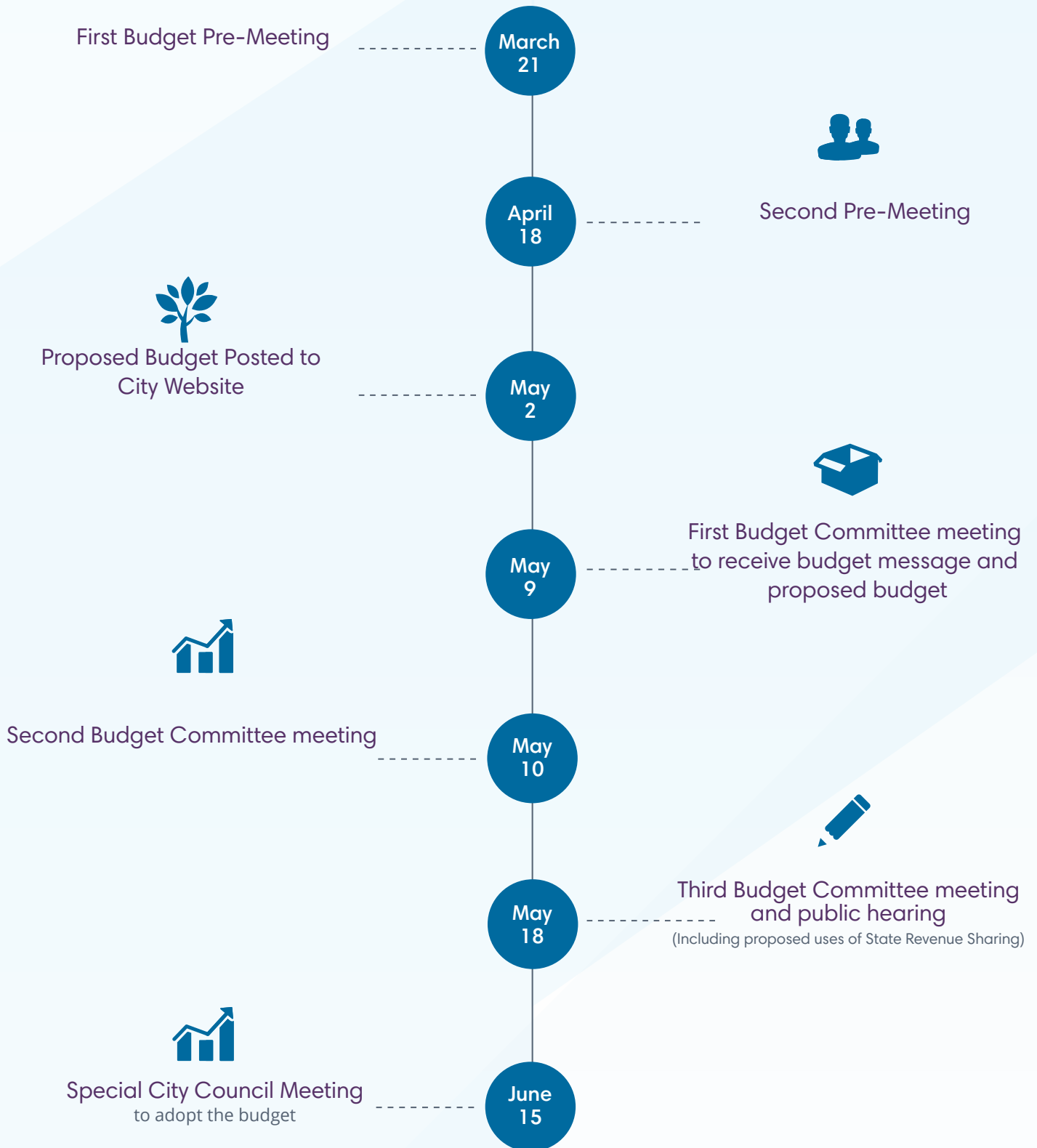
Transfers

Transfers occur when revenues are transferred between funds. Revenue is received by a fund providing an internal service from a fund receiving the service, where the cost of the service is shown as an expense. The cost of these services is based on a cost allocation methodology, which assumes that the services provided have value, and that value is shown as a reimbursement amount. For budgets where a transfer is included it will be described in the narrative.

Capital Outlay

Represent capital expenditures including vehicles and property.

BUDGET SCHEDULE



Users Guide

To reading & understanding the graphs throughout this document

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8

Column 1 & 2

Actual data for the prior two years

Revenues and expenditures for the prior fiscal years are shown in the first and second columns of the budget detail for each fund

Column 3

Adopted 20/21

Revenues and expenditures of the budget for each fund in the prior fiscal year 2021/2022

Column 4

Description

Resources are grouped by different revenue types. Requirements are grouped by expenditure type.

Column 5

Proposed by Staff

Revenues and expenditures proposed for FY 2022-23 by Department Heads.

Column 6

Proposed by Budget Officer

Revenues and expenditures proposed for FY 2022-23 by the Budget Officer.

Column 7

Approved by the Budget Committee

Revenues and expenditures proposed for FY 2022-23 by the Budget Officer that include any changes from the Budget Committee . This budget get approved by the Budget Committee and the Budget Committee sends it recommendation to the City Council for adoption.

Column 8

Adopted by the Governing Body

Revenues and expenditures proposed for FY 2022-23 by the Budget Committee to City Council are considered for adoption and the budget becomes final.

BUDGETS

The General Fund

This section describes the General Fund which serves as the city's main operating fund. The General Fund provides resources to each and every department, program and activity carried out by the City of Manzanita. This section provides some background on what resources comprise the General Fund what that means for city operations, and how it influences budget recommendations in this years proposed budget and into the future.

Local governments are funded through a series of fees and taxes to provide services to the community.

In small rural communities funding for local government activities relies heavily on property tax and fees for services and utilities. While Manzanita is wealthy when it comes to property value the amount of property taxes we can levy is severely limited due to a series of property tax measures passed in the early 90's in Oregon.

As a result of these measures, Manzanitas tax rate was set at .4233/1000 placing it in the unenviable position of having one of the lowest property tax rates in the state of Oregon .

Did you know that only a small portion of your property taxes go to the City of Manzanita to provide services?

TAX BY DISTRICT

SCHOOL 56	1,354.84
NW REGIONAL ESD	46.30
TILLAMOOK BAY CC	79.34
EDUCATION TOTAL:	1,480.48

TILLAMOOK COUNTY	466.23
COUNTY LIBRARY	195.68
SOLID WASTE	12.00
CITY OF MANZANITA	127.44
NEHALEM BAY FIRE & RESCUE	346.21
NEHALEM BAY WASTEWATER	123.06
PORT OF NEHALEM	34.21
4H-EXTENSION SD	20.77
EMCD-911	56.64
NORT CO REC DIST	236.67
NEHALEM BAY HEALTH DIST	9.31
TILLA TRANSPORTATION	60.20
TILLA SOIL & WATER CONS	18.04
GENERAT GOVT TOTAL:	1706.52

COUNTY LIBRARY	13.76
TILLA CNTY BONDS AFTER 2001	78.83
SCHOOL 56 BONDS AFTER 2001	154.28
TILLA BAY CC BONDS AFTER 2001	37.25
NORTH CO REC DIST	41.49
BONDS - OTHER TOTAL:	325.641

2021-2022 TAX (BEFORE DISCOUNT) 3512.61

Photo by Joshua Lamar

When the property measures were put into place, the city consciously looked to Transient Lodging Tax (TLT) to provide the necessary funding for services. The city implemented an early TLT of 7% and took proactive steps to manage the industry through regulation and permitting.

Because of this early effort the city secured 100% of the first 7% of the TLT for General Fund purposes. This has proven essential to the city's survival and when legislation later changed and required that 70% of TLT revenue be placed in a restricted fund to promote tourism, Manzanitas TLT was grand fathered in and the city was able to maintain 100% of the first 7%.

The City has a separate account for tourism related funds, which represent 2% of the total 9% of TLT currently charged in Manzanita.

The second measure the city took was to establish early requirements for short-term rental (STR) businesses, particularly in residential areas. These requirements include annual licensing, inspections every three years and stringent requirements for noise, lighting, garbage and signage. STR businesses are also required to have a property manager within 20 minutes. These controls are a few of the regulatory requirements of the STR industry in Manzanita. STRs in the county, even within our Urban Growth Boundary are not subject to our regulations.

The city, along with a two groups of Manzanita citizens will explore opportunities to both find new sources of revenue to diversify the city's revenue and further regulate the STR industry in the city to balance livability impacts on residents.

The TLT has done a good job sustaining city operations and providing the majority of funding for most of the city's infrastructure projects since the 1990's. The TLT provides the majority of funding for the city's Administration, Public Safety and Court departments, a portion of the planning and permit tech and building official positions, and in this years budget the restricted TLT revenue for Tourism Promotion and Facilities will fund a portion of the utility worker positions. In short, every single position at the City of Manzanita relies on the General Fund, and every single infrastructure project is either in part or wholly funded by this resource in some way or another. Which makes us extremely vulnerable, and is why diversification matters so much.

What is TLT (Transient Lodging Tax)?

The TLT is a tax placed on the total retail price paid for occupancy of a transient lodging (short term rentals are defined as Transient lodging) The City of Manzanita charges 9% and processes and remits taxes to the state to charge this fee. Of that 9% Manzanita gets to maintain 100% of 7% of the revenue generated, and 30% of the remaining 2% for general fund purposes. The remaining 70% of that 2% goes into another fund called the Tourism Promotion Fund and can only be used for specific purposes defined by statute.

A person who furnishes temporary overnight lodging is considered a transient lodging provider. A transient lodging intermediary is a person, other than a provider, that facilitates the retail sale and charges for the occupancy of transient lodging. Transient lodging intermediaries include, but are not limited to, online travel companies, travel agents, and tour outfitter companies. Transient lodging includes:

- Hotels and motels;
- Bed and breakfast facilities;
- RV sites in RV parks or campgrounds;
- Resorts and inns;
- Lodges and guest ranches;
- Cabins;
- Condominiums;
- Short-term rental apartments and duplexes;
- Vacation rental houses;
- Tent sites and yurts in private and public campgrounds; and
- Any other dwelling unit, or portion of a dwelling unit, used for temporary overnight stays.

Source: Oregon Department of Revenue

General Fund Revenue Projections

This section explains the underlying assumptions for the General Fund revenue projections. Of the estimated resources, 94% are represented by four categories. The Transient Lodging Tax continues to represent the largest share of the city's annual revenue which include property taxes, fees and charges, and inter fund transfers.

Transient Lodging Tax (TLT)

Historically the TLT has represented approximately 50% of the city's annual revenue. In FY 21/22 that number increased to 65% due to the continued increase in year-round tourism stemming from the COVID 19 pandemic. The budget projections for this year assume that growth has leveled off but that the TLT will remain a larger source of revenue proportionally due to the increases in revenue. Current policy interventions (STR freeze) necessitate a conservative estimate on TLT. It is also a good practice test of our ability to live with what we have, trim up our expenditures and put our nose to grindstone to find new sources of revenue.

Property Taxes -

Manzanitas permanent tax rate of .4322/1000 is applied to the projected table assessed value of property to generate revenues to support the city's core operations.

Fees and Charges

Business Licensing Fees, Short Term Rental Licensing Fees, and Franchise Fees make up this category. These fees for service allow the city to recover some costs associated with administering programs such as the Short Term Rental permitting and inspection programs and providing public safety services for Oregon State Parks and neighboring communities of Wheeler and Nehalem.

