



## CITY OF MANZANITA

655 Manzanita Ave - Manzanita, Oregon 97130  
P.O. Box 129, Manzanita, OR 97130-0129  
Phone (503) 812-2514 | TTY Dial 711  
[ci.manzanita.or.us](http://ci.manzanita.or.us)

### COUNCIL REGULAR SESSION

Manzanita City Hall  
<https://ci.manzanita.or.us>

### AGENDA **Updated**

February 4, 2026  
06:00 PM Pacific Time

**Council will hold this meeting at the Manzanita City Hall: 655 Manzanita Ave**

**Video Information:** The public may watch live on the

[City's Website: ci.manzanita.or.us/broadcast](http://ci.manzanita.or.us/broadcast)

or by joining via Zoom:

<https://us02web.zoom.us/j/89245725043?pwd=iEXjKenvw68bPbcCvAxOAQQMSxXQ3w.1>

**Meeting ID: 892 4572 5043 Passcode: 654117**

**Call in number: +1 253 215 8782**

**If you would like to submit written testimony to the City Council on items included on the agenda, please send your comments to [cityhall@ci.manzanita.or.us](mailto:cityhall@ci.manzanita.or.us) and indicate the agenda item and date of meeting.**

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

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

**2. AUDIENCE PARTICIPATION**

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

**3. CONSENT AGENDA**

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

**A. Approval of Minutes**

- a. January 07, 2026, Regular Session
- b. January 14, 2026, Work Session

**B. Approval of Bills**

**4. INFORMATION**

- A. City Manager Report**  
Leila Aman, City Manager

**5. NEW BUSINESS**

- A. Financial Audit FY 2024/2025**  
Nina Crist, Finance Director  
Glen Kearns, Accuity
- B. Land Division Amendments Ordinance 26-01 – 1<sup>st</sup> Reading**  
**Public Hearing**  
Leila Aman, City Manager

**6. OLD BUSINESS**

- A. State of Emergency - Update**  
Leila Aman, City Manager

**7. COUNCIL UPDATES**

**8. ADJOURN (7:00)**

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

The city is committed to providing equal access to public meetings. To request listening and mobility assistance services contact the Office of the City Recorder at least 48 hours before the meeting by email at [cityhall@ci.manzanita.or.us](mailto:cityhall@ci.manzanita.or.us) or phone at 503-812-2514. Staff will do their best to respond in a timely manner and to accommodate requests. Most Council meetings are broadcast live on the [ci.manzanita.or.us/broadcast](https://ci.manzanita.or.us/broadcast).



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### CITY COUNCIL REGULAR SESSION JANUARY 7, 2026

**1. CALL TO ORDER:** The meeting was called to order on January 7, 2026, at 6:00pm at the Manzanita City Hall by Mayor Kathryn Stock.

**Roll:** Council members present: Kathryn Stock, Jerry Spegman, Brad Hart and Tom Campbell. Council members present via Zoom: Linda Kozlowski. Staff present: City Manager Leila Aman, Finance Director Nina Crist, Public Works Director Rick Rempfer, Police Sergeant Mike Sims, Police Officer John Garcia, Police Officer Max Halverson, and Assistant City Recorder Nancy Jones. Staff present via Zoom: Development Services Manager Scott Gebhart. Panelist's present: Steeplejack Owner Brody Day. Panelist present via Zoom: Urbsworks Marcy McInelly and Budget Committee Chair Joy Nord.

**2. AUDIENCE PARTICIPATION:** There were 7 people in attendance, 6 attended via zoom, 10 attended via website. There was one public comment.

### **3. CONSENT AGENDA:**

- A. APPROVAL OF MINUTES –
  - a. December 03, 2025, Regular Session
  - b. December 16, 2025, Emergency Meeting
- B. APPROVAL OF BILLS FOR PAYMENT

**A motion was made by Campbell, seconded by Spegman, to approve the consent agenda that included approval of the December 03, 2025, Regular Session Minutes; December 16, 2025, Emergency Meeting; Approved payment of bills and all subsequent bills subject to approval by the Mayor or Council President and City Manager; Motion passed unanimously.**

### **4. INFORMATION:**

- A. City Manager Report** - City Manager Leila Aman
  - City Manager Leila Aman announced that the city all-staff retreat/development was rescheduled to Monday January 12<sup>th</sup>. Offices will be closed on this day.

- Aman reported that Dorcas Street is under construction and the intersection has been closed. She articulated that construction is going well despite the weather. She said the priority is to complete the sections between Laneda and Dorcas, then continue the storm system towards the highlands. She announced that the Classic street project should be completed and the street re-opened in the spring.
- Aman reported that Sergeant Mike Sims, Officer John Garcia and Officer Max Halverson participated in this year's community outreach "shop with a cop" program. She said that the officers spent a morning shopping with children selected by the shop with a cop committee.

## **5. NEW BUSINESS:**

### **A. Liquor License Steeplejack - Owner Brody Day**

Brody Day with Steeplejack spoke about his submitted liquor license application. He said that they have remodeled the building and plan to open a family friendly restaurant in March.

**A motion was made by Hart to accept the OLCC Application for Steeplejack. Seconded by Spegman; Motion passed unanimously.**

### **B. Emergency Declaration – City Manager Leila Aman**

City Manager Leila Aman provided background information on the Emergency Declaration that passed on December 16<sup>th</sup> due to the landslide potential on city property near the public works building. She explained the meaning of an emergency declaration, the steps that were taken to notify people in the affected area and spoke about two press releases that were issued by the city. She reported on the site investigation and the geotechnical engineer's assessment of the slope. She communicated that the geotechnical report identified top-soil material instability and stated that the underlined soil conditions are stable. She announced that the recommendation is to remove the unsettled material and conduct additional soil stabilization such as seeding with grass. She asked council to extend the emergency declaration until February 4<sup>th</sup> to give the city more time to finalize the work.

**A motion was made by Hart to Extend Resolution 25-26 until February 4, 2026, Declaring a Local State of Emergency and Ratifying Actions in Response to the State of Emergency. Motion was Seconded by Campbell; Motion passed unanimously.**

### **C. Budget Committee Selection Process – Finance Director Nina Crist**

Finance Director Nina Crist spoke about the appointment process for the Budget Committee members and announced that there are two, three-year term seats set to end March 2026. She asked council to select one member from city council to serve on the selection committee. Councilor Campbell volunteered to serve on the budget committee selection committee, chair Joy Nord volunteered to represent the budget committee, and Finance Director Nina Crist will serve on the committee as the city representative. Budget Committee chair Joy Nord presented the selection criteria to council. Crist said the application will be posted next week and will be



open for three weeks. It is planned to present the applicant recommendations to the council on March 4<sup>th</sup> for approval.

**A motion was made by Spegman to approve the Budget Committee Selection Criteria. Seconded by Campbell; Motion passed unanimously.**

## **6. OLD BUSINESS:**

**D. Housing Ordinance Amendments 2<sup>nd</sup> Reading**— City Manager Leila Aman  
City Manager Leila Aman provided background and project history of ordinance 25-04 and spoke about the adoption of SB406 that requires cities within Tillamook County to enforce Oregon’s large cities’ middle housing model code. She spoke about zoning code updates and explained that they were consolidated and renamed using existing boundaries. She announced that it will take thirty days after the approval of the second reading for the ordinance to go into effect.

Allowed for public comment: There were two public comments.

**A motion was made by Hart to accept the Second Reading of Ordinance 25-04 Providing for Zoning Standards and Procedures and Amending Ordinance No. 95-4 to Comply with Senate Bill 406 Middle Housing Requirements and Adopting Findings of Fact. Seconded by Kozlowski; Motion passed unanimously.**

## **7. COUNCIL UPDATES:**

Council members took turns sharing information and updates of what they were involved in for the month.

## **8. INFORMATION AND ADJOURN:**

- The Planning Commission has been cancelled for January 12, 2026.
- Manzanita Municipal Court will be held January 9, 2026, at 1:30pm and is open to the public.

**Mayor Stock adjourned the meeting at 7:20PM.**

**MINUTES APPROVED THIS  
4<sup>th</sup> Day of February, 2026**

---

Kathryn Stock, Mayor

Attest:

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Leila Aman, City Manager



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### CITY COUNCIL WORK SESSION

**JANUARY 14, 2026**

**1. CALL MEETING TO ORDER:** The meeting was called to order on January 14, 2026, at 2:02pm at the Manzanita City Hall by Council President Linda Kozlowski.

**ROLL:** Council members present: Linda Kozlowski, Jerry Spegman, Brad Hart, and Tom Campbell. Council members present via Zoom: Kathryn Stock. Staff present: City Manager Leila Aman, and Assistant City Recorder Nancy Jones. Staff Present via Zoom: Finance Director Nina Crist, and Development Services Manager Scott Gebhart. Panelist present Zoom: Urbsworks Marcy McInelly.

**2. Land Division Amendments:** City Manager Leila Aman

City Manager Leila Aman spoke about land division amendments and reported that the planning commission has recommended that city council move forward with ordinance adoption. She explained that the land division ordinance will complete the work on middle housing since Housing Ordinance 25-04 passed the second reading on January 7<sup>th</sup>. She answered council's questions and announced that it is planned to present an update to the fee schedule for middle housing land division at next month's work session. Aman communicated that the first reading of the Land Division Ordinance is scheduled for the February 4<sup>th</sup> Regular Session. Please email comments to be included with public record to [cityhall@ci.manzanita.or.us](mailto:cityhall@ci.manzanita.or.us)

**4. Adjourn:** Council President Linda Kozlowski adjourned the meeting at 2:18pm.

**MINUTES APPROVED THIS**

**4<sup>th</sup> Day of February 2025**

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Kathryn Stock, Mayor

Attest:

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Leila Aman, City Manager



# BILLS FOR APPROVAL OF PAYMENT

From 1/1/26 - 1/31/26

VENDOR	TOTAL	ADMIN	POLICE	BLDG	COURT	PARKS	ROADS	VISITORS CENTER	WATER
DCBS FISCAL SERVICES (BUILDING SURCHARGE)	\$3,744.59			\$3,744.59					
ENVIRONMENTS (FURNITURE)	\$7,989.56								\$7,989.56
EQUIP. RENTAL SERVICES (EQUIPMENT RENTAL)	\$2,105.50								\$2,105.50
HASCO (FUEL)	\$4,581.81		\$784.50	\$115.96		\$174.59	\$872.95	\$189.55	\$2,444.26
LARRY BLAKE (MUNICIPAL JUDGE)	\$400.00				\$400.00				
LAURIE MILLER (STAFF REIMBURSEMENT)	\$31.50								\$31.50
LB BUILDING SERVICES (COMM. BUILDING INSPECTOR)	\$8,045.42			\$8,045.42					
MANZANITA LUMBER (MATERIALS & SUPPLIES)	\$450.50	\$410.59							\$39.91
MILLER NASH (CITY ATTORNEY)	\$30,409.00	\$17,520.50					\$8,264.11		\$4,624.39
NEHALEM LUMBER (MATERIALS & SUPPLIES)	\$318.16	\$75.00						\$4.99	\$238.17
NC CIVIL DESIGN (CIVIL ENGINEER)	\$16,260.00	\$3,780.00					\$8,002.18		\$4,477.82
OLSON ASPHALT (STREET SWEEPING SERVICE)	\$1,150.00						\$1,150.00		
ONE CALL (STATE LOCATE FEES)	\$21.56								\$21.56
ONE ELEVEN (IT SERVICES)	\$4,060.00	\$4,060.00							
ONE ELEVEN (EQUIPMENT)	\$1,928.42	\$1,739.51	\$86.97						\$101.94

## BILLS FOR APPROVAL OF PAYMENT

From 1/1/26 - 1/31/26

[illegible]

# BILLS FOR APPROVAL OF PAYMENT

From 1/1/26 - 1/31/26

VENDOR	TOTAL	ADMIN	POLICE	BLDG	COURT	PARKS	ROADS	VISITORS CENTER	WATER
WALTER WENDOLOWSKI (CITY PLANNER)	\$1,300.00	\$1,300.00							
<b>TOTALS</b>	<b>\$711,426.63</b>	<b>\$65,475.13</b>	<b>\$2,076.38</b>	<b>\$12,230.47</b>	<b>\$4,205.00</b>	<b>\$287.73</b>	<b>\$372,959.96</b>	<b>\$876.83</b>	<b>\$253,315.13</b>



**CITY OF MANZANITA**  
Tillamook County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2025



436 1<sup>st</sup> Avenue W • P.O. Box 1072  
Albany, Oregon 97321 • (541) 223-5555

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

**CITY OFFICIALS**

June 30, 2025

**MAYOR**

Kathryn Stock

**CITY COUNCIL**

Linda Kozlowski, President

Tom Campbell

Brad Hart

Jerry Spegman

*\*All city councilors receive mail at the City's address listed below.*

**CITY MANAGER**

Leila Aman

**MAILING ADDRESS**

P.O. Box 129  
Manzanita, Oregon 97130

**CITY ATTORNEY**

James Walker  
PO Box 3585  
Portland, Oregon 97208



**CITY OF MANZANITA**  
**Tillamook County, Oregon**

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June 30, 2025

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**FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

The Honorable Kathryn Stock, Mayor  
and Members of the City Council  
City of Manzanita  
Manzanita, Oregon 97130

### Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Manzanita, Tillamook County, Oregon, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Manzanita, Tillamook County, Oregon as of June 30, 2025, the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended on the modified cash basis of accounting described in Note I.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Manzanita, Tillamook County, Oregon, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Emphasis of Matter – Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. The City of Manzanita, Tillamook County, Oregon, prepares its financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2025, the City adopted new accounting guidance: GASB Statement No. 102, *Certain Risk Disclosures*. Our opinions are not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Manzanita, Tillamook County, Oregon's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Manzanita, Tillamook County, Oregon's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Manzanita, Tillamook County, Oregon's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manzanita, Tillamook County, Oregon's basic financial statements. The budgetary comparison information, combining statements, and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information, combining statements, and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the schedule of future requirements for retirement of long-term debt. Our opinions on the financial statements do not cover the other information, and we do not express an opinion nor provide any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Manzanita's internal control over financial reporting and compliance.

## Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 16, 2025 on our tests of the City's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By:   
Glen O. Kearns, CPA

Albany, Oregon  
December 16, 2025

## **BASIC FINANCIAL STATEMENTS**



**CITY OF MANZANITA**  
**Tillamook County, Oregon**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2025

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 4,253,677	\$ 1,689,827	\$ 5,943,504
Restricted assets			
Cash and cash equivalents	5,039,234	-	5,039,234
Notes receivable - housing rehab loans	142,754	-	142,754
Total restricted assets	5,181,988	-	5,181,988
Noncurrent assets			
Capital assets not being depreciated	2,457,391	345,669	2,803,060
Capital assets being depreciated, net	9,502,476	7,239,775	16,742,251
Total noncurrent assets	11,959,867	7,585,444	19,545,311
Total assets	21,395,532	9,275,271	30,670,803
<b>LIABILITIES</b>			
Current liabilities			
Long-term debt, current portion	193,283	85,000	278,283
Noncurrent liabilities			
Long-term debt, less current portion	4,292,833	2,355,000	6,647,833
Total liabilities	4,486,116	2,440,000	6,926,116
<b>NET POSITION</b>			
Net investment in capital assets	7,473,751	5,145,444	12,619,195
Restricted for:			
Building department	407,261	-	407,261
Housing rehab loan program	115,729	-	115,729
System development	3,209,901	-	3,209,901
Tourism promotion	701,081	-	701,081
Municipal court	44,787	-	44,787
Streets and roads	560,475	-	560,475
Unrestricted	4,396,431	1,689,827	6,086,258
Total net position	\$ 16,909,416	\$ 6,835,271	\$ 23,744,687

The accompanying notes are an integral part of these financial statements.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

For the Year Ended June 30, 2025

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
Governmental activities							
General government	\$ 1,450,628	\$ 678,131	\$ -	\$ 75,000	\$ (697,497)	\$ -	\$ (697,497)
Public safety	755,784	172,130	-	-	(583,654)	-	(583,654)
Highways and streets	154,265	368,145	272,694	-	486,574	-	486,574
Culture and recreation	228,081	1,364	-	-	(226,717)	-	(226,717)
Interest expense	13,190	-	-	-	(13,190)	-	(13,190)
Unallocated depreciation expense	<u>225,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(225,730)</u>	<u>-</u>	<u>(225,730)</u>
Total governmental activities	<u>\$ 2,827,678</u>	<u>\$ 1,219,770</u>	<u>\$ 272,694</u>	<u>\$ 75,000</u>	<u>(1,260,214)</u>	<u>-</u>	<u>(1,260,214)</u>
Business-type activities							
Water	<u>\$ 1,221,236</u>	<u>\$ 1,661,758</u>	<u>\$ 206,688</u>	<u>\$ -</u>	<u>-</u>	<u>647,210</u>	<u>647,210</u>
General revenues							
Property taxes					281,535	-	281,535
Transient lodging tax					1,853,325	-	1,853,325
State highway tax					52,462	-	52,462
Alcohol and cigarette taxes					10,534	-	10,534
Privilege taxes					2,354	-	2,354
Franchise fees					182,983	-	182,983
Unrestricted grants and contributions					33,542	-	33,542
State revenue sharing					22,160	-	22,160
Investment earnings					446,769	61,669	508,438
Miscellaneous					<u>20,287</u>	<u>4,173</u>	<u>24,460</u>
Total general revenues					<u>2,905,951</u>	<u>65,842</u>	<u>2,971,793</u>
Transfers					<u>216,357</u>	<u>(216,357)</u>	<u>-</u>
Change in net position					1,862,094	496,695	2,358,789
Net position - beginning					<u>15,047,322</u>	<u>6,338,576</u>	<u>21,385,898</u>
Net position - ending					<u>\$ 16,909,416</u>	<u>\$ 6,835,271</u>	<u>\$ 23,744,687</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2025

		Capital Projects Funds			
	General	System		Nonmajor	Total
	Fund	Development	City Hall	Governmental	Governmental
		Charges		Funds	Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,902,407	\$ 3,208,715	\$ 251,821	\$ 1,929,968	\$ 9,292,911
Notes receivable	<u>142,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,754</u>
Total assets	<u>\$ 4,045,161</u>	<u>\$ 3,208,715</u>	<u>\$ 251,821</u>	<u>\$ 1,929,968</u>	<u>\$ 9,435,665</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - housing rehab loans	\$ <u>142,754</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>142,754</u>
<b>FUND BALANCES</b>					
Restricted	115,729	3,208,715	-	1,714,790	5,039,234
Committed	41,480	-	251,821	215,178	508,479
Unassigned	<u>3,745,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,745,198</u>
Total fund balances	<u>3,902,407</u>	<u>3,208,715</u>	<u>251,821</u>	<u>1,929,968</u>	<u>9,292,911</u>
Total deferred inflows of resources and fund balances	<u>\$ 4,045,161</u>	<u>\$ 3,208,715</u>	<u>\$ 251,821</u>	<u>\$ 1,929,968</u>	<u>\$ 9,435,665</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2025

