



Fiscal Year 2025-2026 Approved Budget



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Fiscal Year 2025-2026
Approved Budget
City of Manzanita, Oregon

Mayor and City Council

Kathryn Stock, Mayor
Linda Kozlowski, Council President
Jerry Spegman
Brad Hart
Tom Campbell

Citizen Members

Joy Nord, Chair
Kit Keating
Shawn Koch
Jeffrey Sonshine
Chip Greening

Executive Team

Lelia Aman, City Manager
Erik Harth, Chief of Police
Rick Rempfer, Public Works Director
Scott Gebhart, Development Services
Manager

Special Thanks To:

Nina Crist, Accounting Manager
Bonnie Dennis, Grand Peaks Consulting LLC
Josh Gandy, OneEleven Design, Photography
John Garcia, Police Officer / Photography



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READER'S GUIDE TO THIS BUDGET DOCUMENT

This budget document is designed to be accessible to readers who may not be familiar with public budgeting and governmental accounting standards but are interested in understanding the City's overall financial structure and objectives.

The City budget serves as a comprehensive guide, reflecting both past financial performance and future strategic planning. It provides transparency through a combination of narrative explanations, tables, and graphs, ensuring a clear presentation of the City's fiscal priorities and decision-making process.

Budget Document Structure

The budget is organized into several key sections:

Introduction – A brief overview of the document and its contents.

Budget Message – An annual message from the City Manager outlining the City's financial status and priorities.

City Overview – A detailed summary of the City's including demographics and structure, overview of council goals, the organizational chart, and the overall budgeting process.

Financial Trends – This section provides an overview of the financial framework that guides the City's budget development, including key accounting principles, fund organization, and budgetary assumptions. Understanding these elements helps provide transparency into how financial decisions are made and ensures alignment with the City's long-term fiscal strategy. This section outlines the following key components:

- *Current Financial Policies* – An overview of policies guiding financial management, including reserves, revenue forecasting, and expenditure controls.
- *Financial Trends* – A review of historical and projected financial data, highlighting trends in revenues, expenditures, fund balances, and economic influences on the City's budget.
- *Debt Summary* – A breakdown of outstanding debt, repayment schedules, and the impact on the City's financial outlook.
- *Personnel Overview* – Staffing trends, salary structures, benefit costs, and their influence on overall expenditures.
- *Indirect Costs* – Explanation of cost allocation methods for shared services and administrative expenses across departments.
- *Key Budget Assumptions* – The economic, policy, and operational factors considered in revenue projections and expenditure planning, ensuring a balanced and forward-looking budget.

City Budget – A citywide snapshot of the entire budget for the upcoming fiscal year.

Financial Section – In-depth budgets broken down by fund and department. Each department table is broken down by line-item detail, historical actual dollars, current year adopted and actual dollars, followed by a section for the proposed, approved and adopted budgets.

- *Proposed* – The budget developed by the City Manager and staff, presented to the Budget Committee for review.
- *Approved* – The budget as approved by the Budget Committee, including any adjustments made during their review, before being forwarded to the City Council.
- *Adopted* – The final budget adopted by the City Council through a public hearing process. This serves as the official budget for the upcoming fiscal year. Any modifications to the adopted budget must be presented to the City Council and approved by resolution. Depending on the nature of the adjustment, a public hearing may be required.

Balanced Financial Plan – A five-year forecast incorporating the current fiscal year budget.

Capital Improvement Plan (CIP) – An overview of planned capital projects, including descriptions, justifications, costs, and funding sources.

Appendix – Additional information that may be useful for readers seeking further context.

Ensuring Transparency and Financial Accountability

This document is designed to offer full transparency in the City's financial planning process, ensuring that residents, policymakers, and stakeholders have a clear understanding of how public funds are allocated and managed. By presenting key financial data, trends, and assumptions, this budget serves as both an informational resource and a decision-making tool for the community.

The budget reflects not only the City's current financial position but also its long-term goals and strategies for maintaining fiscal stability. It highlights the prioritization of resources, balancing operational needs with future investments, and aligning spending with community-driven initiatives.

By fostering transparency and accountability, the City aims to build public trust and ensure responsible stewardship of taxpayer dollars, reinforcing its commitment to financial sustainability and strategic growth.



2025-2026 CITY COUNCIL & BUDGET COMMITTEE MEMBERS

Mayor and City Council

Kathryn Stock, Mayor

Linda Kozlowski, Council President

Tom Campbell, Councilor

Brad Hart, Councilor

Jerry Spegman, Councilor

Budget Committee Citizen Members

Joy Nord, Chair

Chip Greening

Kit Keating

Shawn Koch

Jeffery Sonshine



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Mayor, City Councilors, Budget Committee Members and Citizens of Manzanita,

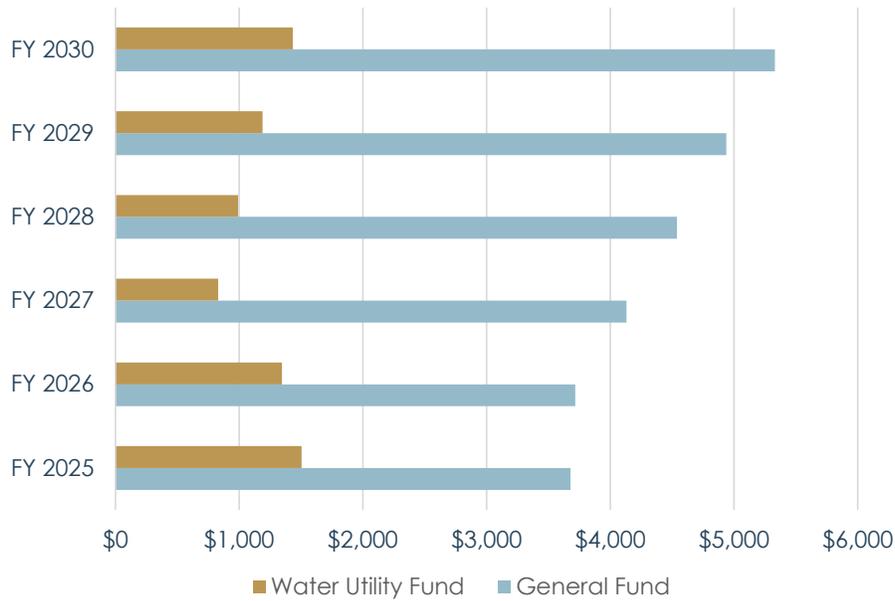
I am pleased to present the proposed Fiscal Year 2025–2026 Budget for the City of Manzanita. This document serves not only as a financial plan but also as a reflection of our city's continued commitment to responsible stewardship, transparent governance, and strategic planning. Developed in accordance with state law and aligned with city goals, the budget process includes opportunities for public engagement through required hearings and notices. More than a compilation of numbers and tables, this budget is a roadmap for the year ahead, shaped by community priorities, Council goals, and the challenges and opportunities before us.

This budget is prepared on a cash basis of accounting, consistent with generally accepted accounting principles (GAAP) for governmental funds, which ensure transparency, accountability and fiscal responsibility. The City Manager's role as required by the City Charter, is to serve as the Budget Officer and prepare the city budget. The legal authority for the City of Manzanita in preparing its official budget is derived from Oregon Budget Law (ORS 294.305-204.565.)

Manzanita is a small coastal city nestled at the foot of Neah-Kah-Nie Mountain, along the Pacific Ocean in north Tillamook County. With a population just under 650, our community is a unique blend of full-time residents, second homeowners, and visitors who are drawn to the area's natural beauty and small-town charm. The local economy is largely driven by tourism, with Transient Lodging Tax revenue playing a vital role in supporting essential city services. Tourism related businesses, including accommodations, restaurants and retail are central to the city's economic health, adding to its vibrancy and character. Most jobs in Manzanita are in hospitality, retail and service-related sectors.

The City of Manzanita ended the 2023–2024 fiscal year with a strong financial position, as confirmed by the annual audit. The city maintains healthy reserves across both governmental and utility funds and our financial position is stable and well-positioned for the year ahead.

**Estimated & Projected Fund Balance Reserves
 General Fund & Water Utility Fund
 (Presented in \$1,000's)**



While long-term liabilities will increase slightly due to City Hall construction, the city's debt levels remain manageable and well-supported by current and forecasted resources. Utility rates reflect current costs and conditions that have increased the resilience of the city's water utility and puts the city in a position to implement key maintenance projects in the near term.

Over the next several years the city will continue its efforts to respond to anticipated growth both within the city limits and future annexations within the urban growth boundary. Additional housing capacity as result of implementation of SB 406 – Oregon middle housing rules will certainly have impacts on city services and increase demand.

This year's budget continues to reflect the city's pivot from its previous philosophy of under estimation of revenue and over estimation of expenditures to becoming more accurate in both revenues and expenditures overall. City staff have worked hard to more accurately predict expenditures, trim spending where necessary and make revenue projections that are more in line with reality. While the approach remains conservative, this new philosophy contributes to a more accurate picture of the city's resources.

This budget was prepared with the city council's goals at the forefront. We are entering into a phase of strategic planning to position the city for both near term and long-term success. The city councils long held goal of constructing a new city hall will be realized before the end of the current fiscal year. This completion is a major and important milestone in the city's 80-year

history. In the first quarter of the new fiscal year, city staff will be moving city operations and settling into the new facility while welcoming the community to this important civic space. As mentioned earlier, the repayment of the debt for the new City Hall is applied to this budget.

Another council goal is to continue to advance the update of the Comprehensive Plan and associated ordinances. This fiscal year will include the adoption of new residential housing ordinance language that will deliver on Senate Bill 406. This bill requires Manzanita to meet Oregon's middle housing rules. Staff will then turn its attention to the important work of updating the Comprehensive Plan, through an inclusive and in-depth public engagement process.

Capital investment remains a priority for city council. The Classic Street Connection project which includes reconstruction of Classic Street, and installation of new stormwater and water systems will be underway at the start of the fiscal year, and completed by December 2025. Fortunately, the city received a grant of \$2.709 million dollars from the State of Oregon to build this project, something our resources alone would not have been able to accomplish. Finally, the city council will begin to focus on strategic planning for the future. This includes the development of a revised capital improvement plan, and both near and long-term planning regarding revenue diversification, asset planning and emergency management.

This budget also includes resources to support the "levelling up" of our local government. Over the last several years the Administration has prioritized key projects including updating our financial tracking and practices, formalizing handshake deals into legal agreements with our partners, neighbors and community partners, enhancing our technological capabilities, working proactively with the city attorney's office on both planned and unplanned activities. These efforts have laid a solid foundation that we will continue to build upon and refine including the development of an internal control framework for our financial processes and the conversion of city ordinances into an accessible, online Municipal Code. These initiatives not only support city staff efficiency, but also promote greater transparency and community-wide understanding of the city's financial practices, regulations, and governance.

Additionally, the administration anticipates the need for increased staff time and resources to keep pace with growing demands and to ensure a more balanced workload across departments. Staff will begin the process of implementing new policies related to the city's Short-Term Rental program, maintaining a high level of communication with our community in the form of updates through the Manzanita Minute, and our social media platforms, in person meetings with our elected officials, and through surveys and other outreach techniques. We also anticipate an increase with in-person interactions with the opening of the new City Hall, including the coordination and use of this expanded community facility.

In response to the current demands on staff, the FY 2025-2026 budget includes the promotion of our Code Enforcement officer to a fully sworn Police Officer position to address growing

demands on the city's police department. We anticipate filling the currently vacant Planning and Permit Technician and Project Manager positions to address the workload for our current building and planning staff, as well as providing capacity for the building official to seek a commercial certification and move toward succession planning. These positions will provide some relief to existing staff and will allow us to take on the increased responsibilities, new policies and citywide growth will have on our team. We will be watching carefully as we open the new city hall to take measure of the requirements necessary to serve our public with the high level of service, we expect of ourselves and that our community deserves to determine if additional staff resources may be required in subsequent years.

This budget reflects a hopeful and promising future for our city. Much of the work we do is through collaboration and this budget is no exception and was built by the collective effort on the part of many. I'd like to thank Nina Crist, the City's Accounting Manager, and Bonnie Dennis the City's Finance Advisor in particular for their dedication, hard work on the budget. Both of them played a critical role in the accuracy, the timeliness and quality of this budget. I could not have done this without them. I'd also like to acknowledge and thank Erik Harth, Chief of Police and Scott Gebhart, Development Services Manager for the preparation of their budgets and for working collaboratively with me to refine them to meet our financial goals. Finally, I'd like to thank Rick Rempfer, the City's new Public Works Director for his diligence and hard work to both take on a new position but to provide essential information to create a solid budget for the Water Utility. All of these folks have spent countless hours preparing this budget so that it is clear, and accessible for our budget committee and the people of Manzanita.

In closing, the budget, like Manzanita is where the mountains meet the sea, and reflects the ever changing landscape before us. It is structured to allow for flexibility and change, but it also provides a meaningful and predictable framework that we can work with over the coming year. I believe that the community spirit and financial future remain as strong as ever. This is due in large part to decades of careful fiscal stewardship but also because of collaborative planning, and engaged, thriving and resilient community.

This budget is an affirmation of the city's commitment to budget accuracy and responsibility by implementing transparent financial practices and ensuring fiscal accountability in all expenditures and ensures that our shared resources are managed wisely.

Respectfully submitted, this 22nd Day of April 2025,



Leila Aman
City Manager/Budget Officer



The City of Manzanita At-A-Glance

The City of Manzanita was incorporated in 1946. Today, Manzanita is home to approximately 648 residents and welcomes countless visitors drawn to its vibrant downtown and stunning coastal scenery. The city seamlessly blends small town convenience with breathtaking natural beauty, featuring a walkable downtown filled with shopping, dining, and cultural activities, all just steps from the expansive beaches and sweeping views of the Pacific Ocean.

Adjacent to Nehalem Bay State Park, which spans over 890 acres, Manzanita offers unparalleled access to outdoor recreation. The park features miles of scenic hiking and biking trails, opportunities for horseback riding along the sandy shores, and abundant wildlife viewing. This vast open space enhances Manzanita's reputation as a peaceful coastal retreat, attracting nature lovers and adventure seekers alike.



The city's economy thrives on a mix of locally owned businesses catering to the community and the steady influx of tourists. With its small-town charm, natural splendor, and welcoming atmosphere, Manzanita continues to be a sought-after destination and a safe, picturesque place to call home.

Demographics & Economics

| | |
|---|----------------------|
| Year of Incorporation ¹ : | 1946 |
| Form of Government: | Council / Manager |
| Population (2024) ² : | 648 |
| Median Age ³ : | 68.2 years |
| Median Household Income (2023) ⁴ : | \$ 98,125 |
| Area: | 0.82 square miles |
| Elevation: | 39 feet (12 meters) |
| Average Annual Precipitation: | 95 inches |
| Average Winter High/Low Temperatures: | High 50°F / Low 36°F |
| Average Summer High/Low Temperatures: | High 70°F / Low 50°F |

¹ Tillamook County Records

² Portland State University <https://www.pdx.edu/population-research/population-estimate-reports>

³ City of Manzanita - Comprehensive Plan

⁴ Oregon Demographics

City Historical Information

The City of Manzanita, has a rich history shaped by Indigenous heritage, early settlement, and its evolution into a beloved coastal retreat.

Indigenous Roots

For thousands of years, the area now known as Manzanita was home to the Nehalem and Tillamook people, who thrived along the tidewaters of Nehalem Bay. These Indigenous communities relied on the region's abundant natural resources, including fishing, hunting, and foraging. However, their population significantly declined due to diseases introduced by European settlers in the 19th century, leading to the relocation of the remaining Tillamook to reservations in the 1850s.

Settlement and Early Development

In the late 1800s, Edmond Lane and his wife acquired large portions of land on Neahkahnie Mountain and the surrounding coastal area. Initially calling the settlement *Laneda by the Sea*, they later renamed it Manzanita, inspired by the native *Arctostaphylos* shrubs, also known as "little apple" in Spanish, which grow along the Oregon Coast⁵.

Recognizing the town's potential as a resort destination, Manzanita was officially platted as a beach resort in 1912. That same year, Sam Reed built the area's first oceanfront hotel and tavern, the Neahkahnie Tavern and Inn, at the north end of Manzanita Beach⁶. Tourists from Portland would travel by train to Mohler, then take a stagecoach to the coast, where they could stay in hotels or camp in tents along the shoreline.



Incorporation and Growth

The development of Nehalem Bay State Park by the Civilian Conservation Corps⁷ in the 1930s further enhanced the region's appeal, offering 890 acres of dunes, forests, and trails for outdoor recreation. In 1940, the completion of Highway 101 made access to the Oregon Coast easier, fueling growth in Manzanita. These developments laid the groundwork for Manzanita's official incorporation as a city on April 15, 1946⁸.

During this time, the Pine Grove Community House, built in 1933, served as an informal town hall, library, and community gathering space. The building remains in use today, preserving Manzanita's rich heritage.

⁵ Tillamook County / City, Community and Road Name Origins

⁶ Manzanita Visitor Center (VisitManzanita.org)

⁷ History.com/Civilian Conservation Corps (CCC)

⁸ City of Manzanita archives and the State of Oregon Blue Book

Cultural and Artistic Significance

Throughout the years, Manzanita has drawn artists, musicians, and writers, inspired by its rugged beauty and coastal charm. The Nehalem Valley Historical Society preserves the area's rich past with over 2,000 artifacts, including historic maps, journals, and photographs documenting the community's development.

Modern Manzanita

Today, Manzanita remains a beloved coastal getaway, known for its walkable downtown, locally owned shops, and breathtaking ocean views. Its proximity to Nehalem Bay State Park provides opportunities for hiking, biking, horseback riding, and wildlife viewing. Despite its growth, Manzanita has retained its small-town charm and deep connection to nature, making it a treasured destination for both residents and visitors alike.



City Council Goals

The City Council's goals serve as the primary policy priorities set by the governing body, with the city manager overseeing their implementation. Each year, the city budget allocates funding to support various aspects of these objectives. The 2025 goals are outlined below.

Level Up Manzanita

Complete the construction of the new City Hall, officially open the facility, and welcome the community to this important civic space. Begin the process of codifying the city's ordinances.

Envision Manzanita

Advance the update of the Comprehensive Plan and associated ordinances, and implement enabling ordinances that deliver on Senate Bill 406 which requires Manzanita to meet Oregon's middle housing rules.

Classic Street Connection

Complete the Classic Street Project which includes reconstruction of Classic Street, and installation of new stormwater and water systems to support a more resilient infrastructure system.

Strategic Planning

Develop strategy and engage in both near and long-term planning regarding revenue diversification, asset management and planning and emergency management.



Budget Philosophy & Process

City Budget and Governance Overview

The city's budget serves as the primary financial management strategy, reflecting the city's annual service and financial goals. It outlines the work plan for the coming year, detailing the costs associated with delivering essential services, programs, and resources to the community. Budget allocations are designed to provide high-quality services efficiently and cost-effectively, ensuring the city meets the evolving needs of its residents.

The City Council is responsible for setting policies that reflect the collective interests of the community. One key aspect of this role is establishing annual policy goals, which guide the City Manager in prioritizing policies, projects, and programs within the budget. This alignment ensures the delivery of efficient and effective services to the community.

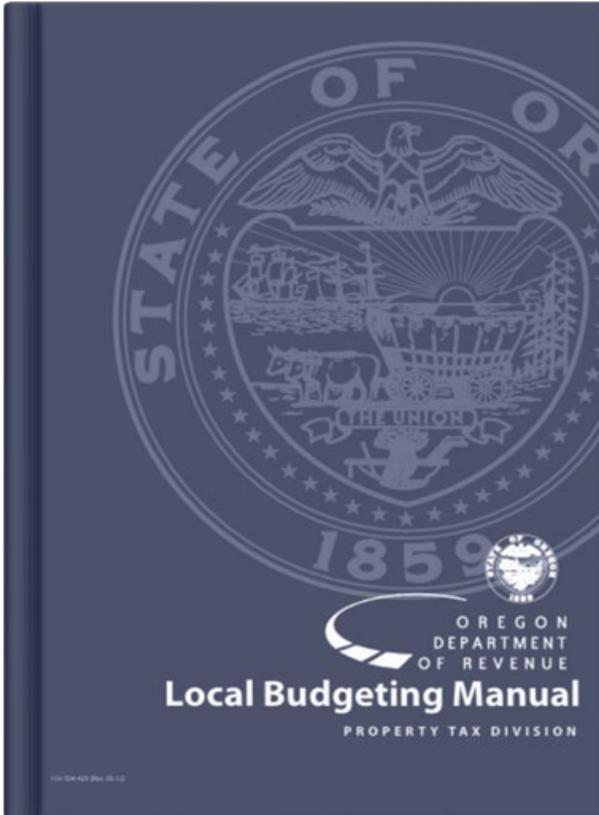
Appointed by the City Council, the City Manager oversees the city's daily operations, ensures the implementation of council policies, and leads efforts to achieve council goals. As the designated Budget Officer, the City Manager is responsible for preparing the city's annual budget. This process involves collaboration with department heads and key staff to ensure that financial resources align with service expectations and community priorities.

The city budget provides a comprehensive summary of all financial resources (incoming funds) and expenditures (outgoing funds). Each department and fund have a dedicated budget that details personnel costs, materials and services, and other operational expenses. The organizational chart located in the following pages, illustrates the structure of city governance, highlighting the relationships between the City Council, City Manager, departments, and staff. This framework is essential for understanding the city's financial planning and decision-making process.



The Budget Process Oregon Local Budget Law

The budget process is guided by Oregon's Local Budget Law, established under ORS Chapter 294.311, paragraph 5. This law outlines the framework for budgeting in local governments and serves six key purposes:



- ★ To establish standard procedures for the preparation, presentation, administration and appraisal of budgets of municipal corporations;
- ★ To provide for a brief description of the programs of a municipal corporation and the fiscal policy which is to accomplish these programs;
- ★ To provide for estimation of revenues, expenditures and proposed taxes;
- ★ To provide specific methods for obtaining public views in the preparation of fiscal policy;
- ★ To provide for the control of revenues and expenditures for the promotion of efficiency and economy in the expenditure of public funds; and,
- ★ To enable the public, taxpayers and investors to be apprised of the financial policies and administration of the municipal corporation in which they are interested.

The Budget Committee

The Budget Committee consists of the City Council and an equal number of appointed citizen members who are legal voters. In accordance with state law (ORS 294.336), all local governments in Oregon are required to establish a budget committee. Manzanita's committee includes ten members, with each member having an equal vote in the budget review process. Throughout the year, the Budget Committee meets periodically to review financial information and discuss budgetary matters. The formal review process begins when the City Manager presents the proposed budget to the committee, making it publicly available. At this stage, the committee evaluates the budget, and may approve it as presented or make modifications before granting final approval. The approved budget by the Budget Committee is then recommended to City Council.

City Council

Once the Budget Committee approves the proposed budget, it is forwarded to the City Council for final consideration. Following the completion of all required public notices and compliance with Oregon's Local Budget Law, the City Council formally adopts the budget prior to the June 30 deadline.

Budget Amendments

The City Council may approve adjustments to the adopted budget through a supplemental budget resolution. When necessary, supplemental budgets follow a similar process to the regular budget, including public hearings, and must be adopted within the same budget period. However, they cannot be used to authorize a tax levy.

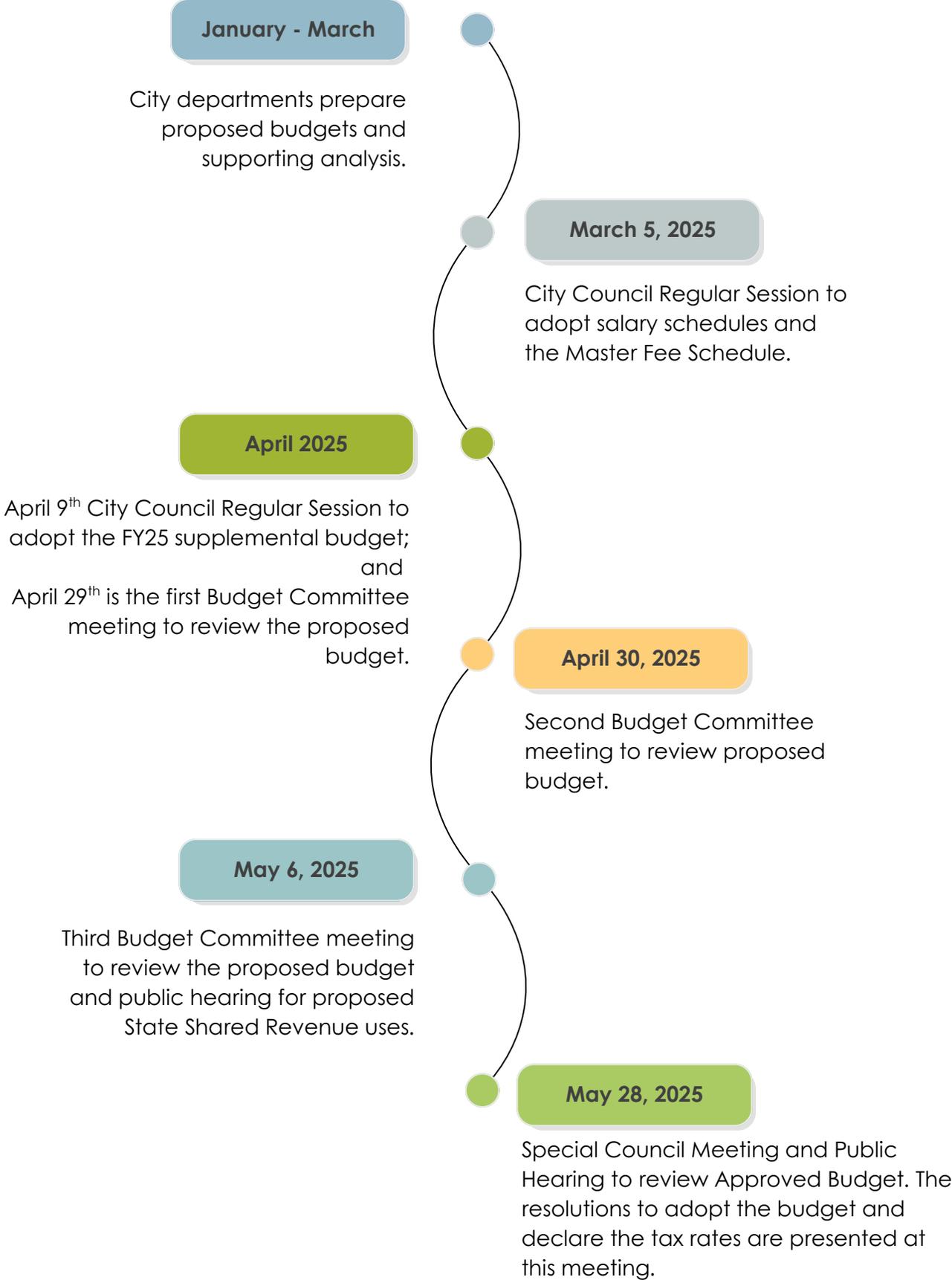
Appropriation transfers may occur when the adopted budget does not include authority for specific expenditures or when the city receives unexpected revenues. In accordance with budget law, an appropriation transfer is less than 10% of originally adopted appropriations. In such cases, a budget transfer allows the city to allocate funds appropriately and authorize necessary expenditures within the current budget period.





