



2023-2024
PROPOSED BUDGET
FOR THE CITY OF NEWPORT AND
NEWPORT URBAN RENEWAL
AGENCY

Preliminary Meeting
February 23, 2023 at 6:00 P.M.

First Meeting
May 2, 2023 at 5:00 P.M.

Second Meeting
May 23, 2023 at 5:00 P.M.

Third Meeting
May 30, 2023 at 6:00 PM



Bilingual Storytime



Snow Day at the Airport-



Frank Wade Park Outfield



Firefighting Thermal Imaging
Camera/Temperature Depth
Gauge

Mission Statement: The City of Newport pledges to effectively manage essential community services for the well-being and public safety of residents and visitors. The City will encourage economic diversification, sustainable development, and livability.

**EXECUTIVE SUMMARY
CITY OF NEWPORT
NEWPORT URBAN RENEWAL AGENCY
ANNUAL BUDGETS**

The development for the City of Newport and the Newport Urban Renewal Agency budgets for the fiscal year beginning July 1, 2023, and ending June 30, 2023, was initiated in December 2022. Since that time, the Finance Director, Department Heads, Finance Department personnel, other City staff, and the City Manager worked on various aspects of the proposed budget for review and approval by the Budget Committee and adoption by the City Council. City Council's first involvement with the budget process was at the goal setting session on January 30, 2023. Following the March 6 public hearing, the goals were then adopted based on the Vision 2040 Strategy.

In accordance with the City Charter, the City Manager submitted a proposed budget for Fiscal Year 2023-2024 to the Budget Committee on April 25, 2023.

Governmental Accounting

City government accounting utilizes various funds for budgetary and accounting purposes. The General Fund houses the City's general operations, including City administration, police, fire, library, community development, and other similar operations. Additionally, the General Fund supports, through subsidies, the Recreation and Airport Funds, as well as many City facilities. This includes City Hall, Fire stations, Library, Performing Arts Center, Visual Arts Center, and the City's parks and playgrounds. The Room Tax Fund can be used only for tourism promotion and facilities, as well as prorated use of facilities by tourists. The Street Fund receives direct revenues from state and local gas taxes that must be used for street and non-motorized activities. Likewise, the Water Fund, Wastewater Fund, and Stormwater Fund use revenues from customer rates to fund just those operations. Any revenues collected from designated sources may not be used for general purposes. The budget also includes the operating and debt funds for the three Urban Renewal Districts.

Overview of Current Fiscal Year

The US economy has been in a level of turmoil, initially with the COVID-19 pandemic and later with international issues impacting the world economy. The economic challenges are combined with a severe shortage of employees to fill open positions within the City, as well as other jobs throughout the country. Inflation rates have increased significantly and supply chain issues have impacted the ability to buy certain goods and products. Overall, the governmental funds are finishing the year in a stronger position than anticipated, due in part, to job vacancies that have occurred throughout the year. Supply chain issues have pushed various purchases into the next fiscal year. Revenues are generally higher than anticipated. Operating expenses are running below what was projected at the time the budget was included in the adopted budget in the governmental funds. The City's business funds (water, sewer and storm sewer

funds) have experienced unanticipated expenditures throughout the fiscal year that have depleted their reserves. We will be watching the appropriation levels for these funds through the end of the fiscal year which occurs on June 30.

In the words of the State Office of Economic Analyst, “either the economic storm clouds have parted or we are in the eye of a hurricane.” This creates challenges for forecasting revenues and expenditures in the next fiscal year and beyond.

Proposed Revenue

The proposed Fiscal Year 2023-2024 budget maintains a tax rate of 5.5938 per \$1,000 of assessed valuation for City operational purposes. It is proposed that utility rates increase by 15% for wastewater, 8.33% for water, and 9.5% for stormwater. The proposed rate increases will cover major reinvestments and repairs that had to be completed during this past fiscal year in the wastewater treatment plant, and for work that was completed in the water treatment plant to avoid a repeat of the water crisis that the city experienced in 2020. Additional filtration has been added to the plant, and an excess recirculation system is being procured during the current fiscal year with that project carrying over into the next fiscal year. Finally, the wastewater treatment plant is going to need some significant upgrades over the next few years in order to meet discharge limits. It is anticipated that DEQ SRF loans will be obtained to complete this work. The rates need to be sufficient to support repayment of these loans.

In the Recreation Fund, fees are being adjusted based on the methodology identified in the Recreation business plan to reduce subsidies for programs that primarily benefit individuals. Total proposed resources in the budget (revenues, transfers and fund balances) for the proposed budget are \$113,030,208.00.

Proposed Expenditures

While the City’s governmental funds are currently in a stronger position than anticipated, inflation and other economic uncertainties, will erode these positions in future years. Overall, operating expenditures have been held relatively constant factoring in inflationary increases for this next year. Personnel changes that are proposed include the addition of a communication outreach specialist; increasing a junior systems administrator position in IT from part-time to full-time; shifting one police officer position (which we have been unable to fill) into an administrative Lieutenant position; budgeting for Parks and Recreation to be able to expand hours to pre-pandemic levels (this is totally dependent on our ability to hire people to fill these positions, however); adding a project manager in Engineering to handle anticipated workload with the closeout of South Beach Urban Renewal District, preparing for the Big Creek Dam project and additional federal infrastructure funding. There been a number of minor adjustments to part-time positions that are included in the proposed budget.

The budget outlines the proposed equipment purchases, as well as capital outlay projects for the upcoming fiscal year. Major projects include continuation of design and environmental work for the replacement dam at Big Creek; completion of the excess recirculation project at the water plant; funding to

implement the first phases of the upgrades at the wastewater plant; and funding for the Performing Arts Center renovations, as well as for replacing the cooling unit at this facility. In addition, projects have been identified from the Urban Renewal plans. Funding is in place to fund the Water Master Plan, and to initiate a Stormwater Plan update for the City, as well. The master plans will be beneficial as we seek federal infrastructure funding that will be available over the next decade.

Financial Projections

The City's general government funds are currently in good financial condition as we develop the budget for FY 2023-2024. This is in part due to labor shortages, supply chain issues delaying purchases in the current fiscal year, and an influx of federal funding relating to the COVID pandemic. The impact of inflation on the cost of labor, goods and services will have a negative impact on fund balances going forward. Furthermore, the funding requirements for reinvesting in the City's Street System are not being met.

Based on our preliminary projections, the City operating funds will be trending downward over the next few years due to the projected impacts of inflation, furthering the funding dilemma for roads, public safety, and general government services. A proposal to the voters for an increase in the gas tax will be considered by the Council. There also continues to be a need to consider additional funding to catch up with facility, sidewalk and park needs as we move the community forward during this decade. As an alternative, the City could consider reducing the services or facilities maintained by the City.

The City's business-type funds have struggled financially over the past three years. It will be necessary to raise rates over the next two or three years to meet existing expenses and for reinvestment in utility infrastructure. Significant reinvestment will be necessary in the wastewater treatment plant over the next five-year period. The City will also be faced with the construction of a dam to replace the two seismically unstable earthen dams that currently serve the City. The City has been fortunate to secure funding from the State and authorization of funding from the Federal Government that will offset some of these expenses to the rate payers.

Urban Renewal Agency

The City of Newport Urban Renewal Agency uses tax increment financing to fund redevelopment plans for three separate districts which include the South Beach Urban Renewal District, the North Side Urban Renewal District, and the McLean Point Urban Renewal District. The proposed budget requests that the full tax increment be collected for all three districts to cover long-term debt obligations, proposed projects and administration of the Urban Renewal Agency.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "S. Nebel".

Spencer Nebel, City Manager



Spencer R. Nebel
City Manager
CITY OF NEWPORT
169 S.W. Coast Hwy.
Newport, OR 97365
s.nebel@newportoregon.gov

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April 25, 2023

To: Members of the Budget Committee:

Pursuant to Chapter VIII, Section 34(d)(6) of the City Charter, it is the responsibility of the City Manager to prepare and administer the annual budget for the City of Newport and the Newport Urban Renewal Agency. In accordance with Oregon law and the City Charter, it is my pleasure to present the proposed budgets for the City of Newport and the Newport Urban Renewal Agency for the fiscal year beginning July 1, 2023 and ending June 30, 2024.

BUDGET PROCESS

Budget Schedule

Work on the annual budget began in November 2022. Since that time, the Finance Director, Department Heads, staff, Finance Department personnel, and I have been working on various aspects of the proposed budget for review by the Budget Committee. The City Council's first direct involvement with the budget process was through the January 30, 2023 goal-setting session. Additionally, the departmental goals for one year, two to five years, and over five years were reviewed as part of this process. On February 28, the proposed goals were reviewed with the Budget Committee at its preliminary meeting. Following a public hearing, the Council formally modified and then adopted goals for FY 2023-2024 at the March 7 City Council meeting. A report on the disposition of the goals is included as Appendix C to this budget message.

The complete schedule for the preparation and approval of the FY 2023-2024 budget is as follows:

Budget Calendar - Detailed for FY 2023-2024

Finance: Distribute Capital Project Request Form and Equipment Request Form to Department Heads	12/05/22
CM: Preliminary Budget and Fee Schedule Review at Staff Meeting.....	12/05/22
CM/City Recorder: Notice for Budget Committee Appointments.....	12/06/22
Finance: Distribute Fee Schedule to Department Heads	12/09/22
<i>Department Heads: Capital Project Request Forms Due to Finance</i>	<i>12/19/22</i>
City Council: Appoint Budget Committee Members.....	01/03/23
Finance: Distribute Received Capital Project Requests to Engineering	01/03/23
Finance: Supplemental Budget to Council to Correct Beginning Balances on Capital Projects	01/03/23
<i>Department Heads: Submit any Corrections to Fee Schedules to Finance</i>	<i>01/06/23</i>
Finance: Distribute Preliminary Personnel Schedule to Department Heads for Personnel Request Changes (Additions, Eliminations, or Modifications)	01/09/23
Finance: Distribute Preliminary Budget Worksheets (Six Months Actuals) to Department Heads for Review Only- Nothing to be Returned	01/18/23
<i>Department Heads: Preliminary Personnel Schedule with Requested Changes Due to Finance</i>	<i>01/23/23</i>
<i>Department Heads: Equipment Requests (\$5,000 and up) Due to Finance</i>	<i>01/30/23</i>
<i>CM/Engineering: Department Head Meeting on Capital Projects</i>	<i>10am-12pm 02/01/23</i>
<i>CM/Finance: Department Head Meeting on Overall Budget</i>	<i>10am-12pm 02/13/23</i>
<i>Engineering: Distribute Reviewed Capital Project Requests to Finance</i>	<i>02/17/23</i>
<i>Department Heads: Submit Fee Schedule with Additions, Eliminations, or Modifications to Finance</i>	<i>02/24/23</i>

Budget Committee: Preliminary Budget Meeting	6pm, 02/28/23
<i>Appoint/Elect Presiding Officer</i>	
Finance: Distribute Preliminary Budget Worksheets (Eight-Months Actuals) to Department Heads to fill out Budget Requests	03/07/23
<i>Department Heads: Submit Budget Requests and Narratives to Finance</i>	<i>03/13/23</i>
<i>CM/Finance: Department Head Meeting on Capital Projects</i>	<i>9am-1pm 03/15/23</i>
Finance: Submit Preliminary Budgets to Budget Officer	03/20/23
<i>CM/Finance: Department Heads' Meetings with Budget Officer to Review, Revise and Balance Budgets</i>	<i>03/21/23 thru 03/23/23</i>
Finance: Publish First Notice of Budget Committee Meetings (City and NURA)	03/31/23
<i>(Finance Only: To Paper on 03/24/23)</i>	
<i>CM/Finance: Final (Wrap-Up) Meeting on Capital Projects</i>	<i>1-5pm 04/04/23</i>
Finance: Publish Second Notice of Budget Committee Meetings (City & NURA)	04/12/23
<i>(Finance Only: City Website on 04/12/23)</i>	
CM: Budget Officer Completes Budget Message	04/19/23
Finance: Completed Proposed Budget to Printer	04/19/23
Finance: Distribute Proposed Budgets to Budget Committee & Department Heads .	04/25/23
Budget Committee: First Budget Committee Meeting	5pm, 05/02/23
<i>Receive City and NURA Budgets and Budget Message</i>	
<i>Public Hearing on Possible Uses of State Shared Revenues</i>	
<i>Review Budget Documents and Discuss Relevant changes</i>	
<i>Respond to Questions from the Budget Committee</i>	
<i>Provides for Members of the Public time for Input, Questions and Comments</i>	
<i>Present Report on Financial Policy of UEFBs and Contingencies</i>	
Finance: Budget Committee Agenda Package Available by	5pm, 05/18/23
Budget Committee: Second Budget Committee Meeting	5pm, 05/23/23
<i>Budget Committee Deliberations</i>	
<i>Respond to Questions from First Meeting</i>	
Finance: Budget Committee Agenda Package Available by	5pm, 05/26/23
Budget Committee: Third Budget Committee Meeting	6pm, 05/30/23
<i>Respond to Questions from Second Meeting</i>	
<i>Budget Committee Approval of the Budget Documents (City and NURA)</i>	
<i>Approval of Ad Valorem Property Tax Amount or Rate</i>	
<i>for City General Fund, City Debt Service Funds and the NURA</i>	
Finance: Publish Notice of Budget Hearing (One Notice Required) (City and NURA)	06/09/23
<i>(Finance Only.... To paper on 06/02/23)</i>	
<i>Publish Financial Summaries (Separate City and NURA)</i>	
City Council: City Budget Public Hearing	6pm, 06/20/23
NURA Council: NURA Budget Public Hearing	5:45pm, 06/20/23
<i>Public Hearing on Proposed Uses of State Shared Revenues</i>	
<i>Separate Public Hearings on City Budget and NURA Budget</i>	
<i>Adopt Budgets and Make Appropriations (City and NURA)</i>	
<i>Impose and Categorize Taxes for City and NURA</i>	
Finance: Transmit Tax Certification Documents	07/07/23
<i>To County Assessor by 07/14/23</i>	
Finance: File Budget Document with County Recorder and Designate	

Goal Calendar - Detailed for Fiscal Year 2023-2024

Notice Sent to Departments and Staff for the Fiscal Year 2023-2024 Goal Setting Session	10/27/22
Update Status of Fiscal Year 2022-2023 Department and Committee Goals on the Website	12/05/22

Enter Fiscal Year 2023-2024 Goals on the Website.....	01/11/23
Update Status of Fiscal Year 2022-2023 Department and Committee Goals on the Website.....	01/18/23
2040 Vision Advisory Committee Presents Annual Report to the City Council	01/17/23
City Council Goal Setting Meeting	01/30/23
Council approves draft goals.....	02/06/23
2040 Vision Advisory Committee Provides a Report on Draft Goals to the City Council	
02/21/23	
Public Hearing and Adoption of the Goals	03/06/23

Update the Status of Fiscal Year 2022-2023 Department & Committee Goals on the Website
04/05/23

*Note: **Red** indicates meeting with the City Council or Budget Committee.*

***Blue** indicates action required by Department Heads.*

The budget will be emailed to the Budget Committee on Tuesday, April 25. Those Budget Committee members who would like a hard copy of the budget can pick up a copy by 3 PM on April 25. Budget Committee members should review the budget and be prepared to ask questions and propose any modifications to the proposed budget at the first meeting of the Budget Committee.

The Budget Committee meetings are scheduled for Tuesday, May 2 at 5:00 P.M.; Tuesday, May 23 at 5:00 P.M.; and Tuesday, May 31 at 6:00 P.M. A public hearing will be conducted on the possible use of State Shared Revenues at the May 2 meeting. Furthermore, public comment will be taken by the Budget Committee at 6:00 P.M. on each of the meeting nights.

The process for the budget review will include a complete overview of the budget at the first meeting scheduled for May 2, 2023. At this meeting, any Committee member will be able to suggest specific changes to a proposed expenditure or revenue in the budget. Any suggested changes will not be debated or discussed by the Committee until the second meeting. This will help insure that the Budget Committee will be able to complete the budget review during the first meeting. The budget meetings will be in-person meetings. The meetings will be live-streamed from the City's website and shown on Charter channel 190. Interested members of the public will be able to participate in any public hearing in-person or by emailing publiccomment@newportoregon.gov at least four hours prior to the meeting time. Presentations can also be made through Zoom. A notice of 24-hours in advance of the meeting is required for individuals wishing to participate through Zoom.

Any items identified for further consideration by individual members of the Budget Committee at the first Budget Committee meeting will be presented with staff comments for the Budget Committee's consideration at the second Budget Committee meeting, May 23, 2023. At this meeting, the Committee will discuss possible modifications to the proposed budget suggested by individual members of the Budget Committee. A majority vote of the Committee will determine which items are to be modified as part of a recommended budget. In addition, Department Heads will participate in the May 23, 2023 meeting to further explain any of the items that have been identified for possible budget modifications by individual members of the Budget Committee.

The third Budget Committee meeting will be held on Tuesday, May 31, 2023. The Budget Committee will formally consider approving the City budget, and acting as the Urban Renewal Budget Committee, approving the budget for the Urban Renewal Agency.

On June 20, 2022 at 6:00 P.M., the City Council will hold a public hearing on the proposed use of the state shared revenues, the city budget, and the fee schedule. The Urban Renewal Agency will hold a public hearing at 5:45 P.M on the Urban Renewal Agency budget. Following each public hearing, final adoptions of the budgets for the fiscal year starting July 1, 2023 and ending June 30, 2024 are scheduled to occur.

