



# CITY OF MANZANITA

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ci.manzanita.or.us

## COUNCIL REGULAR SESSION

Zoom Video Conference  
<https://ci.manzanita.or.us>

## AGENDA - **UPDATED**

March 8, 2023  
06:00 PM Pacific Time

**Video Meeting:** Council will hold this meeting through video conference. The public may watch live on the [City's Website: ci.manzanita.or.us/broadcast](https://ci.manzanita.or.us/broadcast) or by joining the Zoom meeting:

<https://us02web.zoom.us/j/83840581792>

Meeting ID: 838 4058 1792

Passcode: 805006

Call in number: +1 253 215 8782

**Note:** agenda item times are estimates and are subject to change

**1. CALL TO ORDER (6:00 p.m.)**

Deb Simmons, Mayor

**2. AUDIENCE PARTICIPATION (6:05 p.m.)**

Comments must be limited to city business topics that are not on the agenda. A topic may not be discussed if the topic record has been closed. All remarks should be directed to the whole Council. The presiding officer may refuse to recognize speakers, limit the time permitted for comments, and ask groups to select a spokesperson. **Comments may also be submitted in writing before the meeting, by mail, e-mail (to [cityhall@ci.manzanita.or.us](mailto:cityhall@ci.manzanita.or.us)), or in person to city staff.**

**3. CONSENT AGENDA (6:07)**

Consent items are not discussed during the meeting; they are approved in one motion and any Council member may remove an item for separate consideration.

**A. Approval of Minutes**

- a. February 8, 2023, Work Session
- b. February 8, 2023, Regular Session
- c. February 15, 2023, Special Session

**B. Approval of Bills**

**4. CITY MANAGER REPORT (6:12)**

Leila Aman, City Manager

**5. RED CROSS PROCLAMATION (6:17)**

Deb Simmons, Mayor

**6. NEW BUSINESS (6:32)**

**A. 2021 Audit and Audit Plan of Action**

Leila Aman, City Manager

Nina Crist, Accounting Manager

**B. Dune Grading Moratorium Renewal – PUBLIC HEARING**

Leila Aman, City Manager

**C. Policy Adopting an Indirect Cost Methodology**

Leila Aman, City Manager

**7. OLD BUSINESS (7:02)**

**A. Budget Committee Appointments**

Linda Kozlowski, City Council President

Jerry Spegman, City Council Member

**B. Planning Commission Appointment**

Deb Simmons, Mayor

**C. Community Agenda Request**

Linda Kozlowski, City Council President

**D. Council Liaison Discussion**

Deb Simmons, Mayor

**E. In Person Meetings**

Deb Simmons, Mayor

**8. ADJOURN (7:32)**

**Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice**

The city is committed to providing equal access to public meetings. To request listening and mobility assistance services contact the Office of the City Recorder at least 48 hours before the meeting by email at [cityhall@ci.manzanita.or.us](mailto:cityhall@ci.manzanita.or.us) or phone at 503-368-5343. Staff will do their best to respond in a timely manner and to accommodate requests. Most Council meetings are broadcast live on the [city's youtube channel](#).



## MEMORANDUM

To: Mayor and City Council

Date Written: January 14, 2023

From: Leila Aman, City Manager

Subject: **March 8, 2023, City Council Meeting**

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### 1. CITY MANAGER REPORT

### 2. NEW BUSINESS

#### A. 2021 Audit

Kori Sarrett, CPA, with Accuity Certified Public Accountants will provide the council with an overview of the City of Manzanita fiscal year 2021 Audit. The audit is included as a separate attachment to the packet.

#### B. Dune Grading Moratorium Renewal

See attached staff report.

#### C. Policy Adopting an Indirect Cost Methodology

See attached staff report.

### 3. OLD BUSINESS

#### A. Budget Committee Appointments

Linda Kozlowski, City Council President and Jerry Spegman, City Council Member will present a slate of three budget committee members to the city council for appointment to the city's budget committee. Council is being asked to adopt a Resolution appointing Chip Greening and Kathryn Stock for a three-year term, and Kitman Keating for a 2- year term.

#### B. Planning Commission Appointment

Deb Simmons, Mayor will discuss next steps for appointing a planning commission member to fill the vacancy created by the resignation of John Nanson on February 10<sup>th</sup>, 2023.

#### C. Community Agenda Request

At the city council work session on February 8, 2023 council discussed criteria to evaluate community requests for items to be placed on the city's council agenda. Councilor Kozlowski reviewed Chapter 2 Section 5 (e) which states "A citizen wishing to have an item placed on the agenda shall make a request to the City manager at least two weeks prior to the

meeting. The City Manager may postpone the requested agenda item to a future meeting.”

Council discussed the importance of having some parameters to evaluate such requests to provide guidance to the city manager in determining if such items should be added to the agenda. It is proposed that each request be evaluated using the following criteria:

- Does the request rise to the level of broad public interest?
- Is the request clear?
- What is the purpose or anticipated outcome by adding the item?
- What precedent are we setting by adding the item to the Agenda?

**D. Council Liaison Discussion**

Council members often participate as liaisons on certain ad hoc committees such as the STR committee, the revenue diversification committee. In the past these assignments have been made informally. The mayor will lead a discussion on how the council would like to work together on appointing members of the council as liaisons for ad hoc committees.

**E. In Person Meetings**

Mayor Simmons will call a vote as to whether to proceed with in person meetings starting in April.

**CITY OF MANZANITA**  
**February 8, 2023**  
**CITY COUNCIL WORK SESSION**

**1. CALL MEETING TO ORDER:** The meeting was called to order on February 8, 2023, at 3:01pm via Zoom by Mayor Deb Simmons.

**ROLL:** Members present: Deb Simmons, Linda Kozlowski, Jerry Spegman, Jenna Edginton and Brad Mayerle. Staff present: City Manager Leila Aman, Accounting Manager Nina Crist, Public Works Director Dan Weitzel, and Assistant City Recorder Nancy Jones. Panelist present: Short Term Rental Committee Chair Jo Newhouse, Short Term Rental Committee Member Patrick Johnston.

**2. Short Term Rental Survey Questions: Council President Linda Kozlowski**

STR Committee Member Patrick Johnston stated that the Short-Term Rental Committee's job to inform and advise Council. He shared some results of the 2020 pre-pandemic survey and what previous committees had accomplished. Patrick spoke about the new 2023 survey and asked Council for input. Council advised that the new survey should not be cumbersome and should have a zoning map attached. The timeline for the survey is as follows: Survey questions will be entered into Survey Monkey on February 21<sup>st</sup> – The survey will go live sometime in March – STR Committee will analyze the results of the survey in April – The results of the survey will be presented to Council at the Regular Session on May 3<sup>rd</sup>.

**3. Agenda Process for Publicly Requested Items: Council President Linda Kozlowski**

Council President Linda Kozlowski spoke about the need to have standard operating procedures for the public to request items to be added to meeting Agenda's. This will be on the Regular Session agenda for March to amend the Rules and Procedures; Chapter 2 General Governance, Section V Agendas, letter E.

**4. Budget Committee Selection Process: City Manager Leila Aman**

City Manager Leila Aman stated that the Budget Committee selection process operates under State Statutes. The Budget Committee appointments are made by the majority of the governing body (city council). The selection process will follow the updated section of the Rules and Procedures; Chapter 8 Appointments, section E Selection Process, and will follow letters a thru e. Then the selection committee shall present the slate of nominees and a ranked list to Council at the March 8<sup>th</sup> Regular Session. A majority vote of Council will appoint the Budget Committee applicants. The amendment to the Rules of Procedures will be voted on at the Regular Session later today.

**5. Adjourn:** Mayor Simmons adjourned the meeting at 4:39pm.

**MINUTES APPROVED THIS**  
**8<sup>th</sup> Day of March 2023**

\_\_\_\_\_  
Deb Simmons, Mayor

Attest:

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Leila Aman, City Manager

CITY OF MANZANITA  
February 8, 2023  
CITY COUNCIL REGULAR SESSION

**1. CALL TO ORDER:** The meeting was called to order on February 8, 2023, at 6:00 pm via Zoom by Mayor Deb Simmons.

**Roll:** Council members present: Mayor Deb Simmons, Linda Kozlowski, Jerry Spegman, Jenna Edginton and Brad Mayerle. Staff present: City Manager Leila Aman, Accounting Manager Nina Crist, Development Services Manager Scott Gebhart, Short Term Program Rental Manager Judy Wilson, and Assistant City Recorder Nancy Jones. Panelists present: Fehr and Peers Kara Hall, ODOT James Feldman, and ODOT Caroline Crisp.

**2. AUDIENCE PARTICIPATION:** There were 35 people in attendance. There were three public comments.

**3. CONSENT AGENDA:**

A. APPROVAL OF MINUTES –

- a. January 4, 2023 City Council Regular Session
- b. January 6, 2023 City Council Work Session
- c. January 11, 2023 City Council Work Session
- d. January 18, 2023 City Council Work Session
- e. January 24, 2023 City Council Work Session
- f. January 24, 2022 Budget Committee Work Session

A. APPROVAL OF BILLS FOR PAYMENT

**A motion was made by Kozlowski, seconded by Edginton, to approve the consent agenda that includes approval of the January 4, 2023 Regular Session minutes, January 6, 2023 Work Session minutes, January 11, 2023 Work Session minutes with Section 6 updated wording “after the first Monday of the Month”, January 18, 2023 Work Session minutes with Section 2 wording “within the hard and soft costs” omitted, January 24, 2023 Work Session minutes, and January 24, 2023 Budget Work Session minutes; approve payment of bills and all subsequent bills subject to approval by the Mayor or Council President and City Manager; Motion passed unanimously.**

**4. OLD BUSINESS:**

**A. Transportations System Plan Update – Fehr and Peers Briana Calhoun and Kara Hall**  
Kara Hall stated that the Transportation System Plan (TSP) is a description of the transportation needs for now and the future. The TSP sets vision and direction. She shared that volume one is an overview of regional goals and volume two is Manzanita specific. She shared different

recommendations for transportation to accommodate autos, bicyclist, and pedestrians in Manzanita. The next steps are to publish the TSP and take it to the Planning Commission for feedback. It would then be ready to be adopted by the City Council via Resolution and amended to the Ordinances.

**B. Storm Water System Development Charges Update - City Manager Leila Aman**

City Manager Aman shared the process of adopting a methodology and adopting an update to the fee for the storm water system development charges. There will be a series of notifications that will go out prior to the public hearing. Aman is working with the City Attorney to draft a new Ordinance that will replace ORD 91-04. The new ORD will be posted in May, with the first reading scheduled for June 7<sup>th</sup>. Council will have an opportunity to approve the updated ORD in July and it would go into effect 30 days later.