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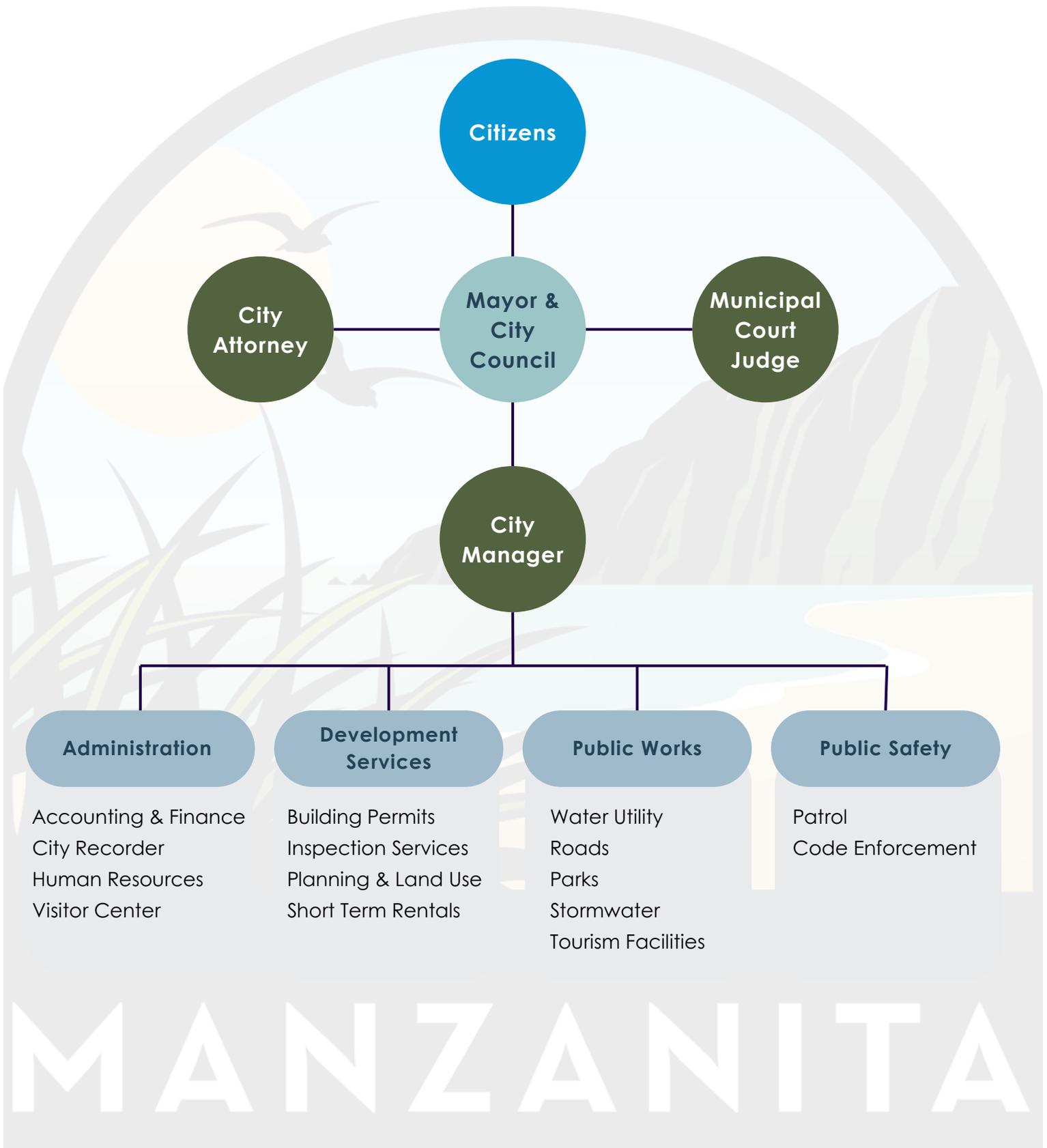
City Budget Calendar





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City Organizational Chart





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Citywide Financial Architecture

The architectural components of the city's financial framework are built upon a structured system of fund accounting, governmental accounting standards, and budgetary principles that guide fiscal decision-making. This system ensures that financial transactions are recorded and reported in compliance with established accounting guidelines, providing a clear picture of the city's financial health. Through responsible management of funds, adherence to accounting standards, and strategic planning, the city maintains transparency, sustainability, and regulatory compliance while addressing both immediate operational needs and long-term capital investments.

The City of Manzanita utilizes fund accounting to budget and report its financial position, ensuring transparency and accountability in municipal operations. This system demonstrates compliance with legal requirements and supports financial management by organizing city functions into distinct, self-balancing funds. These funds are structured in accordance with state and local regulations, as well as any applicable restrictions or limitations.

The city's funds are classified into three primary categories: governmental, proprietary, and fiduciary. Each category contains specific fund types designed to manage different aspects of financial operations.

Governmental Funds

Governmental funds account for most of the City's general operations, including revenue collection, expenditures, and long-term financial obligations. These funds include:

- *General Fund* – The City's primary operating fund, used for general services and activities that do not require separate fund accounting.
- *Special Revenue Funds* – Used to track revenue designated by law for a specific purpose. These funds are restricted for specific uses such as the revenue from state gas taxes can only be used for funding street maintenance, road repairs, and other transportation related uses.
- *Capital Projects Funds* – Dedicated to the financing of major infrastructure projects, such as road improvements, public facilities, or equipment purchases. These funds exist only for the duration of the project and therefore are temporary.
- *Debt Service Funds* – Manage the repayment of principal and interest on long-term debt, including bonds issued for capital projects. Proprietary fund debt is serviced directly within those funds rather than through a separate debt service fund.

- *Permanent Funds* – Account for financial resources in which only the earnings, not the principal, may be expended for the benefit of the government and its residents. Currently, the City of Manzanita does not maintain any permanent funds.

Proprietary Funds

Proprietary funds operate similarly to private-sector businesses, tracking revenues and expenses to determine net income. These funds are used when municipal services generate revenue through user fees. The City follows applicable Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989, as well as all subsequent Governmental Accounting Standards Board (GASB) statements.

- Enterprise Funds – Account for services provided to the public on a fee-for-service basis, such as water utilities.

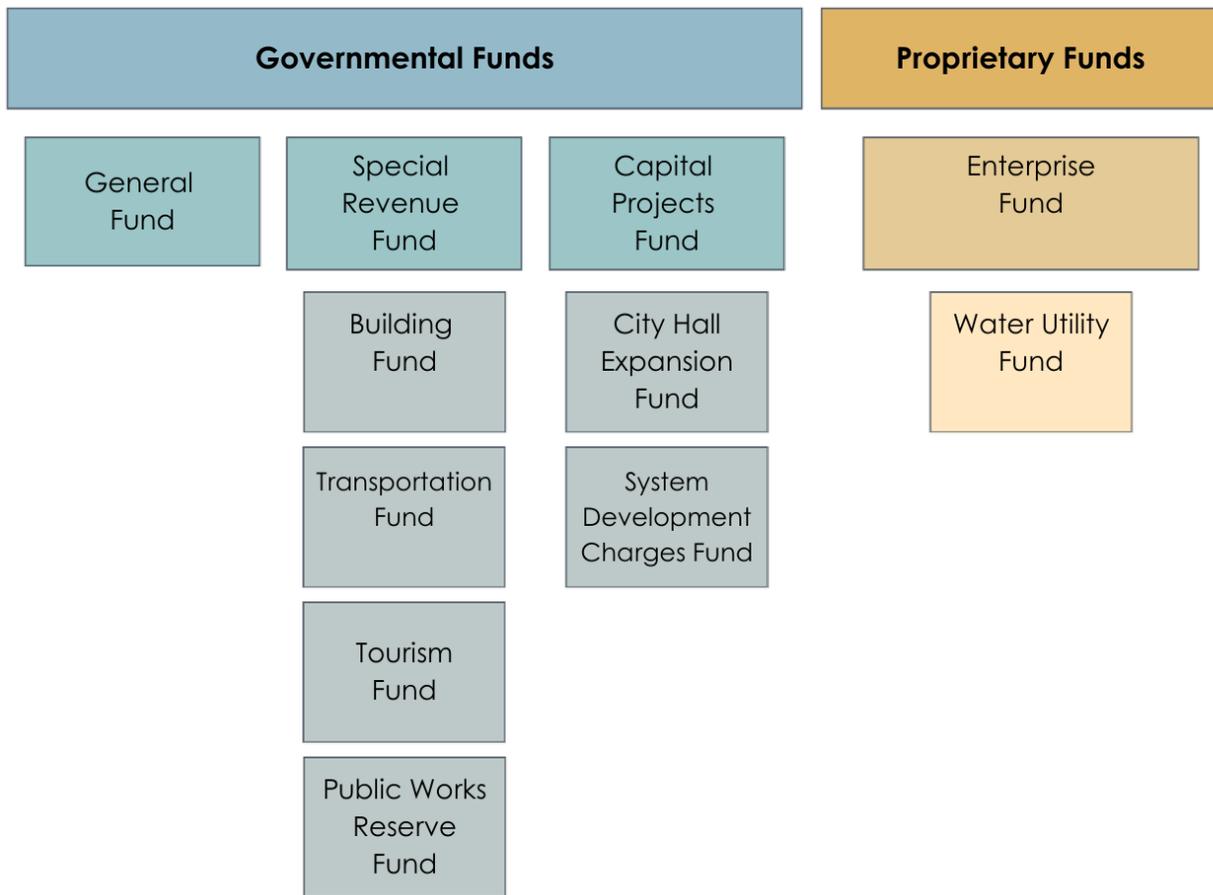
Fiduciary Funds

Fiduciary funds manage assets that the City holds in a trustee or agency capacity on behalf of external parties, such as other governments or individuals. These funds are not available for city operations and as such, there is no budgetary information regarding these funds.



City’s Fund Structure

The use of fund accounting under Generally Accepted Accounting Principles (GAAP) serves as the foundation for local government financial management, ensuring transparency, legal compliance, and accountability in the stewardship of public resources. Each fund operates under specific guidelines and legal requirements, making an annual review of the fund structure essential to maintaining compliance. To improve efficiency and strengthen financial oversight, the city undertook a major fund restructuring in fiscal year 2025, consolidating fifteen funds into eight. This streamlining effort reduces administrative complexity, enhances operational efficiency, and ensures a more strategic allocation of resources to support the city’s long-term financial sustainability. The current funds that the city maintains budgetary control include:



General Fund

The General Fund supports core city operations, including Administration, Public Safety (Police), Municipal Court, Parks, and Development Services. It also provides partial funding for public works staff and, when necessary, supplements the Transportation Fund and the Stormwater SDC Fund. The primary revenue sources include license and permit fees, transient lodging taxes, intergovernmental transfers, and property tax levies.

Special Revenue Funds

Special Revenue Funds are used to account for revenue sources that are legally or administratively restricted for specific purposes. These funds ensure that dedicated revenues, such as fuel taxes, building permit fees, and tourism-related taxes, are used exclusively for their intended functions. The city has four special revenue funds.

Building Fund

Revenues in this fund come from building inspection fees and plan review charges, which are legally restricted to cover expenses related to building department operations.

Transportation Fund

This fund manages the city's share of the State of Oregon's gas tax revenues, which are restricted to street maintenance, repairs, and other transportation-related investments such as trails. Additional funding sources include franchise fees, grants, and transfers from the General Fund.

Tourism Fund

Established in 2012, this fund accounts for 70% of the revenues from a 2% increase in the transient lodging tax. State law mandates that these revenues be used exclusively for tourism promotion and the development or maintenance of tourist-related facilities.

Public Works Reserve Fund

The city maintains an additional fund type that is primarily used for tracking purposes. The Public Works Reserve Fund is designated for the purchase of equipment that supports essential public works operations, including water, stormwater, roads, and parks. It ensures that necessary infrastructure and maintenance equipment are funded and available to sustain city services efficiently.

Capital Project Funds

Capital projects funds are used to account for financial resources dedicated to major infrastructure improvements, construction, or the acquisition of long-term assets. These funds ensure that revenue sources such as grants, system development charges, and bond proceeds are allocated specifically for capital investments like roads, public buildings, and utility infrastructure. The City of Manzanita maintains two capital projects funds: the City Hall Expansion Fund, designated for the construction of a new city hall, and the System Development Charges (SDC) Fund, which supports infrastructure expansion for water, stormwater, and parks.

City Hall Expansion Fund

This fund is designated for expenses related to the construction of the new city hall. While the majority of construction is expected to take place during fiscal year 2025, some expenditures may carry over into the following budget cycle. At the conclusion of fiscal year 2026, this fund is planned for closure, with any remaining balance transferred to the General Fund to reimburse cash transfers made from fund reserves or other sources.

System Development Charge (SDC) Fund

The city collects System Development Charges (SDCs) for water, stormwater, and parks. An SDC is a one-time fee that the city collects when new homes, businesses, or developments are built. This fee helps pay for the additional demand these new developments place on essential public services, such as roads, parks, water, and stormwater systems.

For auditing purposes, the SDC Fund is consolidated; however, each SDC is accounted for separately and detailed within this budget. This approach enhances both efficiency and transparency by streamlining financial management while clearly tracking revenue and expenditures for each SDC. It also allows flexibility for future additions if the city implements new SDCs.

More detailed information on the SDC funds, along with all other city funds, is provided within each respective budget section, organized by fund and department.

Accounting Standards and Practice

The City follows established accounting standards and practices to ensure accurate financial reporting, fiscal responsibility, and compliance with state and federal regulations. These standards provide a structured framework for budgeting, auditing, and financial management, promoting transparency and accountability in the stewardship of public funds. The city adheres to Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB), ensuring consistency in financial reporting and decision-making. This section outlines the key accounting methodologies, financial controls, and reporting practices that guide the city's fiscal operations.

Budgetary Basis of Accounting

In accordance with governmental accounting standards, there are three primary bases for budgeting: cash, modified accrual, and accrual. The method used determines when revenues and expenditures are recognized in financial reporting and budget preparation.

- *Cash* basis is the method under which revenues and expenditures are recorded only when cash is received or paid. There are no adjustments to account for expenditures in the fiscal period when goods or services are received, nor are revenues recorded in the period they are earned.

- *Modified accrual* basis records expenditures, except for accrued interest on general long-term debt, when liabilities are incurred. Revenues are generally recognized when received in cash, except for significant or available revenues, which are accrued to properly reflect taxes levied and revenue earned.
- *Accrual* basis records revenues when earned and expenditures as soon as they create a liability for benefits received, even if the actual cash transaction occurs in a different accounting period.

The City follows the cash basis of accounting for budgeting and financial reporting, meaning that revenues are recognized when received, and expenditures are recorded when paid. This method provides a straightforward representation of the city's financial position by focusing on available cash resources.

Budgetary Reserves

Budgetary reserves are funds set aside to ensure financial stability and continuity of services during periods of economic uncertainty or unexpected expenses. In accordance with governmental accounting practices, the City maintains targeted reserve balances to safeguard operations and prevent service disruptions. Adequate reserves are essential to sustaining city services without significant disruption.

There are two primary types of reserves:

- Contingency reserves are funds set aside for unforeseen or unexpected expenses that may arise during the budget period. Use of contingency reserves requires approval by the City Council through a supplemental or transfer budget process depending on materiality thresholds set by Local Budget Law.
- Unappropriated ending fund balance reserves are intended for use in future years, unless significant, unforeseen issues arise that require management action.

Without sufficient reserves, the city may need to borrow funds internally or externally to cover operational costs resulting in additional expenses, either through interest payments on external borrowing or lost interest earnings from internal financing.

Bond rating agencies evaluate a city's reserve levels when determining credit ratings for municipal bond sales. A higher credit rating can lead to lower interest rates on city debt, ultimately reducing borrowing costs and saving taxpayer dollars.

Reserve Policies

The City maintains sufficient contingency and reserve balances within the General Fund to ensure financial stability and operational continuity.

Reserves provide the ability to:

- a) Maintain a positive fund balance at all times.
- b) Mitigate short-term volatility in revenues.
- c) Address short-term economic downturns lasting two years or less.
- d) Absorb unanticipated operating needs that arise during the fiscal year but were not anticipated during the budget process.
- e) Sustain city services in the event of an emergency.
- f) Meet operating cash flow requirements before the collection of property taxes, grant proceeds, and other revenue sources.
- g) Absorb unexpected claims or litigation settlements.
- h) Fund major facility and equipment repair and replacement needs.
- i) Meet requirements for debt reserves.

Currently, the General Fund has an undesignated reserve that was established by resolution in fiscal year 2022¹. The fund balance reserve amount follows that policy as set by City Council.

General Fund – Undesignated reserves in the General Fund should be sufficient to meet expenditure requirements without the need for short-term borrowing. The target reserve level is twenty-five percent (25%) of General Fund operating expenditures. This reserve policy was established with gradual increases starting at 15% in 2022 while increasing annually by 2.5% until the operating reserve reaches 25%. This fiscal year 2026 budget reserve is set to 23%.

All Other Funds – Operating funds for Building and the Water Utility Funds have not been established by resolution.

Additionally, the city has established a contingency reserve as part of the annual budget process. Funds cannot be disbursed directly from the contingency reserve; instead, they must be reallocated into a spendable budget category through a supplemental or transfer budget process depending on materiality thresholds set by Local Budget Law.

¹ See City Council Resolution No. 22-13, adopted June 15, 2022.

Financial Reporting

In accordance with state law, a comprehensive financial audit, including an audit of federal grants will be performed annually by an independent public accounting firm with the objective of expressing an opinion on the City's financial statements and assessing the accounting principles used and evaluating the internal controls in place. As issued in the financial audits, the City complies with the following accounting and reporting standards:

- Generally Accepted Accounting Principles (GAAP) developed by Governmental Accounting Standards Board;
- Government Accounting, Auditing and Financial Reporting standards prescribed by the Government Finance Officers Association (GFOA);
- Government Accounting Standards, issued by the Comptroller General of the United States;
- Oregon Revised Statutes relating to Municipal finance; and
- U.S. Office of Management and Budget (OMB) Circular A-133.

In financial reporting, there are certain policies that are maintained as a basis for fiscal management, including fund balance policies, fee schedules, indirect costing and capitalization policies.

Fund balance policies establish guidelines for maintaining sufficient reserves within each fund to provide financial stability and mitigate risks associated with revenue fluctuations, emergencies, and economic downturns. These policies help ensure that adequate resources are available to sustain city operations, meet cash flow requirements, and support future capital needs. The city has not formally adopted a minimum fund balance policy; however, the city uses the accounting standards approach.

Each year, the City Council adopts a Master Fee Schedule that sets the rates and fees for city services. City staff conduct an analysis of the fee schedule and present it to the City Council for discussion and review. Upon approval by resolution, the updated fee schedule is established for the upcoming fiscal year and incorporated into the budget process.

Indirect costs and the methodology used to determine the costs and transfers were set by a City Council resolution² that ensures the cost of administrative overhead are allocated to the General Fund as part of the city's annual budgeting process.

Capitalization policies define the criteria for recognizing and accounting for capital assets, ensuring consistency in financial reporting and long-term asset management. These policies establish thresholds for capitalizing expenditures related to land, buildings, infrastructure, and equipment, distinguishing them from routine operating expenses. The city's capitalization

² Council Resolution No. 23-01, dated 3/9/2023 establishes and adopts the indirect cost methodology to account for General Fund administrative services.

policy (currently set at \$5,000 with a useful life in excess of one year) ensures that significant investments in public assets are properly recorded, depreciated over time, and incorporated into financial planning for maintenance and replacement.

Fund Revenue and Expenditure Summary

The funds budgetary schedules organize revenues and expenditures into distinct categories to ensure clarity and effective resource allocation.

Revenues are derived from various sources, including property taxes, intergovernmental revenues, licenses and permits, charges for services, and other miscellaneous income. These funding streams support essential city operations, capital improvements, and long-term financial sustainability.

Expenditures are categorized based on the nature of city operations and financial obligations. Personnel services account for salaries and benefits, while materials and services cover operational costs, maintenance, and contracted services. Capital outlay funds major infrastructure projects and equipment purchases, ensuring the city's assets are maintained and expanded as needed. Debt service includes principal and interest payments on outstanding obligations, ensuring responsible financial management. This structured approach ensures that resources are allocated effectively to maintain city operations, fund long-term investments, and support the community's evolving needs.





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Financial Trends

When establishing budget criteria and baselines, the city evaluates current financial trends to develop a forward-thinking and sustainable budget strategy. Key factors such as the local economy, population growth, historical revenue and expenditure patterns, debt service obligations, and personnel costs are carefully analyzed. These elements are reviewed to ensure a balanced budget for the current fiscal year while maintaining long-term financial stability for future years.

Manzanita's Economy

Manzanita, Oregon, is a small coastal city located in Tillamook County, known for its picturesque beaches and vibrant tourism industry.

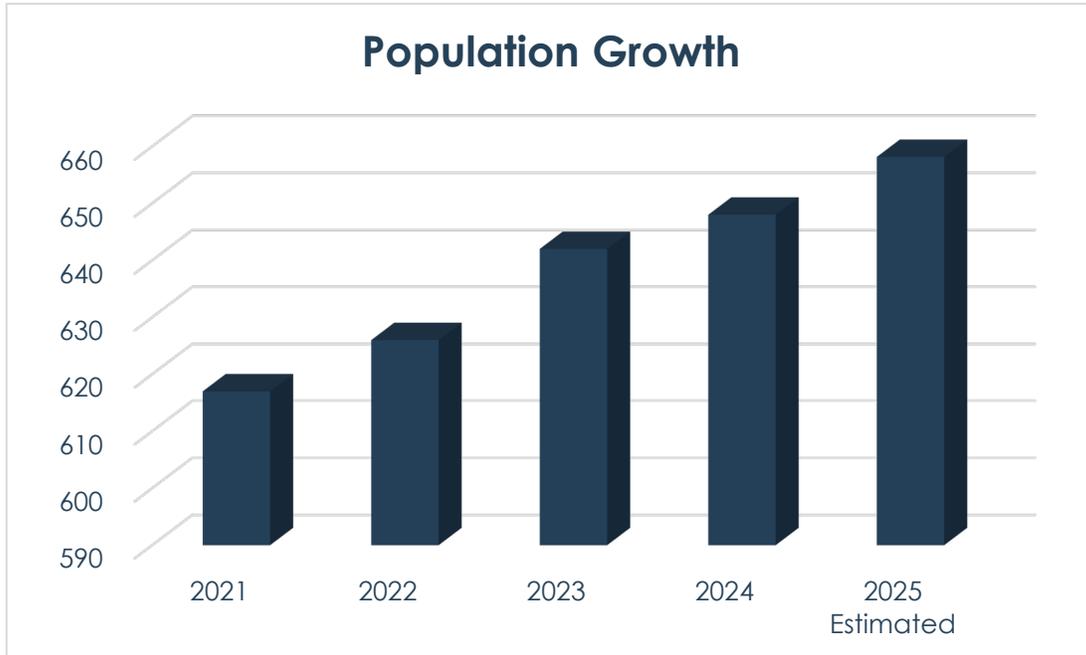
The city's economy is predominantly driven by tourism, attracting visitors to its scenic landscapes and recreational opportunities. This influx of tourists supports local businesses, including accommodations, restaurants, and retail shops. However, this reliance on tourism presents fiscal challenges, as the city's property tax rate is among the lowest in Oregon, limiting revenue from local residents. Consequently, Manzanita depends heavily on transient lodging taxes (TLT) collected from visitors staying overnight. While TLT revenue contributes significantly to the city's budget, 70% of increases in TLT must be allocated to tourism promotion or related facilities, restricting its use for other municipal services.

The local job market reflects this tourism-centric economy, with a notable portion of employment in accommodation and food services. The unemployment rate stands at 7.2%, higher than the national average of 6.0%. However, this rate may be influenced by several factors, including a significant retirement population, a high number of vacation and second homes, and seasonal employment fluctuations driven by peak tourism periods, all of which impact traditional labor force statistics.

Population

The population for the city has experienced modest growth over the past five years reflecting on the city's ongoing appeal as both a tourist destination and a residential community. The average annual growth rate is approximately 1.57% or about ten new residents a year¹.

¹ Portland State University Annual Population Reports



Consumer Price Index

The U.S. Bureau of Labor Statistics (BLS) monitors the Consumer Price Index (CPI) for various regions, including the Western Region, to measure inflation as a key indicator of the cost of living and economic health. The Western Region's CPI for All Urban Consumers (CPI-U) has averaged approximately 4.24% over the past five years, however the city uses the current rate for budgeting purposes. As of January 2025, the CPI-U in the Western Region of the United States was 2.4%.

Major Revenue Sources

City revenues, whether from governmental or proprietary funds, are categorized into the following groups: Taxes, Fees & Charges, Intergovernmental, Fines & Forfeitures, Other Resources, and Transfers from Other Funds. Budget assumptions for all revenue sources are based on several key factors, such as but not limited to:

- *Historical actuals* – Past revenue trends, including received amounts and projected increases or decreases.
- *Known factors* – Anticipated changes such as the expiration of intergovernmental agreements or planned asset sales.
- *Fee schedules* – Adjustments to existing rates and the introduction of new fees.
- *Calculation Estimates* – Estimated figures, such as property tax projections provided by the county.
- *Programming changes* – The addition or removal of programs expected to impact the upcoming fiscal year.

These revenue sources and assumptions serve as the foundation for the city's budget. The General Fund is the primary funding source for most city operations, supporting essential services and administrative functions. For the purposes of this section, details regarding General Fund revenues are outlined below, while individual funds are explained in their respective sections.

General Fund Revenue Sources

The General Fund relies on a combination of tax revenues, intergovernmental allocations, and other financing mechanisms to sustain city operations. The primary revenue streams include:

Transient Lodging Tax

The Transient Lodging Tax (TLT) is a significant revenue source, derived from taxes imposed on short-term accommodations such as hotels, vacation rentals, and other lodging establishments.

This tax is vital for funding tourism-related services, infrastructure maintenance, and general government operations. A portion of these revenues is legally restricted for tourism promotion and facility improvements, while the remainder supports broader city functions.

TLT is a tax applied to the total retail price paid for occupancy in transient lodging, which includes short-term rentals. The City of Manzanita imposes a 9% TLT, which is collected and processed locally before remitting the required portion to the state.

Application of the 9% TLT collected:

- 7% remains entirely with the City of Manzanita for general fund purposes.
- The remaining 2% is distributed as follows:
 - 30% is retained in the General Fund.
 - 70% is allocated to the Tourism Promotion Fund, which is legally restricted for tourism-related purposes as defined by state statute.

Transient Lodging Providers & Intermediaries:

- A transient lodging provider is any person or entity that offers temporary overnight accommodations.
- A transient lodging intermediary is any entity that facilitates the booking and charges for transient lodging without directly providing the accommodation. This includes online travel agencies, travel agents, and tour companies.

Types of Transient Lodging Subject to TLT:

Transient lodging encompasses a wide range of temporary accommodations, including:

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

This tax plays a vital role in funding city services while supporting tourism-related initiatives in compliance with state regulations.

State Shared Revenues

State Shared Revenues consist of funds distributed by the State of Oregon to municipalities based on statutory formulas. These include revenues from sources such as the state gas tax, cigarette tax, marijuana tax and liquor revenue sharing. These funds help finance public safety, road maintenance, and other essential services.

State funds are distributed to cities based on formulas outlined in state statutes, which consider factors such as population and per capita income. The League of Oregon Cities provides the data used for State Revenue Sharing projections.

Under ORS 221.770, the city must formally elect to receive its allocated share of state-distributed revenues each fiscal year. Additionally, ORS 221.760 requires that cities must provide at least four of the following services to qualify for state-shared revenue: police protection, fire protection, street maintenance, sanitary services, storm sewer services, planning, and at least one utility service.

The City of Manzanita provides police protection, street maintenance, planning services, and water utility services. By meeting these service requirements and completing the necessary certification, the city qualifies to receive annual state-shared revenues.

Property Taxes

Property tax revenue is one of the most stable and significant funding sources for the General Fund. It is based on assessed property values within city limits and is subject to limitations set by state law. These funds primarily support core services such as public safety, parks, and general government operations. The city's permanent property tax rate is \$0.4233 per \$1,000 of assessed value. This rate has remained unchanged since 1997 due to property tax limitations as set by Measures 5 and 50 of the State constitution. Tax revenues are constrained to this level, even when real market values are increasing. With property values increasing substantially over the past several years, the city's actual property tax revenues are unable to benefit from those increase. The city's tax rate is considered one of the lowest in the state and on average, the city receives about \$127 per household. The median home value is approximately \$823,800 within the city limits². Because of Measures 5 and 50, the city is constrained to a 3% property tax increase as set by the county assessor's office.