Budget Documents

The budget documents for FY 2023-2024 includes a description of the fund, a cover sheet showing a summary of revenues, expenditures, transfers, contingencies, reserves for future expenditures, and fund balance for that fund for FY 2020-2021, FY 2021-2022, the original budget for FY 2022-2023, and the amended budget through February 2023 for FY 2022-2023. For each fund the eight-month actuals and estimates are shown for the current fiscal year, along with the original request from the department, and the amount proposed by the City Manager for FY 2023-2024. Finally, the approved budget will include the amount approved by the Budget Committee and the adopted budget will show the final budgeted amounts as authorized by the City Council.

A listing of equipment purchases and capital outlay projects proposed for FY 2023-2024 follows the detailed budget sheets in the back of the budget book along with personnel and salary information for funded positions in the city. In addition, a list of full-time equivalent positions is provided in each of the cost centers. Additional detail in the budget documents regarding specific equipment, software, and capital outlay expenditures are also included under certain budget line items for additional explanation.

Government Accounting

It is important to have some understanding of the requirements for local governments to use various types of funds for budgetary and accounting purposes. In essence, the Budget Committee is not reviewing a “City budget”, but reviewing the budgets for a variety of funds that, when taken together, make up the City budget. Many of the funds used by the City of Newport are required by the state. Other funds have been established to satisfy requirements of bond covenants or for financial management purposes. Finally, some funds are used for the convenience of the local government unit. There are limitations in transferring revenues collected for one purpose to pay for services provided by other funds. Appendix A provides a detailed description of the government accounts used by the City of Newport.

ECONOMIC CONDITIONS FOR THE CITY OF NEWPORT & LINCOLN COUNTY

The U.S. Economy has been affected by the post COVID-19 recovery, impacts from Russia’s invasion of Ukraine, and the associated economic sanctions that have been imposed on Russia by the United States and other countries. Inflation has impacted current costs and future projections. Over the past decade inflation has been very consistent until the past 18-month period. Inflation rates have increased significantly due to supply chain issues, a shortage of labor, and global uncertainty and restrictions that have impacted the price of oil and other supplies.

The State Office of Economic Analysis provides regular economic forecasts to the Governor, State Legislature and State Departments. The March 2023 executive summary states:

Either the economic storm clouds have parted, or we are in the eye of a hurricane. Any near-term recession fears are fading with each month of somewhat lower inflation and the continued economic boom. However, the Federal Reserve must still navigate the choppy waters of a tight labor market, fast wage growth, easing financial conditions, and strong household finances and consumer spending. All of these are likely to keep the underlying trend in inflation above the FED's target for the foreseeable future.

The Kiplinger letter for January indicates that the labor market will slowly lose steam with a number of new jobs created down from month to month, and wage increases proceeding to cool off, after months of torrid gains. Kiplinger indicates that this is all happening by design. The Federal Reserve wants a slowdown to curb demand by hiking interest rates to fight inflation. As to the Fed's prospect to bring inflation down, Kiplinger indicates:

Reasonably good, we think, with some qualifications. Expect inflation to fall from 6.5% increases in the consumer price index registered in December to about 3% by the end of 2023. It will be a process of slow decline with inflation for most of the year high enough to still feel pretty painful, before we reaching more bearable levels. The Fed's will likely look at additional interest rate hikes in early May. Kiplinger expects a likely recession this year and indicates that the early read on 2024 is not very optimistic. The economy may be in for some rough sliding during the City's next fiscal year.

Employment

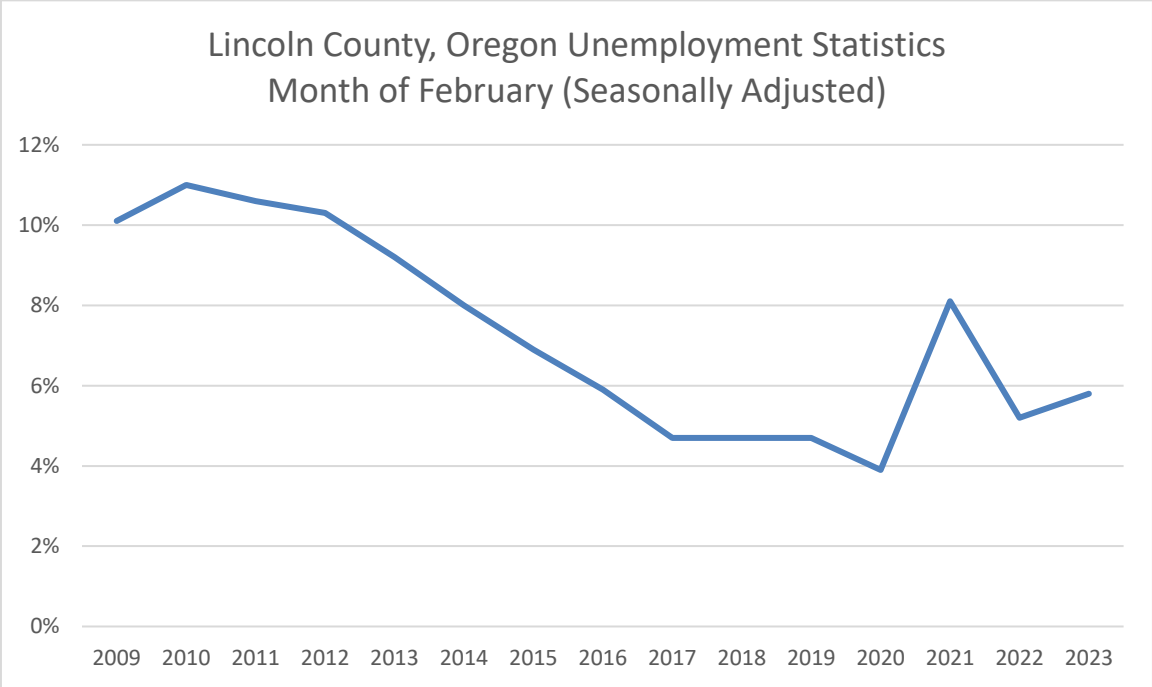
Unlike Oregon's other coastal communities, the City of Newport has a relatively diverse economy supported by significant transfer payments for Social Security, Medicare, Medicaid, veterans' benefits, public pensions, unemployment insurance, family assistance payments, food stamps, and other similar sources of income historically constituting about one-quarter of personal income in Lincoln County. With COVID-19, transfer payments increased through a variety of programs included in the CARES Act and the American Relief Act in order to financially assist individuals and business interests impacted by the pandemic. The direct COVID-19 funding has been phased out as the economy strengthens and the impact of the pandemic diminishes. Certain social benefits have ceased putting a hardship on lower income families. A quarter of personal income is generated from investment earnings for individuals living in Lincoln County. The stock market impacts expenditures from investments. The remaining income is generated by commercial fishing, tourism, marine science, timber, and agriculture. These incomes were affected in various ways through the more volatile economic conditions that currently exist.

The State of Oregon Employment Department indicated in March 2023 that:

Unemployment rates were mostly unchanged across the region and are higher across the region than they were in February 2022. Industrial gains and losses over the year are bit of a mixed bag. Leisure and hospitality continue to have strong growth in Clatsop County, but has shed jobs in Columbia, Lincoln, and Tillamook Counties. Local education has seen increases in Benton and Tillamook Counties, but is down in Columbia. Rather than this being an alarm, this mixed bag of gains and losses highlights the breadth of diversity within the Northwest Oregon economy as employment levels reach, or nearly reach, their pre-pandemic levels.

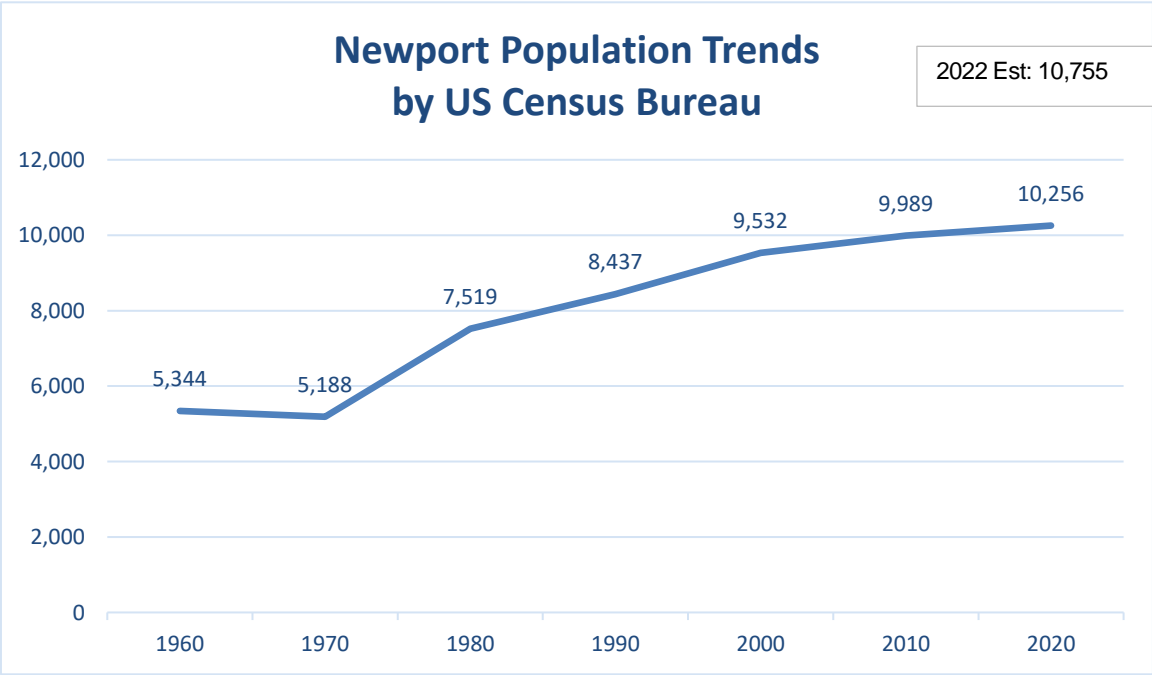
Prior to COVID-19, Lincoln County's unemployment rate for February was at a historic low of 4.6%. During COVID-19, employment rates nearly reached 25% during the peak of the

pandemic. Lincoln County’s unemployment rate for the month of February 2023 (seasonally adjusted) was 5.8%. The travel and leisure segments of our local economy have seen a significant recovery. Attached is a graph showing historic unemployment statistics for the month of February.



Population

Newport’s population has seen modest growth since the 2000 census, with the official census estimated population of 2020 at 10,256 people. Portland State University (PSU), provides population estimates that are used in calculations state-shared revenues. PSU estimates for Newport for July 1, 2022 is 10,755, which would indicate an uptick on population growth in the City. It should be noted that the Surfside Apartment complex was not included in the 2020 census. Families started to move into these units after this count.



Business Impacts

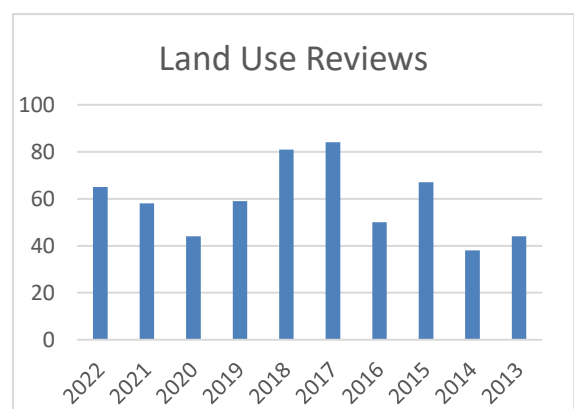
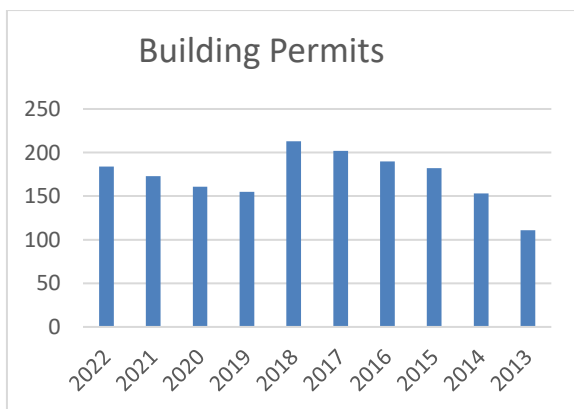
The overall impact of COVID-19 on our local economy was somewhat difficult to gauge. With the federal stimulus funds for individuals and employers, enhanced unemployment benefits to assist people impacted by COVID-19, local business assistance programs that injected \$1 million dollars of interest earnings from the South Beach Urban Renewal District in Newport into small businesses, as well as significant influxes at state and federal funding for businesses, the full negative economic impacts of COVID-19, in both governmental and business sections, did not materialize. There are a number of sectors that were particularly hard-hit by the pandemic early on, including restaurants, bars, lodging, and personal services. Various assistance programs helped these businesses survive through the early stages of the pandemic. While much of the economy has rebounded, finding employees to fill jobs continues to be a challenge.

The City has been seeing a steady climb in the number of building permits that are being issued since 2019 with 184 permits being issued in 2022. Land-use reviews have pretty much followed this same trend. The construction value for the building permits in 2022, however, was the second highest during the past six years at just under \$43 million. This was up from \$14 million in 2021.

The summary of building permits and construction values is shown below:

	Building Permits	Construction
2017	202	\$49,416,705
2018	213	\$30,142,999
2019	155	\$24,141,503
2020	161	\$21,200,985
2021	173	\$14,345,994
2022	184	\$42,807,059

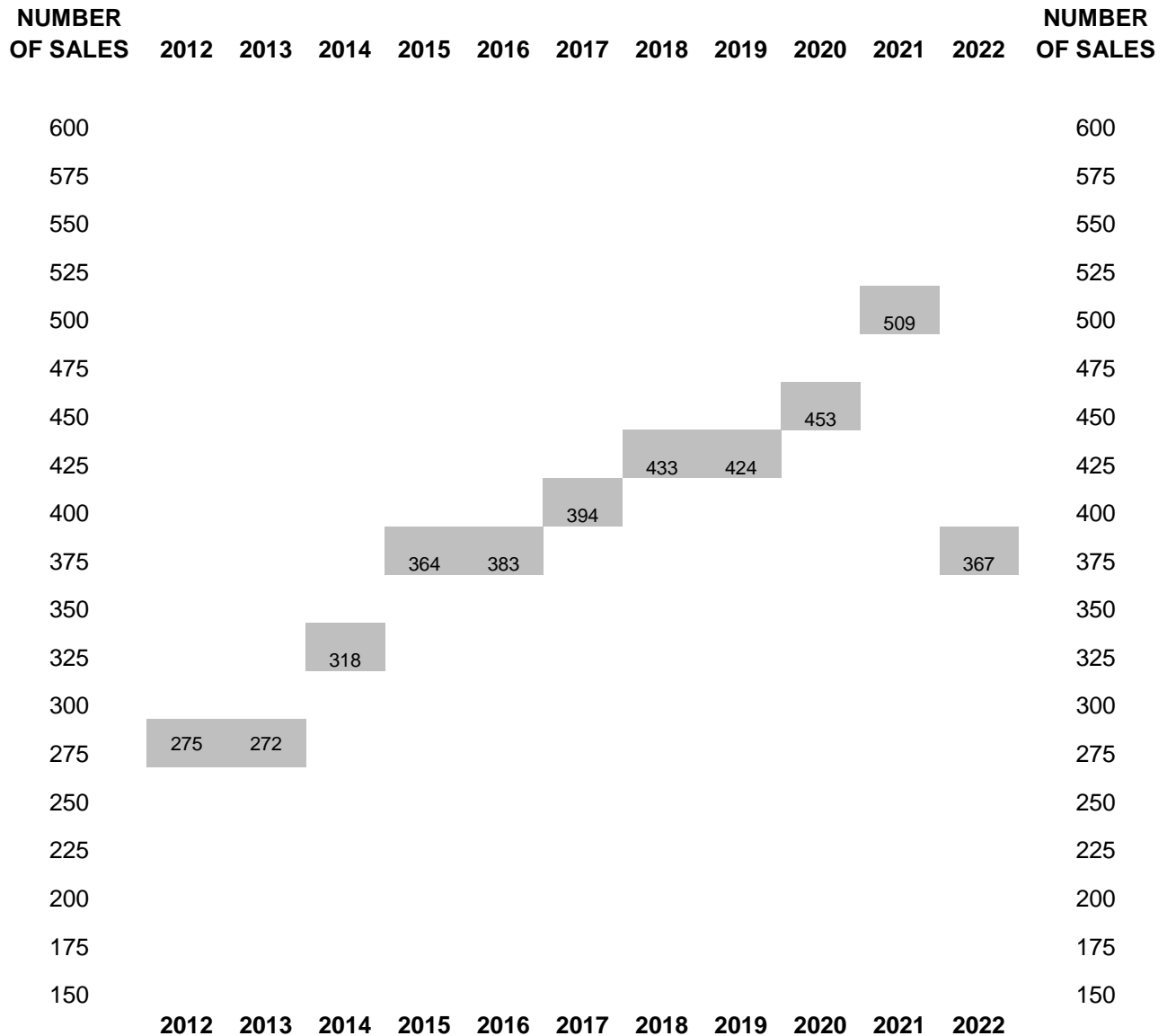
The graphs below show a 10-year history of the number of land use reviews and the number of building permits issued in the City of Newport.



Property Values

The Lincoln County Assessor's Office tracks all property transactions within the county to determine the effect these sales have on market values for properties within the county. Sales that occurred in the City of Newport in 2022 show a drop with 367 sales occurring in 2022, down from 509 transactions in 2021. This is the first drop in annual sales since 175 transactions occurred in 2008.

VOLUME OF SALES NEWPORT



Includes all transactions within Newport City Limits in all property categories.

