



Fiscal Year 2026-2027 Proposed Budget





**Fiscal Year 2026-2027
Proposed Budget
City of Manzanita, Oregon**

Mayor and City Council

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

Citizen Members

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

Executive Team

Lelia Aman, City Manager
Erik Harth, Chief of Police
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Manager

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READER'S GUIDE TO THIS BUDGET DOCUMENT

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

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

Budget Document Structure

The budget is organized into several key sections:

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

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

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

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

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

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

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

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

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

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

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

Ensuring Transparency and Financial Accountability

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

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

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



2026-2027 CITY COUNCIL & BUDGET COMMITTEE MEMBERS

Mayor and City Council

Kathryn Stock, Mayor

Linda Kozlowski, Council President

Tom Campbell, Councilor

Brad Hart, Councilor

Jerry Spegman, Councilor

Budget Committee Citizen Members

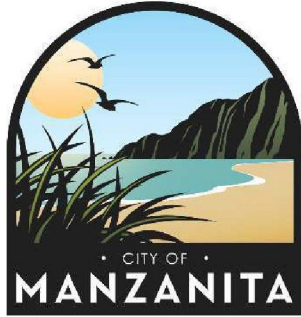
Joy Nord, Chair

Chip Greening

Kit Keating

Shawn Koch

Jeffery Sonshine



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Mayor, Members of the Budget Committee, and Members of the City Council,

Pursuant to Oregon Local Budget Law, ORS Chapter 294, I am pleased to present the proposed budget for the City of Manzanita for Fiscal Year 2026–2027.

This budget message is intended to explain the proposed budget document, describe the City's financial policies for the ensuing fiscal year, highlight significant changes from the current year, and provide context for the major operational and capital priorities reflected in the proposed appropriations, consistent with ORS 294.403.

The proposed FY 2026–2027 budget is best characterized as a maintenance, stabilization, and transition budget. The City's primary financial policy objective remains the preservation of core municipal services while responsibly addressing infrastructure needs, emergency preparedness, long-term debt obligations, and fiscal sustainability. Overall, this proposed budget seeks to balance immediate operational needs with long-term fiscal stewardship and to provide a stable financial foundation for the City's continued service to residents, businesses, and visitors.

Financial Policies and Reserve Strategy

The budget continues the City's conservative fiscal approach by maintaining prudent reserve levels, preserving operational continuity, and prioritizing expenditures that support essential public services, including public works operations, transportation maintenance, stormwater infrastructure, emergency response readiness, public safety and administrative functions.

A central financial policy reflected in this proposed budget is the continued maintenance of adequate General Fund reserves. This is particularly important as the City transitions the City Hall financing from temporary construction-period debt to permanent long-term financing. The City Hall project was financed through a Special Public Works Fund construction loan through Business Oregon, and conversion to permanent financing through the State's upcoming bond sale was always anticipated as part of the financing plan.

The proposed budget includes the City's anticipated debt service obligations associated with this transition. In Fiscal Year 2025–2026, the City applied the estimated debt service payment toward accumulated interest and principal reduction. The transition to permanent financing and ongoing debt service obligations represents one of the most salient financial changes from the prior fiscal year and reinforces the importance of maintaining adequate unrestricted reserves. The proposed budget also contemplates closure of the City Hall capital

project fund and transition of ongoing facility operations and debt obligations into their long-term budget structure.

Given the City's continued reliance on Transient Lodging Tax as the primary revenue source supporting General Fund operations, reserve adequacy remains especially important due to the inherent variability of tourism-based revenues and uncertainty associated with recent legislative changes affecting TLT allocation formulas. Over the last five fiscal years, TLT revenues have remained the City's most significant and generally stable discretionary revenue source, supporting core General Fund operations as well as related tourism obligations. While recent revenues have remained strong, the prior moratorium on new short-term rental permits has likely constrained the natural growth of this revenue source. The Council's proposed framework to allow a limited number of new permits annually may help sustain and modestly grow the City's revenue base over time, and timely policy direction on permit issuance remains important to maintaining long-term fiscal stability.

Accordingly, this budget prioritizes preservation of ending fund balance and recommends maintaining unrestricted General Fund reserves, with consideration given to a higher reserve target in recognition of Manzanita's seasonal economy, tourism-dependent revenue structure, coastal emergency response needs, and growing infrastructure obligations. This reserve policy framework is intended to ensure adequate liquidity for cash flow, emergency response, economic fluctuation, and debt service stability.

The Water Utility Fund remains financially stable and continues to support system operations, maintenance, and long-term infrastructure needs through previously adopted rate adjustments and prudent fiscal management. Consideration should be given in the future to establishing a formal policy reserve within the Water Utility Fund to support long-term system maintenance, operational resilience, and future capital replacement needs.

Capital and Infrastructure Priorities

The proposed budget also acknowledges that several capital and infrastructure priorities currently exceed available dedicated funding sources. In particular, portions of the Fourth Street work program do not currently have dedicated restricted funding available through System Development Charges and may require creative financing strategies, including potential transfer of available fund balance, outside grant funding, and continued pursuit of Business Oregon and other state infrastructure resources.

Several funds within the proposed budget continue to rely on beginning fund balance and accumulated prior-year resources to support one-time capital, maintenance, and emergency preparedness investments. While this is an appropriate use of reserves for limited-duration needs, continued reliance on General Fund subsidy for recurring infrastructure obligations is not a sustainable long-term strategy and remains an important policy issue for future fiscal years. Specifically, this includes structural funding pressures in the Transportation

Fund, where maintenance and capital needs continue to exceed dedicated revenue streams. This budget continues the important policy discussion regarding sustainable long-term funding sources for these systems.

Salient capital changes from the prior fiscal year include targeted investments in emergency preparedness and public facilities, including the proposed backup generator for the Public Works facility, emergency equipment storage infrastructure, and foundational work associated with Fourth Street and related public infrastructure priorities.

Organizational and Compensation Stability

The proposed budget also reflects an organizational refinement within the General Fund through the transition from a Parks Department framework to a broader Facilities Department structure, better aligning the budget with the City's growing responsibilities for public buildings, parks, and other civic assets.

The budget also includes compensation adjustments informed by the recently completed salary study and internal equity review. These changes reflect the City's financial policy commitment to market competitiveness, internal equity, employee retention, and continuity of service delivery.

Revenue assumptions remain conservative, particularly with respect to Transient Lodging Tax. While tourism activity remains strong, estimates continue to account for economic variability, legislative changes, and the importance of maintaining adequate financial flexibility.

Closing Reflection: Five Years of Building Toward the Future

As this budget marks the fifth and final budget message of my tenure, it is appropriate to pause and reflect not only on this fiscal year, but on the foundation that has been built over the last five fiscal cycles.

Five years ago, much of the work before us was foundational. The focus was on strengthening the city's financial systems, improving transparency, modernizing administrative practices, and beginning to address long-standing infrastructure and planning needs. Over time, that work evolved from stabilization into implementation.

During this period, the City established stronger financial policies, formal reserves, improved forecasting tools, and a more transparent and accessible budget structure. We also adopted new technologies and tools internally that have vastly improved our financial accounting, resulting in a perfect audit for 2024-2025. These changes were undertaken intentionally to ensure that the City has durable systems that can support future leadership and future decision-making.

At the same time, the City advanced major capital and policy initiatives that will shape Manzanita for decades to come. A new City Hall is now complete and operational. The Classic Street Connection and related utility and transportation improvements will be completed by the time this budget is formally adopted by city council. The City has also undertaken the first meaningful Comprehensive Plan update in nearly thirty years, and modernized its housing framework to meet state requirements. These are not simply projects or line items within a budget; they are structural investments in the city's civic, financial, and physical foundation.

This budget continues that work by focusing on stewardship, maintenance, and implementation. The task before the City now is to protect what has been built, continue disciplined financial management, and move long-range plans into action in a way that is sustainable and aligned with community priorities.

What matters most is that the institution is stronger, more transparent, and better positioned than it was five years ago. The work of a city is never finished, but there are moments when it is possible to clearly see what has taken shape. *This is one of those moments.*

The progress reflected in this budget is the result of deliberate effort by City Council, staff, volunteers, community partners, and residents who have remained engaged through periods of challenge and transformation.

The next chapter will bring new priorities and new leadership, as it should. What this budget demonstrates is that Manzanita is well positioned — financially, operationally, and strategically — to move forward with clarity.

Respectfully submitted, this 22nd Day of April 2026,



Leila Aman
City Manager/Budget Officer



The City of Manzanita At-A-Glance

The City of Manzanita was incorporated in 1946. Today, Manzanita is home to approximately 657 residents and welcomes countless visitors drawn to its vibrant downtown and stunning coastal scenery. The city seamlessly blends small town convenience with breathtaking natural beauty, featuring a walkable downtown filled with shopping, dining, and cultural activities, all just steps from the expansive beaches and sweeping views of the Pacific Ocean.

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



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

Demographics & Economics

Year of Incorporation ¹ :	1946
Form of Government:	Council / Manager
Population (2025) ² :	657
Median Age ³ :	70.3 years
Median Household Income (2024) ⁴ :	\$ 105,577
Area:	0.82 square miles
Elevation:	39 feet (12 meters)
Average Annual Precipitation:	95 inches
Average Winter High/Low Temperatures:	High 50°F / Low 36°F
Average Summer High/Low Temperatures:	High 70°F / Low 50°F

¹ Tillamook County Records

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

³ U.S. Census Bureau, *American Community Survey 2020–2024 5-Year Estimates*, Manzanita city

⁴ U.S. Census Bureau, *American Community Survey 2020–2024 5-Year Estimates*, Manzanita city

City Historical Information

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

Indigenous Roots

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

Settlement and Early Development

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

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



Incorporation and Growth

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

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

⁵ Tillamook County / City, Community and Road Name Origins

⁶ Manzanita Visitor Center (VisitManzanita.org)

⁷ History.com/Civilian Conservation Corps (CCC)

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

Cultural and Artistic Significance

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

Modern Manzanita

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



City Council Goals

The City Council's goals serve as the primary policy priorities set by the governing body, with the city manager overseeing their implementation. Each year, the city budget allocates funding to support various aspects of these objectives. The 2026 goals are outlined below.

Envision Manzanita

Finalize the Comprehensive Plan and develop a strategic plan for implementation.

Strategic Planning

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

Emergency Management

Focus efforts on strengthening emergency preparedness through foundational investments in infrastructure, response planning, and coordination with local (EVCNB) regional and state emergency partners.



Budget Philosophy & Process

City Budget and Governance Overview

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

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

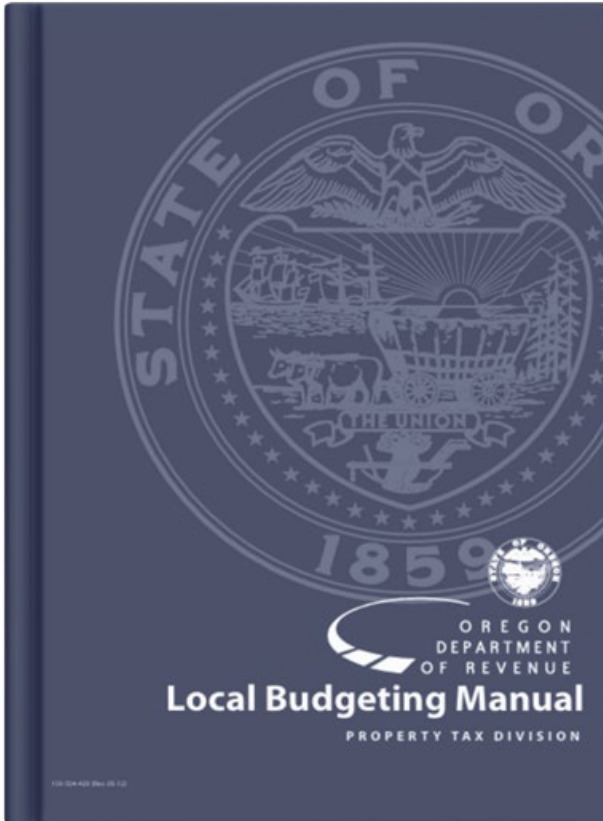
Appointed by the City Council, the City Manager oversees the city's daily operations, ensures the implementation of council policies, and leads efforts to achieve council goals. As the designated Budget Officer, the City Manager is responsible for preparing the city's annual budget. This process involves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

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



The Budget Process Oregon Local Budget Law

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



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

The Budget Committee

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

City Council

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

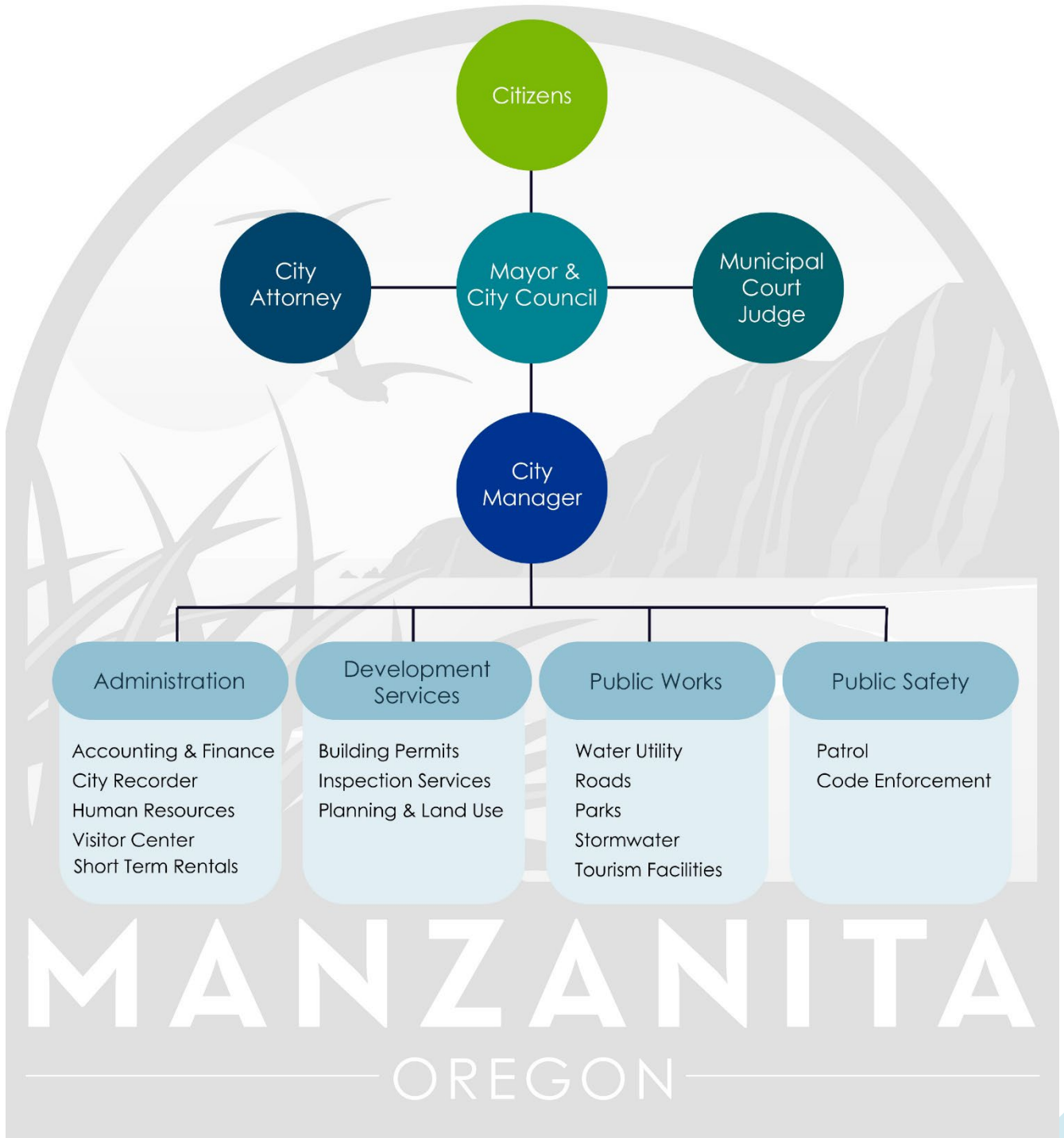
Budget Amendments

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

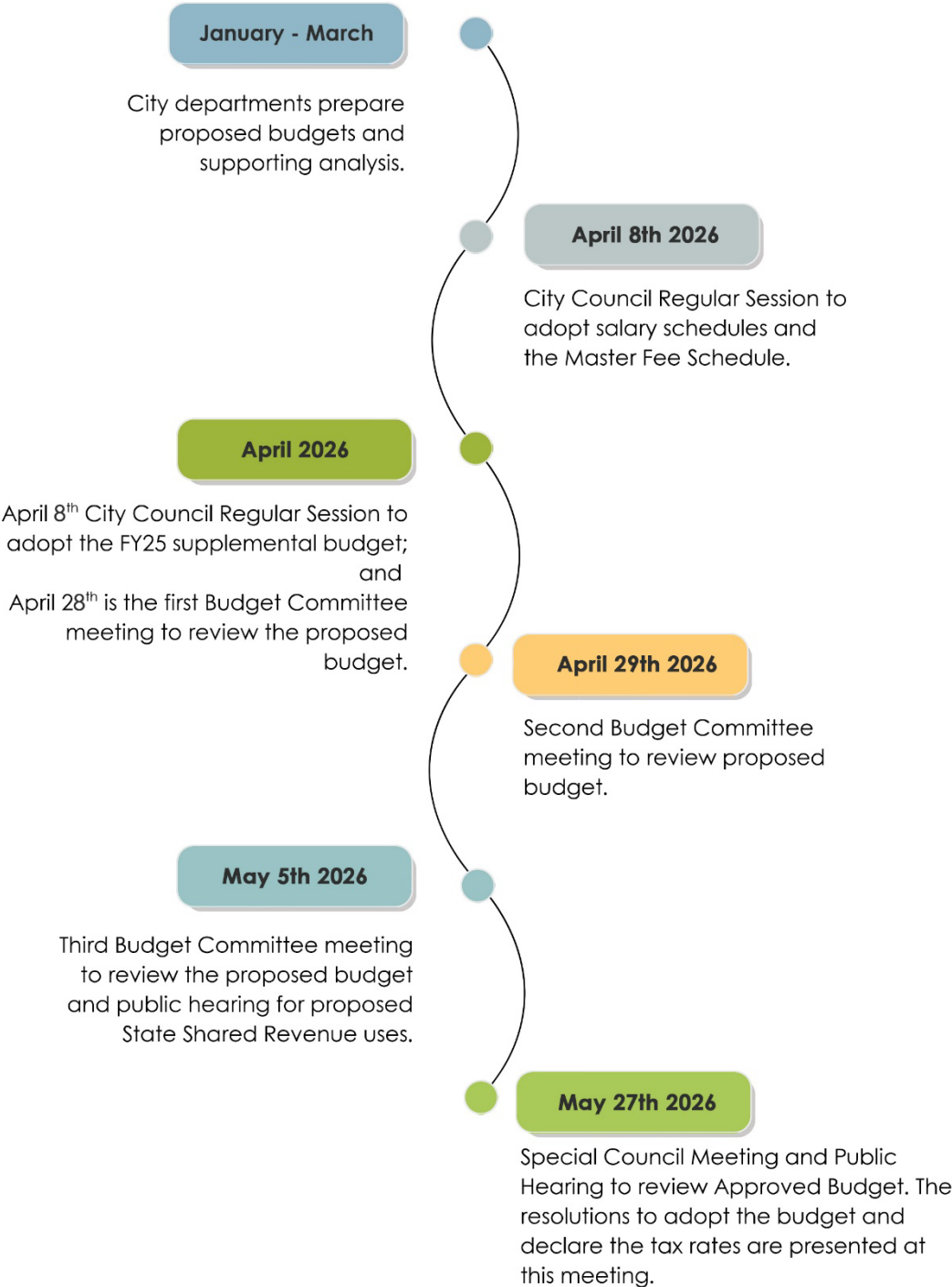
Appropriation transfers may occur when the adopted budget does not include authority for specific expenditures or when the city receives unexpected revenues. In accordance with budget law, an appropriation transfer is less than 10% of originally adopted appropriations. In such cases, a budget transfer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