The city does not currently recover costs associated with administrative financial functions which do require both staff and overhead costs including fees associated with banking transactions. These technology fees could be recovered through a technology fee for service when transactions take place. The building department currently charges a technology fee for transactions. The city could consider a technology fee on business licenses, STR transactions License Renewals or issuance. Other fees related to planning, public works, engineering reviews related to development could be recovered by enhancing our fee structure to account for permit review. These among other ideas will be discussed as part of the revenue diversification study, but even such minor changes could help offset increased costs in technology services and requirements.

Transfers from Other Funds

This fiscal year the proposed budget includes transfers into the General Fund from the Water Operating Fund, the Water Construction Fund, and the Building fund. The transfer from the Water Construction Fund into the General Fund is a new proposal, and represents the administrative costs associated with the Dorcas reconstruction project. The Building Fund transfer is also a new proposal only because the Building Fund has generated sufficient revenue to become self sustaining. The Building department requires similar overhead as do other enterprise funds such as the Water Operating Fund. Transfers are based on an indirect cost methodology. (Appendix A)

General Fund

Fund 10, Department 100

RESOURCES PAGE 1

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
742,074	688,295	645,380	CARRY OVER BALANCE - Non Restricted	1,670,381	1,670,381		
		82,911	CARRY OVER BALANCE - Restricted	170,000	170,000		
742,074		728,291	Carry Over Balance	1,840,381	1,840,381		
PROPERTY TAXES							
224,056	226,395	223,000	Property Taxes	232,000	232,000		
	6,361	5,000	Delinquent Property Taxes	5,000	5,000		
			Other Tax Distribution				
224,056	232,756	228,000	Total Property Taxes	237,000	237,000		
REVENUE FROM COLLECTIONS							
902,786	1,142,056	821,900	Room Tax Collections	1,100,000	1,100,000		
			STR Fines, Penalties				
57,821	60,360	57,100	Franchises & Utility Agreements	57,500	57,500		
20,773	21,361	21,000	Business Licenses	20,000	20,000		
63,921	319,143	104,000	Building Permits				
36,891	69,683	36,300	Other Permits: STR, Land Use Misc.	45,000	45,000		
48,958	54,983	57,500	Civic Improvement Fees	50,000	50,000		
1,131,150	1,667,586	1,097,800	Total Revenue from Collections	1,272,500	1,272,500		
REVENUE FROM OTHER AGENCIES							
10,332	12,558	11,342	Liquor Tax	11,000	11,000		
659	617	466	Cigarette Tax	450	450		
		147,000	Grants	147,000	147,000		
23,187	25,366	22,000	State Revenue Sharing	24,000	24,000		
59,362	55,560	53,000	Intergovernmental Agreements: Police or Fire	55,560	55,560		
153	2,360		Neah-Kah-Nie Excise tax	2,000	2,000		
28,186			Other				
121,879	96,460	233,808	Total Revenue from Other Agencies	240,010	240,010		

General Fund

Fund 10, Department 100

RESOURCES PAGE2

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
USE OF MONEY & PROPERTY							
27,828	10,380	10,000	Earned Interest	10,000	10,000		
			Land Sales				
			Surplus Property/Equipment				
27,828	10,380	10,000	Total Use of Money & Property	10,000	10,000		
CHARGES FOR SERVICES							
113,842	63,652	60,000	Fines & Forfeits	30,000	30,000		
113,842	63,652	60,000	Total Charges for Services	30,000	30,000		
OTHER REVENUE							
17,171	83,146	1,000	Miscellaneous Revenue	1,000	1,000		
553			Donations				
17,724	83,146	1,000	Total Other Revenue	1,000	1,000		
TRANSFER IN:							
			Indirect Overhead Payment from Building Fund	55,770	55,770		
			Indirect Overhead Payment from Water Construction Fund	44,265	44,265		
	157,348	157,348	Indirect Overhead Payment from Water Fund	168,350	168,350		
	157,348	157,348	Total Transfer In	268,385	268,385		
2,378,553	2,153,979	2,516,247	TOTAL GENERAL FUND RESOURCES	3,899,276	3,899,276		

General Fund Expenditures by department

City Administration (General Fund)

The city's Administration department is led by the City Manager whose responsibility is to efficiently and effectively manage all city operations and to implement the policy of the City Council. The city Administration provides essential administrative services to all departments in the city including finance, human resources and records management.

The budget proposal for the Administration includes increases in two key places, personnel and professional services. The proposal also includes reductions in general services to align expenditures more closely with annual revenues. This means that the proposed budget does not propose any transfers except those that are required to complete projects slated for next fiscal year.

Personnel Description

The Administration staff includes 4.6 Full Time Equivalent Employees. These positions include the City Manager, Accounting Manager, Assistant City Recorder, Short Term Rental Program Manager and a .6 FTE Administrative Assistant position that will remain unfilled for the 2022-2023 fiscal year. Salary increases represent two promotions, one reclassification and COLA adjustments.

The first promotion is the newly created Accounting Manager position. This position was formerly the Finance and Administrative Specialist position. This job description and change in pay reflect the increased responsibility and duties of the position which include developing standards and training staff on financial procedures including further separation of duties, advising City Manager on financial policies, contract management, and working with the auditor to conduct the annual audit. The new position was evaluated as part of the 2022 salary survey and expenses reflect the proposed salary schedule from that study.

The second personnel change includes the consolidation of the Court Clerk into a newly created Assistant City Recorder position. This position oversees court operations and organizes and maintains the city's records including providing support to City Council and other appointed committees. This position also provides support to the City Manager and back up for key financial transactions. This position was evaluated as part of the salary survey and expenses include the recommended salary schedule

The STR Program Manager was formerly the Licensing and Ordinance Specialist. The position was reclassified to more accurately reflect the responsibilities associated with this position which include the implementation of the city's STR program including licensing, inspections, calculating TLT receipts and enforcing code regulations.

Continued

General Fund Expenditures by department (cont.)

City Administration (General Fund)

Materials and Services

This category includes expenditures related to citywide and specific administrative operations. Several citywide costs have increased over the last several years but have not been adequately accounted for in the city's budgets. These services have ultimately been covered by transfers from contingency at the end of the fiscal year. The current fiscal year will be no exception. The proposed budget accounts for these changes, and are described below.

Professional Services

The Administration has experienced significant increases in professional services over the last two years due to COVID and the need to upgrade technology, and retaining services of an IT professional to provide web, video and security services in addition to general help desk and hardware and software support. New state legislation now requires that cities maintain a virtual option because it has proven to increase participation, equity and access. These expenses are now fully accounted for in the budget.

The second estimated increase is for legal expenses. The proposed budget more accurately reflects the city's legal expenses related to contract development, major policy, and ordinance updates. The proposed budget also includes an estimate of expenditures related to policy implementation.

Professional services also account for services related to city priorities. Funding for the anticipated Revenue Diversification study, resources to begin digitizing city records, resources for community engagement and other activities related to council goals. This line item also includes resources for a seasonal short term rental enforcement position.

Other Changes

Insurance premiums for property increased by 15% over last year. Estimates for planning notices are projected to increase as they did this year with development. Finally dues and subscriptions have also increased to accurately reflect the city's software and other subscriptions necessary for the city to operate.

Transfers

In previous years transfers from the General Fund into the Storm Drain Fund, Road Fund, and Parks Fund represented a significant portion of the city's overall expenditures. The FY 2022-2023 budget proposal includes a modest transfer to the Storm Drain Fund to provide sufficient resources to complete the Dorcas project. The remaining transfers include a transfer to the Public Safety Reserve Fund for future Police vehicle replacement, and a transfer to the newly established Building Fund which represents the beginning fund balance of this new restricted fund. It is important to note that in order for the general fund to sustain operations, other sources of funding for infrastructure need to be found.

Administration

Budget for fiscal year 2022/2023

EXPENDITURES

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
PERSONNEL SERVICES							
112,233	305,513	303,435	Salaries and Wages	322,633	322,633	322,633	
65,462	105,040	221,097	Payroll Benefits and Expenses	241,932	241,932	241,932	
177,695	410,552	524,532	Total Personnel Services	564,564	564,564	564,564	
Full Time Equivalent (FTE)					3.6		
MATERIALS & SERVICES							
8,978	4,495	9,000	Building Operations	13,000	13,000	13,000	
5,090	8,509	7,000	Stationery and Supplies	7,000	7,000	7,000	
1,444	2,708	2,700	Insurance	5,000	5,000	5,000	
1,061	1,033	2,000	Advertising	2,000	2,000	2,000	
1,000	0	1,000	Planning and Zoning	10,000	10,000	10,000	
8,423	4,056	2,000	Building Maintenance and Supplies	6,000	6,000	6,000	
79,055	96,688	99,000	Professional Services	300,000	300,000	320,000	
5,231	2,193	7,000	Travel and Training	8,000	8,000	8,000	
4,900	25,275	4,000	Dues & Subscriptions	27,000	27,000	27,000	
1,734	34,079	1,000	Miscellaneous	3,000	3,000	3,000	
116,916	179,035	134,700	Total Materials & Services	381,000	381,000	401,000	
CAPITAL OUTLAY							
5,598	2,224	7,500	Office Equipment	7,000	7,000	7,000	
5,598	2,224	7,500	Total Capital Outlay	7,000	7,000	7,000	
300,209	591,811	666,732	TOTAL ADMINISTRATION DEPT. EXPENDITURES	952,564	952,564	972,564	



Public Safety

Personnel

The public safety department consists includes a Police Chief and 3 Police Officers. The City provides paid supplemental coverage to Wheeler, Nehalem and Nehalem Bay/Oswald West State Park by Intergovernmental Agreements.

Materials and Services

Materials and Services expenditures are similar to last year, with an increase in vehicle maintenance line item due to the current increase and uncertainty in future fuel prices. Fuel represents significant portion of Materials and Services costs. The annual EVCNB donation has been moved out of the Public safety budget and into the non-department line item for emergency management. This budget also includes investment in new technology (drone) and ongoing training for officers for additional certifications.

Transfers

From the general fund into the Public Safety Equipment Reserve fund for future vehicle purchases consistent with the schedule

Capital Outlay

Capital outlay for this department is through the Public Safety Reserve Fund.

Public Safety Department

EXPENDITURES

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
PERSONNEL SERVICES							
291,165	292,719	300,854	Wages and Salaries	341,701	341,701	341,701	
7,685	5,168	13,000	Over Time	13,000	13,000	13,000	
6,878	8,382	14,000	On Call Pay	15,000	15,000	15,000	
215,295	213,105	250,209	Payroll Benefits and Expenses	269,269	269,269	269,269	
521,023	519,374	578,063	Total Personnel Services	638,970	638,970	638,970	
Full Time Equivalent (FTE)					4		
MATERIALS & SERVICES							
2,368	3,065	3,300	Stationery & Supplies	3,300	3,300	3,300	
529	500	1,500	Contract Services	1,500	1,500	1,500	
7,354	8,656	9,900	Insurance	11,500	11,500	11,500	
60		500	Professional Services	500	500	500	
2,747		6,350	Materials and Supplies	6,300	6,300	6,300	
1,876	1,162	3,200	Uniforms and Clothing Allowance	3,200	3,200	3,200	
7,744	8,163	9,050	Building Operations	9,060	9,060	9,060	
17,652	18,400	27,100	Vehicle/Equipment Maint, Supplies, Repair	28,550	28,550	28,550	
1,537	6,630	9,500	Travel and Training - Staff	9,500	9,500	9,500	
6,934	9,805	11,750	Dues & Subscriptions	11,750	11,750	11,750	
		1,700	Testing	1,700	1,700	1,700	
	89	500	Miscellaneous	500	500	500	
682		3,000	Building Maintenance & Supplies	3,000	3,000	3,000	
2,800	2,977	5,800	Disaster Planning & Supplies	3,000	3,000	3,000	
52,283	59,446	93,150	Total Materials & Services	93,360	93,360	93,360	
CAPITAL OUTLAY							
12,605			Equipment				
			Vehicle/Equipment				
	3,515		Building Construction				
12,605	3,515		Total Capital Outlay				
585,911	582,336	671,213	TOTAL LAW ENFORCEMENT DIVISION EXPENDITURES	732,330	732,330	732,330 7732,330	



Court Department

Fine revenue, which supports this department has been in continued decline during the pandemic. A lower fine revenue is estimated for the 2022-2023 fiscal year. Bail refunds, assessments on fines, and agency distributions are handled in the General Ledger out of the budget as advised by the City Auditor. The only revenue reflected in the budget is the City's share of fine revenue which is projected at \$30,000 this year. (See General Fund budgeted Revenue for this figure.)

