



# Budget Narrative

Fiscal Year 2024-2025

A budget document is a written guideline outlining the City's comprehensive fiscal picture for the next operating year. Oregon Budget Law (ORS 294) specifies a process and recommended format for the City's annual budget. The accounting system is structured to maintain the identity of the revenues (resources) and expenditures for each Fund. This is accomplished by providing a balancing set of accounts. Every Fund within our budget must be balanced, which means that revenues must equal expenditures. The City uses a cash basis of accounting.

The City of Gearhart's budget has the following Fund categories:

1. General Fund. This Fund is the City's largest Fund with the most transactions. It documents the general operating revenues and expenditures and is considered the City's primary accounting Fund. The City of Gearhart's General Fund 10 is subdivided into departments (Administrative 10-10; Police 10-12; Fire 10-13; Non-Departmental 10-14; Municipal Court 10-15; Planning 10-17; and Parks 10-18). Building 10-11 is no longer used in the General Fund because it has been relocated to a newly created Fund in the budget (Fund 40 Building).
2. Debt Service Fund. Debt Service Fund 20 accounts for general long-term debt obligations. These expenditures are the principal and interest payments due for the construction of the water treatment facility.
3. Enterprise Funds. These Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurements similar to the private sector. The City has Water (Operating) Fund 30 and Water Reserve Fund 71. Water Improvement Construction Fund 25 has been eliminated due to completion of the project and the transfer of any remaining resources. It will remain in the budget through the historical retention requirements.
4. Special Funds. These Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes to finance particular functions or activities of the City. The City of Gearhart has Building (Structural, Plumbing, Mechanical) Fund 40; Bench Fund 41; State Revenue Sharing Fund 45; State Street Fund 60; Public Works Major Equipment Reserve Fund 78; and Gearhart Road District Fund 50.
5. Capital Projects Funds. These Funds account for financial resources used to acquire/construct major capital facilities and/or acquire capital assets. The City of Gearhart has Police Car Reserve Fund 72; Fire Apparatus and Equipment Reserve Fund 74; Hazardous Mitigation Fund 75; and Building Reserve Fund 79.

The overall format has remained the same, but there continues to be refinement on descriptions headings and combining accounts. Department heads are encouraged to merge similar accounts while

still maintaining the transparency of the type of purchase; work to make account descriptions uniform across departments; and eliminate accounts that are not necessary.

Please note that only important or significant changes will be presented during the budget meeting; however, requests for additional information or questions are welcome.

Before I begin discussing specifics, I will give an overview of the payroll cost factors that impact almost every Fund and are represented in Personnel Services. This will eliminate the redundancy of hearing the same information multiple times while still giving you a clear vision of the economic factors impacting one of the largest operating expenditures in this budget (which are payroll associated).

The budget has been prepared with the following payroll assumptions:

- The City of Gearhart is budgeting a 3.2% cost of living (COLA) salary increase with anniversary step (when applicable), which is the established 2024 COLA by the Social Security Administration and sanctioned in the Employee Handbook.
- Workers' Compensation rates have been increased by a projected 5%.
- Retirement – The City of Gearhart participates in the Public Employees Retirement System (PERS) to provide a retirement plan for employees. There are three separate employer rates (Tier One/Tier Two, OPSRP General, OPSRP Police/Fire), to which employers contribute a percentage of employee salary. Each benefit program has a different assigned employer rate that is determined by the PERS Board, which is approved for each biennium. The mandated employer rates effective July 1 will remain the same and are Tier One/Tier Two 25.10%; OPSRP General 18.22%; and OPSRP Police and Fire 23.01%. It is important to note that based on current estimates, the PERS actuary projects a system-wide average employer rate of 27% beginning July 1, 2025.
- Insurance Benefits (Medical, Dental, Vision, Life, Accidental Death & Dismemberment, Long-Term Disability) – CIS (Citycounty Insurance Services), was formed by the League of Oregon Cities and the Association of Oregon Counties to meet the risk management and employee benefit needs of Oregon cities, counties and other eligible local governments. Insurance is provided to all full-time employees. This budget includes a monthly employer contribution of up to \$2,705.00 per employee. The average rate increase is estimated at 8.4%.
- Unemployment rates and workers' assessment benefit fund tax have been budgeted with very slight decreases. The City is aware of the Oregon paid leave mandates that require both an employee and an employer contribution; however, because of our size, the City is not required to pay the employer portion.

Page 1 and 2, Resources General Fund 10.