City Organizational Chart



City Budget Calendar





Citywide Financial Architecture

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

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

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

Governmental Funds

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

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

Proprietary Funds

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

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

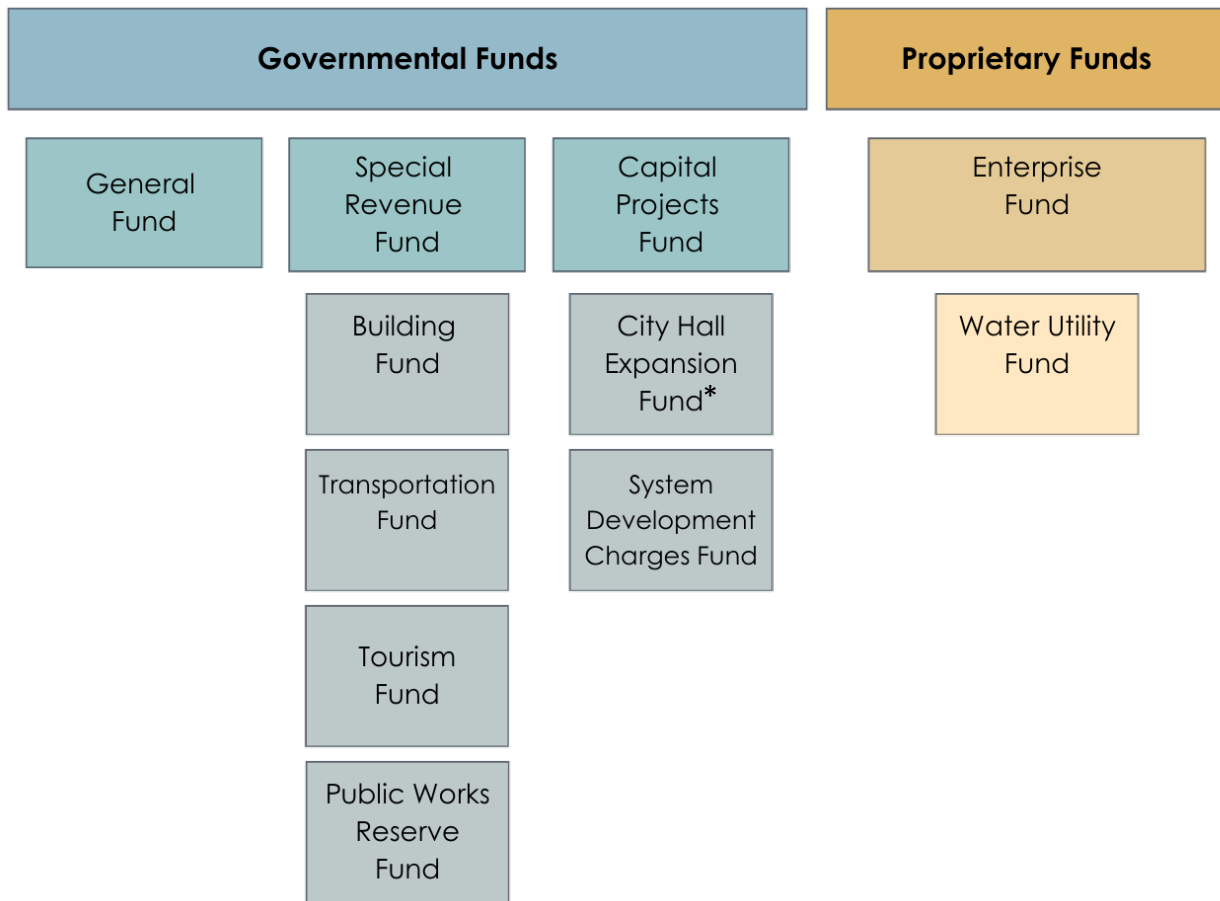
Fiduciary Funds

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



City's Fund Structure

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



*City Hall Fund closes in FY 2026-2027

General Fund

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

Special Revenue Funds

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

Building Fund

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

Transportation Fund

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

Tourism Fund

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

Public Works Reserve Fund

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

Capital Project Funds

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

City Hall Expansion Fund

This fund was established to account for costs associated with construction of the new City Hall. Construction was completed in Fiscal Year 2024-25, and the prior budget anticipated closure of the fund upon project completion. Because the project was completed under budget, a residual fund balance remains. The remaining balance will be transferred during this budget cycle, after which the fund will be formally closed.

System Development Charge (SDC) Fund

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

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

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

Accounting Standards and Practice

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

Budgetary Basis of Accounting

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

- *Cash* basis is the method under which revenues and expenditures are recorded only when cash is received or paid. There are no adjustments to account for expenditures in the fiscal period when goods or services are received, nor are revenues recorded in the period they are earned.
- *Modified accrual* basis records expenditures, except for accrued interest on general long-term debt, when liabilities are incurred. Revenues are generally recognized when received in cash, except for significant or available revenues, which are accrued to properly reflect taxes levied and revenue earned.
- *Accrual* basis records revenues when earned and expenditures as soon as they create a liability for benefits received, even if the actual cash transaction occurs in a different accounting period.

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

Budgetary Reserves

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

There are two primary types of reserves:

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

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

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

Reserve Policies

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

Reserves provide the ability to:

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

Currently, the General Fund has an undesignated reserve that was established by resolution in Fiscal Year 2022. The fund balance reserve amount follows that policy as set by City Council.

General Fund – Undesignated reserves in the General Fund should be sufficient to meet expenditure requirements without the need for short-term borrowing. The target reserve level is twenty-five percent (25%) of General Fund operating expenditures. This reserve policy was established with gradual increases starting at 15% in 2022 and increasing annually by 2.5% until the operating reserve reaches 25%. The Fiscal Year 2026–27 budget reserve is set at 23%.

All Other Funds – Operating reserve policies for the Building Fund, Water Utility Fund, Tourism Fund, and Transportation Fund have not yet been established by resolution.

Beginning in the next budget cycle, it is recommended that the City Council establish formal reserve targets for these funds as a best practice in long-range financial planning. Recommended reserve levels include a minimum reserve of 25% of annual operating expenditures for the Water Utility Fund, with a long-term target of 50%, a 50% reserve target for the Building Fund, and a 25% reserve target for the Tourism Fund. It is further recommended that a reserve target for the Transportation Fund be established once a more consistent and sustainable revenue source is identified.

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

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

Financial Reporting

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

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

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

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

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

Indirect costs and the methodology used to determine the costs and transfers were set by a City Council resolution⁹ that ensures the cost of administrative overhead are allocated to the General Fund as part of the city's annual budgeting process.

Capitalization policies define the criteria for recognizing and accounting for capital assets, ensuring consistency in financial reporting and long-term asset management. These policies establish thresholds for capitalizing expenditures related to land, buildings, infrastructure, and

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

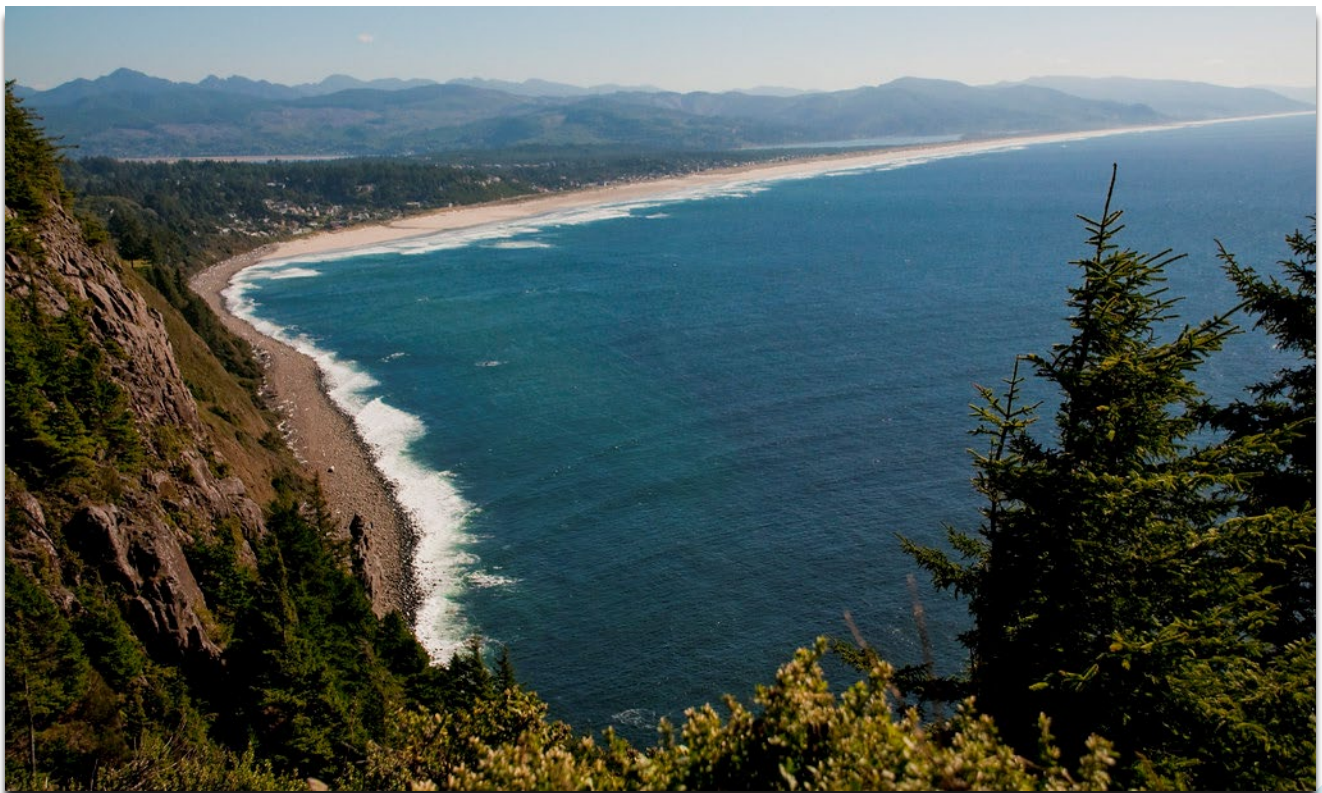
equipment, distinguishing them from routine operating expenses. The city's capitalization policy (*currently set at \$5,000 with a useful life in excess of one year*) ensures that significant investments in public assets are properly recorded, depreciated over time, and incorporated into financial planning for maintenance and replacement.

Fund Revenue and Expenditure Summary

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

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

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





Financial Trends

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

Manzanita's Economy

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

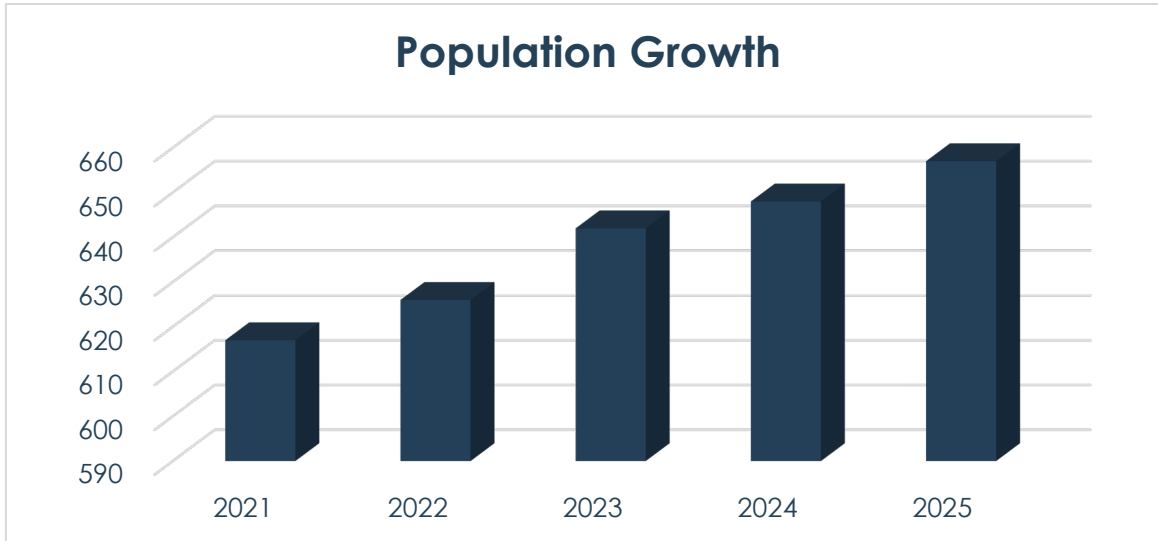
The city's economy is predominantly driven by tourism, attracting visitors to its scenic landscapes and recreational opportunities. This influx of tourists supports local businesses, including accommodations, restaurants, and retail shops. However, this reliance on tourism presents fiscal challenges, as the city's property tax rate is among the lowest in Oregon, limiting revenue from local residents. Consequently, Manzanita depends heavily on transient lodging taxes (TLT) collected from visitors staying overnight.

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

Population

The population for the city has experienced modest growth over the past five years reflecting on the city's ongoing appeal as both a tourist destination and a residential community. The average annual growth rate is approximately 1.57% or about ten new residents a year¹⁰.

¹⁰ Portland State University Annual Population Reports



Consumer Price Index

The U.S. Bureau of Labor Statistics (BLS) monitors the Consumer Price Index (CPI) for various regions, including the Western Region, to measure inflation as a key indicator of the cost of living and economic health. The Western Region's CPI for All Urban Consumers (CPI-U) has averaged approximately 3.2% over the past five years, however the city uses the current rate for budgeting purposes. As of February 2026, the CPI-U in the Western Region of the United States was 2.7%.

Major Revenue Sources

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

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

These revenue sources and assumptions serve as the foundation for the city's budget. The General Fund is the primary funding source for most city operations, supporting essential services and administrative functions. For the purposes of this section, details regarding

General Fund revenues are outlined below, while individual funds are explained in their respective sections.

General Fund Revenue Sources

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

Transient Lodging Tax

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

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

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

Application of the 9% TLT collected through December 31, 2026:

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

During the 2026 Oregon Legislative Session, HB 4148¹¹ was adopted and signed by the Governor on April 7, 2026. The amendments modifying the required allocation of net local transient lodging tax revenues from 70% tourism / 30% local services to 50% tourism / 50% local services become operative on January 1, 2027.

In addition to revising the allocation percentage, the legislation clarifies that allowable local government uses include both emergency and non-emergency services, providing additional flexibility to support visitor-related public safety, emergency management, infrastructure, sanitation, and operational needs.

Transient Lodging Providers & Intermediaries:

¹¹ <https://olis.oregonlegislature.gov/liz/2026R1/Downloads/MeasureDocument/HB4148/Enrolled>

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

Types of Transient Lodging Subject to TLT:

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

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

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

State Shared Revenues

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

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

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

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

Property Taxes

Property tax revenue is one of the most stable and significant funding sources for the General Fund. It is based on assessed property values within city limits and is subject to limitations set by state law. These funds primarily support core services such as public safety, parks, and general government operations. The city's permanent property tax rate is \$0.4233 per \$1,000 of assessed value. This rate has remained unchanged since 1997 due to property tax limitations as set by Measures 5 and 50 of the State constitution. Tax revenues are constrained to this level, even when real market values are increasing. With property values increasing substantially over the past several years, the city's actual property tax revenues are unable to benefit from those increase. The city's tax rate is considered one of the lowest in the state and on average, the city receives about \$127 per household. The median home value is approximately \$800,000 within the city limits¹². Because of Measures 5 and 50, the city is constrained to a 3% property tax increase as set by the county assessor's office.

Debt Proceeds

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

Transfers In – Direct and Indirect Costs

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

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

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

Citywide Expenditures

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

¹² Realtor.com and Zillow.com comparisons of median home values as of March 2026.

Personnel Services

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

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

The proposed salary schedule incorporates the results of the City's recently completed salary survey and establishes a new 1–20 grade compensation structure with five salary steps per grade, providing a clear and defensible framework for employee compensation going forward. Grades were assigned based on market comparison data, level of responsibility, supervisory authority, and internal alignment across classifications. The study identified several positions as materially below market, and targeted adjustments are included for those classifications, including the Public Works Director, Finance Director, and Planning and Permit Technician. Additional grade and equity adjustments were made to address salary compression and preserve appropriate separation between supervisory, professional, and support positions. The revised ranges also incorporate the adopted 3% cost-of-living adjustment.

The following table outlines the adopted salary schedule for fiscal year 2027 and incorporated into this budget.

FY 2026-2027 Salary Schedule

	Grade		Step				
			A	B	C	D	E
Group 4 - Department Leadership	15-20						
	17	Police Chief	8,565	8,994	9,442	9,915	10,410
	16	Public Works Director	8,150	8,560	8,990	9,440	9,910
	16	Finance Director	7,950	8,350	8,770	9,210	9,670
	15	Development Services Manager	7,426	7,798	8,187	8,597	9,026
	15	Police Sergeant	7,268	7,630	8,012	8,412	8,832
Group 3 - Supervisory / Program Management	10-14						
	11	Operations Manager	6,050	6,350	6,670	7,005	7,355
Group 2- Senior Technical / Administrative 6-9							
	9	Police Officer	5,714	6,001	6,299	6,615	7,242
	8	Utility Worker II (new)	5,150	5,410	5,680	5,960	6,260
	8	Accounting & Admin Specialist	5,150	5,410	5,680	5,960	6,260
	8	Planning & Permit Technician	5,150	5,410	5,680	5,960	6,260
	7	Assistant City Recorder	4,962	5,210	5,471	5,743	6,033
	7	Utility Services Specialist (new)	4,962	5,210	5,471	5,743	6,033
	7	STR Program Manager	4,962	5,210	5,471	5,743	6,033
Group 1 - Skilled Operational Positions	1-5						
	4	Utility Worker I (new)	4,250	4,462	4,684	4,919	5,165
	4	Facilities Worker II (new)	4,250	4,462	4,684	4,919	5,165
	3	Facilities Worker I (new)	4,038	4,238	4,451	4,673	4,907

Materials and Services

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

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

Debt Service

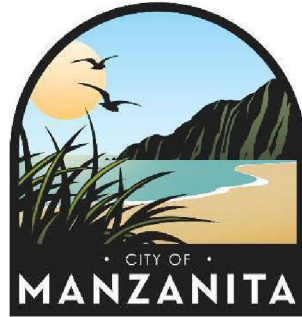
Payments on outstanding debt obligations, including principal and interest on bonds, loans, or other financial instruments used to fund capital projects or essential infrastructure improvements. Managing debt service ensures the city maintains a strong financial position and meets long-term obligations.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

Capital Outlay

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

Transfers Out – Direct and Indirect Costs

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



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Key Budget Drivers

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

City Debt (Current & Future)

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

Current Debt

The table below provides a summary of the City's current outstanding debt, including details on the purpose, maturity date, interest rate, outstanding balance including interest, and annual debt service for the coming fiscal year.

OUTSTANDING DEBT

Purpose	Fund Source	Due	Interest Rate	Outstanding Amount	Annual Debt Service
Water Revenue Bond	Water Utility Func	2045	3% - 4%	\$ 3,252,933	\$ 172,056
City Hall Expansion	General Fund	TBD	2.10%	3,830,000	315,000
Underhill Plaza	General Fund	2027	2.75%	232,999	155,332
Visitors Center	Tourism Fund	2027	3.35%	76,301	50,867
				\$ 7,392,233	\$ 693,255

City Hall Debt

The City completed construction of the new City Hall using interim financing provided through a Special Public Works Fund construction loan from the Oregon Business Development Department. The maximum authorized borrowing amount was \$4.1 million; however, the actual amount drawn for construction costs was \$3,991,470. The interim loan carries an interest rate of 2.10%, with interest accruing as funds are drawn.