Debt Proceeds

Debt proceeds represent funds obtained through bond issuances or other financing mechanisms to support capital projects and major infrastructure investments. While these funds provide immediate resources for large-scale initiatives, they require long-term repayment through future revenues.

Transfers In – Direct and Indirect Costs

There are two types of transfers and they are based on moving resources related to specific proposes and the other related to indirect cost allocation where resources are transferred from one fund to another for administrative functions.

Direct costs involve the movement of resources for specific purposes, such as funding designated projects or fulfilling interdepartmental agreements. Within this budget, several transfers are allocated to meet these obligations and are distinctly categorized separately from indirect cost transfers.

Indirect cost transfers represent reimbursements from other city funds to cover shared administrative expenses, such as payroll processing, human resources, and financial management. These transfers help ensure that enterprise funds and other self-sustaining operations contribute proportionally to the overhead costs of running the city. Indirect costs and calculations are discussed further in its own section of Indirect Costs.

² Realtor.com and Zillow.com comparisons of median home values as of early 2025.

Citywide Expenditures

Like revenues, all city funds categorize expenditures into distinct classifications to ensure transparency and effective financial management. These categories include:

Personnel Services

Salaries, wages, and benefits for city employees, including health insurance, retirement contributions, and payroll taxes. This category represents a significant portion of operating costs, particularly in departments that provide direct public services such as public safety, public works, and administration.

The city currently employs sixteen full-time-equivalent (FTE) employees, there are currently open positions for a total of eighteen FTE to maintain sufficient obligations and essential functions of the city. Many staff members are cross-trained to perform a variety of functions and must operate at a high-level of efficiency in order to meet the growing demands of the city with limited resources.

Increases to personnel services are based on the CPI-U as described earlier. City Council authorizes annual adjustments to staff salaries with a resolution presented in April to account for Cost-of-Living Adjustments (COLA). This budget includes a COLA adjustment for all current employees of 3% based on the CPI-U and Council resolution adoption.

The following table outlines the adopted salary schedule for fiscal year 2026 and incorporated into this budget.

| FY 26 Proposed Salary Schedule | | | | | | |
|--------------------------------|--------|--------|--------|--------|--------|--|
| Position | Step A | Step B | Step C | Step D | Step E | |
| Police Chief | 8,316 | 8,732 | 9,167 | 9,626 | 10,107 | |
| Police Sergeant | 7,056 | 7,408 | 7,779 | 8,167 | 8,575 | |
| Public Works Director | 7,210 | 7,571 | 7,949 | 8,347 | 8,763 | |
| Development Services Manager | 7,210 | 7,571 | 7,949 | 8,347 | 8,763 | |
| Accounting Manager | 6,086 | 6,391 | 6,709 | 7,045 | 7,397 | |
| Police Officer | 5,548 | 5,826 | 6,116 | 6,422 | 7,031 | |
| Assistant City Recorder | 4,817 | 5,058 | 5,312 | 5,576 | 5,857 | |
| STR/TLT Program Manager | 4,817 | 5,058 | 5,312 | 5,576 | 5,857 | |
| Code Enforcement Officer | 4,817 | 5,058 | 5,311 | 5,577 | 5,857 | |
| Planning & Permit Tech | 4,603 | 4,832 | 5,074 | 5,328 | 5,594 | |
| Public Works Utility Clerk | 4,554 | 4,780 | 5,020 | 5,271 | 5,534 | |
| Utility Worker | 4,126 | 4,332 | 4,548 | 4,776 | 5,015 | |
| Senior Utility Worker | 4,817 | 5,058 | 5,312 | 5,576 | 5,857 | |
| Operations Manager | 5,438 | 5,710 | 5,996 | 6,295 | 6,611 | |
| Project Manager | 5,058 | 5,312 | 5,576 | 5,857 | 6,149 | |

Materials and Services

Costs related to day-to-day operations, including supplies, utilities, professional services, contracted work, maintenance expenses, and other essential operating costs. This category supports the ongoing functionality of city departments and infrastructure.

Increase over the prior fiscal year are based on known expenditure increases. Departmental narratives provide key information on any notable increases in spending as compared to the prior budget. The majority of budgets remained stable although costs for items such as fuel and other professional services to implement policies have increased over prior year. Each department accounts for specific memberships, legal, IT hardware and supply needs based on the departments structure. Department heads are responsible for tracking and ensuring that budgets are within the appropriation limits.

Debt Service

Payments on outstanding debt obligations, including principal and interest on bonds, loans, or other financial instruments used to fund capital projects or essential infrastructure improvements. Managing debt service ensures the city maintains a strong financial position and meets long-term obligations. The city's outstanding debt is further explained in the subsequent section.

Capital Outlay

Expenditures for major infrastructure projects, facility upgrades, equipment purchases, and other long-term investments that enhance city services. These projects typically include road improvements, utility upgrades, public buildings, and technology enhancements. This budget represents capital expenditures on projects found in the Capital Improvement Plan in addition to expenditures above the capitalization threshold (such as vehicles) are located at the fund department level.

Transfers Out – Direct and Indirect Costs

As previously discussed, transfers fall into two categories: direct transfers and indirect cost transfers. Direct transfers involve the movement of resources for specific purposes, such as funding designated projects or fulfilling interdepartmental agreements. Indirect cost transfers allocate resources between funds to cover shared administrative functions, such as payroll processing, human resources, and financial management. These allocations are determined using a materials and services cost allocation methodology to ensure equitable distribution of costs. Additional details on indirect costs are provided in the subsequent section. It is important to note that Transfers In and Transfers Out in the citywide budget must balance and net to zero to maintain financial equilibrium.



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Key Budget Drivers

The budget includes key financial elements that reflect city-wide initiatives while looking at the bigger picture of city for the long-term. There are several budget drivers that are taking into consideration but the primary factors are outstanding debt and the associated costs because these are obligations of the city. The second component is operating costs to maintain a city with service level standards. Each plays a critical role in maintaining a balanced budget while ensuring transparency and alignment with the city's broader financial goals. These factors help uphold fiscal responsibility and demonstrate a commitment to the prudent use of taxpayer dollars.

City Debt (Current & Future)

Debt is a crucial factor in maintaining a healthy and sustainable budget because it allows the city to invest in critical infrastructure and long-term capital projects while managing cash flow and preserving reserves. Responsible debt management ensures that borrowing remains affordable, does not overburden future budgets, and aligns with the City's overall financial stability and goals.

Current Debt

The table below provides a summary of the City's current outstanding debt, including details on the purpose, due date, interest rate, outstanding balance including interest, and annual debt service for the coming fiscal year. This table reflects existing debt and does not include the planned debt proceeds for the City Hall project.

OUTSTANDING DEBT

| Purpose | Fund Source | Due | Interest Rate | Outstanding Amount <i>including interest</i> | Annual Debt Service |
|--------------------|--------------------|------|---------------|---|---------------------|
| Water Revenue Bond | Water Utility Fund | 2045 | 3% - 4% | \$ 3,423,489 | \$ 170,556 |
| Underhill Plaza | General Fund | 2025 | 2.75% | 338,332 | 155,332 |
| Visitors Center | Tourism Fund | 2025 | 3.35% | 127,169 | 50,868 |
| | | | | \$ 3,888,990 | \$ 376,756 |

Future Debt

The City has been incurring debt on a reimbursement basis for the City Hall project through a Special Public Works Fund construction loan through the Oregon Business Development Department. The maximum anticipated debt that will be drawn is \$4.1 million. The debt carries a 2.10% interest rate that accrues as funds are drawn. Ultimately the loan will be sold to the Oregon Bond bank at which time the interest rate, payment amount and 1st repayment date will be set. The maturity date for this loan is defined as 3 years + 90 days from the contract execution date, in this case the contract was signed on 2/13/2024 so maturity date is 5/14/2027. The next bond sale is likely to occur before this maturity date. Staff have proposed an estimated debt service payment in the event the bond sale does occur within FY 2025-2026. If not, these funds can be used to prepay accrued interest and possibly principal prior to the sale to the Bond Bank.

Operating Costs

Operating costs encompass the day-to-day expenses required to maintain city services, facilities, and infrastructure. These costs are influenced by service demands, resource availability, and external factors such as inflation and economic conditions. Managing operating costs efficiently is essential to ensuring fiscal sustainability while maintaining quality services for city residents.

Key Components of Operating Costs

The City of Manzanita's operating costs encompass a wide range of essential expenses that support daily operations, infrastructure maintenance, and service delivery. These costs reflect the resources needed to sustain city functions, meet regulatory requirements, and provide reliable services to the community. The City's operating costs fall into several broad categories:

Personnel & Benefits – Salaries, health insurance, retirement contributions, and payroll taxes represent a significant portion of the city's budget. Workforce retention and competitive compensation remain critical to maintaining service levels.

Contracted & Professional Services – In a small city like Manzanita, contracted vendors and professional services are essential for delivering critical functions that do not justify full-time, in-house staffing. The city relies on specialized expertise for services such as information technology, finance, and building inspections to maintain operational efficiency and regulatory compliance. Some contracts, such as audits and inspections, are required obligations, while others support cost-effective service delivery. Rising costs of new contracts and renewals directly impact budget planning, requiring careful evaluation of service priorities and financial sustainability.

Utilities & Facility Operations – Electricity, water, and telecommunications expenses for city buildings, streetlights, and infrastructure must be budgeted annually. The new City Hall will result in increased costs due to its larger square footage and maintenance requirements; however, the building has been designed with efficiency standards to help offset some of these expenses. Conservation measures and operational efficiencies have been incorporated into this budget to manage costs effectively.

Supplies & Equipment – Routine purchases such as office supplies, safety gear, maintenance materials, and technology upgrades contribute to overall operating expenses. Supply chain issues and cost increases may impact procurement decisions.

Vehicle & Fleet Maintenance – The upkeep of city-owned vehicles, including fuel, repairs, and replacement schedules, ensures public works and emergency services can operate effectively. Rising fuel prices and aging equipment influence this budget area.

General Liability, Insurance, & Risk Management – Coverage for city-owned properties, employees, and liability claims is a necessary operating expense. Insurance premiums fluctuate based on market trends and claim history. Annually, insurance costs continue to rise because of market-wide adjustments driven by inflation, economic conditions, and changes in the insurance industry.

To ensure the long-term financial health of the city, Manzanita employs several strategies to manage operating costs, including cost containment measures that identify efficiencies in staffing, procurement, and energy usage to reduce expenses without impacting service delivery. Additionally, the city utilizes multi-year planning and revenue alignment to anticipate operating needs, analyze cost trends, and allocate funding strategically.

Personnel Overview

As previously noted, annual cost-of-living adjustments (COLA) are tied to the CPI-U and adopted through City Council resolution. This section evaluates personnel-related needs and their financial impact on each department while ensuring the city maintains a high level of service.

In a small organization, staffing levels may not change frequently, making cross-training and the ability to allocate resources internally even more essential. Throughout the fiscal year, positions may shift, transfer, or be adjusted as necessary by city management. Staffing levels are also influenced by the creation or elimination of positions, which play a key role in overall workforce planning.

This budget reflects the addition of one full-time equivalent (FTE) position added in the previous fiscal year and are outlined in the department budgets. There are no new positions included in this budget.



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Indirect Costs

The City utilizes the Indirect Cost Allocation approach and plan to ensure that the citywide support services, housed within the General Fund, are appropriately distributed across all departments. This process allows direct service departments to fairly account for the administrative and operational support they receive.

Accounting of Indirect Costs

Understanding Direct and Indirect Costs

Direct costs are those that can be clearly attributed to a specific service, project, or function. These costs are easily identifiable as belonging to a particular activity or department. An example of a direct cost in this budget would be the transfer of the debt proceeds to the City Hall Expansion Fund. The debt proceeds are tied specifically to the capital project.

Indirect costs are the necessary expenses of running a city or organization that cannot be directly linked to a specific department, program, or service. These costs support the overall operations but are not easily or logically assigned to just one function. Think of them as the behind-the-scenes expenses—critical to keeping things running smoothly, but not tied to any one activity. While departments may have both types of costs, it's important to differentiate between them when building a budget or evaluating the true cost of providing a service. Properly identifying direct and indirect costs helps ensure fair and transparent allocation of resources.

For example, while the Building Fund and department might pay directly for permitting software (a direct cost), they also rely on services like IT support and HR functions, which are shared across the city and therefore considered indirect costs. Those costs are transferred out of the Building Fund and into the General Fund, where the IT support and HR functions are paid out of.

Understanding Transfers in Technical Terms

The City adheres to Generally Accepted Accounting Principles (GAAP) and the standards established by the Governmental Accounting Standards Board (GASB). These principles serve as the foundation for how local governments must record, report, and ensure accountability in their financial practices.

Under GASB Statement No. 34, which governs governmental financial reporting, interfund transfers, including those related to indirect cost allocations, must be reported separately from operational expenditures. This standard is the same with governmental and enterprise funds.

These transfers are classified as:

Other Financing Sources (OFS) – representing incoming resources to a fund, such as Transfers In, that originate from another internal fund and are not considered revenue (e.g., not derived from taxes, fees, or grants).

Other Financing Uses (OFU) – representing outgoing resources, such as Transfers Out, to another internal fund that do not reflect direct expenditures tied to the transferring fund's operations.

These transfers are part of the City's internal accounting structure and are necessary for managing shared services, supporting capital projects, or allocating restricted revenues. However, they are not operational expenditures and must not be included in categories such as Personnel Services or Materials and Services. GASB standards intentionally separate these items to preserve financial transparency and prevent the misrepresentation of a fund's operational costs.

Reporting transfers under OFS and OFU ensures compliance, clarity, and consistency across funds. On City-wide (Government-wide) financial statements, all Transfers In and Transfers Out must net to zero, accurately reflecting that while funds may exchange resources, the City's overall financial position remains balanced.

Did You Know?

In alignment with GAAP and GASB standards, indirect cost allocations must be reported as Other Financing Uses (OFU) and not included in operational categories such as Personnel Services or Materials and Services, where they are neither appropriate nor compliant.

Principles & Standards

The principles for cost allocation are outlined in the *Code of Federal Regulations Title II, Part 200*, which establishes uniform administrative requirements, cost principles, and audit standards for federal awards. While these guidelines are specific to federal funding, they serve as a widely recognized framework for cost allocation at the local, county, and state levels.

Additionally, best practices recommended by the Government Finance Officers Association (GFOA) support the use of an indirect cost approach under best practices¹. However, GFOA emphasizes that indirect cost allocation must be tailored to an organization's specific needs, as a one-size-fits-all method is rarely effective.

City Policy

The city adopted its current indirect cost allocation method following a comprehensive study conducted by FCS Group in 2020, with an update completed in 2022. This study reviewed the City's organizational structure and developed cost allocation principles tailored specifically to Manzanita's operations. The resulting methodology and allocations were formally adopted by City Council through Resolution #23-01, which now serves as the guiding policy.

Each year during the budget process, the City reviews and updates these allocations in accordance with the adopted methodology. In prior years, the Budget Committee received allocation details through a memo, which was also included in the prior year budget appendix section of those budgets.

This enhanced level of transparency supports the City's commitment to ongoing evaluation and refinement of indirect cost allocations and allows for data-driven adjustments to ensure accuracy and fairness in the budgeting process.



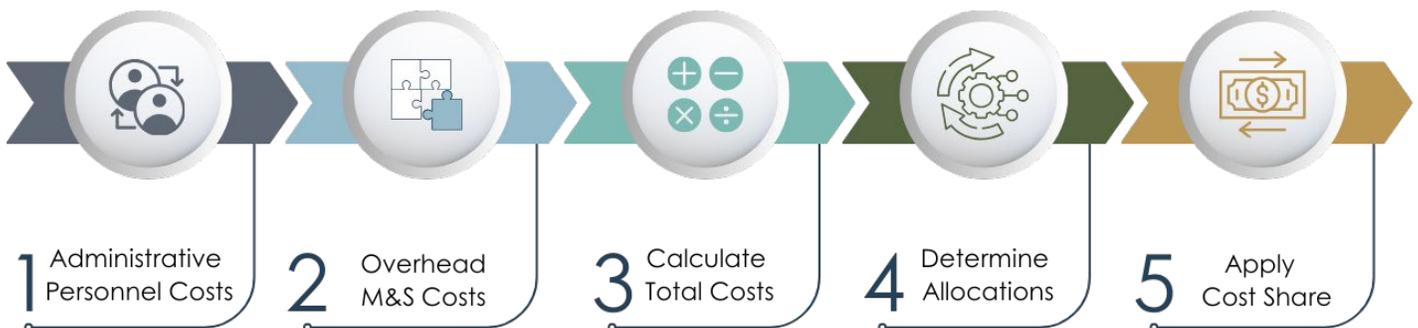
¹ GFOA: Best Practice Indirect Cost Allocation; 2022. (www.gfoa.org/materials/indirect-cost-allocation)

Methodology

The City's indirect cost allocation methodology is rooted in best practices and is consistent with GAAP and GASB standards. The process applies a structured five-step process to determine and allocate administrative indirect costs across all operating funds receiving the benefit.

City funds that receive general administrative support services include the Building Fund and the Water Fund. These funds do not maintain their own dedicated administrative resources as defined in the City's five-step allocation methodology and therefore rely on support from central services housed within the General Fund. Capital project funds, such as the City Hall Expansion Fund, are excluded from the indirect cost allocation. This is because these projects are of limited and short-term nature.

This methodology follows the principles outlined in the City's Indirect Cost Allocation Plan and aligns with GAAP and GASB requirements for reporting and transparency. The allocation is based on a combination of administrative staffing (FTE) and actual administrative overhead costs, distributed proportionally based on each fund's share of Materials and Services (M&S) activity over time. The methodology follows a five-step approach as illustrated below.



Step 1: Calculate Administrative Personnel Costs (FTE-Based)

The first step is identifying which administrative positions provide general support services across the organization. The city has identified the following positions and associated time allocations as contributing to citywide administrative functions:

- 100% of the Accounting Manager's time
- 30% of the City Manager's time
- 25% of the Assistant City Recorder's time

These percentages represent the estimated portion of time each position devotes to general administrative duties, separate from any department-specific responsibilities. Combined, this results in a total of 1.55 full-time equivalents (FTE).

Fiscal Year 2026 Annual Budget
Indirect Costs, Continued

Personnel costs include salaries and benefits, such as medical coverage and retirement contributions. The total cost of these administrative support positions is used as the basis for the indirect cost allocation. Each position's share is calculated as a percentage of the total personnel costs.

The anticipated administrative personnel cost for allocation purposes in the Fiscal Year 2026 budget is \$252,966.

| Administrative | % of Time | FY 2026 Allocation Total |
|-------------------------|------------------|---------------------------------|
| Accounting Manager | 100% | } \$ 252,966 |
| City Manager | 30% | |
| Assistant City Recorder | 25% | |

Step 2: Identify Administrative Overhead Costs (Materials & Services-Based)

Administrative costs within the Materials & Services (M&S) category are calculated using the most recent audited financial statements and detailed trial balance data. Only recurring, operational expenditures are included in the allocation. One-time or non-operational items, such as legal costs for specific projects or council-related initiatives, are excluded to maintain accuracy and compliance with cost allocation standards.

The anticipated administrative overhead cost for M&S included in the Fiscal Year 2026 budget for allocation purposes is \$234,425.

Step 3: Summarize Total Administrative Allocation Costs

The combined total from Steps 1 and 2 represents the full administrative overhead to be allocated across departments and funds for the fiscal year.

Fiscal Year 2026 anticipated Administrative Costs:

| <u>Total Administrative Costs</u> | |
|--|-------------------|
| Personnel (Step 1) | \$ 252,966 |
| Materials & Services (Step 2) | 234,425 |
| Total Administrative Costs | \$ 487,391 |

Step 4: Determine Department and Fund Allocation Percentages

To allocate costs equitably, the City uses a five-year average of audited Materials & Services (M&S) expenditures by fund or department. This multi-year averaging approach helps smooth year-to-year fluctuations and provides a more stable and reliable basis for determining allocation percentages. Each fund's average M&S expenditure is calculated as a proportion of the citywide total, forming the basis for its share of indirect costs.

Five-Year Average

| Materials & Services Operating Costs Only* | Audited Financials | | | | | 2020-2024 Average | FY 2026 % Allocation |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|----------------------|-------------------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 | | |
| General Funds | | | | | | | |
| Municipal Court | \$ 12,686 | \$ 8,252 | \$ 8,760 | \$ 6,731 | \$ 5,400 | \$ 8,366 | 1.16% |
| Parks | 20,101 | 28,910 | 15,966 | 8,629 | 9,383 | 16,598 | 2.30% |
| Public Safety | 52,283 | 59,447 | 48,231 | 61,456 | 66,230 | 57,529 | 7.97% |
| Non-departmental | 100 | 1,378 | - | - | 3,232 | 942 | 0.13% |
| Total General Fund | \$ 87,190 | \$ 100,008 | \$ 74,979 | \$ 78,839 | \$ 86,269 | \$ 83,435 | 11.55% |
| Other City Funds | | | | | | | |
| Building | \$ 33,117 | \$ 23,364 | \$ 42,782 | \$ 35,281 | \$ 50,972 | \$ 37,103 | 5.14% |
| Water Utility | 404,151 | 327,937 | 355,417 | 260,579 | 237,656 | 317,148 | 43.91% |
| Transportation | 28,895 | 44,526 | 63,712 | 32,826 | 35,024 | 40,997 | 5.68% |
| Tourism | 90,801 | 53,038 | 39,880 | 66,716 | 62,338 | 62,555 | 8.66% |
| City Hall Expansion | 79,630 | 39,550 | 76,479 | 217,772 | 386,154 | 159,917 | 22.14% |
| Timber Management (CLOSED) | 67,329 | - | - | - | - | 13,466 | 1.86% |
| System Development Charges | 11,014 | 4,770 | 1,173 | 15,837 | 5,326 | 7,624 | 1.06% |
| Total Other City Funds | 714,937 | 493,185 | 579,443 | 629,011 | 777,470 | 638,809 | 88.45% |
| Total Of All Funds | \$ 802,127 | \$ 593,193 | \$ 654,422 | \$ 707,850 | \$ 863,739 | \$ 722,244 | 100.00% |

*Operating costs are ongoing items exclusive of any one-time expense.

Step 5: Apply Indirect Cost Shares

Each fund's allocation percentage from Step 4 is applied to the total indirect cost amount calculated in Step 3 to determine its proportional share. This approach ensures that funds receiving a higher level of operational support contribute an equitable portion of the administrative overhead.

| Fund/Departments | Personnel | M&S Costs | Total Costs | % | Allocation of Expenses to Budget Transfers <small>(Rounded to nearest \$100)</small> | Allocation of Expenses to Budget Transfers |
|-------------------------------|-------------------|-------------------|-------------------|----------------|---|---|
| | Costs | | | Allocation | | |
| | Step 1 | Step 2 | Step 3 | Step 4 | | |
| | \$ 252,966 | \$ 234,425 | \$ 487,391 | 100% | | |
| General Funds | | | | | | |
| Municipal Court | \$ 2,930 | \$ 2,715 | \$ 5,645 | 1.16% | \$ - | |
| Parks | 5,813 | 5,387 | 11,201 | 2.30% | - | These costs are already in the General Fund |
| Public Safety | 20,150 | 18,673 | 38,822 | 7.97% | - | |
| Non-departmental | 330 | 306 | 636 | 0.13% | - | |
| Total General Fund | 29,223 | 27,081 | 56,304 | 11.55% | - | |
| Other City Funds | | | | | | |
| Building | 12,995 | 12,045 | 25,040 | 5.14% | 25,040 | Special Revenue Fund |
| Water Utility | 111,081 | 102,938 | 214,020 | 43.91% | 214,020 | Enterprise Fund |
| Transportation | 14,359 | 13,307 | 27,666 | 5.68% | - | General Fund Supported |
| Tourism | 21,910 | 20,304 | 42,214 | 8.66% | - | Self Supported Fund ² |
| City Hall Expansion | 56,011 | 51,906 | 107,917 | 22.14% | - | Capital Projects Funds ¹ |
| Timber Management (CLOSED) | 4,716 | 4,371 | 9,087 | 1.86% | - | Closed into General Fund |
| System Development Charges | 2,670 | 2,475 | 5,145 | 1.06% | - | Capital Projects Funds ¹ |
| Total Other City Funds | 223,743 | 207,345 | 431,088 | 88.45% | 239,060 | Total Transfers to the General Fund |
| Total Of All Funds | \$ 252,966 | \$ 234,426 | \$ 487,392 | 100.00% | \$ 239,060 | |

¹ Capital Projects Funds are excluded as these funds do not have ongoing operational activity, staffing, or administrative support needs. As such, they are not considered beneficiaries of citywide administrative services and are not included in the allocation process.

² The Tourism Fund is a Special Revenue Fund and is currently self-supported through dedicated revenue sources. Administrative staff time associated with managing the visitors center and tourism related activities is charged directly to the fund, eliminating the need for an indirect cost allocation. Because the fund independently supports its operational needs, it is excluded from the City's indirect cost allocation.

Historical Trend & Comparative Analysis

Following the methodology adopted by City Council and grounded in national best practice standards, the city applies a consistent and transparent approach to allocating indirect costs. This section takes a two-part look at the effectiveness and reasonableness of that approach. First, it reviews historical trends within the City of Manzanita over the past three budget cycles, highlighting how indirect cost allocations have evolved in response to organizational changes, refined estimates, and updated expenditure data. This internal review ensures the methodology remains accurate, equitable, and aligned with City operations.

Second, the city conducts a comparative analysis with peer jurisdictions to provide context for how Manzanita's allocations align with broader practices across the region and state. While recognizing that no two cities allocate indirect costs in exactly the same way, this high-level review helps validate that the City's overall approach remains in line with both professional standards and reasonable benchmarks.

Historical Trends

Over the past three budget cycles, the City has continued to apply a consistent methodology to indirect cost allocation, beginning with the implementation of the formal Indirect Cost Allocation Plan in 2022. Since then, the total administrative overhead allocated across funds has reflected annual adjustments based on staffing changes, refined FTE estimates, and updated Materials & Services activity.

For this comparative analysis, fund balance is used as the base for evaluating indirect cost allocations. While fund revenue is typically used for operational comparisons, fund balance provides a broader view of a fund's financial position and its capacity to support administrative overhead. This perspective helps contextualize the reasonableness of indirect cost transfers in relation to each fund's overall financial resources.

| Year-Over-Year Trend | | | |
|-----------------------------|-------------------|-------------------|-------------------|
| By Fund | FY 2024 | FY 2025 | FY 2026 |
| Building | \$ 27,332 | \$ 22,475 | \$ 25,040 |
| Water Utility | 191,000 | 199,357 | 214,020 |
| | \$ 218,332 | \$ 221,832 | \$ 239,060 |
| <i>% of Change</i> | - | 2% | 8% |

| Total Fund Balance as a % of Indirect Cost Allocations | | | |
|---|----------------|----------------|----------------|
| | FY 2024 | FY 2025 | FY 2026 |
| Building Fund | \$ 257,765 | \$ 277,200 | \$ 231,160 |
| <i>% of Fund Balance</i> | 11% | 8% | 11% |
| Water Utility Fund | \$ 1,168,107 | \$ 824,160 | \$ 1,505,090 |
| <i>% of Fund Balance</i> | 16% | 24% | 14% |

Comparative Analysis

As a final step in the evaluation process, the City conducted a comparative analysis to assess how its indirect cost allocations align with those of neighboring and similarly sized cities across Oregon. The primary goal of this comparison is to ensure that administrative support services are being fairly and equitably recovered, with each fund contributing its proportional share—while maintaining compliance with GAAP and GASB standards.