- ❖ Resources - Line 1 Beginning Fund Balance - Cash on Hand. The City is anticipating a strong ending fund balance. Key factors for this are continued strong transient room tax collections and revenues received from previous fiscal years, but were not spent by June 30 (e.g., Duncan's Crossing; Pickleball; American Rescue Plan; Park and Bench Project).
- ❖ Resources - Line 2 Property Tax was budgeted at a 3% increase with a reduction for discounts and other uncollectible amounts. The City's permanent tax rate is \$1.0053 per \$1,000 of assessed value. At this point, the Clatsop County Assessor's office does not see any significant impacts on property tax. They did, however, indicate that Georgia Pacific remains a factor in the

coming years. They have applied for a new Strategic Investment Program (SIP) that will be reflected on the 2026-2027 tax years and for the next 15 years.

- ❖ Resources – Line 3 Property Tax – Prior. Please note that when looking at the historical data, 2022-2023 had additional prior year payments due to refund credits for final appeal resolutions with Century Link and Georgia Pacific.
- ❖ Resources – Lines 4, 5, 6, 7 Building. Please note that a revenue line for Building Plan Review (line 5) had to be added for historical data. Also, as reported last year, new legislation requires the City to differently track the Building department resources and expenditure. Building Fund 40 has been established in Special Funds. Revenue accounts will remain in this section until the historical retention requirements have been met.
- ❖ Resources – Line 8 Franchise CenturyLink/Qwest has been reduced based on a continued decrease in this type of franchise fee.
- ❖ Resources – Lines 13, 14 Grant(s) have no allocations, but must remain for historical retention requirements.
- ❖ Resources – Line 15 Grant Fire Staffing has been added. Because it continues to be a regular revenue stream and has already been approved for next fiscal year, it has been added as an independent revenue account.
- ❖ Resources - Line 16 Grant Restricted resources have been allocated. This allows the City a convenient way to accept any future grant awards. It provides appropriations for specific restricted grants that have not been awarded. They are classified as potential future grants.
- ❖ Resources – Line 17 Interest. Interest has continued to outperform expectations. According to the State of Oregon’s last revenue outlook, the just completed Fiscal Year 2023 interest earnings for Oregon were more than the State received in the previous 10 years combined.
- ❖ Resources – Line 19 Conflagration/Mobilization allocations are revenues reimbursed by the State of Oregon for Gearhart firefighters and equipment that are deployed to wildfire incidents.
- ❖ Resources – Line 22 Other GRFPD. The Gearhart Rural Fire Protection District (GRFPD) has an agreement with the Gearhart fire department to provide fire prevention, protection, suppression aid, and emergency medical response for their taxpaying district.
- ❖ Resources – Line 26 Other Technology Fee has been added. The City has imposed a technology fee on certain planning activities, which was approved by Ordinances in March 2023. It also had incurred historical data.
- ❖ Resources – Lines 27 and 28 Other have had no allocations assigned because the City does not anticipate receiving any revenues from these type of sources; however, they must remain for historical reference requirements.
- ❖ Resources - Line 31 Marijuana tax has been adjusted. Based on anticipated collections, the amount has been reduced. According to the League of Oregon Cities (LOC), “marijuana revenue has seen a downward trend since the market is saturated with an oversupply of product, which has driven prices down.” Also, please note that the City received a large payment from the State of Oregon in 2021-2022 for local tax being incorrectly collected at the State level over a several year period. The historical data reflects this large, one-time payment.
- ❖ Resources – Line 32 Tax Oregon Liquor Control Commission Tax. There is not as much anticipated revenue growth in this source because, according to the LOC, “changes made during the 2021 legislative session to increase compensation to liquor store agents and distillery tasting room owners have reduced net distributions from this revenue source.”
- ❖ Resources - Line 33 Transient Room Tax continues to be a lucrative revenue source. Revenue collections have been steady.
- ❖ Overall, the General Fund resources show a growth of \$1,147.54 or .038%.

Page 3 and 4, Administrative Department 10-10.