As of the date of this budget, accrued interest is estimated at approximately \$100,000. The Fiscal Year 2025–26 budget anticipated a debt service payment of \$295,000. Because the loan is not expected to be refinanced until the end of the calendar year, these budgeted funds will be used to pay accrued interest and reduce outstanding principal, consistent with the original financing plan approved by City Council and as outlined in the FY 2026 budget document.

Following application of the budgeted payment, staff estimates that the long-term financed amount will be approximately \$3.83 million.

As anticipated at the time the Special Public Works Fund loan was approved, the City intends to convert the interim construction financing to long-term debt through the Oregon Bond Bank. The process to request inclusion in the next bond issuance will begin in June 2026, at which time City Council is expected to consider a resolution expressing its intent to participate in the Bond Bank financing program and authorizing the sale of the interim loan.

Following the City's request, the State will notify the City whether the loan will be included in the upcoming bond issuance. If selected, City Council must adopt the final financing resolution no later than July 29, 2026. At that time, the final interest rate, annual debt service amount, first repayment date, and maturity schedule will be established.

Under the terms of the interim loan agreement, the maturity date is defined as three years plus 90 days from contract execution. Because the agreement was executed on February 13, 2024, the interim loan maturity date is May 14, 2027. Staff anticipates that the Bond Bank financing will occur prior to this date.

Operating Costs

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

Key Components of Operating Costs

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

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

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

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

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

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

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

To ensure the long-term financial health of the city, Manzanita employs several strategies to

manage operating costs, including cost containment measures that identify efficiencies in staffing, procurement, and energy usage to reduce expenses without impacting service delivery. Additionally, the city utilizes multi-year planning and revenue alignment to anticipate operating needs, analyze cost trends, and allocate funding strategically.

Personnel Overview

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

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



Fiscal Year 2027 Annual Budget

Indirect Costs

Indirect Costs

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

Accounting of Indirect Costs

Understanding Direct and Indirect Costs

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

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

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

Understanding Transfers in Technical Terms

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

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

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

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

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

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

Did You Know?

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

Principles & Standards

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

Additionally, best practices recommended by the Government Finance Officers Association (GFOA) support the use of an indirect cost approach under best practices¹³. However, GFOA emphasizes that indirect cost allocation must be tailored to an organization's specific needs, as a one-size-fits-all method is rarely effective.

City Policy

January 24, 2023, the Manzanita Budget Committee received a presentation from staff on indirect costs and provided feedback on the proposed methodology using the Warrenton model. The Budget Committee recommended advancing this model to the City Council for consideration and adoption of a policy to use the model in future budget years. The resulting methodology and allocations were formally adopted by City Council through Resolution #23-01, which now serves as the guiding policy.

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



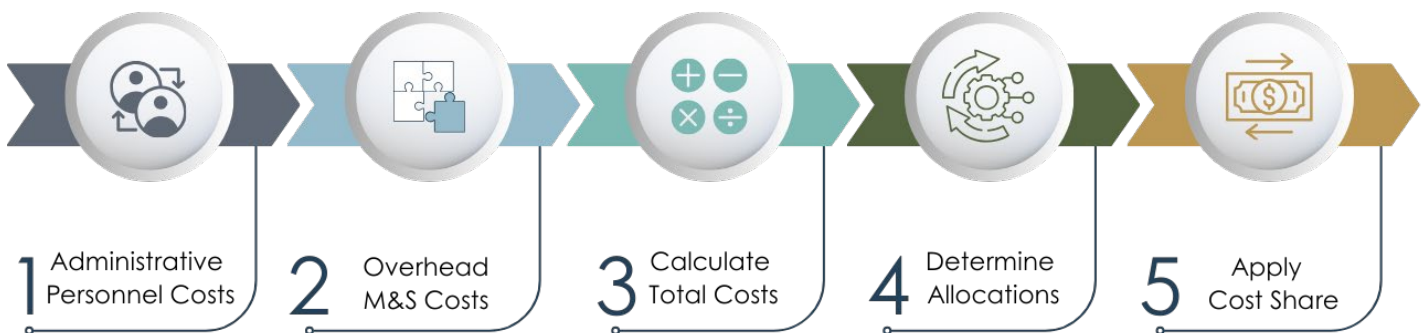
¹³ GFOA: Best Practice Indirect Cost Allocation; 2022. (www.gfoa.org/materials/indirect-cost-allocation)

Methodology

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

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

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



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

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

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

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

Fiscal Year 2027 Annual Budget
Indirect Costs, Continued

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

The anticipated administrative personnel cost for allocation purposes in the Fiscal Year 2026 budget is \$254,638.

Administrative	% of Time	FY 2026 Allocation Total
Accounting Manager	100%	} \$ 254,638
City Manager	30%	
Assistant City Recorder	25%	

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

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

The anticipated administrative overhead cost for M&S included in the Fiscal Year 2026 budget for allocation purposes is \$248,665.

Step 3: Summarize Total Administrative Allocation Costs

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

Fiscal Year 2026 anticipated Administrative Costs:

<u>Total Administrative Costs</u>		
Personnel <i>(Step 1)</i>	\$	254,638
Materials & Services <i>(Step 2)</i>		248,665
Total Administrative Costs	\$	<u>503,303</u>

Fiscal Year 2027 Annual Budget
Indirect Costs, Continued

Step 4: Determine Department and Fund Allocation Percentages

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

Five-Year Average

Materials & Services Operating Costs	Audited Financials					2021-2025 Average	FY 2026 % Allocation
	2021	2022	2023	2024	2025		
General Funds							
Municipal Court	\$ 8,252	\$ 8,759	\$ 6,731	\$ 5,401	\$ 5,281	\$ 6,885	1.02%
Parks	28,910	15,966	8,629	9,383	9,482	14,474	2.14%
Public Safety	59,447	48,231	61,456	66,230	74,549	61,983	9.16%
Non Departmental	1,378			8,084	14,719	4,836	0.71%
Total General Fund	97,987	72,956	76,816	89,097	104,031	88,177	13.03%
Other City Funds							
Building	\$ 23,364	\$ 42,782	\$ 35,281	\$ 50,972	\$ 22,612	\$ 35,002	5.17%
Water Utility	327,937	355,417	260,579	237,655	298,367	295,991	43.75%
Transportation	44,526	63,712	32,826	35,024	37,991	42,816	6.33%
Tourism	53,038	39,880	66,716	62,338	86,838	61,762	9.13%
Timber Mngmt (Closed)	0	0	0	523	0	523	0.20%
City Hall Expansion Fund (Closed FY	39,550	76,479	217,772	386,153	16,182	147,227	21.76%
System Development Charges	4,770	1,173	15,837	5,326	0	5,421	0.80%
Total Other City Funds	493,185	579,443	629,011	777,470	461,989	588,324	87.15%
Total Of All Funds	\$ 591,172	\$ 652,399	\$705,827	\$ 867,088	\$ 566,020	\$ 676,501	100%

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

Step 5: Apply Indirect Cost Shares

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

Fund/Department	Personnel Costs		M&S Costs		Total Costs		% Allocation		Allocation of Budget transfers (rounded to nearest 100)	Allocation of Expenses to Budget Transfers
	Step 1	Step 2	Step 2	Step 3	Step 3	Step 4	Step 4			
	\$	\$	\$	\$	\$	%	%			
General Funds										
Municipal Court	\$ 2,591	\$ 2,531	\$ 5,122	1.02%	\$ -					
Parks	5,448	5,320	10,768	2.14%	-				These costs are already in the General Fund	
Public Safety	23,330	22,783	46,114	9.16%	-					
Non Departmental	1,820	1,778	3,598	0.71%	-					
Total General Fund	\$ 33,190	\$ 32,412	\$ 65,602	13.03%	\$ -					
Other City Funds										
Building	13,175	12,866	26,041	5.17%	\$ 26,041				Special Revenue Fund	
Water Utility	111,412	108,799	220,211	43.75%	\$ 220,211				Enterprise Fund	
Transportation	16,116	15,738	31,854	6.33%	-				General Fund Supported	
Tourism ²	23,247	22,702	45,950	9.13%	-				Self Supported Fund	
Timber Mngmt (Closed)	38	39	78	0.02%	-				Closed into General Fund	
City Hall Expansion Fund (Closed FY)	55,417	54,117	109,534	21.76%	-				Closed into General Fund	
System Development Charges ¹	2,041	1,993	4,033	0.80%	-				Capital Project Funds	
Total Other City Funds	\$ 221,446	\$ 216,254	\$ 437,701	87%	246,252				Total Transfers to the General Fund	
Total of All Funds	\$ 254,638	\$ 248,665	\$ 503,303	100%	\$ 246,252					

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

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

Historical Trend & Comparative Analysis

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

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

Historical Trends

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

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

Year - Over - Year Indirect Cost Transfer Trend By Fund			
	FY 2025	FY 2026	FY 2027
Building	\$ 22,475	\$ 25,040	\$ 26,041
Water Utility	199,357	214,020	220,211
	\$ 221,832	\$ 239,060	\$ 246,252
% of Change	2%	8%	3%
Total Fund Balance as a % of Indirect Cost Allocations			
	FY 2025	FY 2026	FY 2027
Building Fund	407,261	415,012	256,271
% of fund Balance	6%	6%	10%
	FY 2025	FY 2026	FY 2027
Water Utility Fund	1,689,825	1,947,595	1,678,184
% of fund Balance	12%	11%	13%

Comparative Analysis

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

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

While a comparative analysis was not updated for the current year, the City has determined that the prior analysis remains relevant and continues to provide a reliable benchmark for evaluating the reasonableness of its cost allocation practices.

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

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

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

Independent Review of Indirect Cost Allocation

In November 2025, staff engaged two members of the Budget Committee to conduct a review of the City's indirect cost methodology and provide an independent recommendation. The recommendations are summarized below and were presented at the February 18, 2026, Budget Committee Work Session.

Indirect Cost Allocation Methodology Review for the City of Manzanita

Comments:

The current indirect cost allocation methodology is straightforward and uncomplicated, but it is sufficient for the size of operations. The allocated results are deemed reasonable and fair based on several measures, including year-over-year change, revenue ratio, expense ratio, and net position ratio.

Recommendations:

- **Metric Setup:**
Establish metrics to measure the ratios of indirect cost to collected operation revenue, indirect cost to net position, year-over-year revenue, personnel expenses, and marketing and sales expenses, as well as indirect cost.
- **Periodic Review:**
Review the methodology every three years by the city councils and budget committee.

Fiscal Year 2027 Annual Budget

City Wide Budget

CITY-WIDE OVERALL BUDGET

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Final Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
RESOURCES							
BEGINNING FUND BALANCE	\$ 8,673,510	\$ 9,718,211	\$ 10,547,327	\$ 11,140,565	\$ 10,856,109		
Room Tax Collections	1,841,968	1,853,325	1,835,000	1,835,000	1,900,000		
Fees & Charges	2,419,414	2,903,380	2,536,100	2,737,000	2,601,100		
Property Taxes	269,775	281,535	273,500	278,600	281,500		
Intergovernmental	215,442	751,618	2,574,980	2,451,993	158,800		
Fines & Foreitures	90,808	40,663	45,000	40,000	40,000		
Interest	464,141	508,435	201,200	463,500	178,400		
Miscellaneous	32,648	12,409	7,500	25,140	8,340		
Proceeds from Debt Issuance	663,056	3,328,414	-	-	-		
Proceeds from Sale of Assets	638,351	-	-	4,600	-		
Transfers from Other Funds	1,906,923	4,522,333	306,785	306,785	480,347		
TOTAL RESOURCES	17,216,036	23,920,323	18,327,392	19,283,183	16,504,596	-	-
REQUIREMENTS							
Personnel Services	2,039,589	2,146,707	2,773,210	2,395,738	3,008,000		
Materials & Services	1,634,881	1,166,441	1,667,380	1,336,847	1,877,100		
Debt Service	379,256	380,956	681,240	681,240	701,240		
Capital Outlay	1,537,176	4,771,708	3,628,465	3,581,464	285,000		
Transfers to Other Funds	1,906,923	4,313,946	306,785	306,785	480,347		
TOTAL EXPENDITURES BEFORE	7,497,825	12,779,758	9,057,080	8,302,074	6,351,687	-	-
RESERVES							
Contingency	-	-	270,000	125,000	605,000		
Unappropriated Ending Func	9,718,211	11,140,565	9,000,312	10,856,109	9,547,909		
TOTAL RESERVES-ENDING FUI	9,718,211	11,140,565	9,270,312	10,981,109	10,152,909	-	-
TOTAL REQUIREMENTS	\$17,216,036	\$23,920,323	\$18,327,392	\$19,283,183	\$16,504,596	\$ -	\$ -

**PROPOSED BUDGET
CITY-WIDE TOTAL OF ALL FUNDS**

Category	Government	Special Revenue			Capital			Enterprise	TOTAL PROPOSED BUDGET
	General	Transportation	Building	Tourism	City Hall	SDC's	Public Works Reserve	Water	
RESOURCES									
BEGINNING FUND BALANCE	\$ 4,261,820	\$ 418,532	\$ 415,012	\$ 695,825	\$ 204,095	\$ 2,742,452	\$ 170,778	\$ 1,947,595	\$ 10,856,109
Transient Lodging Tax	1,650,000	-	-	250,000	-	-	-	-	1,900,000
Fees & Charges	420,500	100,000	223,000	-	-	175,600	-	1,682,000	2,601,100
Property Taxes	281,500	-	-	-	-	-	-	-	281,500
Intergovernmental	110,800	48,000	-	-	-	-	-	-	158,800
Fines & Foreitures	40,000	-	-	-	-	-	-	-	40,000
Interest	100,000	10,000	4,000	7,500	-	30,900	6,000	20,000	178,400
Miscellaneous	5,000	500	-	-	-	840	-	2,000	8,340
Proceeds from Debt Issuance	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-	-	-	-	-	-
Transfers from Other Funds	450,347	-	-	-	-	-	30,000	-	480,347
TOTAL RESOURCES	7,319,967	577,032	642,012	953,325	204,095	2,949,792	206,778	3,651,595	16,504,596
REQUIREMENTS									
Personnel Services	1,906,000	95,000	174,000	160,500	-	-	-	672,500	3,008,000
Materials & Services	874,700	97,000	85,700	109,000	-	70,000	-	640,700	1,877,100
Debt Service	470,340	-	-	50,900	-	-	-	180,000	701,240
Capital Outlay	80,000	-	-	75,000	-	-	90,000	40,000	285,000
Transfers to Other Funds	-	10,000	26,041	-	204,095	-	-	240,211	480,347
TOTAL EXPENDITURES BEFORE RESERVES	3,331,040	202,000	285,741	395,400	204,095	70,000	90,000	1,773,411	6,351,687
RESERVES									
Contingency	100,000	100,000	100,000	5,000	-	100,000	-	200,000	605,000
Unappropriated Ending Fund Balance	3,888,927	275,032	256,271	552,925	-	2,779,792	116,778	1,678,184	9,547,909
TOTAL RESERVES-ENDING FUND BALANCE	3,988,927	375,032	356,271	557,925	-	2,879,792	116,778	1,878,184	10,152,909
TOTAL REQUIREMENTS	\$ 7,319,967	\$ 577,032	\$ 642,012	\$ 953,325	\$ 204,095	\$ 2,949,792	\$ 206,778	\$ 3,651,595	\$ 16,504,596

	<u>Transfer In</u>		
	General	PW Reserve	Total
Building	\$ 26,041		\$ 26,041
City Hall	204,095		204,095
Water	220,211	20,000	240,211
Transportation		10,000	10,000
Total	\$ 450,347	\$ 30,000	\$ 480,347

GENERAL FUND

Fiscal Year 2027 Annual Budget

Core Services

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

Revenue

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

Transient Lodging Tax

The Transient Lodging Tax (TLT) is the primary revenue source for the General Fund and a vital funding stream that supports the City's core operations. Historically, TLT revenue has demonstrated steady growth driven by continued tourism activity; however, revenue projections remain conservative, as tourism revenues are inherently sensitive to economic conditions, seasonal variability, and market fluctuations.

The current fiscal year estimate also reflects a preliminary adjustment for the legislative changes adopted under HB 4148, which will increase the General Fund allocation beginning January 1, 2027. Because the revised allocation formula becomes operative midway through the fiscal year and there is limited historical data available under the new distribution methodology, the revenue impact has been conservatively estimated and is not anticipated to be material in the current budget cycle. Beginning next fiscal year, the City expects to develop more precise projections based on actual collections under the revised statutory formula.

Property Taxes

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

Intergovernmental

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

Police Agreements

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

State Revenue Sharing (including Cigarette and Liquor Tax)

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

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

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

Fees & Charges

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

Expenditures

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

GENERAL FUND

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Final Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
RESOURCES							
BEGINNING FUND BALANCE	\$ 3,242,145	\$ 3,789,231	\$ 4,101,932	\$ 4,106,216	\$ 4,261,820	\$ 4,261,820	\$ 4,261,820
Transient Lodging Taxes	1,556,091	1,565,191	1,550,000	1,550,000	1,650,000		
Property Taxes	269,775	281,535	273,500	278,600	281,500		
Fees & Charges	82,215	110,913	77,500	78,000	75,000		
Franchise & Utility Agreements	63,501	61,798	61,000	57,200	60,500		
Business & Short-Term Rental Licenses	252,753	301,430	275,000	295,000	285,000		
Intergovernmental:					-		
Police Agreements	61,200	76,185	75,000	75,000	75,000		
Grants	6,020	33,542	63,000	63,000	-		
State Revenue Sharing	25,059	22,160	25,000	22,000	25,000		
Cigarette & Liquor Taxes	12,077	10,535	10,400	9,300	7,800		
Neah-Kah-Nie Excise Tax	1,335	2,354	1,200	3,075	3,000		
Fines & Forfeitures	90,808	40,663	45,000	40,000	40,000		
Interest	254,720	175,720	100,000	180,000	100,000		
Miscellaneous	5,868	7,059	5,000	20,000	5,000		
Proceeds from Debt Issuance	663,056	3,328,414	-	-	-		
Proceeds from Sale of Assets	638,351	-	-	-	-		
Transfers from Other Funds	246,167	425,641	286,785	286,785	450,347		
TOTAL RESOURCES	\$ 7,471,141	\$ 10,232,371	\$ 6,950,317	\$ 7,064,176	\$ 7,319,967	\$ 4,261,820	\$ 4,261,820
EXPENDITURE REQUIREMENTS BY CATEGORY							
Personnel Services	\$ 1,270,620	\$ 1,324,525	\$ 1,706,000	\$ 1,533,416	\$ 1,906,000		
Materials & Services	624,773	579,884	721,980	718,600	874,700		
Debt Service	-	155,332	450,340	450,340	470,340		
Capital Outlay	123,626	-	9,000	-	80,000		
Contingency	-	-	100,000	100,000	100,000		
Transfers to Other Funds	1,662,891	4,066,414	-	-	-		
TOTAL EXPENDITURES BY CATEGORY	3,681,910	6,126,155	2,987,320	2,802,356	3,431,040	-	-
Unappropriated Ending Fund Balance	3,789,231	4,106,216	3,962,997	4,261,820	3,888,927		
TOTAL REQUIREMENTS	\$ 7,471,141	\$ 10,232,371	\$ 6,950,317	\$ 7,064,176	\$ 7,319,967	\$ -	\$ -

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

POLICY REQUIREMENTS							
	FY 2023/2024	FY 2024/2025	Final Adopted	Estimated	Proposed	Approved	Adopted
Reserves:							
Debt Service	-	155,332	450,340	450,340	470,340		
Public Safety Equipment (Dept. 125)	41,480	73,480	105,480	73,480	93,480		
CDBG Housing Grant (Dept. 190)	115,730	115,730	30,000	115,730	115,730		
Total Reserves	157,210	344,542	585,820	639,550	679,550	-	-
Policy Requirements:							
Contingency & Ending Fund Balance	3,789,231	4,106,216	4,062,997	4,361,820	3,888,927		
Less designated reserves	(157,210)	(344,542)	(585,820)	(639,550)	(679,550)		
Less policy requirements*	(284,000)	(342,000)	(485,000)	(450,000)	(639,000)		
AMOUNT OVER (UNDER) POLICY REQUIREMENTS	3,348,021	3,419,674	2,992,177	3,272,270	2,570,377	\$ -	\$ -