It is important to recognize that each city operates under a unique structure, with different service models, staffing levels, and internal accounting practices. Allocation methodologies and presentation formats also vary widely, making direct comparisons challenging. To provide a meaningful benchmark, the City focused on comparing total indirect cost allocations as a percentage of overall fund balance and transfer activity.

While each peer jurisdiction approaches cost allocation differently, the comparison below illustrates that Manzanita's practices remain well within the range of reasonable and accepted standards observed across similar cities.

While each city uses a slightly different allocation method, the comparison below shows that Manzanita's approach remains well within the range of peer practices.

| Cities and Comparing Funds | Audited FY 2024 Fund Balance | Current Transfer to General Fund* | % Allocation by Fund Balance |
|--|------------------------------|-----------------------------------|------------------------------|
| Manzanita | | | |
| Building | \$ 266,055 | \$ 25,040 | 9% |
| Water Utility | 1,168,107 | 214,020 | 18% |
| Astoria | | | |
| Building | 104,635 | 20,800 | 20% |
| Water <i>Commingled with other funds</i> | - | 248,760 | 0% |
| Depoe Bay | | | |
| Building <i>no designated fund</i> | - | - | 0% |
| Water | 794,346 | 365,729 | 46% |
| Seaside | | | |
| Building <i>no designated fund</i> | - | - | 0% |
| Water | 2,375,471 | 156,444 | 7% |
| Warrenton | | | |
| Building | 341,153 | 14,666 | 4% |
| Water | 645,588 | 403,755 | 63% |

*Every City allocates indirect costs differently based on the City's methodology and needs. It is also important to note that not every City displays transfers for indirect costs as the same. This table is for comparison only and may or may not be a complete actual of the represented cities.

Several additional cities were reviewed as part of this comparison, including Cannon Beach, Gearhart, Powers, and select cities in the Portland Metro Area with larger populations. The cities listed in the table represent the best available comparisons. As noted earlier, each city uses a different allocation methodology and operates under unique conditions, making direct comparisons challenging. Still, this broader review offers valuable context for understanding how Manzanita's practices align with common municipal approaches.



CITYWIDE

Fiscal Year 2026 Annual Budget

TOTAL OF ALL FUNDS COMBINED

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|---|--------------------------|--------------------------|-------------------------------|----------------------|-------------------------------|---------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Final Adopted Budget | Estimated Actuals | Proposed by Budget Officer | Approved by Budget Committee |
| RESOURCES | | | | | | |
| BEGINNING FUND BALANCE | \$ 8,465,870 | \$ 8,673,510 | \$ 8,304,190 | \$ 9,718,724 | \$ 10,295,550 | \$ 10,295,550 |
| Room Tax Collections | 1,879,874 | 1,841,968 | 1,690,000 | 1,860,400 | 1,835,000 | 1,835,000 |
| Fees & Charges | 1,753,097 | 2,419,414 | 2,460,861 | 2,624,436 | 2,469,100 | 2,469,100 |
| Property Taxes | 252,722 | 269,775 | 265,260 | 276,500 | 273,500 | 273,500 |
| Intergovernmental | 280,596 | 215,442 | 3,007,389 | 611,416 | 2,574,980 | 2,574,980 |
| Fines & Foreitures | 33,768 | 90,808 | 60,000 | 30,000 | 45,000 | 45,000 |
| Interest | 268,460 | 464,983 | 55,158 | 318,454 | 201,200 | 201,200 |
| Miscellaneous | 18,661 | 31,809 | 192,118 | 185,420 | 7,500 | 7,500 |
| Proceeds from Debt Issuance | - | 663,056 | 3,436,944 | 3,436,944 | - | - |
| Proceeds from Sale of Assets | 9,112 | 638,351 | 17,000 | - | - | - |
| Transfers from Other Funds | 589,972 | 1,906,923 | 4,422,476 | 4,422,476 | 306,785 | 306,785 |
| TOTAL RESOURCES | 13,552,132 | 17,216,039 | 23,911,396 | 23,484,770 | 18,008,615 | 18,008,615 |
| REQUIREMENTS | | | | | | |
| Personnel Services | 1,868,896 | 2,039,081 | 2,451,852 | 2,191,617 | 2,773,210 | 2,773,210 |
| Materials & Services | 1,079,530 | 1,404,130 | 1,832,061 | 1,365,334 | 1,600,380 | 1,600,380 |
| Debt Service | 376,556 | 379,256 | 386,240 | 386,240 | 681,240 | 681,240 |
| Capital Outlay | 963,668 | 1,767,925 | 7,883,840 | 4,823,552 | 3,628,465 | 3,628,465 |
| Transfers to Other Funds | 589,972 | 1,906,923 | 4,422,476 | 4,422,477 | 306,785 | 306,785 |
| TOTAL EXPENDITURES BEFORE RESERVES | 4,878,622 | 7,497,315 | 16,976,469 | 13,189,220 | 8,990,080 | 8,990,080 |
| RESERVES | | | | | | |
| Contingency | - | - | 315,000 | - | 270,000 | 270,000 |
| Unappropriated Ending Fund Balance | 8,673,510 | 9,718,724 | 6,619,927 | 10,295,550 | 8,748,535 | 8,748,535 |
| TOTAL RESERVES-ENDING FUND BALANCE | 8,673,510 | 9,718,724 | 6,934,927 | 10,295,550 | 9,018,535 | 9,018,535 |
| TOTAL REQUIREMENTS | \$ 13,552,132 | \$ 17,216,039 | \$ 23,911,396 | \$ 23,484,770 | \$ 18,008,615 | \$ 18,008,615 |

Citywide Budget, Continued

| Category | Government | Special Revenue | | | Capital | | | Enterprise | TOTAL APPROVED BUDGET |
|---|---------------------|---------------------|-------------------|-------------------|------------------|---------------------|----------------------|---------------------|-----------------------|
| | General | Transportation | Building | Tourism | City Hall | SDC's | Public Works Reserve | Water | |
| RESOURCES | | | | | | | | | |
| BEGINNING FUND BALANCE | \$ 3,854,735 | \$ 652,600 | \$ 277,200 | \$ 684,890 | \$ 47,725 | \$ 3,061,435 | \$ 211,875 | \$ 1,505,090 | \$ 10,295,550 |
| Transient Lodging Tax | 1,550,000 | - | - | 285,000 | - | - | - | - | 1,835,000 |
| Fees & Charges | 413,500 | 93,000 | 194,000 | - | - | 95,600 | - | 1,673,000 | 2,469,100 |
| Property Taxes | 273,500 | - | - | - | - | - | - | - | 273,500 |
| Intergovernmental | 174,600 | 2,029,360 | - | - | - | - | - | 371,020 | 2,574,980 |
| Fines & Foreitures | 45,000 | - | - | - | - | - | - | - | 45,000 |
| Interest | 100,000 | 10,000 | 5,000 | 15,000 | - | 47,700 | 3,500 | 20,000 | 201,200 |
| Miscellaneous | 5,000 | 500 | - | - | - | - | - | 2,000 | 7,500 |
| Transfers from Other Funds | 286,785 | - | - | - | - | - | 20,000 | - | 306,785 |
| TOTAL RESOURCES | 6,703,120 | 2,785,460 | 476,200 | 984,890 | 47,725 | 3,204,735 | 235,375 | 3,571,110 | 18,008,615 |
| REQUIREMENTS | | | | | | | | | |
| Personnel Services | 1,706,000 | 87,000 | 169,000 | 167,500 | - | - | - | 643,710 | 2,773,210 |
| Materials & Services | 721,980 | 72,800 | 31,000 | 114,700 | - | 42,000 | - | 617,900 | 1,600,380 |
| Debt Service | 450,340 | - | - | 50,900 | - | - | - | 180,000 | 681,240 |
| Capital Outlay | 9,000 | 2,145,365 | - | 5,000 | - | 869,100 | 75,000 | 525,000 | 3,628,465 |
| Transfers to Other Funds | - | - | 25,040 | - | 47,725 | - | - | 234,020 | 306,785 |
| TOTAL EXPENDITURES BEFORE RESERVES | 2,887,320 | 2,305,165 | 225,040 | 338,100 | 47,725 | 911,100 | 75,000 | 2,200,630 | 8,990,080 |
| RESERVES | | | | | | | | | |
| Contingency | 100,000 | 100,000 | 20,000 | 5,000 | - | 20,000 | - | 25,000 | 270,000 |
| Unappropriated Ending Fund Balance | 3,715,800 | 380,295 | 231,160 | 641,790 | - | 2,273,635 | 160,375 | 1,345,480 | 8,748,535 |
| TOTAL RESERVES-ENDING FUND BALANCE | 3,815,800 | 480,295 | 251,160 | 646,790 | - | 2,293,635 | 160,375 | 1,370,480 | 9,018,535 |
| TOTAL REQUIREMENTS | \$ 6,703,120 | \$ 2,785,460 | \$ 476,200 | \$ 984,890 | \$ 47,725 | \$ 3,204,735 | \$ 235,375 | \$ 3,571,110 | \$ 18,008,615 |

| | Transfers In | | |
|----------------------|-------------------|------------------|-------------------|
| | General | PW Reserve | Total |
| Transfers Out | | | |
| Building | \$ 25,040 | \$ - | \$ 25,040 |
| City Hall | 47,725 | - | 47,725 |
| Water | 214,020 | 20,000 | 234,020 |
| TOTAL | \$ 286,785 | \$ 20,000 | \$ 306,785 |

GENERAL FUND

Fiscal Year 2026 Annual Budget

Core Services

The General Fund serves as the primary operating fund for the City, supporting most local government activities except those related to the Water Utility Fund. Departments within the General Fund include Administration, Municipal Court, Parks, Public Safety, and General Government services, the latter of which are reported under Non-Departmental. The Administration is funded by the General Fund but has oversight and responsibility for all funds and activities, including the water utility and building funds. Each department is reflected in the General Fund summary, organized both by program and by department.

Revenue

The General Fund is supported by several key revenue sources that enable the City to maintain ongoing operations and essential services. These sources include lodging taxes, property taxes, intergovernmental agreements, state-shared revenues, and various licenses, permits, and service charges.

Transient Lodging Tax

The Transient Lodging Tax (TLT) is the primary revenue source for the General Fund and a vital stream that supports the City's core operations. Historically, TLT revenue has shown steady growth due to continued tourism activity. However, revenue projections remain conservative, as tourism can be sensitive to market fluctuations.

The City experienced an unusual spike in TLT revenue in 2020 during the COVID-19 pandemic, as travel patterns shifted and tourism to the area increased. This one-time increase contributed to a healthier fund balance and provided added financial stability at a critical time. Recognizing the unique nature of that event, the City has taken a prudent approach to future revenue forecasting, estimates are closer to recent trends but overall maintaining conservative estimates in this budget cycle.

Property Taxes

Property tax revenue is a key funding source for local government operations. The City's permanent tax rate is \$0.4233 per \$1,000 of assessed value, which is the lowest in Tillamook County and among the lowest in the state of Oregon. Estimated property tax revenue is constrained by Oregon's constitutional Measures 5 and 50, which limit annual assessed value increases to 3%, as determined by the County Assessor.

Intergovernmental

There are three main resources for intergovernmental revenue in the General Fund in addition to smaller agreements. The three main revenue sources include police agreements, grants and state shared revenues.

Police Agreements

Intergovernmental agreements with the cities of Wheeler and Nehalem are renewed annually and include adjustments for inflation. These agreements help ensure the provision of police services to the Oregon Parks and Recreation District and offset a portion of the City's public safety costs.

Grants

The City has received several grants that help offset expenditures. First, grants received from the Department of Land Conservation and Development (DLCD) have provided funding to offset costs associated with the update of the Comprehensive Plan. Secondly, through SB 1530 the State of Oregon allocated \$2.709 million dollars to the city for the design and construction of the Classic Street Connection project. Staff are always seeking opportunities for grant funding for projects and programs to help offset costs to the City.

State Revenue Sharing (including Cigarette and Liquor Tax)

State revenues are distributed to cities based on state statute, which defines formulas incorporating population and per capita income. The League of Oregon Cities provides the source data for State Revenue Sharing projections.

Pursuant to ORS 221.770, the City of Manzanita must elect to receive its proportionate share of the revenues to be apportioned to the cities by the State of Oregon for the fiscal year. Further, ORS 221.760 provides that city located in a county having more than 100,000 inhabitants according to the most recent federal decennial census, can disburse state shared revenue funds only if the city provides four or more of the following services: police protection; fire protection; street construction, maintenance, and lighting; sanitary sewer; storm sewers; planning, zoning, and subdivision control; one or more utility services.

The City of Manzanita provides several of these qualifying services and therefore remains eligible to receive state revenue sharing funds.

Fees & Charges

Fees and charges mainly include licenses, permits, business and short-term rental licenses. Fees related to inspection, land use, and technology fees attribute most of this category. These fees for service allow the City to recover some costs associated with administering programs. The City conducted an extensive study of all fees and created a Master Fee Schedule that was adopted by City Council. A copy of the most recent resolution is included in the appendix of this budget.

Expenditures

Expenditures are outlined in each of the five departments of the General Fund.

GENERAL FUND

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|---|--------------------------|--------------------------|-------------------------------|----------------------|-------------------------------|---------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Final Adopted Budget | Estimated Actuals | Proposed by Budget Officer | Approved by Budget Committee |
| RESOURCES | | | | | | |
| BEGINNING FUND BALANCE¹ | \$ 2,549,138 | \$ 3,242,146 | \$ 3,283,165 | \$ 3,789,740 | \$ 3,854,735 | \$ 3,854,735 |
| Transient Lodging Taxes | 1,589,891 | 1,556,091 | 1,450,000 | 1,575,400 | 1,550,000 | 1,550,000 |
| Property Taxes | 252,722 | 269,775 | 265,260 | 276,500 | 273,500 | 273,500 |
| Fees & Charges | 134,354 | 82,215 | 70,000 | 88,500 | 77,500 | 77,500 |
| Franchise & Utility Agreements | 72,354 | 63,501 | 65,000 | 63,000 | 61,000 | 61,000 |
| Business & Short-Term Rental Licenses | 74,661 | 252,753 | 248,000 | 285,000 | 275,000 | 275,000 |
| Intergovernmental: | | | | | | |
| Police Agreements | 73,980 | 61,200 | 74,400 | 75,000 | 75,000 | 75,000 |
| Grants | 73,409 | 6,020 | 50,000 | 30,000 | 63,000 | 63,000 |
| State Revenue Sharing | 33,325 | 25,059 | 33,000 | 20,000 | 25,000 | 25,000 |
| Cigarette & Liquor Taxes | 12,579 | 12,077 | 13,789 | 11,400 | 10,400 | 10,400 |
| Neah-Kah-Nie Excise Tax | 1,216 | 1,335 | 1,200 | 1,400 | 1,200 | 1,200 |
| Fines & Foreitures | 33,768 | 90,808 | 60,000 | 30,000 | 45,000 | 45,000 |
| Interest | 149,076 | 254,720 | 35,000 | 100,000 | 100,000 | 100,000 |
| Miscellaneous | 4,778 | 5,868 | 4,998 | - | 5,000 | 5,000 |
| Miscellaneous Proceeds From Closed Funds | - | - | 177,540 | 177,540 | - | - |
| Proceeds from Debt Issuance | - | 663,056 | 3,436,944 | 3,436,944 | - | - |
| Proceeds from Sale of Assets | - | 638,351 | - | - | - | - |
| Transfers from Other Funds | 198,261 | 246,167 | 221,832 | 221,832 | 286,785 | 286,785 |
| TOTAL RESOURCES | \$ 5,253,512 | \$ 7,471,142 | \$ 9,490,128 | \$ 10,182,256 | \$ 6,703,120 | \$ 6,703,120 |
| EXPENDITURE REQUIREMENTS BY CATEGORY | | | | | | |
| Personnel Services | \$ 1,166,928 | \$ 1,270,112 | \$ 1,436,896 | \$ 1,355,486 | \$ 1,706,000 | \$ 1,706,000 |
| Materials & Services | 458,897 | 624,773 | 864,670 | 632,750 | 721,980 | 721,980 |
| Debt Service | - | - | 155,340 | 155,340 | 450,340 | 450,340 |
| Capital Outlay | 5,726 | 123,626 | 9,000 | 9,000 | 9,000 | 9,000 |
| Contingency | - | - | 150,000 | - | 100,000 | 100,000 |
| Transfers to Other Funds | 379,815 | 1,662,891 | 4,174,944 | 4,174,945 | - | - |
| TOTAL EXPENDITURES BY CATEGORY | 2,011,366 | 3,681,402 | 6,790,850 | 6,327,521 | 2,987,320 | 2,987,320 |
| Unappropriated Ending Fund Balance | 3,242,146 | 3,789,740 | 2,699,278 | 3,854,735 | 3,715,800 | 3,715,800 |
| TOTAL REQUIREMENTS | \$ 5,253,512 | \$ 7,471,142 | \$ 9,490,128 | \$ 10,182,256 | \$ 6,703,120 | \$ 6,703,120 |

¹ The beginning fund balances presented in the budget differ from the audited amounts, as they incorporate the balances of funds that were closed during the FY 2023–2024 adopted budget. In accordance with budgetary practice, these closed funds are not required to be displayed separately or with historical detail.

POLICY REQUIREMENTS

| | FY 2022/2023 | FY 2023/2024 | Final Adopted | Estimated | Proposed | Approved |
|---|------------------|------------------|------------------|------------------|---------------------|---------------------|
| Reserves: | | | | | | |
| Debt Service | - | - | 155,340 | 155,340 | 450,340 | 450,340 |
| Public Safety Equipment (Dept. 125) | 131,468 | 41,480 | 105,480 | 73,480 | 105,480 | 105,480 |
| CDBG Housing Grant (Dept. 190) | 110,660 | 115,730 | 30,000 | 115,730 | 30,000 | 30,000 |
| Total Reserves | 242,128 | 157,210 | 290,820 | 344,550 | 585,820 | 585,820 |
| Policy Requirements: | | | | | | |
| Contingency & Ending Fund Balance | 3,242,146 | 3,789,740 | 2,849,278 | 3,854,735 | 3,715,800 | 3,715,800 |
| Less designated reserves | (242,128) | (157,210) | (290,820) | (344,550) | (585,820) | (585,820) |
| Less policy requirements* | (243,000) | (341,000) | (460,000) | (397,000) | (558,000) | (558,000) |
| AMOUNT OVER (UNDER) POLICY REQUIREMENT | 2,757,018 | 3,291,530 | 2,098,458 | 3,113,185 | \$ 2,571,980 | \$ 2,571,980 |

*See Summary of Expenditures By Department for operating expenditures and required policy reserve details.

| SUMMARY OF EXPENDITURES BY DEPARTMENT | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET FOR 2025/2026 | |
|--|---------------------|---------------------|-------------------------------|---------------------|----------------------|---------------------|
| | Fiscal Year | Fiscal Year | Final Adopted | Estimated | Proposed | Approved |
| | 2022/2023 | 2023/2024 | Budget | Actuals | by Budget Officer | by Budget Committee |
| OPERATING EXPENDITURES BY DEPARTMENT | | | | | | |
| Administration | \$ 861,986 | \$ 1,089,846 | \$ 1,276,900 | \$ 1,140,367 | \$ 1,330,100 | \$ 1,330,100 |
| Municipal Court | 30,507 | 41,573 | 49,695 | 43,158 | 51,400 | 51,400 |
| Parks | 25,445 | 19,846 | 29,651 | 25,874 | 29,500 | 29,500 |
| Public Safety | 668,111 | 735,536 | 846,650 | 763,837 | 915,250 | 915,250 |
| Non-departmental | 39,776 | 8,084 | 98,670 | 15,000 | 101,730 | 101,730 |
| TOTAL OPERATING EXPENDITURES | \$ 1,625,825 | \$ 1,894,885 | \$ 2,301,566 | \$ 1,988,236 | \$ 2,427,980 | \$ 2,427,980 |
| Policy Reserve % | 15% | 18% | 20% | 20% | 23% | 23% |
| Policy Reserve Required | \$ 243,000 | \$ 341,000 | \$ 460,000 | \$ 397,000 | \$ 558,000 | \$ 558,000 |
| NONOPERATING EXPENDITURES BY DEPARTMENT | | | | | | |
| Administration | 5,726 | 5,803 | 9,000 | 9,000 | 9,000 | 9,000 |
| Public Safety | - | 117,823 | - | - | - | - |
| Non-departmental | 379,815 | 1,662,891 | 4,480,284 | 4,330,285 | 550,340 | 550,340 |
| TOTAL NONOPERATING EXPENDITURES | 385,541 | 1,786,517 | 4,489,284 | 4,339,285 | 559,340 | 559,340 |
| TOTAL BY DEPARTMENT | | | | | | |
| Administration | 867,712 | 1,095,649 | 1,285,900 | 1,149,367 | 1,339,100 | 1,339,100 |
| Municipal Court | 30,507 | 41,573 | 49,695 | 43,158 | 51,400 | 51,400 |
| Parks | 25,445 | 19,846 | 29,651 | 25,874 | 29,500 | 29,500 |
| Public Safety | 668,111 | 853,359 | 846,650 | 763,837 | 915,250 | 915,250 |
| Non-departmental | 419,591 | 1,670,975 | 4,578,954 | 4,345,285 | 652,070 | 652,070 |
| TOTAL EXPENDITURES | \$ 2,011,366 | \$ 3,681,402 | \$ 6,790,850 | \$ 6,327,521 | \$ 2,987,320 | \$ 2,987,320 |

| SUMMARY OF FULL-TIME EQUIVALENT EMPLOYEES BY DEPARTMENT | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET FOR 2025/2026 | |
|---|--------------------|-------------|-------------------------------|-------------|----------------------|---------------------|
| | Fiscal Year | Fiscal Year | Final Adopted | Estimated | Proposed | Approved |
| | 2022/2023 | 2023/2024 | Budget | Actuals | by Budget Officer | by Budget Committee |
| Administration | 4.30 | 4.60 | 4.00 | 4.00 | 5.50 | 5.50 |
| Municipal Court | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 | 0.40 |
| Parks | 0.16 | 0.12 | 0.09 | 0.09 | 0.10 | 0.10 |
| Public Safety | 4.00 | 4.00 | 4.00 | 4.00 | 4.25 | 4.25 |
| TOTAL GENERAL FUND FULL-TIME EQUIVALENT | 8.86 | 9.12 | 8.49 | 8.49 | 10.25 | 10.25 |



GENERAL FUND

Administration Department

Fiscal Year 2026 Annual Budget

Core Services

The Administration Department is responsible for providing oversight of all departments and ensuring the effective implementation of council policy goals and objectives.

Expenditures

The department is home to five and half (5.5) full-time equivalent employees. These positions include 100% of the City Manager(1) and Accounting Manager (1) positions, the Project Manager (1) position Short Term Rental Program Manager (1) in addition to a portion of the Assistant City Recorder (.6), Development Services Manager (.4) and Planning portion of the Planning and Building Permit Tech (.5).

Professional Services

Professional services are split between operational needs and any services towards implementing council goals and objectives. Approximately half of the professional service line item is associated with general operations and includes funding for an Information Technology Professional, Finance Advisor, City Attorney, City Planner, and the Auditor.

The other half of the Professional Service includes funds to develop and enhance policies and procedures, including new procedures to separate financial duties. Professional services also include the funding required for the Comprehensive Plan update and Housing Ordinance adoption, the development of a Municipal Code and a Salary Survey that the city conducts every four years.

Planning and Zoning Services

These reflect the costs for related to the review of certain land use applications by the city's contract planner. These funds are recovered through fees for service but are accounted for in the Administration Department budget.

Dues and Subscriptions

Reflect the costs associated with operations, including, but not limited to professional organization fees, financial software services, postage, technology related fees, bank services fees, copier lease fees.

Building Operations

Reflects costs associated with the new city hall facility and includes building operations costs that were formerly carried in the police station budget. This line item also includes costs associated with maintaining the existing police station and city hall building.

GENERAL FUND ADMINISTRATION DEPARTMENT (#110)

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|--|--------------------------|--------------------------|-------------------------------|----------------------|-------------------------------|---------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Adopted Budget | Estimated Actuals | Proposed by Budget Officer | Approved by Budget Committee |
| PERSONNEL SERVICES | | | | | | |
| Salaries & Wages | \$ 327,192 | \$ 358,639 | \$ 378,000 | 392,039 | 495,000 | 495,000 |
| Employee Benefits | 192,489 | 195,531 | 256,000 | 237,678 | 337,500 | 337,500 |
| TOTAL PERSONNEL SERVICES | \$ 519,681 | \$ 554,170 | \$ 634,000 | \$ 629,717 | \$ 832,500 | \$ 832,500 |
| <i># of Full Time Equivalent Positions</i> | <i>4.30</i> | <i>4.60</i> | <i>4.00</i> | <i>4.00</i> | <i>5.50</i> | <i>5.50</i> |
| MATERIALS & SERVICES | | | | | | |
| Contractual Services: | | | | | | |
| Professional Services | 268,193 | 436,780 | 525,000 | 400,000 | 350,000 | 350,000 |
| Planning & Zoning Services | 12,934 | 22,662 | 25,000 | 25,000 | 25,000 | 25,000 |
| Building: | | | | | | |
| Operations | 10,485 | 9,058 | 14,900 | 16,900 | 20,600 | 20,600 |
| Maintenance & Supplies | 1,579 | 36 | 4,000 | 4,000 | 4,000 | 4,000 |
| Advertising | 923 | 731 | 2,000 | 750 | 1,000 | 1,000 |
| Dues & Subscriptions | 28,134 | 32,632 | 42,000 | 35,000 | 60,000 | 60,000 |
| General Office Supplies | 8,049 | 11,818 | 9,000 | 10,500 | 13,000 | 13,000 |
| Travel & Training | 6,597 | 7,831 | 10,000 | 9,000 | 12,000 | 12,000 |
| Liability Insurance | 4,828 | 5,844 | 8,000 | 7,500 | 9,000 | 9,000 |
| Miscellaneous | 583 | 8,284 | 3,000 | 2,000 | 3,000 | 3,000 |
| TOTAL MATERIALS & SERVICES | 342,305 | 535,676 | 642,900 | 510,650 | 497,600 | 497,600 |
| CAPITAL OUTLAY | | | | | | |
| Office Equipment | 5,726 | 5,803 | 9,000 | 9,000 | 9,000 | 9,000 |
| TOTAL CAPITAL OUTLAY | 5,726 | 5,803 | 9,000 | 9,000 | 9,000 | 9,000 |
| ADMINISTRATION DEPARTMENT | \$ 867,712 | \$ 1,095,649 | \$ 1,285,900 | \$ 1,149,367 | \$ 1,339,100 | \$ 1,339,100 |



GENERAL FUND

Municipal Court Department

Fiscal Year 2026 Annual Budget

Core Services

The Municipal Court department manages all court related activities including processing citations, answering questions, and running a monthly court while maintaining documents and other related responsibilities. Personnel services include .4 FTE of the Assistant City Recorder position. Expenses also include a Municipal Judge and resources necessary for the functions associated specifically with the court division including financial software specific to court operations.

Expenditures

All expenditures remain consistent with prior year.