- ❖ This Fund is supportive of all departments within the General Fund. Collaborative costs that are not easily identifiable by department (e.g., utilities, office equipment, insurance, and office supplies) are charged to this category.
- ❖ Personnel Services - Expenditure – Line Benefit – Auditors Adjustments have been removed from the budget. This account was longer necessary, and the required historical data information had dropped off.
- ❖ Materials and Services - Expenditure - Line 16 Legal Services has decreased. The City now has a retainer based agreement with the City Attorney.
- ❖ Materials and Services - Expenditure - Line 17 Consumable Supplies/Materials has been reduced.
- ❖ Materials and Services – Line 19 Telephone has been reduced. The City has moved to a new VOIP system, and each department is allocated some of the monthly costs. There is also an independent phone line charged here, which is still needed for fax purposes.
- ❖ Materials and Services - Expenditure – Line 20 Utilities – Electricity & Gas has been reduced based on historical data.
- ❖ Materials and Services - Expenditure – Line 22 Materials & Consumable Supplies – General has been combined with Consumable Supplies/Materials to eliminate redundancy. It will remain in the budget until the historical data is no longer required.
- ❖ Materials and Services - Expenditure - Line 23 Insurance – Property, Liability, Auto has been increased. This line item includes all the liability responsibilities for all departments except water. According to preliminary rate information released at CIS’s renewal strategy meeting, the large premium increases are due to the overall Trust performance (claim activity and value inflation).
- ❖ Materials and Services - Expenditure - Line 24 City Hall Maintenance has been decreased.
- ❖ Materials and Services - Expenditure - Line 25 Purchased Services has been reduced. This account supports professional contract services (e.g., janitorial services, window washing, yard maintenance).
- ❖ Materials and Services - Expenditure - Line 29 Elected Official Expenses provides the City Council and Mayor an opportunity for professional development, reasonable reimbursements, and/or community outreach.
- ❖ Materials and Services - Expenditure - Line 30 Professional Services was combined with Purchased Services last budgeting cycle. The information in this account will be kept through the historical retention period.
- ❖ Materials and Services - Expenditure - Line 32 Payroll Processing Fee renamed (previously Assist Payroll Processing). The City uses Intuit QuickBooks for payroll related services (e.g., direct deposit, W2 filing).
- ❖ Materials and Services - Expenditure - Line 33 Dues & Fees has been reduced. This account is primarily used for service fees (e.g., credit card machine; bank). The largest contributor of credit card usage fees is the building department and with the creation of the building fund, their portion of the fees have been moved to Fund 40.

Page 5, Building Department 10-11.

- ❖ As mentioned last year, due to changes in reporting requirements, a new Special Fund 40 Building (Structural, Plumbing, Mechanical) has been created to account for building

department transactions. The information in this section will be kept through the historical retention period.

Pages 6 - Police Department 10-12.

- ❖ Personnel Services - Expenditure - Line 2 Salary – Chief of Police has been adjusted. To maintain a competitive wage and align salaries between City positions that have the same level of responsibility, this wage has been equalized with the Fire Chief salary schedule.
- ❖ Personnel Services – Expenditure – Line 3 – Police Officers. Please note that for historical reference, the City had an open, unfilled FTE in 2021-2022 and 2022-2023.
- ❖ Personnel Services – Expenditure – Line 4 – Overtime Pay. Although this account has been historically over budget, moving forward with a fully staffed department, the goal would be to stay within budgeted amounts.
- ❖ Personnel Services - Expenditure – Lines Salary Relief Police, Cop’s Grant, and Traffic Safety Grant Overtime allocations have been eliminated. They have been deleted because they had no budgeted amounts in 2023-2024 or any historical data.
- ❖ Materials and Supplies - Expenditure - Line 14 Legal Services has no allocations. If services are needed, they are covered under the City Attorney retainer agreement.
- ❖ Materials and Supplies - Expenditure - Line 15 Consumable Supplies/Materials has been reduced. Many of the general supplies for all departments are purchased under the Administrative department’s budget (e.g., binders, paper clips, pens, post-it notes).
- ❖ Materials and Supplies - Expenditure - Line 16 Telephone has been increased. As mentioned earlier the City has changed telephone providers. This account represents both the VOIP system and City provided cell phones.
- ❖ Materials and Supplies - Expenditure - Line 20 Professional Development has been decreased.
- ❖ Materials and Supplies - Expenditure - Line 21 Educational Materials has no allocations. Officers still have access to educational materials through consumable supplies, professional development, and/or technology software.
- ❖ Materials and Supplies - Expenditure - Line 22 Uniforms / PPE has been decreased.
- ❖ Materials and Supplies - Expenditure - Lines Uniforms Cleaning and Clatsop County Drug Task Force have been deleted from the budget. They have been deleted because they had no budgeted amounts in 2023-2024 or any historical data.
- ❖ Materials and Supplies - Expenditure - Line 24 Purchased Services has been increased. Police staff anticipate the need to continue a cooperative agreement with the Clatsop County Sheriff’s office. This account also provides support to continue working with Lexipol to keep public safety policies updated and compliant; as well as provide access to training.
- ❖ Materials and Supplies - Expenditure - Line 26 Technology – Software/Hardware has been increased. The City participates in collaborative software with Clatsop County that may be changing, which would require some additional set-up fees.
- ❖ Materials and Supplies - Expenditure - Line 27 Dues & Fees was added last budgeting cycle. This is to provide an allocation for police professional service organization membership dues.
- ❖ Capital Outlay - Expenditure - Line 30 Equipment has been reduced.

Pages 7 and 8 - Fire Department 10-13.

- ❖ Personnel Services - Expenditure - Line 3 Salary - Division Chief Training/Operations has been adjusted. To maintain a competitive wage and align salaries between City positions that have

the same level of responsibility, this wage has been equalized with the Police Sergeant's salary schedule.