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

Fiscal Year 2027 Annual Budget General Fund, Continued

SUMMARY OF EXPENDITURES BY DEPARTMENT	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Final Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
OPERATING EXPENDITURES BY DEPARTMENT							
Administration	\$ 1,090,354	\$ 1,088,101	\$ 1,330,100	\$ 1,324,379	\$ 1,555,100		
Municipal Court	41,573	43,297	51,400	48,062	53,900		
Facilities Maintenance	19,846	18,094	29,500	24,210	118,500		
Public Safety	735,536	740,198	915,250	843,365	1,003,200		
Non-departmental	8,084	14,719	101,730	12,000	50,000		
TOTAL OPERATING EXPENDITURES	\$ 1,895,393	\$ 1,904,409	\$ 2,427,980	\$ 2,252,016	\$ 2,780,700	\$ -	\$ -
Policy Reserve %	15%	18%	20%	20%	23%	23%	23%
Policy Reserve Required	\$ 284,000	\$ 342,000	\$ 485,000	\$ 450,000	\$ 639,000	\$ -	\$ -
NONOPERATING EXPENDITURES BY DEPARTMENT							
Administration	5,803	-	9,000	-	-		
Facilities Maintenance	-	-	-	-	80,000		
Public Safety	117,823	-	-	-	-		
Non-departmental	1,662,891	4,221,746	550,340	550,340	570,340		
TOTAL NONOPERATING EXPENDITURES	1,786,517	4,221,746	559,340	550,340	650,340	-	-
TOTAL BY DEPARTMENT							
Administration	1,096,157	1,088,101	1,339,100	1,324,379	1,555,100		
Municipal Court	41,573	43,297	51,400	48,062	53,900		
Facilities Maintenance	19,846	18,094	29,500	24,210	198,500		
Public Safety	853,359	740,198	915,250	843,365	1,003,200		
Non-departmental	1,670,975	4,236,465	652,070	562,340	620,340		
TOTAL EXPENDITURES	\$ 3,681,910	\$ 6,126,155	\$ 2,987,320	\$ 2,802,356	\$ 3,431,040	\$ -	\$ -

SUMMARY OF FULL-TIME EQUIVALENT EMPLOYEES BY DEPARTMENT	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Final Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
Administration	4.60	4.00	5.50	5.50	5.50		
Municipal Court	0.40	0.40	0.40	0.40	0.40		
Facilities Maintenance	0.12	0.09	0.10	0.10	0.35		
Public Safety	4.00	4.00	4.25	4.25	4.50		
GENERAL FUND FULL-TIME EQUIVALENT	9.12	8.49	10.25	10.25	10.75	0.00	0.00



GENERAL FUND

Administration Department

Fiscal Year 2027 Annual Budget

Core Services

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

Expenditures

The department is home to five and a half (5.5) full-time equivalent employees. These positions include 100% of the City Manager (1) and Finance Director (1) positions, the Finance and Accounting Assistant position (1) Short Term Rental Program Manager (1) in addition to a portion of the Assistant City Recorder (.6), Development Services Manager (.4) and Planning portion of the Planning and Building Permit Tech (.5). The budget also reflects compensation and equity adjustments adopted as part of the City's salary schedule update, as well as increased benefit costs.

Professional Services

Professional Services are divided between ongoing operational needs and services directly related to implementation of Council goals and objectives.

Approximately one-half of this line item supports general operations and includes funding for the City's Information Technology professional, Finance Advisor, City Attorney, contract City Planner, and annual audit services.

The remaining funds support strategic and policy-related work, including completion of the Comprehensive Plan update, continued municipal code implementation and refinement, resources for planning services associated with implementation of the new housing ordinance, and professional services related to City Manager recruitment and organizational transition.

Planning and Zoning Services

This line item reflects costs associated with review of certain land use applications by the City's contract planner. These expenditures are generally offset through application fees and charges for service, although they are budgeted within the Administration Department. Additional funds have been allocated in FY 2026/2027 to support increased workload associated with implementation of recently adopted housing code amendments and related land use review activity.

Dues and Subscriptions

This line item reflects ongoing operational costs, including but not limited to professional organization memberships, financial software and technology services, postage, bank service fees, copier lease costs, records management, and other recurring administrative subscriptions necessary for daily operations.

Fiscal Year 2027 Annual Budget
General Fund – Administration Department, Continued

Building Operations

This line item reflects costs associated with operation of the City Hall facility, including utilities, janitorial services, routine maintenance, and supplies. Maintenance costs have been moved to the Facilities Maintenance department.

GENERAL FUND
ADMINISTRATION DEPARTMENT (#110)

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
PERSONNEL SERVICES							
Salaries & Wages	\$ 359,147	\$ 377,043	\$ 495,000	450,008	530,500		
Employee Benefits	195,531	235,204	337,500	271,671	383,500		
TOTAL PERSONNEL SERVICES	\$ 554,678	\$ 612,247	\$ 832,500	\$ 721,679	\$ 914,000	\$ -	\$ -
<i>Full Time Equivalent Positions</i>	<i>4.60</i>	<i>4.00</i>	<i>5.50</i>	<i>5.50</i>	<i>5.50</i>		
MATERIALS & SERVICES							
Contractual Services:							
Professional Services	436,780	379,773	350,000	450,000	425,000		
Planning & Zoning Services	22,662	14,363	25,000	15,000	50,000		
Building:							
Operations	9,058	13,335	20,600	17,700	18,600		
Maintenance & Supplies	36	142	4,000	7,500	8,000		
Advertising	731	682	1,000	1,000	1,000		
Dues & Subscriptions	32,632	31,772	60,000	60,000	80,000		
General Office Supplies	11,818	21,731	13,000	19,500	23,000		
Travel & Training	7,831	5,328	12,000	6,000	7,000		
Liability Insurance	5,844	7,616	9,000	25,000	25,500		
Miscellaneous	8,284	1,112	3,000	1,000	3,000		
TOTAL MATERIALS & SERVIC	535,676	475,854	497,600	602,700	641,100	-	-
CAPITAL OUTLAY							
Office Equipment	5,803	-	9,000	-	-	-	-
Landslide Mitigation	-	-	-	88,428	-	-	-
TOTAL CAPITAL OUTLAY	5,803	-	9,000	-	-	-	-
ADMINISTRATION DEPARTMEN	\$ 1,096,157	\$ 1,088,101	\$ 1,339,100	\$ 1,324,379	\$ 1,555,100	\$ -	\$ -



GENERAL FUND

Municipal Court Department

Fiscal Year 2027 Annual Budget

Core Services

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

Expenditures

All expenditures remain consistent with prior year.

GENERAL FUND MUNICIPAL COURT DEPARTMENT (#130)

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Adopted Budget	Estimated Total	Proposed by Budget Officer	Approved Budget Committee	Adopted by Governing Body
PERSONNEL SERVICES							
Salaries & Wages	\$ 23,180	\$ 25,122	\$ 28,000	27,147	29,000		
Employee Benefits	12,993	12,894	16,500	14,815	18,000		
TOTAL PERSONNEL SERVICES	36,173	38,016	44,500	41,962	47,000	-	-
<i># of Full Time Equivalent Positions</i>	<i>0.40</i>	<i>0.40</i>	<i>0.40</i>	<i>0.40</i>	<i>0.40</i>	<i>0.40</i>	<i>0.40</i>
MATERIALS & SERVICES							
Contractual Services:							
Municipal Judge	4,400	4,400	5,200	5,200	5,200		
Other	-	-	500	-	500		
Dues & Subscriptions	987	781	1,000	800	1,000		
General Office Supplies	13	100	200	100	200		
TOTAL MATERIALS & SERVICES	5,400	5,281	6,900	6,100	6,900	-	-
MUNICIPAL COURT DEPARTMENT	\$ 41,573	\$ 43,297	\$ 51,400	\$ 48,062	\$ 53,900	\$ -	\$ -



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GENERAL FUND

Facilities Maintenance Department

Fiscal Year 2027 Annual Budget

Core Services

(Renamed from Parks Department)

Beginning in FY 2026/2027, the former Parks Department has been formally transitioned to the Facility Maintenance Department to better reflect the full scope of City-owned facilities, grounds, and physical asset maintenance responsibilities.

This change was necessary to align the budget structure with the City's actual operational needs and asset inventory. Historically, the "Parks Department" title no longer accurately represented the work being performed or the range of facilities and grounds maintained by the City.

The Facility Maintenance Department now includes maintenance and operational support for:

- the new City Hall
- the former City Hall house
- the former police station facility
- the City's share of Public Works building maintenance
- Underhill grounds and associated public areas
- Elk Meadows
- City park grounds and playground areas
- other City-owned structures, grounds, and related support equipment

The FY 2026/2027 budget reflects the City's first full year of organizing these activities within a dedicated facilities framework and includes funding for 0.35 FTE, grounds maintenance, vehicle maintenance, land stewardship, and equipment necessary to support ongoing building and site maintenance.

This restructuring improves budget transparency, more accurately allocates costs associated with City facilities and grounds, and establishes a clearer framework for future capital planning, deferred maintenance, and asset management.

Fiscal Year 2027 Annual Budget
General Fund – Facilities Maintenance Department, Continued

GENERAL FUND
FACILITY MAINTENANCE DEPARTMENT (#135)

(Renamed from Parks Department)

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Adopted Budget	Estimated Total	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
PERSONNEL SERVICES							
Salaries & Wages	\$ 6,384	\$ 5,237	\$ 6,700	\$ 6,047	\$ 25,500		
Employee Benefits	4,079	3,376	6,300	3,363	20,500		
TOTAL PERSONNEL SERVICES	10,463	8,613	13,000	9,410	46,000	-	-
<i>Full Time Equivalent Positions</i>	<i>0.12</i>	<i>0.09</i>	<i>0.10</i>	<i>0.10</i>	<i>0.35</i>	<i>0.35</i>	<i>0.35</i>
MATERIALS & SERVICES							
Contractual Services:							
Professional Services							
Land Stewardship	3,207	2,599	5,000	4,500	5,000		
Insurance	1,556	2,493	3,000	2,500	8,500		
Building Maintenance:							
Janitorial Supplies	137	52	1,000	1,000	1,000		
Utilities	3,572	3,829	4,000	4,000	5,500		
Building Repairs & Maintenance	274	107	1,500	1,300	-		
Facilities Operating Equipment	-	-	-	-	-		
Grounds Maintenance:							
Grounds & Park Maintenance	-	-	-	-	30,000		
Playground Repair/Maintenanc	-	-	-	-	1,500		
Small Tool Equipment & Repair	-	-	-	-	1,000		
Vehicle Maintenance	637	401	2,000	1,500	20,000		
TOTAL MATERIALS & SERVIC	9,383	9,481	16,500	14,800	72,500	-	-
CAPITAL OUTLAY							
Equipment	-	-	-	-	80,000		
PARKS DEPARTMENT	\$ 19,846	\$ 18,094	\$ 29,500	\$ 24,210	\$ 198,500	\$ -	\$ -



GENERAL FUND

Public Safety Department

Fiscal Year 2027 Annual Budget

Core Services

For Fiscal Year 2026/2027, the Public Safety Department budget reflects 4.50 FTE positions within the General Fund, representing an increase from 4.25 FTE in the current fiscal year. The increase is primarily attributable to restructuring the former Code Enforcement Officer position, which had historically been budgeted within the tourism program. Beginning in FY 2025/2026, this position has been reclassified as a Police Officer position to better align with operational duties and enforcement authority.

While the position continues to support code enforcement functions, it is now structured as a sworn Police Officer role, allowing for expanded patrol, response, and enforcement capacity. Funding for this position has been reallocated to reflect a 50/50 split between tourism-related activities and the General Fund, compared with the prior allocation of 75% tourism and 25% General Fund.

This change strengthens the City's public safety capacity while maintaining dedicated resources for code compliance and visitor-related enforcement needs.

Personnel Services increases in FY 2026/2027 primarily reflect:

- the revised funding allocation for the reclassified officer position
- salary and benefit cost adjustments
- associated equipment, training, and operational support costs

The City also continues to provide supplemental police services to Wheeler, Nehalem, and Nehalem Bay / Oswald West State Parks through established intergovernmental agreements. Revenue from these agreements supports departmental operations and helps maintain regional public safety partnerships.

Expenditures

Materials and Services expenditures remain generally consistent with prior years, with modest increases associated with training, liability insurance, vehicle maintenance, and officer support costs.

Certain building operations, professional services, and emergency management / disaster planning costs continue to be budgeted within the Administration Department to improve cost tracking and organizational clarity.

Fiscal Year 2027 Annual Budget
General Fund – Public Safety Department, Continued

GENERAL FUND
PUBLIC SAFETY DEPARTMENT (#125)

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
PERSONNEL SERVICES							
Salaries & Wages	\$ 398,044	\$ 400,692	\$ 464,000	447,429	498,000		
Employee Benefits	271,262	264,957	352,000	312,936	401,000		
TOTAL PERSONNEL SERVICES	669,306	665,649	816,000	760,365	899,000	-	-
<i>Full Time Equivalent Positions</i>	<i>4.00</i>	<i>4.00</i>	<i>4.25</i>	<i>4.25</i>	<i>4.50</i>		
MATERIALS & SERVICES							
Contractual Services:							
Professional Services	973	225	2,000	2,000	3,300		
Building:							
Operations	8,188	7,586	4,500	3,000	3,000		
Maintenance & Supplies	272	-	-	-	-		
Safety Equipment & Supplies	2,485	3,421	7,500	3,500	6,300		
Uniform & Clothing Allowance	2,984	4,785	5,750	4,000	5,600		
Vehicle Maintenance	14,638	14,553	27,500	23,000	28,000		
Dues & Subscriptions	10,690	16,554	17,500	17,500	22,000		
General Office Supplies	1,464	1,004	2,000	2,000	5,500		
Travel & Training	5,168	8,209	10,000	4,000	10,000		
Liability Insurance	13,348	18,207	22,000	24,000	20,000		
Miscellaneous	6,020	5	-	-	500		
TOTAL MATERIALS & SERVIC	66,230	74,549	99,250	83,000	104,200	-	-
CAPITAL OUTLAY							
Vehicles	117,823	-	-	-	-	-	-
TOTAL CAPITAL OUTLAY	117,823	-	-	-	-	-	-
PUBLIC SAFETY DEPARTMENT	\$ 853,359	\$ 740,198	\$ 915,250	\$ 843,365	\$ 1,003,200	\$ -	\$ -



GENERAL FUND

Non-Departmental Department

Fiscal Year 2027 Annual Budget

Core Services

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

Expenditures

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

Emergency Preparedness

The FY 2026/2027 budget includes \$50,000 for emergency preparedness and resilience hub implementation.

These funds are intended to support the City's ongoing obligations associated with the Type 1 Resilience Hub Typed Package, including site development, utility connections, equipment support, and operational readiness.

This appropriation is directly related to the City's participation in the ODHS Office of Resilience and Emergency Management (OREM) Resilience Hubs and Networks program, through which the City is receiving a Type 1 Typed Package consisting of multiple shipping containers, emergency communications systems, generators, sanitation equipment, water and food storage, and related emergency response infrastructure.

Funds may be used for:

- site preparation and pad improvements
- electrical service and grounding
- internet and communications connectivity
- utility and permit costs
- equipment maintenance and replacement
- container security and monitoring systems
- emergency response equipment and supplies
- related resilience hub implementation costs at the selected site

The City is also responsible for ongoing ownership, maintenance, and life-cycle costs associated with the typed package following delivery and acceptance.

The increase in this line item reflects the City's commitment to long-term emergency preparedness and community resilience infrastructure

Debt Service

Debt service costs continue to be budgeted within the Non-Departmental section of the General Fund.

For FY 2026/2027, total debt service is budgeted at \$470,340, consisting of:

- City Hall debt service: \$315,000
- Underhill Plaza debt service: \$155,340

The City has elected to continue carrying these obligations within the General Fund rather than establishing a separate debt service fund, as repayment is made directly from General Fund revenues and no separate legal tracking mechanism is required

Contingency

A contingency appropriation of \$100,000 is included to provide flexibility for unforeseen General Fund expenditures, emergency operational needs, and organizational transition costs that may arise during the fiscal year.

Ending Fund Balance

The FY 2026/2027 budget includes an unappropriated ending fund balance of \$3,963,927, preserving strong General Fund reserves and maintaining long-term fiscal stability.

This reserve level supports the City's financial resiliency, particularly given continued reliance on transient lodging tax revenues and ongoing debt service obligations.

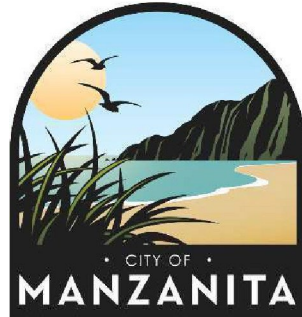
Fiscal Year 2027 Annual Budget
General Fund – Non-Departmental Department, Continued

GENERAL FUND
NON-DEPARTMENTAL (#190)

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Adopted Budget	Estimated Total	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
MATERIALS & SERVICES							
CDBG Housing Grant Distribution	\$ -	\$ -	\$ 85,730	\$ -	\$ -		
Emergency Preparedness	8,084	14,719	16,000	12,000	50,000		
Dues & Subscriptions (Citywide)	-	-	-	-	-		
TOTAL MATERIALS & SERVIC	8,084	14,719	101,730	12,000	50,000	-	-
DEBT SERVICE							
City Hall	-	-	295,000	295,000	315,000		
Underhill Plaza	-	155,332	155,340	155,340	155,340		
TOTAL DEBT SERVICE	-	155,332	450,340	450,340	470,340	-	-
TRANSFERS TO OTHER FUNDS							
Building Fund (Closed in General Fund)		-	-	-	-		
City Hall Fund	1,510,056	3,966,414	-	-	-		
Transportation Fund	100,000	100,000	-	-	-		
SDC Stormwater	25,000	-	-	-	-		
Public Safety Reserve Fund	27,835	-	-	-	-		
TOTAL TRANSFERS OUT	1,662,891	4,066,414	-	-	-	-	-
CONTINGENCY							
Contingency	-	-	100,000	100,000	100,000		
TOTAL CONTINGENCY	-	-	100,000	100,000	100,000	-	-
NON-DEPARTMENTAL	\$ 1,670,975	\$ 4,236,465	\$ 652,070	\$ 562,340	\$ 620,340	\$ -	\$ -
Unappropriated Ending Func	3,789,231	4,106,216	3,962,997	4,261,820	3,963,927		
TOTAL GENERAL FUND	\$ 5,460,206	\$ 8,342,681	\$ 4,615,067	\$ 4,824,160	\$ 4,584,267	\$ -	\$ -

CDBG Reserve

Beginning Reserve Balance	\$ 110,660	\$ 115,730	\$ 115,730	\$ 115,730	\$ 115,730	\$ 115,730	\$ 115,730
Additions	5,070	-	-	-	-	-	-
Reductions (Expenses)	-	-	(85,730)	-	-	-	-
Ending Reserve Balance	\$ 115,730	\$ 115,730	\$ 30,000	\$ 115,730	\$ 115,730	\$ 115,730	\$ 115,730



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TRANSPORTATION FUND

Fiscal Year 2027 Annual Budget

Core Services

The Transportation Fund is a dedicated special revenue fund that restricts the use of revenues to the maintenance, repair, and construction of the City's transportation infrastructure, including streets, roadway assets, and related stormwater infrastructure improvements associated with transportation projects.

Revenue

Revenue for this fund is generated from multiple sources, including state motor vehicle fuel taxes, franchise revenues received through the City's utility agreements, permit fees, and interest earnings. State motor vehicle fuel taxes are distributed to cities in Oregon on a per capita basis and remain an important ongoing revenue source for street maintenance and repair activities.