<b>Total fund balances</b>		\$ 9,292,911
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:		
Cost	15,354,731	
Accumulated depreciation	<u>(3,394,864)</u>	11,959,867
Long-term liabilities are not due or payable in the current period and are therefore not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Notes payable		(4,486,116)
Housing rehabilitation loans are not available to pay for current period expenditures and are therefore deferred in the governmental funds.		
		<u>142,754</u>
<b>Net position of governmental activities</b>		<u><u>\$ 16,909,416</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

		Capital Projects Funds			
	General	System		Nonmajor	Total
	Fund	Development	City Hall	Governmental	Governmental
		Charges		Funds	Funds
<b>REVENUES</b>					
Property taxes	\$ 281,535	\$ -	\$ -	\$ -	\$ 281,535
Intergovernmental	76,185	-	-	-	76,185
Licenses, fees, and permits	395,768	-	-	415,187	810,955
Franchise fees	61,798	-	-	104,985	166,783
State liquor taxes	10,164	-	-	-	10,164
State cigarette taxes	370	-	-	-	370
State revenue sharing	22,160	-	-	-	22,160
State highway tax	-	-	-	52,462	52,462
Excise tax	2,354	-	-	-	2,354
Grants and contributions	33,542	-	75,000	272,694	381,236
Short-term rental tax	1,565,191	-	-	288,134	1,853,325
Fines and forfeitures	40,663	252,885	-	55,282	348,830
Investment earnings	175,721	147,677	36,118	87,253	446,769
Other revenue	23,634	840	-	337	24,811
Total revenues	<u>2,689,085</u>	<u>401,402</u>	<u>111,118</u>	<u>1,276,334</u>	<u>4,477,939</u>
<b>EXPENDITURES</b>					
Current					
General government	1,102,820	-	16,182	250,808	1,369,810
Public safety	783,548	-	-	60,145	843,693
Highways and streets	-	-	-	116,740	116,740
Culture and recreation	18,042	-	-	206,082	224,124
Debt service	155,332	-	-	50,868	206,200
Capital outlay	-	85,573	4,072,261	421,353	4,579,187
Total expenditures	<u>2,059,742</u>	<u>85,573</u>	<u>4,088,443</u>	<u>1,105,996</u>	<u>7,339,754</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

(Continued)

		Capital Projects Funds			
	General	System		Nonmajor	Total
	Fund	Development	City Hall	Governmental	Governmental
		Charges		Funds	Funds
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 629,343</u>	<u>\$ 315,829</u>	<u>\$ (3,977,325)</u>	<u>\$ 170,338</u>	<u>\$ (2,861,815)</u>
<b>OTHER FINANCING</b>					
<b>SOURCES (USES)</b>					
Loan proceeds	3,328,414	-	-	-	3,328,414
Transfers in	425,641	-	3,966,414	130,278	4,522,333
Transfers out	<u>(4,066,414)</u>	<u>-</u>	<u>-</u>	<u>(239,562)</u>	<u>(4,305,976)</u>
Total other financing sources (uses)	<u>(312,359)</u>	<u>-</u>	<u>3,966,414</u>	<u>(109,284)</u>	<u>3,544,771</u>
Net change in fund balances	316,984	315,829	(10,911)	61,054	682,956
Fund balances - beginning	<u>3,585,423</u>	<u>2,892,886</u>	<u>262,732</u>	<u>1,868,914</u>	<u>8,609,955</u>
Fund balances - ending	<u>\$ 3,902,407</u>	<u>\$ 3,208,715</u>	<u>\$ 251,821</u>	<u>\$ 1,929,968</u>	<u>\$ 9,292,911</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

<b>Net change in fund balances</b>	\$ 682,956
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense.

Expenditures for capital assets	4,551,259	
Disposals, net	(5,782)	
Less current year depreciation	<u>(225,730)</u>	4,319,747

Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.

Loan proceeds	(3,328,414)	
Debt principal paid	<u>187,805</u>	<u>(3,140,609)</u>

<b>Change in net position</b>	<u><u>\$ 1,862,094</u></u>
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The accompanying notes are an integral part of these financial statements.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

PROPRIETARY FUND

June 30, 2025

	Business-Type Activities - Enterprise Fund <u>Water Operating</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 1,689,827
Noncurrent assets	
Capital assets not being depreciated	345,669
Capital assets being depreciated, net	<u>7,239,775</u>
Total noncurrent assets	<u>7,585,444</u>
Total assets	<u>9,275,271</u>
<b>LIABILITIES</b>	
Current liabilities	
Long-term debt, current portion	85,000
Noncurrent liabilities	
Long-term debt, less current portion	<u>2,355,000</u>
Total liabilities	<u>2,440,000</u>
<b>NET POSITION</b>	
Net investment in capital assets	5,145,444
Unrestricted	<u>1,689,827</u>
Total net position	<u>\$ 6,835,271</u>

The accompanying notes are an integral part of these financial statements.



**CITY OF MANZANITA**  
**Tillamook County, Oregon**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
MODIFIED CASH BASIS

PROPRIETARY FUND

For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Fund <u>Water Operating</u>
Operating revenues	
Water charges	\$ 1,661,758
Operating expenses	
Payroll and related costs	511,958
Plant and well operations	306,925
Depreciation	<u>312,597</u>
Total operating expenses	<u>1,131,480</u>
Operating income (loss)	<u>530,278</u>
Nonoperating revenues (expenses)	
Grants and contributions	206,688
Other income	4,173
Investment earnings	61,669
Interest expense	<u>(89,756)</u>
Total nonoperating revenues (expenses)	<u>182,774</u>
Income (loss) before transfers	713,052
Transfers out	<u>(216,357)</u>
Change in net position	496,695
Total net position - beginning	<u>6,338,576</u>
Total net position - ending	<u>\$ 6,835,271</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

PROPRIETARY FUND

For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Fund <u>Water Operating</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,661,758
Cash payments for payroll and related costs	(511,958)
Cash payments for operating expenses	<u>(306,925)</u>
Net cash provided (used) by operating activities	<u>842,875</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Miscellaneous revenues	<u>4,173</u>
Net cash provided (used) by noncapital financing activities	<u>4,173</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Grants received	206,688
Long-term debt payments	(174,756)
Capital asset purchases	(202,572)
Transfers from (to) other funds for capital purchases	<u>(216,357)</u>
Net cash provided (used) by capital and related financing activities	<u>(386,997)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment earnings	<u>61,669</u>
Net cash provided (used) by investing activities	<u>61,669</u>
Net increase (decrease) in cash and cash equivalents	521,720
Cash and cash equivalents - beginning	<u>1,168,107</u>
Cash and cash equivalents - ending	<u>\$ 1,689,827</u>
	(Continued)

The accompanying notes are an integral part of these financial statements.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS

PROPRIETARY FUND

For the Year Ended June 30, 2025

(Continued)

	<u>Business-Type Activities - Enterprise Fund Water Operating</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 530,278
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	<u>312,597</u>
Net cash provided (used) by operating activities	<u>\$ 842,875</u>
<b>Noncash investing, capital, and financing activities</b>	
Contributions of capital assets	\$ 219,521

The accompanying notes are an integral part of these financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2025

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Manzanita have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

**B. Reporting Entity**

The City of Manzanita, Oregon operates under the 1992 Manzanita Charter. The government of the City consists of an elected mayor and four city council members. The mayor serves a two-year term and the city council members serve four-year terms. The city council appoints the city manager, an additional officer of the City.

**C. Basis of Presentation - Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from all governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments and other charges between the City's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the City's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

Capital Projects Funds

*System Development Charges Fund* – The System Development Charges Fund accounts for revenues from fines, forfeitures, and investment earnings. The funds are restricted for future system development.

*City Hall Fund* – The City Hall Fund accounts for revenues transferred from the General Fund, sale of surplus property, investment earnings, and carryover. The fund is maintained to address the city hall office space needs when appropriate.

Capital Projects Funds

The City reports the following major proprietary fund:

Enterprise Fund

*Water Operating Fund* – The Water Operating Fund accounts for the operation and maintenance of the City's water system.

Additionally, the City reports the following nonmajor governmental funds:

Special Revenue Funds

*Building Fund* – The Building Fund accounts for restricted revenues from building inspections and plan reviews. The funds are restricted by State law for building department related expenses.

*Transportation Fund* – The Transportation Fund accounts for the receipt and expenditure of financial resources that are generally restricted for use on the City's streets.

*Tourism Fund* – The Tourism Fund accounts for the portion of transient lodging taxes required by Oregon law to be spent on tourism promotion and/or tourist related facilities for lodging tax increases enacted after 2003.

*Housing Revolving Loan Fund* – The Housing Revolving Loan Fund accounts for the repayment of no-interest loans for housing rehabilitation funded by a federal community development block grant. The money may only be used for new no-interest loans to qualified homeowners. The City has a contract with Community Action Team, Inc. (CAT) to identify qualified homeowners for possible loans.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2025

*Municipal Court Trust Fund* – The Municipal Court Trust Fund accounts for collections and disbursements of monies resulting from municipal court proceedings. For reporting purposes, this fund meets the requirements to be reported as a special revenue fund. For budgetary reporting purposes, this fund is considered an agency fund, and is therefore exempt from Oregon Budget Law, under criteria defined in ORS 294.361(3).

*Performance Guarantee Deposit Fund* – The Performance Guarantee Deposit Fund accounts for collections and disbursements of monies related to the South 4<sup>th</sup> Place Drainage project. For reporting purposes, this fund meets the requirements to be reported as a special revenue fund. For budgetary reporting purposes, this fund is considered an agency fund, and is therefore exempt from Oregon Budget Law, under criteria defined in ORS 294.361(3).

Capital Projects Funds

*Police Safety Vehicles Reserves Fund* – The Police Safety Vehicles Reserves Fund, authorized by ORS 294.525, was established by Ordinance 98-06. This fund accounts for revenues transferred from the General Fund for the purchase of vehicles, vehicle equipment, police and emergency medical equipment, and training facilities. Transfers from the General Fund are proposed and based on an updated analysis, determining the amount to be set aside each year for the replacement of all police equipment over time.

*Public Works Equipment Reserve Fund* – The Public Works Equipment Reserve Fund accounts for revenues transferred from the Water Operating Fund and the Road Fund for the purchase of vehicles, vehicle equipment, and any other equipment used for the maintenance of the water system, storm drainage system, streets, and parks.

*Timber Management Fund* – The Timber Management Fund accounts for revenues generated by the periodic sale of timber on City-owned property. The fund is used for managing City-owned timber resources and for major capital improvement projects.

*Building Reserve Fund* – The Building Reserve Fund accounts for revenues transferred from the Building Fund for vehicles for the building department staff for inspections, or for other capital equipment needs of the building department.

Certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2025

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as described below.

The governmental fund financial statements are reported using the current financial resources measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available expendable financial resources during a given period. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt is reported as an other financing source.

Proprietary fund financial statements are reported using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows.

In the government-wide financial statements and the fund financial statements, governmental and business-type activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, fund balance/net position, revenues, and expenditures when they result from cash transactions, with a provision for depreciation in the government-wide statements.

This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the governmental fund financial statements would use the modified accrual basis of accounting and the government-wide and proprietary fund financial statements would be presented on the accrual basis of accounting.

**F. Budgetary Information**

Annual budgets are adopted on the cash basis of accounting. The City budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, capital projects, and enterprise funds. As noted above, budgets are not adopted for the Municipal Court Trust Fund and Performance Guarantee Deposit Fund. See Note I-D for additional information.



**CITY OF MANZANITA**  
**Tillamook County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2025

The City begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The city council legally adopts the budget by resolution prior to the beginning of the City's fiscal year. The council resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Total personnel services, materials and services, debt service, capital outlay, interfund transfers, and contingency for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line-item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. A supplemental budget less than 10% of a fund's original budget may be adopted by the city council at a regular council meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the city council.

Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the city council. During the year, there was one supplemental budget adopted. The City does not use encumbrances and appropriations lapse at year end.

Budget amounts shown in the financial statements reflect the original budget amounts and one approved supplemental budget.

**G. Assets, Liabilities, Deferred Inflows/Deferred Outflows and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Investments**

State statutes authorize the City to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2025

**3. Notes Receivable**

Notes receivable represent amounts due from property owners for loans made for housing rehabilitation. The original funding for these loans was a housing rehabilitation grant received by the City. The loans are secured by real property, do not bear interest, and generally are due when the real property is transferred or otherwise sold. Accordingly, the outstanding receivable balances are restricted for future rehabilitation loans.

**4. Capital Assets**

Capital assets resulting from cash transactions, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Land, land improvements, and construction in progress are not depreciated. The other property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles and equipment	3-25
Buildings	10-50
Infrastructure	10-50
Water system	10-70

**5. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations arising from cash basis transactions are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2025

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will therefore not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will therefore not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified cash basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from housing rehabilitation loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**7. Net Position Flow Assumption**

Sometimes, the City will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**8. Fund Balance Flow Assumptions**

Sometimes, the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**9. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Restricted fund balance are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The city council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as committed. The city council has, by resolution, authorized the City Manager to assign fund balance. The city council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to remove or revise a commitment.

The City reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., city council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint.

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- Assigned fund balance – amounts that the City intends to use for a specific purpose. Intent can be expressed by the city council or by an official or body to which the city council delegates authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City has not formally adopted a minimum fund balance policy.

**H. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property Taxes**

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

**3. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**4. Retirement Plan**

Most of the City's employees participate in Oregon's Public Employees Retirement System (PERS). Contributions and expenditures are made on a current basis, as required by the plan.

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**I. Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

**II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

The City of Manzanita maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. The City participates in an external investment pool (State of Oregon Local Government Investment Pool (LGIP)). The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested, exercising reasonable care, skill, and caution. Investments in the LGIP are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool that belongs to local government investment participants is reported in an Investment Trust Fund in the State's Annual Comprehensive Financial Report (ACFR). A copy of the State's ACFR may be obtained at the Oregon State Treasury, 867 Hawthorne Avenue SE, Salem, Oregon 97301

**Fair Value Measurement**

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset.

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The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- *Level 1* – Unadjusted quoted prices for identical investments in active markets.
- *Level 2* – Observable inputs other than quoted market prices.
- *Level 3* – Unobservable inputs.

The LGIP investments are not required to be categorized under the fair value hierarchy. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

Credit Risk

Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The City has not adopted an investment policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2025, the City had the following investments:

	<u>Credit Quality Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated	-	\$ <u>10,835,781</u>

Interest Rate Risk

The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The City does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the City's investments are in the Oregon Local Government Investment Pool.

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Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the City's deposits may not be returned. All City deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The City holds an account at US Bank, for which the FDIC provides insurance coverage of \$250,000 for demand deposit accounts and \$250,000 for time and savings accounts. At June 30, 2025 the City's total deposits of \$227,661 were fully insured by the FDIC.

Deposits

The City's deposits and investments at June 30, 2025 are as follows:

Checking account	\$ 146,957
Investments	<u>10,835,781</u>
Total deposits and investments	<u><u>\$ 10,982,738</u></u>



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Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 3,786,678
City Hall Fund	251,821
Nonmajor governmental funds	<u>215,178</u>
Total governmental activities - unrestricted	4,253,677
Business-type activities - unrestricted	
Water Operating Fund	<u>1,689,827</u>
Subtotal unrestricted cash and investments	<u>5,943,504</u>
Governmental activities - restricted	
General Fund	115,729
System Development Charges Fund	3,208,715
Nonmajor governmental funds	<u>1,714,790</u>
Total governmental activities - restricted	<u>5,039,234</u>
Total cash and investments	<u><u>\$ 10,982,738</u></u>

Restricted cash is for building department, housing rehabilitation loans, system development improvements, tourism promotion, municipal court, and streets and roads.

