1. Agenda

   Documents:

   2018-10-10 Finance Committee Agenda.pdf

2. Meeting Materials

   Documents:

   2018-09-10 Finance Committee Minutes DRAFT.pdf
   2018-10-10 Article Building Resilient Communities.pdf
   2018-10-10 Article Kavanaugh Financial Stability.pdf
   2018-10-10 Article Matrix Consulting Group.pdf
   2018-10-10 Article Water Delivery.pdf
   2018-10-10 CIP Supplemental Budget.pdf
   2018-10-10 Construction Cost Index.pdf
   2018-10-10 Library Move Costs.pdf
   2018-10-10 Lodging Tax Rate Comparison.pdf
   2018-10-10 Memo Transient Lodging Tax Summary.pdf
   2018-10-10 Newport Utility Rate Study.pdf
   2018-10-10 OAWU Water Rate Study.pdf
   2018-10-10 USDA Rural Water Funding.pdf

CITY OF YACHATS

Finance Committee Meeting

441 Hwy 101 N., Yachats Commons/ Room 1

October 10, 2018 at 10:00am

AGENDA

I. Call Meeting to Order

II. Minutes
   A. Minutes: 09/12/18 Regular Meeting

III. Reports
   A. Update & changes to CIP Plan & Impacts to Yachats Budget – Judy Richter
      - Refund & Impact of IT Grant Money to Donor
      - Funding to Replace Floor in Commons
      - Update on Roofing Costs
      - South Gateway Sign
      - 2019/20 Requests
         - Evans/Betz Funding
         - Riggs Property
   B. Progress of PWD Capital Projects – Dave Buckwald & Rick McClung
   C. Progress on the City Capital Projects – Shannon Beaucaire

IV. New Business
   A. Volunteer Applicant – Glen Aukstikalnis VOTE
   B. Discussion of Quarterly Update from Finance Committee to Council on 2018/19 CIP
   C. Discussion to increase the Transient Lodging Tax Percentage
   D. Discussion of Membership of Finance Committee

V. Other Business
   A. From the Committee
   B. From the Staff
   C. From the Floor

This meeting is open to the public and all interested persons are invited to attend. This meeting will be audio taped. All items to be considered by the Commission must be submitted to City Hall no later than one week prior to the meeting. Minutes of all public meetings are available for review at City Hall, or on the City website at www.yachatsoregon.org

In accordance with ORS 192.630, City of Yachats will make a good faith effort to provide accommodations for any person desiring to attend a public meeting, if the request is made at least 48 hours in advance of the meeting time. The meeting room is physically accessible to persons with mobility devices; a sign language or foreign language interpreter may be available, with advance notice. Call City Hall at 541- 547-3565 or Oregon Relay 1-800-735-2900 (TDD) two days in advance.

POSTED October 4, 2018

City of Yachats

FINANCE COMMITTEE

September 12, 2018

Draft Minutes

Chair Beaucaire called the September 12, 2018 meeting of the Finance Commission to order at 10:00 am in Room 1 of the Yachats Commons. Members present: Shannon Beaucaire, Jim Tooke, Don Groth, and John Moore. Absent: none. Staff present: Clerk Judy Richter, City Manager Shannon Beaucaire. Audience: 4.

I. Minutes

A. August 8, 2018

Moore asked if there was follow-up by Mayor Stanley in talking with the Friends of the Commons about contributions to the floor and roof projects. Mayor Stanley stated he thought that the Friends had already contributed, so he did not approach them again.

Moore moved to approve the August 8, 2018 minutes as presented: Aye – 4; No – 0.

Tooke asked what the Friends of the Commons were planning to do with their assets when they disband. Helen Anderson stated that the IRS requires that 501(c)3 organizations must distribute their assets to another nonprofit with a similar mission. She noted a nonprofit can give their assets to a government entity.

II. New Business

B. Discussion new CIP needs

Beaucaire reported that the Commons floor estimates are at approximately $30,000. Beaucaire indicated that she learned the City must pay prevailing wages on the roof project, which could result in their having to outlay another $40,000 to the roofing company. Clerk Richter explained she estimated the $40,000 amount based on another bid. She noted she would need to contact the State BOLI (Bureau of Labor and Industries) for the actual figures. Richter reported the current roof invoice has been paid, minus a withholding of $5,000 contingent upon determining that a recent leak was not due to the new roof.

Richter reported the Driftwood Waterline project and Hanley Culvert projects were in last year's CIP, but work has continued into the current fiscal year. She indicated they need an additional $2,000 for paving the Hanley Culvert and $10,000 for the Driftwood project.

Beaucaire reported Greg Scott approached her last week to request a refund of the $15,000 he gifted to the City on July 11, 2018. She indicated she confirmed with Mr. Scott on April 18, 2018 that he would be making his annual gift. She added he was at the Budget meeting where the amount was included in the budget, and he was not present at the meeting when Council passed the budget on June 13, 2018. She stated he asked for a refund on September 6, 2018. She noted Mr. Scott's refund request would be presented to Council at the meeting that night.

Richter explained the City cannot simply refund the money. The $15,000 would have to be expensed out of the IT budget and there would need to be a supplemental budget to replenish that amount in the IT budget. Mayor Stanley asked why the Council would need to vote on the refund. Richter explained there has to be an appropriation in order to spend the money. Moore clarified that the money to replenish would need to come from another project our out of a reserve fund.

Beaucaire added that the City is still working with the programmer to fix bugs and keep systems operating. She has also asked the programmer to prepare documentation and develop a mapping of the site in preparation for working with the new website project. Richter added that Clerk Jackson reported the current licensing system is not yet set up to address 2019 activity, and they typically send out business license renewal notices in November. Richter was not certain of the amount of time needed to make that fix. Beaucaire reminded the Committee that the programmer, Mark Clements, is the only one who can do this work as the software is highly customized.

Groth recalled there was a $5,000 CIP for updating the Emergency Operations Plan update, which was not spent. Helen Anderson asked how much of the $15,000 allocated to database development had been spent. Beaucaire stated they were expecting an invoice from Clements and did not have a current figure. Richter noted there was $79,000 in reserves. Groth clarified there were no anticipated large draws from this reserve. Beaucaire reminded the Committee the roof would likely cost $40,000. Anderson asked if there was a way to estimate the cost of programmer work for the rest of the year and to refund the portion that was not used. Groth suggested that decision was a Council question rather than a Finance Committee issue.

A. Discussion of Budget and Reserve Generation

Richter explained the numbers on the large sheets could not be guaranteed to be accurate. She indicated she could stand by the last two years of figures that she had input herself.

Moore asked about the large transfers in the water accounts. Richter explained that those numbers were the $650,000 for Highway 101. Groth asked about the $374,000 on the last page of food and beverage tax revenue. Richter noted that money is earmarked for the sewer debt.

Moore summarized that the total reserves were $1.8 million at the end of 2016, $1.6 million at the end of 2017, and $1.5 million now after covering the $650,000 highway expense. Moore indicated the goal would be to increase that $1.5 million by $200,000 to $300,000. Richter reported water and sewer have a goal of $100,000 in reserve generation.

Mayor Stanley asked where the money coming back from the south tank project would go. Richter explained there would be no refund as the agreement is that IFA would forgive a portion of the debt, which will not appear as a line item. Richter reported IFA has not yet provided the paperwork for the additional $300,000 borrowed. Richter noted the City has drawn all it can from the current funding for the project, so this additional money is needed to pay the remaining bills for the project.

Moore asked if there was anything other than optimism for another great tourist season to increase revenues. Moore noted they typically spend $100,000 per year for streets maintenance, and with a recommendation to do more engineering prior to repavement, this cost would cover less area.

Richter explained that water and sewer were an enterprise fund, so the City cannot direct those revenues into the general fund. However, she noted the City could add a franchise tax to the water and sewer collections that could go to the general fund that could be used for streets. Groth asked if the water billing system could be used as a vehicle to collect a tax. Richter stated such an amount would have to be clearly identified as a franchise fee.

Mayor Stanley suggested that people might not react adversely to a new fee on the water bill. Moore asked Mayor Stanley if he thought people would accept a $75 annual increase in their water bill collections. Anderson noted the recent $1.75 per month additional fee for garbage was not popular. Mayor Stanley wondered if people would be more accepting of a fee if they better understood why it was needed. Moore speculated it would take a significant effort to reach all 750 residents with educational messages.

Beaucaire reminded the group that the City has many competing large cost issues to consider, such as improved infrastructure and the purchasing of property to preserve view sheds and watersheds or to store raw water. She noted the cost per person of such projects is much greater in a smaller community.

Moore suggested they City could consider increasing the transient rental tax, and it might be prudent to see what other cities are charging for their tax. Richter clarified approximately 40% of the transient rental tax goes to visitors amenities.

Tooke reported he saw in documents from the League or Oregon Cities that a street and bridge inventory was required before a city get funding. Beaucaire indicated she is aware of the need for the survey and has it on her list of things to do.

Richter added that the City could have a local option levy, noting that the City’s permanent levy generates very little money for the City.

Richter noted that a supplemental budget requires a five-day posting before the meeting. Richter stated she would like to include all of these issues in one supplemental budget rather than doing it piece meal. The Committee discussed the timing of anticipated expenses and when the supplemental budget needs to be done.

Moore asked Richter to provide Bob Bennett with a copy of the five-year spending plan for Public Works.

Moore asked what the state and county add-on taxes were for transient rentals. The owner of Deane's stated the state portion is 1.8%. The county rate is 10% while the City's is 9%.

C. Discussion of finding new members

The person from Deane's was interested. Richter noted would need to complete a volunteer application.

Mayor Stanley added that the Council is considering having liaisons on Committees and Commissions. Beaucaire suggested Mayor Stanley and the Council learn more about the liaison system Newport has before moving forward with a system in Yachats. Beaucaire also added that she is exploring options of getting staff more involved with Committees and Commissions to lend greater support and add an element of continuity.

III. Other Business

A. From the Committee - none

B. From Staff - none

C. From the Floor - none

Beaucaire adjourned the meeting at 11:12 am.

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Shannon Beaucaire, Chair

Minutes prepared by H.H. Anderson on October 6, 2018.

10/10/18

BUILDING RESILIENT COMMUNITIES

The more we grow, the poorer we become

By Charles Marohn, Jr.

As a young engineer, I remember sitting in a city council meeting where a senior colleague presented my analysis on the massive backlog of road maintenance the community was facing.

My estimation was that the capital budget needed to be increased by five times just to keep from falling further behind. This felt like a total disaster! There was no way that kind of budget increase was ever going to happen, especially given the long list of other needs the city was facing.

And I knew that the obvious question of reckoning must be coming: How did we get to this point?

My colleague soberly reviewed the numbers and then deftly shifted the conversation into a discussion on funding. The city could raise taxes which, of course, we were not recommending. Better not to be the one to open that book since everyone in the room understands how that story ends.

There was hope that the state and federal governments might come up with some solution, especially since so many places are in the same situation. Hope, in this instance, is a feeling sort of like people have when their team is down three scores with the clock running out. We all know success is highly unlikely, but remember that one game. . .?

Hope is a psychological bridge that allows us to justify embracing the Holy Trinity of Decline: growth projections, subsidies, and debt.

We hope new growth will provide more revenue. Our desperation—although we would rather call it "commitment"—is such that we're prepared to subsidize that growth into existence, if need be. And when all else fails, we can handle this cash shortfall, which we hope is temporary given that we're investing in growth, by taking on debt.

To my dismay, the presentation ended without a reckoning. The hard question was never asked, and so the uncomfortable reality was never explored. Still, at some point over the coming days, I was certain that nearly everyone in attendance would ponder it.

How did this happen?

An Insolvency Crisis

The people who work at ratings agencies largely believe that municipal debt is as close as an investor can get to risk-free. This holds even in states like Illinois, New Jersey, and California, where pensions are a blinking red light on the dashboard of every budget projection.

The consensus belief is that, since widespread municipal defaults have not happened since the Great Depression, they are not likely to happen in the future.

There is a lot missing in that narrative. The first is that nearly every local government in the United States is currently defaulting on their obligations. Local governments make all kinds of promises—to properly maintain infrastructure, to adequately fund pensions, to staff police and fire departments—that they are failing to keep.

Unlike a debt default, these soft defaults are explained away as public policy choices. This ignores the connection between the capacity to pay debts and the capacity to keep other promises.

Both rely on local government tapping into the wealth of the community. Whatever combination of property, sales, and income tax is used, there must be capacity there to pay.

You can't tax what's not there. As public obligations grow, private wealth within the community must keep pace. Yet accounting rules and practices completely ignore this reality.

When a community builds a new road, that piece of infrastructure comes with a future obligation for maintenance. Local officials can estimate, with a good degree of precision, when that obligation will come due and roughly how much it will cost.

In normal accounting terminology, that would be considered a future liability. In the magical world of municipal accounting, however, that road is labeled an asset.

Never mind that it can't be sold or transferred, and never mind that it carries a future maintenance obligation, it's counted on the asset side of the ledger. Standard accounting practices state that the more roads a community has and the more future promises it makes, the richer it is.

Simultaneously, these same rules give no consideration to the wealth being created, or not. That new road can serve 100 million dollars of property or a tax-exempt forest; it's all the same on the community's balance sheet.

If this sounds incoherent, it is. National economic policy since the Great Depression has focused on growth and employment, not on the broad creation of wealth. In the words of Czech economist Tomas Sedlacek, we've been willing to "sacrifice stability to achieve growth."

Local governments can't function this way, not over the long run. They can't take on more and more promises without generating enough wealth to meet those obligations—not without a reckoning.

A Lack of Wealth

Consider a common North American development scenario, one that played out in my hometown of Brainerd, Minnesota. Two identically sized blocks are separated by a third.

They are in the same neighborhood and on the same thoroughfare. They are the same size and have the same amount of public infrastructure and maintenance cost.

The westerly block I've labeled "Old and Blighted." It was erected in the 1920s, back when neighborhoods were built incrementally over time. When these buildings were constructed, this was the far edge of town. They were small investments that, if things worked out, could be expanded and improved as the community grew.

There would not have been any public infrastructure when these were built; theoretically, that would come later when the neighborhood reached a level of maturity that justified the ongoing public expense.

What you see demonstrated in the Old and Blighted block is the way that civilizations have been building for thousands of years: They begin with nothing, but with time and effort, they end up creating something. Historically, this is the first building block of a successful place.

Contrast this with the easterly block, which I've labeled "Shiny and New." This block used to look like the Old and Blighted block, but the community worked to get those buildings torn down and replaced by a new drive-through taco restaurant.

Not only did this transaction remove blighted properties, but the new site met all the city's policy objectives. It fully conformed with the zoning code, including setbacks, lot coverage, and sign placement.

It eliminated the on-street parking, allowing traffic to flow more smoothly. It even provided greenspace and some stormwater retention capacity.

By nearly every measurable objective, the Shiny and New block is more desirable than the Old and Blighted block. There is one significant measurement, however, where it falls short: wealth.
Total Value of the Old and Blighted Block: $1,104,000.
Total Value of the Shiny and New Block: $618,000.

That decrepit, old block the community would love to have razed is worth 80 percent more than the modern block. It pays 80 percent more property tax to the community. And not only does the Old and Blighted block outperform financially by a significant margin, it does so at the same cost to the taxpayer.

Figure 1. Brainerd Blocks.

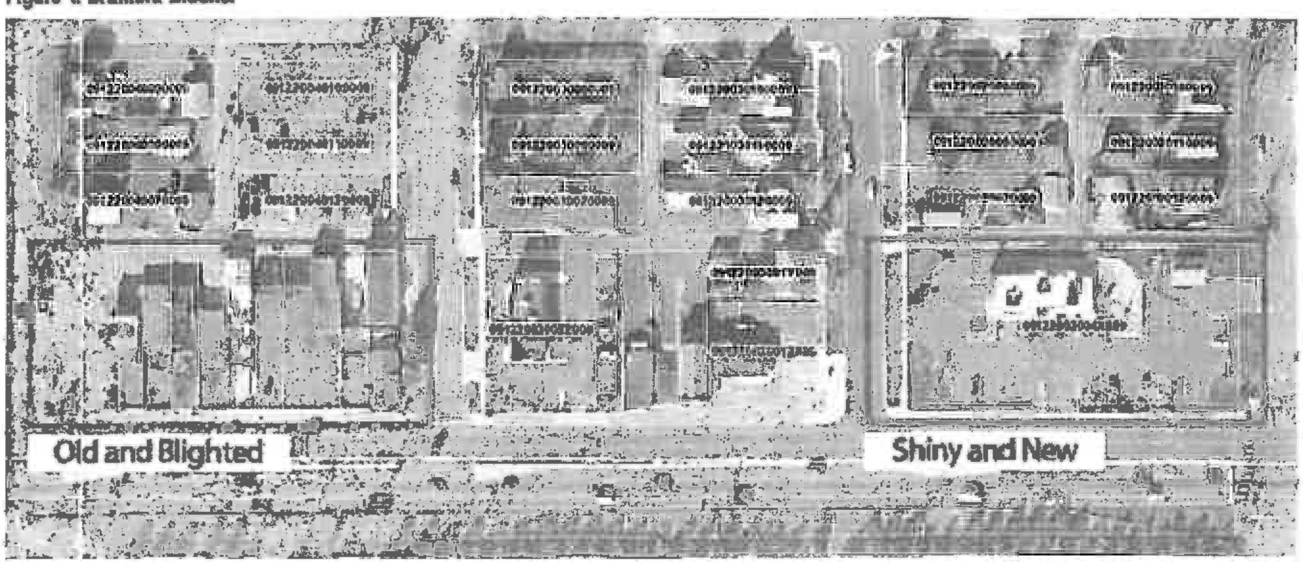
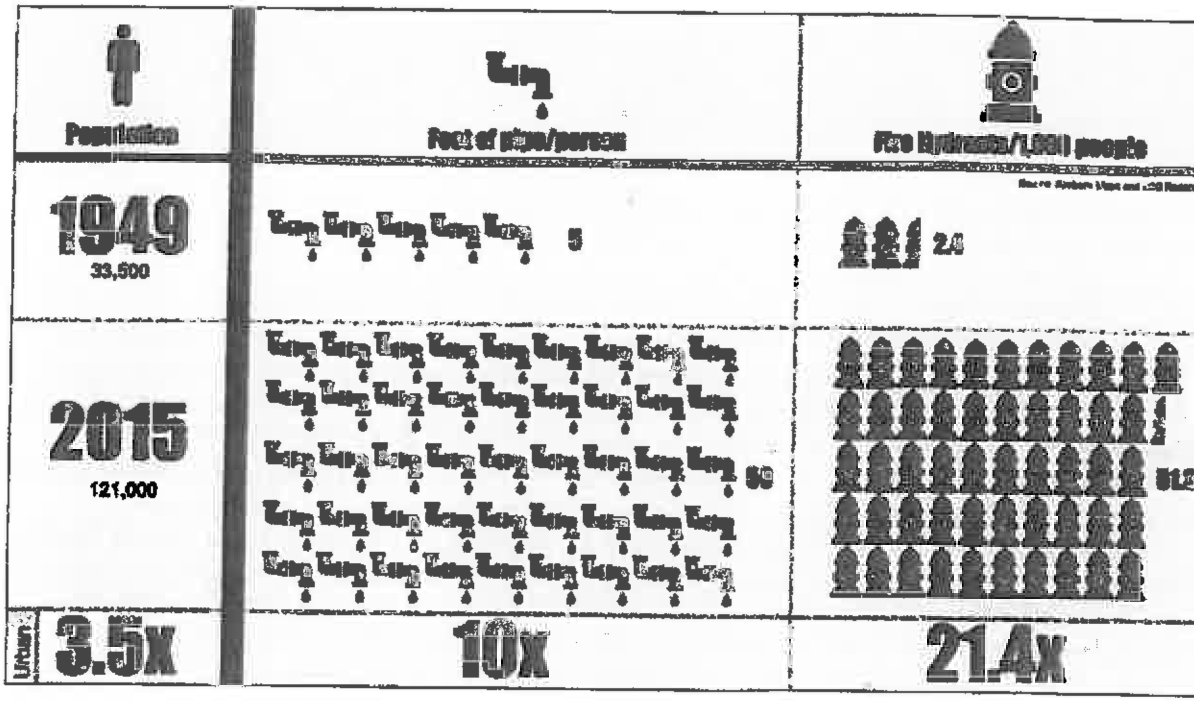


Figure 2. Lafayette Pipes and Hydrants.



This illustration shows the growth in population, feet of pipe, and fire hydrants in the city of Lafayette, Louisiana, between 1949 and 2015. While the population has increased only 3.5 times since 1949, the amount of water infrastructure for the city has grown many times larger.

Meanwhile, the median household income for the city has increased by only 1.6 times according to U.S. Census figures. This math simply doesn't add up.

This is a pattern we see repeated everywhere across North America.

Simple Math

Despite the obfuscation of modern accounting practices, the math equation for a local government is fairly straightforward: a public infrastructure investment must generate enough private wealth to pay for the ongoing replacement and repair of that infrastructure or, if it is to be sustained, it must be subsidized by a more financially productive part of the system.

Analyses of new developments suggest that a *minimum* of $20 in private wealth is needed to sustain, for the long term, each dollar of public infrastructure investment. A ratio of 40:1 would provide an optimal buffer for future uncertainty.

Yet, when we examine modern North American localities, it is common to find ratios of 1:1 or worse. That is, in the current development pattern, it takes one dollar of public infrastructure investment to create one dollar of private wealth. That's a formula for economic disaster.

Consider a municipal sewer system. Pre-depression systems tended to rely on gravity flow, which is extremely cheap once the pipe is installed. Properties of that period tend to be skinny and deep, minimizing the amount of pipe needed per connection (or, said another way, maximizing the amount of private wealth per foot of public obligation).

Good urban design would place buildings on higher ground with treatment facilities downhill, a setup with a lower financial burn rate.

Today, designers generally don't worry about the public's return-on-investment. Parcels are wide and shallow, spread out with a lot of gaps in between. Pumps, which are expensive to operate, maintain and replace, are commonly used to provide service to marginal properties.

This is all expensive, and while the initial construction costs are often covered by a developer and rolled into the sale price of the home, taxpayers assume the burden of providing ongoing service and maintenance.

Yet, despite the large discrepancy in public cost, a residential home on a remote lot with a dozen pumps to get its sewage to a treatment facility will be charged the same as the home on the narrow lot with gravity flow all the way.

With decades of building in this new style—everything spread out across the landscape—the costs are enormous yet the comparative wealth is marginal. Our communities are bigger, yet financially less productive. We have grown our tax base, but our expenses have grown even more. This is not working.

A Strong Towns Approach

In the current approach to managing local governments, the more they grow, the poorer they become. While that growth may improve a city or county's short-term cash flow, it destroys the long-term solvency.

It all gets back to that simple math problem. To make our communities not just solvent but financially strong and resilient, we must increase our wealth without increasing—and perhaps even by decreasing—our expenses.

Instead of focusing on new growth, we need to obsess about making more productive use of that which we've already built.

That's not a modest tweak in approach but a radical revolution in how we plan, manage, and inhabit our cities, counties, and neighborhoods. It calls for a different relationship between local government and residents, between management professionals and the communities they serve.

It requires that the priorities of the state and federal governments to boost economic growth and lower unemployment become subordinate to the essential requirement that local governments remain financially viable.

A strong country is the byproduct of having strong communities and neighborhoods, not a substitute for it.

There is no clear road map for this revolution. No nation in history has systematically transformed the development pattern of an entire continent, within a single generation, changing everything about how we make a living, transact with each other, fall in love, make collaborative decisions, keep the peace, and perform other social functions.

We find ourselves operating without universal answers to the complex problems communities and neighborhoods face. At Strong Towns, we seek to discover rational ways to respond to these challenges.

Here is our approach:

- Rely on small, incremental investments (little bets) instead of large, transformative projects.
- Emphasize resiliency of result over efficiency of execution.
- Design to adapt to feedback.
- Inspire by bottom-up action (chaotic but smart) and not top-down systems (orderly but dumb).
- Seek to conduct as much of life as possible at a personal scale.
- Obsess about accounting for revenues, expenses, assets, and long-term liabilities (do the math).

The Strong Towns movement is growing. We have thousands of members around the world, including elected officials, management professionals, and many other people who share a passion for building great places. These people are working collaboratively to make their communities and neighborhoods as strong as they can be.

You can learn more and join us in this revolution at www.strongtowns.org. **PM**

CHARLES MAROHN, JR., is president, Strong Towns, and lives in Brainerd, Minnesota (@clmarohn; team@strongtowns.org; all Strong Towns staff members work remotely). He will be a featured speaker at ICMA's 104th Annual Conference in Baltimore, Maryland, September 23–26, 2018.