The current fiscal year included significant intergovernmental revenue associated with the Classic Street Connection Project. As that capital project is substantially complete, intergovernmental revenue returns to a baseline operational level in Fiscal Year 2026/2027. No transfer from the General Fund is budgeted for the upcoming fiscal year, as available carryover fund balance remains sufficient to support planned operations, maintenance, contingency, and reserve needs.

The Transportation Fund continues to maintain a healthy beginning and ending fund balance. Preserving reserve levels remains important to support future roadway repairs, emergency response, grant match requirements, and long-term capital planning needs.

Expenditures

Personnel Services remain budgeted at 0.65 FTE, consistent with the current fiscal year and reflective of the portion of staff time dedicated to transportation-related maintenance, project coordination, and administrative support.

This fiscal year's budget is primarily a maintenance and preservation budget, rather than a capital construction budget. Following completion of the major expenditures associated with the Classic Street Connection Project in the current fiscal year, no Capital Outlay is budgeted for Fiscal Year 2026/2027.

Materials and Services increase from current year estimated actuals to better reflect anticipated roadway maintenance needs. Increases are primarily associated with contractual services, road maintenance supplies, vehicle maintenance, and operations.

These appropriations support routine street repairs, maintenance materials, signage, and equipment necessary to preserve existing infrastructure.

The budget includes a \$100,000 contingency appropriation to provide flexibility for unforeseen street repairs, storm-related damage, emergency response, or fluctuations in maintenance costs.

While the Transportation Fund remains financially stable in the near term due to available reserves, ongoing maintenance and replacement needs for streets and related stormwater infrastructure continue to exceed recurring dedicated revenues. Historically, the General Fund has been used to help sustain transportation and stormwater infrastructure needs. Identifying a long-term, sustainable funding source for these core infrastructure obligations remains an important policy and financial priority for the City.

Expenditures

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



Fiscal Year 2027 Annual Budget
Transportation Fund, Continued

TRANSPORTATION FUND

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Final Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
RESOURCES							
BEGINNING FUND BALANCE	\$ 735,102	\$ 509,719	\$ 652,600	\$ 560,470	\$ 418,532		
Fees & Charges:							
Franchise & Utility Agreements	96,633	104,985	90,000	95,000	90,000		
Permit Fees	2,660	16,200	3,000	12,000	10,000		
Intergovernmental	49,751	325,154	2,029,360	1,967,471	48,000		
Interest	23,182	27,131	10,000	18,000	10,000		
Miscellaneous	14,543	337	500	-	500		
Transfers from Other Funds	100,000	100,000	-	-	-		
TOTAL RESOURCES	1,021,871	1,083,526	2,785,460	2,652,941	577,032	-	-
REQUIREMENTS							
PERSONNEL SERVICES							
Salaries & Wages	46,787	45,357	45,000	39,078	48,500		
Employee Benefits	33,921	33,392	42,000	24,670	46,500		
TOTAL PERSONNEL SERVICES	80,708	78,749	87,000	63,748	95,000	-	-
<i># of Full Time Equivalent Positions</i>	<i>0.90</i>	<i>0.90</i>	<i>0.65</i>	<i>0.65</i>	<i>0.65</i>	<i>0.65</i>	<i>0.65</i>
MATERIALS & SERVICES							
Contractual Services:							
Street Lighting	7,308	7,474	8,500	8,000	9,000		
Other	1,800	4,903	20,000	10,000	40,000		
Road Maintenance:							
Supplies	11,773	12,103	20,000	10,000	25,000		
Signage	2,102	2,337	8,500	8,000	4,000		
Building:							
Operations	2,550	2,200	3,000	500	5,000		
Uniform & Clothing Allowance	-	1,461	1,200	1,000	1,500		
Vehicle Maintenance	6,926	5,490	8,200	8,000	10,000		
Travel & Training	72	-	500	-	-		
Liability Insurance	2,407	2,024	2,400	1,900	2,000		
Miscellaneous	85	-	500	-	500		
TOTAL MATERIALS & SERVICES	35,023	37,992	72,800	47,400	97,000	-	-
CAPITAL OUTLAY							
Infrastructure	387,721	397,615	2,145,365	2,123,261	-	-	-
TOTAL CAPITAL OUTLAY	387,721	397,615	2,145,365	2,123,261	-	-	-
PROGRAM REQUIREMENTS							
Transfers to Public Works Reserve Fund	8,700	8,700	-	-	10,000		
Contingency	-	-	100,000	-	100,000		
TOTAL PROGRAM REQUIREMENTS	8,700	8,700	100,000	-	110,000	-	-
FUND BALANCE							
Unappropriated Ending Fund Balance	509,719	560,470	380,295	418,532	275,032	-	-
TOTAL ENDING FUND BALANCE	509,719	560,470	380,295	418,532	275,032	-	-
TOTAL REQUIREMENTS	\$ 1,021,871	\$ 1,083,526	\$ 2,785,460	\$ 2,652,941	\$ 577,032	\$ -	\$ -



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BUILDING FUND

Fiscal Year 2027 Annual Budget

Core Services

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

Revenue

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

The proposed budget assumes development review activity will remain generally consistent with the current fiscal year. Permit activity within the community has continued at a steady pace over the past several fiscal years, and the City is also anticipating review of a larger-scale multifamily development project during the upcoming fiscal year. For this reason, projected revenues reflect continued permit and plan review activity while remaining conservatively below the current year estimated actuals.

Expenditures

Expenditures within the Building Fund support 1.10 FTE, including the portion of the Development Services Manager position assigned to certified Building Official duties and the portion of the Planning and Building Permit Technician position dedicated to building permit administration, inspections coordination, and customer service related to the City's building program.

The budget includes materials, supplies, training, and contractual services necessary to administer the City's building program and maintain compliance with state requirements. Contracted services for inspections and code review remain an important component of the fund to ensure continuity of services, provide specialized commercial plan review capacity, and accommodate fluctuations in permit volume and project complexity.

Given the variable nature of development activity and third-party review costs, the proposed budget includes an increased contingency appropriation. This adjustment reflects recent experience during the current fiscal year and is intended to provide sufficient flexibility

Fiscal Year 2027 Annual Budget
Building Fund, Continued

to respond to unanticipated permit volume, complex development applications, and additional inspection or plan review needs without requiring a supplemental budget during the fiscal year. A transfer to the General Fund is included to account for administrative overhead and citywide support services provided by city staff in support of the Building Fund.

Beginning in FY 2027, the 12% state surcharge will no longer be recorded as revenue or expenditure in the Building Fund and will instead be accounted for in a separate pass-through account, as the City does not retain any of these funds.

BUILDING FUND

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Final Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
RESOURCES							
BEGINNING FUND BALANCE	\$ 260,588	\$ 257,766	\$ 281,780	\$ 407,261	\$ 415,012		
Fees & Charges	191,377	393,411	261,000	272,000	223,000		
Interest	-	14,783	5,000	17,000	4,000		
Transfers from Other Funds	-	4,578	-	-	-		
TOTAL RESOURCES	451,965	670,538	547,780	696,261	642,012	-	-
REQUIREMENTS							
PERSONNEL SERVICES							
Salaries & Wages	71,997	69,350	96,000	90,778	104,500		
Employee Benefits	42,011	42,883	73,000	48,384	69,500		
TOTAL PERSONNEL SERVICES	114,008	112,233	169,000	139,162	174,000	-	-
<i># of Full Time Equivalent Positions</i>	<i>1.25</i>	<i>0.80</i>	<i>1.10</i>	<i>1.10</i>	<i>1.10</i>		
MATERIALS & SERVICES							
Contractual Services:							
Assessments	14,257	16,744	27,000	27,000	-		
Inspections & Code Review	26,244	105,957	65,000	65,000	75,000		
Other	1,053	-	1,000	1,000	1,000		
Building:							
Operations	1,886	1,584	-	-	1,200		
Uniform & Clothing Allowance	1,425	181	-	-	-		
Vehicle Maintenance	3,384	3,313	2,000	1,000	2,000		
Dues & Subscriptions	2,020	-	500	900	2,000		
General Office Supplies	1,692	365	-	-	2,000		
Travel & Training	-	-	2,000	1,647	2,000		
Liability Insurance	310	425	500	500	500		
Miscellaneous	588	-	-	-	-		
TOTAL MATERIALS & SERVICES	52,859	128,569	98,000	97,047	85,700	-	-
CAPITAL OUTLAY							
Equipment	-	-	-	-	-		
TOTAL CAPITAL OUTLAY	-	-	-	-	-	-	-
PROGRAM REQUIREMENTS							
Transfers to General Fund (Indirect Costs)	27,332	22,475	25,040	25,040	26,041		
Contingency	-	-	20,000	20,000	100,000		
TOTAL PROGRAM REQUIREMENTS	27,332	22,475	45,040	45,040	126,041	-	-
FUND BALANCE							
Unappropriated Ending Fund Balance	257,766	407,261	235,740	415,012	256,271		
TOTAL REQUIREMENTS	\$ 451,965	\$ 670,538	\$ 547,780	\$ 696,261	\$ 642,012	\$ -	\$ -

TOURISM FUND

Fiscal Year 2027 Annual Budget

Core Services

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

Revenue

Revenue for this fund is generated from transient lodging tax collections. Currently the city collects a 9% TLT of which 2% of that is subject to ORS 320.300 and is restricted for tourism promotion and tourist-related facilities. Recent legislative changes to the state TLT distribution framework have modified how this restricted portion may be allocated, resulting in a reduction in the amount of revenue available to this dedicated Tourism Fund.

While lodging activity and overall tourism demand are anticipated to remain relatively stable, the proposed budget reflects the City's reduced share of restricted TLT revenues under the revised statutory formula. Because Fiscal Year 2026–2027 will be year operating under the new revenue structure for half of the fiscal year, this estimate remains conservative and will provide a stronger baseline for future revenue forecasting.

Expenditures

Expenditures from the Tourism Fund support operations and maintenance of the City's visitor-serving facilities, including the visitor center and public restroom facilities, as well as tourism-related program administration and code enforcement activities directly associated with visitor impacts.

Due to the change in restricted tourism revenues, the proposed budget includes a realignment of staffing allocations, with 0.25 FTE of the Code Enforcement Officer position shifted to the General Fund. This adjustment better aligns ongoing personnel costs with the revised revenue structure while maintaining continued support for visitor-related enforcement and operational needs.

The proposed budget also includes expanded contractual services for visitor center operations and tourism promotion activities. Through a competitive RFP process, the City is proposing to contract for visitor center management and enhanced tourism support services, including business outreach, visitor information services, coordination of tourism-related grants and special projects, support for wayfinding and signage initiatives, and increased engagement with the local business community. This approach is intended to strengthen tourism

promotion efforts while creating stronger connections between visitor services, local businesses, and City tourism initiatives.

No tourism grant allocation is proposed for the current fiscal year. Given the City's operational transition, the onboarding of new visitor center services, and planned expanded outreach opportunities with local businesses, the City is proposing to directly manage tourism support efforts during this fiscal year and reassess future grant allocations in the next budget cycle. The budget also includes capital outlay funding for a significant upgrade to the public restroom facilities at 5th Street. This investment is intended to improve visitor-serving infrastructure, accessibility, and overall user experience in one of the City's key tourism areas. Additional expenditures include ongoing debt service associated with the construction of the City's visitor center. Final payment on this obligation remains scheduled for Fiscal Year 2027–2028.



Fiscal Year 2027 Annual Budget
Tourism Fund, Continued

TOURISM FUND

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Final Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved Budget Committy	Adopted Governing Bod
RESOURCES							
BEGINNING FUND BALANCE	\$ 585,558	\$ 649,661	\$ 684,890	\$ 701,080	\$ 695,825		
Transient Lodging Tax	285,877	288,134	285,000	285,000	250,000		
Interest	6,385	35,037	15,000	32,000	7,500		
Miscellaneous	-	-	-	-	-		
Transfers from Other Funds	-	-	-	-	-		
TOTAL RESOURCES	877,820	972,832	984,890	1,018,080	953,325	-	-
REQUIREMENTS							
PERSONNEL SERVICES							
Salaries & Wages	76,407	77,348	101,000	97,115	90,500		
Employee Benefits	34,114	41,895	66,500	49,940	70,000		
TOTAL PERSONNEL SERVICES	110,521	119,243	167,500	147,055	160,500	-	-
<i># of Full Time Equivalent Positions</i>	<i>1.48</i>	<i>1.36</i>	<i>1.60</i>	<i>1.60</i>	<i>1.35</i>		
MATERIALS & SERVICES							
Contractual Services:							
Professional Services	43,406	42,372	50,000	52,000	70,000		
Other	170	-	-	-	-		
Tourism Grants	5,961	19,300	20,000	20,000	-		
Building:							
Operations	3,698	3,590	4,200	5,300	7,000		
Operating Materials & Supplies	8,565	21,466	40,000	42,000	30,000		
General Office Supplies	539	110	500	-	2,000		
TOTAL MATERIALS & SERVICES	62,339	86,838	114,700	119,300	109,000	-	-
PROGRAM REQUIREMENTS							
Debt Service: Visitors Center	50,868	50,868	50,900	50,900	50,900		
Capital Outlay	4,431	14,803	5,000	-	75,000		
Transfers to Other Funds	-	-	-	-	-		
Contingency	-	-	5,000	5,000	5,000		
TOTAL PROGRAM REQUIREMENTS	55,299	65,671	60,900	55,900	130,900	-	-
Unappropriated Ending Fund Balance	649,661	701,080	641,790	695,825	552,925	-	-
TOTAL REQUIREMENTS	\$ 877,820	\$ 972,832	\$ 984,890	\$ 1,018,080	\$ 953,325	\$ -	\$ -



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CITY HALL EXPANSION FUND

Fiscal Year 2027 Annual Budget

Core Services

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

Revenue

This fund does not generate ongoing revenue. The only resource budgeted for the current fiscal year is the remaining beginning fund balance carried forward from completion of the City Hall project.

Following final project closeout and reconciliation of all construction-related expenditures, the remaining fund balance is greater than originally anticipated as the project was completed under budget.

Expenditures

No additional capital expenditures are proposed in the current fiscal year. The sole expenditure is a transfer of the remaining fund balance to the General Fund in the amount of \$204,095.

This transfer reflects the final closeout of the City Hall project fund and the return of excess project resources to the General Fund for future citywide operational and capital needs. Upon completion of this transfer, the City Hall Expansion Fund is expected to be formally closed.

CITY HALL EXPANSION FUND

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Final Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
RESOURCES							
BEGINNING FUND BALANCE	\$ 251,483	\$ 262,731	\$ 47,725	\$ 251,820	\$ 204,095		
Intergovernmental	60,000	75,000	-	-	-		
Interest	2,491	36,118	-	-	-		
Transfers from Other Funds	1,510,056	3,966,414	-	-	-		
TOTAL RESOURCES	1,824,030	4,340,263	47,725	251,820	204,095	-	-
REQUIREMENTS							
MATERIALS & SERVICES							
Contractual Services:							
Professional Contracted	377,221	16,182	-	-	-	-	-
Other	8,933	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
TOTAL MATERIALS & SERVICES	386,154	16,182	-	-	-	-	-
Capital Outlay	1,019,813	4,072,261	-	-	-		
Debt Service	155,332	-	-	-	-		
Transfers to Other Funds	-	-	47,725	47,725	204,095		
Contingency	-	-	-	-	-		
TOTAL PROGRAM REQUIREMENTS	1,175,145	4,072,261	47,725	47,725	204,095	-	-
Unappropriated Ending Fund Balance	262,731	251,820	-	204,095	-	-	-
TOTAL REQUIREMENTS	\$ 1,824,030	\$ 4,340,263	\$ 47,725	\$ 251,820	\$ 204,095	\$ -	\$ -



SYSTEM DEVELOPMENT CHARGES FUND

Fiscal Year 2027 Annual Budget

Core Services

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

Revenue

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

To support efficient financial reporting and streamline the annual audit process, these subsidiary funds are presented as a single consolidated SDC Fund within the budget document. This approach provides a comprehensive view of SDC activity across all systems while maintaining the required internal accounting separation by system type.

Expenditures

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

The proposed budget includes stormwater SDC funding for final design and engineering associated with the 4th Street stormwater infrastructure project, which is identified in the City's Capital Improvement Plan. While this project was originally identified in the prior fiscal year (2024-2025), implementation was deferred to allow the City to prioritize completion of the Classic Street project, City Hall closeout, and a focus on core distribution infrastructure.

The proposed fiscal year budget returns focus to the 4th street project as a necessary infrastructure investment and includes stormwater SDC funding for final design work and project development.

Water SDC appropriations are included as a contingency and placeholder for unanticipated utility coordination, design support, or related infrastructure needs that may arise.

Fiscal Year 2027 Annual Budget
System Development Charges Fund, Continued

A general contingency appropriation is also included to provide flexibility for project cost escalation, engineering adjustments, and timing-related construction needs consistent with the adopted Capital Improvement Plan.

SYSTEM DEVELOPMENT CHARGES FUND

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Final Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
RESOURCES							
BEGINNING FUND BALANCE	\$ 2,841,172	\$ 2,892,886	\$ 3,061,435	\$ 3,208,715	\$ 2,742,452		
System Development Charges							
Water	131,097	208,662	80,000	240,000	160,000		
Stormwater	24,134	42,859	15,000	16,000	15,000		
Parks	780	1,364	600	600	600		
Interest							
Water	102,320	142,845	47,000	130,000	30,000		
Stormwater	2,812	3,482	200	4,000	600		
Parks	808	1,350	500	1,500	300		
Miscellaneous	840	840	-	840	840		
Transfers from Other Funds	25,000	-	-	-	-		
TOTAL RESOURCES	3,128,963	3,294,288	3,204,735	3,601,655	2,949,792	-	-
REQUIREMENTS							
Materials & Services							
Water	-	-	42,000	1,000	45,000		
Stormwater	5,326	-	-	-	25,000		
Capital Outlay							
Water	230,751	85,573	787,920	777,023	-		
Stormwater	-	-	81,180	81,180	-		
Contingency	-	-	20,000	-	100,000		
TOTAL PROGRAM REQUIREMENTS	236,077	85,573	931,100	859,203	170,000	-	-
Unappropriated Ending Fund Balance	2,892,886	3,208,715	2,273,635	2,742,452	2,779,792	-	-
TOTAL REQUIREMENTS	\$ 3,128,963	\$ 3,294,288	\$ 3,204,735	\$ 3,601,655	\$ 2,949,792	\$ -	\$ -

SYSTEM DEVELOPMENT CHARGES - WATER

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Final Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
RESOURCES							
BEGINNING FUND BALANCE	\$ 2,807,069	\$ 2,810,575	\$ 2,946,290	\$ 3,077,349	\$ 2,670,166		
System Development Charges	131,097	208,662	80,000	240,000	160,000		
Interest	102,320	142,845	47,000	130,000	30,000		
Miscellaneous	840	840	-	840	840		
TOTAL RESOURCES	3,041,326	3,162,922	3,073,290	3,448,189	2,861,006	-	-
REQUIREMENTS							
Materials & Services	-	-	42,000	1,000	45,000		
Capital Outlay	230,751	85,573	787,920	777,023	-		
Contingency	-	-	20,000	-	100,000		
TOTAL PROGRAM REQUIREMENTS	230,751	85,573	849,920	778,023	145,000	-	-
Unappropriated Ending Fund Balance	2,810,575	3,077,349	2,223,370	2,670,166	2,716,006	-	-
TOTAL REQUIREMENTS	\$ 3,041,326	\$ 3,162,922	\$ 3,073,290	\$ 3,448,189	\$ 2,861,006	\$ -	\$ -

Fiscal Year 2027 Annual Budget
System Development Charges Fund, *Continued*

SYSTEM DEVELOPMENT CHARGES - STORMWATER

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Final Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
RESOURCES							
BEGINNING FUND BALANCE	\$ 8,906	\$ 55,526	\$ 86,530	\$ 101,867	\$ 40,687		
System Development Charges	24,134	42,859	15,000	16,000	15,000		
Interest	2,812	3,482	200	4,000	600		
Transfers from Other Funds	25,000	-	-	-	-		
TOTAL RESOURCES	60,852	101,867	101,730	121,867	56,287	-	-
REQUIREMENTS							
Materials & Services	5,326	-	-	-	25,000		
Capital Outlay	-	-	81,180	81,180	-		
TOTAL PROGRAM REQUIREMENTS	5,326	-	81,180	81,180	25,000	-	-
Unappropriated Ending Fund Balance	55,526	101,867	20,550	40,687	31,287	-	-
TOTAL REQUIREMENTS	\$ 60,852	\$ 101,867	\$ 101,730	\$ 121,867	\$ 56,287	\$ -	\$ -

SYSTEM DEVELOPMENT CHARGES - PARKS

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Final Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
RESOURCES							
BEGINNING FUND BALANCE	\$ 25,197	\$ 26,785	\$ 28,615	\$ 29,499	\$ 31,599		
System Development Charges	780	1,364	600	600	600		
Interest	808	1,350	500	1,500	300		
TOTAL RESOURCES	26,785	29,499	29,715	31,599	32,499	-	-
REQUIREMENTS							
TOTAL PROGRAM REQUIREMENTS	-	-	-	-	-	-	-
Unappropriated Ending Fund Balance	26,785	29,499	29,715	31,599	32,499	-	-
TOTAL REQUIREMENTS	\$ 26,785	\$ 29,499	\$ 29,715	\$ 31,599	\$ 32,499	\$ -	\$ -



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PUBLIC WORKS RESERVE FUND

Fiscal Year 2027 Annual Budget

Core Services

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

Revenue

Revenue for this fund is generated through annual transfers from the Water Utility Fund and Transportation Fund, as well as interest earnings and proceeds from the sale of surplus equipment and vehicles when applicable.