- ❖ Personnel Services - Expenditure - Line 5 Salary – Overtime Pay has been increased. Based on historical data, this account continues to be over budget, which requires an adjustment.
- ❖ Personal Services – Expenditure – Line Salary – Firefighters Incentive Plan has been eliminated. It has been deleted because it is no longer used, had no budgeted amount in 2023-2024, or any historical data.
- ❖ Personnel Services - Expenditure - Line 6 Conflagration/Mobilization Labor and Line 7 Conflagration/Mobilization Overtime. These expenditures are supported by General Fund resources, but as a reimbursement expenditure. This means that organizations that need assistance must agree to reimburse the full costs of sending personnel and equipment. The City's budget needs to allocate these expenditures so that if our firefighters assist, there are appropriations and a tracking method to document costs.
- ❖ Personnel Services - Expenditure - Line 8 Salary – Temporary Grant Labor has been added. These allocations are offset with revenue received by a grant. Because the grant has historical data and has already been awarded for the 2024-2025 budgeting cycle, it has been given a dedicated account. These expenditures are supported by General Fund resources, but as a reimbursement expenditure. Please note that the grant award is for \$35,000 (General Fund Resources, Line 15, Grant – Fire Staffing); however, this must cover both gross salary and employer associated payroll costs.
- ❖ Materials and Supplies - Expenditure - Line 19 Convention & Administrative Expense allocations was merged with Professional Development in the 2023-2024 budgeting cycle. The information in this account will be kept through the historical retention period.
- ❖ Materials and Supplies – Expenditure – Line 20 Telephone has been reduced and allocations have been moved to Line 36 Technology – Software/Hardware. This account represents only the VOIP system charges. Historically, technology connections for tablets had been charged here.
- ❖ Materials and Supplies - Expenditure - Line 27 Professional Development has been reduced based on historical data.
- ❖ Materials and Supplies - Expenditure - Line 30 Medical Examinations has been reduced.
- ❖ Materials and Supplies - Expenditure - Line 31 EMS Equipment & Operations has been increased.
- ❖ Materials and Supplies - Expenditure - Line 33 Student Intern Program has been reduced.
- ❖ Materials and Supplies – Expenditure – Line 36 Technology – Software/Hardware. As referenced in Line 20, allocations have been moved here to more accurately track charges for tablet usage.
- ❖ Materials and Supplies – Expenditure – Line 37 Purchased Service has been added. This includes services provided by Lexipol (fire procedures, policies, and training) and First Due (training, reporting).
- ❖ Materials and Supplies – Expenditure – Line 38 Dues & Fees has been added. This is to provide an allocation for fire professional service organization membership dues.
- ❖ Capital Outlay – Expenditure – Line 41 Equipment has been reduced.

Page 9 - Non-Departmental 10-14.

- ❖ Materials and Services - Expenditure – Line 2 Street Lights has been reduced based on usage data.

- ❖ Materials and Services - Expenditure - Line 4 Grant - Restricted has been allocated to allow for any unanticipated grants that may be received after the budget has been prepared. This allows the City to accept the award and have appropriations to spend the award. This line item is offset by revenue that may be received in the General Fund Resources, Line 16 Grant – Restricted.
- ❖ Materials and Services - Expenditure – Lines Sidewalk Repair, Grant Low/Moderate Income Support, and Grant – COVID Business Relief were eliminated last budgeting cycle. They have been deleted because they had no budgeted amounts in 2023-2024 or any historical data.
- ❖ Capital Outlay - Expenditure - Line 8 Land Purchase allocations have been removed. To maintain a balanced budget, reductions were necessary. If land purchase needs to be made, the Building Reserve Fund may be a viable resource.
- ❖ Capital Outlay - Expenditure - Line 9 Grant - CSLFRF/American Rescue Plan Projects. The allocations have been removed and will be transferred to the Water Reserve Fund because no specific General Fund projects have been established.
- ❖ Transfers - Expenditure - Lines 12-17 Transfers are essential accounts; however, due to critical General Fund programs and services, concessions had to be made to prepare a balance budget. Allocations are being put in Line 12 Police Car Reserve Fund, Line 13 Fire Apparatus/Equipment Reserve Fund, and Line 15 Building Reserve Fund. There will be no allocations made to Line 14 Hazardous Mitigation Fund. Two new transfers have been allocated, Line 16 Bench Fund and Line 17 Water Reserve Fund, to allow for the transfer of already collected revenues that are in the City's beginning fund balance. Please note that the highest priority is maintaining financial stability. If financial targets are not met, transfers will either be modified or eliminated.

Page 10 - Municipal Court 10-15.

- ❖ Personnel Services – Line 11 FTE has been modified to .10, which was required to better allocate for the amount of time the position requires. This is part of 1.0 FTE that is shared by three departments (.10 Court, .45 Planning, .45 Building).
- ❖ Materials and Services - Expenditure - Line 14 Printing & Advertising has no allocations. It will remain in the budget until the historical data is no longer required.
- ❖ Materials and Services - Expenditure – Line 20 Prosecution Fees has no allocations. It will remain in the budget until the historical data is no longer required.
- ❖ Materials and Services - Expenditure – Line 21 Technology – Software/Hardware has no allocations.