Personnel Services

The Municipal Court includes a .4 FTE that deals exclusively with Court business. This position is filled by the Assistant City Recorder. The department also includes a contracted Municipal Court Judge who provides services for a small monthly stipend.

Materials and Services

Provide resources for the functions associated specifically with the court division including financial software specific to court operations.

Expenditures

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
PERSONNEL SERVICES							
18,891	20,911	29,045	Wages and Salaries	22,310	22,310	22,310	
14,759	10,298	27,365	Payroll Benefits and Expenses	8,682	8,682	8,682	
33,650	31,209	56,410	Total Personnel Services	30,993	30,993	30,993	
Full Time Equivalent (FTE)					0.4		
MATERIALS & SERVICES							
800	109	500	Building Operations				
1,763	117	750	Stationery and Supplies	360	360	360	
4,147		2,000	Professional Services - Municipal Judge	1,000	1,000	1,000	
4,400	5,200	4,800	Professional Services - Municipal Judge	4,800	4,800	4,800	
588		1,200	Travel & Training	1,000	1,000	1,000	
988	2,493	1,500	Dues & Subscriptions	8,000	8,000	8,000	
	333		Miscellaneous				
12,686	8,252	10,750	Total Materials & Services	15,160	15,160	15,160	
CAPITAL OUTLAY							
		1,000	Equipment				
		1,000	Total Capital Outlay				
46,336	39,460	68,160	TOTAL MUNICIPAL COURT DEPT. EXPENDITURES	46,153	46,153	46,153	

Non Department

This department has historically been utilized for transfers and expenditures normally made once a year which do not pertain to a specific department of the General Fund.

Materials and services

The Council has directed that 10,000 be set aside for emergency preparedness equipment and facilities each year. A sum of \$58,000 is included in this years budget. This reflects carryover of \$40,000 plus an additional \$10,000 for this years allocation. An additional \$2,800 is included as the city's annual contribution to EVCNB. The remaining funds are for use by the city for the purchase of mobile emergency management equipment.

COVID Relief funds also show up here as an expenditure though the City Council has not yet determined how those funds will be spent. Council will discuss the opportunities presented by this funding early in the fiscal year and establish funding priorities for expending these resources.

Transfers

A \$5,000 transfer to the Storm Drain Fund is proposed to cover any additional contingency for the Dorcas street project.

The transfer to the Public Safety Equipment Reserve Fund is \$26,200, which reflects the amortization of the costs for Police vehicles over a seven-year cycle.

A transfer of \$268,615 to the Building Fund is proposed which includes both the estimated carry over balance for the new Building Fund from the 2021-2022 fiscal year, and General Fund resources to fund .5 FTE of the Planning and Permit Tech position, and .2 FTE of the Development Services Manager position.

Beyond the Dorcas project there are no other planned capital projects for FY 2022-2023 so no General Fund resources are allocated to Road or Storm Drain Utility Funds. The proposed budget also does not include a transfer this year to the City Hall Fund for the debt service payment on Underhill Plaza.



EXPENDITURES

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
MATERIALS & SERVICES							
100	898	3,600	Dues & Memberships	5,000	5,000	5,000	
	480	50,000	Emergency Preparedness	58,000	58,000	58,000	
		1,200	Virtual Meeting Equipment				
		1,000	Emergency FM Transmitter	1,000	1,000	1,000	
		130,000	COVID Relief Program	147,000	147,000	147,000	
100	1,378	185,800	Total Materials & Services	211,000	211,000	211,000	
TRANSFER OUT							
486,200	100,000	130,000	Road Fund				
	26,200	26,200	Public Safety Equipment Reserve Fund	26,200	26,200	26,200	
			Public Works Equipment Reserve Fund				
			Parks Facilities Fund				
	100,000	155,400	City Hall Expansion Fund				
60,000	60,000	75,000	Storm Drain Facilities Fund	5,000	5,000	5,000	
			Building Fund	268,615	268,615	268,615	
546,200	286,200	386,600	Total Transfers	299,815	299,815	299,815	
GENERAL FUND RESERVES							
		137,974	Operating Contingency	122,000	122,000	122,000	
			General Fund Reserves	400,000	400,000	400,000	
			Unappropriated Ending Fund Balance	950,000	950,000	911,413	
		10,950	Reserve for Council-designated Insurance				
		48,500	Reserve for Park Equipment Replacement				
		197,424	Total General Fund Reserves	1,472,000	1,472,000	1,433,413	
546,300	287,578	769,824	TOTAL GENERAL FUND NON DEPT. EXPENDITURES	1,981,815	1,981,815	1,944,228	

Parks Department

The parks department is responsible for the clean up and maintenance of the city park equipment, restroom facility and grounds.

Personnel Services

Personnel services have been reduced to account for the transfer of the maintenance of visitor related facilities and grounds to the Tourism Promotion Fund.

EXPENDITURES

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
PERSONNEL SERVICES							
29036	16,289	15,214	Wages and Salaries	8,862	8,862	8,862	
20485	10,929	10,750	Payroll Benefits and Expenses	8,638	8,639	8,639	
49,521	27,218	25,964	Total Professional Services	17,501	17,501	17,501	
MATERIALS AND SERVICES							
1,634	1,886	2,000	Insurance	2,500	2,500	2,500	
1,326	2,888	4000	Grounds Maintenance	2,000	2,000	2,000	
2,535	4,700	4,700	Park Operations	4,000	4,000	4,000	
11,114	8,609	10,300	Janitorial Supplies	1,000	1,000	1,000	
2,944	7,045	10,000	Park Maintenance	5,000	5,000	5,000	
548	1,600	3,450	Vehicle Maintenance	3,000	3,000	3,000	
20,101	28,912	34,450	Total Materials and Services	17,500	17,500	17,500	
CAPITAL OUTLAY							
		28,500	Vehicle	0	0	0	
			Total Capital Outlay	0	0	0	
69,622	56,130	88,914	TOTAL GENERAL FUND PARKS DEPT	35,001	35,001	35,001	

Civic Reserve Fund

This department budget is used to spend restricted funds from the short term rental permit fee and the business license fee on projects that are considered “civic improvements” such as the handicapped access ramp to the beach, road improvements, street furniture for Laneda, holiday decorations, and other amenities. For several years the fund has served primarily as a pass through for additional General Fund resources for funding road projects.

Materials and services

The Civic Improvement fund includes \$40,000 for parks equipment. This allocation replaces the reserve in the Non Department budget of the General Fund.

Transfers

The proposed budget includes a transfer of \$80,000 for the Dorcas project. This is to cover possible contingency required due to rising project costs.

The Civic Improvement Fund was designed to provide amenities that can now be funded through other non General Fund resources such as the Transient Lodging Tax which can be used for facilities like trails, access ramps, street furniture and holiday decorations.

The policy to restrict these funds should be reviewed with other policies over the next year to determine if the goals are still relevant to where we are today.

General Fund Reserve

The proposed budget also includes a recommendation to establish a policy for a General Fund Reserve. The recommendation is that the city establish the reserve this year at 15% of General Fund expenditures, and that it should be increased at 2.5% per year revenue permitting until the city reaches a 25% reserve on expenditures.

Unappropriated Ending Fund balance

The city must ensure that its annual operating expenses are always covered with a healthy reserve before the city takes on additional obligations including General Fund transfers to infrastructure funds, or debt service for capital projects. The city has been able to manage its resources effectively on a year by year basis, and today that affords the city an opportunity to set aside resources for reserves, and strategically determine how best to utilize the remaining resources in the most fiscally responsible way.

Civic Improvement Reserve

Budget for fiscal year 2022/2023

EXPENDITURES

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
MATERIALS & SERVICES							
		5,000	Professional Services	25,000	25,000	25,000	
			Miscellaneous				
		5,000	Total Materials & Services	25,000	25,000	25,000	
CAPITAL OUTLAY							
		5,000	Equipment				
			Park Equipment Replacement	40,000	40,000	40,000	
		5,000	Total Capital Outlay	40,000	40,000	40,000	
TRANSFER OUT							
75,000		60,000	Road Fund	80,000	80,000	80,000	
75,000		60,000	Total Transfers Out	80,000	80,000	80,000	
RESERVES							
			Unappropriated Ending Fund Balance	25,000	25,000	25,000	
			Total Civic Improvement Reserves				
75,000		70,000	TOTAL CIVIC IMPROVEMENTS RESERVE EXPENDITURES	170,000	170,000	170,000	

ENTERPRISE FUNDS

An enterprise fund is a government owned fund that sells goods and services. Manzanita has a Water Utility which sells water and provides service to residential and commercial customers.



Water Operating Fund

Revenues

The Water Operating Fund accounts for the day-to-day operations of the water system including meter installation and repair, water system maintenance, billing, and water quality control. The revenues from water sales and collections reflect the rates implemented in October 2014. The current residential in-city base rate is \$39.50 per month. The 2014 study also recommended a 2.2% annual rate increase based on the consumer price index at the time. City Council approved this recommendation but the rate increases were never carried out. As of today there are not sufficient revenues raised from fees to finance needed system improvements, major maintenance activities and ongoing operations. Record high inflation, and cost increases in materials is also a consideration increasing overall maintenance costs of the system. A rate study is underway, and new recommendations will be brought to City Council for consideration.

The revenue from Wholesale Water Sales is the payment from the City of Wheeler for its share of the operational expenses for the well, as well as payments from Tideland Water District and Route 53 Water Co-ops for bulk water only.

Expenditures

The Water Operating Fund expenditures are formatted to reflect the water filtration plant and the well system built in 2003. The expenses of the filtration plant and the distribution system are reflected in the Water Operating Fund Department 400. The well and associated transmission line expenses are reflected in the Water Operating Fund Well Field and Transmission Lines 410. The expenses in the Well Field and Transmission Lines Department are shared with the City of Wheeler using a formula established in through an Intergovernmental Agreement (IGA). Debt Service was refinanced with lower interest bonds in 2018.

The operation of the well system and the surface water system must be closely coordinated to meet health requirements and water demands. In 2006, by Intergovernmental Agreement it was decided that a Manzanita employee should oversee the system as any changes at the well site would affect both Wheeler and Manzanita. Wheeler pays its share of the personnel services for the staff member designated as being in "Direct Responsible Charge" (DRC) as defined by State regulations. That staff member is currently the Public Works Director.

This budget also includes a cost to install a back generator for the Public Works shop, blacktop, and site work around the water shop to improve storage.

The System Maintenance and Supplies line item reflects routine line and facility repair. This year, expenses include maintenance requirements to the treatment plant, distribution system, meter change out and fire hydrant replacement. Water treatment pumps in the water plant require replacement.

Billing and Administration has increased as the city moves forward with water billing and meter program implementation. This system has many benefits which include a customer portal to view water usage, water billing communications, leak detection on property with alert to homeowner and city staff, water leakage on mains to save costs, remote shut off with newer meters, and many others. After implementation annual expenses will come down.