The proposed budget includes increased transfers to continue implementation of the City's public works and facilities fleet replacement strategy

Expenditures

Expenditures consist of capital outlay for vehicle and equipment replacement associated with the City's ongoing fleet and facilities modernization efforts.

The proposed budget includes the purchase of a replacement Public Works vehicle and associated operational equipment as part of the City's continued transition away from aging, high-maintenance fleet assets and toward a more reliable and serviceable vehicle inventory. This investment supports improved operational efficiency, reduced maintenance costs, and increased reliability for field operations.

Additional equipment purchases may also be made as needed to support public works and facilities maintenance activities.

A remaining reserve balance is maintained to support future planned fleet replacement and equipment needs.

PUBLIC WORKS RESERVE FUND

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Final Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
RESOURCES							
BEGINNING FUND BALANCE	\$ 159,663	\$ 188,111	\$ 211,875	\$ 215,178	\$ 170,778		
Interest	2,748	10,302	3,500	6,000	6,000		
Proceeds from Sale of Assets	-	-	-	4,600	-		
Transfers from Other Funds	25,700	25,700	20,000	20,000	30,000		
TOTAL RESOURCES	188,111	224,113	235,375	245,778	206,778	-	-
REQUIREMENTS							
CAPITAL OUTLAY							
Equipment	-	8,935	75,000	75,000	90,000		
TOTAL CAPITAL OUTLAY	-	8,935	75,000	75,000	90,000	-	-
Unappropriated Ending Fu	188,111	215,178	160,375	170,778	116,778	-	-
TOTAL REQUIREMENTS	\$ 188,111	\$ 224,113	\$ 235,375	\$ 245,778	\$ 206,778	\$ -	\$ -



WATER UTILITY FUND

Fiscal Year 2027 Annual Budget

Core Services

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

Operations Department

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

Well Field & Transmission Lines (WFTL) Department

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

Revenue

The City collects a monthly base rate from residential and commercial users within city limits. Consistent with the 2023 rate study, the proposed budget includes a 4.67% inflationary rate adjustment based on the Consumer Price Index (CPI), as incorporated into the City's Master Fee Schedule. This annual adjustment is intended to preserve purchasing power, support long-term system sustainability, and keep pace with rising operational and infrastructure costs. The adjustment remains subject to City Council review and adoption through the annual fee schedule.

The City of Manzanita and the City of Wheeler continue to share responsibility for the operation and maintenance of the water system wells and transmission lines. Under the existing intergovernmental agreement, Wheeler contributes a proportionate share of eligible operational expenses associated with the shared transmission system and Direct Responsible Charge (DRC) oversight. Interest earnings remain an important secondary revenue source for this fund.

Expenditures

Expenditures within the Operations Department include personnel costs, utility billing administration, routine maintenance and repair of the water distribution system, customer service functions, compliance activities, and operational materials and supplies necessary to maintain reliable service delivery.

The proposed budget reflects continued investment in system maintenance and reliability, including ongoing treatment plant upgrades, distribution system repairs, meter replacement, fire hydrant maintenance, and utility facility support.

Capital outlay expenditures are substantially reduced from the current fiscal year as major one-time project costs associated with the Classic Street Connection and related utility improvements have largely concluded. The proposed capital budget is focused on smaller-scale system improvements, equipment replacement, and continued facility support needs. Expenditures within the Well Field & Transmission Lines Department include routine maintenance, engineering support, compliance obligations, electricity, equipment maintenance, and system monitoring associated with the City's shared well and transmission infrastructure.

The proposed budget also includes increased contingency appropriations within both departments to ensure the utility remains prepared for emergency repairs, unanticipated infrastructure failures, and system reliability needs.

Transfers to the General Fund are included to account for administrative overhead and citywide support services provided by city staff in support of the Water Utility Fund. An additional transfer to the Public Works Reserve Fund supports planned lifecycle replacement of vehicles and field equipment.



Fiscal Year 2027 Annual Budget
Water Utility Fund, Continued

WATER UTILITY FUND

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Final Adopted Budget	Estimated Actuals	Proposed by Budget Officer	Approved Budget Committee	Adopted Governing Body
RESOURCES							
BEGINNING FUND BALANCE	\$ 597,799	\$ 1,168,106	\$ 1,505,090	\$ 1,689,825	\$ 1,947,595		
Fees & Charges							
Water Collections	1,516,226	1,591,402	1,660,000	1,640,000	1,660,000		
Meter Installations	14,940	38,684	12,000	15,000	12,000		
Water Sales	43,098	31,672	1,000	16,200	10,000		
Intergovernmental:							
State of Oregon Grant	-	-	-	-	-		
FEMA Reservoir Research Grant	-	-	-	-	-		
Other	-	206,688	371,020	312,147	-		
Interest	68,675	61,667	20,000	75,000	20,000		
Miscellaneous	11,397	4,173	2,000	4,300	2,000		
TOTAL RESOURCES	2,252,135	3,102,392	3,571,110	3,752,472	3,651,595	-	-
EXPENDITURES BY CATEGORY							
Personnel Services	\$ 463,732	\$ 511,957	\$ 643,710	\$ 512,357	\$ 672,500		
Materials & Services	237,656	316,976	617,900	353,500	640,700		
Debt Service	173,056	174,756	180,000	180,000	180,000		
Contingency	-	-	25,000	-	200,000		
Transfers to Other Funds	208,000	216,357	234,020	234,020	240,211		
TOTAL EXPENDITURES BY CATEGORY	1,084,029	1,412,567	2,225,630	1,804,877	1,973,411	-	-
Unappropriated Ending Fund Balance	1,168,106	1,689,825	1,345,480	1,947,595	1,678,184	-	-
TOTAL REQUIREMENTS	\$ 2,252,135	\$ 3,102,392	\$ 3,571,110	\$ 3,752,472	\$ 3,651,595	\$ -	\$ -

**WATER UTILITY FUND
OPERATIONS DEPARTMENT (#400)**

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Adopted Budget	Estimated Total	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
PERSONNEL SERVICES							
Salaries & Wages	\$ 270,917	\$ 303,198	\$ 347,710	297,449	360,500		
Employee Benefits	192,815	208,759	296,000	214,908	312,000		
TOTAL PERSONNEL SERVICES	463,732	511,957	643,710	512,357	672,500	-	-
<i>Full Time Equivalent Positions</i>	<i>3.85</i>	<i>4.45</i>	<i>4.40</i>	<i>4.40</i>	<i>4.15</i>		
MATERIALS & SERVICES							
Contractual Services:							
Utility Billing Administration	41,800	46,395	50,000	50,000	56,000		
Engineering & Other Services	27,155	10,447	50,000	11,000	50,000		
Compliance Obligations	1,890	1,935	3,700	2,000	3,000		
Other	358	1,181	1,600	1,600	1,600		
Building:							
Operations - Electricity	14,842	14,756	17,000	15,000	18,000		
Operations - Utilities	9,667	9,299	12,500	10,600	9,500		
Maintenance & Supplies	2,556	4,277	10,000	10,000	10,000		
Uniform & Clothing Allowance	65	1,583	2,500	2,500	2,500		
Vehicle Maintenance	11,418	8,484	15,000	14,000	15,000		
Dues & Subscriptions	4,282	1,979	5,000	4,500	5,000		
Operating Maintenance & Supplies	42,692	67,521	193,000	60,000	195,000		
General Office Supplies	902	4,819	1,500	10,500	6,500		
Travel & Training	3,668	4,716	7,500	1,000	7,500		
Liability Insurance	35,126	40,036	47,000	40,000	42,000		
Miscellaneous	-	103	500	-	500		
TOTAL MATERIALS & SERVICE	196,421	217,531	416,800	232,700	422,100	-	-
PROGRAM REQUIREMENTS							
Debt Service	173,056	174,756	180,000	180,000	180,000		
Capital Outlay	1,585	192,521	525,000	525,000	40,000		
Transfers to Other Funds:							
General Fund - Indirect Costs	191,000	199,357	214,020	214,020	220,211		
Public Works Reserve Fund	17,000	17,000	20,000	20,000	20,000		
Contingency	-	-	-	-	100,000		
TOTAL PROGRAM REQUIREMENTS	382,641	583,634	939,020	939,020	560,211	-	-
OPERATIONS DEPARTMENT	\$ 1,042,794	\$ 1,313,122	\$ 1,999,530	\$ 1,684,077	\$ 1,654,811	\$ -	\$ -

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

CATEGORY	HISTORICAL ACTUALS		CURRENT FISCAL YEAR 2025/2026		BUDGET FOR 2026/2027		
	Fiscal Year 2023/2024	Fiscal Year 2024/2025	Adopted Budget	Estimated Total	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
MATERIALS & SERVICES							
Contractual Services:							
Engineering & Other Services	-	41,756	80,000	60,000	80,000		
Compliance Obligations	1,335	-	3,200	2,000	3,200		
Other	348	849	5,600	3,000	5,600		
Building:							
Operations - Electricity	17,128	16,371	20,000	18,000	21,000		
Operations - Utilities	1,055	1,061	1,500	1,000	1,500		
Maintenance & Supplies	105	585	5,000	4,500	5,000		
Uniform & Clothing Allowance	-	43	-	-	-		
Vehicle Maintenance	1,953	803	3,500	2,000	21,000		
Operating Maintenance & Supplies	580	16,070	49,000	3,000	50,000		
Travel & Training	1,461	1,311	7,500	6,000	8,000		
Liability Insurance	16,042	19,368	24,000	20,000	21,000		
Lease & Easements (non-ca)	1,228	1,228	1,300	1,300	1,300		
Miscellaneous	-	-	500	-	1,000		
TOTAL MATERIALS & SERVIC	41,235	99,445	201,100	120,800	218,600	-	-
PROGRAM REQUIREMENTS							
Contingency	-	-	25,000	-	100,000		
TOTAL PROGRAM REQUIRE/	-	-	25,000	-	100,000	-	-
WFTL DEPARTMENT	\$ 41,235	\$ 99,445	\$ 226,100	\$ 120,800	\$ 318,600	\$ -	\$ -



Financial Forecast

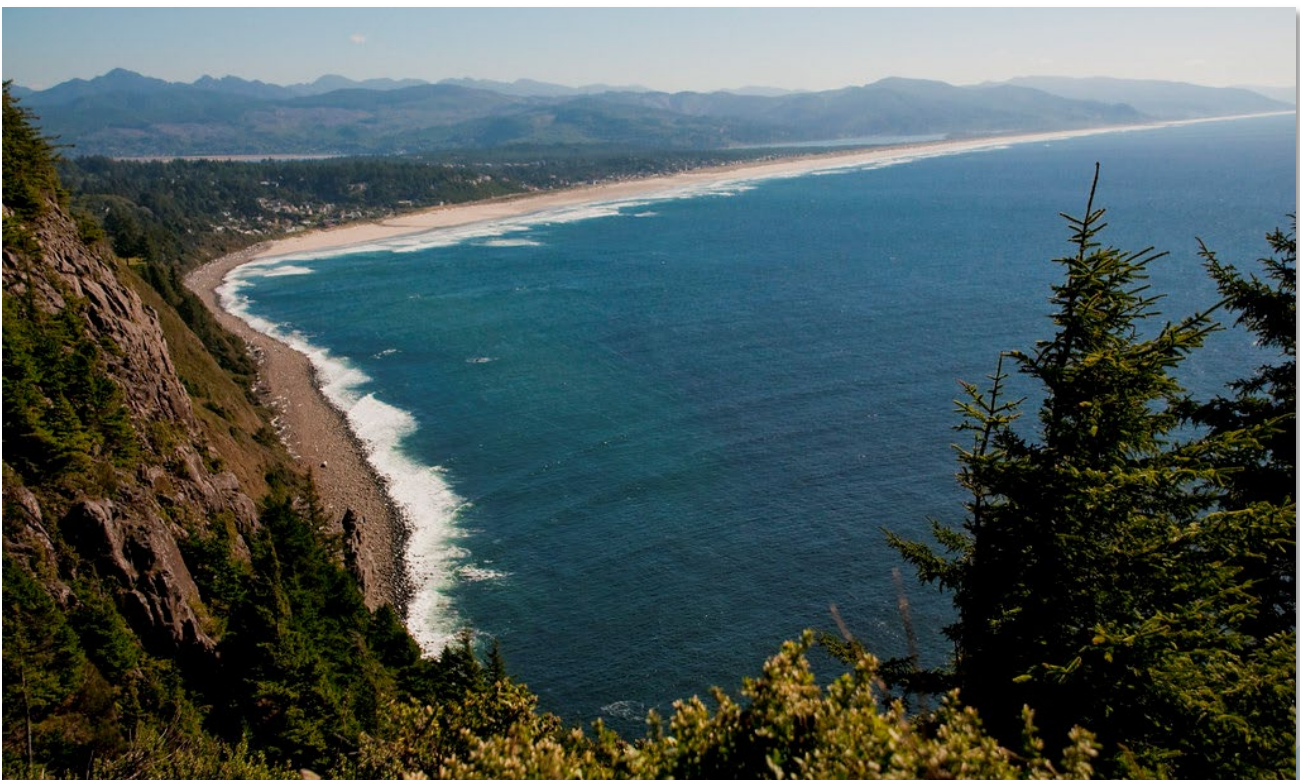
Five-Year Forecast

Financial Forecast

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

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

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



**FIVE-YEAR FORECAST
GENERAL FUND SUMMARY**

	Historical Data Audited Financials				Current FY Estimated	Budget +1	Forecast				Key Assumptions
	FY2023	FY2024	FY2025	FY2026	FY2026	FY2027	+2 FY2028	+3 FY2029	+4 FY2030	+5 FY2031	
RESOURCES											
BEGINNING FUND BALANCE	\$	1,810,521	\$3,242,145	\$ 3,789,231	\$ 4,106,216	\$ 4,261,820	\$3,963,927	\$4,221,137	\$4,462,667	\$4,688,047	
REVENUES											
Transient Lodging Taxes		1,628,971	1,556,091	1,565,191	1,550,000	1,650,000	1,699,500	1,750,480	1,802,990	1,857,070	3%
Property Taxes		249,564	269,775	281,535	278,600	281,500	289,940	298,630	307,580	316,800	3%
Fees & Charges		147,223	82,215	110,913	78,000	75,000	77,250	79,560	81,940	84,390	3%
Franchise & Utility Agreements		63,294	63,501	61,798	57,200	60,500	62,310	64,170	66,090	68,070	3%
Business & Short-Term Rental Li		32,575	252,753	301,430	295,000	285,000	285,000	285,000	285,000	285,000	
Intergovernmental		168,533	105,691	144,776	172,375	110,800	114,120	117,540	121,060	124,690	3%
Fines & Foreitures		23,098	90,808	40,663	40,000	40,000	40,000	40,000	40,000	40,000	
Interest		17,282	254,720	175,720	180,000	100,000	103,000	106,090	109,270	112,540	3%
Miscellaneous		12,960	5,868	7,059	20,000	5,000	5,000	5,000	5,000	5,000	
Proceeds from Debt Issuance		-	663,056	3,328,414	-	-	-	-	-	-	
Proceeds from Sale of Assets		-	638,351	-	-	-	-	-	-	-	
Transfers from Other Funds		157,348	246,167	425,641	286,785	450,347	450,340	450,340	450,340	450,340	
TOTAL REVENUES		2,500,848	4,228,996	6,443,140	2,957,960	3,058,147	3,126,460	3,196,810	3,269,270	3,343,900	
TOTAL RESOURCES	\$	4,311,369	\$7,471,141	\$10,232,371	\$ 7,064,176	\$ 7,319,967	\$7,090,387	\$7,417,947	\$7,731,937	\$8,031,947	
REQUIREMENTS											
Administration	\$	620,319	\$1,096,157	\$ 1,088,101	\$ 1,324,379	\$ 1,555,100	\$1,601,750	\$ 1,649,790	\$ 1,699,270	\$ 1,750,240	See Departme nt Detail
Court		66,989	41,573	43,297	48,062	53,900	55,510	57,170	58,870	60,630	
Parks		36,225	19,846	18,094	24,210	123,500	127,200	131,010	134,930	138,970	
Public Safety		530,158	853,359	740,198	843,365	1,003,200	1,033,290	1,064,270	1,096,190	1,129,070	
Non-departmental		464,348	1,670,975	4,236,465	562,340	620,340	51,500	53,040	54,630	56,260	
TOTAL DEPARTMENT EXPENDITUR		1,718,039	3,681,910	6,126,155	2,802,356	3,356,040	2,869,250	2,955,280	3,043,890	3,135,170	
RESERVES											
Contingency / Policy Reserve		-	-	-	100,000	100,000	-	-	-	-	
Program Reserves		157,210	189,210	135,480	189,210	659,550	-	-	-	-	
Debt Service		-	-	155,332	450,340	470,340	480,000	400,000	320,000	320,000	
Undesignated		2,436,120	3,600,021	3,815,404	3,522,270	2,734,037	3,741,137	4,062,667	4,368,047	4,576,777	
TOTAL ENDING FUND BALANCE		2,593,330	3,789,231	4,106,216	4,261,820	3,963,927	4,221,137	4,462,667	4,688,047	4,896,777	
POLICY REQUIREMENTS											
Operating Expenditures	\$	1,781,669	\$1,895,393	\$ 1,904,409	\$ 2,252,016	\$ 2,785,700	\$2,869,250	\$ 2,955,280	\$ 3,043,890	\$ 3,135,170	
Policy % Required		0%	15%	18%	20%	23%	23%	25%	25%	25%	
Policy Reserve Required		-	284,000	342,000	450,000	640,000	645,000	738,000	760,000	783,000	
Contingency & Ending Fund B		2,593,330	3,789,231	4,106,216	4,261,820	3,963,927	4,221,137	4,462,667	4,688,047	4,896,777	
OVER/(UNDER) POLICY	\$	2,593,330	\$3,505,231	\$ 3,764,216	\$ 3,811,820	\$ 3,323,927	\$3,576,137	\$ 3,724,667	\$3,928,047	\$ 4,113,777	