**5. NEW BUSINESS:**

**A. Administrative Contracts for Planning and Financial Advisory Services – City Manager Leila Aman**

City Manager Aman explained the need for consultants to support staff in consultant planning and financial advisory services. She stated the terms of the agreements, the cost will not exceed \$150,000.

**A motion was made by Kozlowski to authorize the City Manager to enter into an agreement with 3J Consulting and Grand Peak Consulting. Seconded by Edginton; Motion passed unanimously.**

**B. Amendment to Architect and Owners Representative Contract for Additional Services – City Manager Leila Aman**

City Manager Aman requested approval for additional funding to create separate budget information for the Quonset Hut and to extend the timeline of Phase 1 to April.

**A motion was made by Kozlowski to authorize for additional services for the Quonset Hut of \$6,940 to Bearing Architecture and \$3,040 to the Klosh group. Seconded by Mayerle; Motion passed unanimously.**

**C. Community Reinvestment Act Funding – Accounting Manager Nina Crist**

Accounting Manager Crist stated that the city has received \$146,766 from the American Rescue Plan for the impact that the Corona Virus has had on the community. She shared four approved areas the money can be used for. The decision as to where to spend this money needs to be determined by December 31, 2024. The money would then need to be spent by December 31, 2026. This will be placed on the April's Work Session agenda.

**D. EVCNB Annual Training Special Event Permit – City Manager Leila Aman**



Lee Hiltenbrand with the Emergency Volunteer Corps of Nehalem Bay (EVCNB) turned in a Special Event Permit for the 2023 calendar year. He stated that they will notify Public Works of any upcoming training dates for approval prior to their use of Underhill Plaza.

**A motion was made by Spegman to approve the EVCNB Event Permit. Seconded by Kozlowski; Motion passed unanimously.**

**E. Short Term Rental Committee Mission Statement – STR Committee Chair Jo Newhouse**

STR Committee Chair Jo Newhouse shared what the Short-Term Rental Committee has accomplished over the past 2 years. She presented council with the Committee’s mission statement – “To present policies on Manzanita short-term rentals which will enhance the City’s livability; Consider financial health; and inform residents, manager, and visitors about these policies.”

**A motion was made by Kozlowski to approve the STR Committee’s Mission Statement. Seconded by Edginton; Motion passed unanimously.**

**F. Planning Commission Appointments - Mayor Deb Simmons**

Mayor Deb Simmons appointed 3 applicants to the Planning Commission. Frank Squillo 2-year term: John Collier 4-year term: Thomas Christ 4-year term.

**G. Amendment to Council Rules of Procedure - Mayor Deb Simmons**

Counselor Edginton shared the updates that were made to the Council Rules and Procedures – Chapter 8, sections E and F.

**A motion was made by Mayerle to approve the Amendment to the Council Rules of Procedures. Seconded by Kozlowski; Motion passed unanimously.**

**H. Work Session Change Discussion - Mayor Deb Simmons**

Mayor Deb Simmons stated that the new Work Session schedule will begin in April. The Regular Sessions are the first Wednesday following the first Monday of the month. The Work sessions will now be the Wednesday following the Regular Session at 2pm. It is planned that the Regular Sessions will be in person and the Work Sessions will be via Zoom. There will be a discussion as to when to start in person Regular Sessions on the March Agenda.

**6. CITY MANAGER REPORT: City Manager Leila Aman**

City Manager Aman recognized Chief Erik Harth for his 20 years of service to the City of Manzanita. He joined the Manzanita Police Department on February 1, 2003. Aman spoke about the LUBA hearing. The oral arguments were heard this week and a decision should be reached by the end of the month. The City of Manzanitas webpage for the Planning Commission has been updated.

**7. INFORMATION AND ADJOURN:**

1. Manzanita Municipal Court will be held February 17, 2023 and continues to remain closed to the public.
2. The Planning Commission meeting for February 21, 2023, has been cancelled.

**Mayor Simmons adjourned the meeting at 8:17PM.**

**MINUTES APPROVED THIS  
8<sup>th</sup> Day of March, 2023**

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Deb Simmons, Mayor

Attest:

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Leila Aman, City Manager

**CITY OF MANZANITA**  
**February 15, 2023**  
**CITY COUNCIL SPECIAL SESSION**

**1. CALL MEETING TO ORDER:** The meeting was called to order on February 15, 2023, at 2pm via Zoom by Mayor Deb Simmons.

**ROLL:** Members present: Deb Simmons, Linda Kozlowski, Jerry Spegman, Jenna Edginton and Brad Mayerle. Staff present: City Manager Leila Aman Staff, Accounting Manager Nina Crist, Public Works Director Dan Weitzel and Assistant City Recorder Nancy Jones. Panelist: Jason Stegner with Cove Built Engineering, Christopher Keane with Bearing Architecture and Jessie Steiger with The Klosh Group.

**2. City Hall Construction Project Update – Quonset Hut Option: Leila Aman, City Manager**

City Manager Aman shared information on Landslide and Tsunami risk assessments for Underhill Plaza, old City Hall and current buildings being used. Aman showed the SLIDO map, the Statewide Landslide information for Oregon, and the ASCE Tsunami Geo data base maps.

Chris Keane with Bearing Architecture shared two site plans for City Hall at Underhill Plaza. In Scheme #1, the Quonset Hut is demolished. Scheme #2 includes the Quonset Hut being used for storage.

Jessie Steiger with The Klosh Group Shared proposed costs to upgrade the Quonset hut to be used as storage. She stated that to upgrade the Quonset Hut as 3,200 ft. of storage, it would cost a range of 500 to 600k. She also stated that using the Quonset Hut as storage would be limited, as emergency equipment would not be able to be stored in it. To upgrade the hut to a risk category 4, it would be more costly.

The proposed timeline for New City Hall  
March 8 - Direction on the Quonset Hut  
March TBD - 1<sup>st</sup> Financial Strategy Discussion  
April 8 – 30% Design and Cost Estimate Presentation  
April TBD - Community Meeting  
April 15 – 2<sup>nd</sup> Financial Discussion  
May - Decision on Phase 2

**A motion was made by Spegman to Proceed with Scheme #1, to demo the Quonset Hut and Schoolhouse. Seconded by Kozlowski; Motion passed unanimously.**

**3. Adjourn:** Mayor Simmons adjourned the meeting at 3:21pm.

**MINUTES APPROVED THIS**  
**8<sup>th</sup> Day of March, 2023**

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Deb Simmons, Mayor

Attest:

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Leila Aman, City Manager



## BILLS FOR APPROVAL OF PAYMENT

From 2/1/2023 - 2/28/2023

VENDOR	TOTAL	ADMIN	POLICE	BLDG	COURT	PARKS	CH Expansion	ROADS	Visitors Center	WATER
HDR ENGINEERING (PROFESSIONAL SERVICES)	\$672.14									\$672.14
HEADLIGHT HERALD (ADVERTISING)	\$36.75							\$36.75		
JB CEREGHINO CONSTRUCTION* (RELEASE OF PERF BOND)	\$40,254.00	\$40,254.00								
KLOSH GROUP (OWNERS REPRESENTATIVE)	\$3,756.00						\$3,756.00			
KRP DATA SYSTEMS (ANNUAL COURT SOFTWARE)	\$240.00				\$240.00					
LARRY BLAKE (JUDICIAL SERVICES)	\$400.00				\$400.00					
LINE-X (VEHICLE MAINTENANCE & SUPPLIES)	\$1,100.00									\$1,100.00
MANZANITA LUMBER (MATERIALS & SUPPLIES)	\$84.68									\$84.68
NB WASTE WATER (WASTEWATER UTILITY)	\$850.50	\$162.00	\$162.00	\$81.00		\$364.50				\$81.00
OC CONSTRUCTION* (RELEASE OF PERF BOND)	\$1,625.00	\$1,625.00								
ONE ELEVEN (IT SERVICES)	\$3,635.00	\$3,605.00								\$30.00
ONE ELEVEN (EQUIPMENT)	\$1,729.53	\$1,683.81								\$45.72
OR. ASSOC OF WATER UTILITIES	\$919.90									\$919.90
OREGON DEPT OF REV (FINES & ASSESSMENTS)	\$400.00				\$400.00					

## BILLS FOR APPROVAL OF PAYMENT

From 2/1/2023 - 2/28/2023

VENDOR	TOTAL	ADMIN	POLICE	BLDG	COURT	PARKS	CH Expansion	ROADS	Visitors Center	WATER
PACIFIC OFFICE (POSTAGE SERVICE )	\$209.20	\$174.70								\$34.50
RHYNO NETWORKS (IT SERVICES)	\$429.00	\$291.00	\$66.00							\$72.00
RTI (PHONE SERVICE)	\$494.98	\$95.72	\$99.92							\$299.34
SECRETARY OF STATE (AUDIT FILING FEE)	\$250.00	\$250.00								
SHELDON OIL CO. (FUEL)	\$1,376.60		\$755.00	\$211.01		\$20.53		\$102.65		\$287.41
STATE OF WASHINGTON (DRIVING RECORDS)	\$0.04				\$0.04					
STAPLES (OFFICE EQUIP & SUPPLIES)	\$1,289.61	\$77.77		\$1,211.84						
TILL. CO VISITORS ASSOC (VC COORDINATOR)	\$6,893.06								\$6,893.06	
TILL CO PAYABLE (FINES & ASSESSMENTS)	\$128.00				\$128.00					
TILLAMOOK PUD (ELECTRIC SERVICE)	\$4,350.33	\$289.77	\$320.87			\$101.56	\$43.09	\$609.00	\$94.83	\$2,891.21
US BANK (CITY VISA)	\$6,172.01	\$1,497.72	\$ 1,635.39			\$99.61		\$199.63		\$2,739.66
VERIZON (TELEPHONE)	\$1,160.88	\$294.54	\$344.36	\$114.98					\$64.99	\$342.01
WALTER WENDOLOWSKI (CITY PLANNER)	\$640.00	\$640.00								
WASHINGTON FEDERAL (UNDERHILL LOAN PAYMENT)	\$77,666.22						\$77,666.22			
<b>TOTALS</b>	<b>\$189,234.01</b>	<b>\$65,556.71</b>	<b>\$3,702.75</b>	<b>\$1,618.83</b>	<b>\$2,493.84</b>	<b>\$586.20</b>	<b>\$89,715.40</b>	<b>\$1,861.43</b>	<b>\$7,162.85</b>	<b>\$16,536.00</b>

\*Release of Performance Bond Guarantee Deposit



## CITY OF MANZANITA

### PROCLAMATION

**WHEREAS,** In times of crisis, people in Manzanita come together to care for one another. This humanitarian spirit is part of the foundation of our community and is exemplified by American Red Cross Cascades Region volunteers and donors.