Water Operating Fund

Fund 40, Department 400

RESOURCES

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
600,326	496,177	530,424	CARRYOVER BALANCE	295,101	295,101	295,101	
CHARGES FOR SERVICES							
996,861	990,067	960,000	Water Sales and Collections	1,000,000	1,000,000	1,000,000	
		30,000	Wholesale Water Sales				
			(Wheeler, Zaddach Creek, Tideland)				
6,376	9,855	9,100	Meter Installations	29,880	29,880	29,880	
1,003,237	999,922	999,100	Total Charges for Services	1,029,880	1,029,880	1,029,880	
USE OF MONEY & PROPERTY							
27,695	10,375	10,000	Earned Interest	6,000	6,000	6,000	
27,695	10,375	10,000	Total Use of Money & Property	6,000	6,000	6,000	
OTHER REVENUE							
599		100	Miscellaneous	100	100	100	
		83,650	Grants	90,000	90,000	90,000	
599		83,750	Total Other Revenue	90,100	90,100	90,100	
1,631,857	1,506,474	1,623,274	TOTAL WATER OP FUND RESOURCES	1,421,081	1,421,081	1,421,081	

EXPENDITURES Page 1

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
PERSONNEL SERVICES							
233,537	143,615	187,696	Salaries and Wages	234,301	234,301	234,301	
260	3,958	14,500	On call Time	19,000	19,000	19,000	
4,288	940	10,500	Overtime	10,500	10,500	10,500	
173,337	101,013	186,416	Payroll Benefits and Expenses	225,673	225,673	225,673	
411,422	249,526	399,112	Total Personnel Services	489,474	489,474	489,474	
Full Time Equivalent (FTE)					3		
MATERIALS & SERVICES							
20,581	19,197	14,600	Building Operations	20,000	20,000	20,000	
0	87	1,800	Contract Services	2,200	2,200	2,200	
23,668	27,704	29,900	Insurance	30,000	30,000	30,000	
1,115	2,334	2,500	Office Supplies	2,500	2,500	2,500	
25	108	600	Advertising	800	800	800	
1,369	1,228	33,600	Building Maintenance	37,500	37,500	37,500	
72,593	74,244	131,000	Professional Services	60,000	60,000	60,000	
842	769	1,200	Uniform or Clothing Allowance	1,500	1,500	1,500	
5,602	10,561	9,600	Vehicle/Equipment	9,600	9,600	9,600	
2,930	2,238	4,500	Travel and Training - Staff	5,000	5,000	5,000	
4,830	7,226	3,500	Dues & Subscriptions	4,500	4,500	4,500	
218,161	125,665	210,700	System Maintenance and Supplies	155,000	155,000	155,000	
88		2,200	Chemicals, Supplies, and Telemetry	24,000	24,000	24,000	
11,061	16,687	28,800	Billing and Administration	65,000	65,000	65,000	
358	331	500	Fire Patrol	800	800	800	
1,745	1,446	2,200	Testing (Federal and State)	3,600	3,600	3,600	
25	405	200	Miscellaneous	500	500	500	
			Lease/Easement				
364,993	290,231	477,400	Total Materials & Services	422,500	422,500	422,500	

Water Operating Fund

Fund 40, Department 400

Budget for fiscal year 2022/2023

EXPENDITURES PAGE 2

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
CAPITAL OUTLAY							
			Office Equipment	3,500	3,500	3,500	
			Vehicles and Equipment				
			Vehicles				
			Equipment				
			Buildings				
			Line Replacement				
			New Construction				
677			Storm Drainage				
677			Total Capital Outlay	3,500	3,500	3,500	
TRANSFER OUT							
14,300	14,300	14,300	Public Works Equipment Reserve Fund	16,896	16,896	16,896	
113,675			Transfer to City Hall Expansion Fund				
	75,000	200,000	Water Construction Fund				
	157,348	157,348	Indirect Overhead Payment to General	168,350	168,350	168,350	
			Fund				
127,975	246,648	371,648	Total Transfer Out	185,246	185,246	185,246	
GENERAL FUND RESERVES							
172,931	170,856	172,981	Loan Payment	171,000	171,000	171,000	
172,931	170,856	172,981	Total Debt Service	171,000	171,000	171,000	
	957,261	1,421,141	TOTAL WATER SYSTEM DEPARTMENT	1,271,720	1,271,720	1,271,720	

EXPENDITURES PAGE 3

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
PERSONNEL SERVICES							
38,537			Salaries and Wages				
23,067			Payroll Benefits and Expenses				
61,604			Total Personal Services				
MATERIALS & SERVICES							
15,010	17,290	27,400	Building Operations	22,000	22,000	22,000	
336		400	Contract Services	400	400	400	
3,757	4,302	4,800	Insurance	21,000	21,000	21,000	
			Building Maintenance	3,500	3,500	3,500	
333	2,890	15,000	Professional Services	15,000	15,000	15,000	
468	450	600	Uniform & Clothing Allowance	800	800	800	
840	1,584	3,900	Vehicle/Equipment Maint, Supplies,	3,500	3,500	3,500	
			Repair				
1,668		1,400	Travel and Training - Staff	1,800	1,800	1,800	
34,014	13,485	10,000	System Maintenance and Supplies	18,500	18,500	18,500	
	579	10,550	Chemicals, Supplies, and Telemetry	4,000	4,000	4,000	
1,228	1,228	1,228	Lease and Easements	1,228	1,228	1,228	
30		3,200	Testing (Federal and State)	3,200	3,200	3,200	
		100	Miscellaneous	500	500	500	
57,684	41,808	78,578	Total Materials & Services	95,428	95,428	95,428	
TOTAL WELL FIELD							
119,288	41,808	78,578		95,428	95,428	95,428	
& TRANSMISSION LINE DEPARTMENT							
RESERVES							
			Contingency	50,000	50,000	50,000	
			Total Water Operating Fund Reserves	50,000	50,000	50,000	
	999,069	1,499,719	TOTAL WATER OPERATING FUND EXPENDITURES	1,417,148	1,417,148	1,417,148	



Water Construction Fund

REVENUES

The Water Construction Fund accounts for major system expansion or improvement projects. The funding sources for the Water Construction Fund include system development charges and transfers from the Water Operating Fund. The carryover amount reflects the reserve for future system replacement of around \$2.4 million. System Development Charges are \$6,900 per dwelling unit. These funds are restricted to construction of facilities that expand the city's water system.

EXPENDITURES

The 2022 Water System Master Plan update has identified a priority list of projects to complete for the water system. This plan, along with other capital projects will be used to develop a capital improvement plan (CIP) The CIP will include system expansion and maintenance projects. The city currently prioritizes projects where water lines, storm drainage and street surface conditions are poor, and all three can be replaced at once. The 2022-2023 budget includes \$600,500 for replacing the asbestos concrete and PVC water lines as part of the Dorcas and 4th Street improvement project. This project is currently in final design and is expected to go to bid in the fall of 2022.

Water Construction Fund

Fund 41, Department 810

Budget for fiscal year 2022/2023

RESOURCES

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
2,441,568	2,398,581	2,495,462	CARRY OVER BALANCE	3,153,082	3,153,082	3,153,082	
CHARGES FOR SERVICES							
96,600	296,700	103,500	System Development Charges	208,400	208,400	208,400	
		1,000	Service Extensions				
96,600	296,700	104,500	Total Charges for Services	208,400	208,400	208,400	
USE OF MONEY & PROPERTY							
38,355	15,486	15,000	Earned Interest	6,000	6,000	6,000	
OTHER REVENUE							
Miscellaneous							
TRANSFER IN							
	75,000	200,000	Water Operating Utility Fund				
1,800	1800	45,300	Puffin Lane LID Fund				
1,800	76,800	245,300	Total Transfers In				
2,578,323	2,787,567	2,860,262	TOTAL WATER CONSTRUCTION FUND RESOURCES	3,367,482	3,367,482	3,367,482	

EXPENDITURES

MATERIALS & SERVICES							
			Contract Services	5,000	5,000	5,000	
			Advertising				
			Professional Fees				
			Total Materials & Services	5,000	5,000	5,000	
CAPITAL OUTLAY							
			New Construction				
179,742	22,125	425,000	Water Construction Projects Manzanita System Projects	751,359	751,359	751,359	
179,742	22,125	425,000	Total Capital Outlay	751,359	751,359	751,359	
TRANSFERS							
			Puffin Lane LID Fund				
			Indirect Cost Transfer to General Fund	44,265	44,265	44,265	
			Total Transfers Out	44,265	44,265	44,265	
RESERVES							
		35,262	Contingency	40,000	40,000	40,000	
		2,400,000	Unappropriated Ending Fund Balance	2,526,858	2,526,858	2,526,858	
		2,435,262	Total Water Construction Fund Reserves	2,566,858	2,566,858	2,566,858	
2,578,323	2,787,567	2,860,262	TOTAL WATER CONSTRUCTION FUND EXPENDITURES	3,367,482	3,367,482	3,367,482	



SPECIAL FUNDS

Building Fund, Road Fund, Tourism Promotion and Facilities Fund, Timber Management Fund, Housing Rehabilitation Loan Fund, Trust Fund, & Puffin LID Fund



Building Fund

The Building Fund is being established this year because the city's Building Program has generated enough income to generate a carryover balance. The Building Fund is seeded by a transfer of \$268,615 from the General Fund which represents the estimated carryover from fees collected for the building inspection program for the current Fiscal Year.

REVENUE

Revenue for the Building Fund is generated through plan review and inspection fees for residential building permits. These funds are restricted to the administration and enforcement of the building inspection program per ORS 455.210 (3) (c).

EXPENDITURES

Personnel Services

The Building Inspection program resides in the City's newly established Development Services Division. This Division is overseen by the Building Official. The Building Fund pays for .8 of the Development Services Manager/Building Official position and .5 of the Permit and Planning Tech position. The General Fund provides a transfer to the Building Fund to pay for the remaining .2 FTE of the Development Services Manager/Building Official FTE and .5 FTE of the Permit and Planning Tech position.

Materials and Expenses

The materials and expenses listed in this budget reflect the required materials and services required to administer the city's building program. There are resources for contract services to provide back up services to the building official if needed.

Transfers

Staff propose that City Council approve a new Building Equipment Reserve Fund for building related expenditures. The budget proposal includes a transfer of \$12,500 to a newly created Building Equipment Reserve Fund for the purpose of purchasing a vehicle for inspections for the Planning and Permit Tech position and to set aside future reserves for replacement vehicles.

RESOURCES

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
REVENUE FROM COLLECTIONS							
			Building Permits	300,000	300,000	300,000	
			Earned Interest				
			Total Use of Money & Property	300,000	300,000	300,000	
			Transfer in From General Fund	268,615	268,615	268,615	
			Total Revenue	568,615	568,615	568,615	
			TOTAL BUILDING FUND RESOURCES	568,615	568,615	568,615	

EXPENDITURES

PERSONNEL SERVICES							
19,710	28,106	50,010	Wages and Salaries	88,976	88,976	88,976	
13,809	21,254	29,594	Payroll Benefits and Expenses	54,477	54,477	54,477	
33,519	49,360	79,604	Total Personnel Services	143,453	143,453	143,453	
			Full Time Equivalent	2 (FTE)			
MATERIALS & SERVICES							
1,437	131	1,500	Stationery and Supplies	2,500	2,500	2,500	
27,084	3,175	10,000	Contract Services	25,000	25,000	25,000	
	5,888	8,000	Professional Services	10,000	10,000	10,000	
2,808	10,983	10,700	Assessment on Building Permits	45,000	45,000	45,000	
		1,500	Vehicle/Equipment Maint, Supplies, Repair	5,000	5,000	5,000	
	389	1,500	Travel and Training - Staff	4,000	4,000	4,000	
360	857	4,000	Dues & Subscriptions	4,500	4,500	4,500	
	501	100	Miscellaneous	500	500	500	
		200	Building Maintenance and Supplies	200	200	200	
1427	995	2,300	Utilities	2,400	2,400	2,400	
33,116	22,920	39,800	Total Materials & Services	99,100	99,100	99,100	
CAPITAL OUTLAY							
245	1,859	5,000	Office Equipment	5,000	5,000	5,000	
245	1,859	5,000	Total Capital Outlay	5,000	5,000	5,000	
TRANSFERS							
			Indirect Cost Transfer to the General Fund	55,570	55,570	55,570	
			Vehicle Reserve Transfer	12,500	12,500	12,500	
			Total Transfers	68,070	68,070	68,070	
RESERVES							
			Contingency	10,000	10,000	10,000	
66,880	73,296	124,404	TOTAL BUILDING DEPARTMENT EXPENDITURES	325,623	325,623	315,623	



Road Fund

Revenues

Revenues include fees from a franchise agreement with Tillamook PUD, State motor vehicle fuel taxes, earned interest and cash carryover. Motor Vehicle Fuel Tax revenue is distributed on a per capita basis by the State. The motor vehicle fuel tax revenue has gone up slightly this year. This fund is heavily dependent on transfers from the General Fund and Civic Improvement Reserve for financing street improvements. This budget includes a proposed transfer of \$80,000 from the Civic Improvement Reserve within the General Fund.