A NEW FRAMEWORK FOR FINANCIAL SUSTAINABILITY

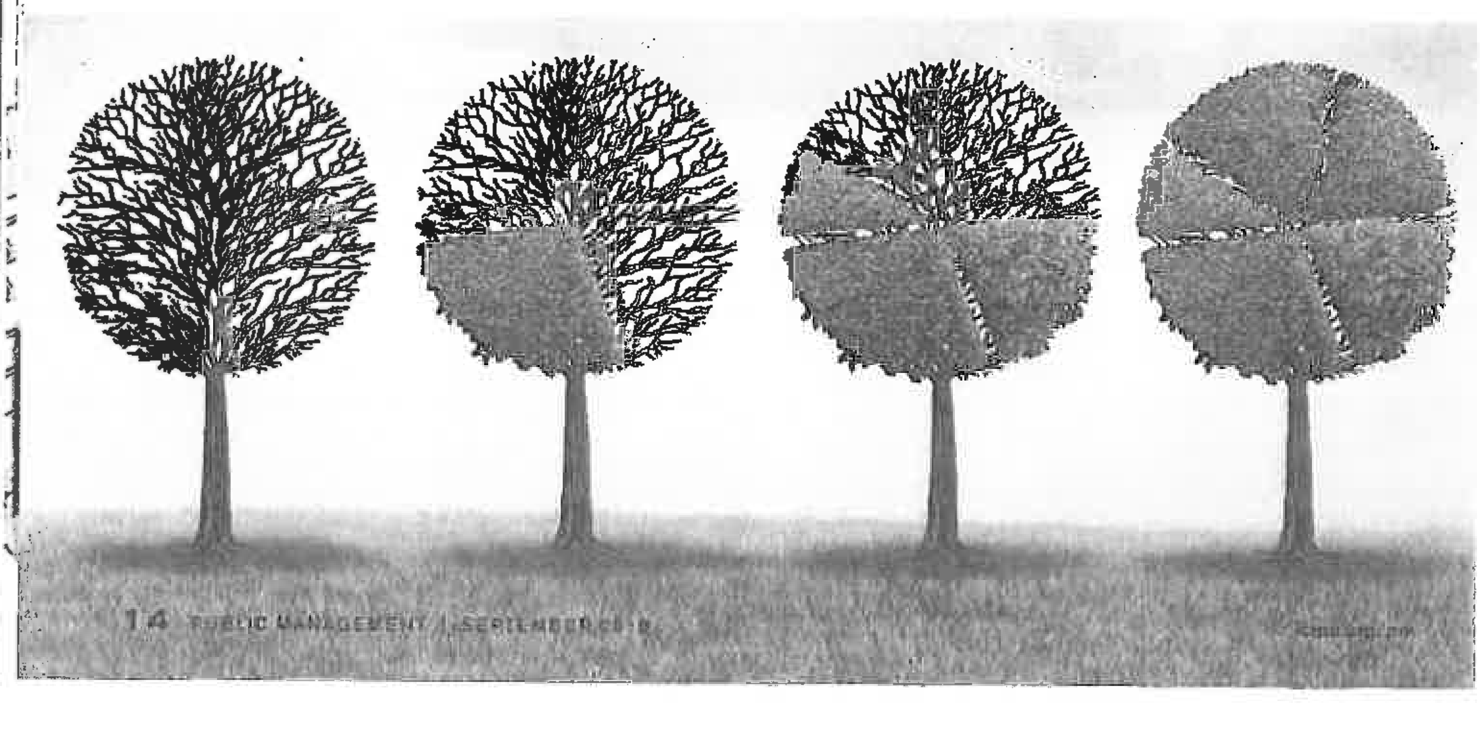
Translating Nobel Prize-winning economics to public finance

By Shayne Kavanagh

For many local governments, financial sustainability seems to be an elusive goal even many years after the Great Recession.[1] In fact, according to a 2015 Government Finance Officers Association (GFOA) member survey, financial sustainability is a perennial concern.

Another economic downturn would be debilitating to local and state government finance and the public services on which people depend. Such concerns become magnified when considering these forces that will add financial pressure for local governments:

- **Aging population.** From 2016 to 2060, the number of Americans age 65 and older is projected to more than double.[2] An aging population earns less income, uses more public services, and spends a greater portion of its income on non-taxable goods and services (e.g., health care).[3]
- **Pensions and health-care costs.** Health-care cost increases are still well above typical government revenue growth. Local governments can expect health-care costs to remain a challenge.[4] The pension funding challenges faced by many local governments add a large expenditure to the budget.
- **Infrastructure maintenance and renewal.** According to the American Society of Civil Engineers, U.S. infrastructure rates a "D+" and requires a $2 trillion investment over 10 years to bring existing infrastructure into good condition.[5] Though not all of this required investment falls on local governments, enough of it does to create a significant financial burden.
- **Inequality.** Income and wealth inequalities have grown substantially over the past 30 years.[6] Since 1980, real wages for the bottom 60 percent of wage earners has been essentially flat.[7] Local government tax systems



are designed to tax a broad segment of the population, yet a broad segment of the population is experiencing little to no growth in the income from which those taxes are drawn.

Further, as state and federal governments face their own financial challenges, due in part to the trends described above, they may push more responsibilities on to local government and share less revenue. Local governments, for this reason, must find a new way to ensure their ongoing financial health, and thereby ensure their ongoing ability to provide for the health, safety, and welfare of residents.

A New Approach

A promising new approach for local governments in the 21st century has its roots in 19th century England. Victorian economist William Forster Lloyd articulated an idea that, today, is expressed as this parable:[8]

> A group of farmers have common ownership of a grazing area. The individual farmer has the incentive to send his animals to the common grazing area as much as possible. This is because the additional cost to use the grazing area is zero (it is commonly owned) and if he doesn't send his animals, the other farmers' animals still graze, thus depriving the individual farmer's herd of potential food.
>
> All farmers face the same incentive and so all send their animals to the common grazing area. The result is that the common area is eventually overgrazed and becomes barren. This is called "the Tragedy of the Commons."[9]

A local government budget has important similarities to the commonly owned grazing area. A government and its financial resources are commonly owned by all residents of the government. Each stakeholder of the government has an incentive to extract resources from the public budget.

Stakeholders often find themselves in competition with others to get resources, and therefore, try to get as much as possible in case they lose the resources to others. The long-term result could look much like the commonly owned grazing area.

The Tragedy of the Commons inspired a line of modern economic research called "common pool resource theory," which is concerned with how to create sustainable management of such commonly owned natural resources as grazing lands, fishing stocks, or forests. One of the originators of this line of research was Elinor Ostrom, who was awarded a Nobel Prize for her work in 2009.

GFOA, National Civic League, Lincoln Institute of Land Policy, and university researchers have translated common pool resource theory to local government to develop a new model for financial sustainability. Using more than 20 case studies of local governments and feedback from practitioners, Ostrom's Nobel Prize-winning work was translated to public finance.

We found that Ostrom's work can be applied to local governments of different sizes, from Los Angeles County (population more than 10 million) and San Bernardino County, California (population 2.1 million), to the city of Dubuque, Iowa (population 58,500).

Special purpose districts, like schools or water utilities, and general-purpose cities and counties can use these ideas, too. This is because all local governments, from big to small, from general to specific purpose, are a resource that is commonly owned by the communities that they serve.

Comprehensive System

GFOA's new financial sustainability model is comprehensive. It includes strategies for leaders to inspire pride, loyalty, and enthusiasm so that followers will want to help make the organization financially sustainable.

It also includes design principles for local government institutions, which set the rules of the game for how local government and other, related organizations work together for a sustainable financial future.

The best summarization of GFOA's complete system of financial sustainability can be found in the concept of "strong reciprocity."[10] Reciprocity is the practice of exchanging with others for mutual benefit.

Strong reciprocity reinforces mutually beneficial exchange and is essential for the functioning of complex societies and organizations. Strong reciprocity has two features that lead to widespread cooperation.

First, people are conditional cooperators, meaning we will cooperate as long as others do, too. Second, people are altruistic punishers, which means we are willing to punish others for taking advantage of the system—even if applying that punishment will cost us personally.

Strong reciprocity applies to the financial sustainability of a local government. Diverse stakeholders must cooperate to preserve the long-term financial health of a local government, and there must be consequences for taking undue advantage of public resources.

Engaging people in decision making gives them a voice. When people have a voice, they will feel more committed to the success of the organization.

GFOA's framework supports strong reciprocity and thereby, financial sustainability in a local government in five ways (see Figure 1):

1. Establish a long-term vision to give people a reason to cooperate over a sustained period of time.
2. Build trust and open communication to encourage cooperation.
3. Use collective decision making to foster a forum to cooperate.
4. Set rules and ensure they are followed.
5. Treat participants fairly under the rules.

Establish a long-term vision to give people a reason to cooperate over a sustained period of time. A long-term vision helps people understand why it's important to work together. A long-term vision also accentuates the need to fairly distribute the costs and benefits of government services across different generations of residents.

Local government leaders should facilitate the development of a shared vision for the community, including through a strategic planning process. To illustrate, San Bernardino County, California, articulated a vision for the entire county.

The process was inclusive of the municipal governments located within the county as well as a number of nonprofit and private organizations. The vision was to make a real improvement in the lives of community members by, for example, improving childhood literacy and community health.

These broadly relevant and meaningful indicators made it clear why the county government needed to be sustained, and enlisted other organizations is reaching the vision, thereby reducing the resources required of the county government.

A local government, however, can't be fixated just on the long term. Leaders must also strike a balance between long-term considerations and responding to immediate needs. For example, they might consider merging long-term forecasting with annual budgeting.

Build trust and open communication to encourage cooperation. Open communication allows people to realize their shared interests and to arrive at an understanding of how local government resources can be used for the benefit of all in a community.

Trust is essential if people are going to risk giving up something that benefits them as individuals in order to benefit the entire group. This applies to negotiating budgets across departments and different community groups.

There are local governments, for example, that have found success in using cross-departmental teams to make decisions about how the budget will be allocated, rather than relying on individual departments to submit individual budget requests.

The latter method is essentially a competition between departments that can reinforce the individualist, competitive behaviors that brought tragedy to the commons. The former method asks departments to reach across silos to make decisions in the interest of an entire organization.

Use collective decision making to foster a forum to cooperate. Collective decision making is critical to avoiding a Tragedy of the Commons in local government. Engaging people in decision making gives them a voice. When people have a voice, they will feel more committed to the success of the organization.

Engaging people can also improve the quality of decisions because the decisions will better reflect people's needs. This supports perceptions of legitimacy in how public resources are used. Local governments that have been most successful with public engagement have identified critical capacities.

Financial decision making, for example, is essentially about making trade-offs, where there often is no optimal outcome. Members of the public must, therefore, also make trade-offs, rather than simply advocating for their preferred position.

Even if the trade-offs they are asked to make are simplified over an actual budget, it helps residents better appreciate the perspectives of others and the realities of limited resources.

Figure 1. The Path to Financial Sustainability.

Strong reciprocity reinforces mutually beneficial exchange and is essential for the functioning of complex societies and organizations.

Collective decision making can also take place between local governments. Complex challenges demand more resources than governments have. A local government can join with other organizations to form a network committed to addressing community challenges at a sustainable cost.

Set rules and ensure they are followed. Rules define how decisions are made about public resources and the time horizon that decisions will consider. A financial policy, for example, might define the amount of money a community will keep in its rainy-day fund. Rules must be accompanied by a system that brings transparency to decision making.

A system of monitoring encourages people to operate within the rules and helps them trust that other people are doing the same. People might sometimes be tempted to go outside of the rules, so local government leaders must maintain the ability to reinforce cooperative behavior among people.

Local institutions must be set up to give people the incentive to cooperate. Lighter touch incentives are essential. Terminating a department head that exceeds his budget, for example, is a blunt instrument.

One city created a rule that required department heads who exceeded their budgets to appear before the city's resident budget committee and explain why they exceeded it and then return for the next two months to report on their progress on getting back within budget. The city found that compliance with budgets improved markedly.

Local governments must also be mindful to eliminate incentives that encourage unsustainable behavior.

Departments can often rush to spend out their budgets when the year ends so as not to lose that funding from their budgets the next year. And so, local governments need to find out where they might actually be encouraging unsustainable behaviors and then change these incentives.

Treat participants fairly under the rules. The perceived fairness of a system is critical to people's decision to support that system. If they feel unfairly treated, they will not be willing to cooperate or respect the rules.

Residents must feel they are getting a beneficial exchange of taxes and fees for public services. More generally, decision-making processes must be regarded as fair and should handle conflicts constructively.

Here are examples: If budget decisions are made based on information that is perceived to be accurate; if a transparent and consistent set of decision-making criteria is applied to everyone equally; if all affected stakeholders are given the opportunity for input; and if decisions that don't work out can later be corrected.

Then people will be more likely to support the decision, even if the decision is not their preferred outcome. These characteristics come from a body of research called procedural justice.

Finally, local government itself must have its decision rights recognized by other levels of government. Local governments must preserve enough independence from state and federal governments to make choices that best fit local conditions.

GFOA has gathered a wealth of case study evidence to show how local governments have put each of these supports in place. It is also pilot testing a program that invites local governments to self-assess the extent to which their financial decision-making systems exhibit the characteristics of a financially sustainable decision-making system.

Managers can find out about the latest research and how to get access to these materials by contacting the author or visiting http://gfoa.org/financial-sustainability. PM

ENDNOTES AND REFERENCES

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Determine the most efficient organizational structure to promote effective communications, resource utilization, and managerial control

Ensuring that a public works organization's management skills are maximized requires a combination of effective communications, staff expertise, reporting capabilities, and continual assessment of service level appropriateness.

The Matrix Consulting Group has worked with dozens of public works departments by taking a systematic approach in effectively organizing component functions to optimizing spans of control, determining appropriate staff skills, and using metrics to ensure accountability for results.

Case Study: Northampton, MA

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Infrastructure assessments

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Better understand your organization by identifying and allocating indirect costs to receivers and justifying transfers from non-general fund sources

Through staff interviews and research, we will identify departments and programs that support or provide services benefitting other areas. Allocation metrics will then be developed to ensure that indirect costs are distributed fairly and equitably.

We will work with finance staff to ensure understanding of the plan and it's methodologies, as well as how to utilize the informational outputs.

A documented plan will provide justification for inter-fund transfers, as well as ensure that cost for service studies account for appropriate jurisdictional overhead.

Case Study: Cupertino

Super Circular compliant cost allocation plans and indirect cost rates

Cost of services

User fees

Development impact fees / Nexus Studies

Billable/hourly rates

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City / County / State

A core area of expertise for the firm is to conduct studies of entire city and county organizations, as well as agencies at the state level, bringing in subject matter experts from a wide range of fields to provide detailed analysis in each area.

Click on a subject area below to learn more about the services we provide and view samples of our work:

City and County

Organizational assessments

Studying organizations in their entirety allows for a focused evaluation of the linkages between functions

The interaction between different areas of an organization can be critical to their success, such as the role that human resources plays in keeping police department positions filled. These studies also provide a neutral assessment of all functions in an agency.

The Matrix Consulting Group has worked with scores of local government entities to evaluate this cross organizational impacts, improve business processes through streamlining and technology, and to prioritize the best use of resources now and into the future.

Case Study: Greenbelt, Maryland

Strategic planning

Staffing analysis

Management analysis

Customer service

Shared services

State

Administrative services

Organizational and staffing analysis

10/10/18

Water Delivery – A Thre

by Tim Tice, Projects Manager

Electricity and water have gone hand in hand for a long time. In 1881 water turned an alternator that supplied electricity to the streets of Surrey Town of Godalming in the United Kingdom.[1] At the same time, Charles Brush connected a generator to produce electricity for nighttime tourists that visited Niagara Falls.[2] With the invention of and progress towards the use of electric motors, and their supported peripheral components, water is now delivered to places unimaginable 100 years ago. Seldom reviewed from an operational perspective is the cost paid for keeping our motors powered. With the number of households increasing by 45 percent in the past 30 years, someone may think energy consumption paralleled the same increase. Yet, contrary to thought, the energy consumption has only increased by ten percent. The energy consumption has lessened due to better efficiency of processes and apparatuses.

The USEPA has determined that 40 percent of a water or wastewater utility's operating cost can be linked to energy.[3] With so many industries looking for practical ways of providing the same service at a lower rate, automation seems to become the go to answer. In the mid-1990s, an 8-megabit hard-drive would cost approximately $400 dollars. Today, a 500 Gb (1gb = 1,000 megabits) will cost $50.00. The efficiency in which components are manufactured and obtained (partially through increased availability and competition) has driven the price down.

What is the single component a water or wastewater utility sells? It is usually a measurement and cost associated with said unit. The average Oregon household uses approximately 6,000 gallons per month, with the average monthly water bill at $42.00, the cost per gallon is $0.007 cents.

The proverbial comparative argument is the cost associated with a gallon of water purchased in 16-ounce bottles. The answer is approximately $8.00 to $16.00 dollars per gallon. While at the grocery store, a couple was filling their 5-gallon plastic bottles (4 total) from the machine for $0.25 per bottle or $0.05 per gallon. Did you see the connection? $0.007 versus $0.05 at the store. The $0.007 cost is at your tap, in your kitchen, more than likely 15 paces from your living room. Where's the justification?

If a water utility could charge a simple rate at $0.01 per gallon, then 6,000 gallons per month would equate to $60.00 dollars. Would this figure allow both water and wastewater utilities to stay ahead of the expense curve?

Two methods cure the growing fatigue to balance a budget for the utilities. Charging more for the services rendered or reduce operating expenses. When we want to charge more for water, the headwinds of resistance gust with reluctancy and many factors play into the decision. Method two, the other side of the coin is reduced operating expenses in the form of better efficiency, but efficiency can cost money to implement initially, particularly in the form of equipment and automation. Let's look at one expense to determine savings and return on investment, energy!

A breakdown and review of utility expenses will show how energy is usually one of the three highest annual expenses for a utility. Energy efficiency, measured in percentages, is obtained by both a review of current costs, existing equipment, and rates, as well as, a possible change in operational procedures. Can any given motor used in production or processes be operated during the off-peak hours? Can operating peripherals (sensors) increase efficiency when applied to these motors.

Without going into detail on how to calculate energy savings, a theoretical example will be presented.

A 40 HP submersible motor is placed in a well and set at a depth of 450 feet and has a required production capacity set at 150-200 gallons per minute. Normal daily water production is approximately 42-48K gallons. This piece of equipment has a duty cycle of approximately 4.0-4.5 hours per day. Looking at total electrical costs, hours of operation, system design, the question is: can a smaller motor have been put into service? A variable frequency drive would certainly reduce the high amperage required to start the motor, but run-times may prove unnecessary, and a soft start application can be more cost efficient. A 30 HP motor in its place, with all the operating parameters the same, may save $1,588 dollars annually.[4]

To deliver water to the customer at any given time takes more from an operator today than ever before, due to varied fields of knowledge someone must be familiar with. We can go about the multiple tasks on our own, hire someone, consult, or charge enough for the service and commodity provided to pay for it all.

The third side (method) may perhaps be our inability to market our product and services. Stated jokingly, "Turn the water off for three days, when people get thirsty and stink, water becomes more appreciated." With the Association participating at many public meetings, a common misunderstanding of customers is the cost of water delivery.

Challenges for a utility today are ever-shifting but can be related to the three-sided drop on its point. Forging, shaping, inverting the drop can be an arduous task, but assistance. Teamwork can lower the height of the hurdles.

At OAWU, two aspects in our mission statement is support and solutions. Our approach to marketing, rates and efficiency is not unique, but the effort towards positive change is exceptional. Continue to call on us, our support is for your success.

The best of everything that life has to offer!

—Mr. OpTIMist

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Supplemental Budget for November 14, 2018

Fund	Explanation	Amount	Source	
CIP - City Hall	replace refunded grant	15,000.00	15,000.00	General Fund ???
CIP - Streets	Gateway Sign	14,000.00	14,000.00	Street reserves, funded in 2017-18 but work not done
CIP Commons	Additional cost of roof	20,000.00	20,000.00	Commons reserves???
	Replace floor MP room	32,000.00	8,500.00	refund from Alsea Bay Granite
			23,500.00	Commons reserves???
CIP - Storm Drains	Paving - Hanley culvert	2,000.00	2,000.00	General Fund???
CIP - Water	Paving Driftwood Waterline	10,000.00	10,000.00	Water reserves - funded 2017-28 but work not done
CIP - Sewer	Completion of Crestview Sewer Line	20,000.00	20,000.00	SDC Fund
CIP - Sewer	add to Solids Pole Building	20,000.00	20,000.00	Sewer Reserves
		133,000.00	133,000.00	

City of Yachats Finance Committee
5 Year CIP Plan
Cost Estimates
2018-2019 Planning Cycle

	2016-17	2016-17	2017-18	2017-18	2018-19	2018-19	5 Year Capital Plan			
	Original Capital Plan	Amended Capital Plan	Original Capital Plan	Amended Capital Plan	Original Capital Plan	Amended Capital Plan	2019-20	2020-21	2021-22	2022-23
Library	40,000	0	0	20,000	50,000	50,000	25,000	0	0	0
Museum	0	30,000	35,000	0	150,000	150,000	150,000	0	0	0
Commons	128,500	2,500	0	30,000	65,000	117,000	122,500	24,500	24,500	24,500
Water	350,180	106,680	195,000	178,000	310,000	320,000	285,000	345,500	418,000	263,120
Sewer	134,000	104,000	100,000	183,000	240,000	280,000	145,000	80,000	80,000	105,000
Drains	0	0	0	7,000	0	2,000	0	40,000	40,000	40,000
City Hall	30,000	35,000	20,000	20,000	55,000	70,000	10,000	20,000	15,000	5,000
Streets	0	0	0	42,500	203,500	217,500	100,000	100,000	100,000	100,000
Visitor Amenities	294,000	0	304,000	24,000	110,000	110,000	85,000	25,000	100,000	100,000
Total Capital	976,680	278,180	654,000	504,500	1,183,500	1,316,500	922,500	635,000	777,500	637,620

City of Yachats Finance Committee
5 Year CIP Plan
Cost Estimates
2018-2019 Planning Cycle

Capital Spending Category	2016-17 Original Capital Plan	2016-17 Amended Capital Plan	2017-18 Original Capital Plan	2017-18 Amended Capital Plan	2018-19 Original Capital Plan	2018-19 Amended Capital Plan	Spent as of 10/8/2018	5 Year Capital Improvement Plan 2019-20	2020-21	2021-22	2023-24	2024-25		
Library														
Relocation/Renovation/Configuration	40,000			20,000	50,000		4,440	25,000						
Little Log Church and Museum														
Replacement of the south wall	0	30,000	35,000	0	150,000		98	150,000						
Funded by Visitor Amenities ($112,000)								(113,000)						
Commons														
Urinals - Update Men's Room			0	10,000										
Wind machine - Electrical Generator #2									0					
Fitness Trail	21,000							21,000						
New Roof	65,000				65,000	20,000	66,263							
Support Beam under City offices				10,000										
Stage Area Electrical Upgrades	10,000													
Commons Building Code Upgrades				10,000										
Balance of List - Not Priortized								10,000	10,000	10,000	10,000	10,000		
Community Garden								13,000						
Entry Portals - 4 @ 14,500	22,500							14,500	14,500	14,500	14,500			
Fire Circle	5,000							5,000						
Native American Court	5,000							5,000						
YYFAP Courtyard								28,000						
Ball Field		2,500												
Main Entry Improvements								26,000						
New Floor - MP room ($8500 from Alsea Bay)						32,000.00								
	128,500	2,500	0	30,000	65,000	52,000.00	66,263	122,500	24,500	24,500	24,500	10,000	0	0

City of Yachats Finance Committee
5 Year CIP Plan
Cost Estimates
2018-2019 Planning Cycle
Storm Drains

	2017-18	2017-18	2018-19	2018-2019	2018 - 2019 CIP 5 Year Plan				Later Years				
	Original Capital Plan	Amended Capital Plan	Original Capital Plan	Amended Capital Plan									
Capital Spending Category					2019-20	2020-21	2021-22	2022-23					
Equipment													
Wastewater Master Plan Project						40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Storm Drain added late in 17/18 (Hanley)	-	7,000		2,000									
Build-Out													
Total	-	7,000		2,000	-	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000

Culvert work to be determined

City of Yachats Finance Committee
5 Year CIP Plan
Cost Estimates

2018-2019 Planning Cycle
City Hall

5 Year Capital Improvement Planning

Capital Spending Category	2016-17 Original Capital Plan	2016-17 Amended Capital Plan	2017-18 Original Capital Plan	2017-18 Amended Capital Plan	2018-19 Original Capital Plan	2018-19 Amended Capital Plan	Spent as of 10/8/2018		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
				Budget 31,000										
Information Systems Development ($15K Grant)	20,000	20,000	20,000	20,000	20,000	15,000	18,381							
Hardware Upgrade					10,000									
Web Development/App Deployment					20,000					5,000	5,000	5,000		
Office Furniture/layout/equipment upgrade										15,000				
Upgrade Accounting Systems	10,000	15,000									10,000			
Meter read interface to Muni system									10,000					
Update Emergency Plan					5,000									
Total	30,000	35,000	20,000	20,000	55,000	15000		-	10,000	20,000	15,000	5,000	-	-

Reveue Sources
General fund
Grants

City of Yachats Finance Committee
5 Year CIP Plan
Cost Estimates

2018-2019 Planning Cycle

5 Year Capital Improvement Planning

Street Name	2016-17 Original Capital Plan	2016-17 Amended Capital Plan	2017-18 Original Capital Plan	2017-18 Amended Capital Plan	2018-19 Original Capital Plan	2018-19 Amended Capital Plan	Spent as of 10/8/2018	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Street Speed Signs added late in year			0	6,000			0						
			0										
Street Engineering added				36,500									
Change detail to Allocation by PWD				0	203,500		488	100,000	100,000	100,000	100,000	100,000	100,000
South Gateway Sign						14,000							
Total	0	0	0	42,500	203,500		488	100,000	100,000	100,000	100,000	100,000	100,000

Revenue Sources
Gen. Fund
State
Grants
Reserve Carryover

City of Yachats Finance Committee
5 Year CIP Plan
Cost Estimates

2018-2019 Planning Cycle

5 Year Capital Improvement Plan

Capital Spending Category	2016-17 Original Capital Plan	2016-17 Amended Capital Plan	2017-18 Original Capital Plan	2017-18 Amended Capital Plan	2018-19 Original Capital Plan	Amended Capital Plan	Spent as of 10/5/2018	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-2026	Later
Water Projects															
Chemical Pump added late in year			0	10,000											
Backwash Plumbing Line			45,000	0				45,000							
Funded by SDC's			(45,000)	0				(45,000)							
South Reservoir			1,700,000	1,400,000	328,500		126,708								
IFA Loan Proceeds			(1,100,000)	(1,300,000)	(138,500)		0								
Repairs to Shop Doors (cost shared with Sewer Fund)								30,000							
E 3rd Street Waterline + all new service lines	267,680	67,680			100,000		3,648								
Upgrade Accounting System	17,500														
Meter Replacement	25,000														
King Street Waterline and all new service lines										418,000					
Update Conservation & Curtailment & Water Master Plan			20,000	0	85,000										
Enclose Blackstone Booster Stations (all 3)					20,000			20,000	20,000						
Radio Read Meter Replacement System Wide		0			15,000			25,000							
Earthquake Value and Water Tap - 125k Reservoir								30,000							
Earthquake Value and Water Tap - 250k Reservoir								30,000							
Radar and 7th Street Waterline & service lines 250k Reservoir to Hwy 101									275,500						
Gender Waterline and new service lines								50,000							
Windy Way Waterline and service lines								50,000							
E. 2nd Street Waterline & new service lines (S D C Funds)															
Miscellaneous Looping of Waterlines in URD											131,560				
Upgrade Size of Waterlines in URD											131,560				
Driftwood Waterline W. 4th to W. 6th (behind Commons)			95,000	95,000		10,000	0								
Pontiac Waterline W 4th to W 1st															
Spruce Ave Waterline and new service lines															
Loma Ave Waterline and new service lines															
New Water Plant out of Tsunami Zone (Package Plant)														750,000	
Water Plant is now 25 years old - Systems replace/improve								50,000	50,000						
First Phase - Raw Water Storage Capacity													2,000,000		
Purchase Watershed or other Protection Agreement												500,000			
Total	310,180	67,680	115,000	95,000	220,000	10,000	130,356	285,000	345,500	418,000	263,120	500,000	2,000,000	750,000	0
Water Equipment															
5 yd dump truck			20,000	20,000											
Back-hoe	35,000	35,000	60,000	60,000											
Trailer to carry little excavator	5,000	4,000													
Bucket Truck				3,000											
Replacement Vac Truck - split w/water					90,000										
Total	40,000	39,000	80,000	83,000	90,000		-	-	-	-	-	-	-	-	-
Grand Totals	350,180	106,680	195,000	178,000	310,000		130,356	285,000	345,500	418,000	263,120	500,000	2,000,000	750,000	-