Page 11 - Planning Department 10-17.

- ❖ Personnel Services – Line 11 FTE has been increased to .45, which was required to better allocate for the amount of time the position requires. This is part of 1.0 FTE that is shared by three departments (.10 Court, .45 Planning, .45 Building).
- ❖ Materials and Services - Expenditure - Line 14 Purchased Services – Planning Consultant has been reduced based on current and historical data.
- ❖ Materials and Services - Expenditure - Line 16 Planning Commission Expense has been reduced based on current and historical data.
- ❖ Materials and Services - Expenditure – Line 19 Mapping allocations has been reduced.

Page 12 - Parks Department 10-18.

- ❖ Materials and Services - Expenditure - Line 13 Parks Maintenance and Repair has been reduced.
- ❖ Materials and Services - Expenditure - Line 14 Fuel/Vehicle Maintenance has been increased and renamed (previously Vehicle/Equipment Maintenance). Because public works serves three departments (Water, Streets, Parks), the distribution of fuel should be proportionally charged to each department.
- ❖ Materials and Services - Expenditure - Line 17 Grant – Parks and Bench Project. The allocations have been removed and will be transferred to the Bench Fund.
- ❖ Materials and Services - Expenditure - Line 20 Equipment has been reduced.

Pages 13 and 14 - General Funds Summary All Departments.

- ❖ These pages are a summary of all the General Funds departments and their expenditure. An overall comparison of change over last year is below.
  - Administrative (7.11%)- (\$49,669.41)
  - Police 6.68%+ \$45,283.52
  - Fire 9.91%+ \$82,664.51
  - Non-Departmental .74%+ \$3,476.00
  - Municipal Court (16.33%)- (\$5,690.18)
  - Planning Department (23.55%)- (\$42,470.89)
  - Parks (33.79%)- (\$32,446.01)

Page 15 - Debt Services Fund 20.

- ❖ Resources - Line 1 Beginning Fund Balance - Cash on Hand accommodates for anticipated debt service payments that are needed in September 2024 before the City's debt service property tax payments start coming in. It is higher than anticipated due to the interest revenue.
- ❖ Expenditures - Line 28 Total Unappropriated Ending Fund Balance represents the amount needed to make debt service payments in September 2025 before the City receives its debt service tax payments in November.

Page 16 - Debt Service Payment Schedule.

- ❖ This is to provide a breakdown of the principal, interest, and total debt service for any remaining debt service payments.
- ❖ Please note that the final payment on one of the water treatment general obligation bonds will end in March 2025.

Page 17 - Water Improvement Construction Fund 25.

- ❖ This Fund has no allocation and after the historical data reporting period is over, it will be removed from the budget.

Pages 18, 19 and 20 - Water (Operating) Fund 30.

- ❖ This Fund accounts for the activities of providing water services to the public.

- ❖ Resources - Line 1 Beginning Fund Balance – Cash on Hand. This amount is due to the support from rate increases, Warrenton granting another year on a special government rate, and a budget transfer from the Water Reserve Account.
- ❖ Resources - Line 3 Water Sales Receipts. This account has been increased. After a rate feasibility study and to provide financial stability, two types of rate increases were implemented in the 2023-2024 fiscal year. In August 2023, rates were increased by 15% and in January 2024 a conservation pricing went into effect. Based on requirements to keep the Water (Operating) Fund solvent; as well as the goal to continue building water reserve funds, it is being recommended that a 10% increase on the base rates be implemented effective July 21, 2024. This budget is based on that assumption.
- ❖ Resources – Line 5 Transferred from Other Funds-Water Reserve has no allocations.
- ❖ Personnel Services – Expenditure - Line 14 FTE breakdown is as follow: 1 Director + .45 Water Clerk + (3 staff x .55) = 3.10 FTE. Of the three public works positions, each one 1 FTE position has the following distribution .10 Parks; .55 Water; .35 Street.
- ❖ Materials and Services - Expenditure - Line Legal Fees was eliminated last budgeting cycle. It has been deleted because it had no budget amount in 2023-2024 or any historical data. Legal services can be provided under the City Attorney’s retainer agreement.
- ❖ Materials and Services - Expenditure – Line 19 Telephone has been adjusted. As mentioned earlier the City has changed telephone providers. This account represents the water departments portion of the VOIP phone system. Charges for tablet usage and internet have been moved to Technology – Software/Hardware.
- ❖ Materials and Services - Expenditure – Line 20 Utilities – Electricity & Gas has been increased. Please note that when looking at the historical data, vehicle fuel was being charged to this account along with electricity and natural gas, but it had been moved to Fuel/Vehicle Maintenance last budgeting cycle.
- ❖ Materials and Services - Expenditure – Line 22 Supplies/Services/Chemicals has been increased.
- ❖ Materials and Services - Expenditure – Line 28 Professional Development has been increased.
- ❖ Materials and Services - Expenditure – Line 30 Water Treatment Facility Equipment Maintenance was combined last budgeting cycle with System Operations & Repair.
- ❖ Materials and Services - Expenditure – Line 31 System Operations & Repair has been increased. It was modified last budgeting cycle to include accounts Water Treatment Facility Equipment Maintenance, Pipe & Fittings, and Hydrants, which skews the budgets historical lookback.
- ❖ Materials and Services - Expenditure – Line 33 Chemical Water Analysis has been increased. Services provided are assessing groundwater monitoring, surface water monitoring, and production well data in accordance with Oregon Water Resource Department Permit G-16390; as well as, standard water treatment testing requirements.
- ❖ Materials and Services - Expenditure – Line 34 Purchased Services – Meter Readers has been increased.
- ❖ Materials and Services - Expenditure – Line Hydrants was combined with another account in the last budgeting cycle. It has been deleted because it had no budget amount in 2023-2024 or any historical data.
- ❖ Materials and Supplies - Expenditure - Line 41 Water Billing Program has been increased.
- ❖ Materials and Supplies – Expenditure – Line Grant – American Rescue Plan Projects was moved to the Water Reserve Account. It was removed here because it had no budget amount in 2023-2024 or any historical data.