**WHEREAS,** In 1881, Clara Barton founded the American Red Cross, turning her steadfast dedication for helping others into a bold mission of preventing and alleviating people's suffering. Today, more than 140 years later, we honor the kindness and generosity of Red Cross volunteers here in Manzanita, who continue to carry out Clara's lifesaving legacy. They join the millions of people across the United States who volunteer, give blood, donate financially, or learn vital life-preserving skills through the Red Cross.

**WHEREAS,** In the Cascades Region, serving Oregon and SW Washington, the contributions of more than 2,500 local Red Cross volunteers give hope to the most vulnerable in their darkest hours. The Red Cross does so by providing more than 600 emergency overnight shelter stays, along with food and comfort for families devastated by nearly 800 local disasters, like home fires. Through the generosity of those donating more than 182,000 units of essential blood for accident and burn victims, heart surgery and organ transplant patients, and those receiving treatment for leukemia, cancer or sickle cell disease. Or by supporting service members and veterans an average of nine times a day, along with their families and caregivers through the unique challenges of military life. And by helping to save the lives of others with first aid, CPR and other skills; or delivering international humanitarian aid.

**WHEREAS,** Their work to prevent and alleviate human suffering is vital to strengthening our community's resilience. We dedicate this month of March to all those who continue to advance the noble legacy of American Red Cross founder Clara Barton, who lived by her words, "You must never think of anything except the need, and how to meet it." We ask others to join in this commitment to give back in our community.

**NOW, THEREFORE,** I, Deb Simmons, Mayor of the City of Manzanita, a municipal corporation in the County of Tillamook, in the State of Oregon, do hereby proclaim March 2023 as Red Cross Month. I encourage all citizens of Manzanita to reach out and support its humanitarian mission.



**IN WITNESS, WHEREOF**, and with the consent of the City Council of the City of Manzanita, I have hereunto set my hand on this 8th day of March 2023.

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Deb Simmons, Mayor

ATTEST:

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Leila Aman, City Manager / Recorder



March 8, 2023

Oregon Secretary of  
State, Audits Division  
255 Capitol St. NE, Suite  
#500 Salem, OR 97310

### **Plan of Action for City of Manzanita**

The City of Manzanita respectfully submits the following corrective action plan in response to deficiencies reported in our audit of fiscal year ended June 30, 2022. The audit was completed by the independent auditing firm Accuity and reported the deficiencies listed below. The plan of action was adopted by the governing body at their meeting on March 8, 2023 as indicated by signatures below.

The deficiencies are listed below, including the adopted plan of action and timeframe for each.

#### 1. Deficiency #1

- a. Material Weakness – The accounting records presented to audit had multiple materially misstated items including erroneous bank deposits, expenses posted to revenues, and items posted to contingency.
- b. Errors were a result of issues related to software conversion. Process issues leading to the deposit and coding errors have been identified and corrected.
- c. Completed 7/1/2022

#### 2. Deficiency #2

- a. Significant Deficiency – Adequate segregation of duties in most areas is impractical due to the limited number of employees.
- b. The City has developed alternative procedures to mitigate deficiency as much as possible. Management continually evaluates the monitoring and controls established to ensure risks are mitigated.
- c. Continually working towards segregation of duties.

\_\_\_\_\_  
Debra Simmons, Mayor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Leila Aman, City Manager

\_\_\_\_\_  
Date



## COUNCIL STAFF REPORT

To: Mayor and City Council

Date Written: November 4, 2022

From: Leila Aman, City Manager

Subject: **Findings to continue Moratorium on View Grading**

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### ACTION REQUESTED

City Council is being asked to adopt findings supporting a continuation of a view grading moratorium as defined in the Manzanita Zoning Ordinance 95-4, Section 3.085.6 for a period of six months to allow the City to continue making progress toward updating

### HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

[November 9, 2022](#) – City Council Held a public hearing and adopted findings implementing a Moratorium pursuant to ORS 197.520 whereby the city shall not consider or approve any permit for view grading as defined in the Manzanita Zoning Ordinance 95-4, Section 3.085.6.

[January 5, 2022](#) – City Council heard a presentation from Meg Reed Coastal Shores Specialist, Department of Land Conservation and Development and Dr. Jonathan Allan Coastal Geomorphologist, DOGAMI. Council discussed current foredune management plan and formed a consensus to have the City Manager explore a moratorium on dune grading.

[February 9, 2022](#) – City Council received a presentation from staff on next steps for a moratorium and directed staff to move forward and work with the city attorney on drafting initial findings for a moratorium.

[July 6, 2022](#) – Engineering Geologist Tom Horning presented a proposal for an amendment to the city of manzanita Foredune Management Plan. City council elected to proceed with a moratorium on view grading until the Comprehensive Plan could be updated.

[September 7, 2022](#) Staff provided draft findings for council review and discussion. Council formed a consensus to proceed with a public hearing and directed the City Manager to proceed with finalizing the findings for a public hearing to be held in November.

### ANALYSIS

On October 28, 2021, the City of Manzanita approved a Dune Grading Permit for the South Management Unit of the Foredune Management Overlay Zone. The Foredune Management Plan which serves as the guiding document for dune grading was adopted in 1996. The current process for grading permits requires approval from the City Manager if the proposed plan meet the requirements of the Foredune Management Plan Sub Area Plan. The city has expressed an interest in limiting view grading until the plan could be updated but did not establish any formal procedures to deny permits that meet the current requirements set forth in the Comprehensive Plan (Goal 18) and Ordinance 95-4, Section 3.085.6. The application submitted

in October of 2021 met the existing requirements and the City Manager approved the permit application with a condition that the applicant obtain approval from other agencies that regulate the dunes, including Oregon Parks and Recreation (OPRD) and the Army Corps of Engineers. The applicant submitted for an Ocean Shore Alternation permit from OPRD and a public hearing on the application was held by OPRD on February 3rd, 2022. On March 21, 2022, OPRD denied the permit.

OPRD considered several factors in the evaluation of the request including public opinion and interest. The findings in the OPRD decision stated that “OPRD must consider “The physical characteristics or the changes in the physical characteristics of the area, and the suitability of the area for particular uses and improvements” as a factor in its evaluation. Much of the testimony in opposition to the request was directed toward concern over changes in the area since the plan was adopted in 1996 and the plan’s relevance, and adequacy to protect the public interest in the current environment.

Because the land proposed for alteration is likely dedicated public right-of-way, the strong public opinion in opposition to the project displayed during the review process carries significant weight in OPRD’s permit decision.”

The overwhelming opposition to the dune grading application as evidenced in the OPRD public hearing process, and in written and oral communication with the Manzanita City Council further highlighted that the Foredune Management Plan, written in 1996 is substantially out of date and no longer reflective of current environmental conditions. Furthermore, public opinion allowing for view grading generally has substantially changed since the Comprehensive Plan was adopted in 1995.

As outlined in the findings there is substantial evidence that both public opinion no longer is supportive of view grading, and adverse impacts and potential for public harm of such grading are significant enough to warrant a moratorium. When the decision from OPRD was rendered Staff began moving forward with the City Attorney to draft findings to support a Moratorium on view grading.

On November 9, 2022 Manzanita City Council unanimously approved findings to support a view grading moratorium and directed staff to move forward with an update to the comprehensive plan to update Goal 18 which addresses dune grading and provide next steps for an update to the foredune management plan. Since that time staff have made progress by conducting a solicitation to hire a new contract planner to assist in the effort related to this task. Staff expect to issue an RFP in the current fiscal year to hire a consultant to commence the work of updating the city’s Comprehensive Plan including Goal 18 that addresses view grading. The current City Council also affirmed that an update to the city’s Comprehensive Plan is a priority for the next fiscal year.

#### **BUDGET IMPACT**

Legal fees have been incurred to prepare and review the findings for the moratorium.

#### **WORKLOAD IMPACT**

There will be effort required to update the comprehensive plan and enabling ordinances, and potentially an update to the foredune management plan.

**COORDINATION, CONCURRENCE, OR DISSENT**

The City Attorney prepared these findings in consultation with Staff.

**STAFF RECOMMENDATION**

Staff recommends that the city council approve the findings and continue the Moratorium on view grading for another 6 months.

**ALTERNATIVES**

The Council can reject the findings and allow view grading.

**ATTACHMENTS**

1. Findings



## City of Manzanita

To: Mayor and City Council

Date Written: March 4, 2023

From: Leila Aman, City Manager

Reviewed By: Souvanny Miller, City Attorney

Subject: **DUNE GRADING MORATORIUM FINDINGS PER ORS 197.520 (4)**

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### **PROCEDURAL BACKGROUND**

On November 9, 2022, the City adopted moratorium on view grading as defined in the Manzanita Zoning Ordinance 95-4, Section 3.085.6.

On Friday February 10, 2023, at least 14 days prior to the final public hearing to be held to consider the extension of the moratorium, the City provided written notice to the Department of Land Conservation and Development.

This notice was provided via email to Brett Estes, North Coast Regional Representative, Department of Land Conservation and Development, and Meg Reed, Ocean Shores Specialist, Department of Land Conservation and Development. Staff was provided with an email response from Ms. Reed on February 14, 2023, indicating that the notice was sufficient. On March 8, 2023 the City held a public hearing.

### **PROPOSED SCOPE OF THE EXTENSION**

This Moratorium shall be extended for six months from its current expiration date of March 9, 2023, and continue in effect until expiring on September 9, 2023, unless revoked by the City Council or extended in accordance with ORS 197.520(4).

While the Moratorium is in effect, the City shall not consider or approve any permit for view grading as defined in the Manzanita Zoning Ordinance 95-4, Section 3.085.6.

### **DEFINITIONS**

“Affected geographical area” includes all properties within the beaches and dunes overlay zone. This land is “urban or urbanizable land” within the meaning of ORS 197.520.