City of Yachats Finance Committee
5 Year CIP Plan

Cost Estimates
2018-2019 Planning Cycle

Capital Spending Category	2016-17 Original Capital Plan	2016-17 Amended Capital Plan	2017-18 Original Capital Plan	2017-18 Amended Capital Plan	2018-19 Original Capital Plan	2018-19 Amended Capital Plan	Spent as of 10/8/2108		5 Year Capital Improvement Plan 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-2026	Later
Sewer Projects																
I & I Basin Rehab 20-30 manholes/yr Basin by basin basis - manholes and pipelines	30,000	0								30,000	30,000	30,000	30,000	30,000	30,000	
Sewer Collection Lines extended - net Septic Tank elimination	25,000	25,000								50,000	50,000	50,000	50,000	50,000	50,000	
Sludge Handling Bldg Side Cover became Pole Building	14,000	0														
SCADA Replacement computer is 7 years old and software is obsolete	25,000	40,000														
Sewer Line Crestview - same trench solution paid by SDC fees				100,000	50,000 0	20,000	63,242									
Solids Pole Bldg to Cover Truck during Processing keep dry while filling and protects truck from weather (prevailing wage)					60,000	20,000										
Sliding doors on U.V. Building to fully enclose and protect U.V. equipment									15,000							
1/2 of Radio Read Project					15,000											
Repairs to roll-up Doors on PW Shop total cost to be split with water wind locks are corroded and popping out									30,000							
WasteWater Master Plan Update Last master plan projects completed in 2009									80,000							
Totals	94,000	65,000	0	100,000	125,000		63,242	0	125,000	80,000	80,000	80,000	80,000	80,000		
Sewer Equipment																
5 yd dump truck current truck needs brakes, constant repairs total cost to be split with water			20,000	20,000												
Towable Spreader			20,000	-					20,000							
Back-hoe	35,000	35,000	60,000	60,000												
Re-Side Public Works Building	5,000	4,000										25,000				
Bucket Truck				3,000												
2,000 gallon water truck (Biosolids) back up in case dump truck or screw press fails					25,000											
Replacement Vac Truck - split cost w/water					90,000											
Totals	40,000	39,000	100,000	83,000	115,000			-	20,000	-	-	25,000	-	-		
Grand Totals	134,000	104,000	100,000	183,000	240,000		63,242	-	145,000	80,000	80,000	105,000	80,000	80,000		

City of Yachats Finance Committee
5 Year CIP Plan

Cost Estimates
2018-2019 Planning Cycle

5 Year Capital Improvement Planning

Visitor Amenities	2016-17 Original Capital Plan	2016-17 Amended Capital Plan	2017-18 Original Capital Plan	2017-18 Amended Capital Plan	2018-19 Original Capital Plan	Spent as of 10/8/2018		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Visitor Amenities share of Museum Siding					112,000	112,000		113,000					
South Gateway Sign	14,000	0	14,000	14,000									
Additional Parking for Visitors	200,000	0	200,000	0						100,000	100,000		
Yachats Ocean View Drive Trail	50,000		0		50,000								
Monument/Directional Signage Package									25,000				
Seed Money - Ridge Trail - Signs			40,000	0	10,000								
Doors for Picnic Shelter				10,000									
New Public Restrooms somewhere near the Commons								60,000					
Parking Improvements; Multiple Paving areas	30,000	0	50,000	0	50,000			25,000					
	294,000	0	304,000	24,000	110,000	0	110,000	85,000	25,000	100,000	100,000	0	0

10/10/18

ENTERED 7/24/18

Jan 2016

Construction Cost Index

	2016	2.45% Jul-16	3% Jul-17	3.30% Jul-18
Water Base with two units	$ 41.00	$ 42.00	$ 43.26	$ 44.69
Capital Improvement Reserve	$ 2.00	$ 2.05	$ 2.12	$ 2.19
Total Base	$ 43.00	$ 44.05	$ 45.38	$ 46.88
Sewer with two units	$ 40.00	$ 40.98	$ 42.21	$ 43.61
Capital Improvement Reserve	$ 2.00	$ 2.05	$ 2.12	$ 2.19
Total Base	$ 42.00	$ 43.03	$ 44.32	$ 45.80
Water Consumption	$ 4.25	$ 4.35	$ 4.48	$ 4.63
Captial Improvement Reserve	$ 0.50	$ 0.51	$ 0.53	$ 0.55
Total Consutumption	$ 4.75	$ 4.87	$ 5.01	$ 5.18
Sewer Consumption	$ 4.75	$ 4.87	$ 5.02	$ 5.19
Captial Improvement Reserve	$ 0.50	$ 0.51	$ 0.53	$ 0.55
Total Consutumption	$ 5.25	$ 5.38	$ 5.55	$ 5.74
Outside City				
Water Base with two units	$ 61.50	$ 63.01	$ 64.90	$ 67.05
Capital Improvement Reserve	$ 3.00	$ 3.07	$ 3.17	$ 3.28
Total Base	$ 64.50	$ 66.08	$ 68.07	$ 70.33
Outside Consumption	$ 6.38	$ 6.54	$ 6.74	$ 6.97
Captial Improvement Reserve	$ 0.75	$ 0.77	$ 0.80	$ 0.83
Total Consutumption	$ 7.13	$ 7.30	$ 7.54	$ 7.80

S:\Work Sheets\Water-Sewer\Water-Sewer Rates Annual

Large Users Base Rates

Customer	2016 Current Water Base	2016 Current Sewer Base	Increase	3% Increase 7/1/17 Water Base	Increase	3% Increase 7/1/17 Sewer Base	Increase	3.3% Increase 7/7/18 Water Base	Increase	Sewer Base
Adobe Resort	$ 293.89	$ 279.21	$ 8.82	$ 302.71	$ 8.38	$ 287.59	$ 9.49	$ 297.08	$ 9.99	$ 312.70
Drift Inn	$ 56.51	$ 54.59	$ 1.70	$ 58.21	$ 1.64	$ 56.23	$ 1.92	$ 60.13	$ 1.86	$ 58.09
Dublin House	$ 102.63	$ 92.65	$ 3.08	$ 105.71	$ 2.78	$ 95.43	$ 3.49	$ 109.20	$ 3.15	$ 98.58
Fireside Motel	$ 86.35	$ 82.50	$ 2.59	$ 88.94	$ 2.48	$ 84.98	$ 2.94	$ 91.88	$ 2.81	$ 87.79
Fisterra Garden	$ 137.89	$ 130.71	$ 4.14	$ 142.03	$ 3.93	$ 134.64	$ 4.69	$ 146.72	$ 4.45	$ 139.09
Ona Restaurant	$ 48.38	$ 46.98	$ 1.46	$ 49.84	$ 1.41	$ 48.39	$ 1.65	$ 51.49	$ 1.60	$ 49.99
Overleaf Lodge	$ 64.65	$ 62.20	$ 1.94	$ 66.59	$ 1.87	$ 64.07	$ 2.20	$ 68.79	$ 2.12	$ 66.19
Sea-Aire	$ 86.35	$ 82.50	$ 2.59	$ 88.94	$ 2.48	$ 84.98	$ 2.94	$ 91.88	$ 2.81	$ 87.79
Yachats Inn	$ 121.61	$ 115.49	$ 3.65	$ 125.26	$ 3.47	$ 118.96	$ 4.14	$ 129.40	$ 3.93	$ 122.89

10/10/18

Yachats Public Library Options

	Library									
Project Construction Costs	**Option 1: 1,151 SF**		**Option 2: 818 SF**		**Option 3: 913 SF**		**Option 4: 1,074 SF**		**Option 5: 1,100 SF**	
Remodel Per Square Foot (2,000 SF)	$100	$ 200,000.00	$110	$ 220,000.00	$100	$ 200,000.00	$115	$ 230,000.00	$115	$ 230,000.00
Addition Per Square Foot	$200	$ 230,200.00	$210	$ 171,780.00	$210	$ 191,730.00	$220	$ 236,280.00	$225	$ 247,500.00
Subtotal		**$ 430,200.00**		**$ 391,780.00**		**$ 391,730.00**		**$ 466,280.00**		**$ 477,500.00**
Soft Costs:										
FFE Allowance		$ 100,000.00		$ 100,000.00		$ 100,000.00		$ 100,000.00		$ 100,000.00
A/E/ Permits		$ 86,040.00		$ 78,356.00		$ 78,346.00		$ 93,256.00		$ 95,500.00
Subtotal		**$ 616,240.00**		**$ 570,136.00**		**$ 570,076.00**		**$ 659,536.00**		**$ 673,000.00**
Contingency		$ 61,624.00		$ 57,013.60		$ 57,007.60		$ 65,953.60		$ 67,300.00
TOTAL:		**$ 677,864.00**		**$ 627,149.60**		**$ 627,083.60**		**$ 725,489.60**		**$ 740,300.00**

	Bank									
Project Construction Costs	**Option 1**		**Option 2**		**Option 3**		**Option 4**		**Option 5**	
Remodel Per Square Foot	$115	$ 460,460.00	$115	$ 460,460.00	$130	$ 520,520.00	$125	$ 500,500.00	$125	$ 500,500.00
Subtotal		**$ 460,460.00**		**$ 460,460.00**		**$ 520,520.00**		**$ 500,500.00**		**$ 500,500.00**
Soft Costs:										
FFE Allowance		$ 100,000.00		$ 100,000.00		$ 100,000.00		$ 100,000.00		$ 100,000.00
A/E/ Permits		$ 69,069.00		$ 69,069.00		$ 78,078.00		$ 75,075.00		$ 75,075.00
Subtotal		**$ 629,529.00**		**$ 629,529.00**		**$ 698,598.00**		**$ 675,575.00**		**$ 675,575.00**
Contingency		$ 62,952.90		$ 62,952.90		$ 69,859.80		$ 67,557.50		$ 67,557.50
TOTAL:		**$ 692,481.90**		**$ 692,481.90**		**$ 768,457.80**		**$ 743,132.50**		**$ 743,132.50**

10/10/18

Transient Occupancy Rate Comparison on the Oregon Coast

City of Yachats (9.0% City; 1.8% County)	10.8%
Outside Yachats City Limits, but within our zip code	11.8%
Seaside	11.8%
Cannon Beach	9.8%
Lincoln City	11.3%
Newport	11.3%
Florence	10.8%
Bandon	7.8%

Our 2018 revenue projection for TOT shows anticipated revenue of $1,037,658

A .5% increase in our TOT would generate an additional $ 57,658 in revenue

A 1.0% increase in our TOT would generate an additional $ 115,295 in revenue

A 1.0% rate increase would put us on a par with the TOT charged for Yachats area lodging that is outside our city limits, and just slightly higher than Newport or Florence.

9/12/2018

10/10/18

DATE: October 10, 2018

TO: Finance Committee

FROM: Shannon Beaucaire, City Manager

SUBJECT: Summary of Transient Lodging Tax

In 2003, the Oregon Legislature preempted local control over (Transient Lodging Tax) TLTs and restricted much of a local government's decision-making in allocating funds from local TLTs. The 2003 legislation placed restrictions on any new or increased TLT imposed by cities or counties by requiring at least 70 percent of the net revenue to go towards "tourism promotion" or "tourism-related facilities."

Cities like Yachats with existing TLTs already in place were "grandfathered" under the 2003 legislation. Local governments with pre-existing TLTs must maintain the distribution ratios they had in place on July 1, 2003 but cannot decrease the percentage of total tax revenue actually expended to fund tourism promotion or tourism-related facilities. For example, if a local government had a 5 percent tax in place on July 1, 2003, with 50 percent of the revenue going to tourism promotion and 50 percent going toward the general fund, the local government must not decrease the portion of the tax revenue going toward tourism promotion and tourism-related facilities below the established 50 percent.

The percentage of the City's current TLT that must be spent on tourism, Yachats needs to look back to what Yachats generated in revenue from the TLT back in 2003 and how it spent that money back in 2003. From those numbers Yachats would be able to figure out the ratio of tourism to general fund spending. That same ratio would then be applied to your current TLT revenue. Any increase to Yachats TLT tax rate since 2003 the calculation gets a little more complicated. For any increased taxes since 2003, the statutory required 70/30 ratio applies to the increased rate.

For the restricted portion of the TLT revenue, the expenditures can go towards tourism-related facilities or tourism promotion as defined in ORS 320.300 (8) and (9).

Attachments: Summary of State of Oregon Lodging Tax Program & ORS 320.300-350

State of Oregon
Lodging Tax Program

OREGON DEPARTMENT OF REVENUE

www.oregon.gov/dor

How did this tax come about?

The 2003 Oregon Legislature passed House Bill (HB) 2267 to establish a state lodging tax. The revenue this tax generates funds Oregon Tourism Commission programs. HB 2197, passed in 2005, expanded the definition of "transient lodging" and the list of who must pay the tax.

HB 2656, passed in 2013, expanded the list of who must collect and pay the tax. HB 2656 took effect on October 7, 2013 and requires transient lodging providers **and transient lodging intermediaries** to collect and remit taxes computed on the **total retail price** paid for occupancy of transient lodging.

The 2016 legislature passed HB 4146, which included two changes to the state lodging tax rate. Beginning July 1, 2016, the tax rate will be 1.8 percent of the total price charged for lodging. The rate will drop to 1.5 percent on July 1, 2020.

Who must pay this tax?

Transient lodging providers and transient lodging intermediaries must collect and remit the tax. Under the law, *whoever collects payment* for occupancy of the transient lodging (**"transient lodging tax collector"**) is responsible for collecting and remitting the tax.

A person who furnishes temporary overnight lodging is considered a transient lodging provider. A transient lodging intermediary is a person, other than a provider, that facilitates the retail sale and charges for the occupancy of transient lodging. Transient lodging intermediaries include, but are not limited to, online travel companies, travel agents, and tour outfitter companies. Transient lodging includes:

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

How much is this tax?

If you collect payment for transient lodging directly from customers, then you must collect and remit this tax. The tax rate is based on the date of payment:

Payment date	Tax rate
Before July 1, 2016	1%
On or after July 1, 2016	1.8%
On or after July 1, 2020	1.5%

You will hold this tax in trust and send it quarterly to the Oregon Department of Revenue. If you don't pay this tax in a timely manner, we will charge you penalty and interest.

The law allows you to withhold 5 percent of the state lodging taxes you collect to cover your costs for record keeping, reporting, and collecting the tax.

How is this tax different from the city or county tax I'm already paying?

This tax promotes statewide tourism. City and county taxes fund local programs.

What lodging facilities are exempt from the tax?

- Health care facilities, hospitals, long-term care facilities, and residential care facilities that are licensed, registered, or certified by Oregon Department of Human Services.
- Drug or alcohol abuse treatment facilities and mental health treatment facilities.
- Facilities with less than 30 days of rentals in a calendar year.
- Emergency temporary shelter funded by a government agency.
- Nonprofit youth or church camps, nonprofit conference centers, and qualifying nonprofit facilities.

Are any lodgers exempt from the tax?

- Lodgers who spend 30 or more consecutive days at the same facility.
- Federal employees on federal business.

How and when do I pay the tax?

You must file a quarterly return and submit the tax on or before the last day of April, July, October, and January. You must file a zero return even if you didn't collect any tax for the reporting period.

You'll need to report your taxable gross receipts for each region in which you conduct business as a transient lodging tax collector. Include gross receipts from all regions on the same return. Do not file separate returns for each region or facility address. To determine the region in which a specific property is located, visit us at www.oregon.gov/dor/business. Look for the ZIP code/region directory.

File and pay electronically using Revenue Online at www.oregon/gov/dor. Revenue Online will calculate the tax you owe, allow for payment, and verify when we receive your filing and payment.

For more information on how to file and pay the state lodging tax, see our publication, *Filing State Lodging Tax Returns*, or contact us at spa.help@oregon.gov or (503) 945-8247.

Do you have questions or need help?

Lodging tax information .... www.oregon.gov/dor/business

General tax information................www.oregon.gov/dor

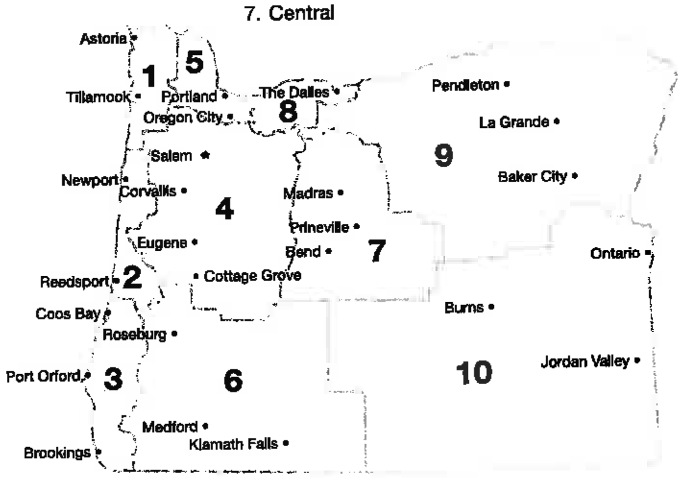
(503) 378-4988 or (800) 356-4222

questions.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.

OREGON'S TEN REGIONS

1. North Coast
2. Central Coast
3. South Coast
4. Willamette Valley
5. Portland Metro
6. Southern
7. Central
8. Mt. Hood / Gorge
9. Northeastern
10. Southeastern



Chapter 320 — Miscellaneous Taxes

ORS sections in this chapter were amended or repealed by the Legislative Assembly during its 2018 regular session. See the table of ORS sections amended or repealed during the 2018 regular session: 2018 A&R Tables

New sections of law were added by legislative action to this ORS chapter or to a series within this ORS chapter by the Legislative Assembly during its 2018 regular session. See sections in the following 2018 Oregon Laws chapters: 2018 Session Laws 0034

2017 EDITION

MISCELLANEOUS TAXES

REVENUE AND TAXATION

AMUSEMENT DEVICE TAXES

320.332 Disclosure of confidential information by Department of Revenue and local governments; rules

320.335 Distribution of moneys received

320.340 Exemption from public records law

(Local Transient Lodging Taxes)

320.345 Collector reimbursement charges

320.347 Alternative remittance of receipts from tax on camping and recreational vehicle spaces

320.350 Tax moratorium; exceptions; uses of revenues

TRANSPORTATION PRESERVATION AND MODERNIZATION TAXES

(Transportation Project Taxes)

320.400 Definitions for ORS 320.400 to 320.490 and 803.203

320.405 Tax for privilege of engaging in business of selling motor vehicles at retail; collection of privilege tax from purchaser

320.410 Tax on use in Oregon of motor vehicles purchased out of state at retail; tax as liability of purchaser; reduction for other taxes paid

320.415 Excise tax on retail sale of bicycles; tax as liability of purchaser; collection at time of sale

320.420 Collection of use tax; time of collection; presumptions of use in this state

320.425 Exempt sales; nonresident purchasers; certain auction sales; resale certificates

320.430 Refunds for excess payments; overpayment to be applied to outstanding transportation project taxes

320.435 Deposit of revenue from motor vehicle privilege and use taxes

320.440 Deposit of revenue from excise tax on bicycles

320.445 Collection at point of sale of use tax and excise tax; returns and payment of transportation project taxes

AMUSEMENT DEVICE TAXES

320.005 Definitions for ORS 320.005 to 320.150. As used in ORS 320.005 to 320.150, unless the context requires otherwise:

(1) "Amusement device" means a video lottery game terminal, including but not limited to any electronic, mechanical-electronic or nonmechanical device that:

(a) Displays a ticket through the use of a video display screen;

(b) Is available for consumer play upon the payment of consideration;

(c) Determines winners through the element of chance; and

(d) Displays possible prizes on the device.

(2) "Department" means the Department of Revenue.

(3) "Net receipts" has the meaning given the term "net receipts from video lottery games" under ORS 461.547.

(4) "Operate" means to make an amusement device available for use by the public for gain, benefit or advantage.

(5)(a) "Person" means every individual, partnership (limited or not), corporation (for-profit or not-for-profit), company, cooperative, joint stock company, joint venture, firm, business trust, association, organization, institution, club, society, receiver, assignee, trustee in bankruptcy, auctioneer, syndicate, trust, trustee, estate, personal representative or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit or otherwise.

(b) "Person" includes this or another state, a municipal corporation, quasi-municipal corporation or political subdivision of this or another state, and the agencies, departments and institutions of this or another state, irrespective of the nature of the activities engaged in or functions performed, but does not include the United States or a foreign government or any agency, department or instrumentality of the United States or of any foreign government.

(6) "Tax year" means a period of 12 months beginning July 1 and ending the following June 30. [1957 c.384 §2; 1975 c.651 §1; 1985 c.476 §1; 1991 c.459 §267; 1993 c.803 §1; 1999 c.501 §1; 2005 c.94 §91]

320.010 [Amended by 1955 c.574 §1; 1957 c.384 §3; 1959 c.155 §1; 1967 c.344 §7; 1975 c.651 §2; 1981 c.677 §2; 1989 c.786 §1; repealed by 1991 c.459 §268 (320.011 enacted in lieu of 320.010)]

320.011 Amusement device excise tax; amount. (1) An excise tax is imposed upon every person for the privilege of operating an amusement device within this state. The tax shall be imposed as provided in subsection (2) of this section and ORS 320.012.

(2) The tax shall be $125 for operating an amusement device during the tax year.

(3) If an amusement device is not in operation in each quarter of the tax year, the tax imposed under this section shall be prorated, based on the number of calendar quarters in which the amusement device was operating for one day or more.

(4) The tax imposed by this section is in addition to all other excises, taxes, fees or other charges and shall not be used to reduce amounts otherwise accruing to the State Lottery Fund under contracts or agreements with lottery operators or retailers or in any other manner. [1991 c.459 §269 (enacted in lieu of 320.010); 1993 c.803 §2; 1999 c.501 §2]

320.012 Increase in tax when net receipts exceed specified amounts; rules. (1) If at any point during the tax year, net receipts from one or more amusement devices operating at a single location exceed $104,000, the tax imposed under ORS 320.011 shall be increased by an additional $50 for each device at the location.

(2) If at any point during the tax year, net receipts from one or more amusement devices operating at a single location exceed $260,000, the tax imposed under ORS 320.011 and subsection (1) of this section shall be increased by an additional $75 for each device at the location.

(3) The department may adopt rules defining the term "location" for purposes of this section. [1993 c.803 §4; 1995 c.79 §173; 1995 c.255 §3; 1999 c.501 §3]

320.013 Additional tax for Oregon Youth Conservation Corps. (1) In addition to the excise tax imposed by ORS 320.011, an excise tax is imposed upon every person for the privilege of operating an amusement device within this state. The tax shall be $10 for each amusement device operated during the tax year.

(2) All moneys received from the tax imposed under subsection (1) of this section, not including penalties, shall be paid by the Department of Revenue into the State Treasury quarterly and are continuously appropriated to pay the expenses of the state and local programs of the Oregon Youth Conservation Corps established under ORS 418.650 to 418.663. [1993 c.803 §4a; 1995 c.259 §4; 1999 c.501 §4]

320.015 [1955 c.574 §3; repealed by 1957 c.384 §6]

320.016 When tax is due; replacing amusement devices. (1) If an amusement device was in operation before July 1 of the tax year and is to be operating on July 1 of the tax year, the excise tax imposed under ORS 320.011 and 320.013 shall be due on June 30 preceding the tax year.

(2) If an amusement device begins operating at a location on or after July 1 of the tax year, the excise tax imposed under ORS 320.011 and 320.013 shall be due on the day the amusement device begins operating.

(3) If additional taxes are due under ORS 320.012, the additional taxes shall be due on the 14th day after the close of the calendar quarter in which the net receipts from amusement devices operating at a location equal or exceed the level at which the additional taxes are due.

(4) If taxes imposed under ORS 320.011 or 320.013 have been paid for operating an amusement device that, during the tax year, is taken out of operation as the result of being replaced by another amusement device, the taxes that have been paid for the amusement device that has been taken out of operation shall be taken into account in determining any taxes due on the replacement amusement device.

(5) The Department of Revenue may not refund any amusement device tax to an amusement device taxpayer who, at the time of payment, was responsible for the payment of the tax and who subsequently is no longer the person responsible for the payment of the tax. [1999 c.501 §5]

320.020 [Repealed by 1991 c.459 §272c]

320.030 [Amended by 1975 c.651 §3; 1981 c.677 §3; 1985 c.476 §2; repealed by 1993 c.803 §16]

320.031 [1995 c.255 §2; repealed by 1999 c.501 §12]

320.040 [Amended by 1975 c.651 §4; 1989 c.786 §2; 1991 c.459 §270; 1993 c.803 §6; repealed by 1999 c.501 §12]

320.050 [Amended by 1955 c.574 §4; 1957 c.384 §4; 1981 c.677 §4; 1991 c.459 §271; 1991 c.567 §5; 1993 c.18 §87; 1993 c.803 §7; repealed by 1999 c.501 §12]

320.060 [Amended by 1955 c.574 §5; 1957 c.384 §5; 1959 c.155 §2; 1975 c.651 §5; 1981 c.677 §5; 1989 c.786 §4; 1991 c.459 §272; 1991 c.567 §6; 1993 c.803 §8; 1995 c.255 §5; repealed by 1999 c.501 §12]

320.065 [1975 c.651 §8; 1993 c.803 §9; repealed by 1999 c.501 §12]

320.070 [Amended by 1955 c.574 §6; 1959 c.155 §3; 1975 c.651 §6; 1981 c.677 §6; 1989 c.786 §5; 1991 c.459 §272a; 1991 c.567 §7; 1993 c.803 §10; repealed by 1999 c.501 §12]

320.075 Joint and several liability for tax; late payment penalty. (1) Each person responsible by law or contract for the operation of an amusement device in this state, together with any officer or partner thereof, shall be liable jointly and severally for the taxes imposed under ORS 320.005 to 320.150 and for any penalties arising under ORS 320.005 to 320.150.