- ❖ Materials and Supplies - Expenditure - Line 43 Technology – Software/Hardware has been added. This account will track fees for the internet and tablet usage needed by the water department.
- ❖ Capital Outlay - Expenditure - Line – Lines Warehouse/Headworks/Fence and Field Equipment were eliminated last budgeting cycle. They have been deleted because they had no budget amounts in 2023-2024 or any historical data.
- ❖ Transfers – Expenditure – Line 50 Transfer – to Water Reserve Fund and Line 51 Transfer – to PW Major Equipment Reserve Fund have allocations; however, the Water (Operating) Fund must meet adequate financial markers or no transfers will occur.
- ❖ Line 54 Unappropriated Ending Fund Balance (EFB). Ideally, the City would like to see three months of operating expenses in the EFB; however, this Fund has had some financial instability. With a transfer from the 2023-2024 budget, Warrenton water rates moving to out-of-district rates, increasing payroll costs, consistent rate increase, and the need to support City reserve funds, it will take time to stabilize the account.

Pages 21 and 22, Building (Structural, Plumbing, Mechanical) Fund 40.

- ❖ The Building Department has traditionally been tracked in the General Fund 10-11. Due to the passage of Senate Bill 866, which defined more stringent requirements for cities with third-party contract building officials, the Building Department was renamed and moved to Special Fund 40 Building (Structural, Plumbing, Mechanical). Historical data associated with the original 10-11 Building Department will need to remain in the General Fund through the required retention period.
- ❖ Resources – Lines 2-7 have been modified as actual data from 2023-2024 has provided more clarity on revenue collections.
- ❖ Resources – Line 8 Interest has been added because it was inadvertently missed last year.
- ❖ Personnel Services – Expenditure - Line 11 FTE has been modified to .45, which is required to better allocate for the amount of time the position requires. This is part of 1.0 FTE that is shared by three departments (.10 Court, .45 Planning, .45 Building).
- ❖ Materials and Services – Expenditure – Line 13 Consumable Supplies/Materials has been reduced.
- ❖ Materials and Services - Expenditure – Lines 15-18 have also been adjusted as actual data from 2023-2024 has provided more clarity on the distribution of payment types.
- ❖ Materials and Services - Expenditure – Line 20 Technology – Software/Hardware has been reduced.
- ❖ Materials and Services - Expenditure – Line 21 Dues & Fees. The City has transitioned in 2023-2024 to the State of Oregon’s ePermitting online process. This web-based system allows users to upload their permit application, pay application fees via credit card, view application status, schedule inspections, and search records for public viewing. There is no charge for the ePermitting program; however there are credit card processing fees. There are also appropriations for professional membership dues.

Pages 23, Bench Program Fund 41.

- ❖ City Council has approved the recommendations of the Gearhart Bench Committee to direct staff to order new benches, apply for required permits for bench dune placement, and to proceed with existing bench restoration. This program will require a dedicated Special Revenue Fund for clear accountability. Bench Program Fund 41 is being proposed. This program did not

have allocations assigned in the 2023-2024 budget except for a private donation received for a Parks and Bench restoration project. This program should be fully implemented after July 1, 2024 with the approval of budget appropriations.