The median sales price on all housing units continues to see significant growth. In 2022, the median sales price for all housing units in Newport increased by \$90,000 over the previous year. In 2022, the median sales price for all housing units in Newport was \$450,000. This compares with \$360,000 in 2021, and is up from the low in 2013 of \$185,000. From 2013 through 2022, the median sales price for housing has increased by 143%. The continued growth in value during the COVID-19 pandemic is quite different than the impact that the real estate bubble had on housing values in Newport when the housing market crashed in 2008.

Property value growth creates additional wealth for those that own real estate. With the various limitations on the growth of property taxes, the City does not realize an equivalent increase in property tax revenue. The escalating values, however, make home ownership even more challenging for working families trying to obtain a home, increasing concerns relating to affordable housing for the community.



Shipboard Firefighting

MEDIAN SALES PRICE OF HOUSING IN NEWPORT												
MEDIAN												MEDIAN
PRICE	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	PRICE
\$450,000											\$450,000	\$450,000
\$445,000												\$445,000
\$440,000												\$440,000
\$435,000												\$435,000
\$430,000												\$430,000
\$425,000												\$425,000
\$420,000												\$420,000
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\$225,000												\$225,000
\$220,000			\$218,500	\$219,500								\$220,000
\$215,000												\$215,000
\$210,000												\$210,000
\$205,000												\$205,000
\$200,000												\$200,000
\$195,000	\$197,000											\$195,000
\$190,000												\$190,000
\$185,000		\$185,000										\$185,000
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
# of Sales	126	119	164	200	201	221	203	207	215	239	152	

The Lincoln County Assessor's Office develops property valuations from year to year. They are reporting the property market value for 2022-2023 to be nearly \$2.8 billion. This valuation is based on sales information received by the Lincoln County Assessor's Office for 2022. This figure amounts to a 23.73% increase over the total market value established in 2021. The market value is established by the Assessor's Office as the basis used to determine taxable value, and is a good indicator of economic condition of real estate within the city. It is important to note that this value lags current market conditions by about one year.

Total Market Value

Fiscal Year	Market Value	Increase Over Prior Year	Percent Increase
12-13	\$ 1,570,311,465	\$ (78,745,751)	-4.78%
13-14	\$ 1,508,951,755	\$ (61,359,710)	-3.91%
14-15	\$ 1,484,011,687	\$ (24,940,068)	-1.65%
15-16	\$ 1,508,583,828	\$ 24,572,141	1.66%
16-17	\$ 1,544,207,243	\$ 35,623,415	2.36%
17-18	\$ 1,637,440,735	\$ 93,233,492	6.04%
18-19	\$ 1,741,354,251	\$ 103,913,516	6.35%
19-20	\$ 1,931,905,479	\$ 190,551,228	10.94%
20-21	\$ 2,047,158,163	\$ 115,252,684	5.97%
21-22	\$ 2,260,563,647	\$ 213,405,484	10.42%
22-23	\$ 2,797,039,007	\$ 536,475,360	23.73%

Measure 50 places limits on the value at which property can be taxed, setting a maximum increase of 3% per year per parcel as the assessed value. While the market value of property has seen significantly higher growth, taxing entities base their taxes on assessed valuation as limited by Measure 50. This limits the benefits that taxing entities would otherwise receive during times of inflated property value growth within their respective taxing districts. This is further compounded by the impact that inflation is having on the cost of labor, services, and materials necessary to run the City.

Hotel Occupancy Rates

Another measure of economic activity within the community that has been collected in a consistent fashion is hotel, motel and campground occupancy rates. The Chamber of Commerce has been collecting this data since 2006 from nine participating hotel properties. Overall, a strong comeback following the beginning of the pandemic has been experienced in the hotel industry in the city with record occupancy rates of 76.94% in 2021 compared with

51.65% during 2020. The occupancy rates are continuing to run at brisk rates with 70.41% of rooms occupied during 2022. This is significantly higher the pre-pandemic rates that ranged from 60% to 63%.

City of Newport - Occupancy Report	
2013 to 2022	
Accumulative % for all (9) participating hotel properties	
Year	Average.
2013	56.45%
2014	60.46%
2015	63.09%
2016	61.38%
2017	60.73%
2018	61.60%
2019	60.20%
2020	57.65%
2021	76.94%
2022	70.41%

Commercial Fishing Industry

In 2021, a report commissioned by Lincoln County Board of Commissioners and Mid-Water Trawlers Cooperative provided a comprehensive look at the role commercial fishing plays in Lincoln County's economy, based on income earned through 2019. The report indicates that in 2019, commercial fishing accounted for 14.2% of Lincoln County's earned income.

The annual value of commercially caught fish and shellfish in Newport in 2021, as reported by the Oregon Department of Fish and Wildlife (ODFW) was \$74,437,822.00. The largest portion of this catch by value is Dungeness Crab which accounted for \$42.9 million of this total. The largest percentage of commercial fish landed in Newport by weight is Pacific Whiting, which accounted for 65.2 million pounds of fish with the total pounds of seafood harvested in Newport being 114.5 million pounds. The commercially caught fish and shellfish in Newport for 2022 was not available from ODFW to include in this report.

It should be noted that while the total pounds of fish harvested remained constant in 2021, the price for fish and crab increased significantly over the previous year. Data for 2022 is not available at this time, however, prices paid at the dock for catches such as Dungeness Crab dropped significantly. It is likely that the value of commercially caught fish in Newport will show a decline in 2022.

Annual Value of Commercially Caught Fish and Shellfish in Newport	
Year	Annual Value
2011	\$44,036,427
2012	\$37,316,487
2013	\$54,652,212
2014	\$52,559,975
2015	\$33,221,009
2016	\$48,036,303
2017	\$52,688,253
2018	\$62,432,689
2019	\$58,235,713
2020	\$59,799,550
2021	\$74,437,822

Data provided by Oregon Fish & Wildlife

Final 2021 Pounds & Values of Commercially Caught Fish and Shellfish Landed in Newport

	Value (Million \$)	%	Pounds (Million lbs.)	%
Dungeness Crab Ocean	\$42.9	57.7	8.8	7.7
Pink Shrimp	\$ 8.8	11.8	17.6	15.4
Sable Fish	\$ 3.3	4.4	2.4	2.1
Pacific Whiting (Hake)	\$ 6.6	8.9	65.2	56.9
Albacore Tuna	\$ 3.2	4.3	1.4	0.2
Chinook Salmon	\$ 1.3	1.7	0.2	0.2
Petrable Sole	\$ 1.1	1.5	1.0	0.9
Dover Sole	\$ 0.6	0.8	1.5	1.3
Market Squid	\$ 2.5	3.5	4.3	3.8
Rockfish	\$ 0.7	0.9	0.1	0.1
Halibut	\$ 0.6	0.8	0.6	0.5
Hagfish	\$ 2.1	2.8	8.1	7.0
All Others	\$ 0.7	0.9	3.3	2.9
TOTAL	\$ 74.4	100.0	114.5	100

Data provided by Oregon Fish & Wildlife

FINANCIAL PROJECTIONS

The City Council has established Finance Work Groups over a period of three years to develop a system for projecting the City's long-range financial condition (year one); identify options to address the identified structural deficit by looking at ways to reduce expenditures and/or increase revenues to provide financial sustainability (year two); and develop a five-year financial plan for the City that achieves financial sustainability during this period (year three).

In addition, the work group reviewed estimates of future funding needed to properly maintain the 48 public structures and facilities supported by the City's General Fund. These amenities include the PAC, VAC, Recreation Center, 60+ Center, Aquatics Center, numerous parks and trails, fire hall, city hall, airport, and other key pieces of the infrastructure, some of which currently require significant reinvestment at this stage in order to extend their serviceable life span.

The work group identified a significant gap in the City meeting the estimated cost of replacing roofs, windows, and siding, and performing interior maintenance while also funding other required needs for the City's facilities. These public amenities make Newport a special place for its residents to live as well as attracting visitors to the Central Coast. The Finance Work Group outlined a number of steps the City might consider to increase revenues while maintaining control of expenses. These measures will not, by themselves, address the much more significant financial requirements needed for the next five-year period and beyond.

The work group concluded that the City's financial resources are not currently sufficient to support both the operation of and required reinvestment in the above-mentioned facilities and equipment while also fulfilling the General Fund's other obligations.

In 2021, The City Council and Budget Committee recommend that the City consider three proposals for increasing revenues to help fund these services. This included raising the transient room tax from 9.5% to 12%. This was done by the City Council in June of 2021 and implemented in September 2021. The City Council opted to place on the ballot two measures before the voters. The first was increasing the City's local gas tax to \$0.05 per gallon on a year-round basis, and passing a 5% tax on prepared food tax to fund public safety, library, park facilities, and other services within the city. The prepared food tax failed with 1,161 voters voting yes, and 2,512 voters voting no. In addition, the 5% increase in gas tax to help fund road repaving failed with a vote of 1,577 voting yes and 2,092 voting no. The City Council will need to consider options in the future as to how to address this funding gap through either increased revenues or reducing its footprint of services and facilities within the community.

As part of the financial sustainability planning, the City has to develop projection tools to identify multi-year trends of financial decisions made by the City Council. With this financial forecasting tool, various assumptions can be made on the impact of adding or deleting positions from the City, the long-term impact of borrowing to fund infrastructure projects and how inflation will impact the City over the next five years. This projection tool will help guide the City Council and Budget Committee in making appropriate decisions in Fiscal Year 2023-2024 and beyond.

We continue to refine the longer term projections as additional information is available to project future financial trends facing the City. The City's general government funds are currently in good financial condition as we develop the budget for FY 2023-2024, This is in part due to labor shortages, supply chain issues delaying purchases in the current fiscal year and an influx of federal funding relating to the COVID pandemic. The impact of inflation on

the cost of labor, goods and services will have a negative impact on fund balances going forward. This will be alleviated somewhat if inflation drops to rates experienced over this last decade. While the Room Tax Fund is providing a source of funding for addressing reinvestment in facilities that have a nexus to tourism, the City is not meeting the investment needs for other city owned parks and facilities. Furthermore, the funding needs for reinvesting in the City's Street System are not being met. Based on our preliminary projections, if a majority of job openings can be filled, the City operating funds will be trending downward over the next few years and funding for roads, public safety, and general government services will be problematic. The City Council will be considering a proposal to the voters for an increase in the gas tax to help meet the gap in street improvement funding. There also continues to be a need to consider some additional source of funding to catch up with facility, sidewalk and park needs as we move forward during this decade or reducing the facilities maintained by the City.

The City's business-type funds have struggled financially over the past three years. It will be necessary to raise rates to meet existing expenses and for reinvestment in this infrastructure. Significant reinvestment will be necessary in the wastewater treatment plant over the next five-year period. The City will also be faced with the construction of a dam to replace the two seismically unstable earthen dams that currently serve the City. The City has been fortunate to secure funding from the State and authorization of funding from the Federal Government to assist with these expenses. There will still be a need to be covered by our local taxpayers/rate payers. The utility funds are supported by rates and the Council has the authority to address rate adjustments necessary to cover these costs. We will be looking at several years of higher rate increases to meet these anticipated needs.

PROPERTY TAX ALLOCATIONS

Property taxes are the single biggest expense paid by private property owners to support various local government services. Lincoln County issues an annual tax bill in November for multiple local government agencies. The breakdown of each dollar paid by property taxpayers in the City of Newport is as follows:

Where Each \$1.00 of your Property Taxes Go 2021-2022 Tax Levy	
Lincoln County Schools	26.2¢
Oregon Coast Community College	2.0¢
Linn-Benton-Lincoln Education Service District	1.4¢
Lincoln County	14.2¢
Port of Newport	2.1¢
City of Newport-Operation	26.2¢
City of Newport- General Obligation Debt	9.4¢
Health District	5.8¢
Subtotal	87.3¢
Urban Renewal Captures	12.7¢
Total	\$ 1.00

Please note that 26.2¢ of each dollar of taxes paid supports General Fund operations, while 9.4¢ supports general obligation debt for the City of Newport. The remaining 64.4¢ goes to other taxing entities, including Urban Renewal.

To see how the City allocates its 26.2¢ of each dollar based on estimated expenses for the Fiscal Year 2022-2023, please review the following:

Allocation of General Fund Property Taxes as part of the Total Property Taxes Paid 2022-2023 Tax Levy, Based on Year-End Estimates		
Operations	% of Total Expenses	Cost per Dollar of Taxes Paid
General Government	19.6%	5.1¢
Public Safety	41.6%	10.9¢
Library	6.8%	1.8¢
Community Development	2.2%	0.6¢
Other Uses	2.6%	0.7¢
Transfer to Other Funds		
Recreation	8.3%	2.2¢
Airport	0.6%	0.2¢
Facilities	10.9%	2.9¢
Capital Projects/Reserves	7.4%	1.9¢
Operations Total	100%	26.2¢

The Newport Urban Renewal Agency captures taxes from all taxing entities to pay for specific improvements within each of the three Urban Renewal Districts. The total amount of this capture for the current fiscal year is 12.7¢ of each dollar of taxes paid.

Please note that some of the operations receive outside funding in fees or contributions from other taxing entities such as the Library (from the District Library) and the Fire Department (from the Newport Rural Fire Protection District). These funds have not been considered in this analysis.

FINANCIAL TRENDS

As part of the budgeting process, it is important to review and understand historic financial trends relating to key revenues and categories and expenditures. The following tables provide a ten-year historic perspective on certain revenues and categories of expenditures.

Property Taxes

A breakdown of City property taxes collected for the General Fund over the past ten years is as follows:



Joint Drill Exercise: Newport Fire and Toledo Fire

Current Property Taxes			
Fiscal Year		Taxes Received	Percent Change
2013-14		\$ 5,697,050	1.54%
2014-15		\$ 5,925,405	4.01%
2015-16		\$ 6,098,610	2.92%
2016-17		\$ 6,255,695	2.58%
2017-18		\$ 6,423,782	2.69%
2018-19		\$ 6,669,202	3.82%
2019-20		\$ 6,941,924	4.09%
2020-21		\$ 7,159,099	3.13%
2021-22		\$ 7,443,881	3.98%
2022-23 (est.)		\$ 7,784,476	4.58%

Changes in property tax revenues lag economic conditions by about two years. Even with property market values escalating at a rate of 10.42% for the basis of the current year taxes, the City's property tax revenue increase on any individual property is capped by Measure 50 at 3% per annum per year. The City does see additional property tax revenue from new construction, unless that new construction is an Urban Renewal District. The Urban Renewal Agency (URA) districts capture the assessed property value growth from new construction and the 3% increase allowed on existing property that occurs within those districts. The City should continue to see a modest growth in property tax revenues for the foreseeable future. In 2027, the South Beach District will be the next urban renewal district scheduled to close. At that time, the City will realize a significant boost in property taxes. This factor needs to be taken into consideration for any long-term financial planning.

The City of Newport has not been significantly impacted by compression, a condition that results when the rate limits enacted by Measure 50 are exceeded on individual properties. Compression applies to the real market value of properties rather than to the assessed valuation. If taxes being raised on an individual property exceed \$10 per \$1,000 for all general government uses excluding general obligation debt, then the tax bill for that property is reduced or compressed. As market values for property increase above assessed value, compression becomes less of a concern. In the event of a major downturn in the economy that affects property values, however, compression can be more of an issue.

Other Major Revenues

Other significant sources of revenues for the City include the transient room tax, local gas tax, state shared revenues, state gas tax, and franchise fees from various utilities that use the City's right-of-way or are granted an exclusive franchise within the City.

Ordinance No. 1984 authorizes the collection and use of a one-cent-per-gallon motor vehicle fuel tax on motor vehicle fuel dealers that sell or distribute fuel in the City from November 1 through May 31 of each year. This tax increases to three cents per gallon from June 1 through October 31. Because the gas tax is a fixed rate on gallons of gasoline sold in the City, it can provide an indication of tourism and economic trends in the community, although competitive differences in gasoline prices might periodically shift sales to other locations.

It should be noted that since this tax was approved in 2009, the cost of asphalt paving materials has increased by almost 70%. The gas tax is not a rate but a fixed amount on a gallon of gas. The .03 cent gas tax (summer months) approved in 2009 is equivalent to about 1.75 cents.

Another important indicator of the tourism business is the collection of transient room taxes. The City collected a 9.5% tax on room rentals through August 2021 and a 12% tax beginning in September 2021. Prior to enacting the rate increase, increases in the collection of room taxes reflect several possible scenarios including an increase in occupancy and/or an increase for the price of rooms.