(2) If an amusement device is operated in this state without a tax imposed by ORS 320.005 to 320.150 having been paid on or before 30 days after the date the tax is due, a penalty of $200 shall be imposed.

(3) The penalty imposed in subsection (2) of this section shall be waived if the sole reason the tax was not paid is because of the failure of the Oregon State Lottery to act under the agreement described in ORS 320.150. [1999 c.501 §6; 2005 c.94 §92]

320.080 Procedure on failure to pay tax or penalty. (1) If any tax or penalty imposed by ORS 320.005 to 320.150 is not paid as required by ORS 320.005 to 320.150 within 30 days after the date that the written notice and demand for payment required under ORS 305.895 is mailed, the Department of Revenue shall issue a warrant for the payment of the amount of the tax, with the added penalty and the cost of executing the warrant. A copy of the warrant shall be mailed or delivered to the taxpayer by the department at the taxpayer's last-known address.

(2) At any time after issuing a warrant under this section, the department may record the warrant in the County Clerk Lien Record of any county of this state. Recording of the warrant has the effect described in ORS 205.125. After recording a warrant, the department may direct the sheriff for the county in which the warrant is recorded to levy upon and sell the real and personal property of the taxpayer found within that county, and to levy upon any currency of the taxpayer found within that county, for the application of the proceeds or currency against the amount reflected in the warrant and the sheriff's cost of executing the warrant. The sheriff shall proceed on the warrant in the same manner prescribed by law for executions issued against property pursuant to a judgment, and is entitled to the same fees as provided for executions issued against property pursuant to a judgment. The fees of the sheriff shall be added to and collected as a part of the warrant liability.

(3) In the discretion of the department a warrant under this section may be directed to any agent authorized by the department to collect taxes, and in the execution of the warrant the agent has all of the powers conferred by law upon sheriffs, but is entitled to no fee or compensation in excess of actual expenses paid in the performance of such duty.

(4) Until a warrant issued under this section is satisfied in full, the department has the same remedies to enforce the claim for taxes against the taxpayer as if the state had recovered judgment against the taxpayer for the amount of the tax. [Amended by 1981 c.677 §7; 1983 c.696 §13; 1985 c.761 §16; 1989 c.625 §77; 2003 c.576 §202; 2005 c.94 §93; 2011 c.389 §2; 2011 c.661 §5]

320.090 [Repealed by 1981 c.677 §8]

320.100 Distribution of tax receipts. (1) All moneys received from the taxes imposed under ORS 320.011 and 320.012, including penalties, shall be paid by the Department of Revenue in the following manner:

(a) Seventy-five percent (75%) of the moneys shall be credited, appropriated or remitted as follows:

(A) Forty-three and two-tenths percent (43.2%) thereof shall be credited to the General Fund to be available for payment of general governmental expenses.

(B) Nine and seven-tenths percent (9.7%) is continuously appropriated to pay the expenses of state and local programs of the Oregon Youth Conservation Corps established under ORS 418.650 to 418.663.

(C) Forty-seven and one-tenth percent (47.1%) thereof shall be remitted to the county treasurers of the several counties of the state. Each county shall receive such share of the moneys as its population, determined by Portland State University, bears to the total population of the counties of the state, as determined by the census last preceding such apportionment.

(b) Twenty-five percent (25%) of the moneys shall be continuously appropriated to pay the expenses of the state and local programs of the Oregon Youth Conservation Corps established under ORS 418.650 to 418.663.

(2) All revenues received under this section by the treasurers of the several counties shall be placed in the general fund of each county to be expended by the county courts or the board of county commissioners of the several counties for general governmental expenses. [Amended by 1959 c.143 §1; 1963 c.644 §3; 1967 c.323 §1; 1969 c.230 §1; 1989 c.786 §3; 1991 c.459 §272e; 1993 c.803 §11; 1995 c.259 §3; 1999 c.501 §7; 2013 c.768 §133a]

320.110 Rules. The Department of Revenue may adopt rules necessary for the administration and enforcement of ORS 320.005 to 320.150. [Amended by 1991 c.459 §272b; 2005 c.94 §94]

320.120 Employment of agents. (1) The Department of Revenue may employ the agents necessary for the administration and enforcement of ORS 320.005 to 320.150. Agents of the department charged with the enforcement of ORS 320.005 to 320.150 have all the power and authority of police officers in the performance of such duties.

(2) The Oregon State Lottery and the agents and employees of the Oregon State Lottery may not be considered agents of the department charged with the enforcement of ORS 320.005 to 320.150. [Amended by 1999 c.501 §8; 2005 c.94 §95]

320.130 Law enforcement officers to enforce tax and assist department. The state police, sheriffs, constables, police and other law enforcement officers within the State of Oregon shall enforce all provisions of ORS 320.005 to 320.150 and shall assist the Department of Revenue. [Amended by 2005 c.94 §96]

320.140 Tax does not legalize ownership, display or operation in violation of law. Nothing in ORS 320.005 to 320.150 shall be construed as licensing, authorizing or legalizing the ownership, possession, display or operation, in violation of any law of this state, of any amusement device. [Amended by 1993 c.270 §64; 1993 c.803 §14; 2005 c.94 §97]

320.150 Oregon State Lottery assistance in tax collection responsibilities. The Department of Revenue and the Oregon State Lottery Commission shall enter into an agreement pursuant to which the Oregon State Lottery shall assist the department in the collection of excise taxes imposed under ORS 320.005 to 320.150 on amusement devices operated under the authority of the Oregon State Lottery Commission pursuant to ORS 461.215 and 461.217 and any other functions of the department under ORS 320.005 to 320.150 as may be provided under the agreement. The agreement is not intended to preclude performance by the department of collection functions as from time to time may be required, nor is the agreement intended to preclude the performance of functions by the Oregon State Lottery, under less formal arrangements made with the department, with respect to the tax imposed under ORS 320.005 to 320.150 if the functions are not specifically mentioned in the agreement. The collection of taxes under ORS 320.005 to 320.150 by the Oregon State Lottery does not render the Oregon State Lottery or the agents and employees of the Oregon State Lottery responsible for collection of the tax. [1993 c.803 §13; 1999 c.501 §9; 2005 c.94 §98]

LOCAL CONSTRUCTION TAXES

320.170 Restriction on construction tax imposed by school district. (1) A school district, as defined in ORS 330.005, may impose a construction tax only in accordance with ORS 320.170 to 320.195.

(2) Construction taxes imposed by a school district must be collected, subject to ORS 320.179, by a local government, local service district, special government body, state agency or state official that issues a permit for structural improvements regulated by the state building code. [2007 c.829 §2; 2009 c.534 §1; 2016 c.59 §2]

320.171 Restriction on construction tax imposed by local government, local service district or special government body. (1) A local government or local service district, as defined in ORS 174.116, or a special government body, as defined in ORS 174.117, may not impose a tax on the privilege of constructing improvements to real property except as provided in ORS 320.170 to 320.195.

(2) Subsection (1) of this section does not apply to:

(a) A tax that is in effect as of May 1, 2007, or to the extension or continuation of such a tax, provided that the rate of tax does not increase from the rate in effect as of May 1, 2007;

(b) A tax on which a public hearing was held before May 1, 2007; or

(c) The amendment or increase of a tax adopted by a county for transportation purposes prior to May 1, 2007, provided that the proceeds of such a tax continue to be used for those purposes.

(3) For purposes of ORS 320.170 to 320.195, construction taxes are limited to privilege taxes imposed under ORS 320.170 to 320.195 and do not include any other financial obligations such as building permit fees, financial obligations that qualify as system development charges under ORS 223.297 to 223.314 or financial obligations imposed on the basis of factors such as income. [2007 c.829 §1; 2016 c.59 §4]

320.173 Exemptions. Construction taxes may not be imposed on the following:

(1) Private school improvements.

(2) Public improvements as defined in ORS 279A.010.

(3) Residential housing that is guaranteed to be affordable, under guidelines established by the United States Department of Housing and Urban Development, to households that earn no more than 80 percent of the median household income for the area in which the construction tax

is imposed, for a period of at least 60 years following the date of construction of the residential housing.

(4) Public or private hospital improvements.

(5) Improvements to religious facilities primarily used for worship or education associated with worship.

(6) Agricultural buildings, as defined in ORS 455.315 (2)(a).

(7) Facilities that are operated by a not-for-profit corporation and that are:

(a) Long term care facilities, as defined in ORS 442.015;

(b) Residential care facilities, as defined in ORS 443.400; or

(c) Continuing care retirement communities, as defined in ORS 101.020. [2007 c.829 §3; 2009 c.534 §2]

320.176 Limitations; rates; adjustment by Department of Revenue. (1) Construction taxes imposed by a school district pursuant to ORS 320.170 may be imposed only on improvements to real property that result in a new structure or additional square footage in an existing structure and may not exceed:

(a) $1 per square foot on structures or portions of structures intended for residential use, including but not limited to single-unit or multiple-unit housing; and

(b) $0.50 per square foot on structures or portions of structures intended for nonresidential use, not including multiple-unit housing of any kind.

(2) In addition to the limitations under subsection (1) of this section, a construction tax imposed on structures intended for nonresidential use may not exceed $25,000 per building permit or $25,000 per structure, whichever is less.

(3)(a) For years beginning on or after June 30, 2009, the limitations under subsections (1) and (2) of this section shall be adjusted for changes in construction costs by multiplying the limitations set forth in subsections (1) and (2) of this section by the ratio of the averaged monthly construction cost index for the 12-month period ending June 30 of the preceding calendar year over the averaged monthly construction cost index for the 12-month period ending June 30, 2008.

(b) The Department of Revenue shall determine the adjusted limitations under this section and shall report those limitations to entities imposing construction taxes. The department shall round the adjusted limitation under subsection (2) of this section to the nearest multiple of $100.

(c) As used in this subsection, "construction cost index" means the Engineering News-Record Construction Cost Index, or a similar nationally recognized index of construction costs as identified by the department by rule. [2007 c.829 §4; 2016 c.59 §5]

320.179 School district resolutions; collections; requirements. (1) A school district imposing a construction tax shall impose the tax by a resolution adopted by the district board of the school district. The resolution shall state the rates of tax, subject to ORS 320.176.

(2) Prior to collecting a construction tax, a school district shall enter into an intergovernmental agreement with each local government, local service district, special government body, state agency or state official collecting the tax that includes:

(a) Collection duties and responsibilities;

(b) The specific school district accounts into which construction tax revenues are to be deposited and the frequency of such deposits; and

(c) The amount of the administrative fee that the entity or official collecting the tax may use to recoup expenses incurred in collecting the construction tax, either through retention or reimbursement. An administrative fee under this paragraph may not exceed four percent of tax revenues. [2007 c.829 §5; 2009 c.534 §§3,4]

320.183 Long-term facilities plan for capital improvements. (1) After deducting the costs of administering a construction tax and payment of refunds of such taxes, a school district shall use net revenues only for capital improvements.

(2) A construction tax may not be imposed under ORS 320.170 to 320.195 unless the school district imposing the tax develops a long-term facilities plan for making capital improvements. The plan shall be adopted by resolution of the district board of the school district.

(3) As used in this section, "capital improvements":

(a) Means:

(A) The acquisition of land;

(B) The construction, reconstruction or improvement of school facilities;

(C) The acquisition or installation of equipment, furnishings or other tangible property;

(D) The expenditure of funds for architectural, engineering, legal or similar costs related to capital improvements and any other expenditures for assets that have a useful life of more than one year; or

(E) The payment of obligations and related costs of issuance that are issued to finance or refinance capital improvements.

(b) Does not include operating costs or costs of routine maintenance. [2007 c.829 §6]

320.186 Payment of obligations. A school district may pledge construction taxes imposed pursuant to ORS 320.170 to the payment of obligations issued to finance or refinance capital improvements as defined in ORS 320.183. [2007 c.829 §7; 2016 c.59 §6]

320.189 Payment of taxes. Construction taxes must be paid by the person undertaking the construction at the time that a permit authorizing the construction or the expansion of square footage of a facility or building is issued. [2007 c.829 §8; 2009 c.534 §5]

320.192 City or county ordinance or resolution to impose tax; requirements; payment of taxes. (1) The governing body of a city or county may impose a construction tax by adoption of an ordinance or resolution that conforms to the requirements of this section and ORS 320.195.

(2)(a) A tax may be imposed on improvements to residential real property that result in a new residential structure or additional square footage in an existing residential structure, including remodeling that adds living space.

(b) An ordinance or resolution imposing the tax described in paragraph (a) of this subsection must state the rate of the tax. The tax may not exceed one percent of the permit valuation for residential construction permits issued by the city or county either directly or through the Building Codes Division of the Department of Consumer and Business Services.

(3)(a) A tax may be imposed on improvements to commercial and industrial real property, including the commercial and industrial portions of mixed-use property, that result in a new structure or additional square footage in an existing structure, including remodeling that adds living space.

(b) An ordinance or resolution imposing the tax described in paragraph (a) of this subsection must state the rate and base of the tax.

(4) Taxes imposed pursuant to this section shall be paid at the time specified in ORS 320.189 to the city or county that imposed the tax.

(5)(a) This section and ORS 320.195 do not apply to a tax described in ORS 320.171 (2).

(b) Conformity of a tax imposed pursuant to this section by a city or county to the requirements of this section and ORS 320.195 shall be determined without regard to any tax described in ORS 320.171 (2) that is imposed by the city or county. [2016 c.59 §8]

320.195 Deposit of revenues; required uses. (1) As soon as practicable after the end of each fiscal quarter, a city or county that imposes a construction tax pursuant to ORS 320.192 shall deposit the construction tax revenues collected in the fiscal quarter just ended in the general fund of the city or county.

(2) Of the revenues deposited pursuant to subsection (1) of this section, the city or county may retain an amount not to exceed four percent as an administrative fee to recoup the expenses of the city or county incurred in complying with this section.

(3) After deducting the administrative fee authorized under subsection (2) of this section and paying any refunds, the city or county shall use the remaining revenues received under ORS 320.192 (2) as follows:

(a) Fifty percent to fund developer incentives allowed or offered pursuant to ORS 197.309 (5)(c) and (d) and (7);

(b) Fifteen percent to be distributed to the Housing and Community Services Department to fund home ownership programs that provide down payment assistance; and

(c) Thirty-five percent for programs and incentives of the city or county related to affordable housing as defined by the city or county, respectively, for purposes of this section and ORS 320.192.

(4) After deducting the administrative fee authorized under subsection (2) of this section and paying any refunds, the city or county shall use 50 percent of the remaining revenues received under ORS 320.192 (3) to fund programs of the city or county related to housing. [2016 c.59 §9]

TRANSIENT LODGING TAXES

(Definitions)

320.300 Definitions for ORS 320.300 to 320.350. As used in ORS 320.300 to 320.350:

(1) "Collection reimbursement charge" means the amount a transient lodging tax collector may retain as reimbursement for the costs incurred by the transient lodging tax collector in collecting and reporting a transient lodging tax and in maintaining transient lodging tax records.

(2) "Conference center" means a facility that:

(a) Is owned or partially owned by a unit of local government, a governmental agency or a nonprofit organization; and

(b) Meets the current membership criteria of the International Association of Conference Centers.

(3) "Convention center" means a new or improved facility that:

(a) Is capable of attracting and accommodating conventions and trade shows from international, national and regional markets requiring exhibition space, ballroom space, meeting rooms and any other associated space, including without limitation banquet facilities, loading areas and lobby and registration areas;

(b) Has a total meeting room and ballroom space between one-third and one-half of the total size of the center's exhibition space;

(c) Generates a majority of its business income from tourists;

(d) Has a room-block relationship with the local lodging industry; and

(e) Is owned by a unit of local government, a governmental agency or a nonprofit organization.

(4) "Local transient lodging tax" means a tax imposed by a unit of local government on the sale, service or furnishing of transient lodging.

(5) "State transient lodging tax" means the tax imposed under ORS 320.305.

(6) "Tourism" means economic activity resulting from tourists.

(7) "Tourism promotion" means any of the following activities:

(a) Advertising, publicizing or distributing information for the purpose of attracting and welcoming tourists;

(b) Conducting strategic planning and research necessary to stimulate future tourism development;

(c) Operating tourism promotion agencies; and

(d) Marketing special events and festivals designed to attract tourists.

(8) "Tourism promotion agency" includes:

(a) An incorporated nonprofit organization or governmental unit that is responsible for the tourism promotion of a destination on a year-round basis.

(b) A nonprofit entity that manages tourism-related economic development plans, programs and projects.

(c) A regional or statewide association that represents entities that rely on tourism-related business for more than 50 percent of their total income.

(9) "Tourism-related facility" means:

(a) A conference center, convention center or visitor information center; and

(b) Other improved real property that has a useful life of 10 or more years and has a substantial purpose of supporting tourism or accommodating tourist activities.

(10) "Tourist" means a person who, for business, pleasure, recreation or participation in events related to the arts, heritage or culture, travels from the community in which that person is a resident to a different community that is separate, distinct from and unrelated to the person's community of residence, and that trip:

(a) Requires the person to travel more than 50 miles from the community of residence; or

(b) Includes an overnight stay.

(11) "Transient lodging" means:

(a) Hotel, motel and inn dwelling units that are used for temporary overnight human occupancy;

(b) Spaces used for parking recreational vehicles or erecting tents during periods of human occupancy; or

(c) Houses, cabins, condominiums, apartment units or other dwelling units, or portions of any of these dwelling units, that are used for temporary human occupancy.

(12) "Transient lodging intermediary" means a person other than a transient lodging provider that facilitates the retail sale of transient lodging and charges for occupancy of the transient lodging.

(13) "Transient lodging provider" means a person that furnishes transient lodging.

(14) "Transient lodging tax collector" means a transient lodging provider or a transient lodging intermediary.

(15) "Unit of local government" has the meaning given that term in ORS 190.003.

(16) "Visitor information center" means a building, or a portion of a building, the main purpose of which is to distribute or disseminate information to tourists. [Formerly 305.824; 2005 c.187 §1; 2013 c.610 §3]

Note: Sections 2 and 14, chapter 610, Oregon Laws 2013, provide:

Sec. 2. The Legislative Assembly declares that it is the purpose of the amendments to ORS 320.300, 320.305, 320.310, 320.315, 320.320, 320.325, 320.330, 320.345, 320.347 and 320.350 by sections 3 to 12 of this 2013 Act to enhance the administration and enforcement of existing law governing transient lodging taxes in this state. [2013 c.610 §2]

Sec. 14. Section 2 of this 2013 Act is repealed on January 2, 2023. [2013 c.610 §14]

320.302 Certain terms definable by rule. The Department of Revenue may by rule define "dwelling unit," "nonprofit facility," "temporary human occupancy" and other terms for purposes of ORS 320.300 to 320.350. [2005 c.187 §5]

(State Transient Lodging Tax)

320.305 Rate and computation of tax; total retail price; collector reimbursement. (1)(a) A tax of 1.8 percent is imposed on any consideration rendered for the sale, service or furnishing of transient lodging.

(b)(A) The tax must be computed on the total retail price, including all charges other than taxes, paid by a person for occupancy of the transient lodging.

(B) The total retail price paid by a person for occupancy of transient lodging that is part of a travel package may be determined by reasonable and verifiable standards from books and records kept in the ordinary course of the transient lodging tax collector's business.

(c) The tax shall be collected by the transient lodging tax collector that receives the consideration rendered for occupancy of the transient lodging.

(d) The tax imposed by this subsection is in addition to and not in lieu of any local transient lodging tax.

(2) The transient lodging tax collector may withhold a collection reimbursement charge of five percent of the amount collected under subsection (1) of this section. [2003 c.818 §2; 2013 c.610 §4; 2016 c.102 §1]

Note: The amendments to 320.305 by section 3, chapter 102, Oregon Laws 2016, apply to consideration rendered on or after July 1, 2020, for the sale, service or furnishing of transient lodging. See section 4, chapter 102, Oregon Laws 2016. The text that applies to consideration rendered on or after July 1, 2020, for the sale, service or furnishing of transient lodging, is set forth for the user's convenience.

320.305. (1)(a) A tax of 1.5 percent is imposed on any consideration rendered for the sale, service or furnishing of transient lodging.

(b)(A) The tax must be computed on the total retail price, including all charges other than taxes, paid by a person for occupancy of the transient lodging.

(B) The total retail price paid by a person for occupancy of transient lodging that is part of a travel package may be determined by reasonable and verifiable standards from books and records kept in the ordinary course of the transient lodging tax collector's business.

(c) The tax shall be collected by the transient lodging tax collector that receives the consideration rendered for occupancy of the transient lodging.

(d) The tax imposed by this subsection is in addition to and not in lieu of any local transient lodging tax.

(2) The transient lodging tax collector may withhold a collection reimbursement charge of five percent of the amount collected under subsection (1) of this section.

320.308 Exemptions. The following are exempt from the state transient lodging tax:

(1) A dwelling unit in a hospital, health care facility, long term care facility or any other residential facility that is licensed, registered or certified by the Department of Human Services or the Oregon Health Authority;

(2) A dwelling unit in a facility providing treatment for drug or alcohol abuse or providing mental health treatment;

(3) A dwelling unit that is used by members of the general public for temporary human occupancy for fewer than 30 days per year;

(4) A dwelling unit, the consideration for which is funded through a contract with a government agency and the purpose of which is to provide emergency or temporary shelter;

(5) A dwelling unit at a nonprofit youth or church camp, nonprofit conference center or other nonprofit facility; or

(6) A dwelling unit that is leased or otherwise occupied by the same person for a consecutive period of 30 days or more during the year. The requirements of this subsection are satisfied even if the physical dwelling unit changes during the consecutive period, if:

(a) All dwelling units occupied are within the same facility; and

(b) The person paying consideration for the transient lodging is the same person throughout the consecutive period. [2005 c.187 §3; 2009 c.595 §206]

Note: 320.308 was added to and made a part of 320.300 to 320.350 by legislative action but was not added to any smaller series therein. See Preface to Oregon Revised Statutes for further explanation.

320.310 Records and statements. Every transient lodging tax collector shall keep records, render statements and comply with rules adopted by the Department of Revenue with respect to the tax imposed under ORS 320.305. The records and statements required by this section must be sufficient to show whether there is a tax liability under ORS 320.305. [2003 c.818 §3; 2013 c.610 §5]

320.315 Due date and form of returns; payment of tax. (1) Every transient lodging tax collector is responsible for collecting the tax imposed under ORS 320.305 and shall file a return with the Department of Revenue, on or before the last day of the month following the end of each calendar quarter, reporting the amount of tax due during the quarter. The department shall prescribe the form of the return required by this section. The rules of the department shall require that returns be made under penalties for false swearing.

(2) When a return is required under subsection (1) of this section, the transient lodging tax collector required to make the return shall remit the tax due to the department at the time fixed for filing the return. [2003 c.818 §4; 2013 c.610 §6]

320.320 Refunds. If the amount paid by the transient lodging tax collector to the Department of Revenue under ORS 320.315 exceeds the amount of tax payable, the department shall refund the amount of the excess with interest thereon at the rate established under ORS 305.220 during a period beginning 45 days after the later of the due date of the return to which the excess relates or the date the excess was paid, and ending on the date the refund is paid. A refund may not be made to a transient lodging tax collector that fails to claim the refund within two years after the due date for filing the return to which the claim for refund relates. [2003 c.818 §5; 2013 c.610 §7; 2017 c.278 §12]

320.325 Amounts held in trust; enforcement. (1) Every transient lodging tax collector is deemed to hold the amount of state transient lodging taxes collected in trust for the State of Oregon and for payment to the Department of Revenue in the manner and at the time provided under ORS 320.315.

(2) At any time the transient lodging tax collector fails to remit any amount of state transient lodging taxes deemed to be held in trust for the State of Oregon, the department may enforce collection by the issuance of a distraint warrant for the collection of the delinquent amount and all penalties, interest and collection charges accrued on the delinquent amount. The warrant shall be issued, docketed and proceeded upon in the same manner and shall have the same force and effect as warrants for the collection of delinquent income taxes. [2003 c.818 §6; 2013 c.610 §8]

320.330 Applicability of other provisions of tax law. Unless the context requires otherwise, the provisions of ORS chapters 305, 314 and 316 governing the audit and examination of reports and returns, confidentiality of reports and returns, determination of deficiencies, assessments, claims for refunds, penalties, interest, jeopardy assessments, warrants, conferences and appeals to the Oregon Tax Court, and related procedures, apply to ORS 320.305 to 320.340 as if the state transient lodging tax were a tax imposed upon or measured by net income. The provisions apply to the taxpayer liable for the tax and to the transient lodging tax collector required to collect the tax. Any amount collected and required to be remitted to the Department of Revenue is considered a tax upon the transient lodging tax collector required to collect the tax and the transient lodging tax collector is considered a taxpayer. [2003 c.818 §7; 2013 c.610 §9]

320.332 Disclosure of confidential information by Department of Revenue and local governments; rules. (1) As used in this section, "confidential information" means information contained in state transient lodging tax returns required under ORS 320.315, any information in state transient lodging tax reports from which information about a particular taxpayer may be determined and any other information or reports exchanged by the Department of Revenue and a unit of local government related to transient lodging taxpayers that is confidential pursuant to the confidentiality provisions of ORS 320.330.

(2)(a) Notwithstanding ORS 314.835 and the confidentiality provisions of ORS 320.330 and except as provided in paragraph (d) of this subsection, upon written request, the Department of Revenue shall disclose information received under ORS 320.305 to 320.340, or any reports or other form of analysis based on the information, to a unit of local government for purposes of local transient lodging taxes imposed or administered by the unit of local government.

(b) Before making a request under paragraph (a) of this subsection, the unit of local government must provide written notice, to the officers, employees and agents of the unit of local government who will receive the confidential information, of the provisions of ORS 314.835 and 314.991 (2) relating to the penalties for unlawful disclosure of confidential information.

(c) Before disclosing confidential information requested under this subsection to officers, employees and agents, the unit of local government must receive from the officers, employees and agents certification of receipt of the notice required under paragraph (b) of this subsection.

(d) The department may refuse to comply with a request if compliance would be unduly burdensome or expensive.

(3)(a) Notwithstanding any other provision of law and except as provided in paragraph (b) of this subsection, upon written request, a unit of local government shall disclose information received under ORS 320.345 to 320.350, or any reports or other form of analysis based on the information, to the Department of Revenue for purposes of the administration of the state transient lodging tax by the department.