### **PROPOSED FINDINGS IN SUPPORT OF THE EXTENSION OF MORATORIUM**

Pursuant to ORS 197.520(4), the City of Manzanita finds as follows:

- I. The problem giving rise to the need for the Moratorium still exists, specifically:
  1. The City's current Fore-dune Management Plan ("Plan"), reflected in Manzanita Development Code 3.080, is 25 years old, and a number of things have changed since the Plan was adopted. The plan does not reflect the current status of the fore-dune system or best practices with respect to management. For instance, the amount of sand in the dune system has grown substantially over time. This has made it virtually impossible to grade to the dune profile dimensions specified in the Plan. Additionally, more regulatory agencies have indicated to the City that they need to be more closely involved in grading activities. For example, disposal of excess sand in the intertidal zone may need to be reviewed and modified, and a separate Corps of Engineers permit may need to be obtained. The Plan also does not take into account today's tidal flooding and erosion conditions.
  2. Because the Plan is out of date and does not reflect current conditions or best management practices, allowing view grading under the existing Plan may result in irrevocable public harm as follows:
    - a. Sand being distributed from private property onto the public ocean shore recreation area, or sand being disturbed in the ocean shore recreation area for the benefit of one or a small number of private landowners, despite:
      - i. Minimal to no public need or justification for view grading and,
      - ii. Overwhelming public opposition to recent applications for view-grading projects.
    - b. Negative impacts to the public enjoyment of the dunes during view grading activities.
    - c. Destabilization of the vegetated dunes from unsupported view grading of the dunes which could lead to impacts to both private and public development and infrastructure.
    - d. Unknown impacts on coastal shoreland resources such as razor clam and western snowy plover habitat from sand redistribution.
    - e. Unknown impacts on ocean resources by sand displacement into the intertidal zone from sand redistribution.
    - f. Establishment of additional European beach grass (which is allowed under the existing Plan) in the fore-dune area, rather than native beach grasses.
    - g. Un-studied impacts on public resources and nearby private properties relating to current and future anticipated seasonal tidal events, flooding and erosion.

3. Based on the foregoing there is a compelling need for the moratorium.
- II. The City is making reasonable progress to alleviate the problem giving rise to the need for the Moratorium by:
    1. The City has conducted a solicitation and is in the process of hiring a contract planner to assist in developing a strategy to address the view grading issue. Staff expect to issue an RFP in the current fiscal year to hire a consultant to commence the work of updating the city's Comprehensive Plan including Goal 18 that addresses view grading. The current City Council also affirmed that an update to the city's Comprehensive Plan is a priority for the next fiscal year.
- III. The Moratorium shall be extended by a period of six months to allow the City to continue making progress toward updating the Plan.





## COUNCIL STAFF REPORT

To: Mayor and City Council

Date Written: March 6, 2023

From: Leila Aman, City Manager

Subject: **Indirect Cost Methodology**

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### ACTION REQUESTED

Adopt Resolution establishing an indirect cost methodology for the city's annual budgeting process.

### HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

January 24, 2023 – Manzanita Budget Committee received a presentation from staff on indirect costs and reviewed and provided feedback on the proposed methodology using the Warrenton model. The budget committee recommended advancing this model to the city council for consideration and adoption of a policy to use the model in future budget years.

### ANALYSIS

For the last three years the city has relied on the use of a complex model developed by an economic consulting firm, FCS, to determine indirect cost transfers into the General Fund from Enterprise Funds. Prior to that the city paid a portion of the City Manager and eventually the Assistant City Managers salary to cover administrative overhead costs. The FCS utilized by the city is an objective model that provides a transparent way of making an estimate for indirect costs. However, the model has created some concern due to its complexity and related cost as it requires some assistance from a consultant to prepare every year and includes a significant amount of data for staff to collect. Last fiscal year, the budget committee requested that the Budget Officer explore a more simplified model that could be updated more easily by staff and more easily explained to the public for the 23/24 fiscal year. Staff moved forward with this recommendation and brought forward a model used by the City of Warrenton to the Budget Committee in March 2023 for feedback and input. Staff propose that the City of Manzanita adopt a **Materials and Services indirect cost methodology**.

### What are Indirect Costs?

Most costs the City incurs are direct costs, that is these direct costs are attributable and charged directly to the fund or department that generated the cost. Department. Indirect costs are those costs of doing business that are not readily identified with a specific activity but are necessary for the operation of the program or service. The costs incurred to plan and conduct City Council meetings provide a good example. City employees have to manage the calendar, consult with the mayor, prepare an agenda, produce documents such as draft resolutions or ordinances, explain proposals, record meetings, produce minutes, answer councilors' questions, and post meeting information on the website. The administration of a governing body's business benefits the entire city but is not attributable to a specific fund or department. How should those

(indirect) administrative costs be paid? Every local jurisdiction and every private enterprise has this problem of sharing indirect costs among divisions, departments, and funds. There are many ways of sharing those costs, none of which is perfect.

The city administration which is funded by the General Fund provides administrative services and management and oversight for all city activities including Enterprise Funds. Enterprise Funds are revenue generating programs that operate like a business within the structure of the city but have a separate funding source and separate financial statements. The purpose of having an indirect cost allocation is to have a transparent method to distribute the costs of the services provided by the administration to all funds including benefitting revenue sources.

Simply put, an indirect cost allocation rate is a device for determining fairly and expeditiously the proportion of general (indirect) expenses that each fund or department will bear. It is the ratio between the total indirect costs of the activity and some equitable direct cost base.

### **The Material and Services Indirect Cost Model**

The City of Warrenton has developed a well-tested model that is comparatively easy to understand and implement by the in-house accounting staff. The principle underpinning of the Warrenton model is that every department or fund incurs materials and services (M&S) costs that are accounted for as specified under Oregon law. The level of M&S spending by each fund or department is a reasonable proxy for the level of administrative, finance, and overhead support for that fund or department. The model allocates administrative overhead (staff and administrative M&S) to each fund or department based on the percentage of total M&S spending of each department or fund.

Warrenton has been using this Materials and Services indirect cost allocation model since the 2002-03 budget year. The model is referred to as the Materials and Services model. Staff reviewed this model and prepared a model specific to Manzanita using the same methodology. The output of this analysis is included as Attachment A. Details on the methodology are included below.

### **How the Manzanita model was adapted**

#### ***Inactive funds removed.***

Some funds have not incurred any M&S expenditures over the past five years or are not expected to incur such costs in the future. Those funds have been removed from the model, including:

- Civic Improvement Fund
- Housing Rehabilitation Fund
- Puffin LID Fund
- Park Facilities Fund
- Public Works Equipment Reserve Fund
- Public Safety Equipment Reserve Fund
- Municipal Court Trust Fund
- Performance Guarantee Deposit Fund
- Building Equipment Reserve

### *Calculation of M&S spending and fund or department shares*

The basic approach of the Manzanita model is identical to the Warrenton model:

1. Add up M&S spending by every fund and department to get total M&S for the city.
2. Identify and remove unusual or non-recurring M&S expenditures to avoid annual distortions.
3. Calculate each fund and department's share of total M&S spending.
4. Apply that share (percentage) to the administrative M&S and FTE overhead to be allocated in the current year's budget.

### *Manzanita's adjustments to the Warrenton model*

1. To ensure that a fund's or department's spending in a prior year does not distort its share of total M&S spending, the Manzanita model uses the average M&S spending for every fund and department over the prior five years instead of only one audited year.
2. The Manzanita model still permits staff to remove an unusual or non-recurring M&S expenditure from any one year to avoid annual distortions.
3. The Manzanita model allocates indirect costs at the fund or department level instead of extending the model down to the account level.
4. Since Manzanita is a much smaller city with fewer employees, the Manzanita model includes fewer FTEs. This part of the model can be modified in future budget cycles if the Budget Committee deems that to be appropriate. The model includes only a portion of the City Manager and Assistant City Recorders time. Since the model is focused on M&S these assumptions were made to focus the CM and ACM time on activities specific to department support such as finance and city council meetings.

In summary, no indirect cost allocation method is perfect. The City Council is being asked to consider the proposed approach to adopt a Resolution establishing a policy that the Budget Officer will use the Materials and Services methodology for the purpose of estimating transfers for the budgeting process. The tables with the FY 22/23 Materials and Services indirect cost model is included as Attachment A. In summary, using this model, the Budget officer would propose a transfer of \$191,727 from the Water Enterprise Fund and \$27,332 from the Building Enterprise Fund for the FY 23/24. For context, the approved transfer for the Water Enterprise fund for FY 22/23 was \$168,350, another \$44,265 from the Water Construction Fund and \$55,770 from the Building Fund.

### **BUDGET IMPACT**

There is no cost to adopting a methodology but the decision will impact the amount of revenue transferred from enterprise funds into the general fund for future budget years. This approach would also save the city money since the city has paid a few thousand dollars each year to consultant to update model.

### **WORKLOAD IMPACT**

The methodology as proposed only requires minimal data that staff already collect for the budget process so it would result in a efficient model for staff to run each year without requiring outside help.

**STAFF RECOMMENDATION**

Adopt methodology as proposed.

**ALTERNATIVES**

Council may elect to adjust the proposed methodology, use the FCS model or go back to using some form an FTE allocation method.

**ATTACHMENTS**

1. Output from Manzanita Model
2. Resolution Adopting an Indirect Cost Methodology

**City of Manzanita**  
**2022-23 Budget**  
**Overhead Cost Share Model**

**Personnel Service Costs:**

Fund/Department	FTEs	Materials & Services Spending FY2021 Rate	FY023 Budget Total Payroll Cost
<b>General Fund</b>			
Court	0.03	2.18%	\$4,337
Parks	0.07	4.22%	\$8,372
Police	0.14	9.22%	\$18,316
Non-Department	0.00	0.16%	\$328
<b>Other Funds</b>			
Building Fund*	0.11	7.24%	\$14,375
Water Operations (M&S)	0.79	50.77%	\$100,837
Water Construction (M&S)	0.00	0.02%	\$46
Road Fund (M&S)	0.11	6.93%	\$13,766
Tourism Promotion (M&S)	0.14	9.00%	\$17,885
Timber Mngmt (M&S)	0.04	2.85%	\$5,654
Trust Fund (M&S)	0.00	0.05%	\$90
City Hall Expansion (M&S)	0.10	6.66%	\$13,237
Park Facilities (M&S)	0.00	0.02%	\$42
Storm Drain Facilities (M&S)	0.01	0.68%	\$1,345
<b>Totals</b>	<b>1.5500</b>	<b>1.0000</b>	<b>\$198,628</b>

Personnel	FTE	Loaded Cost
City Manager	0.3	57,048
Accounting Manager	1	115,548
Assistant City Recorder	0.25	26,032
Total FTE	<b>1.55</b>	<b>198,628</b>