**FIVE-YEAR FORECAST
GENERAL FUND EXPENDITURES BY DEPARTMENT**

	Historical Data Audited Financials			Current FY Estimated FY2026	Budget +1 FY2027	Forecast				Key Assumptions
	FY2023	FY2024	FY2025			+2 FY2028	+3 FY2029	+4 FY2030	+5 FY2031	
OPERATING EXPENDITURES										
PERSONNEL SERVICES										
Administration	\$ 428,925	\$ 554,678	\$ 612,247	\$ 721,679	\$ 914,000	\$ 941,420	\$ 969,660	\$ 998,740	\$ 1,028,700	Varies
Municipal Court	58,229	36,173	38,016	41,962	47,000	48,410	49,860	51,350	52,890	Varies
Parks	20,259	10,463	8,613	9,410	46,000	47,380	48,800	50,260	51,760	Varies
Public Safety	481,927	669,306	665,649	760,365	899,000	925,970	953,740	982,350	1,011,820	Varies
Total Personnel	989,340	1,270,620	1,324,525	1,533,416	1,906,000	1,963,180	2,022,060	2,082,700	2,145,170	
MATERIALS & SERVICES										
Administration	186,726	535,676	475,854	602,700	641,100	660,330	680,130	700,530	721,540	3%
Municipal Court	8,760	5,400	5,281	6,100	6,900	7,100	7,310	7,520	7,740	3%
Parks	15,966	9,383	9,481	14,800	77,500	79,820	82,210	84,670	87,210	3%
Public Safety	48,231	66,230	74,549	83,000	104,200	107,320	110,530	113,840	117,250	3%
Non-departmental	17,748	8,084	14,719	12,000	50,000	51,500	53,040	54,630	56,260	3%
Total Materials & Servic	277,431	624,773	579,884	718,600	879,700	906,070	933,220	961,190	990,000	
TOTAL OPERATING EXPENDITURES (Personnel & M&S)										
Administration	615,651	1,090,354	1,088,101	1,324,379	1,555,100	1,601,750	1,649,790	1,699,270	1,750,240	
Municipal Court	66,989	41,573	43,297	48,062	53,900	55,510	57,170	58,870	60,630	
Parks	36,225	19,846	18,094	24,210	123,500	127,200	131,010	134,930	138,970	
Public Safety	530,158	735,536	740,198	843,365	1,003,200	1,033,290	1,064,270	1,096,190	1,129,070	
Non-departmental	17,748	8,084	14,719	12,000	50,000	51,500	53,040	54,630	56,260	
TOTAL OPERATING EXPE	\$1,266,771	\$1,895,393	\$1,904,409	\$2,252,016	\$2,785,700	\$2,869,250	\$2,955,280	\$3,043,890	\$3,135,170	
NON-OPERATING EXPENDITURES										
CAPITAL OUTLAY										
Administration	4,668	5,803	-	-	-	-	-	-	-	Based on Proje Estimated
Parks	-	-	-	-	-	-	-	-	-	
Public Safety	-	117,823	-	-	-	-	-	-	-	Vehicles
Non-departmental	-	-	-	-	-	-	-	-	-	
Total Capital Outlay	4,668	123,626	-	-	-	-	-	-	-	
CONTINGENCY										
Non-departmental	-	-	-	100,000	100,000	-	-	-	-	
Total Contingency	-	-	-	100,000	100,000	-	-	-	-	
DEBT SERVICE										
Non-departmental	-	-	155,332	450,340	470,340	480,000	400,000	320,000	320,000	Amortizatio n Schedule
Total Debt Service	-	-	155,332	450,340	470,340	480,000	400,000	320,000	320,000	

**FIVE-YEAR FORECAST
 GENERAL FUND EXPENDITURES BY DEPARTMENT**

	Historical Data Audited Financials			Current FY Estimated	Budget +1	Forecast					Key Assumptions
	FY2023	FY2024	FY2025	FY2026	FY2027	+2 FY2028	+3 FY2029	+4 FY2030	+5 FY2031		
TRANSFERS OUT											
Non-departmental:											
Building Fund	-	-	-	-	-	-	-	-	-	-	
City Hall Fund	155,400	1,510,056	3,966,414	-	-	-	-	-	-	-	
Transportation Fund	190,000	100,000	100,000	-	-	-	-	-	-	-	
SDC Stormwater Fund	75,000	25,000	-	-	-	-	-	-	-	-	
Other Funds	26,200	27,835	-	-	-	-	-	-	-	-	
Total Transfers Out	446,600	1,662,891	4,066,414	-	-	-	-	-	-	-	
TOTAL NON-OPERATING EXPENDITURES											
Administration	4,668	5,803	-	-	-	-	-	-	-	-	
Parks	-	-	-	-	-	-	-	-	-	-	
Public Safety	-	117,823	-	-	-	-	-	-	-	-	
Non-departmental	446,600	1,662,891	4,221,746	550,340	570,340	480,000	400,000	320,000	320,000		
TOTAL NON-OPERATING \$	451,268	\$1,786,517	\$4,221,746	\$ 550,340	\$ 570,340	\$ 480,000	\$ 400,000	\$ 320,000	\$ 320,000		
TOTAL BY DEPARTMENT											
Administration	620,319	1,096,157	1,088,101	1,324,379	1,555,100	1,601,750	1,649,790	1,699,270	1,750,240		
Municipal Court	66,989	41,573	43,297	48,062	53,900	55,510	57,170	58,870	60,630		
Parks	36,225	19,846	18,094	24,210	123,500	127,200	131,010	134,930	138,970		
Public Safety	530,158	853,359	740,198	843,365	1,003,200	1,033,290	1,064,270	1,096,190	1,129,070		
Non-departmental	464,348	1,670,975	4,236,465	562,340	620,340	531,500	453,040	374,630	376,260		
TOTAL DEPARTMENT EXP \$	\$1,718,039	\$3,681,910	\$6,126,155	\$2,802,356	\$3,356,040	\$3,349,250	\$3,355,280	\$3,363,890	\$3,455,170		

FIVE-YEAR FORECAST
WATER UTILITY FUND

	Historical Data Audited Financials			Current FY Estimated	Budget +1	Forecast				Key Assumptions
	FY2023	FY2024	FY2025	FY2026	FY2027	+2 FY2028	+3 FY2029	+4 FY2030	+5 FY2031	
RESOURCES										
BEGINNING FUND BALANCE	\$ 507,402	\$ 597,799	\$ 1,168,106	\$ 1,689,825	\$ 1,947,595	\$ 1,678,184	\$ 1,426,544	\$ 1,204,154	\$ 1,005,614	
REVENUES										
Fees & Charges										
Water Collections	1,102,795	1,516,226	1,591,402	1,640,000	1,660,000	1,726,400	1,795,450	1,867,260	1,941,950	4%
Meter Installations	30,377	14,940	38,684	15,000	12,000	12,360	12,730	13,110	13,500	3%
Water Sales	-	43,098	31,672	16,200	10,000	-	-	-	-	
Intergovernmental	55,418	-	206,688	312,147	-	-	-	-	-	
Interest	7,412	68,675	61,667	75,000	20,000	20,400	20,800	21,210	21,630	2%
Miscellaneous	1,194	11,397	4,173	4,300	2,000	2,000	2,000	2,000	2,000	
TOTAL REVENUES	1,197,196	1,654,336	1,934,286	2,062,647	1,704,000	1,761,160	1,830,980	1,903,580	1,979,080	
TOTAL RESOURCES	\$ 1,704,598	\$ 2,252,135	\$ 3,102,392	\$ 3,752,472	\$ 3,651,595	\$ 3,439,344	\$ 3,257,524	\$ 3,107,734	\$ 2,984,694	
REQUIREMENTS										
Personnel Services	\$ 332,848	\$ 463,732	\$ 511,957	\$ 512,357	\$ 672,500	\$ 692,670	\$ 713,450	\$ 738,420	\$ 753,180	Varies
Materials & Services	372,404	237,656	316,976	353,500	640,700	659,920	679,710	703,490	717,550	3%
Debt Service	173,681	173,056	174,756	180,000	180,000	180,000	180,000	180,000	180,000	amortization S
Transfers to Other Funds	371,648	208,000	216,357	234,020	240,211	240,210	240,210	240,210	240,210	0%
Contingency	-	-	-	-	200,000	200,000	200,000	200,000	200,000	
TOTAL EXPENDITURES	1,250,581	1,084,029	1,412,567	1,804,877	1,973,411	2,012,800	2,053,370	2,102,120	2,130,940	
TOTAL ENDING FUND BALANCE	454,017	1,168,106	1,689,825	1,947,595	1,678,184	1,426,544	1,204,154	1,005,614	853,754	

Capital Improvement Plan (CIP)

Fiscal Year 2027 Annual Budget

Overview

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

The City's Master Plan documents include the Water Master Plan, Storm Water Master Plan, and Transportation Systems Plan. These master plans identify the long-term infrastructure needs of the City as defined through community input, expert consultants, and city staff. Projects within the CIP are prioritized based on necessity, opportunity, operational resiliency, and alignment with adopted Council goals.

Following completion of the Classic Street Connection project and the City Hall facility project, the City's FY 2026–2027 CIP reflects a focused and implementable approach centered on critical infrastructure maintenance, public facility improvements, emergency preparedness, and continued stormwater planning.

This year's CIP emphasizes projects that are realistically achievable within the fiscal year while also advancing design and planning work for larger future infrastructure investments.

Funding for Capital Projects

Aside from Water Utility Fund-related maintenance and expansion projects, Manzanita has historically funded many capital needs through the General Fund, particularly roads and stormwater systems. This has created an imbalanced reliance on General Fund revenues to support both city operations and infrastructure, further increasing dependence on Transient Lodging Tax revenues, which remain one of the City's largest revenue sources.

Due to the City's relatively low property tax base, future capital projects will continue to require a combination of utility revenues, reserves, grants, state infrastructure funding, and General Fund transfers where appropriate. The City will continue to pursue external grant opportunities, including programs available through Business Oregon and other state and infrastructure resilience funding sources.

Public Works Facility Backup Generator

Overview of Project

Funding is included in the FY 2026–2027 budget to install a backup generator at the Public Works facility. The Public Works facility serves as the central hub for city maintenance operations, including water, streets, and emergency response activities.

Installation of a backup generator will allow the facility to remain operational during power outages and emergency situations, ensuring staff can maintain communications, operate critical equipment, and coordinate emergency response during storm events or other service disruptions.

This investment improves the City's operational resilience and helps ensure essential services continue without interruption.

Public Works Generator	Project Estimate (2026-2027)	
Capital Costs:		
Planning, Design and Engineering	\$	-
Construction Cost	\$	40,000
Total Estimated Capital Costs	\$	40,000
Funding Sources:		
Water Utility Fund	\$	20,000
General Fund (Facilities Maintenance Budget)	\$	20,000
Total Funding	\$	40,000

City Fuel Station Upgrades

Overview of Project

Funding is included in the FY 2026–2027 budget to repair and upgrade the City's fuel station located at the Water Treatment facility.

The project includes replacement of aging pumps, hoses, fittings, and related equipment to ensure safe and reliable operation and reduce the risk of service interruption.

A new card-reader fuel management system will allow authorized Public Works, Police, and Development Services personnel to access fuel while tracking usage by vehicle and department.

These upgrades will increase accountability, improve operational efficiency, reduce unauthorized use, and extend the life of the fueling infrastructure.

City Fuel Station Upgrades	Project Estimate (2026-2027)	
Capital Costs:		
Planning, Design and Engineering	\$	-
Construction Cost	\$	35,000
Total Estimated Capital Costs	\$	35,000
Funding Sources:		
Water Utility Fund	\$	17,500
General Fund (Facilities Maintenance Budget)	\$	17,500
Total Funding	\$	35,000

South 4th Street Storm Line Replacement – Design Phase

Overview of Project

This project continues the stormwater improvements previously identified in the City's Capital Improvement Plan under the Dorcas / 4th Street drainage project. As identified in prior planning documents, stormwater in this area has historically been conveyed through an abandoned water main as a temporary measure.

Funding in FY 2026–2027 is proposed for final engineering design and project development for replacement of the existing undersized stormwater line along South 4th Street.

The existing infrastructure has become increasingly inadequate for current and projected stormwater flows and poses ongoing risks of localized flooding, roadway damage, and impacts to adjacent properties.

At this time, full construction funding has not been identified within the existing Stormwater SDC balance and will require additional funding strategies.

Construction is anticipated to require a combination of:

- General Fund balance transfer
- external grants
- State infrastructure funding
- other future identified revenue sources

The City should continue to pursue grant opportunities, particularly through Business Oregon and other infrastructure resilience funding programs.

Fiscal Year 2027 Annual Budget
Capital Improvement Plan, Continued

South 4th Street Storm Line Replacement - Design Phase	Project Estimate (2026-2027)	FY 2027
Capital Costs:		
Planning, Design and Engineering	\$ 20,000	
Construction Cost	\$ 600,000	
Total Estimated Capital Costs	\$ 620,000	\$ -
Funding Sources:		
Storm water SDC Fund	\$ 20,000	
Unfunded		\$ 600,000
Total Funding	\$ 20,000	\$ 600,000

5th Street Public Restroom Upgrades

Overview of Project

Funding is included to renovate the public restroom facilities on 5th Street, which have experienced wear and aging infrastructure. Proposed improvements include sanitation upgrades, accessibility improvements to ensure ADA compliance, and safety improvements for residents and visitors. This project will improve visitor experience, reduce maintenance costs, and extend the useful life of this important tourism-related public facility.

5th Street Public Restroom Upgrades	Project Estimate (2026-2027)
Capital Costs:	
Planning, Design and Engineering	\$ -
Construction Cost	\$ 75,000
Total Estimated Capital Costs	\$ 75,000
Funding Sources:	
Tourism Fund	\$ 75,000
Total Funding	\$ 75,000

City Hall / Underhill Plaza Improvements

Overview of Project

This project includes installation of perimeter fencing and upgrades to existing walking paths connecting City Hall and Underhill Plaza in order to improve safety, accessibility, and functionality of the space.

The project also includes stormwater drainage improvements to better manage runoff, reduce localized ponding, and protect both new and existing infrastructure from long-term damage.

City Hall/Underhill Plaza Improvements	Project Estimate (2026-2027)	
Capital Costs:		
Planning, Design and Engineering	\$	-
Construction Cost	\$	35,000
Total Estimated Capital Costs	\$	35,000
Funding Sources:		
General Fund (Facilities Maintenance Budget)	\$	35,000
Total Funding	\$	35,000

Emergency Resiliency Hub

Overview of Project

Funding is included in the FY 2026–2027 budget to prepare the site and construct the necessary foundation and supporting infrastructure for installation of the resilience hub package awarded by the State of Oregon. This state investment represents a significant gift to the community and will enhance the City's ability to respond to emergencies, severe weather events, and service disruptions.

The project includes site preparation, hard surface foundation work, utility coordination, and any required anchoring or electrical improvements necessary to support delivery and installation of the containerized resilience hub system.

These improvements will ensure the City is prepared to fully utilize this important emergency response asset and maximize the long-term benefit of the State's investment.

Emergency Resiliency Hub	Project Estimate (2026-2027)	
Capital Costs:		
Planning, Design and Engineering	\$	-
Construction Cost	\$	30,000
Total Estimated Capital Costs	\$	30,000
Funding Sources:		
General Fund (Non-Department Emergency Management)	\$	30,000
Total Funding	\$	30,000



APPENDIX
Fiscal Year 2027 Annual Budget



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

NOTICE OF BUDGET COMMITTEE MEETING

A public meeting of the Budget Committee of the City of Manzanita, Tillamook County, State of Oregon, on the budget for the fiscal year July 1, 2026, to June 30, 2027, will be held on Tuesday, April 28, 2026, at 2:00 p.m. This is a hybrid meeting. The public may attend in person or via Zoom. The purpose of the meeting is to receive the budget message and proposed budget document. A copy of the budget document may be obtained on or after April 24, 2026, at 655 Manzanita Ave., Manzanita, OR 97130 or online at <http://www.ci.manzanita.or.us>. An additional Budget Committee meeting will be held on Wednesday, April 29, 2026, at 2:00 p.m., if needed.

This meeting will also be hybrid. These are public meetings where deliberation of the Budget Committee will take place. Public comment will not be taken at the April 28 and April 29 meetings. On Tuesday, May 5, 2026, at 6:00 p.m., the Budget Committee will hold a public hearing to receive public comment, including comment on proposed uses of State Revenue Sharing. This meeting will be held virtually (Zoom only). Any person may appear at this meeting to provide public comment on the proposed programs with the Budget Committee.

In-person location: City Hall, 655 Manzanita Ave., Manzanita, OR 97130.

Login information will be available on the City's website at <http://www.ci.manzanita.or.us> beginning April 17, 2026. You may also contact the City of Manzanita at cityhall@ci.manzanita.or.us to obtain login information.

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



City of Manzanita

COUNCIL RESOLUTION No. 22-13

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

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

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

Now, Therefore, be it Resolved:

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

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

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

This resolution is effective on June 15, 2022.

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

Michael Scott, Mayor

ATTEST:

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

Leila Aman, City Manager/ City Recorder



City of Manzanita

COUNCIL RESOLUTION No. 22-17

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

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

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

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

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

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

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

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

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

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

Michael Scott, Mayor

ATTEST:

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

Leila Aman, City Manager/ City
Recorder



City of Manzanita

COUNCIL RESOLUTION No. 23-01

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

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

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

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

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

Introduced and adopted by the City Council on 3/8/23.

This resolution is effective on 3/9/23.

Handwritten signature of Deb Simmons in cursive script.

Deb Simmons, Mayor

ATTEST:

Handwritten signature of Leila Aman in cursive script.

Leila Aman, City Manager/ City Recorder



COUNCIL RESOLUTION No. 26 - 04

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANZANITA, OREGON,
ADOPTING THE FISCAL YEAR 2026-2027 SALARY SCHEDULE FOR CITY EMPLOYEES.**

WHEREAS, the City of Manzanita periodically reviews employee compensation to ensure salaries remain competitive, equitable, and aligned with organizational responsibilities; and

WHEREAS, the City has completed a salary review and market comparison of similarly situated municipal positions, including review of internal compensation relationships across supervisory, management, technical, and operational classifications; and

WHEREAS, the Consumer Price Index for the Western Region has increased approximately 3%, and the City Council finds that incorporation of a 3% cost-of-living adjustment (COLA) into the Fiscal Year 2026–2027 salary schedule is appropriate to maintain purchasing power and support employee retention; and

WHEREAS, in addition to the general COLA incorporated into the salary schedule, the City Council finds that targeted compensation adjustments are necessary to address identified market deficiencies and internal salary compression affecting certain key positions, including the Public Works Director, Finance Director, Planning & Permit Technician, Band 8 classifications, and Operations Manager; and

WHEREAS, the Council further finds that these targeted equity adjustments are necessary to maintain appropriate compensation relationships between supervisory and subordinate classifications and to align salaries with market conditions, organizational responsibility, and recruitment and retention needs; and

WHEREAS, the salary schedule attached hereto as Exhibit A reflects both the incorporated 3% COLA adjustment for all positions and the additional targeted equity adjustments described herein; and

WHEREAS, the City Council finds that adoption of the attached salary schedule is in the best interest of the City and necessary for the effective administration of City services.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MANZANITA, OREGON, as follows:

Section 1. Adoption of Salary Schedule

The salary schedule for City employees for Fiscal Year 2026–2027, attached hereto as Exhibit A and incorporated herein by this reference, is hereby adopted effective July 1, 2026.

Section 2. Equity and Compression Adjustments

The adopted salary schedule includes targeted equity and compression adjustments for identified classifications, including the Public Works Director, Finance Director, Planning & Permit Technician, Band 8 positions, and Operations Manager, in order to address market deficiencies, maintain internal equity, and preserve appropriate supervisory salary separation.

Section 3. Administrative Placement

The City Manager is authorized to place current employees within the adopted salary schedule at the step nearest to, but not less than, their current base rate of pay, unless otherwise directed by Council action.

Introduced and adopted by the City Council this 8TH day of April, 2026.