(b) The unit of local government may refuse to comply with a request if compliance would be unduly burdensome or expensive.

(4)(a) A unit of local government may disclose confidential information only to qualified personnel for management audits, financial audits or research conducted by any accredited university, the League of Oregon Cities or the Association of Oregon Counties.

(b) Personnel who receive information from confidential communications or records may not disclose the information except to the extent that disclosure is consistent with the authorized purposes for which the personnel obtained the information.

(c) For audits or research, personnel who receive confidential information may not directly or indirectly disclose in a report or any other manner the identity of a taxpayer, including a taxpayer identification number or Social Security number.

(5) Information requested under this section is not required to be provided more frequently than once per calendar quarter.

(6) A request made under subsection (2) or (3) of this section remains in effect until the unit of local government that made the request or the department, respectively, requests in writing to discontinue receiving the information.

(7) The Department of Revenue, after consultation with local governments, shall adopt rules establishing the process for making requests under this section, including, but not limited to, forms and timing, information that may be disclosed and the notice and certification requirements under subsection (2)(b) and (c) of this section. [2017 c.89 §2]

Note: 320.332 was added to and made a part of 320.300 to 320.350 by legislative action but was not added to any smaller series therein. See Preface to Oregon Revised Statutes for further explanation.

320.335 Distribution of moneys received. All moneys received by the Department of Revenue pursuant to ORS 320.305 to 320.340, and interest thereon, shall be paid to the State Treasurer to be held in a suspense account established under ORS 293.445. After the payment of refunds:

(1) Moneys necessary to reimburse the Department of Revenue for the actual costs incurred by the department in administering the state transient lodging tax, not to exceed two percent of state transient lodging tax collections, are continuously appropriated to the department; and

(2) The balance of the moneys received shall be transferred to the account of the Oregon Tourism Commission established under ORS 284.131. The moneys transferred under this subsection are continuously appropriated to the Oregon Tourism Commission for the purposes set forth in ORS 284.131. [2003 c.818 §8]

320.340 Exemption from public records law. (1) Public records of moneys received by the Department of Revenue pursuant to ORS 320.305 to 320.340 are exempt from disclosure under ORS 192.311 to 192.478. Nothing in this section shall limit the use that can be made of such information for regulatory purposes or its use and admissibility in any enforcement proceedings.

(2) If a conflict is found to exist between subsection (1) of this section and ORS 314.835, ORS 314.835 controls. [2003 c.818 §8a]

(Local Transient Lodging Taxes)

320.345 Collector reimbursement charges. (1) On or after January 1, 2001, a unit of local government that imposed a local transient lodging tax on December 31, 2000, and allowed a transient lodging tax collector to retain a collection reimbursement charge on that tax, may not decrease the rate of the collection reimbursement charge.

(2) A unit of local government that imposes a new local transient lodging tax on or after January 1, 2001, shall allow a transient lodging tax collector to retain a collection reimbursement charge of at least five percent of all collected local transient lodging tax revenues. The unit of local government may increase the rate of the collection reimbursement charge.

(3) A unit of local government that increases a local transient lodging tax on or after January 1, 2001, shall allow a transient lodging tax collector to retain a collection reimbursement charge of at least five percent of all collected local transient lodging tax revenues, including revenues that would have been collected without the increase. The unit of local government may increase the rate of the collection reimbursement charge.

(4) A unit of local government may not offset the loss of local transient lodging tax revenues caused by collection reimbursement charges allowed under this section by:

(a) Increasing the rate of the local transient lodging tax;

(b) Decreasing the percentage of total local transient lodging tax revenues used to fund tourism promotion or tourism-related facilities; or

(c) Increasing or imposing a new fee solely on transient lodging tax collectors or tourism promotion agencies that are funded by the local transient lodging tax. [2003 c.818 §10; 2013 c.610 §11]

320.347 Alternative remittance of receipts from tax on camping and recreational vehicle spaces. (1) Except as provided in this section, a unit of local government that imposes a tax on the rental of privately owned camping or recreational vehicle spaces shall, regardless of a schedule imposed by the unit of local government for remitting tax receipts, allow a transient lodging tax collector to hold the tax collected until the amount of money held equals or exceeds $100.

(2) Once the amount held by a transient lodging tax collector equals or exceeds $100, or by December 31 of each year if the $100 threshold is not met, the transient lodging tax collector shall remit the tax collected at the next following reporting period established by the unit of local government for payment of the tax.

(3) A unit of local government may not assess any penalty or interest against a transient lodging tax collector that withholds payments pursuant to this section. [2005 c.610 §4; 2013 c.610 §12]

320.350 Tax moratorium; exceptions; uses of revenues. (1) A unit of local government that did not impose a local transient lodging tax on July 1, 2003, may not impose a local transient lodging tax on or after July 2, 2003, unless the imposition of the local transient lodging tax was approved on or before July 1, 2003.

(2) A unit of local government that imposed a local transient lodging tax on July 1, 2003, may not increase the rate of the local transient lodging tax on or after July 2, 2003, to a rate that is greater than the rate in effect on July 1, 2003, unless the increase was approved on or before July 1, 2003.

(3) A unit of local government that imposed a local transient lodging tax on July 1, 2003, may not decrease the percentage of total local transient lodging tax revenues that are actually expended to fund tourism promotion or tourism-related facilities on or after July 2, 2003. A unit of local government that agreed, on or before July 1, 2003, to increase the percentage of total local transient lodging tax revenues that are to be expended to fund tourism promotion or tourism-related facilities, must increase the percentage as agreed.

(4) Notwithstanding subsections (1) and (2) of this section, a unit of local government that is financing debt with local transient lodging tax revenues on November 26, 2003, must continue to finance the debt until the retirement of the debt, including any refinancing of that debt. If the tax is not otherwise permitted under subsection (1) or (2) of this section, at the time of the debt retirement:

(a) The local transient lodging tax revenue that financed the debt shall be used as provided in subsection (5) of this section; or

(b) The unit of local government shall thereafter eliminate the new tax or increase in tax otherwise described in subsection (1) or (2) of this section.

(5) Subsections (1) and (2) of this section do not apply to a new or increased local transient lodging tax if all of the net revenue from the new or increased tax, following reductions attributed to collection reimbursement charges, is used consistently with subsection (6) of this section to:

(a) Fund tourism promotion or tourism-related facilities;

(b) Fund city or county services; or

(c) Finance or refinance the debt of tourism-related facilities and pay reasonable administrative costs incurred in financing or refinancing that debt, provided that:

(A) The net revenue may be used for administrative costs only if the unit of local government provides a collection reimbursement charge; and

(B) Upon retirement of the debt, the unit of local government reduces the tax by the amount by which the tax was increased to finance or refinance the debt.

(6) At least 70 percent of net revenue from a new or increased local transient lodging tax shall be used for the purposes described in subsection (5)(a) or (c) of this section. No more than

30 percent of net revenue from a new or increased local transient lodging tax may be used for the purpose described in subsection (5)(b) of this section.

(7)(a)(A) A local transient lodging tax must be computed on the total retail price, including all charges other than taxes, paid by a person for occupancy of the transient lodging.

(B) The total retail price paid by a person for occupancy of transient lodging that is part of a travel package may be determined by reasonable and verifiable standards from books and records kept in the ordinary course of the transient lodging tax collector's business.

(b) The tax shall be collected by the transient lodging tax collector that receives the consideration rendered for occupancy of the transient lodging. [2003 c.818 §11; 2013 c.610 §10]

TRANSPORTATION PRESERVATION AND MODERNIZATION TAXES

(Transportation Project Taxes)

320.400 Definitions for ORS 320.400 to 320.490 and 803.203. As used in ORS 320.400 to 320.490 and 803.203:

(1)(a) "Bicycle" means a vehicle that is designed to be operated on the ground on wheels and is propelled exclusively by human power.

(b) "Bicycle" does not include durable medical equipment.

(2) "New motor vehicle" has the meaning given that term in ORS 803.350 (8)(c).

(3) "Retail sales price" means the total price paid at retail for a taxable vehicle, exclusive of the amount of any excise, privilege or use tax, to a seller by a purchaser of the taxable vehicle.

(4) "Seller" means:

(a) With respect to the privilege tax imposed under ORS 320.405 and the use tax imposed under ORS 320.410, a vehicle dealer.

(b) With respect to the excise tax imposed under ORS 320.415, a person engaged in whole or in part in the business of selling bicycles.

(5) "Taxable bicycle" means a new bicycle that has wheels of at least 26 inches in diameter and a retail sales price of $200 or more.

(6) "Taxable motor vehicle" means a new motor vehicle with a gross vehicle weight rating of 26,000 pounds or less that is:

(a) A vehicle as defined in ORS 744.850, other than an all-terrain vehicle;

(b) A bus trailer as defined in ORS 801.165;

(c) A camper as defined in ORS 801.180;

(d) A commercial bus as defined in ORS 801.200;

(e) A commercial motor vehicle as defined in ORS 801.208;

(f) A commercial vehicle as defined in ORS 801.210;

(g) An electric assisted bicycle as defined in ORS 801.258;

(h) A fixed load vehicle as defined in ORS 801.285;

(i) A moped as defined in ORS 801.345;

(j) A motor assisted scooter as defined in ORS 801.348;

(k) A motor home as defined in ORS 801.350;

(L) A motor truck as defined in ORS 801.355;

(m) A tank vehicle as defined in ORS 801.522;

(n) A truck tractor as defined in ORS 801.575;

(o) A truck trailer as defined in ORS 801.580; or

(p) A worker transport bus as defined in ORS 801.610.

(7) "Taxable vehicle" means a taxable bicycle or a taxable motor vehicle.

(8) "Transportation project taxes" means the privilege tax imposed under ORS 320.405, the use tax imposed under ORS 320.410 and the excise tax imposed under ORS 320.415.

(9)(a) "Vehicle dealer" means:

(A) A person engaged in business in this state that has been issued a vehicle dealer certificate under ORS 822.020; and

(B) A person engaged in business in another state that would be subject to ORS 822.005 if the person engaged in business in this state.

(b) Notwithstanding paragraph (a) of this subsection, a person is not a vehicle dealer for purposes of ORS 320.400 to 320.490 and 803.203 to the extent the person:

(A) Conducts an event that lasts less than seven consecutive days, for which the public is charged admission and at which otherwise taxable motor vehicles are sold at auction; or

(B) Sells an otherwise taxable motor vehicle at auction at an event described in this paragraph. [2017 c.750 §89]

320.405 Tax for privilege of engaging in business of selling motor vehicles at retail; collection of privilege tax from purchaser. (1) A tax is imposed on each vehicle dealer for the privilege of engaging in the business of selling taxable motor vehicles at retail in this state.

(2) The privilege tax shall be computed at the rate of 0.5 percent of the retail sales price of the taxable motor vehicle. The tax may be rounded to the nearest whole cent.

(3)(a) A vehicle dealer may collect the amount of the privilege tax computed on the retail sales price of a taxable motor vehicle from the purchaser of the taxable motor vehicle.

(b) Notwithstanding paragraph (a) of this subsection, the purchaser of a taxable motor vehicle from whom the privilege tax is collected is not considered a taxpayer for purposes of the privilege tax imposed under this section. [2017 c.750 §90]

Note: Section 112, chapter 750, Oregon Laws 2017, provides:

Sec. 112. (1) It is the intent of the Legislative Assembly that revenue from the privilege tax imposed under section 90 of this 2017 Act [320.405] is not subject to the provisions of Article IX, section 3a, of the Oregon Constitution.

(2) Original jurisdiction to determine whether section 90 of this 2017 Act imposes a tax or excise levied on the ownership, operation or use of motor vehicles that is subject to the provisions of Article IX, section 3a, of the Oregon Constitution, is conferred on the Supreme Court.

(3)(a) Any person interested in or affected or aggrieved by section 90 of this 2017 Act may petition for judicial review under this section. A petition for review must be filed within 30 days after the effective date of this 2017 Act [October 6, 2017].

(b) The petition must state facts showing how the petitioner is interested, affected or aggrieved and the grounds upon which the petition is based.

(4) The filing of a petition under this section shall stay the transfer under section 96 (2)(a) of this 2017 Act [320.435 (2)(a)] of the balance of moneys received, pending the determination of the Supreme Court. The Supreme Court may not stay the imposition of the tax under section 90 of this 2017 Act or the collection and enforcement of the tax under any provision of law.

(5) Judicial review under this section shall be limited to:

(a) The provisions of this 2017 Act authorizing the imposition of the privilege tax; and

(b) The legislative history and any supporting documents related to Article IX, section 3a, of the Oregon Constitution.

(6) In the event the Supreme Court determines that there are factual issues in the petition, the Supreme Court may appoint a special master to hear evidence and to prepare recommended findings of fact.

(7) Proceedings for review under this section shall be given priority over all other matters before the Supreme Court.

(8) If the Supreme Court determines that section 90 of this 2017 Act imposes a tax or excise levied on the ownership, operation or use of motor vehicles that is subject to the provisions of Article IX, section 3a, of the Oregon Constitution, sections 90 and 91 [320.410] of this 2017 Act are repealed and moneys from the privilege tax imposed under section 90 of this 2017 Act that, as of the date of the determination, have not been expended or irrevocably pledged for repayment of bonded indebtedness shall be transferred to the State Highway Fund. [2017 c.750 §112]

320.410 Tax on use in Oregon of motor vehicles purchased out of state at retail; tax as liability of purchaser; reduction for other taxes paid. (1) A use tax is imposed on the storage, use or other consumption in this state of taxable motor vehicles purchased at retail from any seller.

(2) The use tax shall be computed at the rate of 0.5 percent of the retail sales price of the taxable motor vehicle.

(3) The use tax is a liability of the purchaser of the taxable motor vehicle.

(4) The use tax shall be reduced, but not below zero, by the amount of any privilege, excise, sales or use tax imposed by any jurisdiction on the sale, or on the storage, use or other consumption, of the taxable motor vehicle. The reduction under this subsection shall be made only upon a showing by the purchaser that a privilege, excise, sales or use tax has been paid.

(5) The amount of the use tax shall be separately stated on an invoice, receipt or other similar document that the seller provides to the purchaser or shall be otherwise disclosed to the purchaser.

(6) A purchaser's liability for the use tax is satisfied by a valid receipt given to the purchaser under ORS 320.420 by the seller of the taxable motor vehicle. [2017 c.750 §91]

320.415 Excise tax on retail sale of bicycles; tax as liability of purchaser; collection at time of sale. (1) An excise tax of $15 is imposed on each sale at retail in this state of a taxable bicycle.

(2) The excise tax is a liability of the purchaser of the taxable bicycle.

(3) The amount of the excise tax shall be separately stated on an invoice, receipt or other similar document that the seller provides to the purchaser or shall be otherwise disclosed to the purchaser.

(4) A seller shall collect the excise tax at the time of the taxable sale.

(5) A purchaser's liability for the excise tax is satisfied by a valid receipt given to the purchaser by the seller of the taxable bicycle. [2017 c.750 §92]

320.420 Collection of use tax; time of collection; presumptions of use in this state. (1) A seller shall collect the use tax imposed under ORS 320.410 from a purchaser of a taxable motor vehicle and give the purchaser a receipt for the use tax in the manner and form prescribed by the Department of Revenue if:

(a) The seller is:
(A) Engaged in business in this state;
(B) Required to collect the use tax; or
(C) Authorized by the department, under rules the department adopts, to collect the use tax and, for purposes of the use tax, regarded as a seller engaged in business in this state; and
(b) The seller makes sales of taxable motor vehicles for storage, use or other consumption in this state that are subject to the use tax.
(2) A seller required to collect the use tax under this section shall collect the tax:
(a) At the time of the taxable sale; or
(b) If the storage, use or other consumption of the taxable motor vehicle is not taxable at the time of sale, at the time the storage, use or other consumption becomes taxable.
(3) To ensure the proper administration of ORS 320.410, and to prevent evasion of the use tax, the following presumptions are established:
(a) A taxable motor vehicle is stored, used or otherwise consumed in this state if it is present in this state for private or public display or storage.
(b)(A) A taxable motor vehicle sold by any seller for delivery in this state was sold for storage, use or other consumption in this state unless the contrary is proved.
(B) The burden of proving the contrary is on the seller unless the seller takes from the purchaser a resale certificate to the effect that the taxable motor vehicle was purchased for resale in the ordinary course of the purchaser's business.
(c)(A) A taxable motor vehicle delivered outside this state to a purchaser known by the seller to be a resident of this state was purchased from the seller for storage, use or other consumption in this state and stored, used or otherwise consumed in this state unless the contrary is proved.
(B) The contrary may be proved by:
(i) A statement in writing, signed by the purchaser or an authorized agent of the purchaser and retained by the seller, that the taxable motor vehicle was purchased for storage, use or other consumption exclusively at a designated point or points outside this state; or
(ii) Other evidence satisfactory to the department that the taxable motor vehicle was not purchased for storage, use or other consumption in this state. [2017 c.750 §93]

320.425 Exempt sales; nonresident purchasers; certain auction sales; resale certificates. (1) Notwithstanding ORS 320.405, a seller is not liable for the privilege tax with respect to a taxable motor vehicle that is sold to:
(a) A purchaser who is not a resident of this state; or
(b) A business if the storage, use or other consumption of the taxable motor vehicle will occur primarily outside this state.
(2) Notwithstanding ORS 320.405, a seller is not liable for the privilege tax with respect to an otherwise taxable motor vehicle that is sold at an event that lasts less than seven consecutive days, for which the public is charged admission and at which otherwise taxable motor vehicles are sold at auction.
(3) Notwithstanding ORS 320.405 to 320.420, a resale certificate taken from a purchaser ordinarily engaged in the business of selling taxable vehicles relieves the seller from the obligation to collect and remit transportation project taxes. A resale certificate must be substantially in the form prescribed by the Department of Revenue by rule. [2017 c.750 §94]

320.430 Refunds for excess payments; overpayment to be applied to outstanding transportation project taxes. (1) If the amount of transportation project taxes paid by a seller or purchaser exceeds the amount of taxes due, the Department of Revenue shall refund the amount of the excess.

(2) Except as provided in subsection (3) of this section, the period prescribed for the department to allow or make a refund of any overpayment of transportation project taxes paid shall be as provided in ORS 314.415.

(3) The department shall apply any overpayment of tax first to any amount of transportation project taxes that is then outstanding. [2017 c.750 §95]

320.435 Deposit of revenue from motor vehicle privilege and use taxes. (1) The Department of Revenue shall deposit all revenue collected from the privilege tax imposed under ORS 320.405 and the use tax imposed under ORS 320.410 in a suspense account established under ORS 293.445 for the purpose of receiving the revenue. The department may pay expenses for the administration and enforcement of the privilege and use taxes out of moneys received from the privilege and use taxes. Amounts necessary to pay administrative and enforcement expenses are continuously appropriated to the department from the suspense account.

(2) After payment of administrative and enforcement expenses under subsection (1) of this section and refunds or credits arising from erroneous overpayments, the department shall transfer the balance of the moneys received from the privilege and use taxes as follows:

(a) Moneys attributable to the privilege tax shall be transferred as follows:

(A) $12 million shall be transferred annually to the Zero-Emission Incentive Fund established under section 152, chapter 750, Oregon Laws 2017.

(B) After the transfer required under subparagraph (A) of this paragraph, the balance of the moneys shall be transferred to the Connect Oregon Fund established under ORS 367.080.

(b) Moneys attributable to the use tax shall be transferred to the State Highway Fund. [2017 c.750 §96]

Note: The amendments to 320.435 by section 96a, chapter 750, Oregon Laws 2017, become operative January 1, 2024. See section 96b, chapter 750, Oregon Laws 2017. The text that is operative on and after January 1, 2024, is set forth for the user's convenience.

320.435. (1) The Department of Revenue shall deposit all revenue collected from the privilege tax imposed under ORS 320.405 and the use tax imposed under ORS 320.410 in a suspense account established under ORS 293.445 for the purpose of receiving the revenue. The department may pay expenses for the administration and enforcement of the privilege and use taxes out of moneys received from the privilege and use taxes. Amounts necessary to pay administrative and enforcement expenses are continuously appropriated to the department from the suspense account.

(2) After payment of administrative and enforcement expenses under subsection (1) of this section and refunds or credits arising from erroneous overpayments, the department shall transfer the balance of the moneys received from the privilege and use taxes as follows:

(a) Moneys attributable to the privilege tax shall be transferred to the Connect Oregon Fund established under ORS 367.080.

(b) Moneys attributable to the use tax shall be transferred to the State Highway Fund.

320.440 Deposit of revenue from excise tax on bicycles. (1) The Department of Revenue shall deposit all revenue collected from the excise tax imposed under ORS 320.415 in a suspense account established under ORS 293.445 for the purposes of receiving the excise tax revenue. The department may pay expenses for the administration and enforcement of the excise tax out of moneys received from the excise tax. Amounts necessary to pay administrative and enforcement expenses are continuously appropriated to the department from the suspense account.

(2) After payment of administrative and enforcement expenses under subsection (1) of this section and refunds or credits arising from erroneous overpayments, the department shall transfer the balance of the moneys received from the excise tax to the Connect Oregon Fund established under ORS 367.080 for the purpose of providing grants for bicycle and pedestrian transportation projects. [2017 c.750 §97]

320.445 Collection at point of sale of use tax and excise tax; returns and payment of transportation project taxes. (1) Except as otherwise provided in ORS 320.400 to 320.490 and 803.203, the use tax imposed under ORS 320.410 and the excise tax imposed under ORS 320.415 shall be collected at the point of sale and remitted by each seller that engages in the retail sale of taxable vehicles. Each tax is considered a tax upon the seller that is required to collect the tax, and the seller is considered a taxpayer.

(2) Each seller of taxable vehicles that is liable for transportation project taxes shall file a return with the Department of Revenue, in the form and manner prescribed by the department, on or before the last day of January, April, July and October of each year for the previous calendar quarter.

(3) Each seller shall pay the applicable transportation project taxes to the department in the form and manner prescribed by the department, but not later than the date of submitting each quarterly return, without regard to extensions under subsection (5) of this section.

(4) Sellers of taxable vehicles shall file the returns required under this section with respect to the privilege tax imposed under ORS 320.405 and the excise tax imposed under ORS 320.415 regardless of whether any taxes are owed.

(5) The department may extend the time for making any return required under this section if a written request is filed with the department during or prior to the period for which the extension may be granted. The department may not grant an extension of more than 30 days.

(6) Interest shall be added to delinquent tax amounts at the rate established under ORS 305.220 from the time the return to which the delinquent tax amounts relate was originally required to be filed to the time of payment. [2017 c.750 §98]

320.450 Liability for taxes; amounts held in trust; warrants for collection; conference; appeal. (1) Every seller of taxable vehicles who collects any amount of transportation project taxes shall hold the amount in trust for the State of Oregon and for payment to the Department of Revenue in the manner and at the time provided in ORS 320.445.

(2) If a seller of taxable vehicles fails to remit any amount of transportation project taxes, whether collected or not, the department may enforce collection by the issuance of a distraint warrant for the collection of the delinquent amount and all penalties, interest and collection charges accrued on the delinquent amount. The warrant shall be issued and proceeded upon in the same manner and shall have the same force and effect as is prescribed with respect to warrants for the collection of delinquent income taxes.

(3)(a) In the case of a seller that is assessed under the provisions of ORS 305.265 (12) and 314.407 (1), the department may issue a notice of liability to any officer, employee or member of the seller at any time within three years after the assessment. Within 30 days after the date on which the notice of liability is mailed to the officer, employee or member, the officer, employee or member shall pay the assessment, plus penalties and interest, or advise the department in writing of objections to the liability and, if desired, request a conference. A conference shall be governed by the provisions of ORS 305.265 pertaining to a conference requested from a notice of deficiency.

(b) After a conference or, if no conference is requested, a determination of the issues raised in the written objections, the department shall mail the officer, employee or member a conference letter affirming, canceling or adjusting the notice of liability. Within 90 days after the date on which the conference letter is mailed to the officer, employee or member, the officer, employee or member shall pay the assessment, plus penalties and interest, or appeal to the tax court in the manner provided for an appeal from a notice of assessment.

(c) If the department does not receive payment or written objection to the notice of liability within 30 days after the notice of liability was mailed, the notice of liability becomes final. The officer, employee or member may appeal the notice of liability to the tax court within 90 days after the notice became final in the manner provided for an appeal from a notice of assessment.

(4)(a) In the case of a seller that fails to file a return on the due date, in addition to any action described in the provisions of ORS 305.265 (10) and 314.400, the department may issue a notice of determination and assessment to any officer, employee or member of the seller at any time within three years after the assessment. The time of assessment against the officer, employee or member is 30 days after the date on which the notice of determination and assessment is mailed. Within 30 days after the date on which the notice of determination and assessment is mailed to the officer, employee or member, the officer, employee or member shall pay the assessment, plus penalties and interest, or advise the department in writing of objections to the assessment and, if desired, request a conference. A conference shall be governed by the provisions of ORS 305.265 pertaining to a conference requested from a notice of deficiency.

(b) After a conference or, if no conference is requested, a determination of the issues raised in the written objections, the department shall mail the officer, employee or member a conference letter affirming, canceling or adjusting the notice of determination and assessment. Within 90 days after the date on which the conference letter is mailed to the officer, employee or member, the officer, employee or member shall pay the assessment, plus penalties and interest, or appeal to the tax court in the manner provided for an appeal from a notice of assessment.

(c) If the department does not receive payment or written objection to the notice of determination and assessment within 30 days after the notice of determination and assessment was mailed, the notice of determination and assessment becomes final. The officer, employee or member may appeal the notice of determination and assessment to the tax court within 90 days after the notice became final in the manner provided for an appeal from a notice of assessment.

(5)(a) More than one officer or employee of a corporation may be held jointly and severally liable for payment of transportation project taxes.

(b) Notwithstanding the confidentiality provisions of ORS 320.475, if the department determines that more than one officer or employee of a corporation may be held jointly and severally liable for payment of the transportation project taxes, the department may require any or all of the officers or employees to appear before the department for a joint determination of liability. The department shall notify each officer or employee of the time and place set for the determination of liability.

(c) Each individual notified of a joint determination under this subsection must appear and present such information as is necessary to establish the individual's liability or nonliability for payment of the taxes to the department. If an individual who was notified fails to appear, the department shall make the determination on the basis of all the information and evidence presented. The department's determination is binding on all individuals notified and required to appear under this subsection.