GENERAL FUND MUNICIPAL COURT DEPARTMENT (#130)

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|--|--------------------------|--------------------------|-------------------------------|--------------------|-------------------------------|---------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Adopted Budget | Estimated Total | Proposed by Budget Officer | Approved by Budget Committee |
| PERSONNEL SERVICES | | | | | | |
| Salaries & Wages | \$ 18,294 | \$ 23,180 | \$ 26,000 | 25,122 | 28,000 | 28,000 |
| Employee Benefits | 5,482 | 12,993 | 15,095 | 12,436 | 16,500 | 16,500 |
| TOTAL PERSONNEL SERVICES | 23,776 | 36,173 | 41,095 | 37,558 | 44,500 | 44,500 |
| <i># of Full Time Equivalent Positions</i> | <i>0.40</i> | <i>0.40</i> | <i>0.40</i> | <i>0.40</i> | <i>0.40</i> | <i>0.40</i> |
| MATERIALS & SERVICES | | | | | | |
| Contractual Services: | | | | | | |
| Municipal Judge | 4,400 | 4,400 | 5,200 | 4,400 | 5,200 | 5,200 |
| Other | - | - | 500 | - | 500 | 500 |
| Dues & Subscriptions | 2,331 | 987 | 2,500 | 1,000 | 1,000 | 1,000 |
| General Office Supplies | - | 13 | 400 | 200 | 200 | 200 |
| TOTAL MATERIALS & SERVICES | 6,731 | 5,400 | 8,600 | 5,600 | 6,900 | 6,900 |
| MUNICIPAL COURT DEPARTMENT | \$ 30,507 | \$ 41,573 | \$ 49,695 | \$ 43,158 | \$ 51,400 | \$ 51,400 |

GENERAL FUND

Parks Department

Fiscal Year 2026 Annual Budget

Core Services

The Parks Department includes funding to manage and maintain city parks. Personnel services cover a small portion of the Utility Worker positions in Public Works for parks maintenance. Materials and services are related specifically to grounds, building and vehicle maintenance.

Expenditures

All expenditures remain consistent with prior year.

GENERAL FUND PARKS DEPARTMENT (#135)

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|--|--------------------------|--------------------------|-------------------------------|--------------------|-------------------------------|---------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Adopted Budget | Estimated Total | Proposed by Budget Officer | Approved by Budget Committee |
| PERSONNEL SERVICES | | | | | | |
| Salaries & Wages | \$ 8,253 | \$ 6,384 | \$ 6,250 | \$ 5,235 | \$ 6,700 | \$ 6,700 |
| Employee Benefits | 8,563 | 4,079 | 5,901 | 3,639 | 6,300 | 6,300 |
| TOTAL PERSONNEL SERVICES | 16,816 | 10,463 | 12,151 | 8,874 | 13,000 | 13,000 |
| <i># of Full Time Equivalent Positions</i> | <i>0.16</i> | <i>0.12</i> | <i>0.09</i> | <i>0.09</i> | <i>0.10</i> | <i>0.10</i> |
| MATERIALS & SERVICES | | | | | | |
| Contractual Services: | | | | | | |
| Grounds Maintenance | 922 | 3,207 | 4,000 | 4,000 | 5,000 | 5,000 |
| Janitorial Supplies | 409 | 137 | 1,000 | 1,000 | 1,000 | 1,000 |
| Building: | | | | | | |
| Operations | 3,385 | 3,572 | 4,000 | 4,000 | 4,000 | 4,000 |
| Maintenance & Supplies | 1,149 | 274 | 3,000 | 3,000 | 1,500 | 1,500 |
| Vehicle Maintenance | 1,572 | 637 | 3,000 | 2,500 | 2,000 | 2,000 |
| Insurance | 1,192 | 1,556 | 2,500 | 2,500 | 3,000 | 3,000 |
| TOTAL MATERIALS & SERVICES | 8,629 | 9,383 | 17,500 | 17,000 | 16,500 | 16,500 |
| PARKS DEPARTMENT | \$ 25,445 | \$ 19,846 | \$ 29,651 | \$ 25,874 | \$ 29,500 | \$ 29,500 |

GENERAL FUND

Public Safety Department

Fiscal Year 2026 Annual Budget

Core Services

The Public Safety Department consists of a Police Chief a Police Sergeant, 2 Police Officers and includes the promotion of the Code Enforcement Officer to a certified Police Officer. The position will still focus on Code Enforcement but expands the Officers capability to respond to all calls and provide back up to other officers. The city provides limited coverage to Wheeler, Nehalem, and Nehalem Bay/Oswald West State Park by Intergovernmental Agreements. The Agreement with Oregon Parks and Recreation District is valid through 2028 and the Agreements with Wheeler and Nehalem are valid through June 2027.

Expenditures

Materials and services expenditures have increased to account for inflation and other cost increases. The only notable increase is related to vehicle maintenance and a slight increase in personnel for the new Police Officer position. The majority of that position is covered by the Tourism Fund as the focus is and will remain on tourism related code enforcement issues. Building operations costs have decreased due to the new Police Station being located in City Hall. Those costs are now accounted for in the Administration's budget. The Public Safety Department budget now includes the cost of a Police Vehicle for the Code Enforcement Police Officer.



GENERAL FUND PUBLIC SAFETY DEPARTMENT (#125)

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|--|--------------------------|--------------------------|-------------------------------|----------------------|-------------------------------|---------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Adopted Budget | Estimated Actuals | Proposed by Budget Officer | Approved by Budget Committee |
| PERSONNEL SERVICES | | | | | | |
| Salaries & Wages | \$ 363,450 | \$ 398,044 | \$ 429,000 | 414,966 | 464,000 | 464,000 |
| Employee Benefits | 243,205 | 271,262 | 320,650 | 264,371 | 352,000 | 352,000 |
| TOTAL PERSONNEL SERVICES | 606,655 | 669,306 | 749,650 | 679,337 | 816,000 | 816,000 |
| <i># of Full Time Equivalent Positions</i> | <i>4.00</i> | <i>4.00</i> | <i>4.00</i> | <i>4.00</i> | <i>4.25</i> | <i>4.25</i> |
| MATERIALS & SERVICES | | | | | | |
| Contractual Services: | | | | | | |
| Professional Services | 499 | 973 | 3,200 | 1,000 | 2,000 | 2,000 |
| Building: | | | | | | |
| Operations | 7,982 | 8,188 | 9,400 | 3,500 | 4,500 | 4,500 |
| Maintenance & Supplies | 1,217 | 272 | - | - | - | - |
| Safety Equipment & Supplies | 5,024 | 2,485 | 6,400 | 6,000 | 7,500 | 7,500 |
| Uniform & Clothing Allowance | 2,465 | 2,984 | 4,000 | 4,000 | 5,750 | 5,750 |
| Vehicle Maintenance | 14,363 | 14,638 | 27,500 | 22,500 | 27,500 | 27,500 |
| Dues & Subscriptions | 10,421 | 10,690 | 16,000 | 16,000 | 17,500 | 17,500 |
| General Office Supplies | 1,397 | 1,464 | 4,000 | 2,000 | 2,000 | 2,000 |
| Travel & Training | 6,442 | 5,168 | 10,000 | 10,000 | 10,000 | 10,000 |
| Liability Insurance | 11,406 | 13,348 | 16,000 | 19,000 | 22,000 | 22,000 |
| Miscellaneous | 240 | 6,020 | 500 | 500 | 500 | 500 |
| TOTAL MATERIALS & SERVICES | 61,456 | 66,230 | 97,000 | 84,500 | 99,250 | 99,250 |
| CAPITAL OUTLAY | | | | | | |
| Vehicles | - | 117,823 | - | - | - | - |
| TOTAL CAPITAL OUTLAY | - | 117,823 | - | - | - | - |
| PUBLIC SAFETY DEPARTMENT | \$ 668,111 | \$ 853,359 | \$ 846,650 | \$ 763,837 | \$ 915,250 | \$ 915,250 |
| Public Safety Reserve | | | | | | |
| Beginning Reserve Balance | \$ 107,148 | \$ 131,468 | \$ 73,480 | \$ 41,480 | \$ 73,480 | \$ 73,480 |
| Additions | 28,618 | 27,835 | 32,000 | 32,000 | 32,000 | 32,000 |
| Reductions (Expenses) | (4,298) | (117,823) | - | - | - | - |
| Ending Reserve Balance | \$ 131,468 | \$ 41,480 | \$ 105,480 | \$ 73,480 | \$ 105,480 | \$ 105,480 |

GENERAL FUND

Non-Departmental Department

Fiscal Year 2026 Annual Budget

Core Services

The Non-Departmental budget accounts for expenses which do not pertain to a specific department of the General Fund.

Expenditures

There are no personnel costs within this department, however, there are several key expenditures.

Emergency Preparedness

The city has traditionally dedicated \$10,000 in new funding each year, and includes any funds not spent in the previous fiscal year. The proposed budget continues this tradition. Staff estimate that only \$3,000 will remain at the end of the Fiscal Year. However, the proposed budget includes an increase in the annual contribution to the Emergency Volunteer Corps of Nehalem Bay from \$2,000 to \$4,000 to assist with additional insurance coverage and support, and a potential satellite service that could provide internet during emergencies if the city's systems go down. Therefore, \$16,000 is proposed for FY 25-26 to account for the roll over, the additional proposed items and the annual allocation of \$10,000. The remaining funds are for use by the city for the purchase of mobile emergency management equipment. Purchases from this fund are recommended by the Police Sergeant acting in his capacity as the city's Emergency Manager.

Debt Service

The debt service on Underhill Plaza is included in the Non-Departmental budget. The debt for city hall is also included in this department. Staff have included an estimate for the anticipated debt service for the current fiscal year however it is possible that the debt will not be refinanced until the next fiscal year. The City has chosen to carry this debt within the General Fund rather than establish a separate debt service fund. This is because the debt will be repaid directly from General Fund revenues, and there is no legal or practical requirement for separate accounting. Debt service funds are typically required when a General Obligation Bond is issued and property tax revenues must be specifically tracked and applied to the related debt service. This requirement does not apply to the City Hall debt.

Contingency

A contingency of \$100,000 is also included in the reserves. The undesignated reserve represents the remaining fund balance for General Funds that have not otherwise been allocated.

General Fund – Non-Departmental Department, Continued

**GENERAL FUND
NON-DEPARTMENTAL (#190)**

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|---|--------------------------|--------------------------|-------------------------------|---------------------|-------------------------------|---------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Adopted Budget | Estimated Total | Proposed by Budget Officer | Approved by Budget Committee |
| MATERIALS & SERVICES | | | | | | |
| CDBG Housing Grant Distribution | \$ - | \$ - | \$ 80,670 | \$ - | \$ 85,730 | \$ 85,730 |
| Emergency Preparedness | 38,985 | 8,084 | 18,000 | 15,000 | 16,000 | 16,000 |
| Dues & Subscriptions (Citywide) | 791 | - | - | - | - | - |
| TOTAL MATERIALS & SERVICES | 39,776 | 8,084 | 98,670 | 15,000 | 101,730 | 101,730 |
| DEBT SERVICE | | | | | | |
| City Hall ¹ | - | - | - | - | 295,000 | 295,000 |
| Underhill Plaza ² | - | - | 155,340 | 155,340 | 155,340 | 155,340 |
| TOTAL DEBT SERVICE | - | - | 155,340 | 155,340 | 450,340 | 450,340 |
| TRANSFERS TO OTHER FUNDS | | | | | | |
| Building Fund (Moved out of General Fund) | 268,615 | - | - | - | - | - |
| City Hall Expansion Fund | - | 1,510,056 | 4,074,944 | 4,074,944 | - | - |
| Transportation Fund | 80,000 | 100,000 | 100,000 | 100,000 | - | - |
| SDC Stormwater | 5,000 | 25,000 | - | - | - | - |
| Public Safety Reserve Fund | 26,200 | 27,835 | - | - | - | - |
| TOTAL TRANSFERS OUT | 379,815 | 1,662,891 | 4,174,944 | 4,174,944 | - | - |
| CONTINGENCY | | | | | | |
| Contingency | - | - | 150,000 | - | 100,000 | 100,000 |
| TOTAL CONTINGENCY | - | - | 150,000 | - | 100,000 | 100,000 |
| NON-DEPARTMENTAL | \$ 419,591 | \$ 1,670,975 | \$ 4,578,954 | \$ 4,345,284 | \$ 652,070 | \$ 652,070 |

¹ Debt Service for City Hall Expansion begins in this budget based on completing the project in early FY26.

² Debt Service for Underhill was previously recorded in the City Hall Expansion Fund. The debt service payments were moved to the General Fund in the prior

| CDBG Reserve | | | | | | | | | | | | |
|-------------------------------|-----------|----------------|-----------|----------------|-----------|---------------|-----------|----------------|-----------|---------------|-----------|---------------|
| Beginning Reserve Balance | \$ | 109,275 | \$ | 110,660 | \$ | 110,670 | \$ | 115,730 | \$ | 115,730 | \$ | 115,730 |
| Additions | | 1,385 | | 5,070 | | - | | - | | - | | - |
| Reductions (Expenses) | | - | | - | | (80,670) | | - | | (85,730) | | (85,730) |
| Ending Reserve Balance | \$ | 110,660 | \$ | 115,730 | \$ | 30,000 | \$ | 115,730 | \$ | 30,000 | \$ | 30,000 |

TRANSPORTATION FUND

Fiscal Year 2026 Annual Budget

Core Services

The Transportation Fund is a dedicated special revenue fund that restricts the use of revenues to the maintenance, repairs or construction of roads.

Revenue

Revenue for this fund is generated from multiple sources, including state motor vehicle fuel taxes and a franchise agreement with Tillamook PUD. Motor vehicle fuel taxes are distributed to all cities in Oregon on a per capita basis.

In addition to intergovernmental revenue, the Transportation Fund relies on a transfer from the General Fund to subsidize ongoing operational costs. There were sufficient carryover funds from last Fiscal Year from cost savings related to the Dorcas Street Project in the Transportation fund to support expenditures in the current fiscal year, so there is not a transfer from the General Fund included in this year's budget. In the current budget, the City is also expected to receive a grant from the State of Oregon to support the Classic Street Connection Project. Only a portion of the total grant proceeds will be accounted for in this fund. Additional details about the Classic Street Connection Project can be found in the City's Capital Improvement Plan.

Expenditures

Expenditures related to Transportation Fund include a decrease in personnel services from .90 to .65 FTE to reflect the limited time staff spends on road maintenance and projects. Road maintenance supplies include a one time increase to build up reserves for essential materials specifically street signs. The capital outlay includes the estimated costs for all of the road, and portion of the stormwater infrastructure included in the Classic Street Connection project. Additional details of how those improvements are structured can be found in the City's Capital Improvement Plan.



TRANSPORTATION FUND

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|--|--------------------------|--------------------------|-------------------------------|----------------------|-------------------------------|---------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Final Adopted Budget | Estimated Actuals | Proposed by Budget Officer | Approved by Budget Committee |
| RESOURCES | | | | | | |
| BEGINNING FUND BALANCE | \$ 736,404 | \$ 735,102 | \$ 415,144 | \$ 509,721 | \$ 652,600 | \$ 652,600 |
| Fees & Charges: | | | | | | |
| Franchise & Utility Agreements | 87,543 | 96,633 | 85,000 | 95,000 | 90,000 | 90,000 |
| Permit Fees | 2,830 | 2,660 | 3,000 | 11,000 | 3,000 | 3,000 |
| Intergovernmental | 47,966 | 49,751 | 1,592,000 | 261,880 | 2,029,360 | 2,029,360 |
| Interest | 11,976 | 23,182 | 2,000 | 19,000 | 10,000 | 10,000 |
| Miscellaneous | - | 14,544 | 1,000 | 500 | 500 | 500 |
| Transfers from Other Funds | 80,000 | 100,000 | 100,000 | 100,000 | - | - |
| TOTAL RESOURCES | 966,719 | 1,021,872 | 2,198,144 | 997,101 | 2,785,460 | 2,785,460 |
| REQUIREMENTS | | | | | | |
| PERSONNEL SERVICES | | | | | | |
| Salaries & Wages | 43,756 | 46,787 | 55,000 | 45,350 | 45,000 | 45,000 |
| Employee Benefits | 37,435 | 33,921 | 47,134 | 35,010 | 42,000 | 42,000 |
| TOTAL PERSONNEL SERVICES | 81,191 | 80,708 | 102,134 | 80,360 | 87,000 | 87,000 |
| <i># of Full Time Equivalent Positions</i> | <i>0.85</i> | <i>0.90</i> | <i>0.90</i> | <i>0.90</i> | <i>0.65</i> | <i>0.65</i> |
| MATERIALS & SERVICES | | | | | | |
| Contractual Services: | | | | | | |
| Street Lighting | 7,308 | 7,308 | 8,500 | 8,500 | 8,500 | 8,500 |
| Other | 6,919 | 1,800 | 20,000 | 6,000 | 20,000 | 20,000 |
| Road Maintenance: | | | | | | |
| Supplies | 6,046 | 11,773 | 30,000 | 10,000 | 20,000 | 20,000 |
| Signage | 1,898 | 2,102 | 3,500 | 3,500 | 8,500 | 8,500 |
| Building: | | | | | | |
| Operations | - | 2,550 | 5,000 | 2,500 | 3,000 | 3,000 |
| Uniform & Clothing Allowance | 222 | - | 1,200 | 1,200 | 1,200 | 1,200 |
| Vehicle Maintenance | 8,385 | 6,926 | 8,000 | 4,000 | 8,200 | 8,200 |
| Travel & Training | - | 72 | 1,000 | 500 | 500 | 500 |
| Liability Insurance | 2,038 | 2,407 | 3,500 | 2,024 | 2,400 | 2,400 |
| Miscellaneous | 10 | 85 | 500 | 337 | 500 | 500 |
| TOTAL MATERIALS & SERVICES | 32,826 | 35,023 | 81,200 | 38,561 | 72,800 | 72,800 |
| CAPITAL OUTLAY | | | | | | |
| Infrastructure | 108,900 | 387,720 | 1,788,000 | 216,880 | 2,145,365 | 2,145,365 |
| TOTAL CAPITAL OUTLAY | 108,900 | 387,720 | 1,788,000 | 216,880 | 2,145,365 | 2,145,365 |
| PROGRAM REQUIREMENTS | | | | | | |
| Transfers to Public Works Reserve Fund | 8,700 | 8,700 | 8,700 | 8,700 | - | - |
| Contingency | - | - | 20,000 | - | 100,000 | 100,000 |
| TOTAL PROGRAM REQUIREMENTS | 8,700 | 8,700 | 28,700 | 8,700 | 100,000 | 100,000 |
| Unappropriated Ending Fund Balance | 735,102 | 509,721 | 198,110 | 652,600 | 380,295 | 380,295 |
| TOTAL REQUIREMENTS | \$ 966,719 | \$ 1,021,872 | \$ 2,198,144 | \$ 997,101 | \$ 2,785,460 | \$ 2,785,460 |

BUILDING FUND

Fiscal Year 2026 Annual Budget

Core Services

The Building Fund is a dedicated special revenue fund used support the administration and enforcement of the State of Oregon Building Codes for all construction within city limits. This includes residential and commercial inspections, plan reviews, and code enforcement activities. The fund operates under the authority of ORS 455.210(3)(c), which restricts the use of revenues to the direct support of the building inspection program.

Revenue

Revenue for this fund is generated through building permit and plan review fees. These revenues are restricted and must be used exclusively to fund the building inspection program. All activities supported by this fund are focused on ensuring compliance with state-mandated building, mechanical, plumbing, and related codes.

Expenditures

Expenditures within the Building Fund support .6 FTE of the Development Services Manager, who also serves as the city's certified Building Official. In this dual role, the manager performs inspections, reviews building plans, and provides technical oversight of all building-related services. The current year budget includes filling the Planning and Building Permit Technician position. Of that position .5 FTE will be funded by the Building Fund for Building related activities that will constitute half of that person's position.

The budget includes resources for necessary materials, supplies, and services essential to administer the city's building program. Contracted services are also budgeted to ensure continuity of inspections and plan reviews in the event that backup support or for commercial review of plans needed.

A transfer to the General Fund is included to account for administrative overhead and citywide support services provided by city staff in support of the Building Fund.



BUILDING FUND

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|--|--------------------------|--------------------------|-------------------------------|----------------------|-------------------------------|---------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Final Adopted Budget | Estimated Actuals | Proposed by Budget Officer | Approved by Budget Committee |
| RESOURCES | | | | | | |
| BEGINNING FUND BALANCE | \$ - | \$ 260,587 | \$ 186,439 | \$ 262,345 | \$ 281,780 | \$ 281,780 |
| Fees & Charges | 196,930 | 191,377 | 293,991 | 293,991 | 194,000 | 194,000 |
| Interest | - | - | 1,000 | 9,500 | 5,000 | 5,000 |
| Miscellaneous | - | - | 4,580 | 4,580 | - | - |
| Transfers from Other Funds | 281,115 | 4,580 | - | - | - | - |
| TOTAL RESOURCES | 478,045 | 456,544 | 486,010 | 570,416 | 480,780 | 480,780 |
| REQUIREMENTS | | | | | | |
| PERSONNEL SERVICES | | | | | | |
| Salaries & Wages | 87,785 | 71,997 | 70,000 | 69,350 | 96,000 | 96,000 |
| Employee Benefits | 59,207 | 42,011 | 48,034 | 41,946 | 73,000 | 73,000 |
| TOTAL PERSONNEL SERVICES | 146,992 | 114,008 | 118,034 | 111,296 | 169,000 | 169,000 |
| <i># of Full Time Equivalent Positions</i> | <i>1.30</i> | <i>1.25</i> | <i>0.80</i> | <i>0.80</i> | <i>1.10</i> | <i>1.10</i> |
| MATERIALS & SERVICES | | | | | | |
| Contractual Services: | | | | | | |
| Assessments | 21,393 | 14,257 | 20,000 | 15,000 | 20,000 | 20,000 |
| Inspections & Code Review | 1,873 | 26,244 | 133,991 | 133,990 | 5,000 | 5,000 |
| Other | 892 | 1,053 | 5,000 | - | 1,000 | 1,000 |
| Building: | | | | | | |
| Operations | 1,704 | 1,886 | 3,000 | 1,750 | - | - |
| Uniform & Clothing Allowance | - | 1,425 | 1,500 | 200 | - | - |
| Vehicle Maintenance | 3,887 | 3,384 | 3,000 | 3,000 | 2,000 | 2,000 |
| Dues & Subscriptions | 2,900 | 2,020 | 4,000 | - | 500 | 500 |
| General Office Supplies | 1,818 | 1,692 | 2,000 | 500 | - | - |
| Travel & Training | 814 | - | 2,000 | - | 2,000 | 2,000 |
| Liability Insurance | - | 310 | 1,000 | 425 | 500 | 500 |
| Miscellaneous | 4,578 | 588 | - | - | - | - |
| TOTAL MATERIALS & SERVICES | 39,859 | 52,859 | 175,491 | 154,865 | 31,000 | 31,000 |
| CAPITAL OUTLAY | | | | | | |
| Equipment | 14,396 | - | - | - | - | - |
| TOTAL CAPITAL OUTLAY | 14,396 | - | - | - | - | - |
| PROGRAM REQUIREMENTS | | | | | | |
| Transfers to Other Funds | 16,211 | - | - | - | - | - |
| Transfers to General Fund (Indirect Costs) | - | 27,332 | 22,475 | 22,475 | 25,040 | 25,040 |
| Contingency | - | - | 20,000 | - | 20,000 | 20,000 |
| TOTAL PROGRAM REQUIREMENTS | 16,211 | 27,332 | 42,475 | 22,475 | 45,040 | 45,040 |
| Unappropriated Ending Fund Balance | 260,587 | 262,345 | 150,010 | 281,780 | 235,740 | 235,740 |
| TOTAL REQUIREMENTS | \$ 478,045 | \$ 456,544 | \$ 486,010 | \$ 570,416 | \$ 480,780 | \$ 480,780 |

TOURISM FUND

Fiscal Year 2026 Annual Budget

Core Services

The Tourism Fund is a dedicated special revenue fund that is restricted for tourism-related activities of the City.

Revenue

Revenue for this fund is generated from transient lodging tax collections. Currently the city collects a 9% TLT of which 2% of that is subject to ORS 320.300 which requires that 70% of that revenue must be used exclusively for tourism promotion and tourist-related facilities.

Expenditures

Expenditures from the Tourism Fund support full-time equivalent (FTE) positions responsible for maintenance, operations of visitor facilities, and related code enforcement activities. The proposed budget includes an increase in staffing from 1.36 FTE to 1.60 FTE to account for the dedication of a public work staff person to the maintenance of the City's tourist facilities including an increase in public restrooms once the new City Hall facility opens

Additional expenditures include ongoing debt service associated with the construction of the City's visitor center. In late 2012, the City purchased a residential property, to develop a new visitor center in January 2014. The site also includes public restrooms with improved accessibility. To finance this project, the City issued a \$575,000 Full Faith and Credit Obligation Note with a 15-year term. Final payment is scheduled for Fiscal Year 2027–2028.



TOURISM FUND

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|--|--------------------------|--------------------------|-------------------------------|----------------------|-------------------------------|---------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Final Adopted Budget | Estimated Actuals | Proposed by Budget Officer | Approved by Budget Committee |
| RESOURCES | | | | | | |
| BEGINNING FUND BALANCE | \$ 441,790 | \$ 585,558 | \$ 590,182 | \$ 649,663 | \$ 684,890 | \$ 684,890 |
| Transient Lodging Tax | 289,983 | 285,877 | 240,000 | 285,000 | 285,000 | 285,000 |
| Interest | 3,701 | 6,387 | 2,000 | 23,000 | 15,000 | 15,000 |
| TOTAL RESOURCES | 735,474 | 877,822 | 832,182 | 957,663 | 984,890 | 984,890 |
| REQUIREMENTS | | | | | | |
| PERSONNEL SERVICES | | | | | | |
| Salaries & Wages | 15,771 | 76,407 | 84,000 | 77,291 | 101,000 | 101,000 |
| Employee Benefits | 11,103 | 34,114 | 55,381 | 42,082 | 66,500 | 66,500 |
| TOTAL PERSONNEL SERVICES | 26,874 | 110,521 | 139,381 | 119,373 | 167,500 | 167,500 |
| <i># of Full Time Equivalent Positions</i> | <i>0.79</i> | <i>1.48</i> | <i>1.36</i> | <i>1.36</i> | <i>1.60</i> | <i>1.60</i> |
| MATERIALS & SERVICES | | | | | | |
| Contractual Services: | | | | | | |
| Professional Services | 41,903 | 43,406 | 55,000 | 50,000 | 50,000 | 50,000 |
| Other | 11,350 | 170 | - | - | - | - |
| Tourism Grants | - | 5,961 | 20,000 | 18,000 | 20,000 | 20,000 |
| Building: | | | | | | |
| Operations | 3,067 | 3,698 | 4,000 | 4,000 | 4,200 | 4,200 |
| Operating Materials & Supplies | 10,097 | 8,565 | 40,000 | 25,000 | 40,000 | 40,000 |
| General Office Supplies | 300 | 539 | 2,000 | 500 | 500 | 500 |
| TOTAL MATERIALS & SERVICES | 66,717 | 62,339 | 121,000 | 97,500 | 114,700 | 114,700 |
| PROGRAM REQUIREMENTS | | | | | | |
| Debt Service: Visitors Center | 50,868 | 50,868 | 50,900 | 50,900 | 50,900 | 50,900 |
| Capital Outlay | 5,457 | 4,431 | 5,000 | 5,000 | 5,000 | 5,000 |
| Contingency | - | - | 5,000 | - | 5,000 | 5,000 |
| TOTAL PROGRAM REQUIREMENTS | 56,325 | 55,299 | 60,900 | 55,900 | 60,900 | 60,900 |
| Unappropriated Ending Fund Balance | 585,558 | 649,663 | 510,901 | 684,890 | 641,790 | 641,790 |
| TOTAL REQUIREMENTS | \$ 735,474 | \$ 877,822 | \$ 832,182 | \$ 957,663 | \$ 984,890 | \$ 984,890 |

CITY HALL EXPANSION FUND

Fiscal Year 2026 Annual Budget

Core Services

The City Hall Expansion Fund is a temporary Capital Project Fund established to track the sources and capital expenditures associated with the construction of the new City Hall.

Revenue

This fund does not generate revenue directly. Instead, it is supported by transfers from the General Fund, which include proceeds from the sale of the former City Hall, excess cash designated for the new facility, and debt proceeds.

Expenditures

Expenditures in the current fiscal year are entirely capital-related. Upon completion of the project, any remaining fund balance is expected to be transferred back to the General Fund, and the City Hall Expansion Fund will be closed.