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**B. Capital Assets**

Governmental capital asset activity resulting from modified cash basis transactions for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land and improvements	\$ 2,154,139	\$ -	\$ -	\$ 2,154,139
Construction in progress	<u>2,356,765</u>	<u>303,252</u>	<u>(2,356,765)</u>	<u>303,252</u>
Total capital assets not being depreciated	<u>4,510,904</u>	<u>303,252</u>	<u>(2,356,765)</u>	<u>2,457,391</u>
Capital assets being depreciated				
Buildings	1,303,416	5,737,481	-	7,040,897
Vehicles and equipment	777,155	113,532	(68,656)	822,031
Infrastructure	<u>4,280,653</u>	<u>753,759</u>	<u>-</u>	<u>5,034,412</u>
Total capital assets being depreciated	<u>6,361,224</u>	<u>6,604,772</u>	<u>(68,656)</u>	<u>12,897,340</u>
Less accumulated depreciation for				
Buildings	(668,368)	(26,006)	-	(694,374)
Vehicles and equipment	(400,325)	(59,052)	62,874	(396,503)
Infrastructure	<u>(2,163,315)</u>	<u>(140,672)</u>	<u>-</u>	<u>(2,303,987)</u>
Total accumulated depreciation	<u>(3,232,008)</u>	<u>(225,730)</u>	<u>62,874</u>	<u>(3,394,864)</u>
Total capital assets being depreciated, net	<u>3,129,216</u>	<u>6,379,042</u>	<u>(5,782)</u>	<u>9,502,476</u>
Governmental activities capital assets, net	<u>\$ 7,640,120</u>	<u>\$ 6,682,294</u>	<u>\$ (2,362,547)</u>	<u>\$ 11,959,867</u>

Governmental capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land and improvements	\$ 2,154,139	\$ -	\$ 2,154,139
Construction in progress	303,252	-	303,252
Buildings	7,040,897	(694,374)	6,346,523
Vehicles and equipment	822,031	(396,503)	425,528
Infrastructure	<u>5,034,412</u>	<u>(2,303,987)</u>	<u>2,730,425</u>
Total governmental activities capital assets	<u>\$ 15,354,731</u>	<u>\$ (3,394,864)</u>	<u>\$ 11,959,867</u>

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Business-type capital asset activity resulting from modified cash basis transactions for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land and improvements	\$ 153,147	\$ -	\$ -	\$ 153,147
Construction in progress	<u>837,465</u>	<u>192,522</u>	<u>(837,465)</u>	<u>192,522</u>
Total capital assets not being depreciated	<u>990,612</u>	<u>192,522</u>	<u>(837,465)</u>	<u>345,669</u>
Capital assets being depreciated				
Buildings	115,709	-	-	115,709
Vehicles and equipment	163,014	-	-	163,014
Water system	<u>11,467,601</u>	<u>847,515</u>	<u>-</u>	<u>12,315,116</u>
Total capital assets being depreciated	<u>11,746,324</u>	<u>847,515</u>	<u>-</u>	<u>12,593,839</u>
Less accumulated depreciation for				
Buildings	(82,178)	(2,784)	-	(84,962)
Vehicles and equipment	(97,001)	(12,175)	-	(109,176)
Water system	<u>(4,862,288)</u>	<u>(297,638)</u>	<u>-</u>	<u>(5,159,926)</u>
Total accumulated depreciation	<u>(5,041,467)</u>	<u>(312,597)</u>	<u>-</u>	<u>(5,354,064)</u>
Total capital assets being depreciated, net	<u>6,704,857</u>	<u>534,918</u>	<u>-</u>	<u>7,239,775</u>
Business-type activities capital assets, net	<u>\$ 7,695,469</u>	<u>\$ 727,440</u>	<u>\$ (837,465)</u>	<u>\$ 7,585,444</u>

Business-type capital assets are reported on the statement of net position as follows:

Business-type activities			
Land and improvements	\$ 153,147	\$ -	\$ 153,147
Construction in progress	192,522	-	192,522
Buildings	115,709	(84,962)	30,747
Vehicles and equipment	163,014	(109,176)	53,838
Water system	<u>12,315,116</u>	<u>(5,159,926)</u>	<u>7,155,190</u>
Total business-type activities capital assets	<u>\$ 12,939,508</u>	<u>\$ (5,354,064)</u>	<u>\$ 7,585,444</u>

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For governmental activities, depreciation was not charged to specific functions or programs of the City. Capital assets of the City's governmental activities are for the use of the entire City and are therefore unallocated. Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
Unallocated depreciation expense	\$ <u>225,730</u>
Business-type activities	
Water	\$ <u>312,597</u>

**C. Long-Term Liabilities**

**1. Changes in Long-Term Liabilities**

The following is a summary of long-term liabilities arising from cash transactions for the year ended June 30, 2025:

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Visitor Center Note	3.35%	\$ 575,000	\$ 166,684	\$ -	\$ 45,663	\$ 121,021	\$ 47,206
Underhill Plaza Note	2.75%	1,350,000	515,767	-	142,142	373,625	146,077
Business Oregon Note	2.1%	<u>5,134,631</u>	<u>663,056</u>	<u>3,328,414</u>	<u>-</u>	<u>3,991,470</u>	<u>-</u>
Total governmental activities		<u>\$ 7,059,631</u>	<u>\$ 1,345,507</u>	<u>\$ 3,328,414</u>	<u>\$ 187,805</u>	<u>\$ 4,486,116</u>	<u>\$ 193,283</u>
Business-type activities							
FF&C Refunding Bonds	3 - 4%	<u>\$ 2,960,000</u>	<u>\$ 2,525,000</u>	<u>\$ -</u>	<u>\$ 85,000</u>	<u>\$ 2,440,000</u>	<u>\$ 85,000</u>

**2. Governmental Activities – Visitor Center Note Payable**

The City obtained a note payable on January 17, 2013 for the construction of a visitor's center, which is pledged as collateral. The face amount of the note is \$575,000. A portion of the proceeds was used to pay off the loan payable used to obtain the land for the building. The note calls for interest of 3.35% paid semi-annually. The note is paid with proceeds from the increase in the transient room tax increase passed by the city council in 2012. If the City is unable to make payments, the agreement contains an event of default; the lender may declare the entire unpaid principal balance and all accrued unpaid interest immediately due. The Tourism Fund has traditionally been used to liquidate the obligation.

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**3. Governmental Activities – Underhill Plaza Note Payable**

The City obtained a note payable on September 22, 2017 for the purchase of Underhill Plaza, which is pledged as collateral. The face amount of the note is \$1,350,000. The note calls for interest of 2.75% paid semi-annually. If the City is unable to make payments for longer than 90 days, the agreement contains an event of default; the lender may, in addition to pursuing other remedies, increase the interest rate by 3 percentage points. The City Hall Fund has traditionally been used to liquidate the obligation.

**4. Governmental Activities – Business Oregon Note**

The City obtained a note payable on February 7, 2024 for the new city hall, which is pledged as collateral. The face amount of the note is \$5,134,631, of which \$3,991,470 had been drawn down as of year end. The note calls for interest of 2.1%, but the rate will change once locked in.

**5. Governmental Activities - Future Maturities of Long-Term Liabilities**

Year Ending June 30	Visitor Center Note			Underhill Plaza Note		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 47,206	\$ 3,662	\$ 50,868	\$ 146,077	\$ 9,255	\$ 155,332
2027	48,799	2,069	50,868	150,123	5,211	155,334
2028	25,016	418	25,434	77,425	1,053	78,478
	<u>\$ 121,021</u>	<u>\$ 6,149</u>	<u>\$ 127,170</u>	<u>\$ 373,625</u>	<u>\$ 15,519</u>	<u>\$ 389,144</u>

Upon completion of the city hall project, amortization for the Business Oregon note obligation will be disclosed.

**6. Business-Type Activities – Full Faith and Credit Refunding Bonds**

On May 30, 2018, the City entered into an agreement for the refinance of the series 2002 water revenue bonds. The City financed \$2,960,000 plus interest ranging from 3% to 4% per the original debt agreement. The Water Operating Fund has traditionally been used to liquidate the obligation. Assets of the City are pledged as collateral. If the City is unable to make payments, the agreement contains an event of default; the lender may exercise any remedy available at law or in equity.

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**7. Business-Type Activity Future Maturities of Long-Term Liabilities**

Year Ending June 30	FF&C Refunding Bonds		
	Principal	Interest	Total
2026	\$ 85,000	\$ 85,556	\$ 170,556
2027	90,000	82,056	172,056
2028	95,000	78,356	173,356
2029	95,000	75,031	170,031
2030	100,000	72,106	172,106
2031-2035	545,000	309,348	854,348
2036-2040	650,000	205,750	855,750
2041-2045	780,000	75,286	855,286
	<u>\$ 2,440,000</u>	<u>\$ 983,489</u>	<u>\$ 3,423,489</u>

**8. Interest Expense**

The City paid \$13,190 and \$89,756 in interest on long-term liabilities during the year ended June 30, 2025 from governmental and business-type activities, respectively.

**D. Interfund Transfers**

The City's interfund transfers during the year consisted of the following:

	Transfers in:			
	General Fund	City Hall Fund	Nonmajor Governmental Funds	Total
Transfers out:				
Governmental activities				
General Fund	\$ -	\$ 3,966,414	\$ 100,000	\$ 4,066,414
Nonmajor governmental funds	226,284	-	13,278	239,562
Business-type activities				
Water Operating Fund	199,357	-	17,000	216,357
Total	<u>\$ 425,641</u>	<u>\$ 3,966,414</u>	<u>\$ 130,278</u>	<u>\$ 4,522,333</u>

The principal purposes of the interfund transfers were to transfer resources into reserve funds for future expenses.

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**E. Constraints on Fund Balances**

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	System Development Charges Fund	City Hall Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:					
Restricted:					
Building department	\$ -	\$ -	\$ -	\$ 407,261	\$ 407,261
Housing rehab loans	115,729	-	-	-	115,729
System development	-	3,208,715	-	1,186	3,209,901
Tourism promotion	-	-	-	701,081	701,081
Municipal court	-	-	-	44,787	44,787
Streets and roads	-	-	-	560,475	560,475
Committed:					
City Hall expansion	-	-	251,821	-	251,821
Capital projects	41,480	-	-	-	41,480
Equipment purchases	-	-	-	215,178	215,178
Unassigned	<u>3,745,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,745,198</u>
Total fund balances	<u>\$ 3,902,407</u>	<u>\$ 3,208,715</u>	<u>\$ 251,821</u>	<u>\$ 1,929,968</u>	<u>\$ 9,292,911</u>

**III. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

**B. Pension Plan**

**1. Plan Description**

The City is a participating employer in the Oregon Public Employees Retirement System (OPERS), a cost-sharing, multiple-employer, defined benefit, and defined contribution pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement System Board to administer and manage the system. All benefits of the system are established by the legislature, pursuant to Oregon Revised Statutes (ORS) Chapters 238 and 238A.

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Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available annual comprehensive financial report and actuarial valuation, both of which can be obtained at: <https://www.oregon.gov/pers/emp/pages/annual-reports.aspx>.

**2. Benefits Provided**

**a. Tier One/Tier Two Retirement Benefits (ORS Chapter 238)**

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The base benefit is based on years of service and final average salary. A percentage (1.67% for general service employees, 2.0% for police and fire employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if they have had a contribution in each of five calendar years or have reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,



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- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the fair value of underlying global equity investments of that account. Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

**b. Oregon Public Service Retirement Plan (OPSRP) Pension Program (Defined Benefit)**

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions and earnings. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

Police and fire: 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To retire under the police and fire classification, the individual's last 60 months of retirement credit preceding retirement eligibility must be classified as retirement credit for service as a police officer or a firefighter.

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A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, or, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credit before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0%.

**c. OPSRP Individual Account Program (IAP) (Defined Contribution)**

Benefit Terms

The IAP is an individual account-based program under the OPERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account is established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP IAP may receive the amounts in their employee account, rollover account, and vested employer-funded account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, or 20-year period or an anticipated life span option. Installment amounts vary with market returns as the account remains invested while in distribution. When chosen, the distribution option must result in a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2025

Death Benefits

Upon the death of a non-retired member, the beneficiary receives, in a lump sum, the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

OPERS contracts with Voya Financial to maintain IAP participant records.

**3. Contributions**

PERS' funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2022 actuarial valuation, which became effective July 1, 2023. Employer contributions for the year ended June 30, 2025 were \$300,828, excluding amounts to fund employer-specific liabilities. The rates in effect for the fiscal year ended June 30, 2025 were 28.95% for Tier One/Tier Two general service members, 28.95% for Tier One/Tier Two police and fire members, 21.3% for OPSRP Pension Program general service members, 26.09% for OPSRP Pension Program police and fire members, and 6% for OPSRP IAP. The City has elected to make the payments on behalf of its employees for the OPSRP IAP.

**C. Commitments**

**1. Water Transmission Line**

The City has entered into an intergovernmental agreement with the City of Wheeler for the development, management, maintenance, and control of a water well field and water transmission line. The term of the agreement is 40 years and will then continue on a year-to-year basis unless terminated by one of the parties.

**2. Police Services Agreement**

The City has entered into police service agreements with the City of Wheeler, the City of Nehalem, and the Oregon Parks and Recreation Department, where the City of Manzanita will provide police services for a fixed price.

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2025

**3. Construction Commitments**

The City has entered into multiple construction contracts that were not completed at year end. Total contract commitments outstanding at June 30, 2025 totaled \$1,213,995.

**D. New Pronouncements**

For the fiscal year ended June 30, 2025, the City implemented the following new accounting standard:

GASB Statement No. 102, *Certain Risk Disclosures* – This statement improves reporting by providing users of financial statements with essential information that previously was not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

The City will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the following pronouncements:

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this statement is to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues identified through pre-agenda research conducted by the GASB. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – This statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

**E. Subsequent Events**

Management has evaluated subsequent events through December 16, 2025, which was the date that the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Budget Basis	Actual Adjustments	Modified Cash Basis
<b>REVENUES</b>						
Property taxes	\$ 265,260	\$ 265,260	\$ 16,275	\$ 281,535	\$ -	\$ 281,535
Intergovernmental	74,400	74,400	1,785	76,185	-	76,185
Licenses, fees, and permits	318,000	318,000	77,768	395,768	-	395,768
Franchise fees	65,000	65,000	(3,202)	61,798	-	61,798
State liquor & cigarette taxes	13,789	13,789	(3,255)	10,534	-	10,534
State revenue sharing	33,000	33,000	(10,840)	22,160	-	22,160
Excise taxes	1,200	1,200	1,154	2,354	-	2,354
Grants and contributions	50,000	50,000	(16,458)	33,542	-	33,542
Transient lodging tax	1,450,000	1,450,000	115,191	1,565,191	-	1,565,191
Fines and forfeitures	60,000	60,000	(19,337)	40,663	-	40,663
Investment earnings	35,000	35,000	140,721	175,721	-	175,721
Other revenue	5,000	5,000	18,634	23,634	-	23,634
Total revenues	<u>2,370,649</u>	<u>2,370,649</u>	<u>318,436</u>	<u>2,689,085</u>	<u>-</u>	<u>2,689,085</u>
<b>EXPENDITURES</b>						
Current						
Administration - 110	1,285,900	1,285,900	(197,799)	1,088,101	-	1,088,101
Police department - 125	846,650	846,650	(106,451)	740,199	-	740,199
Court department - 130	49,695	49,695	(6,398)	43,297	-	43,297
Parks department - 135	29,651	29,651	(11,557)	18,094	-	18,094
Non-departmental - 190	3,992,010	4,428,954	(192,489)	4,236,465	(4,066,414)	170,051
Contingency	150,000	150,000	(150,000)	-	-	-
Total expenditures	<u>6,353,906</u>	<u>6,790,850</u>	<u>(664,694)</u>	<u>6,126,156</u>	<u>(4,066,414)</u>	<u>2,059,742</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,983,257)</u>	<u>(4,420,201)</u>	<u>983,130</u>	<u>(3,437,071)</u>	<u>4,066,414</u>	<u>629,343</u>

(Continued)

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2025

(Continued)

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Budget Basis	Actual Adjustments	Modified Cash Basis
<b>OTHER FINANCING SOURCES (USES)</b>						
Loan proceeds	\$ 3,100,000	\$ 3,436,944	\$ (108,530)	\$ 3,328,414	\$ -	\$ 3,328,414
Transfers in	399,372	399,372	26,269	425,641	-	425,641
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,066,414)</u>	<u>(4,066,414)</u>
Total other financing sources (uses)	<u>3,499,372</u>	<u>3,836,316</u>	<u>(82,261)</u>	<u>3,754,055</u>	<u>(4,066,414)</u>	<u>(312,359)</u>
Net change in fund balance	(483,885)	(583,885)	900,869	316,984	-	316,984
Fund balance - beginning	<u>3,205,625</u>	<u>3,105,625</u>	<u>479,798</u>	<u>3,585,423</u>	<u>-</u>	<u>3,585,423</u>
Fund balance - ending	<u>\$ 2,721,740</u>	<u>\$ 2,521,740</u>	<u>\$ 1,380,667</u>	<u>\$ 3,902,407</u>	<u>\$ -</u>	<u>\$ 3,902,407</u>

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

SYSTEM DEVELOPMENT CHARGES FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
System development charges	\$ 86,740	\$ 166,145	\$ 252,885
Investment earnings	6,050	141,627	147,677
Miscellaneous revenue	-	840	840
	<u>92,790</u>	<u>840</u>	<u>401,402</u>
<b>EXPENDITURES</b>			
Water SDCs	672,340	(586,767)	85,573
Stormwater SDCs	5,000	(5,000)	-
Contingency	20,000	(20,000)	-
	<u>697,340</u>	<u>(611,767)</u>	<u>85,573</u>
Excess (deficiency) of revenues over (under) expenditures	(604,550)	612,607	315,829
Fund balance - beginning	<u>2,617,872</u>	<u>275,014</u>	<u>2,892,886</u>
Fund balance - ending	<u>\$ 2,013,322</u>	<u>\$ 887,621</u>	<u>\$ 3,208,715</u>



**CITY OF MANZANITA**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

CITY HALL FUND

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>				
Grants	\$ 75,000	\$ 75,000	\$ -	\$ 75,000
Investment earnings	<u>2,000</u>	<u>1,908</u>	<u>34,210</u>	<u>36,118</u>
Total revenues	<u>77,000</u>	<u>76,908</u>	<u>34,210</u>	<u>111,118</u>
<b>EXPENDITURES</b>				
City hall expansion department	3,668,000	4,290,000	(201,557)	4,088,443
Contingency	<u>100,000</u>	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
Total expenditures	<u>3,768,000</u>	<u>4,390,000</u>	<u>(301,557)</u>	<u>4,088,443</u>
Excess (deficiency) of revenues over (under) expenditures	(3,691,000)	(4,313,092)	335,767	(3,977,325)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>3,638,000</u>	<u>4,074,944</u>	<u>(108,530)</u>	<u>3,966,414</u>
Net change in fund balance	(53,000)	(238,148)	227,237	(10,911)
Fund balance - beginning	<u>157,583</u>	<u>262,731</u>	<u>1</u>	<u>262,732</u>
Fund balance - ending	<u>\$ 104,583</u>	<u>\$ 24,583</u>	<u>\$ 227,238</u>	<u>\$ 251,821</u>

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

COMBINING BALANCE SHEET - MODIFIED CASH BASIS

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2025

	Special Revenue Funds					Capital Projects Fund	Total
	Building	Transportation	Tourism	Municipal Court Trust	Performance Guarantee Deposit	Public Works Equipment Reserve	Nonmajor Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	<u>\$ 407,261</u>	<u>\$ 560,475</u>	<u>\$ 701,081</u>	<u>\$ 44,787</u>	<u>\$ 1,186</u>	<u>\$ 215,178</u>	<u>\$ 1,929,968</u>
<b>FUND BALANCES</b>							
Restricted for:							
Building department	\$ 407,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 407,261
System development	-	-	-	-	1,186	-	1,186
Tourism promotion	-	-	701,081	-	-	-	701,081
Municipal court	-	-	-	44,787	-	-	44,787
Streets and roads	-	560,475	-	-	-	-	560,475
Committed to:							
Equipment purchases	-	-	-	-	-	215,178	215,178
Total fund balances	<u>\$ 407,261</u>	<u>\$ 560,475</u>	<u>\$ 701,081</u>	<u>\$ 44,787</u>	<u>\$ 1,186</u>	<u>\$ 215,178</u>	<u>\$ 1,929,968</u>