Kathryn Stock, Mayor

ATTEST:



Leila Aman, City Manager/ City Recorder

Exhibit A

2026-2027 Salary Schedule

	STEP		A	B	C	D	E
Group 4 - Department Leadership	15-20						
	17	Police Chief	8,565	8,994	9,442	9,915	10,410
	16	Public Works Director	8,150	8,560	8,990	9,440	9,910
	16	Finance Director	7,950	8,350	8,770	9,210	9,670
		Development Services					
	15	Manager	7,426	7,798	8,187	8,597	9,026
	15	Police Sergeant	7,268	7,630	8,012	8,412	8,832
Group 3 - Supervisory / Program Management	10-14						
	11	Operations Manager	6,050	6,350	6,670	7,005	7,355
Group 2- Senior Technical / Administrative 6-9							
	9	Police Officer	5,714	6,001	6,299	6,615	7,242
	8	Utility Worker II (new)	5,150	5,410	5,680	5,960	6,260
		Accounting & Admin					
	8	Specialist	5,150	5,410	5,680	5,960	6,260
		Planning & Permit					
	8	Technician	5,150	5,410	5,680	5,960	6,260
	7	Assistant City Recorder	4,962	5,210	5,471	5,743	6,033
		Utility Services Specialist (new)					
7	STR Program Manager	4,962	5,210	5,471	5,743	6,033	
Group 1 - Skilled Operational Positions	1-5						
	4	Utility Worker I (new)	4,250	4,462	4,684	4,919	5,165
	4	Facilities Worker II (new)	4,250	4,462	4,684	4,919	5,165
	3	Facilities Worker I (new)	4,038	4,238	4,451	4,673	4,907



City of Manzanita

COUNCIL RESOLUTION No. 26-01

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANZANITA, OREGON,
REPEALING THE 2025-2026 MASTER FEE SCHEDULE AND ADOPTING THE 2026-2027
MASTER FEE SCHEDULE**

WHEREAS, the City of Manzanita collects fees, rates, and charges pursuant to various ordinances and resolutions, which have been consolidated into a Master Fee Schedule; and

WHEREAS, in 2024 the City adopted a consolidated Master Fee Schedule to promote transparency, administrative efficiency, and annual review in conjunction with the City's budget process; and

WHEREAS, Section 17 of Ordinance 90-8 authorizes the City Council to adopt water rates and service charges by resolution; and

WHEREAS, ORS 455.210(3)(a) authorizes municipalities to adopt reasonable building code fees by regulation; and

WHEREAS, Ordinance 23-02 Section 8.D.3 authorizes annual adjustment of System Development Charges based on the Engineering News Record Construction Cost Index; and

WHEREAS, the proposed 2026–2027 Master Fee Schedule includes:

- An inflationary adjustment to water rates of 4.67% based on a five-year average Consumer Price Index for water and sewerage maintenance;
- Adjustments to land use and development fees to improve transparency and cost recovery;
- A 3% inflationary adjustment to certain administrative, public works, and police fees; and

WHEREAS, the City Council finds that the fees, rates, and charges set forth in Exhibit A are reasonable and necessary to recover costs and provide municipal services

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

Section 1. The 2025–2026 Master Fee Schedule is hereby repealed.

Section 2. The 2026–2027 Master Fee Schedule, attached hereto as Exhibit A and incorporated herein by this reference, is hereby adopted.



City of Manzanita

This resolution is effective on July 1, 2026.



Kathryn Stock, Mayor

ATTEST:



Leila Aman, City Manager/ City
Recorder

MASTER FEE SCHEDULE

CATEGORY	ITEM	INCLUDED IN BASE FEE	ADDITIONAL FEES	FEE
SHORT TERM RENTAL	New Application			\$650.00
	Periodic Re-Inspection			\$350.00
	Follow Up Inspection			\$325.00
	Random Inspection			\$225.00
	Annual Renewal			\$850.00
WATER UTILITY - SYSTEM DEVELOPMENT CHARGES	Water System Development Charges. 3/4" x 5/8" Water Service		Requires Tier 2 ROW Permit and New Water Service fee. (Materials cost may vary)	\$7,107.26
	Water System Development Charges. 1" Water Service (2 EDU)			\$17,578.58
	Water System Development Charges. 1 - 1/2 " Water Service (4.5 EDU)			\$31,983.66
	Water System Development Charges. 2" Water Service (8 EDU)			\$56,860.07
	Water System Development Charges. 3" Water Service (18 EDU)			\$127,935.66
	Water System Development Charges. 4" Water Service (32 EDU)			\$227,441.28
WATER UTILITY RATE SCHEDULE	Inside Commercial Monthly Water Rate	5/8" x 3/4" Meter	Plus Inside City Consumption unit	\$62.32
		1" Meter		\$87.25
		1 1/2" Meter		\$112.19
		2" Meter		\$180.74
		3" Meter		\$686.60
	Outside Commercial & Residential Monthly Water Rate	5/8" x 3/4" Meter	2 units included in Residential base, Plus Outside City Consumption unit	\$74.79
		1" Meter		\$104.63
		1 1/2" Meter		\$134.61
		2" Meter		\$216.87
		3" Meter		\$823.65
	Inside Residential Monthly Water Rate	5/8" x 3/4" Meter	2 units included in base.	\$51.94
		1" Meter		\$93.49
		1 1/2" Meter		\$150.61
		2" Meter		\$180.74
		3" Meter		\$581.14
	Inside City Consumption unit	Tier 1	Commercial 0 - 5,000 Residential 2,001 - 5,000	\$10.37
		Tier 2	Commercial 5,001 - 10,000 Residential 5,001 - 10,000	\$12.02
		Tier 3	Commercial +10,001 Residential +10,001	\$13.38

CATEGORY	ITEM	INCLUDED IN BASE FEE	ADDITIONAL FEES	FEE	
WATER UTILITY RATE SCHEDULE	Outside City Consumption unit	Tier 1	Commercial 0 - 5,000 Residential 2,001 - 5,000	\$12.45	
		Tier 2	Commercial 5,001 - 10,000 Residential 5,001 - 10,000	\$14.41	
		Tier 3	Commercial +10,001 Residential +10,001	\$16.06	
	Wholesale Water - Monthly Water Rate (Rt 53 & Tideland)			Per Hydrant	\$155.61
	Wholesale Consumption unit, per unit				\$3.00
	Bulk Hydrant Water Meter				\$30.90
	Bulk Hydrant Water Meter and equipment per item daily rental fee				\$20.60
	Delinquent Notice				\$5.15
	Shut Off Notice				\$41.20
	Delinquent Turn-off or turn-on. Regular business hours.				\$51.50
	Delinquent turn-on. Water restoration during non-working hours, holidays, and weekends. Service is not available 8:00pm - 8:00am	Double fee of delinquent Turn-off or turn-on. Regular business hours.			\$103.00
	Water Account sent to collections				\$51.50
	Same day water turn-on or off service (other than emergency or shut-off for delinquency)	Regular business hours.			\$41.20
	NSF				\$50.00
	Water Service Transfer Fee				\$61.80
	Fire Hydrant - Fire Flow Test				\$206.00
	Lien Search				\$20.60
Water meter Install			*Includes 3/4" x 3/4" meter ONLY if requested for residential fire sprinkler systems. Requires Tier 2 ROW Permit.	\$1,436.85	
STORM WATER	Storm Water, System Development Charges	Storm drainige into a city maintained system.	Requires Tier 2 or 3 ROW Permit for a phycial connection to a approved storm system.	\$1,766.45	

CATEGORY	ITEM	INCLUDED IN BASE FEE	ADDITIONAL FEES	FEE
PARK SYSTEM DEVELOPMENT CHARGES	Park Fees, System Development Charges			\$62.00
RIGHT OF WAY PERMITS AND TRAFFIC CONTROL PLAN REVIEW	Tier 1 ROW Permit			\$103.00
	Tier 2 ROW Permit		Performance deposit based on disturbance of materials maybe required. Minimum performance deposit is \$250. Conrete and asphalt cut \$30.00 per square foot.	\$309.00
	Tier 3 ROW Permit		Base fee covers first 2 sheets, additional sheet review cost is \$400 per sheet. Performance deposit based on disturbance of materials may be required.	\$2,987.00
	Tier 3 ROW Inspections up to 20 hours.		Additional hours will be billed at a rate of \$100 per hour.	\$2,008.50
	Tier 3 ROW Permit Plan Re-review or Supplemental review (More than 3 reviews)		Additional hours will be billed at a rate of \$100 per hour if review is expected to exceed 2 hours.	\$236.90
	Agreement for Public Improvements (Bond)		\$3,000 Fee is a deposit to cover time and materials. If time exceeds the base, notice will be given on needed amount.	\$3,090.00
	Tier 1 Traffic Control Plan Review			\$206.00
	Tier 2 Traffic Control Plan Review			\$1,648.00
	Tier 3 Traffic Control Plan Review			\$3,708.00
	Road Grading Permit		Permit is for road edge grading to city standard. If work done out side of requirements a Tier 1 or 2 permit may be required.	\$0.00
OTHER PUBLIC WORKS FEES	Equipment use Fee	\$20.00 Per business day. Items include Metal detector, 2 baracades, 10 traffic cones	This covers public use of cones and metal detector.	\$20.60

CATEGORY	ITEM	INCLUDED IN BASE FEE	ADDITIONAL FEES	FEE
COURT	Late payment fee			\$15.45
	Return Item/NSF Fee			\$51.50
	Failure to Appear for Trial			\$118.45
	License Suspension			\$118.45
	Payment Plan			\$61.80
	Turnover to Collections			\$61.80
POLICE DEPARTMENT	Police Reports	Staff Hourly Rate	These are processed as records requests	\$0.00
	Finger Printing			\$36.05
POLICE DEPARTMENT	Admin Costs Associated with Towed Vehicles			\$386.25
ADMIN	NSF			\$50.00
	Business License Permit-Billed Annually	1-2 Employees		\$103.00
		3-5 Employees		\$139.00
		6+ Employees		\$180.00
	Copying Fee	Per page		\$0.25
	Special Event Permits			\$0.00
	Records Requests	Employee hourly rate		Hourly

PLANNING FEES

Application Type	Review Type	Decision Body	Administrative Base Fee (1)	Consultant / Legal / Engineering Deposit (2)
Address Request	Type 1	Staff	\$100	None
Administrative / Minor Pre-Application Meeting (30 minutes)	Type 1	Staff	\$250	None
Tree Removal Permit	Type 1	Staff	\$150	None
Temporary Permit (3)	Type 1	Staff	\$75	\$750
Property Boundary Adjustment (3)	Type 1	Staff	\$115	\$750
Final Plat – Partition	Type 1	Staff	\$100	\$500
Final Plat – Subdivision	Type 1	Staff	\$150	\$1,000
Performance Bond Review	Type 1	Staff	\$115	\$3,000
Pre-Application Conference (1 hour)	Type 1	Staff	\$500	None
Zoning Interpretation (Written Request)	Type 1	Staff	\$300	None
Extension of Land Division Approval	Type 1	Staff	\$300	None
Replat / Plat Amendment (Minor)	Type 1	Staff	\$300	None
Dune Grading – Remedial/Construction	Type 1	Staff	\$400	None
Partition (2–3 Parcels)	Type 2	Staff	\$535	\$1,500
Subdivision (4+ lots)	Type 2	Staff	\$690	\$3,000
Expedited Land Division	Type 2	Staff	\$575	\$1,500
Middle Housing Land Division	Type 2	Staff	\$575	\$1,500
Design Review	Type 2	Planning Commission	\$500	\$1,500
Conditional Use	Type 2	Planning Commission	\$460	\$1,500
Variance	Type 2	Planning Commission	\$460	\$1,500
Street Standards Modification	Type 2	Planning Commission	\$400	\$3,000
Planned Unit Development (PUD)	Type 2	Planning Commission	\$690	\$3,000
Zone Change	Quasi-Judicial	Planning Commission / City Council	\$690	\$3,000
Annexation	Quasi-Judicial	Planning Commission / City Council	\$690	\$3,000
Amendment to Urban Growth Boundary	Quasi-Judicial	Planning Commission / City Council	\$690	\$3,000
Appeal (Administrative Decision)	Quasi-Judicial	Planning Commission / City Council	\$250	None

NEXT PAGE

1. Administrative Base Fees are based on midpoint estimates of City staff time required to intake, coordinate, notice, schedule, conduct meetings, and issue land use decisions for a typical application. These fees recover City administrative costs only.

2. When an application is expected to require review by a planning consultant, attorney, and/or engineer, the city may require a deposit toward anticipated professional services costs prior to commencing review. Deposits shall be applied to actual costs incurred at the City's contract rates. Any unused portion shall be refunded. Additional deposits may be required if costs exceed the initial deposit.

3. Deposits for Temporary Permits and Property Boundary Adjustments are required only when professional consultant, legal, and/or engineering review is needed due to site constraints or application complexity.

BUILDING FEES

STRUCTURAL PERMIT FEE TABLE				
Valuation	Fee			
\$1 - \$500	\$109.18			
\$501 - \$2000	\$109.18	For the first \$500 plus	\$4.65	For each additional \$100 or fraction thereof, to and including \$25,000
\$2001 - \$25000	\$178.93	For the first \$2,000 plus	\$18.56	For each additional \$1,000 or fraction thereof, to and including \$25,000
\$25001 - \$50000	\$605.81	For the first \$25,000 plus	\$13.93	For each additional \$1,000 or fraction thereof, to and including \$100,000
\$50001 - \$100000	\$954.06	For the first \$50,000 plus	\$9.30	For each additional \$1,000 or fraction thereof, to and including \$100,000
\$100001 - and up	\$1,419.06	For the first \$100,000 plus	\$7.74	For each additional \$1,000 or fraction thereof
When a structural permit is required by the state building code for retaining walls, decks, fences, accessory structures, etc – see Structural Permit fees by valuation				
OTHER STRUCTURAL FEES				
Structural Plan Review (when applicable)	75% of structural permit fee			
Additional Plan Review (when applicable) - 30 minute minimum	\$109.18			
Fire Life Safety Plan Review (when applicable)	50 % of structural permit fee			
Each additional inspection, above allowable- per each	\$109.18			
Re-Inspection - per each	\$109.18			

Inspections for which no fee is specifically indicated (as required) - hourly. Minimum 1 hour	\$109.18
Inspections outside of normal business hours. Minimum 2 hours	\$109.18
Deferred Submittal Plan Review Fee - in addition to project plan review fees	65% of the building permit fee calculated using the value of the deferred portion with a \$250 minimum
Phased Project Plan Review Fee – in addition to project plan review fees	\$324.25 minimum plus 10% of total project building permits, not to exceed \$1500.00 for each phase. In addition to standard plan review fees.
Structural demolition – complete demolition, not subject to State Surcharge	\$1,000.00
Structural alteration (not demo) – partial, soft, interior	See Structural Permit Fee table by valuation, incurs State Surcharge
Structural Minimum Permit Fee	\$109.18
Moving structure permit, other than U-1	\$601.00
Re-Roof residential when a permit is required	\$109.18
Commercial re-roof	See Structural Permit Fee table by valuation, incurs State Surcharge
Residential Fire Suppression- Standalone System 13R, fee includes plan review (See Plumbing Fee section for Continuous Loop/Multipurpose System 13D)	
Square Footage of Area to be Covered	Fee
0 – 2000 sq ft	\$412.00
2001 – 3600 sq ft	\$515.00
3601 - 7200 sq ft	\$669.50
7201 sq ft and greater	\$824.00
Commercial Fire Suppression	See Structural Permit Fee table by valuation
Solar Permit – Prescriptive Path System, fee includes plan review. Separate Electrical Permit required, contact Tillamook County.	\$218.36
Solar Permit – Non-Prescriptive Path System	Fee as per Structural Permit Fee table by valuation to include the solar panels, racking, mounting elements, rails and the cost of labor to install. Solar electrical equipment including collector panels and inverters shall be excluded from the Structural Permit valuation.

Investigation Fees - actual or average cost may include supervision, overhead, equipment, and/or rate/wage of the employee(s) involved. Applicable to all disciplines.

Investigation Fee – hourly. Minimum 2 hours	\$109.18
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When applicable, structural permits use valuation as determined by ICC Valuation Table current as of April 1 of each year, as per OAR 918-050-0000.

MANUFACTURED DWELLING PLACEMENT FEE*

Manufactured Dwelling Placement Fee *	
Single wide	\$208.60
Double wide	\$416.12
Triple wide	\$622.12
Earthquake resistant bracing system (when not part of original dwelling installation)	\$109.18
State (Cabana) Fee	\$30.00

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

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

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

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

MECHANICAL PERMIT FEES

Residential	Fee – per each appliance
Air conditioner	\$57.68
Air handling unit of up to 10000 cfm	\$42.23
Air handling unit 10001 cfm and over	\$57.68
Appliance of piece of equipment regulated by code but no classified in other appliance categories	\$42.23
Attic or crawl space fans	\$28.84
Chimney/liner/flue/vent	\$46.35
Clothes dryer exhaust	\$42.23
Decorative gas fireplace	\$42.23

Ductwork-no appliance/fixture - per each	\$42.23
Evaporative cooler other than portable	\$75.19
Floor furnace, including vent	\$57.68
Flue vent for water heater or gas fireplace	\$42.23
Furnace – less than 100000 BTU	\$66.95
Furnace – more than 100000 BTU	\$57.68
Furnace/burner including duct work/vent/liner	\$57.68
Gas or wood fireplace/insert	\$42.23
Gas fuel piping outlets 1 – 4 outlets	\$23.69
Each additional outlet	\$7.21
Heat pump	\$75.19
Hood served by mechanical exhaust, including ducts for hood	\$42.23
Hydronic hot water system	\$57.68
Installation or relocation domestic/type incinerator	\$57.68
Mini split system	\$75.19
Range hood/other kitchen equipment	\$42.23
Suspended heater, recessed wall heater, or floor mounted heater	\$57.68
Ventilation fan connected to single duct	\$28.84
Ventilation system not a portion of heating or air-conditioning system authorized by permit	\$42.23
Water heater	\$57.68
Wood/pellet stove	\$42.23
Other heating/cooling	\$42.23
Other fuel appliance	\$42.23
Other environment exhaust/ventilation	\$42.23
Commercial Mechanical Fees	
Fee as per Structural Permit Fee table by valuation	
Other Mechanical Fees	
Mechanical Plan Review (when applicable)	35% of mechanical permit fee
Additional Plan Review (when applicable) –	\$109.18
Reinspection – per each	\$109.18
Each additional inspection, above allowable – per each	\$109.18

Inspections for which no fee is specifically indicated – per each (as required). Minimum 1 hour.	\$109.18
Inspection outside of normal business hours. Minimum 2 hours.	\$109.18
Investigation fee - Mechanical	\$109.18
Mechanical Minimum Permit Fee	\$109.18
PLUMBING PERMIT FEES	
New 1&2 Family Dwelling – includes one kitchen, first 100 feet each of site utilities, hose bibbs, icemakers, underfloor low-point drains, and rain drain packages that include the piping, gutters, downspouts, and perimeter system. Half bath counted as whole.	
One bathroom, one kitchen	\$370.80
Two bathrooms, one kitchen	\$404.79
Three bathrooms, one kitchen	\$456.29
Each additional bathroom > 3 – or – kitchen >1	\$53.56
Each additional 100 ft or fraction thereof of site utilities – water, sewer, storm (which includes rain, footing, trench, and leach) – first 100 ft included in bathroom/kitchen fee	\$46.35
Commercial and Non-New Residential	
Site Utilities	Fee
Sanitary Sewer - First 100 feet or less	\$84.46
Sanitary Sewer - Each additional 100 feet	\$46.35
Storm – first 100 feet or less	\$84.46
Storm – Each additional 100 feet or fraction	\$46.35
Water – first 100 feet or less	\$84.46
Water – Each additional 100 feet or fraction	\$46.35
Fixtures	Fee – per each
Absorption valve	\$28.84
Backflow preventer	\$57.68
Backwater valve	\$28.84
Catch basin or area drain	\$28.84
Clothes washer	\$28.84
Dishwasher	\$28.84
Drinking fountain	\$28.84
Ejectors/sump pump	\$28.84
Expansion tank	\$28.84
Fixture cap	\$28.84
Floor drain/floor sink/hub drain	\$28.84
Garbage disposal	\$28.84

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

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

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