**Summary of Administrative Cost Totals**

FTE	\$198,628
Materials & Services)	\$179,034
	<b>\$377,662</b>

**City of Manzanita**  
**2022-23 Budget**  
**Overhead Cost Share Model**

**Material and Services Costs:**

<b>Fund/Department</b>	<b>Five-Year Average Actual M&amp;S Expenditures</b>	<b>Share of 5- Year Average M&amp;S Spending</b>	<b>Share of FY2023 Overhead M&amp;S Budget</b>
<b><i>General Fund</i></b>			
Court	\$12,472	2.18%	\$3,909
Parks	\$24,076	4.22%	\$7,546
Police	\$52,671	9.22%	\$16,509
Non-Department	\$942	0.16%	\$295
<b><i>Other Funds</i></b>			
Building Fund*	\$41,339	7.24%	\$12,957
Water Operations (M&S)	\$289,977	50.77%	\$90,890
Water Construction (M&S)	\$132	0.02%	\$41
Road Fund (M&S)	\$39,586	6.93%	\$12,408
Tourism Promotion (M&S)	\$51,431	9.00%	\$16,121
Timber Mngmt (M&S)	\$16,258	2.85%	\$5,096
Trust Fund (M&S)	\$258	0.05%	\$81
City Hall Expansion (M&S)	\$38,066	6.66%	\$11,931
Park Facilities (M&S)	\$120	0.02%	\$38
Storm Drain Facilities (M&S)	\$3,867	0.68%	\$1,212
<b>Totals</b>	<b>\$571,196</b>	<b>1.0000</b>	<b>\$179,034</b>

\$179,034

**City of Manzanita**  
**2022-23 Budget**  
**Overhead Cost Share Model**

<b>Fund/Department</b>	<b>Warrenton Model Materials &amp; Services Cost Share</b>	<b>Warrenton Model FTE Cost Share</b>	<b>Warrenton Model Total Indirect Cost Share</b>
<b>General Fund</b>			
Court	\$3,909	\$4,337	\$8,246
Parks	\$7,546	\$8,372	\$15,919
Police	\$16,509	\$18,316	\$34,825
Non-Department	\$295	\$328	\$623
<b>Other Funds</b>			
Building Fund*	\$12,957	\$14,375	\$27,332
Water Operations (M&S)	\$90,890	\$100,837	\$191,727
Water Construction (M&S)	\$41	\$46	\$87
Road Fund (M&S)	\$12,408	\$13,766	\$26,173
Tourism Promotion (M&S)	\$16,121	\$17,885	\$34,005
Timber Mngmt (M&S)	\$5,096	\$5,654	\$10,749
Trust Fund (M&S)	\$81	\$90	\$170
City Hall Expansion (M&S)	\$11,931	\$13,237	\$25,169
Park Facilities (M&S)	\$38	\$42	\$79
Storm Drain Facilities (M&S)	\$1,212	\$1,345	\$2,557
<b>Totals</b>	<b>\$179,034</b>	<b>\$198,628</b>	<b>\$377,662</b>



City of Manzanita

**COUNCIL RESOLUTION No. 23-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANZANITA, OREGON, ADOPTING A MATERIALS AND SERVICES INDIRECT COST METHODOLOGY FOR THE PURPOSE OF DETERMINING TRANSFERS FROM ENTERPRISE FUNDS TO THE GENERAL FUND FOR ADMINISTRATIVE OVERHEAD SERVICES**

**WHEREAS**, the City of Manzanita administration provides overhead services to Enterprise Funds; and

**WHEREAS**, the City of Manzanita has historically ensured that Enterprise Funds cover the cost of administrative overhead for the services provided by the City’s administration; and

**WHEREAS**, the city has investigated several options and have determined that a Material and Services model best fits the city’s current needs.

**Now, Therefore, be it Resolved by the City Council of the City of Manzanita** that the city of Manzanita hereby adopts a Materials and Services Indirect Cost allocation method for the purpose of determine Enterprise Fund transfers into the General Fund for administrative overhead as part of the city’s annual budgeting process.

Introduced and adopted by the City Council on \_\_\_\_\_.

This resolution is effective on \_\_\_\_\_.

\_\_\_\_\_  
Deb Simmons, Mayor

ATTEST:

\_\_\_\_\_  
Leila Aman, City Manager/ City Recorder





**COUNCIL RESOLUTION No. 23-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANZANITA, OREGON,  
MAKING APPOINTMENTS TO THE BUDGET COMMITTEE.**

WHEREAS, ORS 294.414 requires that the governing body of each municipal corporation shall establish a budget committee in accordance with the provisions of the statute; and

WHEREAS, ORS 294.414 requires that the budget committee consist of members of the governing body, and a number equal to the number of members of the governing body of electors of the municipal corporation appointed by the governing body; and

WHEREAS, there are currently three open positions on the budget committee; and

WHEREAS, the City Council at its January 4, 2023 meeting approved selection criteria and assigned two city councilors and a member of the budget committee to conduct a selection process;

WHEREAS, Council President Kozlowski, Councilor Jerry Spegman and Budget Committee member Jim Dopp were selected to serve on the selection committee; and

WHEREAS, the selection committee conducted the application review and evaluation process; and

WHEREAS, the selection committee unanimously recommends the following candidates to serve on the City’s Budget Committee for a three-year term:

1. Chip Greening
2. Kathryn Stock

WHEREAS, the selection committee unanimously recommends the following candidates to serve on the City’s Budget Committee for a two-year term:

1. Kitman Keating

**Now, Therefore, be it Resolved** by the City Council of the City of Manzanita, Chip Greening and Kathryn Stock are appointed to the budget committee for a period of three years commencing March 2023 and Kitman Keating is appointed to the budget committee for a period of two years commencing March 2023.

Introduced and adopted by the City Council on \_\_\_\_\_.

This resolution is effective on \_\_\_\_\_.

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Deb Simmons, Mayor

ATTEST:

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Leila Aman, City Manager/ City  
Recorder



## City of Manzanita

PO BOX 129, Manzanita OR 97130-0129

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# 2023 Budget Committee Application

**Name:** Chip Greening

**Address:**

**Email:**

**Occupation:** Retired lawyer & business executive

## Overview

The role of the Budget Committee is to provide a lay review of the proposed budget in the context of services that the city provides as well as additional programs or policies based on council goals. The budget committee receives the budget message and the proposed budget document from the budget officer, holds at least one meeting in which the public may ask questions about and comment on the budget, and ultimately approves the budget document. Committee members need to have a good understanding of the city's fiscal constraints and how services and programs are funded and be able to explain it to their friends and neighbors throughout the community.

Committee members are expected to do their homework and be prepared to participate actively in the budget process. This includes taking the training provided by the Oregon Department of Revenue and understanding their role as a member of the budget committee in relation to the budget officer.

Successful candidates shall have a solid basis or background in finance and/or budgeting experience in either the public or private sectors. If experience is in the private sector, the candidate must have a willingness to learn the differences between private sector finance and public budgeting processes and experience should be substantial or significant in nature.

Committee members should be able to take an active role in developing, evaluating and proposing policy that ensures the city's financial wellbeing. While this will likely happen outside of the budget process, members will be asked for guidance and feedback on proposed policies.

Committee members should have experience working in a constructive and collaborative committee format that is focused on supporting the budget officer, advancing the city's fiscal health wellbeing and serving the public interest.

**Please explain your interest in serving on the budget committee. Be brief but be as specific as possible.**

I have served on the Manzanita Budget Committee through three budget cycles. Having acquired a lot of knowledge about Oregon's budget process, local government finance, and Manzanita's specific financial challenges, I would like to use that learning to help the city navigate those challenges. In particular, I would like to continue to serve on the revenue diversification subcommittee to help the city reduce its dependence on TLT revenue while maintaining city services demanded by residents. I would also like to work with city staff on the implementation of the newly adopted indirect cost allocation model and contribute to the development and financing of a capital improvement plan. Needless to say, I also want to continue to participate in overseeing the development and adoption of the next three annual budgets.

**What experience do you have working with budgets?**

At the beginning of my service on the Budget Committee I attended the State Department of Revenue training. In subsequent years I attended online DOR budget classes. I have also served through three Manzanita budget cycles in which I was able to identify problems or inconsistencies in the budgets proposed for FY2021 and FY2022. Although the state-mandated budget format and the practice of government or proprietary funds was outside the scope of my prior private industry experience, I am now comfortable with the budget structure and process.

In my professional career, I oversaw budgets and undertook financial analysis as CEO of Omnicrome, a laser manufacturer. As a turnaround management consultant, I developed financial models and constructed budgets for private companies in diverse industries. Experience has taught me that looking at raw numbers is less valuable than understanding relationships (e.g., revenue sources and expenditures as percentages of the totals, long-term revenue and cost trends, debt service carrying capacity). Current budgets should also be considered in light of city council goals and financial projections.

**Describe a situation where you had to compromise to reach consensus on a budget related issue.**

Two examples: (1) For the past three years staff and the BC have struggled to find a fair and replicable means of allocating indirect costs among funds and departments. I authored a short paper explaining the common problem and trade-offs in allocating indirect costs (overhead) to ensure that all BC participants understood the concept. As part of an investigation into indirect cost allocation models used by other Oregon cities, I recommended that the city consider using Warrenton's model (materials & services as a proxy for administrative activity). After a fall 2022 discussion, the BC proposed that the staff investigate the simpler Warrenton method as an alternative to the consultant-driven, complex model used for the past three budgets. After the staff adapted the model for Manzanita, the BC agreed to try it out for the FY2024 budget.

(2) After the pandemic hit the city in spring 2020, the BC was faced with major uncertainty over the TLT revenue projection for the FY2021 budget. After a great deal of debate, we agreed on a conservative projection that turned out to be *too* conservative. We also agreed to reduce other revenue and expenditure projections. We were wrong—in a good way. Actual General Fund revenues exceeded the budget projection by \$963,504 (81%). Actual expenditures were \$350,085 (21%) less than the budget projection, resulting in a \$1,313,276 increase in the General Fund balance, which ensured the city would get through the pandemic in good financial shape.



## City of Manzanita

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# 2023 Budget Committee Application

Name: <u>Constance &lt;&lt; Connie &gt;&gt; Burton</u>	Phone: _____
Address: _____	Email: _____
City/State/Zip: _____	
Occupation: _____	

## Overview

The role of the Budget Committee is to provide a lay review of the proposed budget in the context of services that the city provides as well as additional programs or policies based on council goals. The budget committee receives the budget message and the proposed budget document from the budget officer, holds at least one meeting in which the public may ask questions about and comment on the budget, and ultimately approves the budget document. Committee members need to have a good understanding of the city's fiscal constraints and how services and programs are funded and be able to explain it to their friends and neighbors throughout the community.

Committee members are expected to do their homework and be prepared to participate actively in the budget process. This includes taking the training provided by the Oregon Department of Revenue and understanding their role as a member of the budget committee in relation to the budget officer.

Successful candidates shall have a solid basis or background in finance and/or budgeting experience in either the public or private sectors. If experience is in the private sector, the candidate must have a willingness to learn the differences between private sector finance and public budgeting processes and experience should be substantial or significant in nature.