For the 9.5% of room tax collections, 54% goes to the General Fund (101) and 46% to the Room Tax Fund (230), and 30% of the increased room tax (2.5%) is deposited in the General Fund, while 70% of this portion of the tax is deposited in the Room Tax Fund in accordance with the state law. Section 3.05.150 of the Municipal Code provides that the taxes collected in the Room Tax Fund (230) are to be used only for tourism promotion and tourism-related facilities. The City Council is charged with determining which facilities are in part or fully tourism facilities. COVID-19 significantly reduced room tax collections during the final quarter of the 2019-2020 Fiscal Year collections. Room tax revenues quickly recovered after the moratorium on non-essential stays was lifted in June, 2020. In the Fiscal Year 2020-2021, the recovery seems complete with the collection of \$4,993,876 which exceeded the pre-pandemic year of 2018-2019 at \$4,402,982. Room tax revenues for Fiscal Year 2021-2022 represent ten months of collecting a 12% room tax. The 2022-2023 estimate reflects collecting a full 12 months of room tax at the rate of 12%. A recent history of the transient room tax and gas tax collections follows:



National Night Out

Tourism Related Taxes

Fiscal Year	Transient Room Tax - Funds 101 and 230	Newport Gas Tax- Fund 251/402
2013-14	\$2,764,050	\$155,463
2014-15	\$3,167,000	\$140,202
2015-16	\$3,569,523	\$177,042
2016-17	\$3,694,135	\$208,181
2017-18	\$4,248,219	\$166,966
2018-19	\$4,402,982	\$190,099
2019-20	\$3,743,320	\$172,970
2020-21	\$4,993,876	\$204,323
2021-22 (est.)	\$6,666,570	\$207,503
2022-23	\$7,084,428	\$207,870



Hispanic Heritage Month at the Library

Furthermore, five additional revenues collected by the City include:

OTHER MAJOR REVENUES

Fiscal Year	State Gas Tax - Fund 251	Franchise Fees - Fund 101 and 252	State Revenue Share - Fund 101	Local Marijuana - Fund 101	State Share Marijuana - Fund 101
2013-14	\$531,965	\$982,000	\$157,460	\$0.00	\$0.00
2014-15	\$585,499	\$793,642	\$121,715	\$0.00	\$0.00
2015-16	\$584,595	\$964,519	\$115,963	\$0.00	\$0.00
2016-17	\$593,950	\$973,817	\$127,222	\$17,229	N/A
2017-18	\$666,798	\$1,092,422	\$135,362	\$114,796	\$67,429
2018-19	\$746,220	\$1,198,625	\$141,388	\$108,945	\$51,015
2019-20	\$697,530	\$1,166,327	\$146,613	\$155,381	\$61,922
2020-21	\$769,903	\$1,181,256	\$162,992	\$172,119	\$53,158
2021-22	\$842,127	\$1,232,374	\$160,028	\$174,091	\$20,688
2022-23 (est.)	\$845,773	\$1,248,016	\$160,000	\$159,762	\$13,551

A portion of the State Gas Tax collected by the state is returned to local units of government designated for maintenance of local streets, based on population estimates as provided by Portland State University. Franchise Fees are collected from various users of the City's rights-of-way or from companies that are provided an exclusive franchise to serve Newport's citizens. In addition, franchise fee revenues include line undergrounding fees that are paid by the public utility district, with a portion deposited in a separate Line Undergrounding Fund (252).

The City began collecting State revenues from the sale of marijuana in FY 2016-2017, as well as a local 3% tax from sales occurring in Newport in FY 2017-2018. Until the end of 2020, Cities received 10% of the States' total tax revenues on recreational marijuana products. With the passage of Measure 110 in November 2020, which decriminalizes possession of small amounts of street drugs, there has been a significant shift of funding from local government of this state tax. During the current fiscal year, the City will be receiving about \$13,000 per year in state taxes, down from a high of \$61,922 in FY 2019-2020. While these amounts have varied over the years, a stronger economy generally provides more revenues to the City to fund its various operations. Inflation will increase most of these revenues. The franchise fee is normally charged as a rate on services provided.

Water, Wastewater, and Storm Water Fees

The City of Newport' is charged with maintaining a significant infrastructure system in a challenging and changing climate and geologically active area. The infrastructure operated by the City is larger than that of most towns of similar size because Newport hosts industry with heavy water demands in addition to hosting a thriving tourist industry and its associated services, such as hotels, vacation homes, restaurants, and other tourist-related businesses.

Newport originated as a tourist destination and small fishing village, expanding over the decades along the coast and along the Coast Range. As growth and development occurred, ravines running water to the ocean were piped and filled and then structures and roads were constructed over the top of them. These pipes served originally as a combined sanitary sewer and storm-sewer system, often buried up to 40 feet deep, and discharge both storm water and wastewater into the ocean. In the late 1950s and early 1960s, the first wastewater pipes and wastewater plant were built. Sanitary sewer lines were separated from the original combined sewer lines. The original combined sewer system is still mostly in service and functions as the current storm sewer system. Newport provided domestic water beginning in 1904 and stored water in the two original tanks constructed in 1906 and 1908 at the public works facility until three years ago. These tanks were taken out of service in 2020, and have since been removed. Several water districts have been annexed into Newport with the City taking over operation and maintenance of these systems. These annexed areas were originally within the non-urbanized county and were characterized by narrow gravel roads and minimal or non-existent storm drainage.

Aging infrastructure and road systems that were annexed into the City, but not constructed to City standards, create significant financial and human resource burdens in the maintenance and the meeting of regulatory permitting requirements. This burden increases annually as infrastructure continues to age and fail. Construction and replacement costs continue to escalate.

Today, the City operates and maintains a five-MGD membrane water treatment plant, seven water storage tanks, five water booster stations, and a system of water mains to transport water to houses and businesses in the city, and two dams that store the City's water supply in the Big Creek Reservoirs. The City also operates and maintains a five-MGD wastewater treatment plant, with the wastewater collection system spread across approximately 11.2 square miles. The City maintains over 62.5 miles of gravity pipelines ranging in size from approximately three to 36 inches in diameter, 1,400 manholes, nine major pump stations, 16 minor pump stations, and 12 miles of sanitary force mains. In addition to water and wastewater systems, the City maintains a comprehensive storm sewer system consisting of curbing, ditching, catch basins, and miles of underground piping.

The City supports these activities with utility rates. The water, sewer, and storm sewer charges collected by the City over the past years follow:

Fiscal Year	Water User Charges – Fund 601	Wastewater User Charges – Fund 602	Capital Improvement	Storm Water Fee – Fund 402/251/603
			Surcharge – Fund 402/251/603	
2013-14	\$3,254,281	\$3,537,325	\$ 517,495	\$ 385,181
2014-15	\$3,523,479	\$ 3,832,265	\$ 558,797	\$ 407,103
2015-16	\$3,418,867	\$3,769,594	\$ 592,286	\$ 433,700
2016-17	\$3,724,254	\$3,983,040	\$ 627,942	\$ 452,713
2017-18	\$3,826,024	\$4,016,147	\$ 612,975	\$ 463,933
2018-19	\$4,094,278	\$4,142,411	\$ 616,396	\$ 459,737
2019-20	\$4,447,888	\$4,547,069	\$ 408,805	\$ 633,701
2020-21	\$4,166,574	\$4,549,361	\$ 199,261	\$ 818,902
2021-22	\$4,153,402	\$4,471,833	\$ - 0.00-	\$1,019,359
2022-23	\$4,568,112	\$5,192,761	\$ 0.00	\$1,064,554

The rate structure has been built on a utility rate study conducted by FCS Group, who performed over 2,000 utility-rate studies in the Pacific Northwest. The implemented rate structure provides for a differentiation in rates for single family residential units, multifamily units, and all other commercial and institutional water, sewer, and storm drain customers. These rates were based on a cost-of-service analysis (COSA).

As part of this rate study, the City implemented storm water fees based on equivalent service units (ESUs). The infrastructure fee was phased out as part of this new structure. This fee structure was fully implemented July 1, 2021. The rate study projected the future infrastructure needs for water, sewer, and storm water by developing rates that will sustain both operations as well as supporting the repayment of debt for various infrastructure improvements moving forward.

Since 2020, a combination of issues has impacted revenues for the Water, Wastewater, and Storm Water Funds. The Water Fund was impacted by an emergency beginning at the end of June, 2020. Drinking water production was limited due to fouling of the membrane filters due to a high level of organics and minerals in the raw water stored in the Big Creek Reservoir. Industrial water production was curtailed for a one-week period, directly impacting large industrial water users, such as seafood processors and breweries. The City Council authorized steps to increase the capabilities of the filtration plant during extreme conditions.

COVID-19 also had a major impact in reducing revenues for both the water and sewer funds. Rates need to be re-evaluated to determine whether they are sufficient to cover future operational costs and capital costs.

Billing errors for two major commercial accounts resulted in a significant refunding arrangement that impacted utility revenue in the Water and Wastewater Funds.

The City is currently considering significant upgrades to the wastewater plant. The first phase of these improvements will be approximately \$17 million of upgrades to keep this plant

General Fund						
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23 (est.)
Personal Svcs.	\$ 7,467,852	\$ 7,590,377	\$ 7,817,013	\$ 7,299,911	\$ 7,562,109	\$ 8,512,509
Materials & Svcs.	\$ 2,861,289	\$ 2,799,579	\$ 3,580,194	\$ 2,648,026	\$ 3,406,046	\$ 4,000,644
Transfer to Other Funds	\$ 3,303,605	\$ 3,517,608	\$ 2,917,684	\$ 3,604,128	\$ 4,841,709	\$ 4,705,034

operational. A more significant project will follow to expand the capacity of the plant. There are additional improvements that will need to be made for water, wastewater and storm water systems moving forward.

Finally, the City will also need to address future funding for the replacement of the Big Creek Dam estimated at \$60 to 80 million dollars. The City has funded initial feasibility and preliminary engineering for this project. The City had secured an obligation from the State of Oregon for \$14 million dollars in Oregon lottery bonds funds to assist with design and permitting, and in 2022, Congress approved a \$60 million authorization of funding to help pay for the replacement of these dams. Additional state and federal funding will be necessary for this project to be affordable to the local rate and taxpayers.

Expenditure Trends

It should be noted that these costs have been significantly impacted by inflation during this past year. The impact of COVID-19 is clearly evident in Fiscal Year 2020 - 2021.

Listed below are various expenditure trends within the City's General Fund including personnel services, materials and services, and transfers to other funds. These are the most significant categories of expenditures from the General Fund. Materials and services fluctuate based on equipment purchases. Finally, the General Fund supports other funds such as the Airport Fund, the Recreation Fund, and the Street Fund, shown as fund transfers to provide operating and capital outlay dollars for these operations.

Financial expenditures broken down by into three categories:

It is important that the City balance its approach to budgeting so that resources are best allocated among operational costs (personal services and operating expenses), replacement of vehicles and equipment, and reinvesting in infrastructure. If all funds are spent on operations, then the investment in equipment and infrastructure will quickly lag. This often creates additional downtime when equipment or infrastructure fails.

It is also important to understand what long-term impacts of decisions made in one fiscal year will have in future years. As an example, when the City decides to replace \$80,000 worth of playground equipment, that purchase represents a one-time capital investment that will be good for a decade or two. If the City considers adding a job as part of the budget process—assuming the job with fringe benefits equals the same \$80,000 in the current fiscal year—the actual result of that decision will cost the City not \$80,000, but \$800,000 over the next ten years without factoring any inflation. As the City looks for ways to meet the capital costs to sustain its buildings, parks, and other facilities, the City needs to be aware of the long-term impacts of adding staff to the City organization.

Staff level increases or decreases directly affect the City's ability to provide certain services to the public and within the organization.

REVIEW OF FINANCIAL ACTIVITY FOR FISCAL YEAR 2022-2023

After a decade of relative financial stability with consistently low inflation, moderate economic growth, the conditions since March of 2020 have contributed to a much less predictable and unstable economic climate for local government to operate within. COVID- 19 had a significant impact on the labor market. However, even without COVID- 19, the labor market has not grown at the same rate as the general population has grown. This shortage of labor is primarily due to the retirement of Baby Boomers leaving the workforce. The Baby Boomer generation is substantially larger than the generations that will replace Baby Boomers in the workforce. For example, in Oregon the population of people between ages 18 to 64 in 2013 was 2.463 million. The population of the same age group in 2022 was 2.595 million which was an increase of 5.4%. During the same time, Oregon's population grew by 16.1%. This helps explain why there is a statewide (and nationwide) shortage of employees to fill needed jobs in our society. This demographic reality will impact the employment picture for at least the next decade. Unlike the times when local governments could count on someone entering the workforce and working most of their career with that local government, tomorrow's workforce is going to be much more mobile and the experience and institutional knowledge will be much more fleeting for organizations. As a city we have seen the impact of this outmigration filling a number of key positions such as Finance Director, City Engineer, Public Works Director, and many other positions within various departments, as well. This has created a very difficult scenario for consistent delivery of services. Vacancies are much more difficult to fill and a much higher turnover rate requires a significant investment of time to get new employees up to speed and trained for peak performance within the organization.

In addition, the impact of inflation has very significant impacts on the cost of local government services, whether it is labor, replacement infrastructure such as roads, water mains, sewer lines or purchase of standard materials needed for government operations. While in the past, it was much easier to do projections about future costs and future revenues, that exercise has become much more complicated with the impact of the COVID-19 pandemic, and other issues, creating many uncertainties for the long-term economy.

Overall, the governmental funds are finishing the year in a stronger position than anticipated due, in part, to job vacancies that occur throughout the year and supply chain issues that have pushed various purchases into the next fiscal year. Revenues are generally higher than anticipated. The business funds (water, sewer and storm sewer funds), however, have experienced unanticipated expenditures throughout the fiscal year that have depleted their reserves. Finally, when reviewing fund balances it should be noted that the estimated unappropriated fund balance at the end of the current fiscal year for each fund is a combination of fund balance, the projected remaining unused contingency, and any funds reserved for future expenditures.

General Fund (101)

The General Fund the revenues in the City's General Fund are running ahead of projected amounts in most categories. At the time the budget was adopted in 2022, total revenues were estimated to be \$16.5 million dollars. We are projecting that the total revenues will be around \$17.8 million at the end of the fiscal year. With various vacancies in City departments within the General Fund, particularly the Police Department, total year-end expenses are anticipated to finish at \$12.5 million which is below expenditures authorized without contingency of \$14.7 million appropriated in the current year budget.

Of particular note, the Police Department is running about \$900,000 below the budgeted amount due to the inability to hire police officers. Vacancies in other departments have also reduced City expenditures. Also, the City has reserved \$400,000 for a homeless solution. These funds will not be spent during this fiscal year, but will hopefully be part of a plan that will come out of the county-wide HB 4123 pilot project funded by Lincoln County. These funds will be carried over into the next fiscal year. Almost all of the department budgets are running within appropriation levels.



Teen Third Thursday Program - Library

Recreation Fund (201)



Field Trip to the Pumpkin Patch

Revenues in the Recreation Fund are anticipated to run under the amount anticipated by about \$50,000. Total expenditures without contingency is anticipated to run about \$180,000 under appropriate amounts. Again, one of the primary challenges, in the Recreation Department is trying to fill positions. The total estimated revenues for this current fiscal year is \$587,000 which is a significant improvement over Fiscal Year 2021 with revenues of \$208,000. However, the Recreation Fund has not recovered from the impact that COVID-19 has had on the use of this facility. In Fiscal Year 2018 - 2019 the total revenues for the Recreation Fund were \$852,000. The expenditures are running below appropriation levels in each of the departments, except the 60+ Center and Recreation Administration. A retroactive wage adjustment impacted the expenditures in Parks and Recreation Administration for the current year, as well, as various buildings and grounds expenses and cleaning expenses that ran above the appropriation levels. Even with overages, this fund will finish in a stronger net position than forecasted before the current fiscal year was adopted.

Airport Fund (220)

Revenues in the Airport Fund are \$230,000 above what was projected when the current year budget was adopted. This is primarily from the sale of jet fuel. Overall expenses are also running ahead of projection. This is primarily due to needing to purchase more jet fuel. Overall, the unappropriated ending fund balances estimated to be over \$200,000 more than what was forecast during the development of the current year budget.



Busy Day at the Airport

Room Tax Fund (230)



Frank Wade Field

Revenues in this fund are anticipated to be approximately \$400,000 higher than what was estimated at the beginning of this fiscal year, with expenditures running about half million dollars below appropriation levels in this fund, as well. We need to work to increase the flexibility on how these funds can be used to fund services impacted by tourism.

Street Fund (251)

Revenues in the Street Fund are running slightly behind what was projected at the time the budget was adopted by about \$58,000. Due to vacancies within the department, total expenditures in this fund are running below budget by about \$148,000.



Crews Plowing Streets

Water Fund (601)



Yaquina Industrial
Park Waterline

In the Water Fund, revenues are running about \$132,000 over the amount projected at the time the budget was adopted. Expenditures (without contingency) are running about \$57,000 over the amount originally appropriated. Overall, the Water Fund is seeing some financial improvement. The operating funds that were severely depleted due to the 2020 water emergency and additional work necessary to address conditions to avoid similar circumstances going forward. This fund was also affected by the correction of two long-term commercial billing errors that reduced revenues for this fund. We will need to continue to watch the Water Fund since this fund really needs to have a strong fund balance to weather these types of issues going forward.

Wastewater Fund (602)

The Wastewater Fund has had a number of challenges during the course of this year. All the wastewater revenues are running very close to what was projected when the current fiscal year budget was adopted, with an estimated year end revenue at about \$5.39 million. Expenditures appear to be running \$100,000 over appropriated amounts. The original contingency of \$367,417 has been utilized for various emergency repairs through the course of the year. The City has had to invest an additional \$475,000 in various repairs that were unanticipated at the time the current year budget was approved. We experienced similar issues last year with a number of emergency repairs that needed to be made to continue treating wastewater prior to discharging it into the Pacific Ocean. The City is also incurring fines from the DEQ over not meeting residual chlorine limits prior to discharging the effluent into the Pacific. The 20-year-old wastewater plant needs major investments that are being identified as part of the master plan process. Unfortunately, the age of the equipment is leading to



Collections Crew
Checking Lift Station
Generator

significant costs to keep the systems operating. This will have an impact on rates going forward in the future.

Furthermore, the plant supervisor resigned his position after the beginning of the year. We are continuing to contract with that individual and others to operate the plant. Newport's wastewater treatment plant requires a level four certified operator for the plant. These are few prospective employees with this level of certification.

Storm Water Fund (603)

Revenues in this fund are running consistent with the funding that was projected at the time the current year budget was adopted. Expenditures are running within the appropriated amounts.