- ❖ Resources – Lines 2-3 represent anticipated revenues. Because the program has not been completely outlined, these amounts are rough estimates.
- ❖ Resources – Line 4 Transfer – General Fund represents what is currently available from the Parks and Bench Project, which was a donation by the Charles A. Shea III, Charitable Foundation Fund to do restoration work on benches.
- ❖ Materials and Services – Expenditure – Line 13 Materials & Supplies and Line 14 have been added.
- ❖ Capital Outlay – Expenditure – Line 17 Bench Purchase has been added.
- ❖ Line 20 Unappropriated Ending Fund Balance has been added. This assumes that a maintenance agreement was paid for in advance and will be available for future repairs.

Pages 24 and 25 - State Revenue Sharing Fund 45.

- ❖ ORS 221.770 Revenue sharing to cities requires a share of certain revenues from the State of Oregon to be apportioned among and distributed to the cities of Oregon for general purposes.
- ❖ Materials and Services – Lines Fire Station-Building Maintenance, CERT Team Materials & Services were eliminated last budgeting cycle. They have been deleted because they had no budget amounts in 2023-2024 or any historical data.
- ❖ Materials and Services - Expenditures - Lines 5-21 Grants - Local Organizations. During the budget process, the City has a State Revenue Sharing Public Hearing so that local organizations have the opportunity to request funding from this Fund. Anticipated grant allocations have been placed in Line 4. Individual allotments are determined by the Budget Committee and approved by the City Council. The Budget Committee approved \$40,000 in local grants last year.
- ❖ It is being presented that there is Unappropriated Ending Fund Balance – Line 27. This builds fund stability and allows a dedicated revenue stream for the next budgeting cycle.

Pages 26 and 27 - State Street Fund 60.

- ❖ State Street funds are part of Oregon State Shared Revenues and support the construction, reconstruction, preservation, maintenance, repair and improvement of streets and roads. It is distributed to Oregon cities based on per capita disbursements. Revenue sources come from vehicle registration, title fees, driver's license fees, fuel taxes, and weight-mile tax.
- ❖ Resources - Line 4 2022 Small City Allotment Program allocations have been removed because the grant award is no longer available but need to be kept through the historical data retention requirements.
- ❖ Personnel Services – Line 12 FTE. State Street's FTE = 3 staff x .35 = 1.05 FTE. As a reminder, the City's three public works positions' breakdown: one (1) FTE position has the following the distribution .10 Parks; .55 Water; .35 Street.
- ❖ Materials and Services - Expenditure - Line 14 Materials & Services and Line 15 Purchased Services have been adjusted for the removal of the sidewalk grant project.
- ❖ Capital Outlay - Expenditures – Line 21 Equipment has been increased.

Page 28 - Water Reserve Fund 71.

- ❖ This Fund, under the authority of Chapter 280 — Financing of Local Public Projects and Improvements; City and County Economic Development, by Ordinance 767 on May 7, 2003, hereby established a financial reserve fund for the purpose of constructing, reconstructing, repairing, extending, and improving the water system of the City of Gearhart in whole or in part.
- ❖ Resources – Line 3 Transfer – from General Fund and Line 4 Transfer - from the Road District Fund have been assigned for already collected CSLFRF/American Rescue Plan Project revenues to be moved to the Water Reserve Fund. There are projects that meet the requirements of spending the restricted grant funds in this area (e.g., hypochlorite generator, skid unit).
- ❖ Historically, the primary revenue source has been transfers from the Water (Operating) Fund 30. A transfer has been allocated; however, if targeted financial markers are not met in the Water (Operating) Fund, there will be no transfer.
- ❖ Capital Outlay – Expenditure – Line 19 Grant - CSLFRF/American Rescue Plan Projects has been increased to provide for documenting the expenditures specifically related to the grant requirements, which include investments in improving water infrastructure. The American Rescue Plan funds must be allocated by December 31, 2024.
- ❖ Transfers – Expenditure – Line 22 Transfer – to Water (Operating) Fund has no allocations.

Page 29 - Police Car Reserve Fund 72.

- ❖ This Fund, under the authority of Chapter 280 — Financing of Local Public Projects and Improvements; City and County Economic Development, by Ordinance 725 on May 7, 1997, hereby established a financial reserve for the purpose of maintaining, repairing and replacing police car or police cars of the City.
- ❖ The primary revenue source is a transfer from the General Fund 10 and an allocation has been added, but will only transferred if the General Fund remains financially stable.
- ❖ Allocations have been made; however, there are no specific purchases scheduled at this time.

Page 30 - Fire Apparatus and Equipment Reserve Fund 74.

- ❖ This Fund, under the authority of Chapter 280 — Financing of Local Public Projects and Improvements; City and County Economic Development, by Ordinance 768 on May 7, 2003, hereby established a financial reserve for the purpose of maintaining, repairing and replacing fire apparatus of the City of Gearhart.
- ❖ The primary revenue source is a transfer from the General Fund 10, which has been decreased.
- ❖ Expenditures have been allocated; however, no specific projects have been scheduled.