Expenditures

Personnel

There are 1.9 FTE assigned to the roads department and include a portion of time from three public works utility workers, and the public works director. The public works utility clerk has a very small percentage of workload assigned to this department. The decrease in personnel costs for the road fund is represented by the transfer of a .5 FTE and 5% of each utility workers overall FTE have moved to the Tourism Promotion Fund for the tourist facilities management portions of their jobs .

This allows the city to recover costs for managing and maintaining tourists facilities with tourist restricted dollars that otherwise would have come out of the General Fund. Strategies such as this are going to be essential for the city to reduce its reliance on TLT revenue long term and will help align budget resources with services provided.

Materials and Services

Overall these expenditures were reduced to align more closely with actual expenditures. Road Maintenance and supplies covers costs of crack sealing, pavement marking repair & replacement, gravel, and asphalt patch.

Capital Outlay

The Dorcas and 4th Street Improvement project is proposed for the fall of 2022. The amount in Street Improvements represents the Road Fund's share of \$614,611 for the project.

Road Fund

Fund 15, Department 150

RESOURCES

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
277,724	541,523	531,653	CARRY OVER BALANCE	729,565	729,565	729,565	
REVENUE FROM COLLECTIONS							
83,617	89,140	68,000	Franchises and Utility Agreements	68,000	68,000	68,000	
2,000	4,300	1,500	Street Permit Fees	1,000	1,000	1,000	
		500	Street Improvements				
85,617	93,440	70,000	Total Revenue from Collections	69,000	69,000	69,000	
REVENUE FROM OTHER AGENCIES							
41,076	46,404	46,471	Motor Vehicle Tax	40,000	40,000	40,000	
5,919	40,478		Grants				
46,995	86,883	46,471	Total Revenue from Other Agencies	40,000	40,000	40,000	
USE OF MONEY & PROPERTY							
5,376	2,336	2,000	Earned Interest	2,000	2,000	2,000	
5,376	2,336	2,000	Total Use of Money & Property	2,000	2,000	2,000	
OTHER REVENUE							
		100	Miscellaneous				
TRANSFER IN							
325,000	100,000	130,000	General Fund				
		60,000	Civic Improvement Reserve	80,000	80,000	80,000	
325,000	100,000	190,000	Total Transfer In	80,000	80,000	80,000	
740,712	824,182	840,224	TOTAL ROAD FUND RESOURCES	920,565	920,565	920,565	

EXPENDITURES

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
PERSONNEL SERVICES							
46,585	39,198	61,734	Wages and Salaries	46,913	46,913	46,913	
35,919	24,211	57,811	Payroll Benefits and Expenses	47,382	47,382	47,382	
82,504	63,409	119,545	Total Personal Services	94,295	94,295	94,295	
Full Time Equivalent (FTE)					1.9		
Materials and Services							
	9,680	10,000	Contract Services	10,000	10,000	10,000	
650	456		Professional Services	5,000	5,000	5,000	
1,027	1,199	1,250	Insurance	2,500	3,000	3,000	
796	504	500	Building Maintenance/supplies	500	500	500	
8,353	6,046	7,500	Vehicle/Equipment Maint, Supplies,	7,500	7,500	7,500	
			Repair				
		1,000	Travel and Training - Staff	500	500	500	
8,958	15,130	36,100	Road Maintenance and Supplies	23,000	23,000	23,000	
7,284	7,308	8,500	Street Lights	8,500	8,500	8,500	
805		3,500	Street Signs	3,500	3,500	3,500	
34	3,420	250	Miscellaneous	500	500	500	
988	783	800	Uniform or Clothing Allowance	1,200	1,200	1,200	
28,895	44,527	69,400	Total Materials and Services	62,700	63,200	63,200	
CAPITAL OUTLAY							
			Vehicles & Equipment				
			Street Improvement/Laneda				
		569,000	Street Repair/Improvement	614,611	614,611	614,611	
75,321		25,000	New Construction-Bike Path/Trail				
3,269	114,262		Storm Drain Construction				
78,590	114,262	594,000	Total Capital Outlay	614,611	614,611	614,611	
TRANSFER OUT							
9,200	9,200	9,200	Public Works Reserve Fund	8,700	8,700	8,700	
Total Transfers				8,700	8,700	8,700	
RESERVES							
			Contingency	40,000	40,000	40,000	
		48,079	Unappropriated Ending Fund Balance	99,759	99,759	99,759	
Total Road Fund Reserves				139,759	139,759	139,759	
199,189	231,398	792,145	TOTAL ROAD FUND EXPENDITURES	920,065	920,565	920,565	





Tourism Promotion & Facilities Fund

This fund was created in 2012 to account for 70% of the revenues from a 2% increase in the transient lodging tax. These revenues are required by State Statute to be used for tourism promotion and tourist-related facilities as defined in ORS 320.300. This fund was created to account for these restricted funds. These funds are used exclusively for promotion and the operation of the visitor center and other tourist related facilities.

Personnel Services

The budget proposes .8 FTE for performing the services of maintenance and operations of visitor facilities in the City of Manzanita.

Materials and Services

This item represents the cost of operating the Visitors' Center, professional services to help define what the City's tourism promotion program should include, and production of visitor information and other materials. A proposal to have Tillamook County Visitors Association (TCVA) continue to provide management oversight to a contract employee to run the Visitor Center is included in this budget. The budget proposal also includes an option to have TCVA help manage an allocation of grants to local organizations and small businesses. Increases in supplies represent supplies used for tourism purposes. Professional Services include some resources for community outreach related to the Destination Management planning. The Destination Management Plan is a service offered by TCVA that works with the community to create a plan for managing tourism in the community and identifying ways to spend the resources in this fund.

Capital Outlay

The City took advantage of an opportunity in late 2012 to acquire the building at 31 Laneda Avenue to house a visitor information center including accessible public restrooms. The City obtained a Full Faith and Credit Note for \$575,000 for 15 years to pay for the site and to reconstruct the building into the new use. The new building was dedicated in January of 2014. The Debt Service line item represents the annual cost of paying off the Note.

Tourism Promotion & Facilities Fund

Fund 70, Department 400

Budget for fiscal year 2022/2023

REVENUE

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
144,838	169,881	189,324	Carryover	366,106	366,106	366,106	
164,947	208,822	151,400	Room Tax Collections	250,000	250,000	250,000	
2,639	977	1000	Earned Interest	500	500	500	
312,424	379,680	341,724	Total Revenue	616,606	616,606	616,606	

EXPENDITURES

PERSONAL SERVICES							
			Wages and Salaries	39,361	39,361	39,361	
			Payroll Benefits and Expenses	25,942	25,942	25,942	
			Total Personal Services	65,303	65,303	65,303	
			Full Time Equivalent (FTE)		0.7		
MATERIALS & SERVICES							
42,000	42,500	45,000	Contract Services	68,000	68,000	50,000	
3,088	2,442	8,000	Building Operations	4,000	4,000	4,000	
3,463	2,710	5,000	Stationery and Supplies	5,000	5,000	5,000	
600	4,658	12,000	Professional Services	16,000	16,000	16,000	
41,650		50,000	Grants	50,000	50,000		
	728		Materials & Supplies	17,000	17,000	17,000	
90,801	53,038	120,000	Total Materials and Services	160,000	160,000	92,000	
CAPITAL OUTLAY							
			Real Property				
			Construction				
874	6,268	11,000	Equipment	10,000	10,000	10,000	
874	6,268	11,000	Total Capital Outlay	10,000	10,000	10,000	
DEBT SERVICE							
50,868	50,868	50,900	Loan Repayment	50,900	50,900	50,900	
			Total Debt Service	50,900	50,900	50,900	
RESERVES							
		159,924	Unappropriated Ending Fund Balance	330,403	330,403	398,403	
			Total Tourism Promotion Fund Reserves	330,403	330,403	398,403	
142,543	110,174	341,824	TOTAL TOURISM PROMOTION FUND EXPENDITURES	616,606	616,606	616,606	

Timber Management Fund

Revenues generated by the periodic sale of timber on City-owned property.

REVENUES

The Timber Management Fund was established in 1994 for the purpose of harvesting and managing city owned timber resources. The city has purchased capital items with the timber revenue, including about half of the 1.5-million-gallon reservoir and several street and storm drainage reconstruction projects. The city completed its last timber sale in 2019.

EXPENDITURES

Proposed expenditures include possible forestry consultant services and forest road maintenance if needed.



Timber Management Fund

Fund 57, Department 570

RESOURCES

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
7,956	507,302	10,402	CARRY OVER BALANCE	10,892	10,892	10,892	
USE OF MONEY & PROPERTY							
8,065	3,290	300	Earned Interest	300	300	300	
558,087			Timber Sales				
574,108	3,290	10,702	Total Use of Money & Property	11,192	11,192	11,192	
574,108	510,592	10,702	TOTAL TIMBER MANAGEMENT FUND RESOURCES	11,192	11,192	11,192	

EXPENDITURES

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
MATERIALS & SERVICES							
66,806		5,000	Contract Services	5000	5000	5000	
66,806		5,000	Total Materials & Services	5000	5000	5000	
CAPITAL OUTLAY							
Total Capital Outlay							
TRANSFER OUT							
	500,000		City Hall Expansion Fund				
Total Transfers							
RESERVES							
		5,702	Unappropriated Ending Fund Balance	6,192	6,192	6,192	
			Contingency				
			Total Timber Fund Reserves	6,192	6,192	6,192	
66,806	500,000	10,702	TOTAL TIMBER MANAGEMENT FUND EXPENDITURES	11,192	11,192	11,192	

Housing Rehabilitation Loan Fund

This fund was created in 1998-99 to account for loan repayments from recipients of no-interest loans awarded by a Community Development Block Grant for housing rehabilitation. Receipts from this fund can be loaned again to other low and moderate-income homeowners.



Photo by Joshua Lamar

REVENUES

This fund accounts for the repayment of no-interest loans for housing rehabilitation funded by a federal Community Development Block Grant. The money may only be used for new no-interest loans to qualified homeowners. The cash carryover mostly represents the repayments made in the previous ten years.

EXPENDITURES

The City has a contract with Community Action Team, Inc. (CAT) to identify qualified homeowners for possible loans. CAT advances the loans, and the City repays CAT as a contract service. Therefore, the balance of the fund is budgeted for contract services by CAT. The City has adopted a policy of not letting the fund drop below \$30,000 to provide a Nehalem Bay area resident the opportunity to apply for a loan. The fund has remained dormant for several years. Funds have been allocated to contract services for CAT or other appropriate provider to learn how to actively allocate these funded. While no major expenditures are expected staff wanted flexibility to distribute funds if possible.