Other City Funds

Other city funds are generally operating within appropriations, and within revenue projections.

City Facilities Fund (711)

This fund is used to pay the expenses for a number of City facilities including City Hall, Fire Department, Library, Parks Maintenance, custodial services to the various public restrooms owned by the City, piers and boardwalks, Performing Arts Center, Visual Arts Center and street lights. Projected revenues all fell below the projected amounts forecasted at the adoption of the budget since the Performing Arts Center renovations were not awarded due to bid costs. This is also reflected in reducing the transfers for capital outlay from this fund.

Urban Renewal Funds (270, 271, 272, 304)

The Urban Renewal Funds used by the agency include South Beach (270), North Side (271), and McLean Point (272), and Debt Service Urban Renewal Agency (304). The revenues in the three Urban Renewal Districts are running at or near what was projected at the time the budget was adopted. Expenditures are running under these three funds. This is, in part, due to the challenges we have had in filling the budgeted position for an Urban Renewal Project Manager. This position will be critical in order to complete the various projects in South Beach prior to the expiration of that district in 2027. Most of the Urban Renewal Funds are transferred into capital outlay accounts for various projects being accomplished within the three districts. In addition, the South Beach Urban Renewal District will transfer \$1,350,000 to cover debt requirements for previous improvements made within this district prior to the end of the fiscal year.



Spring Street Storm Water



South Beach Urban Renewal District

Capital Outlay Funds (401,402,405)



Moore Drive Overlay

The City maintains three separate funds to pay for capital outlay projects that are planned during the fiscal year. The presentation of capital outlay funding is complicated by the fact that funding of projects normally overlap more than one fiscal year. Typically, there are projects that are appropriated but not started during the fiscal year. These projects are generally carried over into the next fiscal year and re-appropriated.

The City has been in a transitional period with both the City Engineer and Public Works Director. We have also been cleaning up a number of old projects and re-appropriating any available funds for new projects.

A number of projects that have been either completed or have been underway during the fiscal year that began July 1, 2022 include the ferry slip road utility line undergrounding project, construction of sidewalk from SE. More Dr. to Yaquina View Elementary School, resurfacing and ADA sidewalk improvements on SE. More Dr. from US 20 to Bay Blvd., upgrade of power and installation of EV chargers at Ernest Bloch Wayside and City Hall, funding for the aquarium to install EV chargers in South Beach, design for the pedestrian-activated rapid flashing beacon at US 20 and Eads Street crosswalk, preliminary feasibility for sidewalk infill project on Elizabeth Street. Purchase of two parcels of land located on US 101 in City Center, is anticipated to be completed this year. Traffic study funding for Oceanview Drive and the other parts of the community and the implementation of the recommendations in the parking study for paid parking on the Bayfront.

At the airport, work continues with the obstruction removal project with the completion of the airport environmental assessment Phase II. Work is also anticipated on the storm pipe flex seal installation on the deep culverts running under the airport.

In the Water Fund, work continues with environmental and preliminary design of various aspects of the Big Creek Dam replacement project. Design work has continued on the main water tank replacements. Engineering is expected to initiate the Water System Master Plan prior to the end of the fiscal year. Fiber installation has been completed on NE. 71st St. to connect the water booster station and storage tank to the City's supervisory control and data acquisition (SCADA) system (connection of various water facilities.) The excess recirculation upgrades are underway at the water treatment plant, and work continues on the Big Creek Dam No. 2 spillway hazard mitigation.

In the Wastewater Fund, the Wastewater Treatment Plant Master Plan continues toward completion. Work was completed on the clarifier refurbishment. The Schooner Landing sewer bypass project has been awarded with the anticipation that most that work will be completed before the end of the fiscal year. It is anticipated that the temporary north side dechlorination project will occur prior to the close of the fiscal year. This is a temporary fix to address the exceedances of chlorine that the City has, from time to time, discharged in the effluent. Significant investment was made on the influent pump station repairs located below the wastewater treatment plant. Funds were also appropriated to make emergency repairs to the centrifuge system that is used to dewater sludge from the wastewater treatment plant. Work continues on City-wide cathodic inspections testing and improvements project to assure that the various lines are protected from corrosion.

In other projects, the storm drain replacement on NW Spring Street is anticipated to be completed; funding for the Library HVAC units is anticipated to be utilized prior to the end of the fiscal year; work was completed on the west side and downstairs to the children's Library window replacement projects.

The Performing Arts Center phase VII project was bid earlier this year. Unfortunately, the bids exceeded the available funding for this project. As result, we are going to proceed with the HVAC control system as a separate project. It is anticipated that the project could be awarded prior to the end of the year with some of the funding being spent. It is also anticipated that work will be completed on the Visual Arts Center upper roof. In Parks and Recreation, the Betty Wheeler Park field light replacement project was completed. The Frank Wade baseball outfield was reconstructed and a new multipurpose soccer field was built using ARPA funds in conjunction with the School District.

There were a number of other smaller projects that proceeded during the course of the year, as well. Any appropriated funding that was not spent for a project this year will be carried over unless we have closed the project out. Typically, in the beginning of the new fiscal year, the appropriations will be adjusted based on the actual expenses incurred through June 30, on projects continuing into the next fiscal year. The appropriations will reflect the balance of funding carried over. This is done through a supplemental budget.

PROPOSED BUDGET FOR FISCAL YEAR 2023-2024

A number of significant issues are impacting the city's budget for the fiscal year beginning July 1, 2023 and ending June 30, 2024. The great resignation, a higher inflation rate, supply chain delays, and the need to reinvest in the infrastructure such as the wastewater treatment plant are driving factors for this coming budget. One of the primary challenges has been filling positions in various departments. This has had two primary impacts, which include challenges in meeting certain service needs in those departments are dealing with a shortage of employees and additional job stress for those employees trying to meet service needs with staff picking up additional responsibilities in the departments with vacancies or while training new people. This has also had a positive impact on number of our funds, particularly the General Fund. The budget is built to fund full staffing in our departments, yet we have had a significant number of vacancies reducing the actual expenditure of funds. As a result, a healthy fund balance in the General Fund. The challenge in moving forward, particularly if inflation remains at current levels, is that the cost of providing services will grow at a much more rapid rate than the revenues to support those services.

There are significant increases in revenues that are proposed in our utility funds for this coming year. These increases are necessary in order to support the operations of the water, wastewater and storm water systems.

Proposed Revenue for Government Type Funds

The Finance Director has prepared an estimate of General Fund property taxes for the FY 2023-2024. The City of Newport permanent tax rate is 0.0055938, which is multiplied against the assessed value for the City.

Estimates property tax revenue start with reviewing the City's total Assessed Valuation as determined by the Lincoln County Assessor, subtracting that portion of the Assessed Value captured by the Urban Renewal Agency, then multiplying the remaining Assessed Valuation by the Permanent Tax Rate. Discounts and amounts uncollected in the next fiscal year are deducted leaving the Estimated Taxes to be received during the next fiscal year. This calculation is as follows:



Property Tax Revenue

Total Assessed Value at October 2021				\$ 1,756,174,638
Deducted Urban Renewal (estimated)				\$ (266,370,725)
Net Value for Tax Computation				\$ 1,489,803,913
City of Newport Permanent Tax Rate				0.0055938
Estimated Tax Calculated				\$ 8,333,665
Estimated Discount & Uncollected (6.5%) \$ (549,189)				
Estimated Taxes Received by the City				\$ 7,784,477
Assumed Tax Collection Rate				93.41%

The City also levies an amount of taxes to cover general obligation debt. The amount of taxes proposed to pay general obligation principle and interest is \$2,881,669. For this next year, the City will need to levy this amount to cover principle and interest payments. The voter-approved bonds support the water treatment plant and the aquatic center.

Finally, the Budget Committee, acting on behalf of the Urban Renewal Agency, will need to approve a motion requesting the amount of revenues that will be generated from the tax increment for the Urban Renewal Districts to cover proposed appropriations from the District for the coming year.

The City's second largest source of revenue for governmental type funds is from the City's room tax. Under Section 3.05.150 of the City code, at least 46% of the room tax revenues shall be used for tourism promotion and tourism related facilities, with the balance being used for general government operation. In September 2021, the rate was increased from 9.5% to 12%. The increased portion of the room tax requires that 70% of the new tax be designated for allowable tourism-related uses.

City Council determines the portion of facilities that are tourism related, and funds reserved for tourism related facilities may be used to cover an equivalent portion of the cost for such a facility. A breakdown of facility used for tourism can be found later in this report.

In the General Fund (101), the fees in lieu of franchise for water and wastewater from Water (601), Wastewater (602), and Storm Water Funds (603) have been reduced for Fiscal Year 2022-2023 due to the relatively strong position of the General Fund and the impact that a reduction in expenses will have on the utility funds with the 5% fees in lieu of franchise fees are proposed to be maintained at 1% in the next fiscal year.

Proposed Revenue for Proprietary Funds

The City collects three separate rates to cover various utility costs for water, wastewater, and storm water. These funds are supported entirely by the rates collected from utility users with the exception of voter approved general obligation bonds that are paid through a tax levy.

Water meters are read on a monthly basis to determine the volume of water used by various City customers. Wastewater is based on the volume of water used by customers. Storm water charges are being based on a calculation of Equivalent Services Units (ESUs). This is calculated based on the impervious surface of properties which include roofs, driveways, compacted gravel areas, and other similar impervious surfaces. All residential units are charged for one ESU.

The City Council initiated a program to reduce water and wastewater rates for customers who are at or below 60% of the Lincoln County Median Income. This adjustment is a 30% reduction in water and sewer rates for customers who apply and meet eligibility requirements for this discount. This discount is being paid by the General Fund by maintaining a 1% payment in lieu of taxes from the water and sewer fund to the General Fund for this purpose.

While other operating funds for the City are in reasonably good shape going into Fiscal Year 2023-2024, the utility funds are struggling. This is as a result of less water usage during the pandemic and the water crisis that resulted in a shutdown of industrial customers due to a high level of organics in the reservoir. The Water Fund had to bear emergency expenses to bring in a portable water filtration plant and a number of significant upgrades were necessary in the plant to avoid similar circumstances in the future. In addition, the Council skipped a year of scheduled rate increases to provide some relief to City customers during COVID-19. In 2021, the City Council approved an order restricting certain uses of water through the course of the summer, due to the drought emergency. These restrictions led to a reduction in water use that reduced revenues for both the water and wastewater funds.

This coupled with various needs to continue upgrading our water, wastewater and storm water systems, is placing a significant pinch on the funding available to operate these utilities. As we look ahead, inflation is having a significant impact on various operational costs, as well. In order to keep these funds supported, I am recommending a 15% rate increase on wastewater, an 8.33% increase in water rates, and an 9.5% increase in storm water rates. These adjustments would raise the bill of a customer using 4,000 gallons of water from \$113.36 to \$127.18 per month. It is likely we will be looking at escalated rates for a few years

to make up the previous bypassed rates to cover current and future debt requirements and inflationary costs for the operation of our utility systems.

Proposed Comprehensive Fee Schedule

The City of Newport Budget Committee and Council review a fee schedule as part of the budget process each year. The fee schedule is approved by resolution. The schedule indicates where any changes were made to current fees. The full fee schedule can be found as part of the comprehensive budget document.

The building permit fees operate on a different basis than other fees in the City's schedule. The fees are a rate that is applied against the value of construction where a permit is being requested. These values are adjusted each year based on construction cost increases, so the fees charged against the increasing rates generate additional revenues based on the value of construction being performed.

In the fee schedule, a number of costs have been increased based on the cost of living, including land-use fees, business license fees, short-term rental fees, and other similar fees that we adjust by a cost-of-living index each year. These fees have been increased by 7%. Hanger rates and ground leases at the airport have been increased by the cost of living index utilized by the airport with 7.7% (Note - different agreements use different indexes).

In the Recreation Center, the recommendations from the business plan are being phased in utilizing a pyramid methodology which attempts to adjust subsidies with the greatest subsidy being for items that are mostly of community benefit with reducing the subsidies in various tiers with those activities that have mostly individual benefit receiving the smallest subsidies. This methodology was applied to the various programs and services offered through the Recreation Department. Staff then ranked the various programs as to community benefit versus individual benefit and applied the direct and indirect cost factor to those items. The cost of living increase was applied to all rates. Those programs that provide primarily an individual benefit were increased based on the direct cost (loaded salary/wage rates) providing those services. The cost for those specific programs has been increased to the amount calculated through this process up to a maximum increase for this year of 20% above what would have been a normal cost of living adjustment applied to those programs.

Parks and Recreation will continue to refine this process for calculating fees for specific programs. Please note the general fees for Recreation have been increased by a cost-of-living factor, with the exception of the three month and annual passes. In this case, we are proposing to hold the cost for those passes at the current rates. This is to compensate for the fact that we have not been able to expand our operating hours due to staffing shortages and we have had to further reduce some schedules when we had no staff available to cover certain operational times. Until we can stabilize the staffing situation at the Recreation and Aquatic Centers, it is my recommendation that those rates remain stable.

Charges for services for the water utility rates have been increased by 8.33% and wastewater fees for specific services have been increased by 12%. Engineering is adjusting fees for road closures and is proposing implementation of an Engineering plan review fee for the work conducted by Engineering in reviewing and approving plans. We would coordinate this fee structure and try to improve the coordination between the Building Department and Engineering to expedite these reviews when they are initially received. This will better coordinate the response back to the developer on reviews for the project. This has created some confusion in the past when a building license has been issued, but the Engineering review had not been completed.

These are some of the key changes included in the proposed fee schedule for the fiscal year beginning July 1, 2023. The entire fee schedule is provided in the budget document.

Proposed Expenditures

Operational costs for the City of Newport have been much more difficult to estimate with all of the economic uncertainties including inflation, supply chain issues, and other factors that impact the costs the City will have to pay for various goods and materials, as well as for labor. It is forecasted that the economy may dip into a recession during the upcoming fiscal year which may provide some relief to these issues. Material costs and construction costs continue to escalate at rates that we have not seen since the late 1970s and early 1980s. The labor shortage is having an impact on the cost of employees staffed to provide various services. The proposed budget attempts to keep these concerns in mind for this next fiscal year.

Proposed Staffing

There are several staffing considerations in the upcoming budget. The first is upgrading a part-time position to a full-time position in IT to fill a junior systems administrative position. As our IT needs and challenges continue to grow, and the role that IT has taken on aiding various Committees and Council, this upgrade of a position is warranted.

I am also recommending that a Police administrative lieutenant position be created eliminating one of our unfilled police officer positions. As you are aware, there has been a real challenge in filling the police officer positions. Furthermore, with continual changes in legislative requirements and general police practices, the requirements to make sure that various training and certification protocols in place have increased dramatically. This position would help assure that the department remains current with these requirements and practices to move policing forward.

I am also recommending the creation of a part-time administrative position to assist the Recreation Department. This department has undergone number of personnel changes and with significant staffing turnover, there are many administrative issues that can be handled by this position to assist in these processes. It should also be noted that we are budgeting to return to our pre-pandemic hours in the Parks and Recreation Department. That being said, there will remain a challenge in filling these positions going forward in the next fiscal year. We have given some thought about creating a couple full-time lifeguard positions reducing our reliance on part-time employees. I am not recommending that at this point, but it will be something we will consider moving forward.

One of the Council goals was establishing a communications position for the City. I have included this position in my recommendations.

We will also be transitioning in the Engineering Department with the Assistant City Engineer. We are planning to provide funding to allow hiring of the new Assistant City Engineer prior to the retirement of our current Assistant City Engineer.

I have also added an additional project manager position for Engineering to help oversee and implement various budgeted projects going forward. This will be important with additional infrastructure funding availability during this next decade.

The budget is built on the anticipation that all positions will be filled. The reality is that the City has been running with greater than a twenty percent vacancy rate over the past two

years. With the vacancies in various departments, and revenues rebounding following the pandemic at a rate higher than anticipated, we have an opportunity to catch up with work and projects in a number of areas. Funding has been appropriated for those purposes.

In addition, there are a number shifts in positions that are occurring between funds in order to best meet identified needs in the coming fiscal year. These are not necessarily new positions, but a shift of funding sources. Scheduled promotions will be occurring this next fiscal year in accordance with labor contracts and other activities. A detailed of proposed staffing changes can be found in the payroll schedule that are part of the proposed budget.

Proposed Equipment Purchases

The Capital Outlay Equipment Schedule shows all department requests and approved purchases proposed in the Fiscal Year 2023-2024 budget.

Significant purchases in the budget include a new 1500 gallon per-minute Type I Fire Pumper. Please note that this was ordered in the spring of 2022. Delivery is not expected until the fall 2024. This is a major investment and funds have been set aside in the Fire Reserve Fund to purchase this pumper at a cost of \$665,000

A police vehicle been included in the budget for this next year. Police vehicles have also been very challenging to acquire with the delivery of the police vehicles taking over a year based on current delivery times.

We are replacing the brush chipper and replacing the John Deere's roadside mower in the Street Department. In the Water Fund we are upgrading a pump at the Siletz Pump Station, and purchasing an articulating boom lift for the water plant to reduce the use of ladders as recommended by our OSHA consultant.

I am recommending the purchase and installation of variable frequency drives for the digester blower which utilizes 20% of the energy at the wastewater plant.

I am also proposing to purchase a new vector truck that will be utilized in both the Stormwater and Water Funds. Due to the cost of this item, \$573,000 and the condition of the utility funds, I am recommending that the City finance the purchase of this piece of equipment over a five-year period.

Other equipment proposed for purchase can be found at the end of the capital outlay schedule included in the budget document with the heading of Capital Outlay - Equipment.