(d)(A) If any individual determined to be liable for unpaid transportation project taxes under this subsection appeals the determination to the Oregon Tax Court under ORS 320.470, the individual plaintiff shall implead all individuals required to appear with the plaintiff before the department under this subsection. The department may implead any officer or employee who may be held jointly and severally liable for the payment of the transportation project taxes. Each individual impleaded under this paragraph shall be made a party to the action before the tax court and shall make available to the tax court the information that was presented before the department, as well as other information that may be presented to the tax court.

(B) The tax court may determine that one or more individuals impleaded under this paragraph are liable for unpaid transportation project taxes without regard to any earlier determination by the department that an impleaded individual was not liable for the unpaid taxes.

(C) If an individual required to appear before the tax court under this subsection fails or refuses to appear or bring such information in part or in whole, or is outside the jurisdiction of the tax court, the tax court shall make its determination on the basis of all the evidence introduced. Notwithstanding ORS 320.475, the evidence introduced in the tax court constitutes a public record and shall be available to the parties and the tax court. The determination of the tax court is binding on all individuals made parties to the action under this subsection.

(e) This subsection may not be construed to preclude a determination by the department or the tax court that more than one officer or employee is jointly and severally liable for unpaid transportation project taxes. [2017 c.750 §99]

320.455 When purchasers required to remit use tax and excise tax. Any purchaser liable for the use tax imposed under ORS 320.410 or the excise tax imposed under ORS 320.415 and from whom the tax has not been collected shall, on or before the 20th day of the month following the close of the month in which the tax became due, file with the Department of Revenue a report of the amount of tax due from the purchaser in a form and manner prescribed by the department. The purchaser shall remit the amount of tax due with the report. [2017 c.750 §100]

320.460 Sellers required to keep records; examination of records by Department of Revenue. (1)(a) A seller of taxable vehicles shall keep receipts, invoices and other pertinent records related to retail sales of taxable vehicles in the form required by the Department of Revenue. Each record shall be preserved for five years from the time to which the record relates, or for as long as the seller retains the taxable vehicles to which the record relates, whichever is later.

(b) During the retention period and at any time prior to the destruction of records, the department may give written notice to the seller not to destroy records described in the notice without written permission of the department.

(c) Notwithstanding any other provision of law, the department shall preserve reports and returns filed with the department for at least five years.

(2) ORS 314.425 applies to the authority of the Department of Revenue to examine, or cause to be examined by an agent or representative designated by the department for the purpose, any books, papers, records or memoranda bearing upon the matter required to be included in any return required under ORS 320.400 to 320.490 and 803.203 for the purpose of ascertaining the correctness of the return or for the purpose of making an estimate of the taxable sales of the taxpayer. [2017 c.750 §101]

320.465 Subpoena authority of Department of Revenue; enforcement; contempt of court. (1) The Department of Revenue may, by order or subpoena to be served with the same force and effect and in the same manner as a subpoena is served in a civil action in the circuit court or the Oregon Tax Court, require the production at any time and place the department designates of any books, papers, accounts or other information necessary to carry out ORS 320.400 to 320.490 and 803.203. The department may require the attendance of any individual having knowledge in the premises, and may take testimony and require proof material for the information, with power to administer oaths to the individual.

(2)(a) If an individual fails to comply with a subpoena or order of the department or to produce or permit the examination or inspection of any books, papers, records and equipment pertinent to an investigation or inquiry under ORS 320.400 to 320.490 and 803.203, or to testify to any matter regarding which the individual is lawfully interrogated, the department may apply to the Oregon Tax Court or to the circuit court of the county in which the individual resides or where the individual is for an order to the individual to attend and testify or otherwise comply with the demand or request of the department.

(b) The department shall apply to the court by ex parte motion, upon which the court shall make an order requiring the individual against whom the motion is directed to comply with the request or demand of the department within 10 days after the service of the order, or within the additional time granted by the court, or to justify the failure within that time. The order shall be served upon the individual to whom it is directed in the manner required by this state for service of process, which is required to confer jurisdiction upon the court.

(3) Failure to obey any order issued by the court under this section is contempt of court.

(4) The remedy provided by this section is in addition to other remedies, civil or criminal, existing under the tax laws or other laws of this state. [2017 c.750 §102]

320.470 Disclosure of information; appeal. (1) Notwithstanding the confidentiality provisions of ORS 320.475, the Department of Revenue may disclose information received under ORS 320.400 to 320.490 and 803.203 to the Department of Transportation for the purposes of carrying out the provisions of ORS 320.410 and 803.203.

(2) The Department of Transportation may disclose information obtained under ORS 320.410 and 803.203 to the Department of Revenue for the purposes of carrying out the provisions of ORS 320.400 to 320.490 and 803.203.

(3) Except as otherwise provided in ORS 320.400 to 320.490 and 803.203, a person aggrieved by an act or determination of the Department of Revenue or its authorized agent under ORS 320.400 to 320.490 and 803.203 may appeal, within 90 days after the act or determination, to the Oregon Tax Court in the manner provided in ORS 305.404 to 305.560. These appeal rights

are the exclusive remedy available to determine the person's liability for the transportation project taxes. [2017 c.750 §103]

320.475 Applicability of other provisions of tax law. Except as otherwise provided in ORS 320.400 to 320.490 and 803.203 or where the context requires otherwise, the provisions of ORS chapters 305 and 314 as to the audit and examination of returns, periods of limitation, determinations of and notices of deficiencies, assessments, collections, liens, delinquencies, claims for refund and refunds, conferences, appeals to the Oregon Tax Court, stays of collection pending appeal, confidentiality of returns and the related penalties, and the related procedures, apply to the determinations of taxes, penalties and interest under ORS 320.400 to 320.490 and 803.203. [2017 c.750 §104]

320.480 Department of Revenue to administer and enforce transportation project tax laws; agreement with Department of Transportation for purposes of ORS 803.203. (1) The Department of Revenue shall administer and enforce ORS 320.400 to 320.490 and 803.203.

(2) The department may adopt or establish rules and procedures that the department considers necessary or appropriate for the implementation, administration and enforcement of ORS 320.400 to 320.490 and 803.203 and that are consistent with ORS 320.400 to 320.490 and 803.203.

(3) The Department of Transportation shall enter into an agreement with the Department of Revenue for purposes of the implementation, administration and enforcement by the Department of Transportation of those provisions of ORS 803.203, and rules or procedures adopted or established by the Department of Revenue under this section, that the Department of Transportation and the Department of Revenue determine are necessary for the effective and efficient implementation, administration and enforcement of ORS 803.203. [2017 c.750 §105]

320.485 Agreement with Department of Transportation for collection of use tax. (1) The Department of Revenue and the Department of Transportation shall enter into an agreement pursuant to which the Department of Transportation shall assist the Department of Revenue in the collection of the use tax imposed under ORS 320.410 and any other functions of the Department of Revenue under ORS 320.400 to 320.490 and 803.203 as may be provided under the agreement.

(2) The agreement is not intended to preclude performance by the Department of Revenue of collection functions as from time to time may be required, nor is the agreement intended to preclude the performance of functions by the Department of Transportation, under less formal arrangements made with the Department of Revenue, with respect to the use tax imposed under ORS 320.410 if the functions are not specifically mentioned in the agreement.

(3) The Department of Transportation may contact, consult with and enter into agreements with any public or private person for the purpose of assisting the Department of Revenue in the collection of the use tax under this section.

(4) The collection of taxes under ORS 320.400 to 320.490 and 803.203 by the Department of Transportation does not render the Department of Transportation or the agents and employees of the Department of Transportation responsible for collection of the taxes. [2017 c.750 §106]

320.490 Local government motor vehicle tax moratorium. (1) A local government may not impose a tax described in subsection (2) of this section unless the tax is:

(a) Authorized by statute; or

(b) Approved by the governing body of the local government and in effect on or before October 6, 2017.

(2) This section applies to:

(a) A tax on the privilege of engaging in the business of selling taxable motor vehicles at retail; and

(b) Any other privilege, excise, sales or use tax on taxable motor vehicles. [2017 c.750 §111]

(Tax on Wages for Public Transportation Services)

320.550 Tax on wages; employers and periodic payers to withhold; liability of lender or surety; annual returns submitted to Department of Revenue; certain residents to report and pay tax. (1) As used in this section:

(a) "Employer" has the meaning given that term in ORS 316.162.

(b) "Resident of this state" has the meaning given that term in ORS 316.027.

(c) "Wages" has the meaning given that term in ORS 316.162.

(2) A tax is imposed at the rate of one-tenth of one percent of:

(a) The wages of an employee who is:

(A) A resident of this state, regardless of where services are performed.

(B) Not a resident of this state, for services performed in this state.

(b) The periodic payments under ORS 316.189.

(3) Every employer at the time of the payment of wages shall deduct and withhold from the total amount of the wages paid for services described under subsection (2) of this section an amount equal to the total amount of wages, without exemption or deduction, multiplied by the rate of tax imposed under subsection (2) of this section.

(4) Every payer at the time of making a periodic payment under ORS 316.189 shall deduct and withhold from the payment an amount equal to the total amount of the payment, without exemption or deduction, multiplied by the rate of tax imposed under subsection (2) of this section.

(5) An employer or payer shall report and pay the tax imposed under this section to the Department of Revenue at the time and in the manner determined by the department by rule.

(6) For purposes of the tax imposed under this section, an employer or payer is considered a taxpayer.

(7) If a lender, surety or other person who supplies funds to or for the account of an employer for the purpose of paying wages of the employees of such employer has actual notice or knowledge that such employer does not intend to or will not be able to make timely payment or deposit of the tax required to be deducted and withheld, such lender, surety or other person shall be liable to the State of Oregon in a sum equal to the taxes, together with interest, that are not timely paid over to the Department of Revenue. Such liability shall be limited to the principal amount supplied by the lender, surety or other person, and any amounts so paid to the department shall be credited against the liability of the employer.

(8)(a) An employer or payer shall submit an annual return pursuant to ORS 316.202 to the Department of Revenue. The amounts deducted from the wages during any calendar year in accordance with this section shall be considered to be in payment of the tax imposed under subsection (2) of this section.

(b) The return submitted by the employer shall be accepted by the Department of Revenue as evidence in favor of the employee of the amounts so deducted from the employee's wages.

(9) Nothing in this section prohibits the Department of Revenue from including the tax imposed under this section in the combined quarterly tax report required under ORS 316.168.

(10) An employer that fails to deduct and withhold the tax required under this section:

(a) Is deemed responsible for the payment of the tax obligation in an amount equal to the amount required to be withheld from the employee's wages and remitted to the Department of Revenue; and

(b) Is subject to a penalty of $250 per employee, up to a maximum penalty of $25,000, if the employer knowingly fails to deduct and withhold the tax.

(11) Residents subject to the tax imposed under this section on wages earned outside this state from an employer not doing business within this state shall report and pay the tax at the time and in the manner determined by the Department of Revenue by rule. [2017 c.750 §122a]

Note: Section 122k, chapter 750, Oregon Laws 2017, provides:

Sec. 122k. Section 122a of this 2017 Act [320.550] applies to tax periods beginning on or after July 1, 2018. [2017 c.750 §122k]

320.555 Applicability of other provisions of tax law. Except as otherwise provided in ORS 320.550 or where the context requires otherwise, the provisions of ORS chapters 305 and 314 as to the audit and examination of returns, periods of limitation, determination of and notices of deficiencies, assessments, collections, liens, delinquencies, claims for refund and refunds, conferences, appeals to the Oregon Tax Court, stays of collection pending appeal, confidentiality of returns and the penalties relative thereto, and the procedures relating thereto, apply to the determinations of taxes, penalties and interest under ORS 320.550. [2017 c.750 §122i]

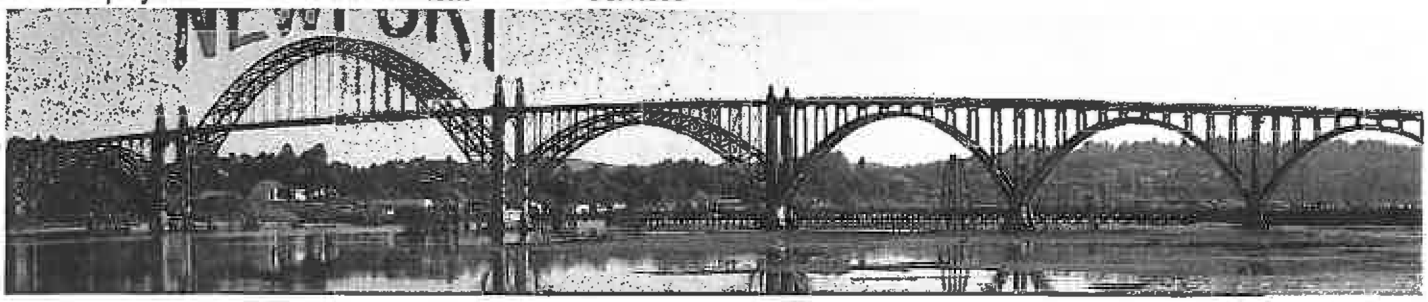
320.560 Distribution of moneys received. (1) All moneys received by the Department of Revenue from the tax imposed under ORS 320.550 shall be deposited in the State Treasury and credited to a suspense account established under ORS 293.445. The department may pay expenses for the administration and enforcement of ORS 320.550 out of moneys received from the tax imposed under ORS 320.550. Amounts necessary to pay administrative and enforcement expenses are continuously appropriated to the department from the suspense account.

(2) After the payment of administrative and enforcement expenses and refunds or credits arising from erroneous overpayments, the department shall credit the balance of the moneys received by the department to the Statewide Transportation Improvement Fund established under ORS 184.751. [2017 c.750 §122j]

PENALTIES

320.990 Penalties. Violation of any provision of ORS 320.005 to 320.150 is a Class B misdemeanor. [Amended by 1955 c.574 §7; 1971 c.743 §356; 1999 c.501 §10; 2005 c.94 §99; 2011 c.597 §182]

City Home Business Contacts Departments Emergency Info
Employment Government Services



Finance Home Audit Budget Business Licenses Municipal Court Online Payments

RFPs & Bids Room Tax Utility Billing

Contacts

Michael Murzynsky, Finance Director	541.574.0610
Steve Baugher, Assistant Finance Director	541.574.0615
Main line, Cash Collections, Business Licenses	541.574.0611
Accounts Payable	541.574.0621
Payroll	541.574.0612
Utility Billing	541.574.0617

Hours & Directions

Mon, Wed-Fri	8am - 5pm
Tuesday	9am - 5pm

169, SW Coast Hwy, Newport, OR 97365

Frequently Asked Questions

Business Licenses

Utility Billing

Utility Rates and Fees 2018-19

Comprehensive Schedule of Fees and Charges - Fiscal Year 2018-19

Rate Study Information

The City Council will be holding a public hearing on Monday, October 15, 2018, at 6:00 P.M., at the Newport City Hall, to consider approving a new utility rate structure for water, sewage, storm water, and infrastructure fees for the City of Newport. The City of Newport commissioned a rate study/analysis from FCS Group and has been reviewing the recommendations from this study since February of this year. The purpose of this study is to determine whether the current rates would generate sustainable revenues to operate, maintain, and rebuild the water, sewer, and storm water systems in the city, and whether the rate structure is fairly allocating the financial responsibilities for the system across the various types of utility customers. The City utility bill currently consists of a water, sewage, storm water rate, and an infrastructure fee.

October 30, 2018 Utility Bill insert

Report to the City Council on Rate Adjustments: September 17, 2018

April 6th, 2018 Fact Sheet

May 5, 2018 FCS Group Report – PowerPoint Water, Sewer and Storm Rate Study

Please send any comments or questions to one of the following email addresses, no later than 4:00pm on October 15, 2018:

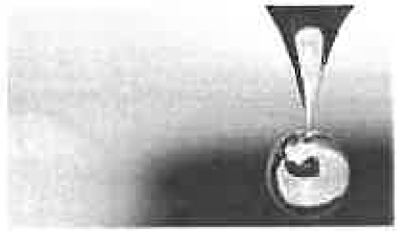
publiccomment@newportoregon.gov

Or to the Director of Finance, Mike Murzynsky at:

m.murzynsky@newportoregon.gov

Question about Water Billing?

Contact Finance at 541.574.0617



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- 60+ Activity Center
- Aquatic Center Schedule
- Bids and RFPs
- Building & Land Use Records
- Budget Information
- Committees
- Council Meetings
- Doing Business
- Emergency Information
- Municipal Code
- Municipal Court
- News and Events
- Public Records
- Recreation Center
- Sports

Departments

- Administration
- Airport
- Community Development
- Finance
- Fire
- Library
- Parks & Recreation
- Police
- Public Works

Contacts

- Contact Us
- Directory
- Emergency Alert Notifications
- Media Releases
- RSS
- Stay Connected - Email Alerts

Community Links

- Chamber of Commerce
- Discover Newport
- Lincoln County
- Lincoln County Historical Society
- Lincoln County Sheriff's Office
- News Media
- Oregon Coast Visitors Association
- Performing Arts Center
- Services in Lincoln County
- Visual Arts Center
- Volunteer Opportunities

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Newport City Hall
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541.574.0603

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FCS GROUP's management team includes professionals with backgrounds in public administration, management, finance, accounting, economics and engineering disciplines. These analytically-focused perspectives equip us to address government finance, public reserve fund, IT and operational challenges while maintaining fixed attention on organizational sensitivities, policy drivers, and stakeholder priorities.

MEET OUR TEAM

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MEET OUR TEAM

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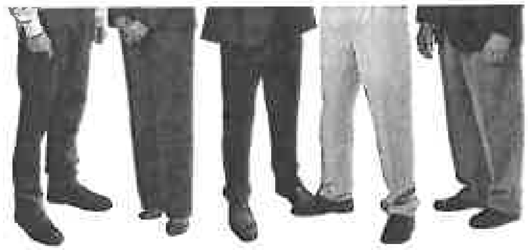

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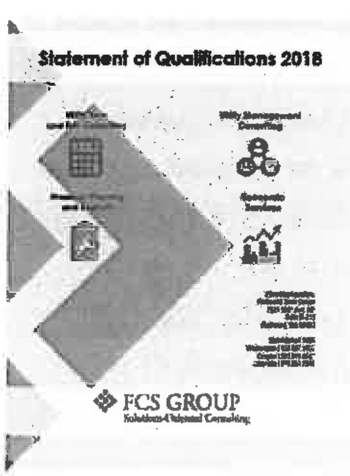

STATEMENT OF QUALIFICATIONS

Read more about our full offerings and experience (PDF)

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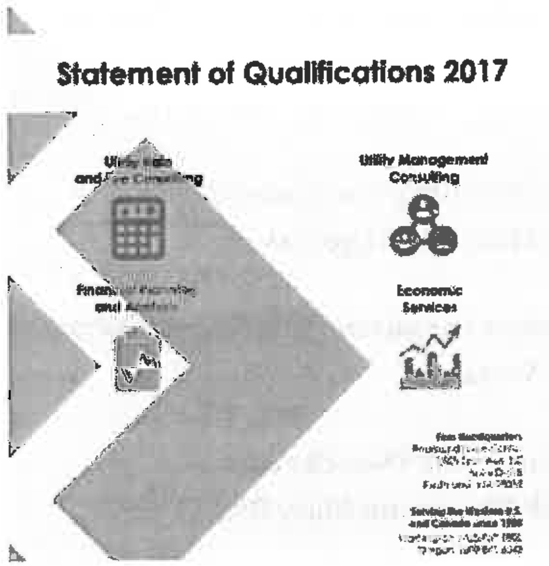

WHAT OUR CUSTOMERS ARE SAYING

"We would like to recommend FCS Group as an outstanding economic, financial and management consulting firm that has helped the Shoreline Water District with a variety of projects since 1990, most recently a rate model and the associated communication language we used to let our rate payers know of the new rates."

Diane Pottinger, District Manager,
North City Water District, Washington

"I just wanted to say that we have worked with a whole host of various consultants through the years and working with FCS has been a sincere pleasure. Clearly FCS is on top of our list as being the most competent and adaptable group we've dealt with and you should take pride in your organization and people."

Andy Burnham, Former Public Works Director,

FCS GROUP

CONTACT US

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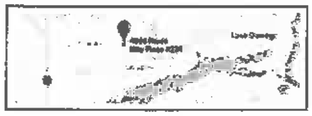
Fax: 425-867-1937

Email:
info@fcsgroup.com

Oregon



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Tel: 503-841-6543
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Email:
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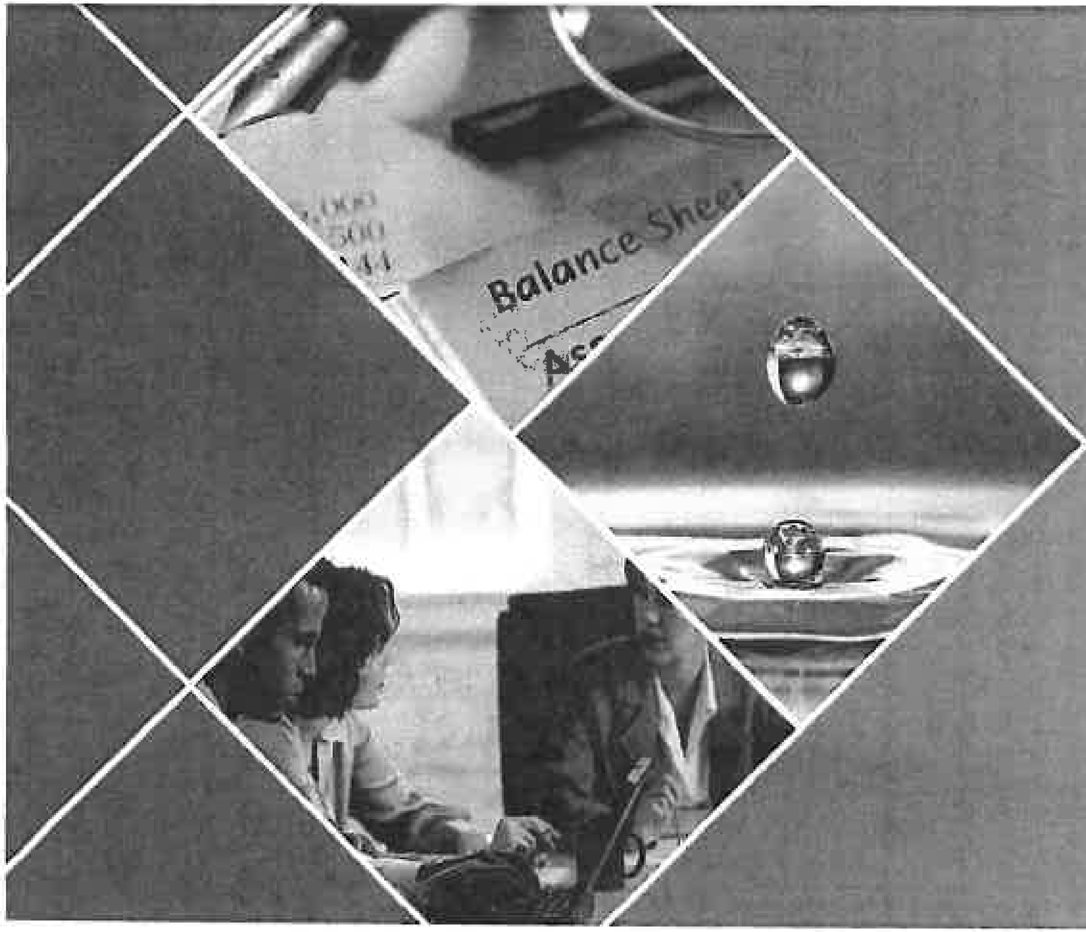


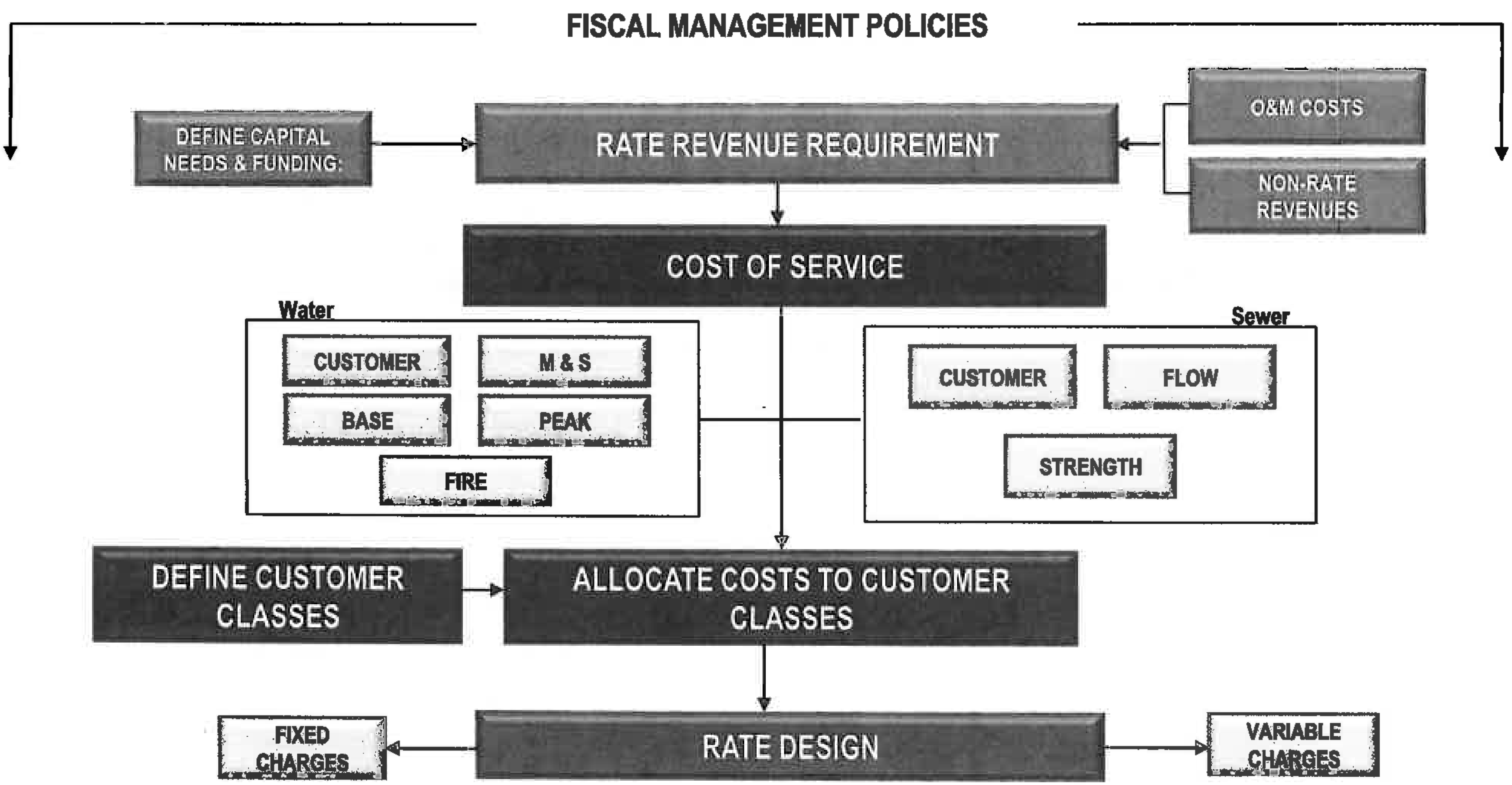
Water, Sewer & Storm Rate Study

FCS GROUP
Solutions-Oriented Consulting

Discussion Outline

- **Overview of rate setting process**
- **Summary of findings**
  - Revenue requirement
  - Cost of service
  - Rate design
- **Next Steps**
- **Questions**