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**

**NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2025

	Special Revenue Funds					Capital Projects Funds					Total Nonmajor Governmental Funds
	Building	Transportation	Tourism	Housing Revolving Loan	Municipal Court Trust	Performance Guarantee Deposit	Police Safety Vehicles Reserves	Public Works Equipment Reserve	Timber Management	Building Reserve	
<b>REVENUES</b>											
Licenses, permits, and fees	\$ 393,412	\$ 16,200	\$ -	\$ -	\$ -	\$ 5,575	\$ -	\$ -	\$ -	\$ -	\$ 415,187
Franchise fees	-	104,985	-	-	-	-	-	-	-	-	104,985
State highway tax	-	52,462	-	-	-	-	-	-	-	-	52,462
Grants and contributions	-	272,694	-	-	-	-	-	-	-	-	272,694
Transient room taxes	-	-	288,134	-	-	-	-	-	-	-	288,134
Fines and forfeitures	-	-	-	-	55,282	-	-	-	-	-	55,282
Investment earnings	14,783	27,131	35,037	-	-	-	-	10,302	-	-	87,253
Miscellaneous	-	337	-	-	-	-	-	-	-	-	337
Total revenues	408,195	473,809	323,171	-	55,282	5,575	-	10,302	-	-	1,276,334
<b>EXPENDITURES</b>											
Current											
General government	240,803	-	-	-	-	10,005	-	-	-	-	250,808
Public safety	-	-	-	-	60,145	-	-	-	-	-	60,145
Highways and streets	-	116,740	-	-	-	-	-	-	-	-	116,740
Culture and recreation	-	-	206,082	-	-	-	-	-	-	-	206,082
Debt service	-	-	50,868	-	-	-	-	-	-	-	50,868
Capital outlay	-	397,615	14,803	-	-	-	-	8,935	-	-	421,353
Total expenditures	240,803	514,355	271,753	-	60,145	10,005	-	8,935	-	-	1,105,996

(Continued)

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**

**NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2025

(Continued)

	Special Revenue Funds					Capital Projects Funds				Total	
				Housing	Performance	Police Safety	Public Works				
	Building	Transportation	Tourism	Revolving Loan	Municipal Court Trust	Guarantee Deposit	Vehicles Reserves	Equipment Reserve	Timber Management		Building Reserve
Excess (deficiency) of revenues over (under) expenditures	\$ 167,392	\$ (40,546)	\$ 51,418	\$ -	\$ (4,863)	\$ (4,430)	\$ -	\$ 1,367	\$ -	\$ -	\$ 170,338
OTHER FINANCING SOURCES (USES)											
Transfers in	4,578	100,000	-	-	-	-	-	25,700	-	-	130,278
Transfers out	(22,475)	(8,700)	-	(115,729)	-	-	(41,480)	-	(46,600)	(4,578)	(239,562)
Total other financing sources (uses)	(17,897)	91,300	-	(115,729)	-	-	(41,480)	25,700	(46,600)	(4,578)	(109,284)
Net change in fund balances	149,495	50,754	51,418	(115,729)	(4,863)	(4,430)	(41,480)	27,067	(46,600)	(4,578)	61,054
Fund balances - beginning	257,766	509,721	649,663	115,729	49,650	5,616	41,480	188,111	46,600	4,578	1,868,914
Fund balances - ending	\$ 407,261	\$ 560,475	\$ 701,081	\$ -	\$ 44,787	\$ 1,186	\$ -	\$ 215,178	\$ -	\$ -	\$ 1,929,968

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

BUILDING FUND

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>				
Licenses, fees, and permits	\$ 190,000	\$ 293,991	\$ 99,421	\$ 393,412
Investment earnings	<u>1,000</u>	<u>1,000</u>	<u>13,783</u>	<u>14,783</u>
Total revenues	<u>191,000</u>	<u>294,991</u>	<u>113,204</u>	<u>408,195</u>
<b>EXPENDITURES</b>				
Current				
Building department	212,009	326,000	(62,722)	263,278
Capital outlay	<u>20,000</u>	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total expenditures	<u>232,009</u>	<u>336,000</u>	<u>(10,000)</u>	<u>263,278</u>
Excess (deficiency) of revenues over (under) expenditures	(41,009)	(41,009)	123,204	144,917
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>4,580</u>	<u>4,580</u>	<u>(2)</u>	<u>4,578</u>
Net change in fund balance	(36,429)	(36,429)	123,202	149,495
Fund balance - beginning	<u>186,439</u>	<u>186,439</u>	<u>71,327</u>	<u>257,766</u>
Fund balance - ending	<u>\$ 150,010</u>	<u>\$ 150,010</u>	<u>\$ 194,529</u>	<u>\$ 407,261</u>

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

TRANSPORTATION FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Licenses, fees, and permits	\$ 3,000	\$ 13,200	\$ 16,200
Franchise fees	85,000	19,985	104,985
Grants and contributions	-	272,694	272,694
Intergovernmental	1,592,000	(1,539,538)	52,462
Investment earnings	2,000	25,131	27,131
Miscellaneous	1,000	(663)	337
	<u>1,683,000</u>	<u>(1,209,191)</u>	<u>473,809</u>
<b>Total revenues</b>			
<b>EXPENDITURES</b>			
Current			
Transportation department	1,980,034	(1,465,679)	514,355
Contingency	20,000	(20,000)	-
	<u>2,000,034</u>	<u>(1,485,679)</u>	<u>514,355</u>
<b>Total expenditures</b>			
Excess (deficiency) of revenues over (under) expenditures	(317,034)	276,488	(40,546)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	100,000	-	100,000
Transfers out	(8,700)	-	(8,700)
	<u>(225,734)</u>	<u>276,488</u>	<u>50,754</u>
<b>Net change in fund balance</b>			
Fund balance - beginning	415,144	94,577	509,721
	<u>415,144</u>	<u>94,577</u>	<u>509,721</u>
Fund balance - ending	\$ 189,410	\$ 371,065	\$ 560,475
	<u>\$ 189,410</u>	<u>\$ 371,065</u>	<u>\$ 560,475</u>

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

TOURISM FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Transient room tax	\$ 240,000	\$ 48,134	\$ 288,134
Investment earnings	<u>2,000</u>	<u>33,037</u>	<u>35,037</u>
Total revenues	<u>242,000</u>	<u>81,171</u>	<u>323,171</u>
<b>EXPENDITURES</b>			
Current			
Tourism promotion department	316,281	(44,528)	271,753
Contingency	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total expenditures	<u>321,281</u>	<u>(49,528)</u>	<u>271,753</u>
Excess (deficiency) of revenues over (under) expenditures	(79,281)	130,699	51,418
Fund balance - beginning	<u>590,182</u>	<u>59,481</u>	<u>649,663</u>
Fund balance - ending	<u><u>\$ 510,901</u></u>	<u><u>\$ 190,180</u></u>	<u><u>\$ 701,081</u></u>

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

HOUSING REVOLVING LOAN FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(115,729)</u>	<u>-</u>	<u>(115,729)</u>
Net change in fund balance	(115,729)	-	(115,729)
Fund balance - beginning	<u>115,729</u>	<u>-</u>	<u>115,729</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



**CITY OF MANZANITA**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

POLICE SAFETY VEHICLES RESERVES FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(41,480)	-	(41,480)
Net change in fund balance	(41,480)	-	(41,480)
Fund balance - beginning	41,480	-	41,480
Fund balance - ending	\$ -	\$ -	\$ -

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

PUBLIC WORKS EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Investment earnings	\$ 200	\$ 10,102	\$ 10,302
<b>EXPENDITURES</b>			
Public works reserve department	20,000	(11,065)	8,935
Excess (deficiency) of revenues over (under) expenditures	(19,800)	21,167	1,367
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of assets	17,000	(17,000)	-
Transfers in	25,700	-	25,700
Total other financing sources (uses)	42,700	(17,000)	25,700
Net change in fund balance	22,900	4,167	27,067
Fund balance - beginning	176,663	11,448	188,111
Fund balance - ending	\$ 199,563	\$ 15,615	\$ 215,178

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

TIMBER MANAGEMENT FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(46,600)	-	(46,600)
Net change in fund balance	(46,600)	-	(46,600)
Fund balance - beginning	46,600	-	46,600
Fund balance - ending	\$ -	\$ -	\$ -

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

BUILDING RESERVE FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(4,580)</u>	<u>(2)</u>	<u>(4,578)</u>
Net change in fund balance	(4,580)	(2)	(4,578)
Fund balance - beginning	<u>4,580</u>	<u>(2)</u>	<u>4,578</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ (4)</u></u>	<u><u>\$ -</u></u>

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
BUDGET AND ACTUAL

WATER OPERATING FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	Modified Cash Basis
<b>REVENUES</b>					
Water charges	\$ 1,609,130	\$ 52,628	\$ 1,661,758	\$ -	\$ 1,661,758
Investment earnings	7,000	54,669	61,669	-	61,669
Grant revenue	1,168,000	(961,312)	206,688	-	206,688
Miscellaneous	<u>4,000</u>	<u>173</u>	<u>4,173</u>	<u>-</u>	<u>4,173</u>
Total revenues	<u>2,788,130</u>	<u>(853,842)</u>	<u>1,934,288</u>	<u>-</u>	<u>1,934,288</u>
<b>EXPENSES</b>					
Current					
Operations department	2,616,164	(1,303,041)	1,313,123	(181,282)	1,131,841
Transmission lines department	<u>119,800</u>	<u>(20,355)</u>	<u>99,445</u>	<u>(10,050)</u>	<u>89,395</u>
Total expenses	<u>2,735,964</u>	<u>(1,323,396)</u>	<u>1,412,568</u>	<u>(191,332)</u>	<u>1,221,236</u>
Excess (deficiency) of revenues over (under) expenses	52,166	469,554	521,720	191,332	713,052
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(216,357)</u>	<u>(216,357)</u>
Change in net position	52,166	469,554	521,720	(25,025)	496,695
Net position - beginning	<u>771,994</u>	<u>396,113</u>	<u>1,168,107</u>	<u>5,170,469</u>	<u>6,338,576</u>
Net position - ending	<u>\$ 824,160</u>	<u>\$ 865,667</u>	<u>\$ 1,689,827</u>	<u>\$ 5,145,444</u>	<u>\$ 6,835,271</u>

## **OTHER FINANCIAL SCHEDULES**

**CITY OF MANZANITA**  
**Tillamook County, Oregon**

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT

June 30, 2025

Fiscal Year	Governmental Activities*					
	Visitor Center Note			Underhill Plaza Note		
	Principal	Interest	Total	Principal	Interest	Total
2025-2026	\$ 47,206	\$ 3,662	\$ 50,868	\$ 146,077	\$ 9,255	\$ 155,332
2026-2027	48,799	2,069	50,868	150,123	5,211	155,334
2027-2028	25,016	418	25,434	77,425	1,053	78,478
Total	<u>\$ 121,021</u>	<u>\$ 6,149</u>	<u>\$ 127,170</u>	<u>\$ 373,625</u>	<u>\$ 15,519</u>	<u>\$ 389,144</u>
Fiscal Year	Business-Type Activities					
	FF&C Refunding Bonds					
	Principal	Interest	Total			
2025-2026	\$ 85,000	\$ 85,556	\$ 170,556			
2026-2027	90,000	82,056	172,056			
2027-2028	95,000	78,356	173,356			
2028-2029	95,000	75,031	170,031			
2029-2030	100,000	72,106	172,106			
2030-2031	100,000	68,981	168,981			
2031-2032	105,000	65,650	170,650			
2032-2033	110,000	62,088	172,088			
2033-2034	115,000	58,291	173,291			
2034-2035	115,000	54,338	169,338			
Thereafter	1,430,000	281,036	1,711,036			
Total	<u>\$ 2,440,000</u>	<u>\$ 983,489</u>	<u>\$ 3,423,489</u>			

\* Upon completion of the city hall project, amortization for the Business Oregon note obligation will be disclosed.

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY  
FEDERAL AND STATE REGULATIONS**





**INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS**

The Honorable Kathryn Stock, Mayor  
and Members of the City Council  
City of Manzanita  
Manzanita, Oregon 97130

We have audited the basic financial statements of the City of Manzanita as of and for the year ended June 30, 2025 and have issued our report thereon dated December 16, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Manzanita's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to, the following:

**Deposit of public funds with financial institutions (ORS Chapter 295)**

**Indebtedness limitations, restrictions, and repayment**

**Budgets legally required (ORS Chapter 294)**

**Programs funded from outside sources**

**Insurance and fidelity bonds in force or required by law**

**Highway revenues used for public highways, roads, and streets**

**Authorized investment of surplus funds (ORS Chapter 294)**

**Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)**

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

#### **OAR 162-010-0230 Internal Control**

In planning and performing our audit, we considered the City of Manzanita's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Manzanita's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Manzanita's internal control over financial reporting. However, we noted certain matter that we have reported to management of the City in a separate letter dated December 16, 2025.

This report is intended solely for the information and use of the city council and management of the City of Manzanita and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is stylized and cursive.

Albany, Oregon  
December 16, 2025



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Honorable Kathryn Stock, Mayor  
and Members of the City Council  
City of Manzanita  
Manzanita, Oregon 97130

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manzanita, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 16, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Manzanita, Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Manzanita's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Manzanita's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Manzanita's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is stylized and cursive.

Accuity, LLC

Albany, Oregon  
December 16, 2025



City of Manzanita

## **COUNCIL ORDINANCE No. 26-01**

### **AN ORDINANCE OF THE CITY OF MANZANITA, OREGON, AMENDING ORDINANCE NO. 95-5 (LAND DIVISION ORDINANCE) TO COMPLY WITH SENATE BILL 406 MIDDLE HOUSING REQUIREMENTS AND ADOPTING FINDINGS OF FACT**

**WHEREAS**, Senate Bill 406 requires municipalities in Tillamook County to adopt middle housing regulations in all zones allowing residential uses, including provisions for land division and expedited land division for middle housing; and

**WHEREAS**, the Planning Commission conducted a duly noticed legislative public hearing on June 9, 2025, on the land division amendments and continued that hearing to a date certain of September 8, 2025, and continued the hearing to November 10, 2025, received public testimony, and recommended that the City Council approve the proposed land division amendments; and

**WHEREAS**, the City Council conducted work sessions to review the proposed land division amendments and directed staff to finalize the amendments and prepare an ordinance; and

**WHEREAS**, the City has met all state and local requirements necessary for amending the City's land division ordinance; and

**WHEREAS**, the City Council held a legislative hearing on February 4, 2026, and adopted findings supporting the amendments;

**Now, Therefore, the City of Manzanita Does Ordain as Follows:**

#### **Section 1. Adoption of Exhibit A.**

The City Council hereby adopts Exhibit A, attached and incorporated by reference, which includes the Findings of Fact and Attachment "A" establishing the amended and restated text of Ordinance No. 95-5 (Manzanita Land Division Ordinance).

#### **Section 2. Amendment and Restatement.**

Ordinance No. 95-5 is hereby amended, retitled, restated, and adopted in its entirety as set forth in Attachment "A" to Exhibit A.

#### **Section 3. Effective Date.**

These regulations shall be and are hereby declared to be in full force and effect 31 days from the date of passage.

Read the first time on \_\_\_\_\_, and moved to second reading by \_\_\_\_\_ vote of the City Council.

Read the second time and adopted by the City Council on \_\_\_\_\_.

Signed by the Mayor on \_\_\_\_\_.

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Kathryn Stock, Mayor

ATTEST:

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Leila Aman, City Manager/Recorder

## EXHIBIT A

### I. BACKGROUND

- A. APPLICANT: City of Manzanita.
- B. PROPERTY LOCATION: The application affects all property within the City with the potential for a land division.
- C. REQUEST: The City seeks to replace Ordinance 95-5, Subdivision and Land Partitioning Ordinance with a new document establishing regulations for property boundary adjustments, partitions, subdivisions, expedited land divisions, and middle housing land divisions. Attachment “A” contains the specific language.
- D. REVIEW CRITERIA: SB406, Manzanita Comprehensive Plan, Ordinance 95-4, Article 9.

### II. APPLICATION SUMMARY

- A. Provisions in SB406 requires communities in Tillamook County to address recent state legislation increasing opportunities for affordable and middle housing. For the City, required revisions applied to the Manzanita Zoning, Ordinance 95-4 and to the Manzanita Subdivision and Land Partitioning, Ordinance 95-5. This Exhibit with Attachment “A” addresses the changes to Ordinance 95-5.
- B. The extent of the proposed changes effectively required the creation of an entirely new Land Division document, replacing the current Ordinance 95-5 in its entirety. The new document contains nine Articles, including provisions for expedited and middle housing land divisions. A summary of the new document is as follows:
  - 1. Article 1 - General Information. This Article introduces the Ordinance, identifies its purpose, its relationship to Ordinance 95-4, along with administration, and supporting definitions. Ordinance 95-5 only applies to land divisions: partitions, subdivisions, and property boundary adjustments; Ordinance 95-4 governs planned unit developments. A defined, series partition is now subject to subdivision regulations. Variances to the Ordinance standards requires Planning Commission approval and amendments to 95-5 are subject to Ordinance 95-4 procedures and criteria.
  - 2. Article 2 - Lots and Parcels. This Article incorporates existing Ordinance requirements regarding lots and parcels but expands the material to include land division provisions not currently found in 95-5. Lots must still meet the minimum lot area requirements of the underlying zone. There are now minimum requirements for property access, including flag lots, provisions for utility easements, preference for running lot lines at right angles, and prohibition on lot averaging.

The Article also clarifies the relationship between Article 2 and Articles 5 (Property Boundary Adjustments), 6 (Partitions), 7 (Subdivisions), and 8 (Expedited Land Divisions) and specifically states Article 2 does not apply to Article 9 (Middle Housing Land Divisions).