Housing Rehabilitation

Loan Fund

Fund 61, Department 585

Budget for fiscal year 2022/2023

RESOURCES

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
71,158	105,549	106,249	CARRY OVER BALANCE	106,824	106,824	106,824	
USE OF MONEY & PROPERTY							
32,295		10,000	Loan Payments				
2,096	775	1,000	Earned Interest	500	500	500	
34,391	775	11,000	Total Use of Money & Property	500	500	500	
105,549	106,324	117,249	TOTAL HOUSING REHAB LOAN FUND RESOURCES	107,324	107,324	107,324	

EXPENDITURES

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
MATERIALS & SERVICES							
		117,249	Contract Services	107,324	107,324	107,324	
			Rehabilitation Loans				
		117,249	Total Materials & Services	107,324	107,324	107,324	
RESERVES							
		5,702	Unappropriated Ending Fund Balance				
			Contingency				
			Total Housing Rehabilitation Loan Fund Reserves				
		117,249	TOTAL HOUSING REHAB LOAN FUND EXPENDITURES	107,324	107,324	107,324	



Trust Fund

Accounts for revenues from donations for specific city or community projects, or for specific City volunteer organizations that do not have separate tax-exempt status. The original purpose of this fund was to provide a clear way to assure persons donating for a specific project or volunteer organization that their monies are going towards the intended use.

REVENUES

The Trust Fund was established in 1997 to account for revenues and expenditures by volunteer groups working under the City's umbrella, and who have not achieved separate tax-exempt status. The Fund is also intended to account for donations for specific projects and to provide a clear accounting for individuals who may be hesitant to donate for fear that their donation might be mixed in with the City's other general revenues and be overlooked. Due to GASB 54 standards established by the Government Accounting Standards Board (GASB), the Trust Fund revenues are required to be reported as part of General Fund revenues for auditing purposes. The budget may still reflect the Fund separately.

EXPENDITURES

The Judge's Discretionary Fund account, the Park Beautification account, the Fourth of July Parade account, the Dog Station Supply account and the Beach Wheelchair replacement account are budgeted in the Trust Fund.

It has been several years since there have been either donations or expenditures from this fund. The Budget Committee should consider whether to maintain this fund moving forward.

RESOURCES

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body	
3,968			CARRY OVER BALANCE					
			Carryover to Judge's Discretionary Fund					
		325	Carryover to July 4th Parade	325	325	325		
		950	Carryover to Park Beautification Fund	950	950	950		
		1,848	Carryover to Pet Waste Stations	1,848	1,848	1,848		
		500	Carryover to Beach Wheel Chairs	500	500	500		
		345	Carryover to Holiday Decorations	345	345	345		
	3,968	3,968	Total Carry Over Balance	3,968	3,968	3,968		
			OTHER REVENUE					
			Donations to Judge's Discretionary Fund					
			Donations to July 4th Parade for bag pipes					
			Donations to Park Beautification Fund					
			Donations to Pet Waste Project					
			Donations to Holiday Decorations					
			Donations to Beach Wheel Chairs					
			Total Other Revenue					
3,968	3,968	3,968	TOTAL TRUST FUND RESOURCES	3,968	3,968	3,968		

Budget for fiscal year 2022/2023

EXPENDITURES

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
MATERIALS & SERVICES							
		325	Contract Services Park Beautification				
		950	Supplies and Services Judge's Discretionary Supplies and Services July 4th Parade for bag pipes Supplies and Services - Holiday Decora- tions Supplies and Services - Park Beautifica- tion				
		500	Supplies and Services - Pet Waste Sta- tions				
		1,775	Total Materials & Services				
CAPITAL OUTLAY							
		1,848	Park Equipment @ 10017				
		345	Beach Wheelchairs				
		2,193	Total Capital Outlay				
RESERVES							
		3,968	Unappropriated Ending Fund Balance Contingency	3,968	3,968	3,968	
			Total Trust Fund Reserves	3,968	3,968	3,968	
		3,968	TOTAL TRUST FUND EXPENDITURES	3,968	3,968	3,968	





Photo by Joshua Lamar

Puffin LID

This fund was created to account for the revenues and expenditures connected with constructing storm drainage improvements in the Puffin Lane Local Improvement District, which was formed in the spring of 2014. The district is made up of the properties fronting Puffin Lane between Nehalem Avenue and Garey Street within the Manzanita Urban Growth Boundary. The initial expenditures to construct the improvements were financed by a loan from the Water Construction Fund to the Puffin Lane LID Fund. The loan was repaid over a period of ten years from assessments made on properties within the Local Improvement District. The fund was paid in full and this will be the last year this fund appears in the budget.

RESOURCES

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
40,689	45,440	44,500	CARRY OVER BALANCE				
TRANSFER IN							
Water Construction Fund							
Total Use of Money & Property							
OTHER REVENUE							
6,551	1,800	800	Loan Repayment				
6,551		800	Total Other Revenue				
47,240	45,440	45,300	TOTAL PUFFIN LID FUND RESOURCES				

EXPENDITURES

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
MATERIALS & SERVICES							
Stationery and Supplies							
Professional Services							
Advertising							
Total Materials and Services							
TRANSFERS							
1,800	1,800	45,300	Transfer to Water Construction Fund				
1,800	0	45,300	Total Transfers				
CAPITAL OUTLAY							
Storm Drain Construction							
Total Capital Outlay							
1,800	1,800	45,300	TOTAL PUFFIN LID FUND EXPENDITURES				



Capital Project Funds

These funds are intended to account for the long-term financing of major equipment or projects that cannot be funded easily out of a single fiscal year. Contributions from various funds are made until there is enough to cover the planned expenditures. In some of the funds, there is a long-term plan with regular planned transfers. In other funds, the projects are dictated by the revenue that has been raised. By State Statute, System Development Charges (SDC's) must be used for the purpose for which they were dedicated.





Storm Drain Facilities Fund

Storm Drain Facilities Fund include revenues from storm drain system development charges, which are used for the renovation and improvement of the City storm drain system. These fees are set at \$174 per housing unit. SDCs alone do not generate sufficient resources to do any meaningful project expansion. The storm drain facilities fund has primarily been funded by transfers from the General Fund.

REVENUES

This fund include system development charges from new residences, earned interest, and cash carryover.

EXPENDITURES

This fund may be used to install storm drains in critical areas as identified in the Storm Drainage Master Plan which was updated in 2019-20. An SDC study is currently underway. The revenues in this fund must be used for new storm drainage facilities and may not be used for other purposes.

Capital Outlay

The Capital Outlay line item contains the Storm Drain Facilities Fund share of \$268,320 for the Dorcas and 4th Street Improvement Project.

Storm Drain Facilities Fund

Fund 53, Department 810

RESOURCES

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
52,807	75,739	131,800	CARRY OVER BALANCE	202,990	202,990	202,990	
CHARGES FOR SERVICES							
1,452	7,415	2,600	System Development Charge	5,500	5,500	5,500	
USE OF MONEY & PROPERTY							
1,147	426	400	Earned Interest	100	100	100	
OTHER REVENUE							
60,000	60,000	75,000	Transfer in from General Fund	5,000	5,000	5,000	
115,406	143,580	209,800	TOTAL STORM DRAIN RESOURCES	213,590	213,590	213,590	

EXPENDITURES

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
MATERIALS & SERVICES							
		1,000	Contract Supplies				
11,014	4,770	5,000	Materials & Services	15,000	15,000	15,000	
11,014	4,770	6,000	Total Materials & Services	15,000	15,000	15,000	
CAPITAL OUTLAY							
28,653	1,120	190,000	Storm Drain Construction	194,400	194,400	194,400	
			Total Capital Outlay	194,400	194,400	194,400	
RESERVES							
		13,800	Contingency	4,190	4,190	4,190	
			Unappropriated Ending Fund Balance				
			Total Storm Drain Fund Reserves	4,190	4,190	4,190	
39,667	5,890	209,800	TOTAL STORM DRAIN EXPENDITURES	213,590	213,590	213,590	



Park Facilities Fund

REVENUES

Revenues include system development charges from new residences, private donations, and earned interest. State statute require that SDC's be used only for new improvements required by the impact of new homes. Therefore, SDC's may only be used for new parks, facilities, or equipment and not for maintenance or replacement of facilities or equipment. Current system development charges for parks is \$60 per unit resulting in very little funding for park related projects. Park operations and maintenance and funded through the General Fund and reflected in the Parks Department budget under the General Fund section.

EXPENDITURES

A Parks, Recreation and Open Space Master Plan was adopted in March, 2011. Staff recommends this plan be updated prior to a rate study for updating the system development charges for parks or investing any additional general fund resources are allocated. Understanding the range and type of projects that need to be implemented will

RESOURCES

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
18,489	21,767	20,255	CARRY OVER BALANCE	21,278	21,278	21,278	
CHARGES FOR SERVICES							
420	2,400	900	System Development Charges	2,160	2,160	2,160	
USE OF MONEY & PROPERTY							
336	122	100	Earned Interest	50	50	50	
OTHER REVENUE							
Miscellaneous							
Grants							
TRANSFERS IN:							
- General Fund							
19,245	24,289	21,255	TOTAL PARK FACILITIES FUND RESOURCES	23,488	23,488	23,488	

EXPENDITURES

MATERIALS & SERVICES							
		3,000	Materials & Supplies	600	600	600	
		2,000	Professional Services				
		5,000	Total	600	600	600	
CAPITAL OUTLAY							
		10,000	Park Improvements				
			Real Property				
RESERVES							
		6,255	Unappropriated Ending Fund Balance	22,888	22,888	22,888	
			Total Park Facilities Fund Reserves	22,888	22,888	22,888	
		26,255	TOTAL PARK FACILITIES FUND EXPENDITURES	23,488	23,488	23,488	

City Hall Expansion Fund

This reserve fund was created for the purpose of developing city hall facilities. The fund currently includes resources from the city's last timber sale, and is projected to receive additional revenue from the sale of the old city hall building.



RESOURCES

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
164,327	270,557	675,800	CARRY OVER BALANCE	606,790	606,790	606,790	
USE OF MONEY & PROPERTY							
1,017	377	400	Earned Interest	300	300	300	
			Surplus Property/Equipment Sales	700,000	700,000	700,000	
16,500	15,939	15,000	Rental Income				
17,517	16,316	15,400	Total Use of Money & Property	700,300	700,300	700,300	
OTHER REVENUE							
Miscellaneous							
Total Other Revenue							
TRANSFER IN:							
210,000	100,000	155,400	- General Fund				
113,675			- Water Operating Fund				
	500,000		- Timber Management Fund				
			- Road Fund				
323,675	600,000	155,400	Total Transfers				
505,519	886,873	846,600	TOTAL CITY HALL EXPANSION RESOURCES	1,307,090	1,307,090	1,307,090	

REVENUES

Revenues are transfers from the General Fund, sale of surplus property, earned interest, and carry-over. The fund is maintained to address the City Hall office space needs issue when it is appropriate. Revenue from the anticipated sale of old city hall is projected but no other transfers are included this fiscal year.

EXPENDITURES

Expenditures reflect the anticipated costs for the financial, legal, and architect services required for a new City Hall. In addition, the \$155,400 needed to pay the semi-annual payments on the 10-year loan used to acquire the property is included.

Expenditures also include an option for a debt service payment for a new city hall should the city identify sufficient resources to sustain an ongoing debt service payment. This debt service amount represents an “up tp” payment of \$250,000 which could result in up to \$4 million in debt.