Overview of the Rate Setting Process



Key Assumptions

- **Study focus: FY2018-FY2023**
  - Projections through FY2037
- **Customer growth:**
  - Water & Sewer: 0.3% per year
  - Storm: 0.6% per year
- **FY2017 adjusted budget used as baseline**
- **New debt to fund Capital:**
  - Revenue bonds: 20-year term, 5.0% interest, 1.0% issuance cost
- **Capital costs include Renewal & Replacement (R&R) funding of aging system assets for each utility**
- **Annual adjustments effective:**
  - July of each FY (12 months)
- **Fiscal policies:**
  - Operating (days of O&M): Water 75; Sewer 45; Storm 30
  - Capital: Water & Sewer 1.0% of plant in service, Storm $150,000

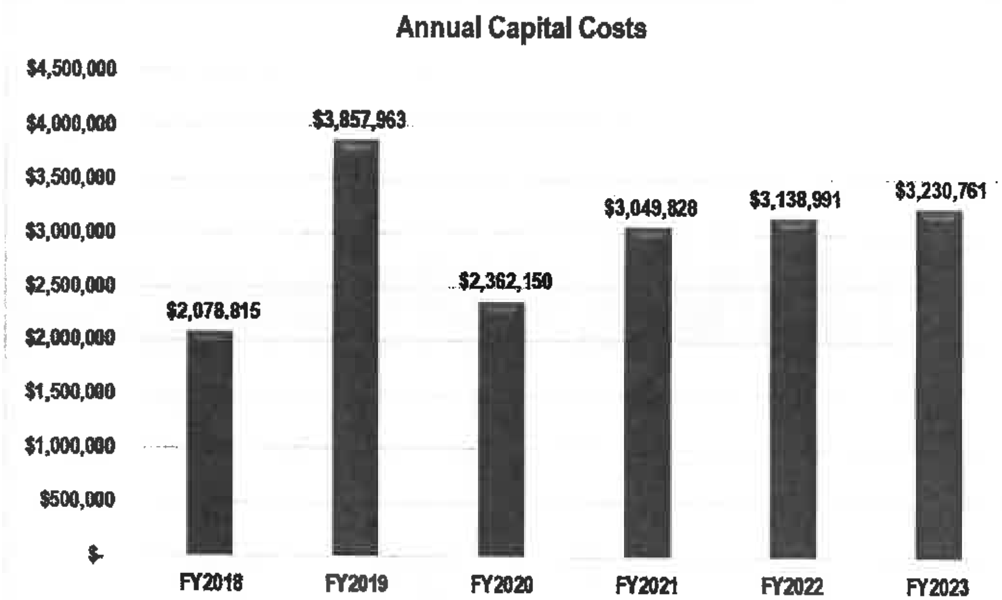
Revenue Requirement

Revenue Requirement Overview

- **Determines the amount of revenue necessary to meet all utility financial obligations on a stand-alone basis**
  - Operating costs
  - Capital costs
  - Financial policies and targets
- **Evaluates existing revenue levels for sufficiency**
- **Develops a multi-year rate implementation strategy**

Key Components - Water

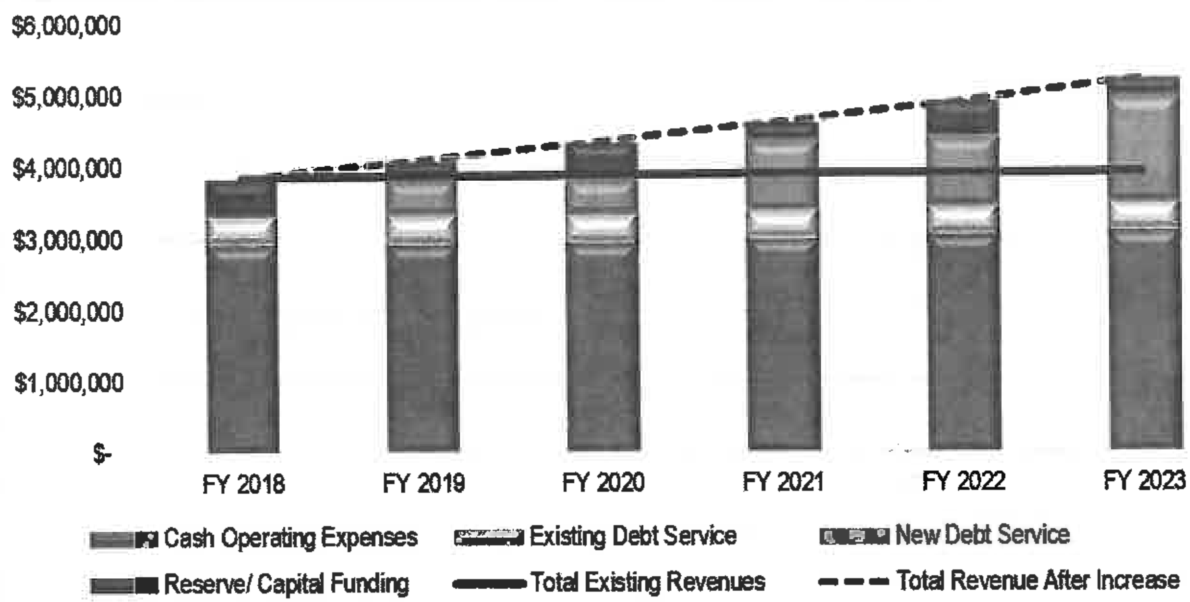
Description	Water (FY2018-FY2023)
Existing Rate Revenue	$3.76 mil - $3.82 mil
O&M Expenses	$2.93 mil - $3.11 mil
Existing Debt Service	$400 k
New Debt Service	$498 k - $1.47 mil
Total CIP (Inflated)	$17,718,508



- **Total CIP of $17.72 million (inflated to the year of construction)**
  - Includes R&R funding of Valves, Hydrants, Meter and Mains
- **Capital program funded by:**
  - Existing resources: cash reserves, rate funding, LID assessments, CWSRF Loan and infrastructure fee revenues
- **New debt required - $16.50 million**
  - FY2019: $5.50 million
  - FY2021: $5.30 million
  - FY2023: $5.70 million

Note: FY2018/FY2019 CIP is based on budget, future years are based on historical annual average costs plus R&R.

Revenue Requirement – Water

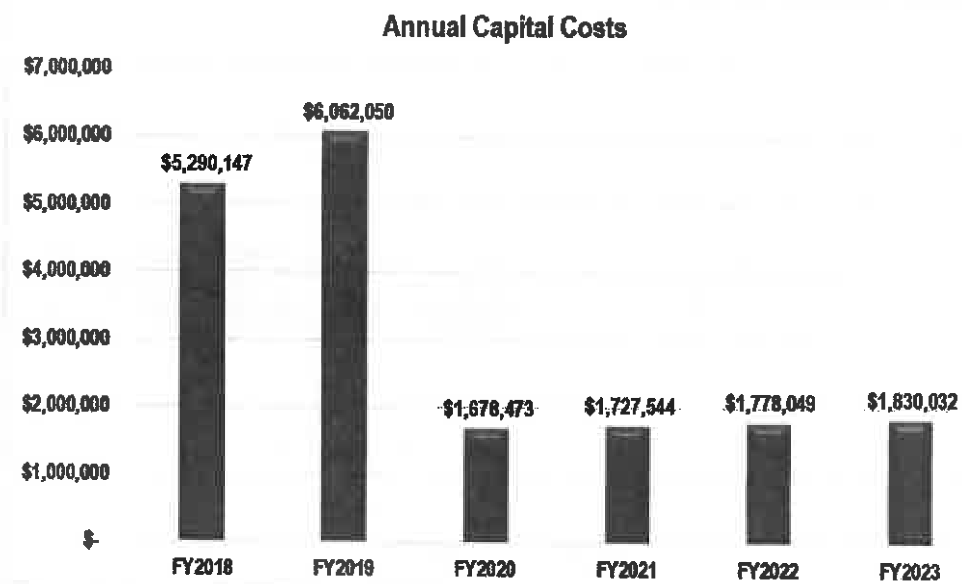


Water Sample Bill	Existing	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Monthly Bill (5/8") - 3,500 gallons	**$ 31.80**	**$ 31.80**	**$ 33.71**	**$ 35.73**	**$ 37.87**	**$ 40.15**	**$ 42.56**
$ Monthly Difference		*$ -*	*$ 1.91*	*$ 2.02*	*$ 2.14*	*$ 2.27*	*$ 2.41*
Proposed Increase		**0.00%**	**6.00%**	**6.00%**	**6.00%**	**6.00%**	**6.00%**

- **Adjustments effective: July 1st of each fiscal year**
- **Key rate increase drivers:**
  - Cost of capital and associated annual debt service

Key Components - Sewer

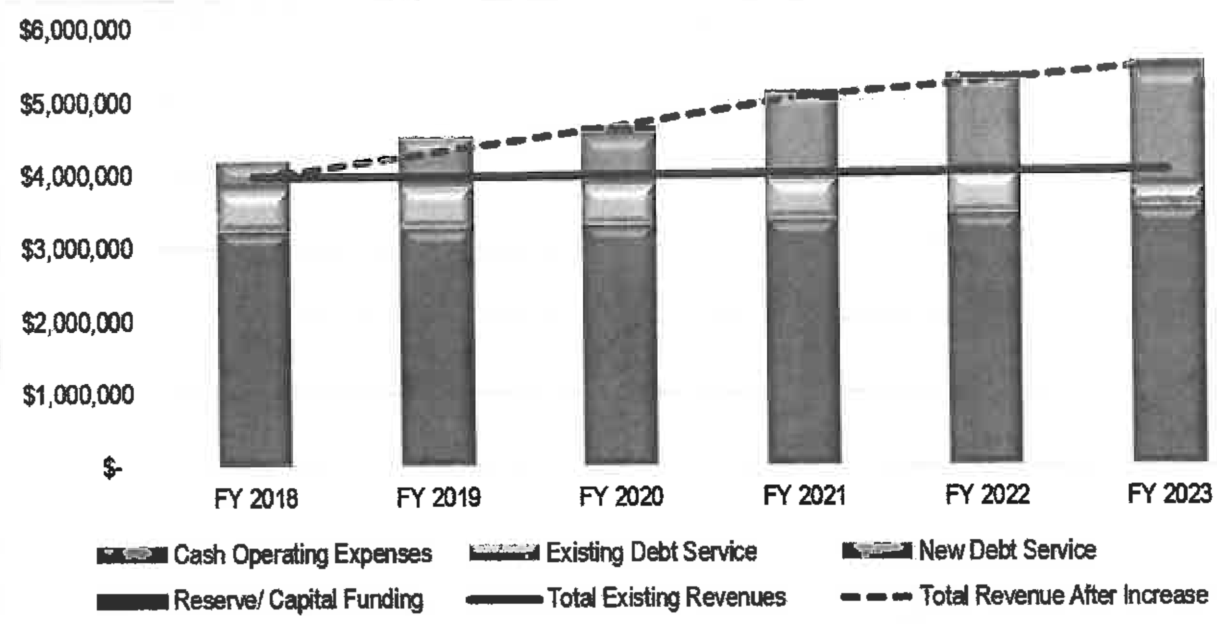
Description	Sewer (FY2018-FY2023)
Existing Rate Revenue	$3.94 mil - $4.01 mil
O&M Expenses	$3.23 mil - $3.53 mil
Existing Debt Service	$566 k - $266 k
New Debt Service	$386 k - $1.59 mil
Total CIP (Inflated)	$18,366,295



- **Total CIP of $18.37 million (inflated to the year of construction)**
  - Includes R&R funding of Manholes, Cleanouts, Gravity Mains and Force Mains
- **Capital program funded by:**
  - Existing resources: cash reserves, rate funding and CWSRF Loans
- **New debt required - $10.20 million**
  - FY2019: $3.40 million
  - FY2021: $3.80 million
  - FY2023: $3.00 million

Note: FY2018/FY2019 CIP is based on budget, future years are based on historical annual average costs plus R&R.

Revenue Requirement – Sewer



Sewer Sample Bill	Existing	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Monthly Bill - 3,000 gallons	**$ 44.45**	**$ 44.45**	**$ 48.01**	**$ 51.85**	**$ 55.99**	**$ 58.23**	**$ 60.56**
$ Monthly Difference		*$ -*	*$ 3.56*	*$ 3.84*	*$ 4.15*	*$ 2.24*	*$ 2.33*
Proposed Increase		**0.00%**	**8.00%**	**8.00%**	**8.00%**	**4.00%**	**4.00%**

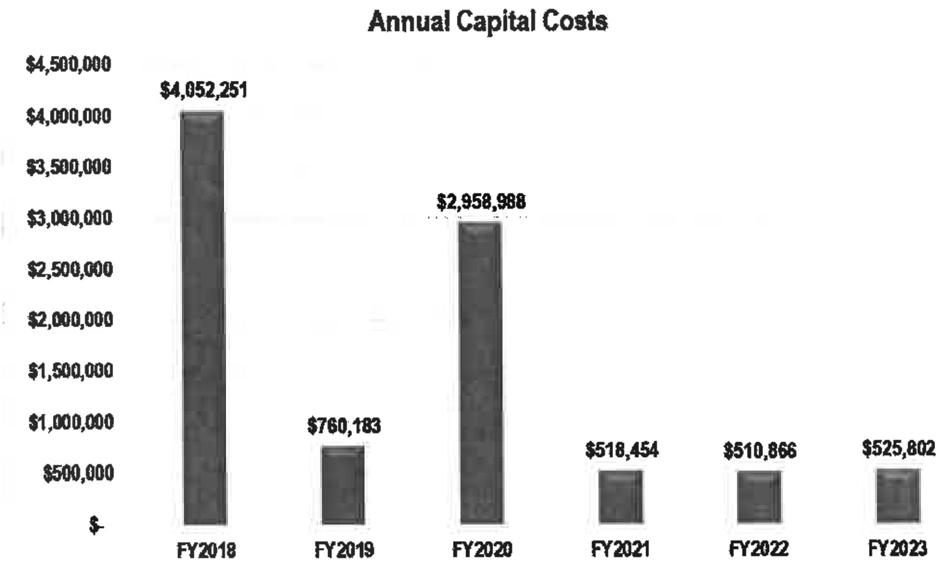
- **Adjustments effective: July 1st of each fiscal year**
- **Assumes the use of $563,000 in reserves**
- **Key rate increase drivers:**
  - Cost of capital and associated annual debt service

Storm Considerations

- **Existing Storm rates are not sufficient to meet ongoing obligations**
  - Operating expenses are subsidized by Streets
  - Capital costs are paid for through the infrastructure fee
  - All customers pay an equal Storm fee per account
- **Proposed changes:**
  - Transition Storm utility to self-sufficiency
    - Eliminate Streets subsidy and infrastructure fees
  - Bill customers based on Equivalent Service Units (ESUs)
    - Tied to impervious surface area for Non Single Family customers
    - Very common industry rate structure
    - Shifts revenue collection from Single Family to Non Single Family (Commercial) customers commensurate with their impervious surface area

Key Components – Storm

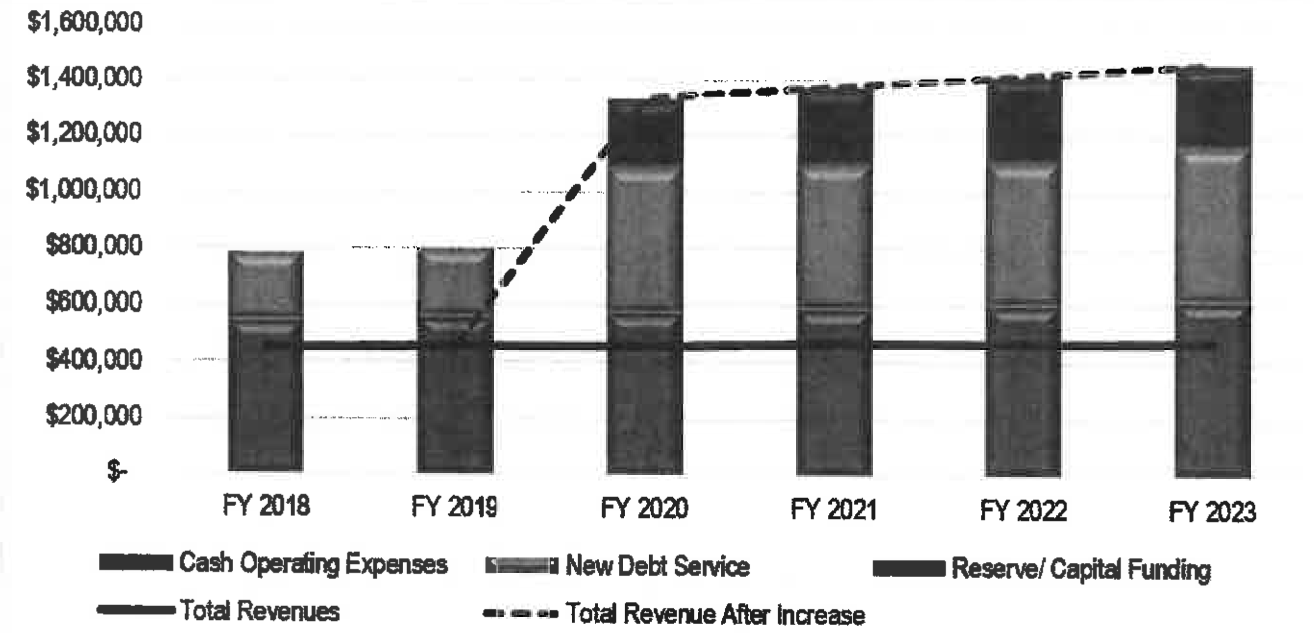
Description	Storm (FY2018-FY2023)
Existing Rate Revenue	$453 k - $468 k
O&M Expenses	$542 k - $611 k
New Debt Service	$240 k - $555 k
Total CIP (Inflated)	$9,326,543



- **Total CIP of $9.33 million (inflated to the year of construction)**
  - Includes R&R funding of Manholes, Catch Basins, Mains
- **Capital program funded by:**
  - Existing resources: cash reserves, rate funding, CWSRF Loan and infrastructure fee revenues
- **New debt required - $3.70 million**
  - FY2020: $3.20 million
  - FY2023: $500,000

Note: FY2018-FY2020 CIP is based on budget, future years are based on historical annual average costs plus R&R.

Revenue Requirement – Storm



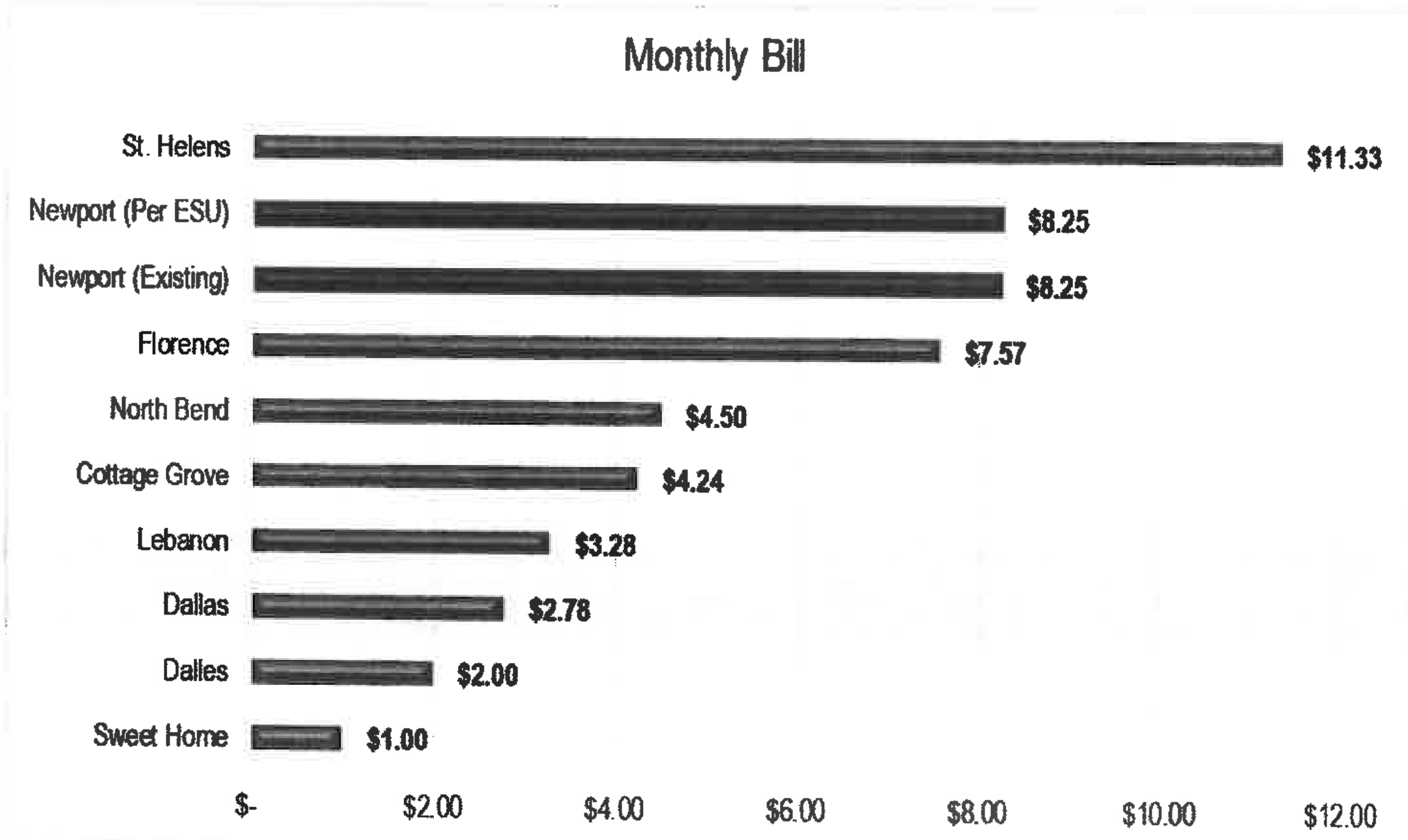
Residential Storm Sample Bill	Existing	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Monthly Bill - per Account	**$ 8.25**	**$ 8.25**	**$ 8.25**	**$ 23.97**	**$ 24.51**	**$ 25.06**	**$ 25.62**
$ Monthly Difference		*$ -*	*$ -*	*$ 15.72*	*$ 0.54*	*$ 0.55*	*$ 0.56*
Monthly Bill - per ESU				**$ 8.25**	**$ 8.43**	**$ 8.62**	**$ 8.82**
$ Monthly Difference				*$ 8.25*	*$ 0.19*	*$ 0.19*	*$ 0.19*
Proposed Increase		**0.00%**	**0.00%**	**190.50%**	**2.25%**	**2.25%**	**2.25%**

Note: rates apply on a per Equivalent Service Unit (ESU) basis starting FY2020.

Storm Summary

- **Proposed strategy sets Storm rates to be self sufficient**
  - Eliminates Streets subsidy for operations starting FY2020
  - Eliminates infrastructure fees for capital use starting in FY2020
- **Scenario recap**
  - July 2019 (FY2020) adjustment with conversion to an ESU rate and July adjustments thereafter.
    - Requires subsidies of:
      - FY 2018: $331,000
      - FY 2019: $339,000

Storm Residential Survey



Non Residential Sample Impacts

Description	Accounts	ESUs	Monthly Bill		Difference
			Existing	Proposed	
Large Commercial 1	1	147	$ 8.25	$ 1,212.75	$ 1,204.50
Large Commercial 2	1	129	8.25	1,064.25	1,056.00
Hotel 1	1	49	8.25	404.25	396.00
Hotel 2	1	38	8.25	313.50	305.25

Notes:

1. Equivalent Service Unit (ESU) = 2,700 square feet of impervious surface area.
2. ESUs were rounded to a whole number for this example.