Committee members should be able to take an active role in developing, evaluating and proposing policy that ensures the city's financial wellbeing. While this will likely happen outside of the budget process, members will be asked for guidance and feedback on proposed policies.

Committee members should have experience working in a constructive and collaborative committee format that is focused on supporting the budget officer, advancing the city's fiscal health wellbeing and serving the public interest.

To the Mayor, the City Council and Budget Officer and other interested parties:  
My iPad doesn't function well with the 2023 Budget Committee Application so I am responding to the questions in an email. Thank you for your understanding.

#### 2023 BUDGET COMMITTEE APPLICATION

NAME Constance « Connie » Burton.

OCCUPATION: Retired CFO/COO of private dental practice of Bruce Burton DMD,PC

#### Please explain your interest in serving on the budget committee. Be brief but be as specific as possible:

As a full-time Manzanita resident for about four years, I miss my involvement in the daily life and needs of my neighbors in my previous community, Hood River.

I am hard-wired to be civic-minded, and strongly believe that input from all members of the community is necessary for valid governing. I am capable of understanding the process and goals of the committee.

#### What experience do you have working with budgets?

As CFO and COO of a small business for almost 40 years, I made short-term and long-term financial decisions. I had to explain, support and sometimes amend those decisions with the CEO, who was/is my husband, a retired general dentist, and our professional staff. This was a full-time, lifetime process, approximately 45 hours a week for nearly forty years. I did all accounts receivable/payable, payroll and quarterly reports, with the assistance of our CPA only for annual tax forms

I also served on several committees and boards in the community, including Hood River School District Local Committee, a church Mission Board, the Providence Memorial Hospital Foundation Board for two years, and the Oregon Health Authority CCO Board for the Columbia Gorge region for two years. The CCO Board (Co-Ordinating Care Organization) set policy and budgeted for Medicaid funding in our region. Even though we were a private dental practice, we saw disabled and low-income patients and I understood the challenges for those neighbors to receive quality dental and medical care.

I also served as building manager for June Street Dental LLC, as both bookkeeper and supervisor for contracted services.

#### Describe a situation where you had to compromise to reach consensus on a budget-related issue.

My participation on the CCO Board was a master-class on compromise. Other Board members included the CEO's of the area hospitals, physicians, other medical professionals and mental health professionals, along with social workers and the head of the local Health Department. I was the only member representing the dental providers. We were all concerned with serving the same clientele, but had different vested interests and perspectives on how Medicaid funds were spent.

One of our most satisfying achievements was to eventually focus on the preventative needs of our neighbors/clients as a way to spread the most value for the healthcare dollars available. This is an ongoing process, with monthly meetings and occasional longer sessions and public input forums.



## City of Manzanita

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# 2023 Budget Committee Application

Name: **Gerald Wineinger** \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Email: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Occupation: **CEO Avuli Inc.** \_\_\_\_\_

## Overview

The role of the Budget Committee is to provide a lay review of the proposed budget in the context of services that the city provides as well as additional programs or policies based on council goals. The budget committee receives the budget message and the proposed budget document from the budget officer, holds at least one meeting in which the public may ask questions about and comment on the budget, and ultimately approves the budget document. Committee members need to have a good understanding of the city's fiscal constraints and how services and programs are funded and be able to explain it to their friends and neighbors throughout the community.

Committee members are expected to do their homework and be prepared to participate actively in the budget process. This includes taking the training provided by the Oregon Department of Revenue and understanding their role as a member of the budget committee in relation to the budget officer.

Successful candidates shall have a solid basis or background in finance and/or budgeting experience in either the public or private sectors. If experience is in the private sector, the candidate must have a willingness to learn the differences between private sector finance and public budgeting processes and experience should be substantial or significant in nature.

Committee members should be able to take an active role in developing, evaluating and proposing policy that ensures the city's financial wellbeing. While this will likely happen outside of the budget process, members will be asked for guidance and feedback on proposed policies.

Committee members should have experience working in a constructive and collaborative committee format that is focused on supporting the budget officer, advancing the city's fiscal health wellbeing and serving the public interest.

Please explain your interest in serving on the budget committee. Be brief but be as specific as possible.

I enjoy being part of Manzanita. I feel it's critical to be involved and help Manzanita move forward in being prosperous and a great place to live. My desire is to be part of expanding and accomplishing the vision our leaders have developed for our community. The city's budget is key to enabling our future growth and stability.

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What experience do you have working with budgets?

Most of my career as an electronics engineer, program manager and Director for Texas Instruments has always included creating and managing budgets.

As an engineer my budget was usually a few \$M, as a program manager it was \$15M to \$50M and as a Director I created and managed Budgets that were \$200M to \$750M. I have a BSEE and a Distinguished Alumni Award from The Ohio State University and an MBA from Southern Methodist University.

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Describe a situation where you had to compromise to reach consensus on a budget related issue.

When heading up a 2000+ employee organization at Texas Instruments in Tokyo Japan, I was involved in a very important negotiation with our engineering design and semiconductor manufacturing employees. Both groups were very hard-lined and correct in how they wanted the organization to be run. We were able to actually look outside the box and come up with a budget solution that was better for both groups. Helping get each group to escape their "group think" and understand why collaborating was better was challenging, but fun. I recently renewed my collaborating skills by taking a collaboration class provided by Tillamook Bay Community College - 2021 Collaborative Leadership Class. I would be honored to offer my experience and skills to help with our city Budget.

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You are also welcome and encouraged to submit a CV or Resume as part of your application.





## City of Manzanita

PO BOX 129, Manzanita OR 97130-0129

Phone (503) 812-2514 | Fax (503) 368-4145 | TTY Dial 711 ci.manzanita.or.us

# 2023 Budget Committee Application

Name: <u>Kathryn A. Stock</u>	Phone: _____
Address: _____	Email: _____
City/State/Zip _____	
Occupation: Retired. Career in Supply Chain Management and Leadership Development _____	

## Overview

The role of the Budget Committee is to provide a lay review of the proposed budget in the context of services that the city provides as well as additional programs or policies based on council goals. The budget committee receives the budget message and the proposed budget document from the budget officer, holds at least one meeting in which the public may ask questions about and comment on the budget, and ultimately approves the budget document. Committee members need to have a good understanding of the city's fiscal constraints and how services and programs are funded and be able to explain it to their friends and neighbors throughout the community.

Committee members are expected to do their homework and be prepared to participate actively in the budget process. This includes taking the training provided by the Oregon Department of Revenue and understanding their role as a member of the budget committee in relation to the budget officer.

Successful candidates shall have a solid basis or background in finance and/or budgeting experience in either the public or private sectors. If experience is in the private sector, the candidate must have a willingness to learn the differences between private sector finance and public budgeting processes and experience should be substantial or significant in nature.

Committee members should be able to take an active role in developing, evaluating and proposing policy that ensures the city's financial wellbeing. While this will likely happen outside of the budget process, members will be asked for guidance and feedback on proposed policies.

Committee members should have experience working in a constructive and collaborative committee format that is focused on supporting the budget officer, advancing the city's fiscal health wellbeing and serving the public interest.

**Please explain your interest in serving on the budget committee. Be brief but be as specific as possible.**

I wish to be of service to the Manzanita community. One way of doing this is to volunteer the skills and expertise developed in my work life. The budget is the tangible reflection of the city's decisions about managing for the present and for the future. I believe that work is important and is a good match for my skills.

**What experience do you have working with budgets?**

My corporate budget experience is based on a 26-year career with Nike and falls into 3 categories. First, in my early years of management, I had responsibility for developing and gaining approval for departmental budgets. This was primarily for operations needed to run distribution facilities in the US. Second, as I was given increasing responsibility for multiple operations in the US and in EMEA (Europe, Middle East & Africa), budgeting included support for global transportation, customs, customer service as well as major distribution centers. Third, I was responsible for developing the process and methods for making major technology investment decisions for the North American business. To give an idea of scale, when I started with the company, they weren't quite a billion-dollar business. When I retired, Nike was just short of \$20 billion in revenue. The scale and complexity of the entire budget management process grew considerably during that time.

My more recent experience comes from my first term on Manzanita's Budget Committee. It's been interesting to learn the differences in the public sector and to participate in the public processes that are required. It has required investing the time to learn and also the willingness to be an active part of public meetings. I have appreciated the time and expertise people have offered to help me learn, as well as the Oregon State classes which were useful for education. I've learned a lot in the past 3 years about the way Manzanita's finances are organized, revenue sources for the city, and the work that needs to be done on long-term capital planning. I've also developed a deeper appreciation for city staff and the work they do. The work that staff does to create a solid budget for the committee's review is important and has shown marked improvement in the time I have served on the Budget Committee.

**Describe a situation where you had to compromise to reach consensus on a budget related issue.**

Consensus building and compromise were built into Nike's budget process every step of the way. One specific example I can offer comes from the time when Nike got into the apparel business. We had to gain agreement from the footwear and apparel leadership teams on the proper way to allocate costs of distribution centers that

handled both product lines. More importantly, the decisions to close facilities or operations required a great deal of deliberation. Budgets and financial impact were a big part of the decision-making process as well as the impact on people and communities. I'd be happy to offer more detail on these examples in the interview process.

You are also welcome and encouraged to submit a CV or Resume as part of your application.

THE DEADLINE FOR SUBMISSIONS IS **Wednesday, FEBRUARY 15, 2023 AT 4:00 PM**

**APPLICANTS MUST BE AVAILABLE TO INTERVIEW FEBRUARY 21<sup>ST</sup> – 23<sup>RD</sup> AND BE AVAILABLE FOR ALL SCHEDULED MEETINGS ON THE 23/24 BUDGET CALENDAR**

Please return this form  
by email to [cityhall@ci.manzanita.or.us](mailto:cityhall@ci.manzanita.or.us)

If you have any questions, please call 503-368-5343 or email us at [cityhall@ci.manzanita.or.us](mailto:cityhall@ci.manzanita.or.us)



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# 2023 Budget Committee Application

Name: <u>Kelley Roy</u>	Phone: _____
Address: _____	Email: _____
City/State/Zip: _____	
Occupation: <u>Business Owner</u>	_____

## Overview

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Committee members should be able to take an active role in developing, evaluating and proposing policy that ensures the city's financial wellbeing. While this will likely happen outside of the budget process, members will be asked for guidance and feedback on proposed policies.

Committee members should have experience working in a constructive and collaborative committee format that is focused on supporting the budget officer, advancing the city's fiscal health wellbeing and serving the public interest.