CITY HALL EXPANSION FUND

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|---------------------------------------|--------------------------|--------------------------|-------------------------------|----------------------|-------------------------------|---------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Final Adopted Budget | Estimated Actuals | Proposed by Budget Officer | Approved by Budget Committee |
| RESOURCES | | | | | | |
| BEGINNING FUND BALANCE | \$ 623,161 | \$ 251,483 | \$ 262,731 | \$ 262,731 | \$ 47,725 | \$ 47,725 |
| Intergovernmental | - | 60,000 | 75,000 | 75,000 | - | - |
| Interest | 1,426 | 2,491 | 1,908 | 25,050 | - | - |
| Transfers from Other Funds | - | 1,510,056 | 4,074,944 | 4,074,944 | - | - |
| TOTAL RESOURCES | 624,587 | 1,824,030 | 4,414,583 | 4,437,725 | 47,725 | 47,725 |
| REQUIREMENTS | | | | | | |
| MATERIALS & SERVICES | | | | | | |
| Contractual Services: | | | | | | |
| Professional Contracted | 58,256 | 377,221 | 20,000 | 20,000 | - | - |
| Other | 154,217 | 8,933 | 10,000 | 10,000 | - | - |
| Miscellaneous | 5,299 | - | - | - | - | - |
| TOTAL MATERIALS & SERVICES | 217,772 | 386,154 | 30,000 | 30,000 | - | - |
| Capital Outlay | - | 1,019,813 | 4,260,000 | 4,260,000 | - | - |
| Debt Service | 155,332 | 155,332 | - | - | - | - |
| Transfers to General Funds | - | - | - | - | 47,725 | 47,725 |
| Contingency | - | - | 100,000 | 100,000 | - | - |
| TOTAL PROGRAM REQUIREMENTS | 155,332 | 1,175,145 | 4,360,000 | 4,360,000 | 47,725 | 47,725 |
| Unappropriated Ending Fund Balance | 251,483 | 262,731 | 24,583 | 47,725 | - | - |
| TOTAL REQUIREMENTS | \$ 624,587 | \$ 1,824,030 | \$ 4,414,583 | \$ 4,437,725 | \$ 47,725 | \$ 47,725 |

Fund Closes in FY 2026



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SYSTEM DEVELOPMENT CHARGES FUND

Fiscal Year 2026 Annual Budget

Core Services

The System Development Charges (SDC) Fund is established under state statute to account for revenues collected from building permit fees related to new homes or businesses. These developments place additional demand on public infrastructure, requiring system expansions to accommodate increased usage.

Revenue

The City collects SDC revenue from three sources: Water, Stormwater, and Parks. Each revenue stream is tracked and maintained separately through subsidiary funds, rather than by department. While each source is restricted by the type of system it supports, all SDC revenues are eligible to earn interest.

To support efficient financial reporting and streamline the annual audit process, these subsidiary funds are rolled into a single SDC Fund for presentation purposes. This consolidated approach provides a comprehensive view of all SDC activity across the City.

Expenditures

Expenditures from the SDC Fund are restricted to capital projects that expand or improve the specific systems for which the revenues were collected. Funds must be used in alignment with their designated purpose, as defined by state law and the City's adopted SDC methodology.

The capital outlay funds included in the Water and Stormwater SDC funds are for the Classic Street Connection. There are additional funds in the Water SDC fund for the design and engineering portion of a replacement and expansion of infrastructure project on highway 101. More information can be found in the City's Capital Improvement Plan.



SYSTEM DEVELOPMENT CHARGES FUND

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|------------------------------------|-----------------------|-----------------------|-------------------------------|---------------------|----------------------------|------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Final Adopted Budget | Estimated Actuals | Proposed by Budget Officer | Approved by Budget Committee |
| RESOURCES | | | | | | |
| BEGINNING FUND BALANCE | \$ 3,516,585 | \$ 2,841,172 | \$ 2,617,872 | \$ 2,892,886 | \$ 3,061,435 | \$ 3,061,435 |
| System Development Charges | | | | | | |
| Water | 75,900 | 131,097 | 69,000 | 130,715 | 80,000 | 80,000 |
| Stormwater | 1,914 | 24,134 | 17,140 | 29,000 | 15,000 | 15,000 |
| Parks | 600 | 780 | 600 | 930 | 600 | 600 |
| Interest | 61,478 | 106,779 | 6,050 | 94,904 | 47,700 | 47,700 |
| Transfers from Other Funds | 5,000 | 25,000 | - | - | - | - |
| TOTAL RESOURCES | 3,661,477 | 3,128,962 | 2,710,662 | 3,148,435 | 3,204,735 | 3,204,735 |
| REQUIREMENTS | | | | | | |
| Materials & Services | 15,837 | 5,326 | 47,000 | - | 42,000 | 42,000 |
| Capital Outlay | 804,468 | 230,750 | 630,340 | 87,000 | 869,100 | 869,100 |
| Contingency | - | - | 20,000 | - | 20,000 | 20,000 |
| TOTAL PROGRAM REQUIREMENTS | 820,305 | 236,076 | 697,340 | 87,000 | 931,100 | 931,100 |
| Unappropriated Ending Fund Balance | 2,841,172 | 2,892,886 | 2,013,322 | 3,061,435 | 2,273,635 | 2,273,635 |
| TOTAL REQUIREMENTS | \$ 3,661,477 | \$ 3,128,962 | \$ 2,710,662 | \$ 3,148,435 | \$ 3,204,735 | \$ 3,204,735 |

SYSTEM DEVELOPMENT CHARGES - WATER

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|------------------------------------|-----------------------|-----------------------|-------------------------------|---------------------|----------------------------|------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Final Adopted Budget | Estimated Actuals | Proposed by Budget Officer | Approved by Budget Committee |
| RESOURCES | | | | | | |
| BEGINNING FUND BALANCE | \$ 3,282,854 | \$ 2,807,069 | \$ 2,551,069 | \$ 2,810,575 | \$ 2,946,290 | \$ 2,946,290 |
| System Development Charges | 75,900 | 131,097 | 69,000 | 130,715 | 80,000 | 80,000 |
| Interest | 59,406 | 103,159 | 6,000 | 92,000 | 47,000 | 47,000 |
| TOTAL RESOURCES | 3,418,160 | 3,041,325 | 2,626,069 | 3,033,290 | 3,073,290 | 3,073,290 |
| REQUIREMENTS | | | | | | |
| Materials & Services | - | - | 42,000 | - | 42,000 | 42,000 |
| Capital Outlay | 611,091 | 230,750 | 630,340 | 87,000 | 787,920 | 787,920 |
| Contingency | - | - | 20,000 | - | 20,000 | 20,000 |
| TOTAL PROGRAM REQUIREMENTS | 611,091 | 230,750 | 692,340 | 87,000 | 849,920 | 849,920 |
| Unappropriated Ending Fund Balance | 2,807,069 | 2,810,575 | 1,933,729 | 2,946,290 | 2,223,370 | 2,223,370 |
| TOTAL REQUIREMENTS | \$ 3,418,160 | \$ 3,041,325 | \$ 2,626,069 | \$ 3,033,290 | \$ 3,073,290 | \$ 3,073,290 |

SYSTEM DEVELOPMENT CHARGES - STORMWATER

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|------------------------------------|-----------------------|-----------------------|-------------------------------|-------------------|----------------------------|------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Final Adopted Budget | Estimated Actuals | Proposed by Budget Officer | Approved by Budget Committee |
| RESOURCES | | | | | | |
| BEGINNING FUND BALANCE | \$ 209,597 | \$ 8,906 | \$ 40,606 | \$ 55,526 | \$ 86,530 | \$ 86,530 |
| System Development Charges | 1,914 | 24,134 | 17,140 | 29,000 | 15,000 | 15,000 |
| Interest | 1,609 | 2,812 | - | 2,004 | 200 | 200 |
| Transfers from Other Funds | 5,000 | 25,000 | - | - | - | - |
| TOTAL RESOURCES | 218,120 | 60,852 | 57,746 | 86,530 | 101,730 | 101,730 |
| REQUIREMENTS | | | | | | |
| Materials & Services | 15,837 | 5,326 | 5,000 | - | - | - |
| Capital Outlay | 193,377 | - | - | - | 81,180 | 81,180 |
| TOTAL PROGRAM REQUIREMENTS | 209,214 | 5,326 | 5,000 | - | 81,180 | 81,180 |
| Unappropriated Ending Fund Balance | 8,906 | 55,526 | 52,746 | 86,530 | 20,550 | 20,550 |
| TOTAL REQUIREMENTS | \$ 218,120 | \$ 60,852 | \$ 57,746 | \$ 86,530 | \$ 101,730 | \$ 101,730 |

SYSTEM DEVELOPMENT CHARGES - PARKS

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|------------------------------------|-----------------------|-----------------------|-------------------------------|-------------------|----------------------------|------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Final Adopted Budget | Estimated Actuals | Proposed by Budget Officer | Approved by Budget Committee |
| RESOURCES | | | | | | |
| BEGINNING FUND BALANCE | \$ 24,134 | \$ 25,197 | \$ 26,197 | \$ 26,785 | \$ 28,615 | \$ 28,615 |
| System Development Charges | 600 | 780 | 600 | 930 | 600 | 600 |
| Interest | 463 | 808 | 50 | 900 | 500 | 500 |
| TOTAL RESOURCES | 25,197 | 26,785 | 26,847 | 28,615 | 29,715 | 29,715 |
| Unappropriated Ending Fund Balance | 25,197 | 26,785 | 26,847 | 28,615 | 29,715 | 29,715 |
| TOTAL REQUIREMENTS | \$ 25,197 | \$ 26,785 | \$ 26,847 | \$ 28,615 | \$ 29,715 | \$ 29,715 |



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PUBLIC WORKS RESERVE FUND

Fiscal Year 2026 Annual Budget

Core Services

The Public Works Reserve Fund is a dedicated special revenue fund that restricts the use proceeds to the purchase of vehicles and equipment for the maintenance of water and storm drainage systems, as well as streets and park maintenance. This fund is authorized under ORS 294.525(1) and was established by the City through Ordinance 01-02, with renewal by Resolution 22-17b.

Revenue

Revenue for this fund is generated through annual transfers from the Transportation Fund and Water Utility Fund.

Expenditures

Expenditures include capital outlay to replace an obsolete Public Works pickup truck with new service body utility truck.

PUBLIC WORKS RESERVE FUND

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|------------------------------------|--------------------------|--------------------------|-------------------------------|----------------------|-------------------------------|---------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Final Adopted Budget | Estimated Actuals | Proposed by Budget Officer | Approved by Budget Committee |
| RESOURCES | | | | | | |
| BEGINNING FUND BALANCE | \$ 144,775 | \$ 159,663 | \$ 176,663 | \$ 188,111 | \$ 211,875 | \$ 211,875 |
| Interest | 1,571 | 2,748 | 200 | 7,000 | 3,500 | 3,500 |
| Proceeds from Sale of Assets | 9,112 | - | 17,000 | - | - | - |
| Transfers from Other Funds | 25,596 | 25,700 | 25,700 | 25,700 | 20,000 | 20,000 |
| TOTAL RESOURCES | 181,054 | 188,111 | 219,563 | 220,811 | 235,375 | 235,375 |
| REQUIREMENTS | | | | | | |
| CAPITAL OUTLAY | | | | | | |
| Equipment | 21,391 | - | 20,000 | 8,936 | 75,000 | 75,000 |
| TOTAL CAPITAL OUTLAY | 21,391 | - | 20,000 | 8,936 | 75,000 | 75,000 |
| Unappropriated Ending Fund Balance | 159,663 | 188,111 | 199,563 | 211,875 | 160,375 | 160,375 |
| TOTAL REQUIREMENTS | \$ 181,054 | \$ 188,111 | \$ 219,563 | \$ 220,811 | \$ 235,375 | \$ 235,375 |



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WATER UTILITY FUND

Fiscal Year 2026 Annual Budget

Core Services

The Water Utility Fund is a proprietary fund that provides residents with potable water to support public health and sanitation. Services include meter installation, repair, system maintenance, and compliance with state and federal water quality regulations. The Fund is comprised of two departments:

Operations Department

This department captures the administrative and operational components of the Water Utility Fund, including routine maintenance and repair of the City's water distribution system, billing, customer service, and general oversight.

Well Field & Transmission Lines (WFTL) Department

This department is responsible for routine facility repairs and the maintenance of the City's water transmission infrastructure.

Revenue

The City collects a monthly base rate from residential users within City limits. A 2023 rate study recommended annual rate adjustment based on the Consumer Price Index (CPI). These recommended adjustments are included in the Master Fee Schedule and are subject to City Council review and adoption. City Council may elect to waive the CPI adjustment at their discretion prior to adopting the schedule. For FY 2024-2025 City Council waived the CPI adjustment, but adopted them for the 2025-2026 FY.

The City of Manzanita and the City of Wheeler share the responsibility for the operation and maintenance of water system wells and transmission lines. The City of Wheeler is currently named on the water right permit, and under a 2006 intergovernmental agreement with Wheeler, the City of Manzanita is responsible for staffing and oversight of the shared well site. Wheeler contributes a proportionate share of operational and personnel expenses of the shared transmission system, including those related to the staff member serving as the Direct Responsible Charge (DRC), as required by the State of Oregon. The Public Works Director currently serves in this DRC role.

The Water Utility Fund will also receive and expend a portion of the state grant awarded for the Classic Street Connection Project for a portion of the water system improvements associated with the project.

Expenditures

Expenditures within the Operations Department include salary adjustments for utility workers, reflecting the proportionate share of staff time allocated across the Water Utility, Transportation, Tourism, and Parks departments. Capital outlay in this department includes costs related to the Classic Street Connection Project, design and engineering of the Highway 101 Project, improvements to the public works facility, the replacement of a generator for the city's reservoir. The expenditures related to the Classic Street Connection Project are offset by corresponding state grant revenue. Additional capital projects include ongoing system maintenance, such as upgrades to the treatment plant, improvements to the distribution system, meter replacements, and fire hydrant replacements.

Expenditures in the Well Field & Transmission Lines (WFTL) Department represent routine maintenance costs for the well site and transmission infrastructure. These costs are shared with the City of Wheeler based on a cost-sharing formula outlined in the intergovernmental agreement (IGA) between the two cities.

A transfer to the General Fund to account for administrative overhead and citywide support services provided by city staff in support of the Water Utility Fund. Additionally, there is a transfer to the Public Works Reserve Fund to set money aside for future replacement of vehicles and/or equipment.

WATER UTILITY FUND

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|---------------------------------------|-----------------------|-----------------------|-------------------------------|---------------------|----------------------------|------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Final Adopted Budget | Estimated Actuals | Proposed by Budget Officer | Approved by Budget Committee |
| RESOURCES | | | | | | |
| BEGINNING FUND BALANCE | \$ 454,017 | \$ 597,799 | \$ 771,994 | \$ 1,168,107 | \$ 1,505,090 | \$ 1,505,090 |
| Fees & Charges | | | | | | |
| Water Collections | 1,096,051 | 1,516,226 | 1,600,000 | 1,600,000 | 1,660,000 | 1,660,000 |
| Meter Installations | 9,960 | 14,940 | 9,130 | 23,300 | 12,000 | 12,000 |
| Water Sales | - | 43,098 | - | 4,000 | 1,000 | 1,000 |
| Intergovernmental: | | | | | | |
| State of Oregon Grant | 24,285 | - | - | - | - | - |
| FEMA Reservoir Research Grant | 13,836 | - | - | - | - | - |
| Other | - | - | 1,168,000 | 136,736 | 371,020 | 371,020 |
| Interest | 39,232 | 68,676 | 7,000 | 40,000 | 20,000 | 20,000 |
| Miscellaneous | 13,883 | 11,397 | 4,000 | 2,800 | 2,000 | 2,000 |
| TOTAL RESOURCES | 1,651,264 | 2,252,136 | 3,560,124 | 2,974,943 | 3,571,110 | 3,571,110 |
| EXPENDITURES BY CATEGORY | | | | | | |
| Personnel Services | 446,911 | 463,732 | 655,407 | 525,102 | 643,710 | \$ 643,710 |
| Materials & Services | 247,622 | 237,656 | 512,700 | 411,658 | 617,900 | 617,900 |
| Debt Service | 170,356 | 173,056 | 180,000 | 180,000 | 180,000 | 180,000 |
| Contingency | - | - | - | - | 25,000 | 25,000 |
| Transfers to Other Funds | 185,246 | 208,000 | 216,357 | 216,357 | 234,020 | 234,020 |
| TOTAL EXPENDITURES BY CATEGORY | 1,053,465 | 1,084,029 | 2,735,964 | 1,469,853 | 2,225,630 | 2,225,630 |
| Unappropriated Ending Fund Balance | 597,799 | 1,168,107 | 824,160 | 1,505,090 | 1,345,480 | 1,345,480 |
| TOTAL REQUIREMENTS | \$ 1,651,264 | \$ 2,252,136 | \$ 3,560,124 | \$ 2,974,943 | \$ 3,571,110 | \$ 3,571,110 |

WATER UTILITY FUND OPERATIONS DEPARTMENT (#400)

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|--|--------------------------|--------------------------|-------------------------------|---------------------|-------------------------------|---------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Adopted Budget | Estimated Total | Proposed by Budget Officer | Approved by Budget Committee |
| PERSONNEL SERVICES | | | | | | |
| Salaries & Wages | \$ 255,004 | \$ 270,917 | \$ 364,500 | 308,286 | 347,710 | 347,710 |
| Employee Benefits | 191,907 | 192,815 | 290,907 | 216,816 | 296,000 | 296,000 |
| TOTAL PERSONNEL SERVICES | 446,911 | 463,732 | 655,407 | 525,102 | 643,710 | 643,710 |
| <i># of Full Time Equivalent Positions</i> | <i>3.80</i> | <i>3.85</i> | <i>4.45</i> | <i>4.45</i> | <i>4.40</i> | <i>4.40</i> |
| MATERIALS & SERVICES | | | | | | |
| Contractual Services: | | | | | | |
| Utility Billing Administration | 24,856 | 41,800 | 50,000 | 50,000 | 50,000 | 50,000 |
| Engineering & Other Services | 2,663 | 27,155 | 45,000 | 22,500 | 50,000 | 50,000 |
| Compliance Obligations | 1,362 | 1,890 | 3,600 | 3,600 | 3,700 | 3,700 |
| Other | 505 | 358 | 1,600 | 1,400 | 1,600 | 1,600 |
| Building: | | | | | | |
| Operations - Electricity | 15,705 | 14,842 | 16,000 | 16,000 | 17,000 | 17,000 |
| Operations - Utilities | 9,499 | 9,667 | 11,500 | 11,500 | 12,500 | 12,500 |
| Maintenance & Supplies | 1,883 | 2,556 | 5,000 | 5,000 | 10,000 | 10,000 |
| Uniform & Clothing Allowance | 1,130 | 65 | 1,600 | 1,600 | 2,500 | 2,500 |
| Vehicle Maintenance | 11,699 | 11,418 | 14,000 | 10,000 | 15,000 | 15,000 |
| Dues & Subscriptions | 5,528 | 4,282 | 7,600 | 5,000 | 5,000 | 5,000 |
| Operating Maintenance & Supplies | 97,812 | 42,692 | 189,000 | 100,000 | 193,000 | 193,000 |
| General Office Supplies | 226 | 902 | 2,500 | 5,340 | 1,500 | 1,500 |
| Travel & Training | 2,540 | 3,668 | 5,000 | 5,000 | 7,500 | 7,500 |
| Liability Insurance | 30,181 | 35,126 | 40,000 | 40,000 | 47,000 | 47,000 |
| Miscellaneous | 48 | - | 500 | 500 | 500 | 500 |
| TOTAL MATERIALS & SERVICES | 205,637 | 196,421 | 392,900 | 277,440 | 416,800 | 416,800 |
| PROGRAM REQUIREMENTS | | | | | | |
| Debt Service | 170,356 | 173,056 | 180,000 | 180,000 | 180,000 | 180,000 |
| Capital Outlay | 3,330 | 1,585 | 1,171,500 | 136,736 | 525,000 | 525,000 |
| Transfers to Other Funds: | | | | | | |
| General Fund - Indirect Costs | 168,350 | 191,000 | 199,357 | 199,357 | 214,020 | 214,020 |
| Public Works Reserve Fund | 16,896 | 17,000 | 17,000 | 17,000 | 20,000 | 20,000 |
| TOTAL PROGRAM REQUIREMENTS | 358,932 | 382,641 | 1,567,857 | 533,093 | 939,020 | 939,020 |
| OPERATIONS DEPARTMENT | \$ 1,011,480 | \$ 1,042,794 | \$ 2,616,164 | \$ 1,335,635 | \$ 1,999,530 | \$ 1,999,530 |

WATER UTILITY FUND WELL FIELD & TRANSMISSION LINES (WFTL) DEPARTMENT (#410)

| CATEGORY | HISTORICAL ACTUALS | | CURRENT FISCAL YEAR 2024/2025 | | BUDGET 2025/2026 | |
|---------------------------------------|--------------------------|--------------------------|-------------------------------|--------------------|-------------------------------|---------------------------------|
| | Fiscal Year 2022/2023 | Fiscal Year 2023/2024 | Adopted Budget | Estimated Total | Proposed by Budget Officer | Approved by Budget Committee |
| MATERIALS & SERVICES | | | | | | |
| Contractual Services: | | | | | | |
| Engineering & Other Services | 1,119 | - | 15,000 | 47,000 | 80,000 | 80,000 |
| Compliance Obligations | 660 | 1,335 | 3,200 | 2,500 | 3,200 | 3,200 |
| Other | 348 | 348 | 5,500 | 5,500 | 5,600 | 5,600 |
| Building: | | | | | | |
| Operations - Electricity | 17,468 | 17,128 | 18,000 | 18,000 | 20,000 | 20,000 |
| Operations - Utilities | 1,212 | 1,055 | 3,200 | 1,500 | 1,500 | 1,500 |
| Maintenance & Supplies | - | 105 | 5,000 | 1,500 | 5,000 | 5,000 |
| Uniform & Clothing Allowance | 310 | - | 800 | 250 | - | - |
| Vehicle Maintenance | 1,279 | 1,953 | 3,500 | 1,000 | 3,500 | 3,500 |
| Operating Maintenance & Supplies | 3,634 | 580 | 44,000 | 34,000 | 49,000 | 49,000 |
| Travel & Training | 1,284 | 1,461 | 1,800 | 1,800 | 7,500 | 7,500 |
| Liability Insurance | 13,443 | 16,042 | 18,000 | 19,368 | 24,000 | 24,000 |
| Lease & Easements (non-capital) | 1,228 | 1,228 | 1,300 | 1,300 | 1,300 | 1,300 |
| Miscellaneous | - | - | 500 | 500 | 500 | 500 |
| TOTAL MATERIALS & SERVICES | 41,985 | 41,235 | 119,800 | 134,218 | 201,100 | 201,100 |
| PROGRAM REQUIREMENTS | | | | | | |
| Contingency | - | - | - | - | 25,000 | 25,000 |
| TOTAL PROGRAM REQUIREMENTS | - | - | - | - | 25,000 | 25,000 |
| WFTL DEPARTMENT | \$ 41,985 | \$ 41,235 | \$ 119,800 | \$ 134,218 | \$ 226,100 | \$ 226,100 |





Financial Forecast

Planning for the Strategic planning is essential to the effective stewardship of public resources. The City of Manzanita utilizes a five-year financial forecast to support informed decision-making and proactively address future fiscal challenges. A flexible planning model is employed to create a baseline forecast, which helps the city explore various financial scenarios, analyze demographic shifts, anticipate revenue fluctuations, and project utility rate adjustments. This forecasting effort plays a critical role in promoting long-term financial sustainability.

Revenue projections are developed using a combination of historical data, current policies, economic outlook assumptions, and any known future developments. Similarly, expenditure forecasts reflect historical spending patterns, current service levels, contractual obligations, and other anticipated costs. Key assumptions and percentage changes for revenues and expenses are detailed within each fund's summary.

At this time, the city's five-year financial forecast focuses on its two major operating funds; the General Fund and the Water Utility Fund. The two funds represent the most significant components of the City's financial operations.