Cost of Service

Cost of Service

- **An equitable distribution of cost shares that considers utility specific data:**
  - Measures of usage and demand
  - Planning, engineering and design criteria
  - Facility requirements
- **Total cost by customer class (equity)**
- **Unit costs ($/usage; $/customer)**
- **Fundamental question: do cost differences exist to serve different customer classes of service**

Cost of Service Process

- **Step 1: Allocate total utility cost by function**

Water Utility Functions**
- Customer
- Meters & Services
- Base Demand (average use)
- Peak Demand (peak use)
- Fire Protection

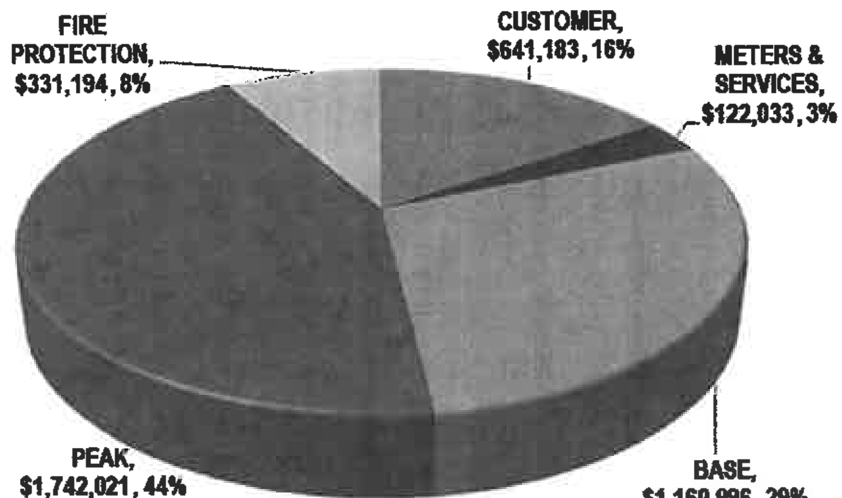
Sewer Utility Functions**
- Customer
- Flow
- Strength

- **Step 2: Assign allocation factors using class specific information**
- **Step 3: Allocate costs to customer classes**

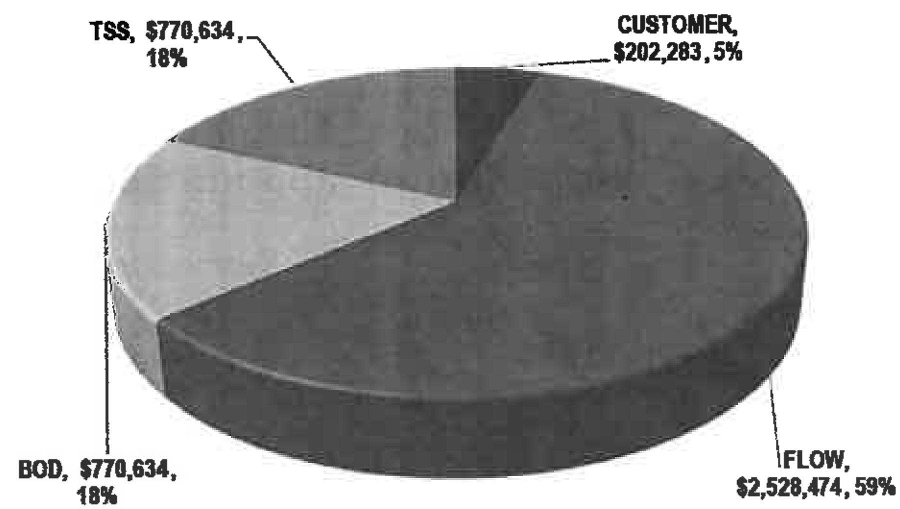
** Industry Standard Methodologies; AWWA Principles of Water Rates, Fees and Charges, M1 Manual and the Water Environment Federation Financing and Charges for Wastewater Systems Manual 27

Cost Allocation to Functions

Water



Sewer



Cost Allocation to Customer Classes - Water

Class	2019 Revenues		Difference	
	Existing	COSA	$	%
Single Family	$ 1,389,181	$ 1,314,335	$ (74,847)	-5.4%
Multi Family	315,884	282,178	(33,706)	-10.7%
Commercial	2,066,092	2,400,914	334,822	16.2%
Total	**$ 3,771,157**	**$ 3,997,427**	**$ 226,269**	**6.0%**

- **± 5.0% of average within COS (industry standard)**
- **First cost of service study completed by the City**
  - Cost of service adjustments are warranted
  - Historical information – continue collecting data and monitoring
  - Consider phase-in to confirm trends over time

Water Cost of Service Proposed Phase-In

Class	2019 COSA	2019 Phase-In
Single Family	-5.4%	-0.8%
Multi Family	-10.7%	-1.6%
Commercial	16.2%	11.7%
Total	**6.0%**	**6.0%**

- **Make progress towards cost of service**
  - Continue collecting data and monitoring
  - Revisit during next update

Cost Allocation to Customer Classes - Sewer

Class	2019 Revenues Existing	2019 Revenues COSA	Difference $	Difference %
Single Family	$ 1,744,216	$ 1,439,022	$ (305,194)	-17.5%
Multi Family	459,159	576,273	117,114	25.5%
Commercial	1,752,203	2,256,729	504,526	28.8%
Total	**$ 3,955,578**	**$ 4,272,024**	**$ 316,446**	**8.0%**

- **± 5.0% of average within COS (industry standard)**
- **First cost of service study completed by the City**
  - Cost of service adjustments are warranted
  - Historical information – continue collecting data and monitoring
  - Consider phase-in to confirm trends over time

Sewer Cost of Service Proposed Phase-In

Class	2019 COSA	2019 Phase-In
Single Family	-17.5%	0.0%
Multi Family	25.5%	15.8%
Commercial	28.8%	13.9%
Total	**8.0%**	**8.0%**

- **Make progress towards cost of service**
  - Continue collecting data and monitoring
  - Revisit during next update

Rate Design

Rate Design

- **Produce sufficient revenue to meet utility financial requirements**
- **Cost based and equitable**
- **Collect the target revenue level for each class of service**
- **Meet the goals and objectives of the utility**
- **Rate design considerations:**
  - Phase-in cost of service overall increases
  - Eliminate water allowance of 1,000 gallons (water only)
  - Eliminate sewer garden rate (sewer only)
    - All usage is charged
  - Conversion to ESU billing (stormwater only)

Water Rate Design

- **Phase in towards cost of service**
  - Eliminate allowance for all classes of service
  - Differentiate rates by class of service (existing rates are the same)

Water Rate Schedule

Description	Existing	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	Single Family & Multi Family					
Monthly Fixed						
5/8"x3/4"	$ 21.80	$ 18.50	$ 19.61	$ 20.79	$ 22.03	$ 23.36
1"	28.95	24.57	26.04	27.61	29.26	31.02
1.5"	44.10	37.42	39.67	42.05	44.57	47.24
2"	75.50	64.07	67.91	71.99	76.31	80.89
3"	112.70	95.64	101.38	107.46	113.91	120.74
4"	187.35	158.99	168.53	178.64	189.36	200.72
Variable (per 1,000 gallons)						
0-1,000 gallons	$ -					
1,001+ gallons	4.00					
All usage		$ 4.00	$ 4.24	$ 4.49	$ 4.76	$ 5.05

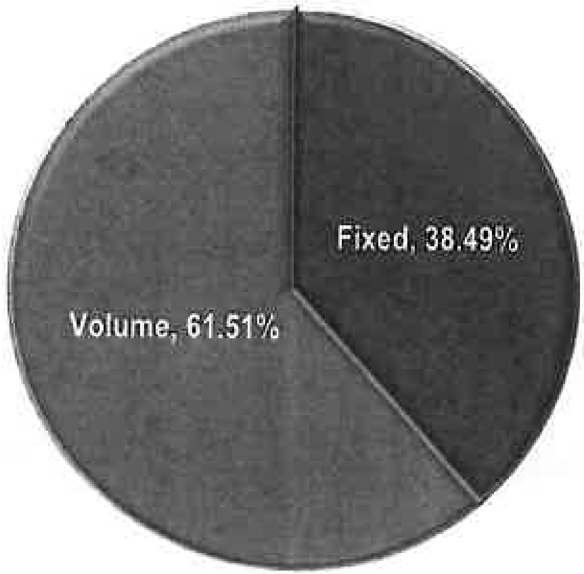
Description	Existing	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	Commercial					
Monthly Fixed						
5/8"x3/4"	$ 21.80	$ 21.90	$ 23.21	$ 24.61	$ 26.08	$ 27.65
1"	28.95	29.08	30.82	32.67	34.63	36.71
1.5"	44.10	44.30	46.96	49.78	52.76	55.93
2"	75.50	75.85	80.40	85.23	90.34	95.76
3"	112.70	113.22	120.01	127.21	134.85	142.94
4"	187.35	188.21	199.50	211.47	224.16	237.61
Variable (per 1,000 gallons)						
0-1,000 gallons	$ -					
1,001+ gallons	4.00					
All usage		$ 4.50	$ 4.77	$ 5.06	$ 5.36	$ 5.68

Notes: outside city rates have an approximate 1.9 multiplier on fixed charges and 1.6 multiplier on variable charges.

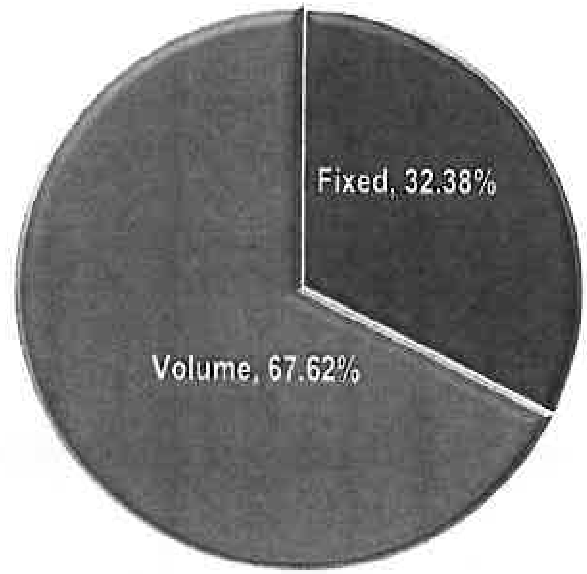
Water Revenue Breakdown

Total Revenue

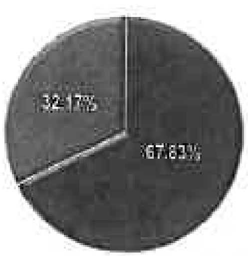
Existing



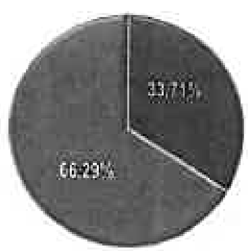
COSA Phase In



Residential



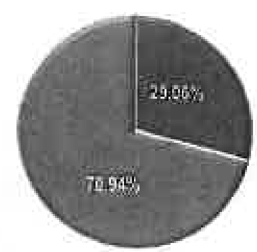
Multi Family



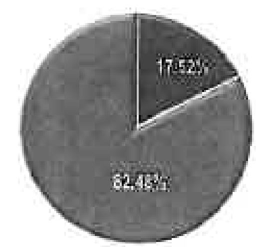
Commercial

Residential

Multi Family



Commercial



Water Residential Bill Impacts

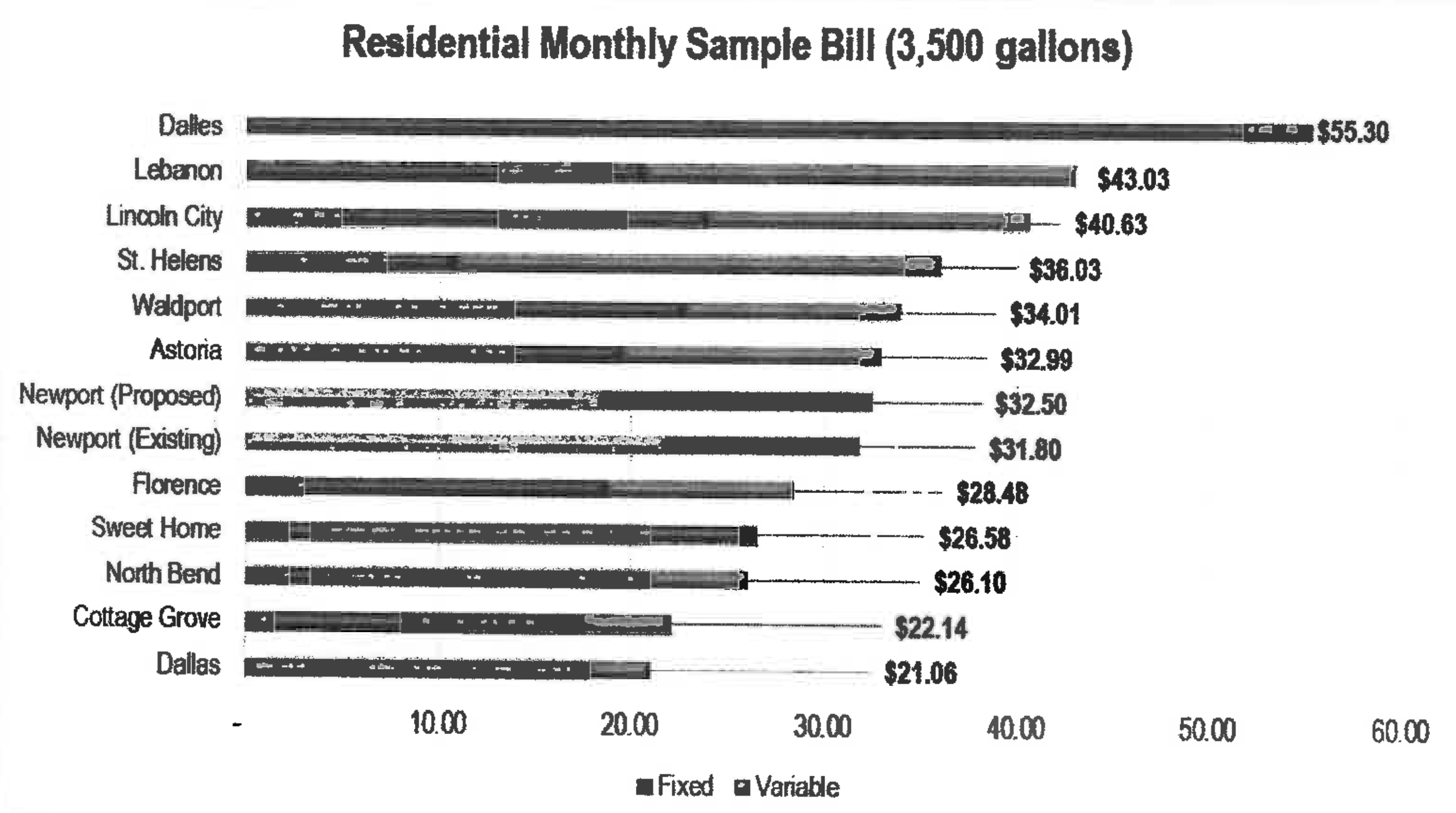
1,000 gallons	Existing	Proposed FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
0.0	$ 21.80	$ 18.50	$ 19.61	$ 20.79	$ 22.03	$ 23.36
1.0	21.80	22.50	23.85	25.28	26.80	28.41
2.0	25.80	26.50	28.09	29.78	31.56	33.46
3.5	31.80	32.50	34.45	36.52	38.71	41.03
5.0	37.80	38.50	40.81	43.26	45.85	48.61
7.0	45.80	46.50	49.29	52.25	55.38	58.71
9.0	53.80	54.50	57.77	61.24	64.91	68.80
11.0	61.80	62.50	66.25	70.23	74.44	78.90
14.0	73.80	74.50	78.97	83.71	88.73	94.05
17.0	85.80	86.50	91.69	97.19	103.02	109.20
20.0	97.80	98.50	104.41	110.67	117.32	124.35

$ Δ FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
$ (3.30)	$ 1.11	$ 1.18	$ 1.25	$ 1.32
0.70	1.35	1.43	1.52	1.61
0.70	1.59	1.69	1.79	1.89
0.70	1.95	2.07	2.19	2.32
0.70	2.31	2.45	2.60	2.75
0.70	2.79	2.96	3.13	3.32
0.70	3.27	3.47	3.67	3.89
0.70	3.75	3.98	4.21	4.47
0.70	4.47	4.74	5.02	5.32
0.70	5.19	5.50	5.83	6.18
0.70	5.91	6.26	6.64	7.04

% Δ FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
-15.1%	6.0%	6.0%	6.0%	6.0%
3.2%	6.0%	6.0%	6.0%	6.0%
2.7%	6.0%	6.0%	6.0%	6.0%
2.2%	6.0%	6.0%	6.0%	6.0%
1.9%	6.0%	6.0%	6.0%	6.0%
1.5%	6.0%	6.0%	6.0%	6.0%
1.3%	6.0%	6.0%	6.0%	6.0%
1.1%	6.0%	6.0%	6.0%	6.0%
0.9%	6.0%	6.0%	6.0%	6.0%
0.8%	6.0%	6.0%	6.0%	6.0%
0.7%	6.0%	6.0%	6.0%	6.0%

Notes: assumes a 5/8" x 3/4" meter.

Water Residential Bill Survey



Sewer Rate Design

- **Phase in towards cost of service**
  - Differentiate rates between Single Family and Non Single Family
  - Eliminate the “garden” rate for Single Family
    - Charge for all usage

Sewer Rate Schedule

Description	Existing	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Monthly Fixed						
Residential	$ 23.90	$ 23.90	$ 25.81	$ 27.88	$ 28.99	$ 30.15
Multi-Family	23.80	27.56	29.76	32.15	33.43	34.77
Commercial	23.80	27.56	29.76	32.15	33.43	34.77
Variable (per 1,000 gallons)						
Residential	$ 6.85	$ 6.13	$ 6.62	$ 7.15	$ 7.44	$ 7.73
Multi-Family	7.85	9.09	9.82	10.60	11.03	11.47
Commercial	7.85	9.09	9.82	10.60	11.03	11.47

Notes:

Existing rates are based off of a garden rate for single family customers.

Proposed rates charge for all usage for single family customers.

- Separate fixed and variable charges for Single Family and Non Single Family
- City transitioning to 100% usage based charge
- Elimination of garden rate – moved to a subscription service

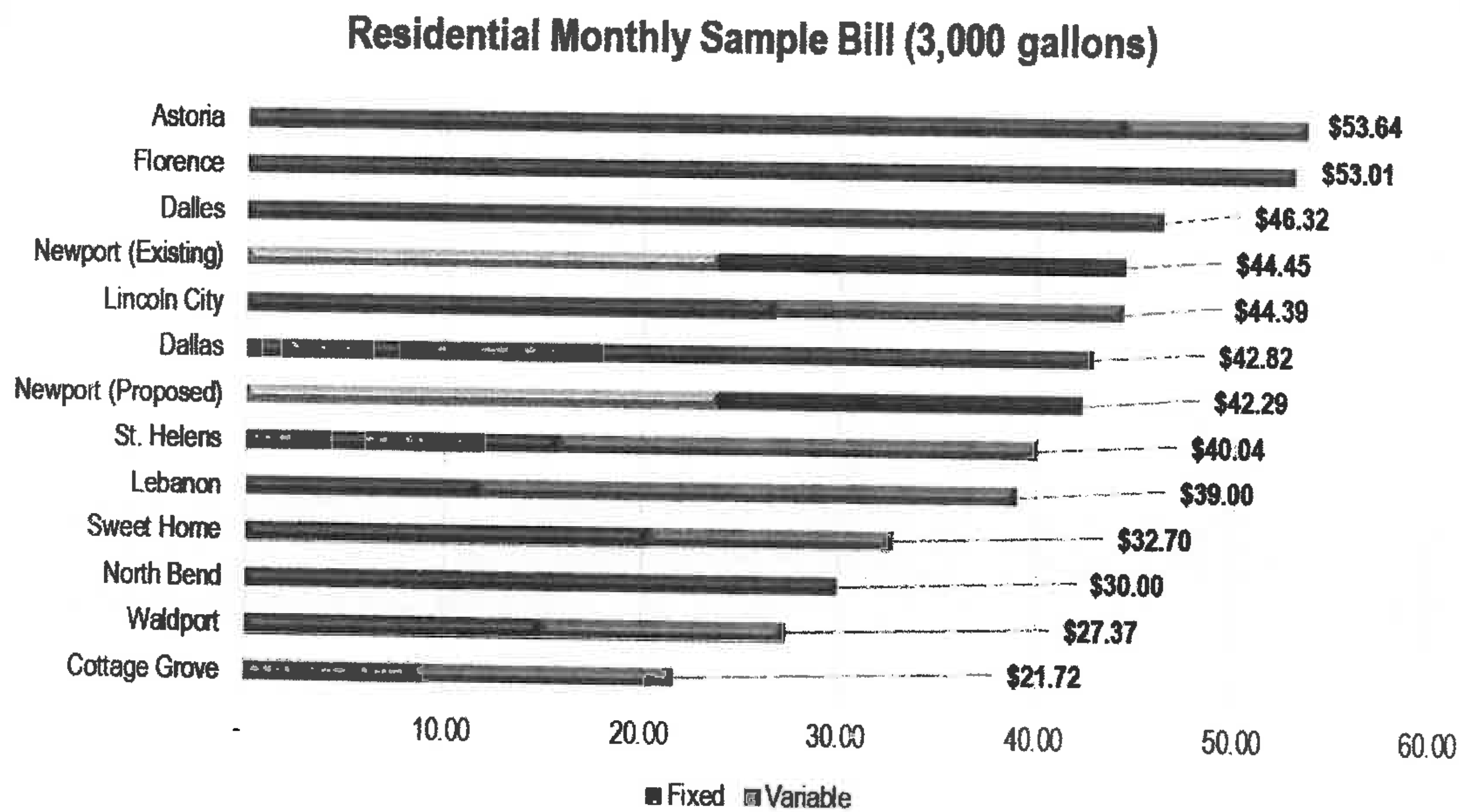
Sewer Residential Bill Impacts

1,000 gallons	Existing	Proposed FY 2019	Proposed FY 2020	Proposed FY 2021	Proposed FY 2022	Proposed FY 2023
0.0	$ 23.90	$ 23.90	$ 25.81	$ 27.88	$ 28.99	$ 30.15
1.0	30.75	30.03	32.43	35.03	36.43	37.89
2.0	37.60	36.16	39.05	42.18	43.86	45.62
3.0	44.45	42.29	45.67	49.33	51.30	53.35
4.0	51.30	48.42	52.29	56.48	58.74	61.09
5.0	58.15	54.55	58.91	63.63	66.17	68.82
7.0	71.85	66.81	72.15	77.93	81.04	84.29
9.0	85.55	79.07	85.40	92.23	95.92	99.75
12.0	106.10	97.46	105.26	113.68	118.22	122.95
15.0	126.65	115.85	125.12	135.13	140.53	146.15
20.0	160.90	146.50	158.22	170.88	177.71	184.82

$ Δ FY 2019	$ Δ FY 2020	$ Δ FY 2021	$ Δ FY 2022	$ Δ FY 2023
$ -	$ 1.91	$ 2.06	$ 1.12	$ 1.16
(0.72)	2.40	2.59	1.40	1.46
(1.44)	2.89	3.12	1.69	1.75
(2.16)	3.38	3.65	1.97	2.05
(2.88)	3.87	4.18	2.26	2.35
(3.60)	4.36	4.71	2.55	2.65
(5.04)	5.34	5.77	3.12	3.24
(6.48)	6.33	6.83	3.69	3.84
(8.64)	7.80	8.42	4.55	4.73
(10.80)	9.27	10.01	5.41	5.62
(14.40)	11.72	12.66	6.84	7.11

% Δ FY 2019	% Δ FY 2020	% Δ FY 2021	% Δ FY 2022	% Δ FY 2023
0.0%	8.0%	8.0%	4.0%	4.0%
-2.3%	8.0%	8.0%	4.0%	4.0%
-3.8%	8.0%	8.0%	4.0%	4.0%
-4.9%	8.0%	8.0%	4.0%	4.0%
-5.6%	8.0%	8.0%	4.0%	4.0%
-6.2%	8.0%	8.0%	4.0%	4.0%
-7.0%	8.0%	8.0%	4.0%	4.0%
-7.6%	8.0%	8.0%	4.0%	4.0%
-8.1%	8.0%	8.0%	4.0%	4.0%
-8.5%	8.0%	8.0%	4.0%	4.0%
-8.9%	8.0%	8.0%	4.0%	4.0%

Sewer Residential Bill Survey



Rate Affordability

Average Monthly Bill as a % of Median Household Income

Description	Existing Rates		Proposed Rates	
	Mo. Bill	$ of MHI	Mo. Bill	$ of MHI
Water	$ 31.80	0.95%	$ 32.50	0.97%
Sewer	44.45	1.33%	42.29	1.27%
Storm	8.25	0.25%	8.25	0.25%
Combined	**$ 84.50**	**2.53%**	**$ 83.04**	**2.49%**

Note: assumes median household income of $40,000 per year.

Next Steps

- **Adopt proposed rates effective:**
  - Water & Sewer: July 1st, 2018 (FY2019)
  - Storm: July 1st, 2019 (FY2020)
- **Continue monitoring Water, Sewer & Storm rates to make sure they follow assumptions incorporated in the study**

Questions/Discussion

10/10/18

Need to Review Water or Sewer Rates? OAWU Can Help!

Take advantage of your Association's services – We Do Rates!

OAWU has built a solid reputation for providing water and wastewater systems with factual, user-friendly, and defendable Rate Studies. Our rate studies, once implemented, have allowed many systems to obtain Capitol Improvement funding from various private and government lending agencies. An OAWU rate study can also provide a plan for systems to gain the capital to "pay as you go" by outlining a strategy to maximize and streamline revenue and thereby allow water/wastewater system administrators to forecast projects that may be funded in-house. OAWU will provide you a professionally compiled rate study and supporting documentation that will allow you and your council or board to adopt new rates necessary to meet your system needs.

For bids or estimates, call OAWU: 503-837-1212.

10/10/18

Historic USDA Funding Available for Rural Water, Waste Disposal Infrastructure

Portland, Oregon, July 26, 2018 — The United States Department of Agriculture (USDA) Rural Development is making available a historic level of funding for water and waste disposal infrastructure in rural communities, announced State Director John Huffman today.

"This is a significant opportunity for Oregon communities, but they will need to act quickly to avail themselves of this financing," said Huffman. "It can be a struggle for any city to finance a large infrastructure project, but it is especially challenging for small towns. Funding from USDA may help give rural communities the leg up they need to make their infrastructure projects a reality."

The Water and Waste Disposal Program provides loans and grants to fund the construction, upgrade, or expansion of clean and reliable drinking water systems, sanitary sewage systems, solid waste disposal infrastructure, and storm water drainage in rural areas. With the passage of the 2018 Omnibus spending bill, up to $65 million in low-interest loans and $10 million in grants is available in Oregon this federal fiscal year, which ends on September 30.

Most state and local government entities, private nonprofits, and federally-recognized tribes are eligible to apply. Projects must be located in a rural area with a population of 10,000 or less. Applications are more likely to be processed in time to receive funding this year if they are for the purchase of land or equipment, meters, the upgrade of wells, the upsizing of pipes, or similar activities. Applications that are not approved by September 30 will be considered for funding during the next fiscal year.

Local Rural Development staff members are available to discuss project concepts and help rural communities navigate the application process. Those interested in applying are encouraged to contact a local Community Programs Specialist today to learn more about submitting a successful application.

Congress provided a historic level of funding for water and wastewater infrastructure in fiscal year 2018. The 2018 Omnibus spending bill includes $5.2 billion for USDA loans and grants nationwide, up from $1.2 billion in fiscal year 2017.

USDA Rural Development provides loans and grants to help expand economic opportunities and create jobs in rural areas. This assistance supports infrastructure improvements; business development; housing; community services such as schools, public safety, and healthcare; and high-speed internet access in rural areas. For more information, visit www.rd.usda.gov/or.