Proposed Capital Projects

Project funding in the Capital Outlay Funds can be for planning projects, studies, design engineering, or actual construction. Significant projects included in Fund 402 are the Parking Meter Implementation Project (Bayfront).

In developing the Capital Outlay budget for this next fiscal year, Finance Director, Steve Baugher, analyzed the resources available for capital projects in our various project funds. Fund 403 houses capital projects for various business-type activities. The Finance Director discovered that over the years, the appropriation for projects and the cash available in this fund did not match. This has not created a significant problem due to the fact that projects are budgeted even though those projects may not start toward the end of the fiscal year or may not move forward at all during the fiscal year. It will be important to work toward getting the cash in line with the capital projects in this budget in future years to assure that there are adequate dollars to proceed with the projects that are appropriated in this fund. This gap

resulted from a number of practices. For projects that have multiple source of funds, the expenses at times have been charged just to the 403 Fund. The Finance Director has corrected this by having one project number for each project with the funds going into a project versus charging portions of the project out to various funds. Secondly, from time to time, funds are transferred from one project to cover needed appropriations for another project. If that project was funded by transfer from the water, wastewater or stormwater operating fund, then it is appropriate to transfer those funds, when necessary, to another project. If the project where funds were being transferred from, was projected to be funded from a grant or bond fund specifically for that project, then there are not local resources available to transfer into the fund, if this project is not eligible to be funded from that source. Over the years when transfers were made, this was not necessarily considered in these situations. It should be noted that the City has utilized funding from bonds and grants appropriately when the actual funds are spent, but in the budgeting process, this is something that we did not track at the time appropriations were being transferred from one project to another. This is an issue that we need to clean up over the next few years, and we will be monitoring the cash available in the 403 Fund prior to proceeding with any projects budgeted in this fund to assure there is adequate cash resources to move forward with the project. Fortunately, the City's cash balances are sufficient to cover any shortages in any fund. The shortfall was \$1.3 million. This has been reduced to \$847,553 in the proposed budget. I appreciate the Finance Director's efforts at unraveling this issue. We plan to address the shortfall over the next few years in the 403 Fund.

Major funding projects and studies include:

- Continued implementation of paid parking on the Bayfront
- Funding from URA for annexation of unincorporated pockets in South Beach
- Project management support to proceed with URA projects in South Beach
- Completion of the Ferry Slip utility under grounding project
- Building demolition on the URA property located at the northeast corner of 35th and US 101
- Feasibility and design of the sidewalk project in US 101 between NW 25th NW 36th
- Completion of the rapid flashing beacon at US 20 and Eads crosswalk
- URA funding to access improvements to Yaquina Head with the federal project that will be funded for various multimodal transportation needs
- Various South Beach placemaking and pedestrian passage improvements funded as part of the Urban Renewal District
- Moore/Harney/US 20 Intersection street improvement design work
- Design work and for improving the intersection at US 101 and 57th is will as well as enhance the pedestrian crossing at Northwest 60th and US 101
- General repair and improvements/resurfacing for streets
- Airport storm drainage pipe rehab
- Design and construction of a large septic installation at Newport Municipal Airport
- Design Big Creek Dam

- Design work funding to continue efforts to secure appropriations and grants for the Big Creek Dam project
- Development of a Water System Master Plan
- Continuation of the excess recirculation project at the water treatment plant, and design work for the main water tank replacement project
- work on the North Side Pump Station facility improvements
- Clarifier one refurbishment
- Funding for the wastewater plant centrifuge
- Funding for a storm water master plan update
- Funding for the Performing Arts Center remodel
- Funding for the Performing Arts Center HVAC control system
- Funding for the Performing Arts Center chiller cooling unit
- Engineering for replacement of the Recreation Center roof
- Funding to match a requested grant for the Agate Beach Neighborhood Dog Park improvements
- Funding for the repairs to the retaining wall at Betty Wheeler Park.

A complete list of capital outlay projects can be found on the capital outlay schedule in the back of the budget. These projects are also identified in the various locations where either transfers are made from one fund to another, or in the three capital outlay funds: Capital Government (402) funded projects (the primary source of funds is from General Funds, Street Fund, Recreation Fund or Facilities Fund). The Capital Projects Proprietary Fund (403) with funding coming from the three proprietary funds (water, wastewater, and storm water), and Capital Projects Fund (405) which includes the various facility and park improvement projects.

ALLOCATION OF ROOM TAX FOR TOURISM FACILITIES

By adoption of the budget, the City Council determines which facilities or which part of facilities are tourism-related and eligible to be funded from the portion of the room tax to be used for tourism promotion and tourism-related facilities.

For this coming year, the Room Tax Fund will be able to support its obligations to fund the tourism portion of various City facilities. The allocation of the Room Tax Funds for tourist related facilities are as follows in the proposed budget:

ROOM TAX TOURISM RELATED FACILITIES	
Library	15.0%
Parks Maintenance	50.0%
Public Restroom Facilities	90.0%
Piers & Boardwalks	90.0%
Performing Arts Center	40.0%
Visual Arts Center	55.0%
Street Lights	30.0%
Facilities Administration	38.0%
Recreational Fund	2.5.0%
Airport	30.0%

PROPOSED BUDGET FOR THE URBAN RENEWAL AGENCY

The City Council acts as the governing body for the Urban Renewal Agency for the City of Newport on all matters of business. As part of the budget process, the Budget Committee serves as both the City Budget Committee and the Urban Renewal Budget Committee. Joint meetings are scheduled throughout the budget development process. There are currently three Urban Renewal Districts in the City of Newport.

The South Beach Urban Renewal District Fund (270) has been established for many years. Several projects that have been completed in this district that have been bonded. The tax increment received in this district is used to pay back those bonds. In addition, the funds that exceed the required bond payments can be used to fund projects in the district as well. A future borrowing of funds is anticipated prior to closing this fund in 2027.

Fund (271) is for the North Side Urban Renewal District. This district has been established and is receiving its fifth year of tax increment revenue during this coming fiscal year. The North Side Urban Renewal District is receiving enough funds to initiate some of the planning efforts that will focus first on the City Center and the Highway 101/20 Corridor. This is now underway jointly with ODOT to address both community development issues and transportation issues through this corridor.

Fund (272) is for the McLean Point Urban Renewal District which consists of the industrial/port property located at, and adjacent to, the International Terminal. This district has now begun to receive more significant tax increment funding as property returns to the tax rolls in this location.

Fund (304), the debt fund for the South Beach Urban Renewal District. This fund pays the various bonds that have been incurred through an annual transfer from the South Beach Fund (270).

The Urban Renewal Districts are funded with tax increment proceeds that are generated from the increase in assessed valuation of properties located within each of the three Urban Renewal Districts, following the establishment of each district. These funds are used to pay for specific projects that are identified in each of the three urban renewal plans. These funds accumulate resources and use those proceeds to pay directly for projects, or the districts can bond the projects and use future proceeds to cover the principal and interest for bonds issued to pay for major projects occurring within those districts. The South Beach District will be the most critical district to deal with in the next few years since it will be closing out in 2027. Our projects need to be committed by 2025 in order to utilize the tax increment funds to complete the work envisioned in this revised project listing approved by the Urban Renewal Agency last year. To assist in working through these various details, the Budget Committee

authorized the creation of an Urban Renewal project manager position. We have been unable to fill this position as of this date, however, an offer has been made as of the writing of the budget message to a candidate to fill this position. This will be very important in order to make sure that projects are moving along sufficiently to get this work completed prior to the expiration of the district.

The Urban Renewal Agency transfers funds from the appropriate district to the appropriate capital outlay funds to cover the expenses necessary to proceed with identified work. In addition, funds are paid to cover URA bonds that have previously been issued, and cover the staffing needs that are tied directly to the Urban Renewal Districts.

Proposed new funding being transferred from Urban Renewal in the upcoming year include:

- South Beach utility undergrounding funding for phases II and III of building demolition reserve
- Project management support
- Downtown revitalization plan
- Pedestrian-activated rapid flashing beacon at US 20 and Eads
- Access improvements to Yaquina Head
- Enhance pedestrian crossing at NW 60th and US 101; Moore/Harney/US 20 Intersection and street improvements
- Improved intersections at US 101 and 57th

REPORT ON BALANCES PROPOSED FOR 2023-2024

Resolution No. 3748 provides guidance to the City administration, the Budget Committee, and the City Council regarding the maintenance of unappropriated ending fund balances, reserves for future expenditures, and contingencies for the various operating funds. ORS 294.388 requires that funds not specifically appropriated be kept in an operating contingency for the amount reasonably expected to be spent on unidentified operating expenses and unappropriated ending fund balance. The unappropriated balance is an amount set aside in the budget to be carried over to the next year's budget to cover cash flow, with remaining funds being placed in a reserve for future expenditure which is available for future years use. Please note that the reserve for future expenditure and the operating contingency can be appropriated by the City Council through the course of the fiscal year as part of a supplemental budget in accordance with ORS requirements. The unappropriated ending fund balance can only be used when an emergency has been declared by the City Council. Resolution No. 3748 also establishes thresholds for balances in each of the operating funds. As part of the policy, the Budget Officer is to advise the Budget Committee and City Council when these funds fall more than 10% under the established parameters for the various types of funds.

The proposed budget has all City funds within or above the parameters outlined in the resolution for contingencies and ending fund balances, except Fund 601 which is within 4% of the targeted amounts of the recommended balances by \$492,589. Otherwise, the contingencies, reserves, and unappropriated fund balances are consistent with Resolution No. 3748 for our various operating funds.

COMMUNICATIONS

Several letters of requests for funding have been included as part of the budget message, as follows:

- League of Oregon Cities - funded
- Oregon Coast Council for the Arts - funded
- Oregon Cascades West Council of Governments
- Oregon Cascades West Meals on Wheel Program
- Highway 101 No Spray Project and Pollinator Friendly Coordinator
- Newport Rotary Club -- Eco-friendly Visitors Project

Communications can be found in Appendix D.

BUDGET SUBMISSION

Pursuant to Chapter VIII, Section 34(d)(6) of the City Charter, I have prepared and hereby submit to the City Council for the City of Newport a proposed budget for the fiscal year beginning July 1, 2023 and ending June 30, 2024 for your review, modification, and approval.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "S. R. Nebel", is written over the typed name.

Spencer R. Nebel, City Manager

APPENDIX A: GOVERNMENT ACCOUNTING

In order to understand the budget process, it is helpful to have some understanding of the requirements for local governments to utilize various types of funds for budgetary and accounting purposes. Many of the funds utilized by the City of Newport are required by the state. Other funds have been established to satisfy requirements of bond covenants or for financial management purposes. Finally, some funds are used for the convenience of the local government unit.

The City participates in the Government Finance Officers Association (GFOA) Annual Comprehensive Financial Report (ACFR) Excellence in Reporting program. This program requires very strict adherence to nationwide standards set by GFAO for said program. The best place to begin is during the annual budget process thus the Budget document you will be presented to as the Budget Committee will incorporate these standards.

Government funds, also known as Governmental Activities, are used to account for various governmental services provided by the city that are supported by taxes and other general revenues for the city. Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary funds are used to account for operations that are financed and operated in a similar manner to private business enterprise, known as Business-type Activities. Operating revenues and expenses generally result from delivering goods and providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, wastewater, and stormwater enterprise funds and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the costs of services, administrative expenses, and depreciation on capital assets. In this fund type, fees charged are intended to support the overall business operation. These include the Water Fund (601), Wastewater Fund (602), and Stormwater Fund (603). In the audited financial report that are issued by the City's independent auditors each year, these proprietary funds are shown in separate schedules in business type activities. The balance of the funds is reflected on the balance sheets for governmental funds.

Furthermore, the State of Oregon requires that governmental accounting divide its financial operations into several types of operating funds which in turn follow the GFOA Standards. The General Fund (101) is the general operating fund for the City of Newport. Most of the general city services are included within this fund such as General Government, Police, Fire, Library, and Community Development. The next level of funds is called the Special Revenue funds and these are established to account for various revenues that are designated for a specific purpose.

The Special Revenue funds for the City are as follows:

201	Recreation
211	Public Parking
212	Housing
220	Airport
230	Room Tax
240	Building Inspection
251	Street
252	Line Undergrounding
253	SDC (System Development Charge)
254	Agate Beach Closure

These funds are established since the city must ensure that funds collected for a specific purpose are spent on those purposes.

The next fund type are the Debt Service funds and they are noted as:

301	Debt Service - Water
302	Debt Service - Wastewater
303	Debt Service - Governmental
305	Debt Service - Stormwater
351	GO Debt Service - Proprietary
352	GO Debt Service - Governmental

Debt Service funds are used to account for the City's various debt types for both the Governmental and Business-type activities.

The city has also established a Reserve Fund (404) which is a fund being used to accumulate money for financing the cost of future property or equipment acquisitions. Finally, the city is utilizing a Capital Projects Fund (402) for government type activities, (403) for proprietary type capital projects activities and (405) for capital improvements related to City facilities.

The next type of funds are the business-type activities. These are funds, which are supported by fee-based revenues. The City of Newport's business-type funds include the Water Fund (601), Wastewater Fund (602) and Stormwater Fund (603). The related Debt and Capital Outlay funds are proprietary as well. Proprietary funds are budgeted on a cash basis, but are presented in the audited financial reports on an accrual basis reflecting capitalized assets and the depreciation for those operations.

Internal Service funds provide services to other departments in the City. These funds include the Public Works Fund (701) and the City Facilities fund (711).

Finally, the Urban Renewal Agency budget activities are shown in fund 270, 271, 272, and 304. The Urban Renewal Agency is a separate blended component for the city but for purposes of the budget process these expenditures are included in the joint City of Newport and Urban Renewal Agency budget documents.

270	Urban Renewal Agency-South Beach
271	Urban Renewal Agency-North Side
272	Urban Renewal Agency-McLean
304	Debt Service - Urban Renewal Agency

Expense Code Descriptions

The expense code consists of a series of numbers. The first three digits are the Fund number, the second four digits are the departments within the Fund, and the last five digits are the objects codes. A list of object codes and the typical types of expenses which are charged to these codes are as follows:

- 50000 Series: For City payroll, benefits and payroll taxes.
- 60100 PROFESSIONAL SERVICES: Architectural, title & real estate, engineering, environmental, surveying, laboratory and grant administration services.
- 60200 FINANCIAL PROFESSIONAL SERVICE: Audit, actuarial, banking, loan, and other similar professional services.
- 60300 LEGAL PROFESSIONAL SERVICES: Legal and services of bond counsel.
- 60400 EMPLOYMENT SERVICES: Temporary employees, personnel recruiting, union negotiations, contract employee, such as services for recreation activities.
- 60500 BUILDING INSPECTION SERVICES: Electrical, plumbing, and mechanical services for building code expenses & state permit surcharge payments.
- 60900 OTHER PROFESSIONAL SERVICES: Translation, election and other professional & technical services.
- 61100 UTILITIES - ELECTRIC: Electrical and street light expenses.
- 61110 UTILITIES - GAS HEATING: Gas and fuel oil heating.
- 61140 UTILITIES - WATER & SEWER: Water & sewer expenses.
- 61190 UTILITIES - OTHER: Alarm monitoring and cable.
- 61200 BUILDING & GROUNDS EXPENSES: General repair, maintenance, inspections, supplies & materials, and paint supplies for City facilities.
- 61300 PERMITS/LICENSES EXPENSES: Operating licenses, permits, legal notices, taxes, and fees paid.
- 61310 IN LIEU OF FRANCHISE FEES: Franchise fees to General Fund.
- 61400 OTHER PROPERTY SERVICES: Other.....
- 61500 CITY FACILITY RENT: Month to month rent to internal service City Facilities Fund.
- 62100 CLEANING EXPENSES: Garbage, cleaning and disposal expenses.
- 62200 ABATEMENT EXPENSES: Cleanup of properties and the like.
- 63100 VEHICLE EXPENSES: Automotive maintenance & repairs, vehicle supplies, and expenses related to vehicle upkeep.
- 63200 EQUIPMENT EXPENSES: Equipment repair & maintenance, small tools, and non-capital equipment & machinery.
- 63300 MAINTENANCE AGREEMENTS: Maintenance agreements and service contracts.
- 63400 INFRASTRUCTURE EXPENSES: Pump station & tank maintenance, water & sewer repairs, and storm drain repairs.
- 63410 BACKFLOW PREVENTION: Backflow prevention.
- 64100 LEASE EXPENSES: Non-capital leases. Equipment we are leasing but have no plans to keep and lease Library materials.
- 64200 RENTAL EXPENSES: Month to month rentals.
- 65100 INSURANCE PREMIUM & EXPENSES: Property, liability, and fidelity premiums.
- 65110 UNINSURED CLAIMS: Judgement and settlements.
- 65200 COMMUNICATIONS EXPENSE: Telephone, cell phone, internet, voice over internet and radio communication.
- 65300 ADVERTISING & MARKETING EXPENSES: Advertising & marketing.
- 65400 PRINTING & BINDING: Printing and binding.
- 65500 TRAVEL & MEETING EXPENSES: Travel in and out of City and/or state. Refreshments for in house training.
- 65550 MEMBERSHIP DUES & FEES: Membership dues & fees.
- 65600 TRAINING: Seminars, workshops and other.