3. Article 3 - Street Standards. This is a new Article solely focusing on streets. The material identifies the minimum right-of-way width and improvement requirements and incorporates current provisions that apply to subdivisions: alignment, street extensions, intersection angles, half-streets, cul-de-sacs, grade/curvature, and marginal access streets. The street standards are consistent with the City's adopted Transportation System Plan. The Article introduces new design guidelines for private streets and allowing the creation of a private access easement and shared access. Finally, language identifies the improvement requirements for new streets.
4. Article 4 - Property Boundary Adjustments. This is a new Article governing adjustment of a line between lots. Currently, Ordinance 95-5 does not include provisions for these requests, thereby requiring the City to rely on provisions in ORS Chapter 92. The Article outlines the entire process to submit and record an approved adjustment. Adjustments are a Type I application and reviewed by staff (see Article 7).
5. Article 5 – Partitions. The Article outlines the entire process to submit and record an approved partition. This is a Type II application with specific notice requirements (see Article 7). The language specifies the decision criteria, improvement requirements and procedures, and the plat recording requirements. The revised document incorporates most of the current regulations and clarifies the decision criteria. Staff reviews all partition applications with the right of appeal to the Commission.
6. Article 6 - Subdivisions. The Article outlines the entire process to submit and record an approved subdivision. Like a partition, this is a Type II application with specific notice requirements. New language specifies the decision criteria, improvement requirements and procedures, and recording requirements. In addition to meeting the lot and parcel design standards, and street standards, there are additional subdivision layout requirements emphasizing neighborhood connectivity. The biggest change is that staff reviews an application, and not the Commission.
7. Article 7 - Administration. Currently, Ordinance 95-5 divides the review responsibilities between the Planning Commission, and in limited cases, City staff. Article 7 changes those roles. The provisions follow the requirements in state law, in which staff review, and decide upon, all land division applications. However, the staff decision is appealable to the Commission, and the applicant has the option of bypassing staff to have the Commission review the case. There are two review types:



- a. Type I - There is no discretion with a Type I application – proposal either meets or does not meet the requirements – with conditions limited to ensure compliance with the Ordinance requirements. Only the applicant(s) receive notice and maintain the right to appeal the decision to the Commission.
  - b. Type II – This type involves a notice to area property owners prior to the staff decision. Affected agencies, both internal and external, also receive an application notice. Both area owners and agencies have 14-days on which to submit comments. Staff prepares a report after the 14-day period ends and incorporates, and responds to, any submitted comments. The applicant, and any area owner or agency that submitted comments, receive a notice of the final decision and those receiving the notice have a right to appeal the decision to the Commission. As an option, an applicant may request the Commission review the Type II application instead of staff. Staff still creates a report, but the Commission is the final decision maker. The Planning Commission automatically hears all land divisions that include a variance to any quantitative standard (e.g., lot size), effectively reviewing both the land divisions and proposed variance.
8. Article 8 - Expedited Land Division – This Article follows provisions in state law by providing a fast-track to permit the development of affordable housing. The rules apply only to residential development - along with any supporting open space - cannot incorporate protected Goal 5 resources, must meet the street standards in Article 3, and will either meet or exceed 80% of the underlying zone density, or accommodate low-income housing. The criteria limits an expedited division to the MH-1, MH-2, and MH-3 zones, excludes land in the Beaches and Dunes Overlay, and must comply with provisions in Articles 2 (Lots and Parcels) and 3 (Streets) as well as applicable provisions (e.g., lot size) in Ordinance 95-4. Article 8
9. Article 9 - Middle Housing Land Division – This land division type applies to duplexes, triplexes, a fourplex, cottage cluster, courtyard apartments, and townhouses. It may apply to the division of existing structures or concurrently with a building permit for one of these types of residential uses. This is the Article that allows creation of the smaller housing units identified in Ordinance 95-4. Approval criteria are distinct for middle housing. The division, and resulting development must comply with applicable building codes, separate utilities are required for each unit, the plat must include appropriate easements for shared access, utilities or common areas, comply with street standards in Article 3, and cannot alter the type of housing on the parent lot.
10. Additional Articles 8 and 9 Comments - Article 8 may apply to both partitions (Article 5) and subdivisions (Article 6). The process requires 21 days to determine completeness and 63-days to provide a final decision. Only the applicant receives the decision notice and retains appeal rights. In this case, the appeal is to Land Use Board of Appeals (LUBA). Per the legislation, an applicant has up to three years to file. Article 9 follows similar processing provisions.

Finally, in establishing the regulations City will incorporate the upcoming provisions in HB2138 to avoid the expense of additional Ordinance amendments. Therefore, Articles 8 and 9 incorporate provisions found in HB2138.

- C. The intent of the newly revised Ordinance is two-fold: comply with current state statute regarding land division administration and conform to requirements in SB406 as it applies to Tillamook County. Second, improve clarity and simplify the processes by establishing clear and objective standards for land divisions.
- D. The City notified the Department of Land Conservation and Development of the proposed revisions. The Department did not submit a response to the amendments.

### III. FINDINGS – ORDINANCE AMENDMENTS

- A. To comply with requirements in SB406, the City must amend both the Zoning Ordinance (95-5) and the Subdivision and Land Division Ordinance (95-5). Therefore, findings supporting Ordinance 95-4 are also applicable to 95-5. For the record, while Ordinance 95-5 applies to all land divisions in the City regardless of zone, only Article 8 and Article 9 are specific to the affordable housing and middle housing provisions, respectively in SB406.
- B. SB406 is unique to Tillamook county as it requires compliance with new housing requirements of SB458 (and HB2138) regardless of city population. To comply, the Department of Land Conservation and Development expects the cities to meet the provisions by adopting certain standards:

- 1. Allowance of Middle Housing

FINDINGS: With Article 8 and Article 9, the revised Ordinance establishes land division regulations that permit the establishment of middle housing, as well as providing for low-income housing, in all residential zones.

- 2. Clear and Objective Standards

FINDINGS: The standards are numerical, objective, uniformly applied, and do not impose more restrictive standards to develop affordable or middle housing projects. Further, in compliance with state law, Ordinance updates ensure all land division applications are administrative reviews instead of public hearings.

- 3. Parking Compliance

FINDINGS: Parking provisions mirror requirements in the recently amended Ordinance 95-4 which meets SB406 requirements.

- 4. Lot Size & Dimensional Standards

FINDINGS: Lot sizes mirror standards in Ordinance 95-4, including specific requirements for middle housing. In addition, expedited processing supports allowances for low-income housing opportunities.

5. Middle Housing Land Divisions

FINDINGS: Ordinance 95-5, Article 9 establishes the standards permitting middle housing land divisions consistent with SB458 and HB2138 requirements. These effectively implement the requirements in Ordinance 95-4.

6. Affordability Considerations

FINDINGS: Allowing middle housing improves housing diversity, opportunity, and affordability. As revised, Ordinance 95-5 establishes new land division regulations that specifically address middle housing (Article 9). In addition, Article 8 expedites land divisions specifically for those projects that address low-income housing needs. Conducting reviews at the administrative level further reduces development costs.

C. The revisions address the following key Goals of the Comprehensive Plan:

1. Goal 1 – Citizen Involvement

FINDINGS: Consistent with current provisions for amending Ordinances, the City conducted work sessions and hearings before both the Planning Commission and City Council. The City also provided notice of the meetings in a manner consistent with both City requirements and State Law (Ballot Measure 56). These actions demonstrate compliance with Goal 1 by ensuring that citizens had timely, accessible, and substantive opportunities to participate in shaping the proposed regulations.

2. Goal 2 – Land Use Planning

FINDINGS: Provisions call for the “development of land so that land use is orderly, convenient, and suitable related to the natural environment.” Creation of middle housing land divisions allows for suitable residential infill, and concurrent with design standards in Ordinance 95-4, supports compatibility within existing neighborhoods. This insures wise use of available resources consistent with the objective of the community. The new regulations ensure implementation in a consistent manner, using clear and objective standards.

3. Goal 10 – Housing

FINDINGS: Ordinance 95-4 amendments explicitly implement the City’s housing-related policies by increasing opportunities for a wider range of housing types

while ensuring those housing forms fit within Manzanita's established coastal character. Amendments to Ordinance 95-5 support these objectives by allowing for land division opportunities to create low-income housing and middle housing. Therefore, the revisions fulfill Goal 10's requirement to provide for the housing needs of current and future residents.

#### 4. Other Plan Considerations

**FINDINGS:** The revisions to Ordinance 95-5 are also consistent with other Plan goals. Additional infill development provides housing as well as job opportunities meeting economic needs (Goal 9). This infill also reduces energy impacts by encouraging a compact urban form (Goal 13). Ordinance provisions comply with the newly adopted City Transportation System Plan (Goal 12). The language prohibits expedited land divisions (Ordinance 95-5, Article 8) on land identified in the beaches and dunes overlay, thereby protecting the resource (Goal 18).

D. Based on the analysis above, the City finds that the amendments to Ordinance 95-5 comply with provisions in SB406, implementing SB458 and HB2138. Further, by creating opportunities for low-income housing and middle housing, the language is fully consistent with the Comprehensive Plan

E. Finally, the existing Ordinance 95-5 does not include a process in which to amend the Ordinance language. As 95-5 implements land division provisions for Ordinance 95-4, it appears appropriate to use the provisions in Section 9 of Ordinance 95-4. The criteria are as follows:

1. Section 9.010 Authorization to Initiate Amendments. An amendment to the text of this Ordinance or to the zoning map may be initiated by the City Council, the Planning Commission or by application of a property owner. The request by a property owner for an amendment shall be accomplished by filing an application with the City Manager.

**FINDINGS:** The City Council initiated the amendments to comply with the requirements affecting Tillamook County contained in SB406.

2. Section 9.020 Public Hearings on Amendments. The Planning Commission shall conduct a public hearing on the proposed amendment at its earliest practicable meeting after the amendment is proposed and shall, within 40 days after the hearing, recommend to the City Council approval, disapproval, or modified approval of the proposed amendment. After receiving the recommendation of the Planning Commission, the City Council shall hold a public hearing on the proposed amendment, and approve, disapprove, or modify the proposed amendment.

**FINDINGS:** This hearings before the Commission complied with the requirements in the Section. The Commission action is in the form of a recommendation to the City Council. The Council reviewed the Commission recommendation at a

scheduled public hearing. All actions are consistent with Ordinance procedures.

3. Section 9.030 Record of Amendments. The City Manager shall maintain records of amendments to the text and zoning map of the Ordinance.

FINDINGS: If approved, this Section establishes an administrative requirement for the City.

4. Section 9.040 Limitations on Reapplication. No application of a property owner for an amendment to the text of this Ordinance or to the zoning map shall be considered by the Planning Commission within the one-year period immediately following a previous denial of such request, except the Planning Commission may permit a new application if, in the opinion of the Planning Commission, new evidence or a change of circumstances warrant it.

FINDINGS: This Section does not apply as the application is not by an individual property owner but at the request of the City Council to comply with provisions in SB406.

5. Section 9.050 Amendments Affecting Manufactured Dwelling Parks. If an application would change the zone of property which includes all or part of a manufactured dwelling park as defined by ORS 446.003, the governing body shall give written notice by first class mail to each existing mailing address for tenants of the manufactured dwelling park at least 20 days but not more than 40 days before the date of the first hearing on the application. The failure of a tenant to receive a notice which was mailed shall not invalidate any zone change.

FINDINGS: This Section does not apply as the request does not involve property containing a manufactured dwelling park.

- F. The amendments are necessary to implement provisions of SB406 which requires communities in Tillamook County to conform with recent state changes to housing regulations. Articles 8 and 9 of the document accomplish this purpose. In addition, changes also comply with state law by requiring staff review of land division applications. On balance, the changes conform to the state requirements and provide an updated document to assist the public and staff.

#### IV. CONCLUSION

The City Council of Manzanita finds the proposed language contained in Attachment "A," creating the new *Ordinance 95-5, Manzanita Land Division Ordinance*, complies with applicable provisions in SB406, applicable Goals of the City Comprehensive Plan, and the identified amendment criteria in Ordinance 95-4.

## **ATTACHMENT A**

Ordinance 95-5  
MANZANITA LAND DIVISION ORDINANCE

### **Articles:**

<b>Article 1</b>	<b>General Information</b>
<b>Article 2</b>	<b>Design Standards</b>
<b>Article 3</b>	<b>Street Standards</b>
<b>Article 4</b>	<b>Property Boundary Adjustments</b>
<b>Article 5</b>	<b>Partitions</b>
<b>Article 6</b>	<b>Subdivisions</b>
<b>Article 7</b>	<b>Administration</b>
<b>Article 8</b>	<b>Expedited Land Divisions</b>
<b>Article 9</b>	<b>Middle Housing Land Divisions</b>

## Article 1 GENERAL INFORMATION

### Sections:

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### **1.010 Ordinance.**

This Ordinance shall be known as the Manzanita Land Division Ordinance and may also be referred to the “Ordinance” or the “MLDO.”

### **1.020 Purpose.**

The purpose of this Article is to establish standards and procedures for the dividing of land in the City. These regulations are necessary to provide uniform procedures and standards for land divisions, to assure adequate width and arrangements of streets, to coordinate proposed development with plans for utilities and other public facilities, to assure adequate sanitation and water supply to provide for the protection, conservation, and proper use of land, and to protect the public health, safety, and welfare.

### **1.030 Applicability and Relationship to Ordinance 95-4.**

Unless otherwise exempted or specified by provisions in this Ordinance, the following shall apply:

- (A) Zones. Unless otherwise specifically prohibited by the underlying zone, land division regulations contained in Ordinance 95-5 shall apply to all zones listed in Ordinance 95-4.
- (B) Appeals. Land divisions are administrative decisions appealable to the Planning Commission. An appeal of the Planning Commission to the City Council is subject to provisions in Section 10.150 to 10.200 of Ordinance 95-4.
- (C) Variances. The Planning Commission shall review land divisions involving a variance, subject to provisions in Article 10 of Ordinance 95-4.
- (D) Amendments. The City shall follow the applicable procedures in Ordinance 95-5 to amend Ordinance 95-4.

### **1.040 Administration.**

The City Manager of the City of Manzanita shall administer this Ordinance. Unless otherwise specifically prohibited by Charter, the City Manager is granted the authority to delegate his/her duties under this Ordinance.

#### **1.050 Scope of Regulations.**

The regulations contained in this Ordinance shall govern property boundary adjustments, partitions, subdivisions, and replats. These shall be administrative decisions and subject to procedures in Article 7 – Administration. The following shall determine the appropriate process:

- (A) Property Line Adjustments. Property line adjustments do not divide land but adjust boundaries between properties or consolidate property by eliminating a boundary. These are subject to the provisions in Article 4 and Type I application procedures in Article 7.
- (B) Partition. The City shall process a land division creating two or three parcels within a calendar year as a Partition, subject to the general design standards in Article 2, street design requirements in Article 3, and improvement standards for a Partition in Article 5. Partitions are subject to the Type II application procedures in Article 7.
- (C) Subdivision. A land division creating four or more lots within a calendar year shall be processed as a Subdivision and subject to the general design provisions in Article 2, street design requirements in Article 3, and the design standards and improvement requirements for a Subdivision in Article 6. Subdivisions are subject to the Type II application procedures in Article 7.
- (D) Replat. A replat alters the platted lots and easements of existing subdivisions. It differs from a property boundary adjustment in that it reconfigures more than two lots in an existing subdivision plat. For this reason, this Ordinance classifies replats as subdivisions and subject to the provisions noted in (C) above. Replats are subject to the Type II application procedures in Article 7.
- (E) Expedited Land Divisions. Provisions in Article 8 apply to residential land divisions that meet minimum density requirements or provide low-income housing. Application review procedures for expedited land divisions are found in Article 8.
- (F) Middle Housing Land Divisions. Provisions in Article 9 establish requirements that specifically apply to the creation of duplex, triplex, quadplex, or cottage developments. Application review procedures for middle housing divisions are found in Article 9.
- (G) Application of Development Standards in Ordinance 95-4. Development standards in Ordinance 95-4, including compliance with overlay zone requirements, shall remain in force for all land divisions regulated by this Ordinance.

#### **1.060 Serial Partitions.**

If a Partition results in the creation of a large parcel that can be subsequently divided so that there is the potential to create more than three parcels from the original, the request is classified as a Subdivision and subject to provisions in 1.040(C) above.



### **1.070 Planned Unit Developments.**

A planned unit development can divide property but allow greater flexibility in such design factors as lot size, street width, and specific amenity requirements. Ordinance 95-4, Section 4.136 contains the specific requirements and procedures for a Planned Unit Development.

### **1.080 Variances.**

Any request to vary or modify the quantitative standards in Ordinance 95-5 shall be subject to the variance provisions outlined in Ordinance 95-4, Article 8. The Planning Commission shall review land divisions involving a variance.

### **1.090 Definitions.**

As used in this Ordinance, unless it is apparent from the context that it intends a different meaning, the words and phrases below shall have the following meaning. Otherwise, definitions in Ordinance 95-4, Section 1.030 apply.

**Abut** means to border on a given line, e.g., a given street right-of-way.

**Applicant** means any person who makes application to the City for approval of a subdivision or partition plan.

**City** means the City of Manzanita, Oregon.

**Comprehensive Plan** means the City of Manzanita Comprehensive Plan.

**Cottage Cluster** is a grouping of no fewer than four detached dwelling units per acre, each with a footprint of less than 900 square feet, located on a single lot or parcel that includes a common courtyard.

**Easements** means a grant of the right to use a strip of land for specific purposes.

**Middle Housing** means duplexes, triplexes, quadplexes, cottage clusters, courtyard apartments, and townhouses.

**Parcel** means a unit of land created by a partitioning of land.

**Partitioning** means the division of an area or tract of land into two or three parcels within a calendar year and when such area or tract of land exists as a unit or contiguous units of land under single ownership at the beginning of such year. **Partitioning land** does not include division of land resulting from lien, foreclosure; divisions of land resulting from the creation of cemetery lots; and divisions of land made pursuant to a court order, including, but not limited to, court orders in proceedings involving testate or intestate successions; and partition land does not include any adjustment of a lot line by the relocation of a common boundary where an additional parcel is not created and where the existing parcel reduced in size by the adjustment is not reduced below the minimum lot size established by any applicable zoning requirement.

**Partitioning plat** means and includes a final map and other writing containing all the descriptions, locations, specifications, provisions, and information concerning a partition.

**Pedestrian way** means a right-of-way for pedestrian traffic.

**Planning Commission** means the Planning Commission of the City of Manzanita.

**Plat** means the final map, diagram, drawing, replat, and other writing containing the description, location, specifications, dedications, provisions, and other information concerning a subdivision, replat, or partition plat.

**Property line** means the division line between two units of land.

**Property boundary adjustment** means the relocation of a common property line between two abutting properties.

**Replat** means the act of platting the lots, parcels, and easements in a recorded subdivision or partition plat to achieve a reconfiguration of the existing subdivision or partition plat or to increase or decrease the number of lots in the subdivision.

**Right-of-way** means the area between boundary lines of a street or dedicated easement.

**Roadway** means the portion or portions of a street right-of-way developed for vehicle traffic.

**Sidewalk** means a pedestrian walkway with permanent surfacing.

**Street** means the entire width between the boundary lines of a public way provided for vehicular and pedestrian traffic, and the placement of utilities and including road, highway, lane, place, avenue, alley, or similar designations.

(1) **Alley** a street which affords a means of access to property.

(2) **Arterial** means a street designed for high-volumes and regional trips. **Principal arterial** means a street carrying the highest volume of traffic of any roadway type below grade-separated freeways and provide regional connections.

(3) **Collector** means a street linking commercial, residential, industrial, and institutional areas, used partly by through traffic and partly for access to abutting properties. Collectors include **Major Collectors** and **Minor Collectors**, with major collectors generally having longer lengths, higher speed limits, higher traffic volumes, and more travel lanes than minor collectors. Major collectors offer more mobility, and minor collectors offer more access.

(4) **Cul-de-sac (dead-end street)** means a short street with one end open to traffic and the other terminated by a vehicle turn-around.

(5) **Half-street** means a portion of the width of a street, usually along the edge of a subdivision where a future subdivision or development provides the remaining portion of the street.

(6) **Local street** means a street intended primarily for access to abutting properties.

(7) **Marginal access street** means a minor street parallel and adjacent to a major arterial street providing access to abutting properties but protected from through traffic. Also known as a frontage road.

**Subdivide land** means to divide land into four or more lots within a calendar year.

**Subdivision** means either an act of subdividing land of an area or a tract of land subdivided.

**Subdivision plat** means and includes a final map and other writing containing all the descriptions, locations, specifications, dedications, provisions, and information concerning a subdivision.