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FIVE-YEAR FORECAST GENERAL FUND SUMMARY

| | Historical Data Audited Financials | | | Current FY Estimated FY2025 | Budget +1 FY2026 | Forecast | | | | Key Assumptions | |
|--------------------------------------|---------------------------------------|---------------------|---------------------|-----------------------------------|------------------------|---------------------|---------------------|---------------------|---------------------|--------------------------|--|
| | FY2022 | FY2023 | FY2024 | | | +2 FY2027 | +3 FY2028 | +4 FY2029 | +5 FY2030 | | |
| RESOURCES | | | | | | | | | | | |
| BEGINNING FUND BALANCE | \$ 1,810,521 | \$ 2,549,138 | \$ 3,242,146 | \$ 3,789,740 | \$ 3,854,735 | \$ 3,715,800 | \$ 4,129,780 | \$ 4,537,030 | \$ 4,937,240 | | |
| REVENUES | | | | | | | | | | | |
| Transient Lodging Taxes | 1,628,971 | 1,589,891 | 1,556,091 | 1,575,400 | 1,550,000 | 1,612,000 | 1,676,480 | 1,743,530 | 1,813,270 | 4% | |
| Property Taxes | 249,564 | 252,722 | 269,775 | 276,500 | 273,500 | 278,970 | 284,540 | 290,230 | 296,030 | 2% | |
| Fees & Charges | 147,223 | 134,354 | 82,215 | 88,500 | 77,500 | 79,050 | 80,630 | 82,240 | 83,880 | 2% | |
| Franchise & Utility Agreements | 63,294 | 72,354 | 63,501 | 63,000 | 61,000 | 62,830 | 64,710 | 66,650 | 68,640 | 3% | |
| Business & Short-Term Rental License | 32,575 | 74,661 | 252,753 | 285,000 | 275,000 | 275,000 | 275,000 | 275,000 | 275,000 | | |
| Intergovernmental | 168,533 | 194,509 | 105,691 | 137,800 | 174,600 | 181,580 | 188,840 | 196,390 | 204,240 | 4% | |
| Fines & Forfeitures | 23,098 | 33,768 | 90,808 | 30,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | | |
| Interest | 17,282 | 149,076 | 254,720 | 100,000 | 100,000 | 103,000 | 106,090 | 109,270 | 112,540 | 3% | |
| Miscellaneous | 12,960 | 4,778 | 5,868 | - | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | | |
| Proceeds from Debt Issuance | - | - | 663,056 | 3,436,944 | - | - | - | - | - | | |
| Proceeds from Sale of Assets | - | - | 638,351 | - | - | - | - | - | - | | |
| Transfers from Other Funds | 157,348 | 198,261 | 246,167 | 221,832 | 286,785 | 286,780 | 286,780 | 286,780 | 286,780 | | |
| TOTAL REVENUES | 2,500,848 | 2,704,374 | 4,228,996 | 6,214,976 | 2,848,385 | 2,929,210 | 3,013,070 | 3,100,090 | 3,190,380 | | |
| TOTAL RESOURCES | \$ 4,311,369 | \$ 5,253,512 | \$ 7,471,142 | \$ 10,004,716 | \$ 6,703,120 | \$ 6,645,010 | \$ 7,142,850 | \$ 7,637,120 | \$ 8,127,620 | | |
| REQUIREMENTS | | | | | | | | | | | |
| Administration | \$ 620,319 | \$ 867,712 | \$ 1,095,649 | \$ 1,149,367 | \$ 1,339,100 | \$ 1,379,950 | \$ 1,431,790 | \$ 1,485,710 | \$ 1,541,800 | See Department Detail | |
| Court | 66,989 | 30,507 | 41,573 | 43,158 | 51,400 | 53,070 | 54,800 | 56,590 | 58,430 | | |
| Parks | 36,225 | 25,445 | 19,846 | 25,874 | 29,500 | 30,710 | 31,970 | 33,280 | 34,650 | | |
| Public Safety | 530,158 | 668,111 | 853,359 | 763,837 | 915,250 | 944,690 | 975,110 | 1,006,550 | 1,039,030 | | |
| Non-departmental | 464,348 | 419,591 | 1,670,975 | 4,345,285 | 652,070 | 106,810 | 112,150 | 117,750 | 123,630 | | |
| TOTAL DEPARTMENT EXPENDITURES | 1,718,039 | 2,011,366 | 3,681,402 | 6,327,521 | 2,987,320 | 2,515,230 | 2,605,820 | 2,699,880 | 2,797,540 | | |
| RESERVES | | | | | | | | | | | |
| Contingency / Policy Reserve | - | - | - | - | 100,000 | - | - | - | - | | |
| Program Reserves | 242,128 | 157,210 | 135,480 | 189,210 | 290,820 | - | - | - | - | | |
| Debt Service | - | - | - | 155,340 | 450,340 | 480,000 | 400,000 | 320,000 | 320,000 | | |
| Undesignated | 2,351,202 | 3,084,936 | 3,654,260 | 3,332,645 | 2,874,640 | 3,649,780 | 4,137,030 | 4,617,240 | 5,010,080 | | |
| TOTAL ENDING FUND BALANCE | 2,593,330 | 3,242,146 | 3,789,740 | 3,677,195 | 3,715,800 | 4,129,780 | 4,537,030 | 4,937,240 | 5,330,080 | | |
| POLICY REQUIREMENTS | | | | | | | | | | | |
| Operating Expenditures | \$ 1,528,276 | \$ 1,625,825 | \$ 1,894,885 | \$ 1,988,236 | \$ 2,427,980 | \$ 2,515,230 | \$ 2,605,820 | \$ 2,699,880 | \$ 2,797,540 | | |
| Policy % Required | 0% | 15% | 18% | 20% | 23% | 23% | 25% | 25% | 25% | | |
| Policy Reserve Required | - | 243,000 | 341,000 | 397,000 | 558,000 | 565,000 | 651,000 | 674,000 | 699,000 | | |
| Contingency & Ending Fund Balance | 2,593,330 | 3,242,146 | 3,789,740 | 3,677,195 | 3,715,800 | 4,129,780 | 4,537,030 | 4,937,240 | 5,330,080 | | |
| OVER/(UNDER) POLICY | \$ 2,593,330 | \$ 2,999,146 | \$ 3,448,740 | \$ 3,280,195 | \$ 3,157,800 | \$ 3,564,780 | \$ 3,886,030 | \$ 4,263,240 | \$ 4,631,080 | | |

FIVE-YEAR FORECAST GENERAL FUND EXPENDITURES BY DEPARTMENT

| | Historical Data Audited Financials | | | Current FY Estimated FY2025 | Budget +1 FY2026 | Forecast | | | | Key Assumptions |
|---|---------------------------------------|---------------------|---------------------|-----------------------------------|------------------------|---------------------|---------------------|---------------------|---------------------|--|
| | FY2022 | FY2023 | FY2024 | | | +2 FY2027 | +3 FY2028 | +4 FY2029 | +5 FY2030 | |
| OPERATING EXPENDITURES | | | | | | | | | | |
| PERSONNEL SERVICES | | | | | | | | | | |
| Administration | \$ 428,925 | \$ 519,681 | \$ 554,170 | \$ 629,717 | \$ 832,500 | \$ 857,470 | \$ 883,190 | \$ 909,680 | \$ 936,970 | Varies |
| Municipal Court | 58,229 | 23,776 | 36,173 | 37,558 | 44,500 | 45,830 | 47,200 | 48,610 | 50,060 | Varies |
| Parks | 20,259 | 16,816 | 10,463 | 8,874 | 13,000 | 13,390 | 13,790 | 14,200 | 14,620 | Varies |
| Public Safety | 481,927 | 606,655 | 669,306 | 679,337 | 816,000 | 840,480 | 865,690 | 891,660 | 918,400 | Varies |
| Total Personnel | 989,340 | 1,166,928 | 1,270,112 | 1,355,486 | 1,706,000 | 1,757,170 | 1,809,870 | 1,864,150 | 1,920,050 | |
| MATERIALS & SERVICES | | | | | | | | | | |
| Administration | 186,726 | 342,305 | 535,676 | 510,650 | 497,600 | 522,480 | 548,600 | 576,030 | 604,830 | 5% |
| Municipal Court | 8,760 | 6,731 | 5,400 | 5,600 | 6,900 | 7,240 | 7,600 | 7,980 | 8,370 | 5% |
| Parks | 15,966 | 8,629 | 9,383 | 17,000 | 16,500 | 17,320 | 18,180 | 19,080 | 20,030 | 5% |
| Public Safety | 48,231 | 61,456 | 66,230 | 84,500 | 99,250 | 104,210 | 109,420 | 114,890 | 120,630 | 5% |
| Non-departmental | 17,748 | 39,776 | 8,084 | 15,000 | 101,730 | 106,810 | 112,150 | 117,750 | 123,630 | 5% |
| Total Materials & Services | 277,431 | 458,897 | 624,773 | 632,750 | 721,980 | 758,060 | 795,950 | 835,730 | 877,490 | |
| TOTAL OPERATING EXPENDITURES (Personnel & M&S) | | | | | | | | | | |
| Administration | 615,651 | 861,986 | 1,089,846 | 1,140,367 | 1,330,100 | 1,379,950 | 1,431,790 | 1,485,710 | 1,541,800 | |
| Municipal Court | 66,989 | 30,507 | 41,573 | 43,158 | 51,400 | 53,070 | 54,800 | 56,590 | 58,430 | |
| Parks | 36,225 | 25,445 | 19,846 | 25,874 | 29,500 | 30,710 | 31,970 | 33,280 | 34,650 | |
| Public Safety | 530,158 | 668,111 | 735,536 | 763,837 | 915,250 | 944,690 | 975,110 | 1,006,550 | 1,039,030 | |
| Non-departmental | 17,748 | 39,776 | 8,084 | 15,000 | 101,730 | 106,810 | 112,150 | 117,750 | 123,630 | |
| TOTAL OPERATING EXPENDITURES | \$ 1,266,771 | \$ 1,625,825 | \$ 1,894,885 | \$ 1,988,236 | \$ 2,427,980 | \$ 2,515,230 | \$ 2,605,820 | \$ 2,699,880 | \$ 2,797,540 | |
| NON-OPERATING EXPENDITURES | | | | | | | | | | |
| CAPITAL OUTLAY | | | | | | | | | | |
| Administration | 4,668 | 5,726 | 5,803 | 9,000 | 9,000 | - | - | - | - | Based on Projects Estimated Vehicles |
| Public Safety | - | - | 117,823 | - | - | - | - | - | - | |
| Total Capital Outlay | 4,668 | 5,726 | 123,626 | 9,000 | 9,000 | - | - | - | - | |
| CONTINGENCY | | | | | | | | | | |
| Non-departmental | - | - | - | - | 100,000 | - | - | - | - | |
| Total Contingency | - | - | - | - | 100,000 | - | - | - | - | |
| DEBT SERVICE | | | | | | | | | | |
| Non-departmental | - | - | - | 155,340 | 450,340 | 480,000 | 400,000 | 320,000 | 320,000 | Amortization Schedule |
| Total Debt Service | - | - | - | 155,340 | 450,340 | 480,000 | 400,000 | 320,000 | 320,000 | |

| | Historical Data Audited Financials | | | Current FY Estimated FY2025 | Budget +1 FY2026 | Forecast | | | | Key Assumptions |
|---|---------------------------------------|---------------------|---------------------|-----------------------------------|------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| | FY2022 | FY2023 | FY2024 | | | +2 FY2027 | +3 FY2028 | +4 FY2029 | +5 FY2030 | |
| TRANSFERS OUT | | | | | | | | | | |
| Non-departmental: | | | | | | | | | | |
| Building Fund | - | 268,615 | - | - | - | - | - | - | - | - |
| City Hall Fund | 155,400 | - | 1,510,056 | 4,074,944 | - | - | - | - | - | - |
| Transportation Fund | 190,000 | 80,000 | 100,000 | 100,000 | - | - | - | - | - | - |
| SDC Stormwater Fund | 75,000 | 5,000 | 25,000 | - | - | - | - | - | - | - |
| Other Funds | 26,200 | 26,200 | 27,835 | - | - | - | - | - | - | - |
| Total Transfers Out | 446,600 | 379,815 | 1,662,891 | 4,174,944 | - | - | - | - | - | - |
| TOTAL NON-OPERATING EXPENDITURES | | | | | | | | | | |
| Administration | 4,668 | 5,726 | 5,803 | 9,000 | 9,000 | - | - | - | - | - |
| Public Safety | - | - | 117,823 | - | - | - | - | - | - | - |
| Non-departmental | 446,600 | 379,815 | 1,662,891 | 4,330,284 | 550,340 | 480,000 | 400,000 | 320,000 | 320,000 | |
| TOTAL NON-OPERATING EXPENDITURES | \$ 451,268 | \$ 385,541 | \$ 1,786,517 | \$ 4,339,284 | \$ 559,340 | \$ 480,000 | \$ 400,000 | \$ 320,000 | \$ 320,000 | |
| TOTAL BY DEPARTMENT | | | | | | | | | | |
| Administration | 620,319 | 867,712 | 1,095,649 | 1,149,367 | 1,339,100 | 1,379,950 | 1,431,790 | 1,485,710 | 1,541,800 | |
| Municipal Court | 66,989 | 30,507 | 41,573 | 43,158 | 51,400 | 53,070 | 54,800 | 56,590 | 58,430 | |
| Parks | 36,225 | 25,445 | 19,846 | 25,874 | 29,500 | 30,710 | 31,970 | 33,280 | 34,650 | |
| Public Safety | 530,158 | 668,111 | 853,359 | 763,837 | 915,250 | 944,690 | 975,110 | 1,006,550 | 1,039,030 | |
| Non-departmental | 464,348 | 419,591 | 1,670,975 | 4,345,284 | 652,070 | 586,810 | 512,150 | 437,750 | 443,630 | |
| TOTAL DEPARTMENT EXPENDITURES | \$ 1,718,039 | \$ 2,011,366 | \$ 3,681,402 | \$ 6,327,520 | \$ 2,987,320 | \$ 2,995,230 | \$ 3,005,820 | \$ 3,019,880 | \$ 3,117,540 | |



FIVE-YEAR FORECAST WATER UTILITY FUND

| | Historical Data | | Current FY Estimated FY2025 | Budget +1 FY2026 | Forecast | | | | | Key Assumptions |
|----------------------------------|------------------------------|---------------------|-----------------------------------|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
| | Audited Financials FY2022 | FY2023 | | | FY2024 | +2 FY2027 | +3 FY2028 | +4 FY2029 | +5 FY2030 | |
| RESOURCES | | | | | | | | | | |
| BEGINNING FUND BALANCE | \$ 507,402 | \$ 454,017 | \$ 597,799 | \$ 1,168,107 | \$ 1,505,090 | \$ 1,345,480 | \$ 831,670 | \$ 992,150 | \$ 1,188,650 | |
| REVENUES | | | | | | | | | | |
| Fees & Charges | | | | | | | | | | |
| Water Collections | 1,102,795 | 1,096,051 | 1,516,226 | 1,600,000 | 1,660,000 | 1,726,400 | 1,795,450 | 1,867,260 | 1,941,950 | 4% |
| Meter Installations | 30,377 | 9,960 | 14,940 | 23,300 | 12,000 | 12,360 | 12,730 | 13,110 | 13,500 | 3% |
| Water Sales | - | - | 43,098 | 4,000 | 1,000 | - | - | - | - | |
| Intergovernmental | 55,418 | 38,121 | - | 136,736 | 371,020 | - | - | - | - | |
| Interest | 7,412 | 39,232 | 68,676 | 40,000 | 20,000 | 20,600 | 21,210 | 21,840 | 22,490 | 3% |
| Miscellaneous | 1,194 | 13,883 | 11,397 | 2,800 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | |
| TOTAL REVENUES | 1,197,196 | 1,197,247 | 1,654,337 | 1,806,836 | 2,066,020 | 1,761,360 | 1,831,390 | 1,904,210 | 1,979,940 | |
| TOTAL RESOURCES | \$ 1,704,598 | \$ 1,651,264 | \$ 2,252,136 | \$ 2,974,943 | \$ 3,571,110 | \$ 3,106,840 | \$ 2,663,060 | \$ 2,896,360 | \$ 3,168,590 | |
| REQUIREMENTS | | | | | | | | | | |
| Personnel Services | \$ 332,848 | \$ 446,911 | \$ 463,732 | \$ 525,102 | \$ 643,710 | \$ 663,020 | \$ 682,910 | \$ 706,810 | \$ 720,940 | Varies |
| Materials & Services | 372,404 | 247,622 | 237,656 | 411,658 | 617,900 | 636,430 | - | - | - | 3% |
| Debt Service | 173,681 | 170,356 | 173,056 | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | Amortization Sch. |
| Transfers to Other Funds | 371,648 | 185,246 | 208,000 | 216,357 | 234,020 | 245,720 | 258,000 | 270,900 | 284,440 | 5% |
| Contingency | - | - | - | - | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | |
| TOTAL EXPENDITURES | 1,250,581 | 1,053,465 | 1,084,029 | 1,469,853 | 2,225,630 | 2,275,170 | 1,670,910 | 1,707,710 | 1,735,380 | |
| TOTAL ENDING FUND BALANCE | \$ 454,017 | \$ 597,799 | \$ 1,168,107 | \$ 1,505,090 | \$ 1,345,480 | \$ 831,670 | \$ 992,150 | \$ 1,188,650 | \$ 1,433,210 | |

Capital Improvement Plan (CIP)

Fiscal Year 2026 Annual Budget

Overview

The Capital Improvement Plan (CIP) provides guidance and planning for the City of Manzanita's infrastructure. The CIP is based on both the City's Master Plan documents and City Council goals. City Council goals also help refine and shape the CIP.

The City's Master Plan Documents including the Water Master Plan, the Storm Water Master Plan the Transportation Systems Plan. These master plans include the long-term needs of the City as defined through community input, expert consultants, and city staff.

Projects within the CIP are prioritized based on necessity, opportunity and the priorities for implementing these master plans. This year, the CIP reflects a more focused approach. With the recent transition in leadership following the departure of the longtime Public Works Director, whom previously collaborated with the City Manager to develop a 10-year plan; the City is taking time to reassess its priorities. Additionally, the City was awarded an unexpected and significant grant from the State of Oregon to construct the Classic Street Connection project. This initiative expands essential water service to areas that will provide for needed housing and delivers on the City's top Capital Project in the Transportation Systems Plan.

With a major capital project and new leadership, the CIP for this year includes only those projects that are realistically able to complete within this fiscal year. The primary focus of the coming year will be for the new Public Works Director, City Manager and input from Council, to revisit the City's long-term goals for capital improvements and provide a revised 5-year plan next fiscal year. As such the projects included herein only reflect the current year projects. The city will also be taking on a new facility – city hall – and there will likely be associated projects that come with a new building.

Funding for Capital Projects

Aside from Water Utility Fund related maintenance or expansion projects, Manzanita has paid for many of the city's capital needs through the General Fund, particularly roads and stormwater systems. This has created an imbalanced reliance on General Fund revenues to support both city operations and infrastructure, further increasing reliance on the Transient Lodging Tax which is the City's greatest source of revenue. Due to the City's low property tax revenue other sources of funding will need to ensure the ongoing maintenance and operations of all the City's utilities, particularly roads.

Classic Street Connection Project

Overview of Project

The Classic Street Connection Project is a comprehensive rebuild of Classic Street into a multi modal, pedestrian and bicycle friendly street, with separated pathway, improved stormwater infrastructure and installation of critical water infrastructure to support new housing development in the Urban Growth Boundary. The transportation element of the project is included as the City's top priority in the Transportation System Plan.



The City has received a \$2.709 million appropriation from the State of Oregon to construct the project. A portion of that has been received by the city in the current fiscal year. This project will provide critical water infrastructure for the development of housing on the remaining vacant land within the City's Urban Growth Boundary. Earlier this year staff elected an Engineering Firm to design the project, and have released a Request for Proposals and Bid for the project in April. It is anticipated that a contractor will be selected for the project and begin work in June. Through the design process the estimated costs of the project increased by and estimated \$215,000 including all costs associated with the project. The funding structure below reflects how the City will make up that gap and fund the project through completion.

| Multi-Fund Project | Sources | | Total Appropriation |
|---|---------------------|-------------------|---------------------|
| | Grant Funding | City Funding | |
| Transportation | \$ 1,062,083 | \$ 131,000 | \$ 1,193,083 |
| Transportation - Stormwater | 922,281 | | 922,281 |
| Water Utility | 371,020 | | 371,020 |
| System Development Charges - Water | | 738,920 | 738,920 |
| System Development Charges - Stormwater | | 81,180 | 81,180 |
| TOTALS | \$ 2,355,384 | \$ 951,100 | \$ 3,306,484 |

Highway 101 Design Project

Overview of Project

This project focuses on the design and engineering of a critical waterline replacement and expansion of a failed asbestos concrete line that was compromised during the ODOT Highway 101 corner project. Project scope anticipated an increased water main (6" to 8") utilized a much more resilient High Density Polyethylene (HDPE) material for the line itself connecting to multiple points including the water treatment plan. The project will also be designed to include needed hydrants and additional valves and service lines.

| Highway 101 Design | Project Estimate (2025-2026) | |
|-------------------------------------|---------------------------------|---------------|
| Capital Cost: | | |
| Planning, Engineering, Design | \$ | 86,000 |
| TOTAL ESTIMATED CAPITAL COST | \$ | 86,000 |
| Funding Source: | | |
| System Development Charges - Water | \$ | 43,000 |
| Water Utility | | 43,000 |
| TOTAL FUNDING | \$ | 86,000 |

Public Works Office Project

Overview of Project

The public works building does not currently provide a private working space for the public works director. This project will utilize the existing structure, and in a cost-effective manner upgrade the facility to allow for a private working space within the existing footprint. The fees include design, electrical, permitting and construction of improvements.



| Public Works Office | Project Estimate (2025-2026) | |
|-------------------------------------|---------------------------------|---------------|
| Capital Cost: | | |
| Design and Construction | \$ | 38,000 |
| TOTAL ESTIMATED CAPITAL COST | \$ | 38,000 |
| Funding Source: | | |
| Water Utility | \$ | 38,000 |
| TOTAL FUNDING | \$ | 38,000 |

Generator Project

Overview of Project

The City maintains several reservoirs to provide water service to the Manzanita community. These reservoirs rely on pump systems to provide water pressure to customers which require power to operate. In the event of a power outage, which occur frequently at the coast during the storm season, the pumps rely on a generator in order to maintain operations. The current generator no longer functions properly, is outdated and obsolete. This project would replace the generator and provide additional resilience to the City water system.



| Generator | Project Estimate (2025-2026) | |
|-------------------------------------|---|---------------|
| Capital Cost: | | |
| Capital Item (Generator) | \$ | 65,000 |
| TOTAL ESTIMATED CAPITAL COST | \$ | 65,000 |
| Funding Source: | | |
| Water Utility | \$ | 65,000 |
| TOTAL FUNDING | \$ | 65,000 |

Residential Pump House Project

Overview of Project

The City's reservoirs rely on pump systems to ensure adequate pressure for Manzanita Water customers. This project would include upgrades to the pump system itself, addressing electrical and operational systems, including the replacement of an antennae system that is essential to the water system and is currently vulnerable to lightning strikes.

| Residential Pump House | Project Estimate (2025-2026) | |
|-------------------------------------|---|---------------|
| Capital Cost: | | |
| Upgrades | \$ | 30,000 |
| TOTAL ESTIMATED CAPITAL COST | \$ | 30,000 |
| Funding Source: | | |
| Water Utility | \$ | 30,000 |
| TOTAL FUNDING | \$ | 30,000 |

The physical pump house itself is in need of significant repairs. The fund allocated for this project would cumulatively upgrade the pump house and the systems within.

APPENDIX





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APPENDIX

A. Resolutions

- i. Budget Adoption (*placeholder*)
- ii. State Shared Revenues (*placeholder*)



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CITY OF MANZANITA

167 5th Street – Manzanita Oregon 97130
P.O. Box 129, Manzanita, OR, 97130-0129
Phone: (503) 812-2514 | TTY Dial 711
ci.manzanita.or.us

NOTICE OF BUDGET COMMITTEE MEETING

A public meeting of the Budget Committee of the City of Manzanita, Tillamook County, State of Oregon, on the budget for the fiscal year July 1, 2025, to June 30, 2026, will be held on Tuesday, April 29, 2025, at 2:00 p.m. via zoom teleconference. The purpose of the meeting is to receive the budget message and budget document. A copy of the budget document may be inspected or obtained on or after April 25, 2025 at <http://www.ci.manzanita.or.us>. On Wednesday, April 30, 2025, at 2:00 p.m. via zoom, an additional Budget Committee meeting will be held if needed. These are public meetings where deliberation of the Budget Committee will take place. On Tuesday, May 6, 2025, at 6:00 p.m. via zoom, the Budget Committee will hold a public hearing to take public comment, including public comment on proposed uses of State Revenue Sharing. Any person may appear at this meeting to provide public comment on the proposed programs with the Budget Committee.

Log in information will be posted on the City's website one week in advance of each meeting. You may also contact the City of Manzanita at cityhall@ci.manzanita.or.us to obtain log on information.

This notice is also posted on the City's website <http://www.ci.manzanita.or.us>.



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City of Manzanita

COUNCIL RESOLUTION No. 22-13

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANZANITA, OREGON, SETTING A GENERAL FUND OPERATING RESERVE POLICY.

WHEREAS, the Budget Committee determined that it would be in the best interest of the City of Manzanita to establish a formal General Fund Operating Reserve Policy; and

WHEREAS, the Budget Committee approved a 15% reserve for the 2022-2023 fiscal year and supported increasing that reserve amount to 25% over the next four years.

Now, Therefore, be it Resolved:

Section 1: 15% of General Fund operating funds shall be held in reserve for Fiscal Year 2022-2023.

Section 2: The General Fund reserve will increase by 2.5% until the operating reserve reaches 25%.

Introduced and adopted by the City Council on June 15, 2022.

This resolution is effective on June 15, 2022.

A handwritten signature in black ink, appearing to read "Michael Scott", written over a horizontal line.

Michael Scott, Mayor

ATTEST:

A handwritten signature in black ink, appearing to read "Leila Aman", written over a horizontal line.

Leila Aman, City Manager/ City Recorder



City of Manzanita

COUNCIL RESOLUTION No. 22-17

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANZANITA, OREGON,
CONTINUING THE PUBLIC WORKS EQUIPMENT RESERVE FUND ESTABLISHED BY
ORDINANCE NO. 01-02**

WHEREAS, ORS 294.346 (1) allows cities to create reserve funds to provide for the financing of capital equipment and facilities; and,

WHEREAS, the Manzanita City Council created a Public Works Equipment Reserve Fund by Ordinance No. 01-02; and,

WHEREAS, ORS 294.346 (2) requires the City to review a reserve fund every ten years and determine whether the fund will be continued or abolished; and,

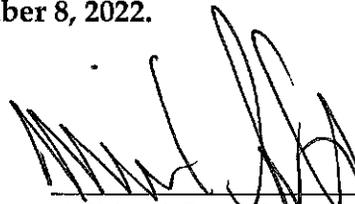
WHEREAS, the Manzanita City Council has reviewed the reserve fund and desires to continue the Public Works Equipment Fund.

Now, Therefore, be it Resolved by the City Council of the City of Manzanita:

SECTION 1. The Public Works Equipment Reserve Fund established by Ordinance No. 01-02 is hereby continued for ten years until June 30, 2032, at which time the City Council shall review the Fund and determine whether it should be continued further or abolished.

Introduced and adopted by the City Council on **December 7, 2022.**

This resolution is effective on **December 8, 2022.**



Michael Scott, Mayor

ATTEST:



Leila Aman, City Manager/ City
Recorder



City of Manzanita

COUNCIL RESOLUTION No. 23-01

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 3/8/23.

This resolution is effective on 3/9/23.

Deb Simmons, Mayor

ATTEST:

Leila Aman, City Manager/ City Recorder



COUNCIL RESOLUTION No. 25 - 07

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANZANITA, OREGON, SETTING SALARIES FOR CITY EMPLOYEES FOR FISCAL YEAR 2025-2026.

WHEREAS, over the last 12 months, the Consumer Price Index for the Western Pacific Region has increased 2.8% percent; and

WHEREAS, nationally the CPI for all items has increased 3% including a .5% increase in January 2025; and

WHEREAS the City Manager proposes a Cost-of-Living Adjustment of 3% to account for the overall increase in the cost of necessities to meet market conditions and provide livable wages for City Staff.

Now, Therefore, be it Resolved by the City Council of the City of Manzanita, Oregon, that the salary schedule for city employees for the fiscal year 25-26 are hereby adopted as follows:

Introduced and adopted by the City Council on **March 5, 2025**.

This resolution becomes effective on **July 1, 2025**.

| FY 26 Proposed Salary Schedule | | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Position | Step A | Step B | Step C | Step D | Step E | Step F |
| Police Chief | 8,316 | 8,732 | 9,167 | 9,626 | 10,107 | |
| Police Sergeant | 7,056 | 7,408 | 7,779 | 8,167 | 8,575 | |
| Public Works Director | 7,210 | 7,571 | 7,949 | 8,347 | 8,763 | |
| Development Services Manager | 7,210 | 7,571 | 7,949 | 8,347 | 8,763 | |
| Accounting Manager | 6,086 | 6,391 | 6,709 | 7,045 | 7,397 | |
| Police Officer | 5,548 | 5,826 | 6,116 | 6,422 | 7,031 | |
| Assistant City Recorder | 4,817 | 5,058 | 5,312 | 5,576 | 5,857 | |
| STR/TLT Program Manager | 4,817 | 5,058 | 5,312 | 5,576 | 5,857 | |
| Code Enforcement Officer | 4,817 | 5,058 | 5,311 | 5,577 | 5,857 | |
| Planning & Permit Tech | 4,603 | 4,832 | 5,074 | 5,328 | 5,594 | |
| Public Works Utility Clerk | 4,554 | 4,780 | 5,020 | 5,271 | 5,534 | |
| Utility Worker | 4,126 | 4,332 | 4,548 | 4,776 | 5,015 | |
| Senior Utility Worker | 4,817 | 5,058 | 5,312 | 5,576 | 5,857 | |
| Operations Manager | 5,438 | 5,710 | 5,996 | 6,295 | 6,611 | |
| Project Manager | 5,058 | 5,312 | 5,576 | 5,857 | 6,149 | |

Kathryn Stock, Mayor

ATTEST:

Leila Aman, City Manager/ City Recorder



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City of Manzanita

COUNCIL RESOLUTION No. 25-06

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANZANITA, OREGON, REPEALING THE 2024-2025 MASTER FEE SCHEDULE AND ADOPTING THE 2025-2026 MASTER FEE SCHEDULE

WHEREAS, the City of Manzanita (the "City") currently collects fees, rates, and charges pursuant to schedules set out in various Ordinances and Resolutions that were combined together into one Master Fee Schedule;

WHEREAS, Section 17 of Ordinance 90-8 authorizes the City Council to adopt by resolution such water rates and services charges as the Council deems to be in the interest of operating and maintaining the City water system;

WHEREAS, ORS 455.210 (3)(a) permits a municipality to adopt by regulation such fees as may be necessary and reasonable to provide for the administration and enforcement of provisions of the structural code or One and Two Family Dwelling Code for which the City has assumed responsibility;

WHEREAS, Ordinance 23-02 section 8.D.3 provides that system development charges may be adjusted for inflation using the Pacific Northwest Construction cost changes in the Engineering News Record Construction Cost Index (ENR Index) as represented by the City of Seattle, Washington; and

WHEREAS the cost of processing annexations is greater than originally anticipated and is proposed to be adjusted; and

WHEREAS, staff have reviewed all other fees and have determined there is sufficient cost recovery and no adjustments should be made to those fees this year; and

WHEREAS, in 2024 the city adopted a Master Fee Schedule that is inclusive of all fees administered by the City of Manzanita that allows for updates to occur on an annual basis in concert with the city's budgeting process; and

WHEREAS, the City Council deems the fees, rates, and charges reflected in the Master Fee Schedule attached hereto as Exhibit A, to be reasonable;

Now, Therefore, the City Council resolves as follows:

Section 1: Building Permits

The City Council adopts the fee schedule for Building Permits reflected in the Master Fee Schedule, attached hereto as Exhibit A.