65700 PROGRAMS & PROGRAM SUPPLIES:

1. Services by other government agencies
2. Nonprofit seed money
3. Community involvement/participation
4. Sister City expenses
5. Local event marketing - tourism promotion
6. City funded grant
7. Support of local transit
8. Community celebrations
9. Program supplies
10. Library adult programming
11. Library children programming

65705 LOW INCOME ASSISTANCE PROGRAM: Assistance program expenses and discounts given to low income utility customers.

65705 SCHOLARSHIPS: Assistance program scholarships awarded to Recreation fund customers.

65710 STATE SURCHARGE EXPENSE: State building permit surcharge.

65720 CET EXPENSE: Construction excise tax expenses.

65730 K-9 EXPENSES: Police K-9 expenses.

65740 BIOSOLID PROGRAM EXPENSES: Sludge hauling and disposal expenses.

65900 OTHER OPERATING EXPENSES:

1. Landfill Closure Cost
2. Economic Development
3. Other Operating Expenses

66100 OFFICE SUPPLIES: Office supplies.

66150 BOOKS/PERIODICALS/DVD & VIDEO:

1. Subscriptions & Periodicals
2. Audio & Video Expenses
3. Reference Books
4. Adult Books
5. Children's Books
6. DVDs and CDs

66200 POSTAGE/SHIPPING EXPENSE: Postage and shipping.

66250 CONSTRUCTION MATERIAL & SUPPLIES:

1. Rock
2. Cold mix & asphalt
3. Concrete

66300 TRAFFIC SAFETY & SIGNAGE

1. Traffic safety expenses
2. Signage
3. Sign posts - Deco
4. Sign posts - standard
5. Sign hardware
6. Sign film & blanks
7. Sign installation material

66350 CHEMICAL & LAB SUPPLIES: Chemical and laboratory supplies.

66400 CONCESSIONS & CATERING: Catering and food for concessions.

66450 AMMUNITION & FIREARMS: Ammunition, range supplies and firearms & related supplies.

66500 CLOTHING & UNIFORMS: Clothing related to work.

66550 VOLUNTEER EXPENSES: Expenses related to volunteers.

66600 GENERAL EXPENSES:

1. Aircraft and pilot expenses
2. Past due charges/penalty
3. General expenses
4. Furniture and fixtures
5. Other supplies

66700 SAFETY & HEALTH EXPENSES:

1. Health/physical/medical services
2. Employee health/appreciation
3. Safety supplies
4. First aid-health and safety
5. EMS equipment supplies
6. Safety committee incentive program

66710 PERSONAL PROTECTION EQUIPMENT: Employee protection clothing and equipment.

66800 FUEL: Propane, vehicle fuel, oil and other fuels.

66850 JET FUEL EXPENSES: Jet Fuel.

66855 AV-GAS EXPENSES: Av Gas.

67100 DATA PROCESSING LEASES & EXPENSE: (IT ONLY)

1. Data processing services
2. Computer software
3. Computer hardware
4. Peripheral hardware
5. Site licenses
6. Domain renewal
7. Computer leases
8. Fiber optic conduit

67200 OTHER DATA PROCESSING EXPENSES: (ALL OTHER DEPARTMENTS BUT IT)

1. Data processing services
2. Computer software
3. Computer hardware
4. Peripheral hardware
5. Site licenses
6. Domain renewal
7. Computer leases
8. Fiber optic conduit

69101 SERV PROVIDED BY GENERAL FUND: Services provided by General Fund.

69220 SERV PROVIDED BY AIRPORT FUND: Services provided by Airport Fund.

69701 SERV PROVIDED BY PUBLIC WORKS: Services Provided by Public Works Fund.

69900 AGATE BEACH LOAN PAYBACK: Agate Beach loan payback.

70000 Series: For land acquisition, capital equipment and construction.

80000 Series: For City debt payments.

90000 Series: For transfers, contingencies, reserves, and unappropriated ending fund balances.

Feel free to ask questions because it is a fascinating discussion!!



Parks Maintenance

Appendix B: In City Water, Wastewater, and Storm Water Rates

In City Water Rates					
Meter Size	2019-20	2020-21	2021-22	2022-23	2023-24
Single-Family Residence:					
5/8" or 3/4"	19.61	19.61	20.79	22.04	23.88
1"	26.04	26.04	27.61	29.27	31.71
1 1/4" or 1 1/2"	39.67	39.67	42.05	44.57	48.28
2"	67.91	67.91	71.99	76.31	82.67
3"	101.38	101.38	107.46	113.91	123.40
4" or over	168.53	168.53	178.46	189.17	204.93
Variable Rate Based in 1000 Units	4.24	4.24	4.49	4.76	5.16
Single-Family Residence - Low Income Qualified, 30% Discount:					
5/8" or 3/4"	13.73	13.73	14.55	15.43	16.72
1"	18.23	18.23	19.33	20.49	22.20
1 1/4" or 1 1/2"	27.77	27.77	29.44	31.20	33.80
2"	47.54	47.54	50.39	53.42	57.87
3"	70.97	70.97	75.22	79.74	86.38
4" or over	117.97	117.97	124.92	132.42	143.45
Variable Rate Based in 1000 Units	2.97	2.97	3.14	3.33	3.61
Multi-Family Residential:					
5/8" or 3/4"	19.61	19.61	20.79	22.04	23.88
1"	26.04	26.04	27.61	29.27	31.71
1 1/4" or 1 1/2"	39.67	39.67	42.05	44.57	48.28
2"	67.91	67.91	71.99	76.31	82.67
3"	101.38	101.38	107.46	113.91	123.40
4" or over	168.53	168.53	178.46	189.17	204.93
Variable Rate Based in 1000 Units	4.24	4.24	4.49	4.76	5.16
Non-Residential Properties:					
5/8" or 3/4"	23.22	23.22	24.61	26.09	28.26
1"	30.82	30.82	32.67	34.63	37.51
1 1/4" or 1 1/2"	46.96	46.96	49.78	52.77	57.17
2"	80.40	80.40	85.23	90.34	97.87
3"	120.01	120.01	127.21	134.84	146.07
4" or over	199.50	199.50	211.47	224.16	242.83
Variable Rate Based in 1000 Units	4.77	4.77	5.06	5.36	5.81

In City Wastewater Rates					
Meter Size	2019-20	2020-21	2021-22	2022-23	2023-24
Single-Family Residence:					
Minimum Charge	25.81	25.81	27.88	31.23	35.91
Variable Rate Based in 1000 Units	6.62	6.62	7.15	8.01	9.21
Single-Family Residence - Low Income Qualified, 30% Discount:					
Minimum Charge	18.07	18.07	19.52	21.86	25.14
Variable Rate Based in 1000 Units	4.63	4.63	5.01	5.61	6.45
Multi-Family Residential:					
Minimum Charge	29.76	29.76	32.15	36.01	41.41
Variable Rate Based in 1000 Units	9.82	9.82	10.60	11.87	13.65
Non-Residential Properties:					
Minimum Charge	29.76	29.76	32.15	36.01	41.41
Variable Rate Based in 1000 Units	9.82	9.82	10.60	11.87	13.65

In City Stormwater Rates					
Meter Size	2019-20	2020-21	2021-22	2022-23	2023-24
1 ESU	8.25	8.43	8.62	9.05	9.91
Additional ESU	2.75	5.62	8.62	9.05	9.91
Infrastructure Fee:					
3/4"	4.87	2.43	0.00	0.00	0.00
1"	9.71	4.85	0.00	0.00	0.00
1.50	19.44	9.71	0.00	0.00	0.00
2"	33.88	16.92	0.00	0.00	0.00
3"	87.01	43.44	0.00	0.00	0.00
4"	135.30	67.55	0.00	0.00	0.00
5" and larger	309.35	154.44	0.00	0.00	0.00

In addition, we have prepared several examples of how this rate structure will impact various customers as the rates are implemented in future years, as follows:

Utility Examples								
COSA Applied / Stormwater by ESU Phased-In and Infrastructure Fee Phased-Out								
				2019-20	2020-21	2021-22	2022-23	2023-24
Zero consumption (5/8" or 3/4"):								
Water				19.61	19.61	20.79	22.04	23.88
Wastewater				25.81	25.81	27.88	31.23	35.91
Storm water - 1 ESU				8.25	8.43	8.62	9.05	9.91
Infrastructure fee				4.87	2.43	-	-	-
				58.54	56.28	57.29	62.32	69.70
At 2,000 gallons (5/8" or 3/4") with and ESU of 1:								
Water				28.09	28.09	29.77	31.56	34.20
Wastewater				39.05	39.05	42.18	47.25	54.33
Storm water - 1 ESU				8.25	8.43	8.62	9.05	9.91
Infrastructure fee				4.87	2.43	-	-	-
				80.26	78.00	80.57	87.86	98.44
At 6,000 gallons (5/8" or 3/4") with ESU of 1:								
Water				45.05	45.05	47.73	50.60	54.84
Wastewater				65.53	65.53	70.78	79.29	91.17
Storm water - 1ESU				8.25	8.43	8.62	9.05	9.91
Infrastructure fee				4.87	2.43	-	-	-
				123.70	121.44	127.13	138.94	155.92
Small to medium commercial 30,000 gallons with ESU of 3.25, rounded up to 4....1 1/2 meter size:								
Water				190.06	190.06	201.58	213.57	231.47
Wastewater				324.36	324.36	350.15	392.11	450.91
Storm water - 1 ESU				8.25	8.43	8.62	9.05	9.91
Storm water - Add'l ESU's				8.25	16.86	25.86	27.15	29.73
Infrastructure fee				19.43	9.72	-	-	-
				550.35	549.43	586.21	641.88	722.02
Drug store with average usage of 4,000 with ESU of 17, 1 1/2 meter size and 1 meter water only:								
Water				66.04	66.04	70.02	74.21	80.41
Water only				30.82	30.82	32.67	34.63	37.51
Wastewater				69.04	69.04	77.55	83.49	96.01
Storm water - 1 ESU				8.25	8.43	8.62	9.05	9.91
Storm water - Add'l ESU's				44.00	89.92	137.92	144.80	158.56
Infrastructure fee				29.13	14.57	-	-	-
Fire Line				20.85	23.22	24.61	26.09	28.26
				268.13	302.04	351.39	372.27	410.66
Restaurant with average usage of 42,000 gallons with 2 ESU3/4 meter size:								
Water				223.56	223.56	237.13	251.21	272.28
Wastewater				442.20	442.20	477.35	534.55	614.71
Storm water - 1 ESU				8.25	8.43	8.62	9.05	9.91
Storm water - Add'l ESU's				2.75	5.62	8.62	9.05	9.91
Infrastructure fee				4.87	2.43	-	-	-
				681.63	682.24	731.72	803.86	906.81

APPENDIX C REPORT ON GOALS FOR FISCAL YEAR 2023-2024

In January 30, 2023, the City Council met from 9 AM to 3:25 PM to identify various Council goals and objectives for the Fiscal Year 2023-2024 and beyond. The goal setting process is built on the six focus areas identified as part of the 2040 Vision and Strategic Plan adopted by Council on November 20, 2017. As part of the budget message, a report is given in Appendix C on the status of each of the objectives with budgetary implications and how they are addressed in the proposed budget. The items addressed in this report can be found in the Adopted Goals and Objectives for Fiscal Year 2023-2024 report. Objectives that are followed by the \$ symbol are included in Appendix C.

Council Goals

A-1 Invest in upgrades to the City's water distribution and storage tank systems. (Vision Strategy A1) 5+ years

Objectives for 2023-2024

A-1(a) Proceed with request for proposals to award a contract to update the City's Water Master Plan. (Vision Strategy A1) \$

Response: RFPs are being issued for this work and an award is expected before the end of the fiscal year. Funding has been carried over into the next fiscal year for this project.

A-3 Make safety improvements on US 101 at NE 57th Street and the movie theater driveway. (Vision Strategy A10) 5+years

Objectives for 2023-2024

A-3(a) Proceed with a request for proposals and initiate preliminary engineering to identify options for redesigning the intersection at US 101 and NE 57th Street. (Vision Strategy A10) \$

Response: Funding has been appropriated for the design work to improve the intersection of US 101 and 57th.

A-5 Complete pedestrian safety amenities throughout the community. (Vision Strategy A11) 5+ years

Objectives for 2023-2024

A-5(c) Initiate a request for proposals for design and permitting of a pedestrian-activated, signaled crosswalk at US 101 and NE 60th Streets. (Vision Strategy A11) # \$

Response: The amount of \$200,000 has been proposed in the capital outlay budget for proceeding with the design and permitting for this project.

A-5(d) Proceed with a scope for improvements and award a contract for the Harney/US 20 safe routes to school project to be funded by ODOT and Urban Renewal. (Vision Strategy A11) # \$

Response: The amount of \$2.2 million has been proposed in the capital only budget to fund this work.

A-7 Acquire property in the Big Creek Reservoir watershed. (Vision Strategy A1) 5+years

Objectives for 2023-2024

A-7(a) Contract for the development of a watershed management plan that identifies property acquisition needs. (Vision Strategy A1) # \$

Response: The amount of \$65,000 is included in the proposed budget for a Big Creek watershed forestry resource assessment in Fund 405.

B-1 Invest in upgrades to the City's sanitary sewer collection system. (Vision Strategy A1) 5+ years

Objectives for 2023-2024

B-1(a) Proceed with design and construction of phase 1 wastewater projects including North Side dechlorination project (NDP) and influent pump station pipe replacement (IPS-PR) as recommended in the Wastewater Master Plan. (Vision Strategy B1) \$

Response: The North pump station dechlorination project, clarifier one refurbishment and centrifuge project are funded at \$1.870 million for the proposed budget. This will be funded by DEQ SRF revolving loan funds.

B-3 Modernize and upgrade the wastewater treatment plant. (Vision Strategy A1) 2-5 years.

Objectives for 2023-2024

B-3(b) Develop a plan to finance necessary improvements and capacity upgrades as identified in the Wastewater Treatment Plant Master Plan. (Vision Strategy A1) # \$

Response: The North pump station dechlorination project, clarifier one refurbishment and centrifuge project are funded at \$1.870 million for the proposed budget. This will be funded by DEQ SRF revolving loan funds.

B-4 Review and implement cost-effective priorities from the Parks and Recreation Master Plan for implementation. (Vision Strategy B3) 2.5 years

Objectives for 2023-2024

B-4(a) Pursue options for universal beach access at Nye Beach. \$

Response: Funding is available in the recreation fund to participate in stationing a universal access chair in Newport.

B-4(b) Implement a free day at the Recreation Center on a monthly basis to promote membership. (Vision Strategy B3) # \$

Response: A free day at the Recreation Center will be initiated during the summer of 2023 on a monthly basis to determine whether it will be continued on a monthly basis.

B-6 Develop long-term climate action plans for the City of Newport. (Vision Strategies B5, B9) 2-5 years

Objectives for 2023-2024

B-6(a) Further develop and implement sustainability information on measures the City can implement in our day-to-day operations to reduce environmental impacts. (Vision Strategy B9) \$

Response: Funding is available in the current year budget once Council determines how to proceed with this project.

B-6(b) Determine the feasibility of a solar farm and battery storage at the municipal airport. (Vision Strategy B5) # \$

Response: Funding is appropriated in the current budget. We are proceeding with a proposal to do an initial review of the feasibility of solar/battery storage at the airport.

B-6(c) Prioritize strategies to adapt the city to address conditions created by climate change. (Vision Strategy B9) # \$

Response: Funding is available in the current year budget once Council determines how to proceed with this project.

C-1 Develop opportunities for buildable lands and utilization of existing structures for creating new businesses and jobs. (Vision Strategy C9) 5+ years

Objectives for 2023-2024

C-1(b) Proceed with developing an agreement for the South Beach property owned by Urban Renewal. (Vision Strategies C5, C8, C9) \$

Response: A proposal has been received and City staff continues to work to develop an agreement for the development of the Urban Renewal South Beach site which becomes available in January 2024. The Agency will receive revenue from the sale of this building. Funding has been budgeted for demolition to ready the site for redevelopment.

C-1(c) Proceed with the annexation of unincorporated properties that are islands within the incorporated city limits. (Vision Strategies C3, C8) # \$

Response: The amount of \$500,000 is proposed in the budget to proceed with various annexation efforts for the unincorporated pockets at South Beach.

C-3 Revitalize the City Center and US 20 core areas of the City of Newport, including a variety of mixed uses. (Vision Strategies A5, C3, C8, C9, C7) 5+ years

Objectives for 2023-2024

C-3(a) Identify strategies to enhance and improve the economic vitality of the City Center area as part of the City Center Revitalization Plan that can be supported by direct investment of Urban Renewal resources. (Vision Strategies A5, C3, C7, C8, C9) # \$

Response: This project is budgeted in the current fiscal year with funds carrying over into the next fiscal year. This project will start once ODOT approves a contract with the consultant that has been selected.

C-3(b) As part of the City Center revitalization strategy, determine the preferred option for addressing mobility needs through City Center by either constructing a short couplet, or removing parking from US 101 and 9th Street to accommodate traffic, bicycle and pedestrian traffic through this critical part of the community. (Vision Strategies A5, C3, C9, A3, A10, A11) \$

Response: This project is budgeted in the current fiscal year with funds carrying over into the next fiscal year. This project will start once ODOT approves a contract with the consultant that has been selected.

C-3(c) Identify a public gathering location as part of the City Center revitalization plan. (Vision Strategy A5) \$

Response: This project is budgeted in the current fiscal year with funds carrying over into the next fiscal year. This project will start once ODOT approves a contract with the consultant that has been selected.

C-3(d) Determine a permanent location for the Newport Farmer's Market as part of the City Center revitalization plan. (Vision Strategies A5, C15) # \$

Response: This project is budgeted in the current fiscal year with funds carrying over into the next fiscal year. This project will start once ODOT approves a contract with the consultant that has been selected.

C-4 Implement recommendations of the parking plan. (Vision Strategies C1, C3, C8, C9) 2-5 years

Objectives for 2023-2024

C-4(a) Implement the parking management system, including paid parking, permit parking and adjusting time limits for parking in the Bayfront area. (Vision Strategies C8, C9) \$

Response: The amount of \$200,000 is carried over for this work which is expected to be initiated by the end of the current fiscal year and stretch into the next fiscal year.