**TSP or Transportation System Plan** means the Nehalem Bay Transportation System Plan.

### **1.100 Fees.**

(A) The City shall charge a fee for the review of the tentative and final plans as required by this Ordinance. The City Council shall establish fees by Council resolution.

(B) The above-mentioned fees shall be in addition to any required State or County fees and/or charges.

## Article 2 LOTS AND PARCELS

### Sections:

#### 2.010 Relationship to other Articles

#### 2.020 Design Standards.

##### 2.010 Relationship to other Articles

- (A) Provisions in this Article apply to all property boundary adjustments (Article 5), partitions (Article 6), subdivisions (Article 7), and partitions and subdivisions processed as an Expedited Land Division (Article 8).
- (B) This Article shall not apply to Middle Housing Land Divisions (Article 9).

##### 2.020 Design Standards.

The following standards shall apply to both proposed Partitions and Subdivisions.

- (A) Minimum Area. Minimum lot or parcel area shall conform to the requirements of the zoning district in which the parcel is located. Where the slope of the ground exceeds 10% in any direction for more than 60% of the buildable area of a lot or parcel, the area shall increase according to the following table:

11 to 15% slope	Minimum area plus 20%
16 to 20% slope	Minimum area plus 50%
21 to 25% slope	Minimum area plus 100%
Over 25% slope	Minimum area plus 200%

The City may require additional lot or parcel area as a condition to respond to specific topographic or geologic conditions.

- (B) Access.
- (1) All new residential lots or parcels shall provide a minimum of 20-feet of frontage on an existing or proposed public street, or 25-feet of frontage along a cul-de-sac. A private street or private access easement may access a residential lot or parcel when developed in accordance with the provisions of Section 3.020 when it is determined that a public street access is:
- (a) Infeasible due to parcel shape, terrain, or location of existing structures; and
- (b) Unnecessary to provide for the future development of adjoining property.
- (2) All new lots or parcels for commercial, industrial, or public uses must provide, at a minimum, street frontage wide enough for a driveway. Alternatively, a commercial, industrial, or public property may use a private street or private access easement when in compliance with items (a) and (b) in subsection (B)(1) above.
- (C) Flag Lots. A flag lot shall be subject to the following development standards:

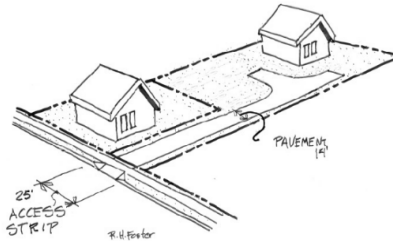


Figure 1 - Flag Lot Access

- (1) The access strip shall be a minimum of 20-feet in width. The improved surface shall be a minimum of 14-feet in width.
  - (2) If the length of the access strip exceeds 150-feet, the parcel or lot shall include a turn-around area per local Fire District requirements.
  - (3) The lot area calculation shall not include the access strip.
  - (4) Townhouses are not permitted on a flag lot.
- (D) Residential Through Lots. The layout shall avoid through lots except where essential to provide separation of residential development from traffic arteries, adjacent non-residential activities, or to overcome specific disadvantages of topography.
- (E) Lot/Parcel Side Lines. The side lines of lots, as far as practicable, shall run at right angles to the public street, private street, or private access easement upon which the lot or parcel faces.
- (F) Utility Easements. Where necessary to accommodate public utilities, the lot or parcel shall include an easement within the easement width conforming to the applicable public and/or private utility standards.
- (G) Lot Averaging. All lots must meet the minimum lot size requirements of the zone; lot averaging is prohibited.

## Article 3 STREET STANDARDS

### Sections

#### 3.010 Street Design Standards.

#### 3.020 Private Streets and Easements.

#### 3.030 Improvements Required.

#### 3.010 Street Design Standards

##### (A) General Provisions for Public Streets.

- (1) General. The location, width, and grade of streets shall take into account existing and planned streets, to topographical conditions, to public convenience and safety, and to the proposed use of the land served by the proposed streets. Where the Comprehensive Plan does not show the arrangement of streets, the street system shall either:
  - (a) Provide for the continuation or appropriate projection of existing principal streets in surrounding areas; or
  - (b) Conform to an adopted neighborhood plan to meet a particular situation where topographical or other conditions make continuance or conformance to existing streets impractical.
- (2) Minimum Right-of-Way and Roadway Widths. The width of streets and roadways shall be adequate to fulfill City Public Works specifications of this Ordinance and, unless otherwise indicated in the Comprehensive Plan, shall not be less than the minimum widths in feet shown in the following table:

	Applicability	Right of Way	Travel Lane	Min. Lane Width	Center Turn Lane	On-street Parking	Bike Facility	Sidewalk	Planter/Buffer/Zone
<u>Major Collector</u>	TSP Figure 7	48 feet	2	11 feet	n/a	8 ft	n/a	6-8 feet	n/a
<u>Minor Collector</u>	TSP Figure 8	30 feet	2	11 feet	n/a	n/a	8 feet shared (one side)		n/a
<u>Minor Collector With Parking</u>	TSP Figure 8	32 feet	1	16 feet	n/a	8 ft	8 feet shared (one side)		n/a
<u>Local Road</u>	TSP Figure 8	22 feet	1	22 feet	n/a	n/a	n/a	n/a	n/a
<u>Local with Parking</u>	TSP Figure 8	36 feet	1	20 feet	n/a	8 ft	n/a	n/a	n/a

- (3) Alignment. As far as practical, streets other than minor streets shall align with existing streets by continuations of the center lines. Staggered street alignment resulting in “T” intersections shall, wherever practical, leave a minimum distance of 200-feet between the center lines of streets having the same direction and shall not be less than 125-feet.
- (4) Future Extension of Streets. Where necessary to give access to or permit a satisfactory future subdivision of adjoining land, the street layout shall extend streets to the boundary of the subdivision. In addition, the City may approve a resulting dead-end street without a turn-around.
- (5) Intersection Angles.
  - (a) Street intersection angles shall be as near to right angles as practical except where topography requires a lesser angle, but in no case shall the acute angle be less than 60 degrees unless there is a special intersection design approved by Public Works.
  - (b) The intersection of an arterial or collector street with another street shall have at least 100-foot tangent adjacent to the intersection unless topography requires a lesser distance.
  - (c) Other streets, except alleys, shall have at least 50-foot tangent adjacent to the intersection unless topography requires a lesser distance.
  - (d) Intersections which contain an acute angle of less than 80 degrees, or which include an arterial street shall have a minimum corner radius sufficient to allow for a roadway radius of 20-feet and maintain a uniform width between the roadway and the right-of-way line.
- (6) Existing Streets. Whenever existing streets adjacent to, or within a tract, are inadequate width, the proposed development shall provide additional right-of-way where feasible.
- (7) Half-Streets. The development may include half-streets where essential to the reasonable development of the subdivision, when in conformity with the other requirements of these regulations, and when the City finds it will be practical to require the dedication of the other half when development occurs on the adjoining property.
- (8) Cul-de-Sacs. The use of cul-de-sacs is permitted only where no other design alternative exists. When allowed, a cul-de-sac shall have a maximum length of 400-feet, serve no more than 18-dwelling units, and shall terminate with a turn-around.
- (9) Street Names. Except for extensions of existing streets, a proposed street name shall not duplicate or be confused with the names of existing streets. Street names and numbers shall conform to the established pattern in the City.
- (10) Grades and Curves.
  - (a) Grades shall not exceed six percent on arterials, 10% on collector streets, or 12% on any other street.
  - (b) Center line radii of curves shall not be less than 300-feet on major arterials, 200-feet on secondary arterials, or 100-feet on other streets, and shall be to an even 10-feet.

- (c) Where existing conditions, particularly topography, make it otherwise impractical to provide buildable lots, the City may accept steeper grades and sharper curves.
- (11) Marginal Access Streets. Where a subdivision abuts or contains an existing or proposed arterial street, the City may require marginal access streets, reverse frontage lots with suitable depth, screen planting contained in a nonaccess reservation along the rear or side property line, or other treatment necessary for adequate protection of residential properties and to afford separation of through and local traffic.
- (B) Construction Specifications. Construction specifications for all public streets shall comply with the standards of the most recently adopted public works/street standards of the City of Manzanita.

### **3.020 Private Streets, Private Easements and Shared Driveway Access.**

- (A) Private Streets.
  - (1) A private street may serve no more than six, lots or parcels. These standards shall also apply if at least three, and no more than six, parcels may be created through a series of separate partitions.
  - (2) Construction Standards. Private streets shall be subject to the following construction standards:
    - (a) Width. Private streets shall have a minimum easement width of 25-feet and a minimum paved surface width of 20-feet. Paving shall be either asphalt or concrete.
    - (b) Construction Standards. All private streets shall be constructed to the same cross-sectional specifications required for public streets and shall include provisions for adequate drainage in conformance with Public Works Standards.
    - (c) On-Street Parking. Private streets shall provide one on-street parking space per lot or parcel. The parking spaces may be located along the private street, designed as a “parking pocket,” or a combination of both. The provision for on-street parking may require a wider private street easement.
    - (d) Public Dedication. Any private street designed, or has the potential capacity, as a collector or an arterial street shall be dedicated as a public right-of-way.
    - (e) Private streets shall be named in conformance with the street name and numbering pattern established in the City.
  - (3) Private streets shall not connect two existing public streets. Such a connection shall require the dedication of a public street.
  - (4) Provision for the maintenance of a private street shall require a maintenance agreement, homeowner’s association, or similar instruments acceptable to the City. The applicable document shall be recorded against the deed record of each lot or parcel, and if appropriate, placed on the final plat.
  - (5) A private street, which is the sole access, shall include a turn-around when the street is either more than 150-feet in length or which serves more than two

dwellings. Turn-arounds shall comply with the design provisions of the local Fire District.

- (B) Private Access Easement. A private access easement created as the result of an approved land division shall conform to the following:
- (1) No more than two lots or parcels shall have their sole access to the easement. Easements serving more than two lots or parcels shall comply with provisions for a private street in (A), above.
  - (2) The minimum easement width shall be 20-feet with a minimum paved width of 16-feet.
  - (3) The surface width noted in item (2) above shall be improved with either asphalt or concrete for the entire length of the access easement.
  - (4) A private access easement, which is the sole access, shall include a turn-around when the easement exceeds 150-feet in length or serves more than one lot or parcel. Turn-arounds shall comply with the design provisions of the Fire District. In no case shall the easement length exceed 200-feet.
  - (5) All private access easements shall be designated fire lanes and signed for "no parking."
  - (6) Provision for the maintenance of an improved private access easement shall be provided in the form of a maintenance agreement, homeowner's association, or similar instrument acceptable to the City. The applicable document shall be recorded against the deed record of each parcel, and if appropriate, placed on the final partitioning plat.
- (C) Shared Driveway Access. Two adjacent lots or parcels fronting a public or private street may share a single driveway access, subject to the following:
- (1) The minimum easement width shall be 18-feet with a minimum paved width of 12-feet. The minimum length shall be 20-feet.
  - (2) The surface width noted in item (1) above shall be improved with either asphalt or concrete for the entire length of the shared access easement.
  - (3) Provision for the maintenance of the shared driveway access shall be provided in the form of a maintenance agreement, homeowner's association, or similar instrument acceptable to the City. The applicable document shall be recorded against the deed record of each lot or parcel, and if appropriate, placed on the final plat.
- (D) Lots and Parcels Served by Private Streets or Easements. The following shall apply to all lots and parcels that are accessed by either a private street or private access easement:
- (1) Lot and Parcel Size. The easement containing the private street or access easement shall be excluded from the lot or parcel size calculation.
  - (2) Setbacks. The line fronting along a private street or access easement shall be considered a property line with all subsequent setbacks measured from this easement line.
  - (3) Lot Depth and Width. Where required by the underlying zone, the lot width shall be measured along the easement boundary, and the lot depth shall be measured from the easement boundary to the rear lot line.



### **3.030 Improvements Required**

- (A) Generally. Except as otherwise provided, land divisions subject to this Ordinance containing, or abutting, an existing or proposed street, that is either unimproved or substandard in right-of-way width or improvement, shall dedicate the necessary right-of-way on the final plat, or prior to the issuance of building permits. Right-of-way requirements are based on functional classification of the street network as established in the Transportation System Plan.
- (B) Existing Streets. Except as otherwise provided, when a development abuts an existing street, the improvements requirement shall apply to that portion of the street right-of-way located between the centerline of the right-of-way and the property line of the lot proposed for development. In no event shall a required street improvement for an existing street exceed a pavement width of 30-feet.
- (C) Proposed Streets
  - (1) Except as otherwise provided, when a development includes or abuts a proposed street, in no event shall the required street improvement exceed a pavement width of forty (40) feet.
  - (2) Half Streets: When a half street is created, a minimum of 22 feet of driving surface shall be provided by the developer.
- (D) Extent of Improvements
  - (1) Streets required pursuant to this Chapter shall be dedicated and improved in compliance with the Transportation System Plan and applicable City specifications included in the City of Manzanita Ordinance 91-2 Creating Street Improvement Standards. Improvements shall also include any bikeways designated on the Transportation System Plan map. An applicant may be required to dedicate land for required public improvements only when the exaction is directly related to and roughly proportional to the impact of the development.
  - (2) If the applicant is required to provide street improvements, the City Manager may accept future improvements guarantee in lieu of street improvements if one or more of the following conditions exist, as determined by the City:
    - (a) A partial improvement is not feasible due to the inability to achieve proper design standards;
    - (b) A partial improvement may create a potential safety hazard to motorists or pedestrians.
    - (c) Due to the nature of existing development on adjacent properties it is unlikely that street improvements would extend in the foreseeable future and the improvement associated with the project under review does not, by itself, provide a significant improvement to street safety or capacity;
    - (d) The improvement would conflict with an adopted capital improvement plan;
    - (e) The improvement is associated with an approved land partition on property zoned residential use and the proposed land partition does not create any new streets; or
    - (f) Additional planning work is required to define the appropriate design

standards for the street, and the application is for a project that would contribute only a minor portion of the anticipated future traffic on the street.

(E) Transportation Facilities Modifications

- (1) A modification to a standard contained within this Article and the standard cross sections contained in Chapter 3 of the adopted TSP may be granted in accordance with the procedures and criteria set out in this section.
- (2) A modification request concerns a deviation from the general design standards for public facilities, in this Article or Chapter 3 in the adopted Transportation System Plan. The standards that may be modified include but are not limited to:
  - (a) Reduced sight distances.
  - (b) Vertical alignment.
  - (c) Horizontal alignment.
  - (d) Geometric design (length, width, bulb radius, etc.).
  - (e) Design speed.
  - (f) Crossroads.
  - (g) Access policy.
  - (h) A proposed alternative design which provides a plan superior to these standards.
  - (i) Low impact development
  - (j) Access Management Plans

(F) Modification Procedure

- (1) A modification must be proposed with the application for land use approval.
- (2) A modification is a Type II application and processed in conjunction with the underlying development proposal.

(G) Criteria for Modification. Modifications may be granted for street improvements when any one of criteria are met:

- (1) Consideration shall be given to public safety, durability, cost of maintenance, function, appearance, and other appropriate factors to advance the goals of the adopted Manzanita Comprehensive Plan and Transportation System Plan as a whole. Any modification shall be the minimum necessary to alleviate the hardship or disproportional impact.
- (2) Topography, right-of-way, existing construction or physical conditions, or other geographic conditions impose an unusual hardship on the applicant, and an equivalent alternative which can accomplish the same design purpose is available.
- (3) A minor change to a specification or standard is required to address a specific design or construction problem which, if not enacted, will result in an unusual hardship. Self-imposed hardships shall not be used as a reason to grant a modification request.
- (4) An alternative design is proposed which will provide a plan equal to or superior to the existing street standards.
- (5) Application of the standards of this chapter to the development would not be roughly proportional to the impacts created by the development.

## Article 4 PROPERTY BOUNDARY ADJUSTMENTS

### Sections:

#### 4.010 Adjustments Provisions.

##### 4.010 Adjustment Provisions.

- (A) Purpose. A property boundary adjustment is a change to a property boundary that only modifies existing lots or parcels and does not create a new lot or parcel. A property boundary adjustment is also the elimination of a property boundary line that converts two properties into one.
- (B) Review Process. A property boundary adjustment is subject to review and decision by City staff as a Type I application (Section 7.010).
- (C) Submittal Requirements. The applicant(s) must submit the following information and material:
  - (1) Applications for a property boundary adjustment shall be submitted on forms provided by the City and accompanied by the appropriate fee. The owners of all property affected by the request must sign the application:
  - (2) The application shall include the following information:
    - (a) Copies of the officially recorded Ordinance transfer instrument (deed, warranty deed, or contract) that shows the legal description for the affected parcels.
    - (b) Copies of the County Assessor's maps for both properties.
    - (c) A written statement explaining the purpose for the property boundary adjustment and demonstrating that the request conforms to City land use regulations of the applicable zone, such as lot size and setbacks for existing buildings.
    - (d) The applicant(s) shall certify in writing that the application does not violate any deed restrictions attached to, or imposed upon, the subject properties.
- (D) Review Criteria. Approval or denial of a property boundary adjustment shall be based on the following criteria:
  - (1) A property boundary adjustment cannot create a parcel; creation of a parcel requires approval of a land division.
  - (2) Following the property boundary adjustment, all lots or parcels must comply with lot size and dimensional standards of the applicable land use district. For nonconforming lots, the adjustment shall not increase the degree of nonconformance of the subject property.
  - (3) The adjustment shall not result in a setback violation for existing structures.

- (E) Completion of a Property Boundary Adjustment. After approval of a property boundary adjustment, the new boundary becomes effective only after completion of the following steps:
- (1) Recording of the metes and bounds legal descriptions of the adjusted properties with the Tillamook County Clerk.
  - (2) If required by ORS Chapter 92, the applicant(s) shall prepare a final map (or plat) and boundary survey, with all new boundaries monumented as required by ORS Chapters 92 and 209. The applicant(s) shall submit the prepared document to the City for approval and signature prior to recording the document in the County Clerk's office and shall return a copy of the recorded document to the City.