City Hall Expansion Fund

Fund 51, Department 850

EXPENDITURES

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
MATERIALS & SERVICES							
66,520	24,614	100,000	Contract Services	190,000	190,000	190,000	
5,121	2,709	5,000	Materials & Supplies	4,000	4,000	4,000	
915	518	500	Utilities	500	500	500	
5,145	9,635	20,000	Professional Services	100,000	100,000	100,000	
1,929	2,074	1,000	Miscellaneous	2,000	2,000	2,000	
79,630	39,550	126,500	Total Materials and Services	296,500	296,500	296,500	
CAPITAL OUTLAY							
		560,000	City Hall Renovation/Offices				
		560,000	Total Capital Outlay				
DEBT SERVICE							
155,332	155,332	155,400	Underhill Loan Repayment	155,400	155,400	155,400	
0	0	0	Construction Loan Repayment	250,000	250,000	250,000	
			Total Debt Service	405,400	405,400	405,400	
RESERVES							
			Unappropriated Ending Fund Balance	605,190	605,190	605,190	
			Total City Hall Construction Fund Reserves	605,190	605,190	605,190	
234,962	194,432	846,600	TOTAL CITY HALL EXPANSION EXPENDITURES	1,307,090	1,307,090	1,307,090	



Reserve Funds

Public Safety Equipment Reserve Fund accounts for the transfers of funds from the General Fund for the purchase of major equipment and vehicles for the Public Safety Department.

Public Works Equipment Reserve Fund accounts for the transfer of funds from the Water Operating and Road Funds (transfers from the Road Fund are General Fund dollars) for the purchase of equipment which benefits the water, storm drainage, roads and parks operations.

Building Reserve Fund accounts for the transfer of funds transferred from the building fund for vehicles for building staff for inspections.

Public Works Equipment Reserve

REVENUES

This fund is authorized by ORS 294.525(1), established by Ordinance 01-02, and renewed by Resolution 12-12. Revenues from the Water Operating Fund and the Road Fund are placed in this fund for the purpose of purchasing vehicles, vehicle equipment, and any other equipment used for the maintenance of the water system, storm drainage system, streets, and parks. Transfers from both the Water Operating Fund and the Road Fund are proposed this year. These transfers represent the updated amount needed on an annual basis to replace all major Public Works vehicles and equipment on the schedule over time. Staff recommend renewing this reserve resolution for another ten years.

EXPENDITURES

Staff plans to replace a Ford Ranger with a truck capable of haul department equipment. An amount of \$36,000 is included if an opportunity arises to acquire a used vehicle or piece of equipment in good condition from State or Federal surplus.

Public Works Equipment Reserve - 2001

Fund 54, Department 850

Budget for fiscal year 2022/2023

Resources

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
133,609	162,428	81,328	CARRY OVER BALANCE	131,473	131,473	131,473	
USE OF MONEY & PROPERTY							
1,122	416	400	Earned Interest	100	100	100	
4,197			Surplus Property/Equipment Sales	500	500	500	
5,319	416	400	Total Use of Money & Property	600	600	600	
TRANSFER IN:							
9,200	9,200	9,200	- Road Fund	8,700	8,700	8,700	
14,300	14,300	14,300	- Water Operating Utility Fund	16,896	16,896	16,896	
23,500	23,500	23,500	Total Transfers In	25,596	25,596	25,596	
162,428	186,344	105,228	TOTAL PUBLIC WORKS EQUIP RESERVE RESOURCES	157,669	157,669	157,669	

Expenditures

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
CAPITAL OUTLAY							
		25,000	Vehicle/Equipment Purchase	36,000	36,000	36,000	
	71,371		Vehicle				
			Equipment				
			Total Capital Outlay	36,000	36,000	36,000	
RESERVES							
		80,228	Reserve for Future	121,669	121,669	121,669	
			Total Public Works Equipment Reserve	121,669	121,669	121,669	
	71,371	105,228	TOTAL PUBLIC WORKS EQUIP RESERVE EXPENDITURES	157,669	157,669	157,669	



Public Safety Equipment & Facilities Reserve Fund

REVENUES

Authorized by ORS 294.525, established by Ordinance 98-06, and renewed by Resolution 08-11, revenues from the General Fund are placed in this fund for the purpose of purchasing police vehicles and vehicle equipment. A transfer from the General Fund is proposed and is based on an updated analysis. This analysis was used to determine the amount that would be set aside each year to replace all Police vehicles over time

EXPENDITURES

The anticipated expenditure is the replacement of a police patrol vehicle. These vehicles are on a seven-year replacement cycle

Public Safety Reserve Fund

Fund 60, Department 850

Resources

Budget for fiscal year 2022/2023

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
97,271	125,197	107,806	CARRY OVER BALANCE	88,268	88,268	88,268	
USE OF MONEY & PROPERTY							
1,725	639	1,100	Earned Interest	400	400	400	
			Surplus Property Sales - Police				
OTHER REVENUE							
			Miscellaneous				
1,725	125,836	108,906	Total Use of Money & Property	400	400	400	
TRANSFER IN:							
26,200	26,200	26,200	- General Fund	26,200	26,200	26,200	
125,196	152,036	135,106	TOTAL PUBLIC SAFETY RES FUND RESOURCES	114,868	114,868	114,868	

Expenditures

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22		Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
CAPITAL OUTLAY							
	44,898	48,000	Vehicle/Equipment Replacement - Police	50,000	50,000	50,000	
	44,898	48,000	Total Capital Outlay	50,000	50,000	50,000	
RESERVES							
		87,106	Unappropriated Ending Fund Balance	64,868	64,868	64,868	
			Total Public Safety Equipment Fund Reserves	64,868	64,868	64,868	
	44,898	135,106	TOTAL PUBLIC SAFETY RES FUND EXPENDITURES	114,868	114,868	114,868	

Building Reserve Fund

Fund 20, Department 120

Budget for fiscal year 2022/2023

Resources

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22	Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
CARRY OVER BALANCE						
USE OF MONEY & PROPERTY						
Earned Interest						
Surplus Property Sales						
OTHER REVENUE						
Miscellaneous						
TRANSFER IN:						
- Building Fund			12,500	12,500	12,500	
Total Transfers			12,500	12,500	12,500	
TOTAL BUILDING RESERVE FUND RE-SOURCES			12,500	12,500	12,500	

Expenditures

ACTUAL FY 19/20	ACTUAL FY 20/21	ADOPTED FY 21/22	Proposed by STAFF	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
CAPITAL OUTLAY						
Vehicle/Equipment Replacement			10,000	10,000	10,000	
Total Capital Outlay			10,000	10,000	10,000	
RESERVES						
Unappropriated Ending Fund Balance			2,500	2,500	2,500	
Total building Fund Reserves			2,500	2,500	2,500	
TOTAL BUILDING RESERVE FUND EXPENDITURES			12,500	12,500	12,500	



Photo by Joshua Lamar

FINANCIAL FORECAST



Photo by Joshua Lamar

Financial Forecasting

Financial forecasts are essential to understanding different financial outcomes, strategizing around future anticipated changes in revenue and expenditures and forecasting utility rates. The proposed budget includes some preliminary forecast estimates for the General Fund and for the Water Fund. These are not sophisticated forecasts, but rather high level illustrations of some important trends. More detailed forecasts should be conducted in upcoming budget years, but these initial forecasts help paint a picture of both opportunities and challenges to revenue streams, and increases in cost of operations for both the General Fund and Water Fund.

Testing Policy Choices

The budget document explains the necessary requirements for the city to operate, combining that with forecasting allows the city and the community a starting point for discussion. By understanding the city's current position, we can test the impact of policy choices on revenue and service provision. Conducting such sensitivity analysis allows for informed policy making that can balance the requirements of implementing a service or program with the resources it needs to exist.

Developing Financial Policies

The city has managed with an informal policy to underestimate revenue and overestimate expenditures. This approach has served reasonably well for a many years, sustaining a solid carryover balance every year. However the city is growing, and having a formal adopted financial policies in place provide transparency and guidelines for decision making. A formal policy framework will also allow the community and decision makers to periodically discuss and evaluate these policies to ensure they are still reflective of the communities values and of current best practices.

The budget proposal includes a recommendation to work with City Council over the next fiscal year to establish financial policies to guide how resources are managed, including how funds are spent on infrastructure and other capital projects. The budget proposal also includes a recommendation to maintain a large unappropriated fund balance this year until these policies are put into place. It is in the best interest of the city to have clear, objective and well defined financial policies before any additional decisions related to infrastructure or capital projects are made.

General Fund Reserve Policy

The budget proposal recommends that City Council develop a General Fund Reserve policy for the 2022-2023 fiscal year, and includes an appropriation of \$400,000 to establish this reserve. This amount represents approximately 15% of General Fund expenditures. The recommendation is to increase the fund by 2.5% per year until the fund represents 25% of expenditures where it shall be maintained. As part of the larger discussion on policies, the city should also consider a reserve fund policy for the Water Fund and the Building Fund in future budgets.

Capital Improvement Plan

In addition to financial forecasting the development of a long term capital plan is another important element that the city needs to have in place before any major decisions about using the General Fund for infrastructure. Staff will be working toward an initial Capital Improvement Plan for fiscal year 2023-2024. This capital plan, combined with the appropriate master plans for each utility or service (such parks) and solid financial forecasts are helpful and essential tools for making good informed decisions on how projects will be prioritized, financed and implemented.

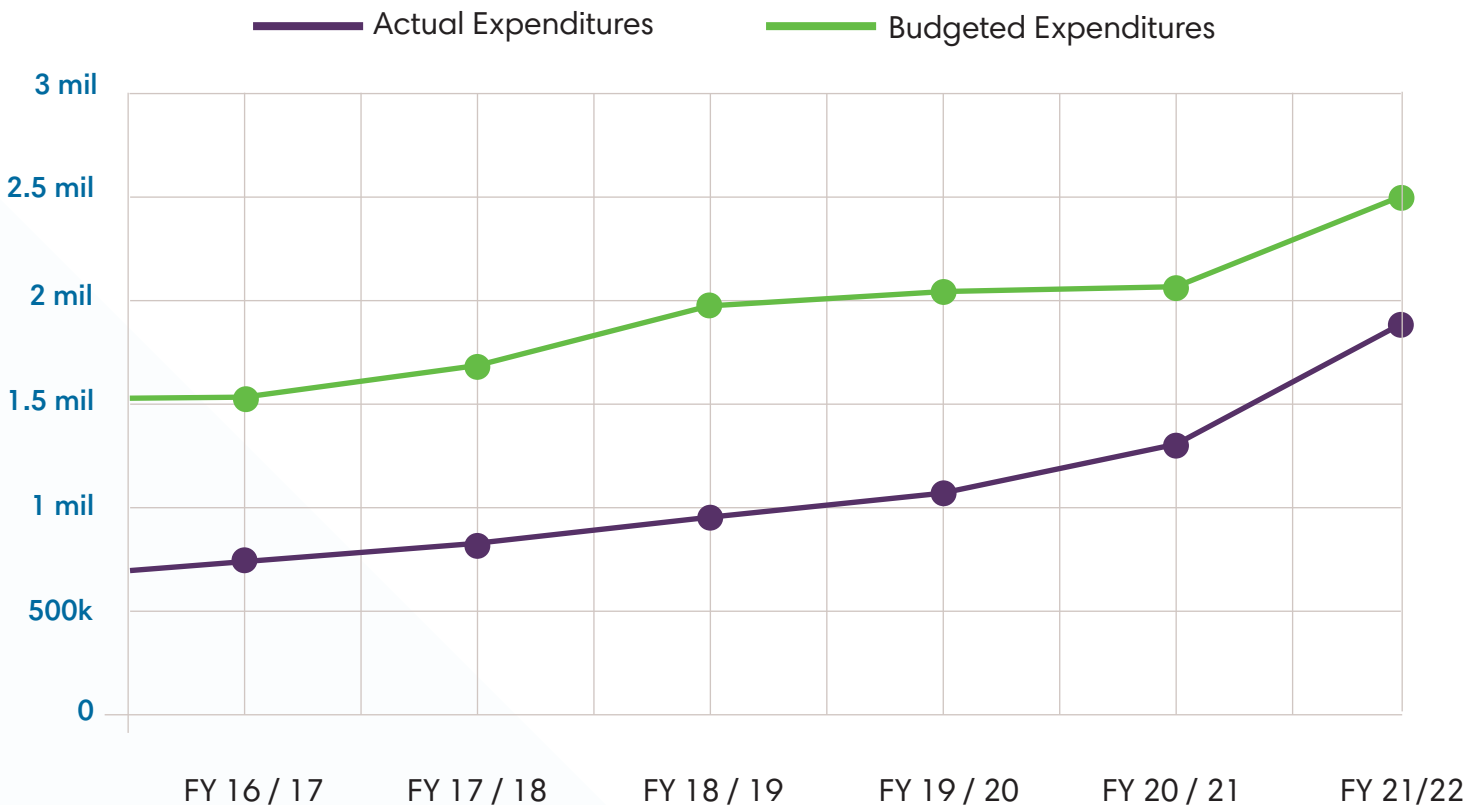
Resources have been included in the budget to further advance the city's financial capabilities in forecasting and the development of a capital improvement plan.