Page 31 - Hazardous Mitigation Fund 75.

- ❖ This fund, under the authority of Chapter 280 — Financing of Local Public Projects and Improvements; City and County Economic Development, by Ordinance 880 on June 4, 2014, hereby established a financial reserve for the purpose of pre-disaster mitigation used for hazard mitigation planning and projects to protect life and property from future natural disasters.
- ❖ A grant allocation has also been added with coordinating expenditures. This is a grant that is regularly received by the City of Gearhart. Grant expenditures will not be spent without the approval of the grant award.

- ❖ The primary revenue source has been transfers from the General Fund 10; however, because the Fund has no specific projects scheduled, there is an adequate funding balance, and resources are needed in the General Fund, there is no transfer budgeted.
- ❖ Expenditures have been allocated; however, no specific projects have been scheduled.

Page 32 - Public Works Major Equipment Reserve Fund 78.

- ❖ This Fund, under the authority of Chapter 280 — Financing of Local Public Projects and Improvements; City and County Economic Development, by Ordinance 757 on May 2, 2002, hereby established a financial reserve for the purpose of purchasing, maintaining, repairing and replacing major public works equipment.
- ❖ The primary revenue source is a transfer from the Water (Operating) Fund 30. A transfer has been allocated; however, if targeted financial markers are not met in the Water (Operating) Fund, there will be no transfer.
- ❖ Expenditures have been allocated; however, no specific projects have been scheduled.

Page 33 - Building Reserve Fund 79.

- ❖ This Fund, under the authority of Chapter 280 — Financing of Local Public Projects and Improvements; City and County Economic Development, by Ordinance 806 on May 2, 2007, hereby established a financial reserve fund for the purpose of purchasing, repairing, and replacing City buildings.
- ❖ The primary revenue source is a transfer from the General Fund 10. A transfer has been allocated; however, if targeted financial markers are not met in the General Fund, there will be no transfer.
- ❖ Capital Outlay – Line 16 Public Safety Facility Project has allocations and has been renamed (previously Fire/Police Relocation Project). City Council has prioritized exploring the option of a new public safety building for police/fire, which will require professional services (e.g., owner’s representative; architect).
- ❖ Other expenditures have been allocated; however, no specific projects have been scheduled.

Page 34 - Gearhart Road District Fund 50.

- ❖ This Fund, under the authority of Chapter 371 - Road Districts and Road Assessment Plans, was created by an area residents’ vote with the purpose of allowing the City of Gearhart to levy a property tax to fund maintenance and improve roads. The permanent tax rate is \$0.0602 per \$1,000 of assessed property value.
- ❖ Resources - Line 2 Property Tax has been budgeted at a 3% increase with a reduction for discounts and other uncollectible amounts.
- ❖ Resources – Line 6 Miscellaneous has been added due to actual revenue historical data.
- ❖ Expenditure – Line 20 Grant - CSLFRF/American Rescue Plan has no allocations.
- ❖ Expenditure – Transfers Section – Line 26 Transfer – to Water Reserve Fund has been added. This will allow the CSLFRF/American Rescue Plan grant revenues collected in previous years to be moved to the Water Reserve Fund for eligible water improvement projects.
- ❖ Other expenditures have been allocated; however, no specific projects have been scheduled.

Page 35 and 36 - Supplemental Salary Information.

- ❖ This is to provide some additional data on salaries.
- ❖ The Distribution of Annualized Salary shows all positions, salary (including certification/merit pay) amounts budgeted, and the distribution of each FTE by Fund.
- ❖ The Salary Schedules show the position, steps, and the annual fiscal salary amount. Please note that any individual staff that is still eligible for steps will move on the salary schedule based on their anniversary date, not the budgeted period of July 1 – June 30. The salary schedule amounts will not always match the salary amount in the Distribution of Annualized Salary.
- ❖ There are two salary schedule proposed changes. The Chief of Police and the Division Chief Training/Operations salary schedule lines have been adjusted. The objectives are to maintain competitive wages with other organizations and align salary amounts with similar levels of job responsibility within other City departments.
- ❖ Certification/Merit Increase are amounts given for specialized certifications or merit longevity increases. These amounts are in the Distribution of Annualized Salary but not in the Salary Schedules. These types of payments are a flat annualized amount divided equally over the pay cycles. They are not impacted by COLA increase.
- ❖ As per the Employee Handbook, “A wage/salary schedule will be established for each job. The schedule will include minimum and maximum wage/salary for each job with seven (7) steps. Any increases to the employee’s wage/salary shall be based on satisfactory work performance for the preceding year and is discretionary and subject to...approval.” Any merit raise amounts, wage/salary schedule revisions, or cost of living adjustments (COLAs) will be decided on by the Gearhart City Council.”

Supplemental Information

- ❖ Relevant information to support the budget process and compliance.