## Article 5 PARTITIONS

### Sections

#### 5.010 Application and Review.

#### 5.020 Improvement Requirements and Final Plat.

#### 5.010 Application and Review.

- (A) Purpose. A partition is a land division that creates two or three parcels within a calendar year.
- (B) Review Process. A partition is subject to review and decision by City staff as a Type II application (Section 7.020).
- (C) Submittal Requirements. The following provisions shall apply to the submittal of a partition application:
  - (1) Application Process. Applications for partitions shall be submitted on forms provided by the City and accompanied by the appropriate fee. It shall be the applicant's responsibility to submit a complete application that addresses the review criteria of this Article.
  - (2) Submittal Requirements. Each application shall be accompanied by a preliminary partition plat drawn to a scale acceptable to the City Development Services Department and containing at a minimum, the following:
    - (a) Appropriate identification stating the drawing is a preliminary plan.
    - (b) North point, scale, and date.
    - (c) Name and addresses of landowner, applicant, engineer, surveyor, planner, architect, or other individuals responsible for the plan.
    - (d) Map number and tax lot or tax account number of the subject property.
    - (e) The boundary lines and approximate area of the subject property.
    - (f) Dimensions and size in square feet of all proposed parcels.
    - (g) The approximate location of existing streets, easements, or rights-of-way adjacent to, or within, the subject property, and existing improvements on the property.
    - (h) Areas containing wetlands, significant vegetation, ponds, creeks, and other natural features.
  - (3) The City Manager may waive some of the requirements in item (2) above, provided there is sufficient information to process the application.
- (D) Decision Criteria. Approval of a partitioning shall require compliance with the following:
  - (1) Each parcel shall satisfy the dimensional standards of applicable zone unless the Planning Commission approves a variance to the standards.
  - (2) Each parcel shall meet the general design standards of Article 2.
  - (3) The partition shall not reduce setbacks for existing structures unless the Planning Commission approves a variance from these standards.
  - (4) Adequate public facilities shall be available to serve the existing and newly created parcels.

## **5.020 Improvement Requirements and Final Plat.**

- (A) Improvement Requirements. During the review of Partition proposals, the City shall require, as a condition of approval, the following improvements:
- (1) Street Improvements.
    - (a) Consistent with the adopted transportation plans, the final plat shall dedicate sufficient land establishing the appropriate right-of-way width.
    - (b) Improvement requirements shall comply with provisions in MLDO Section 3.030.
  - (2) Public Facilities. Necessary public facilities – water, sanitary sewer, storm lines - shall extend to the property and available for connection.
  - (3) Connection Fees. In the circumstance where existing improved streets, sanitary sewer, water, and/or storm lines are adjacent to or within the project, a connection charge is required in accordance with the City's adopted Connection Charges ordinance.
  - (4) Completion Requirements. All required improvements shall be completed prior to recording the final partition plat and the issuance of any building permits for the subject property. Alternatively, improvements required under this Section may be assured through a performance bond or other instrument acceptable to the City prior to the approval of the final plat of the Partition.
- (B) Improvement Procedures. In addition to other requirements, improvements installed by a developer shall conform to the requirements of this Article and improvement standards and specifications adopted by the City or affected public agency. Improvements shall be installed in accordance with the following procedure:
- (1) Plan Review. Improvement work shall not commence until plans are checked for adequacy and approved by the City Engineer. Plans shall be prepared in accordance with requirements of the City Public Works Department.
  - (2) Notification. Improvement work shall not commence until the City Public Works Department has been notified in advance; and, if work has been discontinued for any reason, it shall not be resumed until the City Public Works Department has been notified.
  - (3) Inspection. Improvements shall be constructed under the inspection and to the satisfaction of the City Engineer and the Director of Public Works. The City Engineer or Public Works Department may require changes in typical sections and details in the public interest, if unusual conditions arise during construction to warrant the change.
  - (4) Underground Facilities. All underground utilities, sanitary sewers, and storm drains installed in streets by the developer shall be constructed prior to the surfacing of the streets. Stubs for service connections for underground utilities and sanitary sewers shall be placed to a length eliminating the necessity for disturbing the street improvements when service connections are made.
  - (5) Final Engineering Plans. Upon completion of the public improvements and prior to final acceptance of the improvements by the City Engineer, the developer shall provide certified as-built drawings of all public utility improvements to the City

Public Works Department. The as-built drawings shall be submitted to the City Engineer by the developer's engineer.

- (6) Sanitary Sewer Exception. Procedures (1) to (5) above shall apply to the installation of sanitary sewer service except that Nehalem Bay Wastewater Agency is the reviewing agency.

- (C) Process for Final Plat Approval. The following provisions shall apply to the approval of any final partitioning plat:

- (1) Survey. Within two years of the final decision approving a preliminary plat, the applicant shall record the final survey of the approved plat. The preliminary approval shall lapse if not recorded within two years.
- (2) Final Approval. If the partition plat is consistent with the approved preliminary plat, and if the conditions of approval have been satisfied, the City Manager or designee shall sign the final plat.
- (3) Recording of Approved Plat. No building permit shall be issued, or parcel sold, transferred, or assigned until the recording of the final approved plat with the County Recorder and returning a copy of the record plat to the City. The applicant shall be responsible for all recording fees.

## Article 6 SUBDIVISIONS

### Sections:

#### **6.010 Application and Review Process.**

#### **6.020 Subdivision Design Requirements.**

#### **6.030 Improvement Requirements and Final Plat.**

#### **6.010 Application and Review Process.**

- (A) Purpose. A subdivision is the process of dividing land into four or more lots within a calendar year.
- (B) Review Process. A subdivision is subject to review and decision by City staff as a Type II application (Section 7.020).
- (C) Submittal Requirements. The following submittal requirements shall apply to all preliminary plan applications for subdivisions and planned unit developments.
  - (1) All applications shall be submitted on forms provided by the City along with the appropriate fee. It shall be the applicant's responsibility to submit a complete application that addresses the review criteria of this Article.
  - (2) Submittal Requirements. Each application shall be accompanied by a preliminary plat drawn to a scale acceptable to the City Development Services Department and containing at a minimum, the following:
    - (a) Appropriate identification stating the drawing is a preliminary plan.
    - (b) Proposed name of the subdivision.
    - (c) North point, scale, and date.
    - (d) Vicinity sketch showing location of the proposed land division.
    - (e) Name and addresses of landowner, applicant, engineer, surveyor, planner, architect, or other individuals responsible for the plan.
    - (f) Map number and tax lot or tax account number of subject properties.
    - (g) The boundary lines and approximate area of the subject property along with gross acreage.
    - (h) The approximate location of existing streets, easements, or rights-of-way adjacent to, or within, the subject property, and existing improvements on the property.
    - (i) Contour lines at two-foot intervals if 10% slope or less, five-foot intervals if exceeding 10% slope, and a statement of the source of contour information.
    - (j) Dimensions and size in square feet of all proposed lots.
    - (k) Identification of each lot by number.
    - (l) Preliminary information on connection location to existing water, sanitary sewer, and storm water facilities.
    - (m) Direction of drainage and approximate grade of abutting streets.
    - (n) Streets proposed and their names, approximate grade, and radius of curves.
    - (o) Any other legal access to the subdivision other than a public street.
    - (p) All areas offered for public dedication.



- (q) Areas containing wetlands, significant vegetation, ponds, creeks, and other natural features.
- (D) Subdivision Review Criteria. Approval of a subdivision shall require compliance with the following:
  - (1) Each lot shall satisfy the dimensional standards and density standard of the applicable zoning district, unless the Planning Commission approves a variance from these standards.
  - (2) Adequate public facilities shall be available to serve the existing and newly created lots.
  - (3) The proposed subdivision complies with the design and layout standards in Section 6.020.
- (E) Phased Development.
  - (1) Schedule. The City may approve a time schedule for developing a subdivision in phases, but in no case shall the actual construction time for any phase be greater than two years without reapplying for a tentative plat, and all phases of the subdivision shall be platted within 10 years of the original date of the final decision.
  - (2) Criteria. The criteria for approving a phased subdivision (in addition to all standard subdivision criteria) review proposal are:
    - (a) The public facilities shall be constructed in conjunction with or prior to each phase to ensure provision of public facilities prior to building occupancy;
    - (b) The development and occupancy of any phase shall not be dependent on the use of temporary public facilities.
      - (i) For purposes of this subsection, a temporary public facility is an interim facility not constructed to the applicable City or public agency standard; and
      - (ii) The phased development shall not result in requiring the City or other property owners to construct public facilities as a part of the approval of the preliminary plat.

#### **6.020 Subdivision Design Requirements.**

- (A) All lots shall comply with applicable design standards in Article 2.
- (B) In addition, the subdivision shall comply with the following layout design standards, where applicable.
  - (1) General. The length, width, and shape of blocks shall provide adequate building sites for the use contemplated, consideration of needs for convenient access, circulation, control, and safety of street traffic - including pedestrian and bicyclist - and recognition of limitations and opportunities of topography.
  - (2) Street. The street system shall comply with applicable public and private street standards in Article 3, including required improvements.
  - (3) Block length and access spacing. Proposed block length and access spacing shall extend the existing grid pattern where present. Otherwise, a new development shall comply with the following:

Functional Class	Maximum Block Length	Minimum Block Length and Width*	Minimum Driveway Spacing	Minimum Intersection Set Back
Arterial	800 feet	100 feet	100 feet	150 feet
Collector	500 feet	100 feet	75 feet	75 feet
Residential	500 feet	100 feet	None	25 feet

\*The maximum block width shall be 250-feet.

- (4) Access and Spacing for Highway 101. Access and road spacing standards for Highway 101 within the City and arterials shall conform to the current Oregon Highway Plan (OHP) access management spacing standards for highways, as indicated below.

Roadway	Speed Limit	Access & Road Spacing Standard (urban)
U.S. 101	55 or higher	1,320 feet
	50	1,100 feet
	40 & 45	800 feet
	30 & 35	500 feet
	25 & lower	350 feet

- (5) Traffic Circulation. The subdivision layout shall provide safe, convenient, and direct vehicles, bicycles, and pedestrian access to nearby residential areas, neighborhood activity centers (e.g., schools and parks), shopping areas, and employment centers. At a minimum, “nearby” means the distance from the subdivision boundary – quarter mile for pedestrians and one mile for bicyclists.
- (6) Connectivity. The City shall require the following:
- Stub-End Streets: Where the potential exists for additional residential development on adjacent property. (See Figure 2).
  - Accessways: Public accessways to provide a safe, efficient, and direct connection to cul-de-sac streets, to pass through oddly shaped, or blocks longer than 600-feet, to provide for public paths accessing nearby residential areas, neighborhood activity centers (e.g., parks, schools), shopping areas, and employment centers. (See Figure 2).

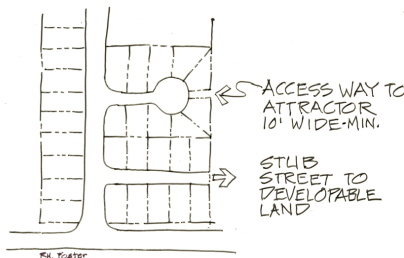


Figure 2 - Connectivity

- (7) Design Standards for Accessways. Pedestrian/bicycle accessways at the ends of cul-de-sacs shall meet the following design standards:
  - (a) Minimum dedicated width: 10-feet
  - (b) Minimum improved width: 8-feet
  - (c) The accessway shall be designed to prohibit vehicle traffic.
- (8) Collector and Arterial Connections. Accessway, bikeway, or sidewalk connections with adjoining arterial and collector streets shall be provided if any portion of the site's arterial or collector street frontage is over 600-feet from either a subdivision access street or other accessway. The accessway placement may be modified or eliminated if natural features (e.g., adverse topography, streams, wetlands) preclude such a connection.

#### **6.030 Improvement Requirements and Final Plat.**

- (A) Improvements and Bonding. Before the City certifies approval of the final plat, the subdivider shall either install required improvements and repair existing streets and other public facilities damaged in the development of the subdivision; or execute and file with the City an agreement between specifying the period for the completion of the required improvements and repairs.
  - (1) Bonding. The subdivider shall file a financial instrument with the agreement to assure installation of the necessary improvements. The agreement shall provide that if the work is not completed within the specified period, the City may complete the work and recover the full cost and expense thereof from the subdivider. The agreement may provide for the construction of the improvements in units and for an extension of time under specified conditions. The amount shall be a sum determined by the City Engineer as sufficient to cover the cost of the improvements and repairs, including related City expenses. The financial instrument may include one of the following:
    - (a) A surety bond executed by a surety company authorized to transact business in the state of Oregon on a form approved by the City Attorney.
    - (b) A personal bond cosigned by at least one additional person, together with evidence of financial responsibility and resources of those signing the bond sufficient to provide reasonable assurance of ability to proceed in accordance with the agreement.
    - (c) Cash.
  - (2) Liability. If the subdivider fails to comply with provisions of the agreement, and the City has unreimbursed costs or expenses resulting from such failure, the City shall call on the bond or cash deposit for reimbursement. If the amount of the bond or cash deposit exceeds the cost and expenses incurred by the City, the City shall release the remainder. If the amount of the bond or cash deposit is less than the cost and expense incurred by the City, the subdivider shall be liable to the City for the difference.

- (B) Improvement Requirements. The following improvements shall apply:
- (1) **Frontage Improvements.** The City shall require half-street improvements designed to match the City's Engineering Standards for all public streets on which a proposed subdivision fronts. Improvements shall include sidewalks, curbing, storm sewer, sanitary sewer, water lines, and such other improvements necessary to serve the development or the immediate neighborhood.
  - (2) **Project Streets.** Public or private streets within the subdivision shall comply with City Engineering Standards.
  - (3) **Water System.** The subdivision shall install water lines with valves and fire hydrants serving the subdivision and connecting to the City mains in conformance with the Engineering Design Standards. The design shall consider provisions for extension beyond the subdivision to adequately grid the City system and to serve the area within which the development is located when the area is fully developed. However, the City will not expect the developer to pay for the extra cost of mains exceeding eight inches in size.
  - (4) **Surface Drainage and Storm Sewer System.** The subdivision shall include drainage facilities within the subdivision and connect to drainageways or to storm sewers outside the subdivision. Design of drainage within the Subdivision shall be constructed in accordance with the Engineering Design Standards.
  - (5) **Sanitary Sewers.** The Subdivision shall include sanitary sewer serving the Subdivision and connecting to existing mains both on and off the property being subdivided conforming to applicable design standards of the Nehalem Bay Wastewater Agency. The Agency may require that the developer construct sewage lines of a size exceeding that necessary to adequately service the development in question, where such facilities are or will be necessary to serve the entire area within which the development is located when the area is fully developed.
  - (6) **Sidewalks.** Sidewalks shall be installed along both sides of each public street and in any pedestrian walkway within the subdivision. This improvement may be deferred until prior to the occupancy of a dwelling.
  - (7) **Streetlights.** The installation of streetlights at required locations and complying with City standards.
  - (8) **Street Signs.** The installation of street name signs and traffic control signs is required at locations determined to be appropriate by the City and shall comply with City standards.
  - (9) **Curb Cuts.** Curb cut and driveway installations are not required at the time of development, but if installed, it shall be according to the City standards.
  - (10) **Completion of Improvements.** Prior to proceeding with the final plat review in item (E), all improvements required under this Article shall be completed to City standards or assured through a performance bond or other instrument acceptable to the City Attorney, prior to the approval of the Final Plat of the Subdivision.

- (C) Improvement Procedures. In addition to other requirements, improvements installed by a developer shall conform to the requirements of this Article and improvement standards and specifications adopted by the City, and shall be installed in accordance with the following procedure:
- (1) Plan Review. Improvement work shall not commence until plans have been checked for adequacy and approved by the City Engineer. Plans shall be prepared in accordance with requirements of the City Public Works Department.
  - (2) Notification. Improvement work shall not commence until the City Public Works Department has been notified in advance; and, if work has been discontinued for any reason, it shall not be resumed until the City Public Works Department has been notified.
  - (3) Inspection. Improvements shall be constructed under the inspection and to the satisfaction of the City Engineer and the Director of Public Works. The City Engineer or Public Works Department may require changes in typical sections and details in the public interest, if unusual conditions arise during construction to warrant the change.
  - (4) Underground Facilities. All underground utilities, sanitary sewers, and storm drains installed in streets by the developer shall be constructed prior to the surfacing of the streets. Stubs for service connections for underground utilities and sanitary sewers shall be placed to a length eliminating the necessity for disturbing the street improvements when service connections are made.
  - (5) Final Engineering Plans. Upon completion of the public improvements and prior to final acceptance of the improvements by the City Engineer, the developer shall provide certified as-built drawings of all public utility improvements to the City Public Works Department. The as-built drawings shall be submitted to the City Engineer by the developer's engineer.
  - (6) Sanitary Sewer Exception. Procedures (1) to (5) above shall apply to the installation of sanitary sewer service except that the Nehalem Bay Wastewater Agency is the reviewing agency.
- (D) Form of Final Subdivision.
- (1) Final Plat Requirements. The final plat shall be prepared in a form and with information consistent with ORS 92.010 through 92.160 and approved by the County Surveyor.
  - (2) Owners Association. *Where applicable*, the City Attorney shall review all owners' agreements, articles, and by-laws concurrently with the final plat.
    - (a) The City shall not approve the final plat, until the City Attorney approves the owner's association agreement, articles, and by-laws.
    - (b) A certificate of formation of a non-profit corporation, with a state seal, for the owner's association, shall be submitted with the final plat.
    - (c) Signed, original documents of the owner's association agreement, articles and by-laws and the certificate of formation described in subsection (B)(3) above, shall be recorded with the final plat.
  - (3) Subdivision Names. All plat names shall conform to ORS 92.090 and be approved by the County Surveyor.

(E) Final Plat Review of Subdivisions.

- (1) Final Plat Review. If the City Engineer determines that the final plat conforms fully with all applicable regulations and standards, the City Engineer shall advise the City Manager. The City Manager shall sign the plat.
- (2) Filing the Final Plat. The final subdivision plat shall be filed with the Tillamook County Clerk's Office, and a copy of the final recorded document shall be returned to the City Recorder.
- (3) Time Limit. Approval of any preliminary plans for a subdivision shall be valid for two years after the date of the final decision. A Final Plat shall be recorded within this period, or the approval shall lapse.
- (4) Time Extension. The City may extend the approval period for any subdivision for not more than one additional year. An applicant must submit a written request for an extension of approval time 30-days prior to the expiration date of the approval.
- (5) Reapplication Required. If the approval period lapses, the applicant must resubmit the proposal, including all applicable fees and the applicant will be subject to all applicable standards currently in effect.