D-1 Provide sufficient funding to support public arts. (Vision Strategy D3) 5+years

Objectives for 2023-2024

D-1(a) Maintain City funding for the arts in the 2023-2024 Budget. (Vision Strategy D3) # \$

Response: The amount of \$65,000 is proposed in the public arts program in the Room Tax Fund.

E-1 Replace the Big Creek Dam. (Vision Strategy E5) 5+years

Objectives for 2023-2024

E-1(a) Develop information to inform the Greater Newport Area of the critical need to replace the Big Creek Dam. (Vision Strategy E5) \$

Response: Funding for the Big Creek Dam includes work to develop information for the Greater Newport area on the critical need to replace the Big Creek Dam.

E-1(b) Proceed with design and permitting for the replacement of Big Creek Dam. (Vision Strategy E5) # \$

Response: The amount of \$12.5 million is appropriated to proceed with the Big Creek Dam design and environmental work. Please note we are reviewing the remaining funds for the original contracts which are shown as a carryover of \$954,000 to determine how much of that money will actually be utilized for the dam project. Any funds not utilized in that line item will be returned to Fund 403 to address the cash balance shortfall in this fund.

E-1(c) Conduct emergency preparedness planning regarding the dam failure. (Vision Strategy E5) \$

Response: The amount of \$50,000 is being carried over to conduct emergency preparedness planning regarding the dam failure.

E-1(d) Continue efforts at identifying funding for the dam replacement. (Vision Strategy E5) \$

Response: We continue to fund our state and federal professional firms assisting the City with securing legislative funding.

E-1(e) Pursue an appropriation for funding under the Water Resources Development Act authorization of \$60 million for the City of Newport for Dam replacement. (Vision Strategy E5) \$

Response: We continue to fund our state and federal professional firms assisting the City with securing legislative funding. In addition, we are maintaining funding for Dig Deep Research to continue to pursue avenues to secure appropriations to offset the impact of building a new dam on our city ratepayers.

E-3 Implement recommendations from the Homelessness Task Force. (Vision Strategy E7) 2-5 years

Objectives for 2023-2024

E-3(e) Participate in the House Bill 4123 Advisory Board to develop a five-year strategic plan for addressing homelessness in Lincoln County, and work toward establishing a county-wide office on homelessness. (Vision Strategy E7) # \$

Response: The amount of \$200,000 from the General Fund and \$200,000 reserved from ARPA funds are being carried over into the budget to utilize in conjunction with the five-year plan that will be developed to address aspects of homelessness in Lincoln County.

F-1 Utilize the Greater Newport Area Vision 2040 strategies as a foundational document for ongoing public processes, planning and decision making. (Vision Strategy F2) 5+ years

Objectives for 2023-2024

F-1(a) Develop a plan including funding to sustain active coordination of the Greater Newport Vision beyond the funding provided by the Ford Family Foundation. (Vision Strategy F2) \$

Response: Funding has been included in the budget for part-time staffing assistance for the Vision 2040 Committee in the next fiscal year.

F-1(b) Retain a consultant to conduct a five-year review and update the Greater Newport Area Vision 2040. (Vision Strategy F2) \$

Response: The amount of \$50,000 has been included to update the City's Vision Plan, with \$25,000 being available in the General Fund and \$25,000 being available in the Room Tax Fund for this update.

F-3 Foster an inclusive organization and community that embraces diversity in ethnicity, race, age, gender identity, sexual orientation, self-identity, and perspectives consistent with our slogan "The Friendliest". (Vision Strategy F5) 5+years

Objectives for 2023-2024

F-3(b) Support and seek out opportunities to collaborate with local partner organizations on cultural programming by collaborating on these programs during the fiscal year. (Vision Strategy F5) \$

Response: The budget proposes to appropriate funds for nonprofit organizations that could be used to help further this objective in the amount of \$20,000 for this upcoming year. Furthermore, our departments are committing staff time to various initiatives to reach out to all members of the community.

F-3(d) Provide diversity, equity, and inclusion (DEI) training to employees and volunteers. (Vision Strategy F5) # \$

Response: Funding of \$75,000 is included in the proposed for various efforts relating to bilingual outreach. In addition, funding has been included in the human resources budget for DEI training for employees and volunteers.

F-4 Support continued transparency with communication with the citizens of the City of Newport. (Vision Strategies F1, F5)

Objectives for 2023-2024

F-4(a) Update the City's website navigation to provide information about the City of Newport in a culturally competent and inclusive manner. (Vision Strategies F1, F5) \$

Response: IT has recently added User Way which is an accessibility platform to help navigate the city's website to assist individuals needing specific accommodations. We have not included funding for any significant rewrite of the city website in the current year budget

F-4(b) Create a public information officer position. (Vision Strategy F1)

Response: Funding for a public information officer position has been established in the City Manager Fund (1020) for this position for the City of Newport

G-1 Address long-term financial sustainability planning for the City of Newport. 2-5 years

Objectives for 2023-2024

G-1(b) Implement recommendations in the Recreation Business Plan. Maximize use and reduce the subsidy necessary for this facility. \$

Response: Recreation staff is implementing recommendations from the business plan, including restructuring of the fee schedule and providing additional administrative support for the department. Furthermore, the budget provides funding to resume expanded hours to facilitate more users of the facility. Revenues have not rebounded to pre-COVID levels for the Recreation Center due in part to the limitation of hours of operation. Hopefully we will be able to secure staff to resume hours that will fit the needs of more customers in the next fiscal year.

G-1(c) Review a way to financially support reduced fees for low-income users of the Recreation Center. # \$

Response: The proposed fee schedule holds the quarterly and annual fees flat for the Recreation Center due to the challenges that we had in maintaining consistent hours due to staffing issues. We have had discussions on implementing a surcharge on top of all fees charged to be used to fund low-income users. We were not able to have this prepared for consideration as part of the 2023 – 2024 budget.

G-1(e) Proceed with a utility rate study to incorporate the necessary structure to support the City's water sewer and storm utility systems, including major upgrades to the wastewater treatment plant and local funding necessary for Big Creek Dam. \$

Response: We are holding off on a comprehensive utility rate study until we can complete water, wastewater, and storm water plans. The investment needed in these systems is the key to developing a long range utility rate structure for the city's utility systems.

G-4 Continue to expand access to city services through the use of technology. 5+years

Objectives for 2023-2024

G-4(a) Provide public access to specific components of the City's GIS system. \$

Response: We are expecting to be able to fill the vacancy in GIS to continue moving in this direction. The IT budget contains the funding to help make platforms available for public access to the City's website. This will take concerted effort from the GIS staff member that we hire to proceed with these efforts.

G-5 Build a strong and healthy work place culture within the City organization 1 year

Objectives for 2023-2024

G-5(a) Review and implement, where feasible, recommendations from the Employee Culture Strategic Plan. \$

Response: The Workplace Culture Committee is continuing work on a strategic plan. These are recommendations that will be forthcoming early in the next fiscal year. If there are fiscal implications for some of the recommendations they will be considered by the Council and implemented by supplemental budget, if approved.

APPENDIX D: ATTACHMENTS

Oregon Coast West Council of Governments

Oregon Cascades West Meals on Wheels

Hwy. 101 NO Spray Project and Pollinator-Friendly Coordinator

Newport Rotary Club - Eco-Friendly Visitors Project



This is NOT an invoice; for budgetary purposes only

February 15, 2023

Will Worthey
169 SW Coast Highway
Newport, OR 97365

Re: Fiscal Year 2023/24 LOC Membership Dues – Not to Exceed Rate

Dear Will:

The League of Oregon Cities' (LOC) governing documents require its Board of Directors to establish an annual fiscal year dues rate no later than January 1. In setting the annual dues rate, the Board establishes a rate that sustains the long-term fiscal health of the LOC, allowing the organization to provide essential services and programs to its 241 member cities, while remaining respectful of the fiscal constraints experienced by Oregon's cities.

The Board of Directors approved a 6.5% increase to the dues rate for Fiscal Year 2023/24. LOC's dues structure is six tiered, with each tier based upon a different population range. Each tier has a base rate. The four highest population level tiers have a per capita multiplier on the base rate. A city's population is determined by Portland State University. For Fiscal Year 2023/24, the dues rate structure is as follows:

Population	Base	Per Capita	Dues Calculation
Under 100	\$130.21		Base
101 < 500	\$268.28		Base
501 < 5,000		1.00	Rate x Population
5,001 < 100,000	\$4,247.62	0.83	Base + (Rate x Population over 5,000)
>100,001	\$76,578.37	0.51	Base + (Rate x Population over 100,000)
>500,000	\$191,042.77	0.45	Base + (Rate x Population over 500,000)

To aid in the development of your annual budget, your not to exceed rate for its Fiscal Year 2023/24 is:

	Population	Fiscal Year 2023/24 Membership Dues
Newport	10755	9300.3653

This is not an invoice or a bill. Please do not remit payment at this time. Invoices for the Fiscal Year 2023/24 membership dues will be issued in June. If you have questions, please contact me at (503) 588-6550 or loc@orcities.org.

Sincerely,

Patricia M. Mulvihill
Executive Director

April 12, 2023

Spencer Nebel, City Manager
City of Newport
169 SW Coast Highway
Newport, OR 97365

Dear Spencer,

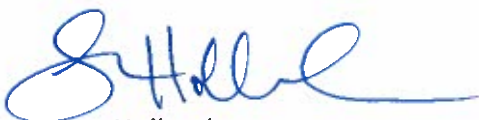
The Oregon Coast Council for the Arts respectfully requests \$163,662 for the FY 23-24 budget year. This amount includes a 5.5% COLA over our 22-23 agreement.

Operationally, I'm happy to report that public programs and performances have continued to increase at the performing arts center and audience numbers are rising steadily. The Visual Arts Center has a robust number of classes on tap for the community, outstanding exhibits and the Oregon Coast Art Bus is getting ready to make a command appearance at the State's Arts Advocacy Day in Salem! We are looking forward to a number of community events in the Spring, Summer and Fall planned in partnership with other City departments to better connect with and serve our Newport community while extending our collective resources. Throughout all our events and programs, we have maintained our enhanced cleaning protocols to mitigate the spread of COVID-19. We will continue to work closely with the city to reach our shared goal of completing the Phase VII capital campaign for long-awaited improvements to the performing arts center!

Creativity is and will be critical for the health and recovery of our community. We are grateful to partner with the City of Newport as a public resource and benefit for all.

Thank you.

Sincerely,



Jason Holland
Executive Director,
Oregon Coast Council for the Arts

(541) 265-ARTS

P.O. BOX 1315
NEWPORT, OR 97365

OCCA@COASTARTS.ORG



OREGON COAST
COUNCIL FOR THE ARTS

A 501(C)(3) NON-PROFIT ORGANIZATION PROMOTING, DEVELOPING, AND CELEBRATING ARTS AND ARTISTS ON THE OREGON COAST



1400 Queen Ave SE • Suite 201 • Albany, OR 97322
(541) 967-8720 • FAX (541) 967-6123

March 27, 2023

City of Newport
Budget Officer
169 SW Coast Highway
Newport, OR 97365

RE: Projected Dues Budget for FY 2023-24

Member dues are used by OCWCOG to match Federal and State grants and contracts which help fund our community programs, projects, and services. For example, as required by State law dues provide match for our Medicaid transfer dollars, allowing us to determine eligibility and provide support to Medicaid clients. As required by Federal law, dues are also used to match funding for our Economic Development District; allowing us to access Federal money for economic development and to develop a five-year Comprehensive Economic Development Strategy for our Region.

Dues are calculated based on population estimates from the Population Research Center at Portland State University. These numbers are certified and released each December. Additionally, OCWCOG uses the Consumer Price Index-Urban for the Western Region-Seattle to factor local inflation into the annual rates.

Preliminary calculations utilizing our historical methodology indicate population growth of 1.4% for our region as well as 8.9% CPI as of October 2022. These factors increase dues 9.5% overall. Each member's dues will increase based on their own estimated population change and actual increase will vary.

Please find below the initial calculation of dues projected for your agency for FY 2023-24. *This is the maximum projected amount your agency will pay.* The Board of Directors will meet to discuss and consider alternative methods in May which could lower your dues on a one-time basis.

City of Newport

\$15211.09

Final dues invoices will be sent in early July and will include the calculation method selected by the Board for your information.

Thank you,

Marit Nelson

Marit Nelson
Finance Director
OCWCOG



Community Services Program

1400 Queen Avenue SE, Suite 206 • Albany, OR 97322
541-924-4539 • FAX 541-924-4544

RECEIVED
MAR 06 2023

BY:

MEMORANDUM

DATE: March 3, 2023
TO: Newport City Council
FROM: Alicia Lucke, Community Services Program (CSP) Manager
RE: *Meals on Wheels (MOW) Service to Newport Residents*

MOW serves specifically formulated meals to aging homebound adults, adults with disabilities who often live alone, and those with limited resources or ability to care for themselves in two ways: 1) through a dining room atmosphere at the meal site for those able to travel, and 2) through volunteers delivering hot meals directly to the client's front door.

Thank you for your continued support of *Meals on Wheels*. As a committed community partner, you know that this support provides hot, nutritious meals delivered to clients in your community. We want to show you what your support means to the health of Newport's residents.

MOW specifically targets older adults in poor health, with low income, and with limited or no support structure. Food insecure seniors are 50% more likely to be diabetic, 60% more likely to have congestive heart disease, and 75% more likely to suffer from depression. High nutrition risk, a social determinant of health, often results in increased medical expenses due to frequent hospitalizations and nursing home stays and is a major cause of Medicare related hospital readmissions.

The total value of services delivered to Newport residents in 2022 was approximately **\$175,759**. During that period, *MOW* served by delivering **15,623** hot nutritious meals to the doors of **154** homebound residents in Newport.

We kindly request a donation of \$2,750 from the City of Newport this year to support ongoing meal service and health and socialization check-ups.

One hundred percent of your contribution goes to providing meals—and providing a daily well-check, a physical safety check, and a friendly visit—to the most vulnerable residents in your community. I would be happy to talk with you, share information about *Meals on Wheels*, and its impact on your residents. Thank you for thoughtfully considering your support of *Meals on Wheels* and the Newport residents we serve. Thank you for your consideration and for your continued support.

Spencer Nebel

From: Thomas Kerns <tomkerns65@alumni.nd.edu>
Sent: Wednesday, March 8, 2023 9:00 PM
To: Spencer Nebel
Cc: Maxine Centala
Subject: Concerned Citizens for Clean Air funding request

[WARNING] This message comes from an external organization. Be careful of embedded links.

Dear City Manager Nebel:

The City of Newport has, over the years, been most generous in its support of our Hwy 101 No Spray Project and Pollinator Protection Corridor, and we are most grateful. Our work in site preparation and planting of pollinator-friendly native plants at locations along Hwy 101 selected in collaboration with ODOT is already under way for this year.

We are again asking for a contribution of \$1,000 from Newport in this coming fiscal year. We would be grateful if the City would send a check in July or August 2023 to Concerned Citizens for Clean Air (address below) to help support our plantings. We are asking the same of Yachats and Waldport as they have also contributed in the past, and we are also asking, as in years past, for a larger amount from the Lincoln County Board of Commissioners.

If you need more information we would be happy to provide it.

With much gratitude for your help with this important work,

Tom Kerns
Maxine Centala

mail to:
Maxine Centala
Concerned Citizens for Clean Air
PO Box 2124
Waldport, OR 97394
541 563-3651

Newport Rotary Club
Eco-Friendly-Visitors Project

Quick Overview

Purpose: We want to encourage our summer visitors to be good guests by engaging them in Eco-Friendly practices during their stay in Newport. This project will begin on June 1st and end on August 31st.

Four Focus Areas: Messages will be conveyed on 1 -conserving energy, 2-conserving water, 3-recycling, and participating in 4-beach clean-ups. Tips as simple as: "Please turn off the lights when you leave your room" to a more engaged message such as: "How to join a *Microplastic* beach clean-up party" will be shared.

Four Target Audiences: 1-Hotel guests, 2-restaurant customers (family oriented), 3-Oregon Coast Aquarium (OCA) visitors, and 4-HMSC visitors (Educational Wing).

Means to Deliver Messages: Both low-tech and high-tech means will be used to get our messages out.

- 1) **Low-tech** - Brochures will be provided at the OCA and HMSC to departing guests. Hotels will make brochures available to guests and restaurants will provide families with "kid friendly" placemats on tables. All written communications will include a QR code.
 - 2) **High-tech** – The QR code will direct visitors to our Newport Rotary Club webpage with a tab "Attention Eco-Friendly Visitors". That section will provide instructions on how to register for a 2-hour beach clean-up party. Some hotels will also use in-house digital billboards as well as websites to display and/or convey our messages.
-

Specific to Microplastic Beach Clean-up Parties

Visitors – From Monday through Friday we will provide beach clean-up opportunities for visitors. A 2-hour morning party from 10:00 – 12:00 and an afternoon party from 2:00-4:00 will be hosted each day of the summer (minus July 4th). A maximum of 30 participants can join one beach clean-up party. Certain steps must be taken to register.

Locals – On Saturday and Sunday local volunteers will be encouraged to join beach clean-up parties. They will have the same hours, maximum numbers, and registration requirements as the visitors.

View this Video:

- 1) Type: seaturtlesforever.org
- 2) Click on: "Programs"
- 3) Click on: "Marine Microplastic Debris Removal"
- 4) Scroll down to: "Filtering a Plastic Ocean"

Funding Request: A request for \$10,000 was requested from the Council