**Please explain your interest in serving on the budget committee. Be brief but be as specific as possible.**

I am interested in serving on the budget committee to work alongside fellow citizens to make informed and practical recommendations to the Mayor, Council Members and Staff. As a business owner, it is my responsibility to ensure the long term viability of my company. That includes getting creative and finding new ways of generating revenue and controlling expenses.

I have worked on non-profit boards and at public agencies and understand the difference between different types of budgets.

My public sector experience has included working on public private partnerships, community engagement events and working with representatives of county, state and local governments. It is very important to me to be able to work creatively and respectfully with other members of the community to solve challenging financial issues and uncover new opportunities that help us implement projects we would like to see happen as a community.

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**What experience do you have working with budgets?**

I have been responsible for creating and tracking the budgets for my own businesses for the past 17 years, and have been in similar positions in public agencies. My work with the Transit Oriented Development and Transportation Demand Management programs at Metro required me to create and track budgets, review and refine other public agency budgets for intergovernmental grant programs and to make recommendations to the Metro Council for budget increases to cover enhanced services to local governments within our jurisdiction.

I led committees of over 20 representatives for both of these government programs, including leading strategic planning meetings, budget oversight meetings and community meetings.

As a small business consultant for the past 20 years, I have also had to explain and educate people about how to read and understand budgets. It is important to be able to translate budget and accounting lingo into layman's terms for people without financial backgrounds.

**Describe a situation where you had to compromise to reach consensus on a budget related issue.**

I led committees of over 20 representatives for both of these programs at Metro, including leading strategic planning meetings, budget oversight meetings and community meetings. We had a limited budget that we needed to share amongst the various jurisdictions which meant we needed to reach consensus on what projects would best meet our goals as a region. This inevitably required compromise which was easier to achieve when all parties were on the same page with our goals, knowledge of the problem we were trying to solve with project funding and a general respect for engaged and intelligent dialogue.





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## 2023 Budget Committee Application

Name: Kit Keating Phone: ████████

Address: ████████ Email: gkeating@manzanitaor.gov

City/State/Zip: Manzanita, OR 97130

Occupation: AVP & Controller (Retired)

### Overview

The role of the Budget Committee is to provide a lay review of the proposed budget in the context of services that the city provides as well as additional programs or policies based on council goals. The budget committee receives the budget message and the proposed budget document from the budget officer, holds at least one meeting in which the public may ask questions about and comment on the budget, and ultimately approves the budget document. Committee members need to have a good understanding of the city's fiscal constraints and how services and programs are funded and be able to explain it to their friends and neighbors throughout the community.

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Committee members should be able to take an active role in developing, evaluating and proposing policy that ensures the city's financial wellbeing. While this will likely happen outside of the budget process, members will be asked for guidance and feedback on proposed policies.

Committee members should have experience working in a constructive and collaborative committee format that is focused on supporting the budget officer, advancing the city's fiscal health wellbeing and serving the public interest.



Please explain your interest in serving on the budget committee. Be brief but be as specific as possible.

In my prior employment as an accounting executive, I became very proficient in all aspects of general accounting, financial analyses, and all projects associated with developing, tracking, and assessing budgetary constituents against actual expenditures. I believe my participation on the budgeting review can provide greater transparency to the process. I can serve as a bridge of information to the community.

What experience do you have working with budgets?

I believe the experience as the AVP <sup>of Finance</sup> and Controller provide the knowledge and understandings necessary to effectively review and offer guidance on the proposed budget, as well as to improve the transparency and readability of the budget documents before they go to City Council.

Describe a situation where you had to compromise to reach consensus on a budget related issue.

My experience in executive leadership as a corporate financial planning & budgets manager posed numerous situations that required compromises. One of the most important elements in compromises is to listen to comments and questions from interested citizens. Put aside personal preferences, weigh pros and cons, costs and benefits, as well as opportunities and obstacles on each budget related issue before making decision. Always look at the big picture.



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# 2023 Budget Committee Application

Name: <u>Randy Kugler</u>	Phone: _____
Address: _____	Email: _____
City/State/Zip: _____	
Occupation: _____	

## Overview

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Committee members should have experience working in a constructive and collaborative committee format that is focused on supporting the budget officer, advancing the city's fiscal health wellbeing and serving the public interest.



Please explain your interest in serving on the budget committee. Be brief but be as specific as possible.

The City Council has a fiduciary responsibility to its citizens to have funding policies and to make decisions that provide the greatest benefit for the majority of its citizens. Inattention to structural budget problems during the past 20 years has created both funding problems and community discord when those issues have been raised for public discussion.

I believe that my experience and 44 year connection to Manzanita will offer solutions to improve the situation.

What experience do you have working with budgets?

8 years as Manzanita Budget Officer.  
Created 6 new Funds that the current Budget uses.  
Developed budgets for the City's first Police Dept.  
Municipal Court and full time Building Dept. to address the 1994-96 building boom.  
Developed budgets for the City's first System Development Charges for Water, Storm Drain and Parks.  
Created the Timber Management Fund and administered the initial timber sale for construction of the blue reservoir.

Describe a situation where you had to compromise to reach consensus on a budget related issue.

As City Manager in Philomath, I had to work with various community groups and my Council as to the appropriate location, building design and cost to construct a new Police facility. None of the involved groups got everything that they were advocating for but consensus was eventually reached resulting in a new 6,600ft<sup>2</sup> facility that citizens were very pleased with.



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## 2023 Budget Committee Application

Name:	<u>William Stone</u>	Phone:	<u>[REDACTED]</u>
Address:	<u>[REDACTED]</u>	Email:	<u>[REDACTED]</u>
City/State/Zip:	<u>[REDACTED]</u>		
Occupation:	<u>Investment Real Estate Broker</u>		

### Overview

The role of the Budget Committee is to provide a lay review of the proposed budget in the context of services that the city provides as well as additional programs or policies based on council goals. The budget committee receives the budget message and the proposed budget document from the budget officer, holds at least one meeting in which the public may ask questions about and comment on the budget, and ultimately approves the budget document. Committee members need to have a good understanding of the city's fiscal constraints and how services and programs are funded and be able to explain it to their friends and neighbors throughout the community.

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Committee members should have experience working in a constructive and collaborative committee format that is focused on supporting the budget officer, advancing the city's fiscal health wellbeing and serving the public interest.

**Please explain your interest in serving on the budget committee. Be brief but be as specific as possible.**

I Am interested in contributing my time AND experience towards developing A sound fiscal PLAN for the City. I have followed city Affairs for several years and I generally understand how the Council and City operate. I would like to bring more discussion of funding options and long term Budget development up in A MANNER that is understandable to citizens.

**What experience do you have working with budgets?**

I have developed AND MANAGED Budgets for NEWSPAPER COMPANIES, PRINTING COMPANIES AND electric SIGN COMPANIES.

**Describe a situation where you had to compromise to reach consensus on a budget related issue.**

I was responsible for developing A COMPANY-wide budget with INPUTS from five department MANAGERS. The process involved TRADE offs between MANAGERS for Revenue commitments, ADDITIONAL Personnel Position APPROVALS and expenditure budgets. The GOAL WAS to NEGOTIATE commitments from the MANAGERS AND SUPPORT while developing A REALISTIC Budget for the overall ORGANIZATION. Negotiations require Respect for All parties AND identifying areas of AGREEMENT AS well as differences.

**Subject:** Dune Grading Moritorium

I am hopeful that the entire city council will vote to continue the moratorium on dune grading at your meeting on March 8<sup>th</sup>.

I may not be able to speak during the zoom meeting, since have to have car repaired in Warrington that day.

Thank you,  
Sandy Wood  
120 Beeswax Lane  
Manzanita Oregon

**Subject:** Supporting Prevention of Dune grading .

Dear Councilors, and City Manager :

I am writing to request that the city of Manzanita continues with the moratorium preventing dune grading for view into the foreseeable future.

Especially after this winter, we can acknowledge how the high dunes have kept the winter storm surges, high tides and king tides from inundating our beachfront homes and our downtown. The looming sand cliffs are evidence that the dunes work.

Cannon Beach learned the damage that dune grading did , and no longer allows this.

Corinna Beuchet  
454 Dorcas Lane  
Manzanita , permanent resident.

Dear Mayor, City Manager and City Council people:

I am writing to request that the city of Manzanita continues with the moratorium preventing dune grading for view into the foreseeable future.

Especially after this winter, we can acknowledge how the high dunes have kept the winter storm surges, high tides and king tides from inundating our beachfront homes and our downtown. The looming sand cliffs are evidence that the dunes work.

In this day and age of climate change, rising sea levels and increasingly adverse weather events, to take down our dunes so that someone can have an "ocean view" from their living room is unconscionable. We must act and think as a community and not let the wishes or desires of individuals override the greater safety of our community and the protection of our beaches and their flora and fauna.

As a citizen volunteer with the Haystack Rock Awareness Program and a Tide Pool Ambassador for Cape Falcon Marine Reserve, I've attended many lectures by geologists and scientists who do **not** endorse dune grading. It might have been done in the past, but today we are more equipped with scientific evidence and knowledge to know that this is harmful to our city and the environment. We only have this one earth. Let us be good stewards.

Thank you,

Yvana lovino

full time resident  
352 Jackson Way  
Manzanita, OR

**Subject:** Dunes opinions

Greetings,

I moved to Manzanita in August 2021 and have lived here full time since. I don't need to sell you on the attractive aspects of living here, but will highlight the feeling of "traditional" small town living that is such a stark contrast to the big cities where I have lived all my life.

What I did not realize is that the cult of the individual would also be alive and well in small pretty towns. Whether it's the nut job from out of town trying to convince us that it's-not-a-hotel he's cramming into a tiny strip of land, or now these selfish Dune Association types, I find myself scratching my head at the audacity of people.

But since this is a small town, I can actually write a Letter to City Council and it would have a chance of actually being read by at least one of the six of you receiving it. So, here goes!

I do not profess to have the full facts pertaining to this topic, so these are primarily my opinions:

- The City of Manzanita sorely needs an updated Comprehensive Plan that reflects all land use, including the shore and its dunes. Piecemeal decisions are problematic, at best. Until such a plan is developed, with inputs from all stakeholders, decisions on making significant changes to our landscape should be put on hold.
- We don't want Manzanita to turn into Seaside or Rockaway Beach: barren flatlands of shoreline.
- Seems awfully selfish to make changes to PUBLIC land for a few people's personal enjoyment.
- Weren't the dunes there before these folks moved in? Even if not, don't they realize that being on ocean-front property logically comes with an expectation that its nature would change over time?
- No one wants to see what is happening inside these people's ocean-front homes; the dunes provide a nice barrier from potentially unsightly stuff, as well as some privacy to those walking the shore. Next thing these people will ask for is to restrict walking on the beach so they can protect their privacy and view.