## Article 7 APPLICATION AND REVIEW PROCEDURES

### Sections

**7.010 Procedure for Type I Action.**

**7.020 Procedure for Type II Action.**

**7.030 Procedure for Appeals.**

**7.040 Conditions of Approval – Type I and Type II Applications.**

**7.050 Applicability to Expedited Land Divisions and Middle Housing Land Divisions.**

### **7.010 Procedure for Type I Action.**

- (A) Decision Authority. Applications subject to a Type I review shall be reviewed and decided by the City Manager.
- (B) Application. Upon receipt of an application for Type I land use action, the City shall review the application for completeness.
  - 1. If determined to be complete, the 120-day time period shall begin.
  - 2. If determined to be incomplete, the applicant shall be notified and provided an additional 30 days to submit the necessary supplemental information.
  - 3. An applicant may request additional time to submit the requested information. The City will not process the application if an applicant fails to submit the information within 180 days, and the applicant shall forfeit all applications fees.
- (C) Completeness. The application shall be deemed complete for the purposes of scheduling and all related timing provisions either:
  - 1. Upon receipt of the requested acceptable additional information; or refusal by the applicant to submit the requested information;
  - 2. On the 31st day after the original application submittal.
- (D) Decision. The City Manager shall review the application and shall render a decision based on an evaluation of the proposal and on applicable clear and objective standards contained in this Ordinance. Notice of the decision shall only be sent to the applicant(s).
- (E) Appeals. A Type I land use decision may be appealed to the Planning Commission. The appeal shall be submitted within 14 days of the date the decision is mailed. The appeal process shall follow the procedures in Section 7.030.

### **7.020 Procedure for Type II Action.**

- (A) Decision Authority. Applications subject to a Type II procedure shall be reviewed and decided by the City Manager.
- (B) Application. Upon receipt of an application for Type II land use action, the City staff shall review the application for completeness.
  - 1. If determined to be complete, the 120-day time period shall begin.

2. If determined to be incomplete, the applicant shall be notified and provided an additional 30 days to submit the necessary supplemental information.
  3. An applicant may request additional time to submit supplemental information up to 180-days from submittal date of the application. The City will not process the application if an applicant fails to submit the information within 180 days, and the applicant shall forfeit all applications fees.
- (C) Completeness. The application shall be deemed complete for the purposes of scheduling and all related timing provisions either:
1. Upon receipt of the requested acceptable additional information; or refusal by the applicant to submit the requested information;
  2. On the 31st day after the original application submittal.
- (D) Hearing Option. The applicant has the option to request a public hearing before the Planning Commission. The procedures for notice and conducting the public hearing shall comply with the standards in Ordinance 95-4, Article 10.
- (E) Application Notice. Before making a Type II decision, the City shall mail notice of the application to:
1. All owners of record of real property within 100-feet of the subject site for a partition and 300-feet for a subdivision.
  2. Any person who submits a written request to receive a notice.
  3. Any governmental agency that is entitled to notice under an intergovernmental agreement or required by State statute.
  4. The road authority when there is a proposed development abutting or affecting their transportation facility and allow the agency to review, comment on, and suggest conditions of decision for the application.
  5. The City may notify other affected agencies, as appropriate, for review of the application.
- (F) Notice Information. The notice of a pending Type II decision in item (E) above shall include the following:
1. Identify the applicant, specific land use decisions or decisions requested.
  2. Describe the street address or other easily understandable reference to the location of the site.
  3. List the relevant decision criteria by name and number of Ordinance sections.
  4. Provide a 14-day period for submitting written comments before a decision is made on the land use application. The City shall only accept written comments either by letter or e-mail.
  5. State the place, date, and time the comments are due, and the person to whom the comments should be addressed.
  6. Include the name and telephone number of a contact person regarding the Administrative Decision.



7. State that if any person fails to address the relevant decision criteria with enough detail, they may not be able to appeal to the Land Use Board of Appeals or Circuit Court on that issue. Only comments based on the decision criteria are considered relevant evidence.
  8. State that all evidence relied upon by the City to make this decision is in public records and available for public review. Copies of this evidence can be obtained at a reasonable cost from the City.
  9. State that after the comment period closes, the City shall issue a decision. The decision shall be mailed to the applicant and to anyone who submitted written comments or who is otherwise legally entitled to notice.
- (G) Decision. The City Manager shall review the application and shall render a decision based on an evaluation of the proposal and on applicable criteria contained in this Ordinance. Further, the written decision shall address relevant comments submitted by the parties noticed.
- (H) Notice of Decision. Within five working days after the City's written decision, a Notice of Decision, including information on appeals, shall be sent by mail to:
1. The applicant and all owners or contract purchasers of record of the site that is the subject of the application.
  2. Any person who submits a written request to receive notice or provides comments during the application review period.
  3. Any governmental agency entitled to notice under an intergovernmental agreement, and other agencies that provided comments during the application review period.
- (I) Appeals. Except as modified by provisions in Article 8, anyone receiving notice of a Type II land use decision may appeal the decision to the Planning Commission. The appeal shall be submitted within 14 days of the date the decision is mailed. The appeal process shall follow the procedures in Section 7.030.

### **7.030 Procedure for Appeals.**

- (A) Commission Hearing and Notice of Appeal. If a Type I or Type II decision is appealed, City staff shall schedule a hearing before the Planning Commission. The Commission hearing shall comply with procedures set forth in Ordinance 95-4, Article 10. Written notice of a public hearing on the appeal shall be mailed only to the applicant and those who received notice of the original decision. This notice shall be mailed at least 10 days prior to the public hearing on the appeal and shall contain the information required in item 7.020(F), above.
- (B) Commission Action. The Commission action on an appeal shall be in the form of a decision. Within 7 days of the Commission decision, the applicant and all individuals who participated in the public hearing, or requested notice of the decision, shall be mailed written Notice of the Decision. The notice shall specify the findings justifying the decision to approve or deny the request, any conditions of approval, and appeal procedures.

- (C) Appeals. Land use decisions by the Planning Commission may be appealed to the City Council. The appeal shall be submitted within 14 days of the date the decision is mailed. Notice requirements shall comply with provisions in Section 7.020(F).
- (D) Council Hearing and Notice of Appeal. If the Commission decision on a Type II decision is appealed, City staff shall schedule a hearing before the City Council. The Council shall conduct the hearing following the procedures set forth in Ordinance 95-4, Article 10. Written notice of a public hearing on the appeal shall be mailed to the applicant and those who received notice of the Commission decision on appeal. This notice shall be mailed at least 10 days prior to the public hearing on the appeal and shall contain the information required in Section 7.020(F).
- (E) Notice of Council Decision. Within 7 days of the final City Council decision, the applicant and those who attended the hearing or requested notice, shall be mailed written notice of the Council decision. The notice shall specify findings justifying the approval or denial of the request and any applicable conditions of approval. A decision by the City Council on a Type II application shall serve as the City's final decision. The decision shall be final on the date that notice of the decision is mailed to all parties who participated in the proceedings.

#### **7.040 Conditions of Approval – Type I and Type II Applications.**

- (A) Authorization for Conditions. Approval of a Type I or Type II action may be granted subject to conditions. Conditions shall either ensure compliance with the standards of this Ordinance, or shall be designed to protect public health, safety and general welfare from potential adverse impacts caused by the proposed land use described in an application. The conditions may include, but are not limited to, the following:
  - 1. Establishing a special setback or other open space requirements and increasing the required lot size or other dimensional standards.
  - 2. Increasing street width and/or requiring improvements to public streets and other public facilities serving the proposed use, even including those off-site but necessary to serve the subject proposal.
  - 3. Designating the size, number, improvements, location and nature of vehicle access points and routes, and requiring pedestrian and/or bicycle ways.
  - 4. Requiring screening, fencing or other improvements or facilities deemed necessary to protect adjacent or nearby properties, and establishing requirements or standards for the installation and maintenance thereof.
  - 5. Protecting and preserving existing trees, other vegetation and water, scenic, historic, archaeological, unique, landmark or other natural or man-made significant resources.
  - 6. Addressing identified hazards such as flooding or geological.
- (B) Timing of Conditions. Whenever practical, all conditions of approval required by the City shall be completed prior to the issuance of an occupancy permit. When an applicant demonstrates that it is not practical to fulfill all conditions prior to issuance of such permit,

the City Manager may require a performance bond or other guarantee to ensure compliance with zoning regulations or fulfillment of required conditions. Bonding shall comply with adopted City regulations and procedures.

- (C) Modify Conditions. A request to change or alter conditions of approval shall be processed as a new Type I or Type II action, as per the original request.

**7.050 Applicability to Expedited Land Divisions and Middle Housing Land Divisions**

Provisions in Article 7 shall not apply to Expedited Land Divisions (Article 8) and Middle Housing Land Divisions (Article 9).

## Article 8 EXPEDITED LAND DIVISIONS

### Sections:

#### 8.010 Applicability.

#### 8.020 Process.

#### 8.030 Submittal Requirements.

#### 8.040 Criteria of Approval.

#### 8.050 Conditions of Approval.

#### 8.060 Final Plat.

#### 8.070 Appeals.

### **8.10 Applicability.**

- (A) Submittal Requirements. An expedited land division may be submitted only when it complies with the following:
- (1) Includes only land zoned for residential use.
  - (2) It is solely for the purpose of residential use, including recreational or open space uses accessory to residential use.
  - (3) Does not provide for dwellings or accessory buildings to be located on land that is specifically mapped and designated in the Comprehensive Plan and land use regulations for full or partial protection of natural features under the statewide planning goals that protect open spaces, scenic and historic areas and natural resources.
  - (4) Satisfies minimum street or other right-of-way connectivity standards established by Article 3 of this Ordinance.
  - (5) Will result in development that either:
    - (a) Creates enough lots or parcels to allow building residential units at 80 percent or more of the maximum net density permitted by the zoning designation of the site; or
    - (b) All dwellings will be sold or rented to households with incomes below 120 percent of the median family income for Tillamook County. A copy of a deed restriction or other legal mechanism approved by the City shall be submitted.
- (B) Application. This Article may also apply to all partitions (Article 5) and subdivisions (Article 6), provided the request is consistent with the submittal requirements in Section 8.010.
- (C) Land Use Decision. An expedited land division as described in this section is not a land use decision or a limited land use decision under ORS 197.015.

### **8.020 Process.**

- (A) Completeness. An application for an expedited land division is subject to the completeness review and 120-day rule requirements except as follows:
- (1) The timeline for the completeness check in Section 7.020(C) is twenty-one days, rather than thirty days.

- (2) The notice of a final decision must be provided to the applicant within sixty-three (63) days of a completed application.
- (B) Decision. The City shall make a decision to approve or deny the application within 63 days of receiving a completed application, based on whether the application satisfies the requirements in Section 8.040. Notice of the decision shall be limited to the applicant and shall include:
  - (1) A written determination of compliance or non-compliance with the criteria of approval in Section 8.040.
  - (2) An explanation of the right of the applicant to appeal the City's decision to the Land Use Board of Appeals, as provided in ORS 197.830 to 197.855.
- (C) Appeal. An appeal shall be limited to the applicant and must be based solely on one or more of the allegations:
  - (1) The decision is not supported by substantial evidence in the record;
  - (2) The decision violates the substantive provisions of the applicable land use regulations;
  - (3) The decision is outside of the authority of the decision maker;
  - (4) The decision is unconstitutional; or,
  - (5) The appellant's substantive rights were substantially prejudiced by a procedural error.

#### **8.030 Submittal Requirements.**

An application for an expedited land division must submit the items listed in Section 6.010(C) and a letter or narrative report documenting compliance with the applicable approval criteria contained in Section 8.040 of this Article.

#### **8.040 Criteria of Approval.**

The City Manager will approve or deny an application for expedited land division within sixty-three days of receiving a complete application, based on whether it satisfies the applicable criteria of approval. The City Manager may approve the land division with conditions to ensure the application meets the applicable land use regulations.

- (A) The land subject to the application is within the MH-1, MH-2, and MH-3 zones.
- (B) The land will be used solely for residential uses, including recreational or open space uses that are accessory to residential use.
- (C) The land division does not provide for dwellings or accessory buildings located in the Beaches and Dunes Overlay Zone.
- (D) The land division satisfies the minimum public improvement and design standards for development in Article 2 and Article 3.
- (E) The land division satisfies the following development standards contained in Ordinance 95-4:

- (1) Applicable lot dimensional standards;
  - (2) Applicable standards that regulate the physical characteristics of permitted uses, such as building design standards;
  - (3) Applicable standards in this Ordinance for transportation, sewer, water, drainage and other facilities or services necessary for the proposed development, including but not limited to facility dimensions and on-site and off-site improvements.
- (F) The land division will result in development that either:
- (1) Creates enough lots to allow building residential units at 80 percent or more of the maximum net density permitted by the zoning designation of the site; or
  - (2) Will be sold or rented to households with incomes below 120 percent of the median family income for Tillamook County as published annually by the Oregon Department of Administrative Services.

#### **8.050 Conditions of Approval.**

The City Manager may add conditions of approval of a tentative plan as necessary to comply with the applicable criteria of approval. Conditions may include but are not limited to the following:

- (A) A condition to prohibit the further division of the resulting lots or parcels.
- (B) A condition to require that a notation appear on the final plat indicating that the approval was given under Section 20 of House Bill 2138 (2025) as an expedited land division.
- (C) A condition to require recording of easements required by the tentative plan on a form acceptable to the City, as determined by the City Attorney.
- (D) Listed conditions of approval identified in Section 7.040(A).

#### **8.060 Final Plat.**

An expedited land division is subject to the final plat standards and procedures as specified in the applicable Article 5 (Partitions) or Article 6 (Subdivisions), except that plats may be record within three years of the final decision.

#### **8.070 Appeals.**

An appeal of an expedited land shall be to the Land Use Board of Appeals, as provided in ORS 197.830 to 197.855.

Article 9 MIDDLE HOUSING LAND DIVISIONS

**Sections:**

**9.010 Applicability.**

**9.020 Process.**

**9.030 Submittal Requirements.**

**9.040 Criteria of Approval.**

**9.050 Conditions of Approval.**

**9.060 Final Plat.**

**9.070 Appeals.**

**9.010 Applicability.**

(A) Application Limitations.

- (1) A middle housing land division applies to duplexes, triplexes, quadplexes, cottage clusters, courtyard apartments, and townhouses.
- (2) A middle housing land division may be submitted when the parent site is developed with middle housing, has an active building permit to construct middle housing or the application for a land division must be reviewed concurrently with a building permit application for construction of middle housing.

(B) Land Use Decision. An expedited land division and middle housing land division as described in this section is not a land use decision or a limited land use decision under ORS 197.015.

**9.020 Process.**

(A) Completeness. An application is subject to the completeness review and 120-day rule requirements except as follows:

- (1) The timeline for the completeness check in Section 7.020(C) is twenty-one days, rather than thirty days.
- (2) The notice of decision must be provided to the applicant within sixty-three days of a completed application.

(B) Decision. The City shall make a decision to approve or deny the application within 63 days of receiving a completed application, based on whether the application satisfies the requirements in Section 8.040. Notice of the decision shall be limited to the applicant and shall include:

- (1) A written determination of compliance or non-compliance with the criteria of approval in Section 8.040.
- (2) An explanation of the right of the applicant to appeal the City's decision to the Land Use Board of Appeals, as provided in ORS 197.830 to 197.855.

(C) Appeal. An appeal shall be limited to the applicant and must be based solely on one or more of the allegations:

- (1) The decision is not supported by substantial evidence in the record;

- (2) The decision violates the substantive provisions of the applicable land use regulations;
- (3) The decision is outside of the authority of the decision maker;
- (4) The decision is unconstitutional; or,
- (5) The appellant's substantive rights were substantially prejudiced by a procedural error.

#### **9.030 Submittal Requirements.**

An application for a middle housing land division must include the following:

- (A) Items listed in Section 6.010(C) and a letter or narrative report documenting compliance with the applicable approval criteria contained in Section 9.050.
- (B) Remodels, additions and alterations to existing buildings and structures require evidence in the form of a written statement provided by a design professional licensed in the State of Oregon and including such professional's stamp/seal and a site plan that demonstrates that all of the buildings and structures on a resulting lot or parcel comply with applicable building code provisions relating to the proposed property lines, and that all of the buildings and structures located on the lots or parcels comply with the Oregon Residential Specialty Code. Any structure built or building permit applied prior to application for a middle housing land division is considered existing for the purpose of this section.
- (C) A plan showing the following details:
  - (1) Separate utility connections for each dwelling unit.
  - (2) Existing or proposed easements for each dwelling unit.

#### **9.040 Criteria of Approval.**

The City Manager will approve a tentative plan for middle housing land division based on whether it satisfies the following criteria of approval:

- (A) The application provides for the development of middle housing in compliance with the Oregon residential specialty code and land use regulations applicable to the original lot allowed under ORS 197.758 (5).
- (B) Separate utilities are provided for each dwelling unit.
- (C) The applicant provides easements necessary for each dwelling unit on the plan for:
  - (1) Locating, accessing, replacing, and servicing all utilities;
  - (2) Pedestrian access from each dwelling unit to a private or public road;
  - (3) Any common use areas or shared building elements;
  - (4) Any dedicated driveways or parking; and
  - (5) Any dedicated common area.
- (D) The applicant proposes exactly one dwelling unit on each resulting lot, except for lots, parcels or tracts used as common areas.



- (E) The applicant demonstrates that buildings or structures on a resulting lot will comply with applicable building codes provisions relating to new property lines and, notwithstanding the creation of new lots, that structures or buildings located on the newly created lots will comply with the Oregon residential specialty code.
- (F) The original lot dedicated and improved the abutting street right of way sufficient to comply with minimum right of way and improvement standards of Article 3, or dedication and/or improvements of the abutting street right of way are proposed that meet the standards of Article 3.
- (G) The type of middle housing developed on the original lot shall not be altered by a middle housing land division. For example, cottage cluster units within a cottage cluster do not become single-family detached residential units after a middle housing land division.

**9.050 Conditions of Approval.**

The City Manager may add conditions of approval of a tentative plan as necessary to comply with the applicable criteria of approval. Conditions may include but are not limited to the following:

- (A) A condition to prohibit the further division of the resulting lots or parcels.
- (B) A condition to require that a notation appear on the final plat indicating that the approval was given under Section 20 House Bill 2138 (2025) as a middle housing land division.
- (C) A condition to require recording of easements required by the tentative plan on a form acceptable to the City, as determined by the City Attorney.
- (D) Listed conditions of approval identified in Section 7.040(A).

**9.060 Final Plat.**

- (A) A middle housing subdivision is subject to the final plat standards and procedures as specified in the applicable Article 5 (Partitions).
- (B) Each middle housing lot final plat recorded with the county recorder shall states:
  - (1) The middle housing lot may not be further divided.
  - (2) No more than one unit of middle housing may be developed on each middle housing lot.
  - (3) The dwelling developed on the middle housing lot is a unit of middle housing and is not a single family detached residential unit, or any other housing type.
- (C) A final plat is not required prior to issuance of building permits for middle housing proposed with a middle housing land division.
- (D) A middle housing land division tentative plan is void if and only if a final plat is not approved within three years of the tentative approval.

**9.070 Appeals.**

An appeal of an shall be to the Land Use Board of Appeals, as provided in ORS 197.830 to 197.855.