

## COMMUNITY SURVEY

Check one.

As a registered Manzanita voter, I prefer:

\$0 indirect costs be taken annually in the City's Budget out of the Water Utility Fund.

Not more than \$25,000 be taken annually in the City's Budget out of the Water Utility Fund.

Not more than \$50,000 be taken annually in the City's Budget out of the Water Utility Fund.

Not more than \$75,000 be taken annually in the City's Budget out of the Water Utility Fund.

Not more than \$100,000 be taken annually in the City's Budget out of the Water Utility Fund.

Not more than \$125,000 be taken annually in the City's Budget out of the Water Utility Fund.

Not more than \$150,000 be taken annually in the City's Budget out of the Water Utility Fund.

Not more than \$175,000 be taken annually in the City's Budget out of the Water Utility Fund.

The City continues with its present overhead allocation policy.

Date returned \_\_\_\_\_

To receive survey results provide an email address \_\_\_\_\_

Manzanita's City Charter is unique among Oregon cities in that Manzanita voters included specific language as to how our water fees were to be used. That language states in part that those revenues shall be used " For the payment of the costs of operation and maintenance of the City water supply system."

The City has interpreted this specific language as its authority to charge the Water Operating Fund for "indirect costs" that are borne by City Hall staff in providing administrative support services specifically for the Water Operating Fund.

City Hall staff claimed the need for reimbursement for these indirect cost services totaling \$516,698 for the past 3 budget years and claimed the need for another \$199,357 in the current budget for providing these services. Every indirect cost dollar that is transferred out of the Water Utility Fund to the General Fund is one less dollar available for projects for maintenance, operation and improvement of the physical elements of the water system. Indirect costs are also expenses for the Water Utility Fund. As operational expenses rise, the City claims revenue is not keeping up with the costs of operations and water rates must be increased.

The need to charge indirect costs in connection with our Water Utility Fund was first introduced to citizens in 2019 in response to questions as to why the City Manager and then Assistant City Manager positions were having 50% of their respective salaries paid for with Water Utility Fund revenue. The City paid the consulting group FCS approximately \$40,000 to develop a model that would attempt to justify overhead costs for City Hall staff. After two years of not being able to effectively explain the FCS methodology to citizens, it was dropped and replaced by the City of Warrenton model.

The Warrenton model produces indirect costs for the Water Operating Fund that are more than four times higher than the same support services provided for our Police Department even though the number of employees, total budget, monthly bill payments, shared office supplies etc. are similar for both the Water and Police Departments. The only difference between these two City services is that the Water Operating Fund as a separate Fund can have its revenues transferred into the General Fund as an overhead allocation charge. Since the Police are already in the General Fund, a similar revenue transfer opportunity does not exist. Once these Water Utility Fund revenues are transferred into the General Fund, the City can spend them on whatever they choose to.

The City Charter is the direct expression of the electorate to its City Council as to how they expect the City to be operated. Citizens who approve and vote on the language contained in their respective City Charters should be deferred to whenever there is a question as to how the Charter should be applied to City operations. The Warrenton City Charter contains no language as to how its Water Fund revenues are to be used. Manzanita officials do not mention this important distinction between the two City Charters and offer the explanation that we are simply doing what the Warrenton City Council does with its water revenue.

This survey is your opportunity to express your preference as to how you would have your water fees used by the City for indirect cost support services related to the Water Operating Fund.

Please record and return your preference on the enclosed postcard. Every registered voter in Manzanita will be provided the opportunity to "vote" on this issue and the results will be presented to the City Council.

Thank you for participating in this important community survey. Randy Kugler