So there's a nickel's worth of my opinions. Thank you for listening thus far.

I sincerely hope you agree to extend the moratorium on dune grading until such a time we have an updated Comprehensive Plan. Let's not degrade our coastline by grading the dunes.

Regards,

Ziad Aldahhan  
378 Jackson Way

To Mayor and Council.

The proposed overhead allocation model relies on the assumption that the budgeted expenditure figures in a particular Fund's Materials and Services category can serve as a proxy for the effort (time) spent by the three City Hall staff for their various administrative support roles that are necessary to allow the particular service to function. As City Manager Aman has summarized "the higher the amount of spending, the higher the amount of effort for the Administration".

Based on my experience as a City Manager and Budget Officer, I do not believe this represents sound operational reality. Operational reality refers to both the time and materials required of these three staff members to justify the model's resultant \$191,727 of overhead costs that in this case flow from the Water Operating Fund into the General Fund in the current FY.

In addition to the three staff FTE (time) costs, there is a materials and services overhead cost component for those materials and service costs budgeted for in the Administration Department that the various Funds need to provide reimbursement for. City Manager Aman has described examples of these items as purchases of "a desk, computer, paper and so on". The Water Operating Fund alone for the FY 2022-23 Budget will transfer \$90,890 of its \$191,727 total overhead allocation to the General fund for these items. That represents a lot of paper, computers and desks that are being purchased by the Water Operating Fund every year so City Hall staff can fulfill their respective roles of supporting the Water utility. Do you plan to ask for an explanation of just how this can be possible or will the answer be, the Warrenton model says we can do this and we should not ask any questions.

The City Manager's explanation below of examples of indirect cost activities offers a general explanation of the theory but totally fails to connect operational reality based upon her own examples of tasks being performed by the three support staff related to the operation of the water utility.

City Manager. **"The costs incurred to plan and conduct City Council meetings provide a good example. City employees have to manage the calendar, consult with the mayor, prepare an agenda, produce documents such as draft resolutions or ordinances, explain proposals, record meetings, produce minutes, answer councilors' questions, and post meeting information on the website."** (March 6, 2023 memo to City Council).

**For all of last 2021/22 FY, there was only one City Council meeting in March concerning the water utility where the Public Works Director gave a brief update on the Water Master Plan. What effort was made by the three City Hall staff to assist the Public Works Director to get this topic before the City Council is unknown. What is known is that this "good example" of staff effort was included with other vague examples of indirect staff support activities to justify \$157,348 being transferred from the Water Operating Fund to the General Fund that year to get this one Agenda item before the Council.**

**I would invite each of you to review the Agendas of the first 9 months of the current 2022/23 FY and identify the City Council meetings where City Hall staff produced Agendas, documents, Resolutions or Ordinances related to discussions involving the operation and maintenance of the water utility. The meeting calendar scheduling these activities, the written proposals reviewed and the minutes taken are all public documents that staff should be able to produce upon request. A quick scan of the 9 months of Council meetings reveals that based upon this explanation as a "good example", City Hall staff performed none of these tasks in the current FY to bring forward topics for Council consideration relating to the operation and maintenance of the water utility.**

City Hall staff cannot charge the Water Operating Fund for their efforts preparing the Council for meetings for non water system related subjects where the Council will be having discussions on STRs, Committee selection processes and appointments, fore dune management plans, City Hall updates etc.



Consider another example of the disconnect of operational reality from the proposed model. The annual salary and benefit costs charged to the Water Operating Fund for our three full time and one part time Utility Workers is approximately \$170,000. Three City Hall staff positions who provide vague, or as documented in the above paragraph, nonexistent support services, will charge the Water Operating Fund \$191,727.

The three full time Utility Workers directly charge the Water Operating Fund for their efforts with costs based on actual time spent in operation and maintenance activities. Collectively, these employees put in between 70 and 80 hours weekly in activities involving the operation and maintenance of the water system. The three City Hall staff who charge the Water Operating Fund for their indirect support efforts based on the Material and Service costs of water meters, chemicals and consultant fees for their overhead costs serve as the conduit for collecting large transfers from the Water Operating Fund to the General Fund. I believe that this is not a fact based, operationally real analysis that is easily understood by Manzanita citizens.

The following is how the Warrenton Model would calculate the total indirect cost share for Police and Water.

CITY OF MANZANITA FY 2022/23

	PUBLIC SAFETY DEPARTMENT	WATER OPERATING FUND
# of FTE employees	4	3
# of invoices processed out of Materials/Services Budget annually	approx. 100	approx. 230
# of Agenda items	1	0
Total Personnel, Materials/Services and Capital Outlay Budget	\$732,330	\$915,474
<b>TOTAL PROPOSED INDIRECT COST SHARE FOR 3 CITY HALL STAFF</b>		
	\$38,825	\$191,727

**Why are the costs for three City Hall staff to provide indirect support services for the Water Operating Fund 5 times higher than their similar support services for the Public Safety Department?**

The number of employees, operating budget costs, effort spent to develop each respective budget, effort it takes to process invoices submitted by each respective Department Head for payment and the time spent by the City Council at Council meetings in discussion of the respective services is about the same.

The answer is obvious. There is no opportunity to transfer and collect indirect cost charges from the Public Safety Department for the General Fund because the Public Safety Department is already in the General Fund. There is however tremendous incentive to develop a model to justify nonexistent effort by City Hall staff to transfer Water Operating Fund monies to the General Fund that can then be used for anything that the City wants.

In 2019, I suggested that an operationally realistic amount of time that the City Manager spends in operation and supervision of water utility activities would be about 10-12%. In June 2021, interim City Manager John Kunkel upon presenting the FY 2021-22 Budget stated that he estimated that this activity amounted to about 10-15% of his time. In February 2022 when I asked Leila to share her experience on this question, she stated “On average my experience thus far isn’t markedly different than you or John”.

You have three Manzanita City Managers in agreement on the time that they spend in their administrative support of the water utility. Why has so much time and money been spent to come up with a model using a proxy criterion for a question that has been answered? Perhaps the following will provide the answer:

The amount that would be transferred from the Water Operating Fund to the General Fund for the City Manager alone for operation and supervision activities based on above actual time estimates would come to \$19,061 - \$28,524 based on the total salary and benefit costs of this position.

If the Accounting Manager and Assistant City Recorder kept a time sheet documenting their time spent for providing their respective support assistance for the water utility, you could establish a similar cost figure to match the above City Manager cost estimate based upon their salary and benefit costs.

My estimate of total overhead costs including a reasonable share of office supplies and equipment for the three City Hall positions from the Water Operating Fund would be between \$30-40,000. This is a more accurate measure of legitimate support cost and has a substantial Budget impact compared to the \$191,727 that results from the proxy model.

The most readily understandable method of developing overhead allocation costs by citizens recognizes that establishing the direct time connection between City Hall staff and the support activity that they provide is more reliable than relying on a proxy measure. The objective of this model is quite simple. Find the City Fund that has the largest Materials and Services budget (Water Operating Fund), propose that there is a direct connection between the effort (time) that three City Hall staff have to expend to indirectly support the Fund over the course of the fiscal year, add in an inflated amount of paper, computers etc. that these staff exclusively use in their support activity of the Fund in question and watch the revenue flow out of the Water Operating Fund into the General Fund as a budget transfer for overhead allocation services.

My earlier suggestion that City Hall staff keep a time sheet similar to that required by the Public Works employees so that an accurate identification of actual time spent providing administrative support to the water utility was rejected. A City Hall staff time sheet would consist of the addition of one box to the current time sheet labeled water utility. There is no need to include any staff time reporting interactions with the Police, Parks, Non Department and Court as these activities are already in the General Fund. Some believe a resistance to documenting actual time spent by City Hall staff is because operational reality would confirm the large discrepancy between time actually being spent by staff to support the water utility compared to what the proxy model purports to show.

CITY CHARTER  
OPERATION AND MAINTENANCE OF WATER SYSTEM

Section 41. Water Fund Restrictions. All revenues received by the City from operations of the municipal water supply system shall be placed into a special fund to be known as the "Water Fund", and such fund shall be used only for the following purposes:

(a) For the payment of the costs of operation and maintenance of the City water supply system.

I would suggest that when citizens voted in this Charter, Section (a) was most likely viewed that their monthly water payments would be going towards water construction projects, purchasing needed supplies and equipment and paying the Public Works crew who were operating the water system.

Council has two policy options to evaluate as to what is in the best interests of citizens:

Either (A.) Adopt an overhead allocation model that staff and Council still have difficulty explaining how it actually operates in Manzanita and answer any questions or concerns by continuing to repeat that you consulted with officials in Warrenton about their model and no further explanation is necessary. Announce that water rates will be increasing because revenue is not keeping up with expenses in large part due to substantial transfers of water revenue being made from the Water Operating Fund to the General Fund. Water system improvement projects in the Water Master Plan will have to continue to be postponed until more funding becomes available.

OR

(B.) Overhead costs will be calculated based on actual time spent by City Hall staff who are providing support services for the water utility just like water utility staff do. Include a reasonable estimate of the annual costs for "desks, computers, paper and so on". Future water rate increases may be postponed or lessened. More funds will remain in the water Operating Fund for operation, maintenance and construction of needed system improvements.

Understand that between the overhead allocation transfer from the Water Operating Fund to the General Fund that will be made in June in this current Budget with this model and a similar amount of transfers that will be included in next FY's Budget now under development based on this model, you will determine if approximately \$320,000 stays in the Water Operating Fund or gets sent to City Hall to pay for this so called "high amount of Administration" support being performed within City Hall. If we look at a cumulative 10 year impact of (B.), the City could conserve substantial funding for needed water capital improvements.

The Council can end this 5 year controversy tonight. I recommend that you direct City Hall staff to keep a time sheet confirming their indirect support efforts of the Water Operating Fund that can then be used to document and then accurately justify transfers to the General Fund. Currently, our Public Works staff performs exactly this sort of simple time sheet. Private sector business, attorneys, sales people all account for their daily tasks and time spent in the same way. It's simple, fast, effective and proof of fact. This sort of "keep it simple" approach seems very achievable, and will easily define our "share" proportions of indirect costing between the Water Operating Fund and the General Fund.

If you remain uncertain as to how to decide what policy decision is in the best interests of Manzanita, the citizens who approved the above Charter language should be given the opportunity to share their thoughts with you.

Thank you,  
Randy Kugler

Subject: " NO "on removing \$200.000.00 from water funds

Dear City Manager,

I vote “ no “ on taking away \$ 200.000.00 from water funds for the new City Hall, Respectfully,  
Corinna Beuchet Manzanita resident.