City of Manzanita

Section 2: Land Use and Development Permit Applications.

The City Council adopts the fee schedule for Land Use and Development that includes an increase to the annexation fee as reflected in the Master Fee Schedule, attached hereto as Exhibit A.

Section 3: Inspection and License Fees for Short Term Rentals.

The City Council adopts the fee schedule for Short Term Rentals reflected in the Master Fee Schedule, attached hereto as Exhibit A.

Section 4: Water Utility Fees.

The City Council adopts the Water Rate Schedule adjusted for inflation reflected in the Master Fee Schedule, attached hereto as Exhibit A.

Section 5: System Development Charges for Water, Stormwater and Parks

SDC amounts adopted by this resolution are adjusted and reflect the changes in the Pacific Northwest Construction cost changes in the Engineering News Record Construction Cost Index (ENR Index), as represented by the City of Seattle, Washington.

Section 6: Business License Fees.

The City Council adopts the Business License Fees reflected in the Master Fee Schedule, attached hereto as Exhibit A.

Section 7: Court Fees.

The City Council adopts the fee schedule for Court Fees reflected in the Master Fee Schedule, attached hereto as Exhibit A.

Section 8: Police Department Fees.

The City Council adopts the fee schedule for Police Department Fees reflected in the Master Fee Schedule, attached hereto as Exhibit A.



City of Manzanita

Section 9: Administrative Fees.

The City Council adopts the fee schedule for Administrative Fees reflected in the Master Fee Schedule, attached hereto as Exhibit A.

Section 10: Right of Way Permits.

The City Council adopts the fee schedule for Right of Way Permits reflected in the Master Fee Schedule, attached hereto as Exhibit A.

Section 11: Traffic Control Plans.

The City Council adopts the fee schedule for Traffic Control Plans reflected in the Master Fee Schedule, attached hereto as Exhibit A.

Section 12: Other Public Works Fees.

To compensate the City via a daily rental rate for use of its equipment, the City Council adopts the Other Public Works Fees reflected in the Master Fee Schedule, attached hereto as Exhibit A.

Section 13: Master Fee Schedule

A) The City Council repeals the 2024-2025 Master Fee Schedule and replaces it with the 2025-2026 Master Fee Schedule attached hereto as Exhibit A, and incorporates it herein by this reference.

B) The City Council shall review the Master Fee Schedule and make any adjustments to fees, rates, or charges therein annually in concert with the City's budget process.

Introduced and adopted by the City Council on 3/5, 2025.

This resolution is effective on **July 1, 2026**.



City of Manzanita



Kathryn Stock, Mayor

ATTEST:



Leila Aman, City Manager/ City
Recorder

**CITY OF MANZANITA
MASTER FEE SCHEDULE**

| CATEGORY | ITEM | INCLUDED IN BASE FEE | ADDITIONAL FEES | FEE | |
|---------------------------------|---|--|---|---|------------|
| LAND USE AND DEVELOPMENT | Administrative Review/Pre-Application Meeting | Includes all staff time and one half (.5) hour Planning Consultant | PLUS Actual Costs for Planner, Attorney, or Engineer Over costs covered by Base Fee | \$250.00 | |
| | Variance | Includes all staff time and six (6) hours Planning Consultant. | | \$1,200.00 | |
| | Partition | Includes all Staff time, six (6) hours Planning Consultant, and one (1) hour Engineer. | | \$1,500.00 | |
| | PUD (Zone Change Required) | Includes all Staff time and eight (8) hours Planning Consultant, one (1) hour Engineer, and one (1) hour Attorney. | | \$2,250.00 | |
| | Subdivision | Includes all Staff time, eight (8) hours Planning Consultant, one (1) hour Engineer, and one (1) hour Attorney. | | \$2,250.00 | |
| | Lot Line Adjustment | | | \$300.00 | |
| | Signs | | | \$150.00 | |
| | Conditional Use | Includes all Staff time, six (6) hours Planning Consultant | | PLUS Actual Costs for Planner, Attorney, or Engineer Over costs covered by Base Fee | \$1,200.00 |
| | Site Plan Review | Includes all Staff time, five (5) hours Planning Consultant and one (1) hour Engineer | | | \$1,000.00 |
| | Zone Change/Comp Plan Amendment | Includes all Staff time, ten (10) hours Planning Consultant, one (1) hour Engineer, and four (4) hours Attorney. | | | \$4,000.00 |
| | Vacations | Includes all Staff time and four (4) hours Planning Consultant, and two (2) hours Attorney. | | | \$2,000.00 |
| | | | | | |

**CITY OF MANZANITA
MASTER FEE SCHEDULE**

| CATEGORY | ITEM | INCLUDED IN BASE FEE | ADDITIONAL FEES | FEE |
|--------------------------------------|------------------------------|--|---|------------|
| | Temporary Permit | Includes all Staff time and two (2) hours Planning Consultant | | \$300.00 |
| LAND USE AND DEVELOPMENT | Annexation | Includes all Staff time and ten (10) hours Planning Consultant, one (1) hour Engineer, and two (2) hours Attorney. | PLUS Actual Costs for Planner, Attorney, or Engineer Over costs covered by Base Fee | \$2,750.00 |
| | Amendment to Urban Growth | Includes all Staff time and thirteen (13) hours Planning Consultant, two (2) hours Engineer, and two (2) hours Attorney. | | \$4,000.00 |
| | Pre-Application Conference | | | \$500.00 |
| | Accessory Structure/Addition | | | \$150.00 |
| | House or Mobile Home | | | \$300.00 |
| | Multi-Family Dwelling | First 2 units. | Plus \$103 each additional unit. | \$400.00 |
| | Commercial/Other | Includes all Staff time, five (5) hours Planning Consultant and one (1) hour Engineer | PLUS Actual Costs for Planner, Attorney, or Engineer Over costs covered by Base Fee | \$1,500.00 |
| | Multiple Applications | If multiple land use applications are necessary on a single project and a single applicant, the applicant shall pay the highest Base Fee of the applications necessary, plus 50% of the other Base fee involved. | | |
| | Appeal | | | \$250.00 |
| | Tree Removal Permit | | Plus \$51.50 for each additional tree. | \$150.00 |
| Address Request | | | \$100.00 | |
| Dune Grading - Remedial/Construction | | | \$400.00 | |

**CITY OF MANZANITA
MASTER FEE SCHEDULE**

| CATEGORY | ITEM | INCLUDED IN BASE FEE | ADDITIONAL FEES | FEE |
|---|---|--|---|--------------|
| SHORT TERM RENTAL | New Application | | | \$650.00 |
| | Periodic Re-Inspection | | | \$350.00 |
| | Follow Up Inspection | | | \$325.00 |
| | Random Inspection | | | \$225.00 |
| | Annual Renewal | | | \$850.00 |
| WATER UTILITY - SYSTEM DEVELOPMENT CHARGES | Water System Development Charges. 3/4" x 5/8" Water Service | | Requires Tier 2 ROW Permit and New Water Service fee. (Materials cost may vary) | \$7,107.26 |
| | Water System Development Charges. 1" Water Service (2 EDU) | | | \$17,578.58 |
| | Water System Development Charges. 1 - 1/2 " Water Service (4.5 EDU) | | | \$31,983.66 |
| | Water System Development Charges. 2" Water Service (8 EDU) | | | \$56,860.07 |
| | Water System Development Charges. 3" Water Service (18 EDU) | | | \$127,935.66 |
| | Water System Development Charges. 4" Water Service (32 EDU) | | | \$227,441.28 |
| WATER UTILITY RATE SCHEDULE | Inside Commercial Monthly Water Rate | Inside city | Plus Inside City Consumption unit | |
| | | 5/8" x 3/4" Meter | | \$59.54 |
| | | 1" Meter | | \$83.36 |
| | | 1 1/2" Meter | | \$107.18 |
| | | 2" Meter | | \$172.68 |
| | Outside Commercial & Residential Monthly Water Rate | 5/8" x 3/4" Meter | Residential 2 units included in base, Plus Outside City Consumption unit | \$71.45 |
| | | 1" Meter | | \$99.96 |
| | | 1 1/2" Meter | | \$128.60 |
| | | 2" Meter | | \$207.19 |
| | Inside Residential Monthly Water Rate | 5/8" x 3/4" Meter | Residential 2 units included in base, Plus Outside City Consumption unit | \$49.62 |
| | | 1" Meter | | \$89.32 |
| | Inside Residential Monthly Water Rate | 1 1/2" Meter | Residential 2 units included in base, Plus Outside City Consumption unit | \$143.89 |
| | | 2" Meter | | \$172.68 |
| Inside City Consumption unit | Tier 1 | Commercial 0 - 5,000 Residential 2,001 - 5,000 | \$9.91 | |

**CITY OF MANZANITA
MASTER FEE SCHEDULE**

| CATEGORY | ITEM | INCLUDED IN BASE FEE | ADDITIONAL FEES | FEE |
|--|---|--|---|---|
| | Outside City Consumption unit | Tier 2 | Commercial 5,001 - 10,000 Residential 5,001 - 10,000 | \$11.48 |
| | | Tier 3 | Commercial +10,001 Residential +10,001 | \$12.78 |
| | | Tier 1 | Commercial 0 - 5,000 Residential 2,001 - 5,000 | \$11.89 |
| | | Tier 2 | Commercial 5,001 - 10,000 Residential 5,001 - 10,000 | \$13.77 |
| | | Tier 3 | Commercial +10,001 Residential +10,001 | \$15.34 |
| WATER UTILITY RATE SCHEDULE | Wholesale Water - Monthly Water Rate (Rt 53 & Tideland) | | | \$148.67 |
| | Wholesale Consumption unit, per unit | | | \$2.87 |
| WATER UTILITY OTHER FEES | Bulk Hydrant Water Meter | | | \$30.00 |
| | Delinquent Notice | | | \$5.00 |
| | Shut Off Notice | | | \$40.00 |
| | Delinquent Turn-off or turn- on. Regular business hours. | | | \$50.00 |
| | Delinquent turn-on. Water restoration during non- working hours, holidays, and weekends. Service is not available 8:00pm - 8:00am | Double fee of delinquent Turn-off or turn-on. Regular business hours. | | \$100.00 |
| | Water Account sent to collections | | | \$50.00 |
| | Same day water turn-on or off service (other than emergency or shut-off for delinquency) | Regular business hours. | | \$40.00 |
| | NSF | | | \$40.00 |
| | Water Service Transfer Fee | | | \$60.00 |
| | Fire Hydrant - Fire Flow Test | | per hydrant | \$200.00 |
| | Lien Search | | | \$20.00 |
| | Water meter Install | | *Includes 3/4" x 3/4" meter ONLY if requested for residential fire sprinkler systems. Requires Tier 2 ROW Permit. | \$1,395.00 |
| | STORM WATER | STORM WATER, System Development Charges | Storm drainige into a city maintained system. | Requires Tier 2 or 3 ROW Permit for a phyical connection to a approved storm system. |
| PARK SYSTEM DEVELOPMENT | Park Fees, System Development Charges | | | \$63.86 |

**CITY OF MANZANITA
MASTER FEE SCHEDULE**

| CATEGORY | ITEM | INCLUDED IN BASE FEE | ADDITIONAL FEES | FEE |
|---|---|-----------------------------|---|------------|
| Right of Way Permits and Traffic Control Plan Review | Tier 1 ROW Permit | | | \$100.00 |
| | Tier 2 ROW Permit | | Performance deposit based on disturbance of materials maybe required. Minimum performance deposit is \$250. Concrete and asphalt cut \$30.00 per square foot. | \$300.00 |
| Right of Way Permits and Traffic Control Plan Review | Tier 3 ROW Permit | | Base fee covers first 2 sheets, additional sheet review cost is \$400 per sheet. Performance deposit based on disturbance of materials maybe required. | \$2,900.00 |
| | Tier 3 ROW Inspections up to 20 hours. | | Additional hours will be billed at a rate of \$100 per hour. | \$1,950.00 |
| | Tier 3 ROW Permit Plan Re-review or Supplemental review (More than 3 reviews) | | Additional hours will be billed at a rate of \$100 per hour if review is expected to exceed 2 hours. | \$230.00 |
| | Agreement for Public Improvements (Bond) | | \$3,000 Fee is a deposit to cover time and materials. If time exceeds the base, notice will be given on needed amount. | \$3,000.00 |
| | Tier 1 Traffic Control Plan Review | | | \$200.00 |
| | Tier 2 Traffic Control Plan Review | | | \$1,600.00 |
| | Tier 3 Traffic Control Plan Review | | | \$3,600.00 |
| | Road Grading Permit | | Permit is for road edge grading to city standard. If work done out side of requirements a Tier 1 or 2 permit maybe required. | \$0.00 |

**CITY OF MANZANITA
MASTER FEE SCHEDULE**

| CATEGORY | ITEM | INCLUDED IN BASE FEE | ADDITIONAL FEES | FEE |
|-------------------------|--|--|--|----------|
| Other Public Works Fees | Equipment use Fee | \$20.00 Per business day. Items that may be used for fee include Metal detector, 2 baracades, 10 traffic cones | This covers the use to the Public the use of cones and metal detector. | \$20.00 |
| COURT | Late payment fee | | | \$15.00 |
| | Return Item/NSF Fee | | | \$50.00 |
| | Failure to Appear for Trial | | | \$115.00 |
| | License Suspension | | | \$115.00 |
| | Payment Plan | | | \$60.00 |
| | Turnover to Collections | | | \$60.00 |
| POLICE DEPARTMENT | Police Reports | Staff Hourly Rate | These are processed as records requests | \$0.00 |
| | Finger Printing | | | \$35.00 |
| | Admin Costs Associated with Towed Vehicles | | | \$375.00 |
| ADMIN | NSF | | | \$50.00 |
| | Business License Permit-Billed Annually | 1-2 Employees | | \$100.00 |
| | | 3-5 Employees | | \$135.00 |
| | | 6+ Employees | | \$175.00 |
| | Copying Fee | Per page | | \$0.25 |
| | Special Event Permits | | | \$0.00 |
| | Records Requests | Employee hourly rate | | Hourly |
| BUILDING PERMITS | See building permit fees | | | |

Master Fee Schedule - Building Fees

| STRUCTURAL PERMIT FEE TABLE | | | | |
|---|-------------------------------|------------------------------|---------|---|
| Valuation | fee | | | |
| \$1 - \$500 | \$109.18 | | | |
| \$501 - \$2000 | \$109.18 | For the first \$500 plus | \$4.65 | For each additional \$100 or fraction thereof, to and including \$25,000 |
| \$2001 - \$25000 | \$178.93 | For the first \$2,000 plus | \$18.56 | For each additional \$1,000 or fraction thereof, to and including \$25,000 |
| \$25001 - \$50000 | \$605.81 | For the first \$25,000 plus | \$13.93 | For each additional \$1,000 or fraction thereof, to and including \$100,000 |
| \$50001 - \$100000 | \$954.06 | For the first \$50,000 plus | \$9.30 | For each additional \$1,000 or fraction thereof, to and including \$100,000 |
| \$100001 - and up | \$1,419.06 | For the first \$100,000 plus | \$7.74 | For each additional \$1,000 or fraction thereof |
| When a structural permit is required by the state building code for retaining walls, decks, fences, accessory structures, etc – see Structural Permit fees by valuation | | | | |
| OTHER STRUCTURAL FEES | | | | |
| Structural Plan Review (when | 75% of structural permit fee | | | |
| Additional Plan Review (when applicable) - 30 minute minimum | \$109.18 | | | |
| Fire Life Safety Plan Review (when applicable) | 50 % of structural permit fee | | | |
| Each additional inspection, above allowable- per each | \$109.18 | | | |
| Re-Inspection - per each | \$109.18 | | | |
| Inspections for which no fee is specifically indicated (as required) - hourly. Minimum 1 hour | \$109.18 | | | |
| Inspections outside of normal business hours. Minimum 2 hours | \$109.18 | | | |

| | |
|--|--|
| Deferred Submittal Plan Review Fee - in addition to project plan review fees | 65% of the building permit fee calculated using the value of the deferred portion with a \$250 minimum |
| Phased Project Plan Review Fee – in addition to project plan review fees | \$324.25 minimum plus 10% of total project building permits, not to exceed \$1500.00 for each phase. In addition to standard plan review fees. |
| Structural demolition – complete demolition, not subject to State Surcharge | \$1,000.00 |
| Structural alteration (not demo) – partial, soft, interior | See Structural Permit Fee table by valuation, incurs State Surcharge |
| Structural Minimum Permit Fee | \$109.18 |
| Moving structure permit, other than U-1 | \$601.00 |
| Re-Roof residential when a permit is required | \$109.18 |
| Commercial re-roof | See Structural Permit Fee table by valuation, incurs State Surcharge |
| Residential Fire Suppression- Standalone System 13R, fee includes plan review (See Plumbing Fee section for Continuous Loop/Multipurpose System 13D) | |
| Square Footage of Area to be Covered | Fee |
| 0 – 2000 sq ft | \$412.00 |
| 2001 – 3600 sq ft | \$515.00 |
| 3601 - 7200 sq ft | \$669.50 |
| 7201 sq ft and greater | \$824.00 |
| Commercial Fire Suppression | See Structural Permit Fee table by valuation |
| Solar Permit – Prescriptive Path System, fee includes plan review. Separate Electrical Permit required, contact Tillamook County. | \$218.36 |
| Solar Permit – Non-Prescriptive Path System | Fee as per Structural Permit Fee table by valuation to include the solar panels, racking, mounting elements, rails and the cost of labor to install. Solar electrical equipment including collector panels and inverters shall be excluded from the Structural Permit valuation. |
| Investigation Fees - actual or average cost may include supervision, overhead, equipment, and/or rate/wage of the employee(s) involved. Applicable to all disciplines. | |
| Investigation Fee – hourly. Minimum 2 hours | \$109.18 |

When applicable, structural permits use valuation as determined by ICC Valuation Table current as of April 1 of each year, as per OAR 918-050-0000.

MANUFACTURED DWELLING PLACEMENT FEE*

Manufactured Dwelling Placement Fee *

| | |
|---|----------|
| Single wide | \$208.60 |
| Double wide | \$416.12 |
| Triple wide | \$622.12 |
| Earthquake resistant bracing system (when not part of original dwelling) | \$109.18 |
| State (Cabana) Fee | \$30.00 |

* Includes the concrete slab, runners or foundations that are prescriptive, electrical feeder and plumbing connections and all cross-over connections and up to 30 lineal feet of site utilities. Decks, other accessory structures, and foundations that are not prescriptive, utility connections beyond 30 lineal feet, new electrical services or additional branch circuits, and new plumbing - may require separate permits. All decks 30" above ground, carports, garages, porches, and patios are based on valuation and may also require separate permits.

-- See Structural schedule by valuation for non-dwelling modular placements

MANUFACTURED DWELLING/RV PARKS- AREA DEVELOPMENT PERMIT (ADP)

The Area Development Permit fee to be calculated based on the valuations shown in Table 2 of OAR 918-600-0030 for Manufactured Dwelling/Mobile Home Parks and Table 2 of OAR 918-650-0030 for Recreational Park & Organizational Camp – and applying the valuation amount to Table 1 as referenced for each.

MECHANICAL PERMIT FEES

| Residential | Fee – per each appliance |
|---|---------------------------------|
| Air conditioner | \$57.68 |
| Air handling unit of up to 10000 cfm | \$42.23 |
| Air handling unit 10001 cfm and over | \$57.68 |
| Appliance of piece of equipment regulated by code but no classified in other appliance categories | \$42.23 |
| Attic or crawl space fans | \$28.84 |
| Chimney/liner/flue/vent | \$46.35 |
| Clothes dryer exhaust | \$42.23 |
| Decorative gas fireplace | \$42.23 |
| Ductwork-no appliance/fixture - per each | \$42.23 |
| Evaporative cooler other than portable | \$75.19 |
| Floor furnace, including vent | \$57.68 |
| Flue vent for water heater or gas | \$42.23 |
| Furnace – less than 100000 BTU | \$66.95 |

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| Furnace – more than 100000 BTU | \$57.68 |
| Furnace/burner including duct work/vent/liner | \$57.68 |
| Gas or wood fireplace/insert | \$42.23 |
| Gas fuel piping outlets 1 – 4 outlets | \$23.69 |
| Each additional outlet | \$7.21 |
| Heat pump | \$75.19 |
| Hood served by mechanical exhaust, including ducts for hood | \$42.23 |
| Hydronic hot water system | \$57.68 |
| Installation or relocation domestic/type incinerator | \$57.68 |
| Mini split system | \$75.19 |
| Range hood/other kitchen equipment | \$42.23 |
| Suspended heater, recessed wall heater, or floor mounted heater | \$57.68 |
| Ventilation fan connected to single duct | \$28.84 |
| Ventilation system not a portion of heating or air-conditioning system authorized by permit | \$42.23 |
| Water heater | \$57.68 |
| Wood/pellet stove | \$42.23 |
| Other heating/cooling | \$42.23 |
| Other fuel appliance | \$42.23 |
| Other environment | \$42.23 |
| Commercial Mechanical Fees | |
| Fee as per Structural Permit Fee table by valuation | |
| Other Mechanical Fees | |
| Mechanical Plan Review (when applicable) | 35% of mechanical permit fee |
| Additional Plan Review (when applicable) – 30 minutes minimum | \$109.18 |
| Reinspection – per each | \$109.18 |
| Each additional inspection, above allowable – per each | \$109.18 |
| Inspections for which no fee is specifically indicated – per each (as required). Minimum 1 hour. | \$109.18 |
| Inspection outside of normal business hours. Minimum 2 hours. | \$109.18 |
| Investigation fee - Mechanical | See Structural – Investigation Fees |

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| Mechanical Minimum Permit Fee | \$109.18 |
| PLUMBING PERMIT FEES | |
| New 1&2 Family Dwelling – includes one kitchen, first 100 feet each of site utilities, hose bibbs, icemakers, underfloor low-point drains, and rain drain packages that include the piping, gutters, downspouts, and perimeter system. Half bath counted as whole. | |
| One bathroom, one kitchen | \$370.80 |
| Two bathrooms, one kitchen | \$404.79 |
| Three bathrooms, one kitchen | \$456.29 |
| Each additional bathroom > 3 – or – kitchen >1 | \$53.56 |
| Each additional 100 ft or fraction thereof of site utilities – water, sewer, storm (which includes rain, footing, trench, and leach) – first 100 ft included in bathroom/kitchen fee | \$46.35 |
| Commercial and Non-New Residential | |
| Site Utilities | Fee |
| Sanitary Sewer - First 100 feet or less | \$84.46 |
| Sanitary Sewer - Each additional 100 feet or fraction thereof | \$46.35 |
| Storm – first 100 feet or less | \$84.46 |
| Storm – Each additional 100 feet or fraction thereof | \$46.35 |
| Water – first 100 feet or less | \$84.46 |
| Water – Each additional 100 feet or fraction thereof | \$46.35 |
| Fixtures | Fee – per each |
| Absorption valve | \$28.84 |
| Backflow preventer | \$57.68 |
| Backwater valve | \$28.84 |
| Catch basin or area drain | \$28.84 |
| Clothes washer | \$28.84 |
| Dishwasher | \$28.84 |
| Drinking fountain | \$28.84 |
| Ejectors/sump pump | \$28.84 |
| Expansion tank | \$28.84 |
| Fixture cap | \$28.84 |
| Floor drain/floor sink/hub drain | \$28.84 |
| Garbage disposal | \$28.84 |
| Hose bib | \$28.84 |
| Ice maker | \$28.84 |
| Primer | \$28.84 |

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| Sink/basin/lavatory | \$28.84 |
| Stormwater retention/detention | \$96.82 |
| Swimming pool piping | \$63.86 |
| Trench Drain | \$28.84 |
| Tub/shower/shower pan | \$28.84 |
| Urinal | \$28.84 |
| Water closet | \$30.84 |
| Water heater | \$57.68 |
| Other – plumbing | \$28.84 |
| Alternate potable water heating | \$66.95 |
| Interceptor/grease trap | \$28.84 |
| Manholes | \$28.84 |
| Roof drain (commercial) | \$57.68 |
| Medical Gas and Process Piping Permit Fees – Commercial Plumbing | |
| Valuation | Fee |
| \$1.00 - \$5,000 | \$109.18 |
| \$5,001 - \$10,000 | \$109.18 For the first \$5,000 plus \$3.30 For each \$100 or fraction thereof. |
| \$10,001 - \$100,000 | \$274.18 For the first \$10,000 plus \$11.32 For each additional \$1,000 or fraction thereof. |
| \$100,001 and above | \$1,292.98 For the first \$100,000 plus \$8.01 For each additional \$1,000 or fraction thereof. |
| Residential Fire Suppression – Multipurpose/Continuous Loop System 13D, fee includes plan review | |
| [See Structural Fee section for Standalone System 13R] | |
| Square Footage of Area to be Covered | Fee |
| 0 – 2000 sq ft | \$257.50 |
| 2001 – 3600 sq ft | \$309.00 |
| 3601 - 7200 sq ft | \$360.50 |
| 7201 sq ft and greater | \$412.00 |
| Other Plumbing Fees | |
| Plumbing Plan Review (when applicable) – commercial | 35% of commercial plumbing permit fee |
| Plumbing Plan Review (when applicable) – residential | 35% of residential plumbing permit fee |
| Additional Plan Review (when applicable) – 30 minutes minimum | \$109.18 |
| Reinspection – per each | \$109.18 |
| Each additional inspection, above allowable – per each | \$109.18 |

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| Inspections for which no fee is specifically indicated (as required) per hour. Minimum 1 hour. | \$109.18 |
| Inspection outside of normal business hours per hour. Minimum 2 hours | \$109.18 |
| Investigation fee - Plumbing | See Structural – Investigation Fees |
| Plumbing Minimum Permit Fee – commercial | \$218.36 |
| Plumbing Minimum Permit Fee – residential | \$109.18 |
| MISCELLANEOUS PERMIT FEES | |
| Permit Reinstatement fee – expired permits not yet 12 months past their expiration date, as eligible, subject to State Surcharge | \$500.00 or ½ the cost of a new permit, whichever is greater. |
| Permit Reinstatement fee - Expired permits over one year past their expiration | New application with current valuation fees |
| Permit Reinstatement fee - Expired permits lacking only the final inspection | \$109.18 |
| Permit Extension fee – to extend expiration on active permit; not subject to State Surcharge. 1st Request | \$218.36 |
| 2nd Request | \$436.72 |
| Copy fees | 8 ½ x 11 B&W \$0.25 each |
| | Color \$0.50 each |
| | 11 x 17 B&W \$0.75 each |
| Returned Check fee (NSF) | \$50.00 |
| Seismic Surcharge – Structural/Mechanical – review required on all essential structures | 1% of building permit fee |
| Refund processing fee – not subject to State Surcharge | \$50.00 |
| Expedited Plan Review fee – Structural, in addition to standard plan review fees – plan review services outside of normal timeframes established, must be pre-approved, subject to availability/resources | \$109.18 per hour with a minimum of 50% of standard plan review fee. |

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| Temporary Occupancy, Residential (30-day max) | \$500.00 |
| Temporary Occupancy, Commercial (30-day max) | \$1,000.00 |
| Change of Use or Change of Occupancy permit fee, when no structural work is proposed | \$1,000.00 |
| Technology Fee | 5% of permit fee |



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