Budget Philosophy

Projections assume that 100% of expenditures are allocated and revenue comes in as projected. Historically the city has spent less than it has budgeted for and received more revenue than it has planned for. However now that the city is fully staffed and service demands have increased the city is spending close to 75% budgeted expenditures. Therefore it is prudent for the city to budget more precisely to actual expenditures and to work toward balancing those expenditures with annual revenue.

The city's past budgeting practice have budgeted to include carryover to support General Fund operations (administration, Public safety, Building and Planning, Short Term Rental Management, Court, Parks) and infrastructure. That carryover has become essential to providing infrastructure and services. The city should work toward balancing an-

BUDGETED TO ACTUAL EXPENDITURES



nual expenditures with annual revenue and become less reliant on carryover for services and infrastructure.

Infrastructure

Funds beyond what has been required for operations have historically been transferred to support that construction of road, park and storm drain utilities. The city will have to reckon with this approach as there are alternative funding sources for these utilities, it just means taking steps to charge users for the services the city provides. An important strategy to reducing reliance on the TLT is to find other funding sources for infrastructure. Therefore projections do not include any infrastructure.

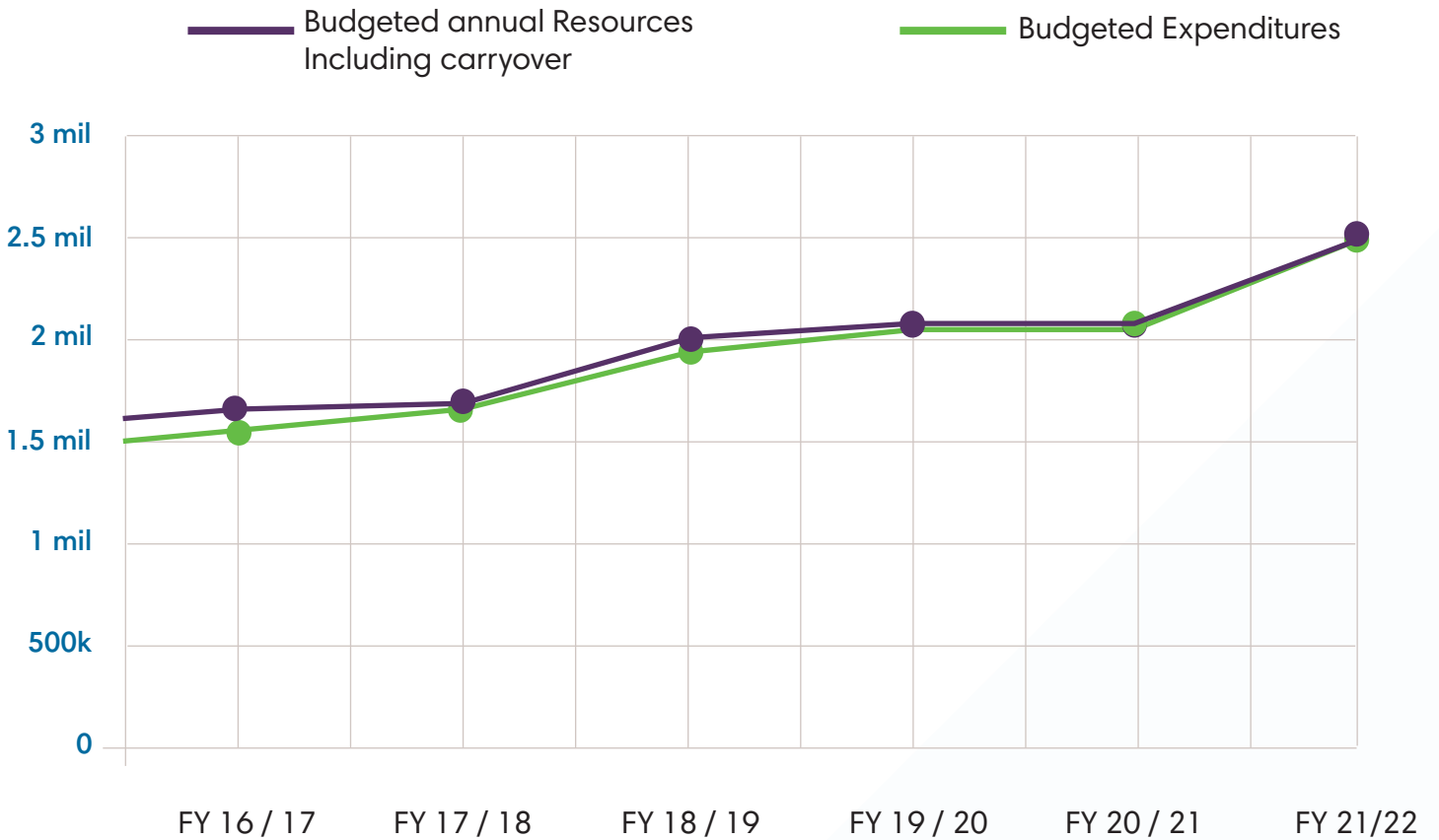




Photo by Joshua Lamar

5 Year Projections General Fund

These projections provide a very broad brush look at what the future holds if our revenue and expenditures stay relatively stable. Projections assume that 100% of expenditures have been spent and the projected revenue came in as expected. The city's philosophy is to still underestimate revenue, but expenses are much closer to projections than before because the proposed budget assumes that a reserve will be in place for the General Fund.

Revenue Assumptions

Key revenue projections include a 7.5% annual growth in the Transient Lodging Tax based on the Fiscal year 2021-2022 end of year estimate of 1.1M in revenue. Other revenue source increases were estimated based on average growth over the last five years.

Expenditure Assumptions

Include a 5% increase in personnel services with an 10% adjustment in 2026 accounting for a new salary survey as required by city policy. Also assumes a 5% increase in Materials and Services across the board.

Transfers to pay the debt service on Underhill or proposed debt service for construction of city hall are not included in the FY 2022-2023 budget but they are included in future estimates. These two expenditures are accounted for in the City Hall Expansion Fund for this fiscal year.

General Fund

Budget Forecast

	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Carryover Balance	530,468	755,318	878,226	742,074
Property Taxes	196,655	207,166	219,064	224,057
Revenue from Collections	921,924	1,038,716	1,092,799	1,131,070
Revenue from Other Agencies	82,775	82,955	90,765	89,739
Earned Interest	9,000	16,472	31,343	27,829
Fines & Forfeits	61,713	104,113	79,096	113,842
Transfers				
Other	149,751	18,001	5,318	49,943
Total Actual/(EST) Annual Revenue	1,421,818	1,467,424	1,518,385	1,636,479
Total Actual Including Carry Over	1,952,286	2,222,742	2,396,611	2,378,553
Personnel Services				
Materials and Services				
Capital Outlay				
Debt Service				
Transfers Out				
Contingency / Reserve				
Total Actual / Estimated Expenditures	748,933	869,364	964,338	1,069,059
Budgeted Expenditures	1,539,194	1,601,640	1,953,961	2,035,061
Ending Fund Balance (deficit)	755,318	878,226	742,074	688,295

	FY 20/21	FY 21/22 (est)	FY 23 (est)	FY 24 (est)	FY 25 (est)	FY 26 (est)	FY 27 (est)
	688,295	1,367,726	1,840,341	817,373	438,653	46,273	(422,878)
	232,756	239,919	237,000	259,496	269,876	280,671	291,898
	1,326,092	1,486,574	1,282,500	1,371,850	1,467,706	1,570,549	1,680,896
	94,100	88,060	91,010	90,960	90,910	90,860	90,860
	32,732	10,000	10,000	10,000	10,000	10,000	10,000
	63,652	20,000	30,000	40,000	45,000	50,000	50,000
	157,348	157,348	268,385	268,385	268,385	268,385	268,385
	48,937	9,400	148,000	1,000	1,000	1,000	1,000
	2,153,980	2,366,248	2,066,895	2,041,691	2,152,877	2,271,465	2,393,039
	2,842,275	3,733,974					
			1,252,028	1,314,629	1,380,361	1,518,397	1,594,317
			742,020	779,121	818,077	858,981	901,930
			47,000	10,000	10,000	10,000	10,000
			379,815	161,815	161,815	161,815	161,815
			522,000	154,845	175,004	191,424	186,829
	1,345,679	1,893,593					
	1,695,782	2,516,247	2,942,863	2,420,411	2,545,257	2,740,617	2,668,062
	1,367,726	1,840,381	817,373	438,653	46,273	(422,878)	(697,902)

5 Year Projections - Water Fund

Revenue Assumptions

Key revenue projections assume that utility rates remain the same.

Expenditure Assumptions

Include a 5% increase in Personnel Services with an 10% adjustment in 2026 accounting for a new salary survey as required by city policy. Also assumes a 5% increase in Materials and Services across the board. Transfers for overhead costs are maintained but no additional transfers to the water construction fund, as has been done in years past

	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Carryover	565,582	431,109	473,602	600326
Water Sales and Collections	987,305	998,714	1,011,750	1003237
Meter Installations				
Earned Interest	7959	15099	31771	27697
Grants				
Transfers				
Miscellaneous	1179	25821	2822	599
Total Annual Revenue	996,443	1,039,634	1,046,343	1,031,533
Total Revenue including Carryover	1,562,025	1,470,743	1,519,945	1,631,859
Personnel	341049	388251	413291	411422
Materials and Services	265314	261924	238683	422677
Debt Service	185251	185251	176345	172931
Capital Outlay		6915		677
Transfers Out	339300	154800	89300	127975
Total Expenses	1130914	997141	917619	1135682
Ending Fund balance (deficit)	431,111	473,602	602,326	496,177

	FY 20/21	FY 21/22 (est)	FY 23 (est)	FY 24 (est)	FY 25 (est)	FY 26 (est)	FY 27 (est)
	496177	507405	295,101	53,933			
	990067	1000000	1000000	1000000	1000000	1000000	1000000
	9855	8000	29880	8000	8000	8000	8000
	10376	6000	6000	4000	4000	4000	4000
			90000				
			100				
	1,010,298	1,014,000	1,125,980	1,012,000	1,016,000	1,012,000	1,012,000
	1,506,475	1,521,405	1,421,081	1,065,933	1,016,000	1,012,040	1,012,000
	249527	249050	489474	513947.7			
	332039	429125	517928	543824.4			
	170856	172981	171000	171000	171000	171000	171000
		3500	3500	3500	3500	3500	3500
	246648	371648	185246	185246	185246	185246	185246
	999070	1226304	1367148				
	507,405	295,101	53,933	(351,585)	(454,407)	(540,882)	(600,581)



CITY OF MANZANITA OREGON

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