

ECONOMIC FEASIBILITY STATEMENT FOR PETITION TO INCORPORATE OCEANSIDE VILLAGE

I. INTRODUCTION

Petitioners seek a county order approving a ballot measure to incorporate most of the northern portion of unincorporated Oceanside as “Oceanside Village” pursuant to ORS 221.040.

II. BOUNDARY AND MAP

As proposed, Oceanside Village (hereafter “the Village”) would encompass all properties within the current boundary of unincorporated Oceanside that lie north and west of the junction of Highway 131 and Cape Meares Loop Road, and south of Short Creek. (See Map at Appendix A.) This area includes roughly 400 properties, of which fewer than 300 are residential dwellings. County records indicate that approximately 150 registered voters reside in the area along with an unspecified number of nonregistered residents. If incorporated, Oceanside Village will seed inclusion in the next United States Census.

Pursuant to ORS 221.331, petitioners have submitted a Form SEL 701 identifying the lead petitioners accompanied by a map reflecting the boundary of the proposed municipality prepared by county staff.

III. COMMERCE – A \$5 MILLION SHORT-TERM RENTAL ECONOMY

Oceanside Village’s economic drivers will be distinct from more retail-oriented coastal communities, such as Manzanita, Rockaway Beach or even Bay City, where visitor growth and retail commerce along Highway 101 drive each other. Oceanside Village lies nine miles west of Highway 101 where Highway 131 terminates at the Oceanside Beach Wayside. Its commercial area accommodates 2 restaurants, two coffee shop/cafes, a community hall and a post office.

Accordingly, Oceanside Village’s economy is not based on vibrant retail activity, but from its scenic and tranquil setting.¹ Upon rounding that last turn on Highway 131, visitors are treated to an inviting prospect of jumbled houses nestled on terraced streets framing a natural amphitheater – the majority of which feature views of the Pacific Ocean, Oceanside Beach, Netarts Bay and/or Three Arch Rocks. Such visitors may

¹ The Oregon tourism website “BeachConnections.net” opens its description of Oceanside with this statement:

*“One tiny town has never provided so many means of fun and distraction.
And it’s all done without a single commercial attraction.”*

encounter colorful paragliders circling above the Village, an exposition by local artists at the Community Hall or a festive wedding gathering on the beach below.

This unique ambience explains why travelers who happen upon Oceanside Village tend to revisit it in the thousands every year - many seeking the opportunity for more extended stays. As a result, the Village features a vacation rental-driven economy that generated an average of well over \$5 million a year in lodging fees between 2021 and 2025. That figure excludes jobs and revenue generated by a satellite economy of food/drink establishments and multiple local housecleaning businesses and their employees. Indeed, Oceanside Village's 100 vacation rentals are so active year-round that, among the county's unincorporated communities, it ranks second only to much-larger Pacific City in Transient Lodging Tax ("TLT") revenue generated since 2014.

OCEANSIDE VILLAGE ANNUAL TLT REVENUE²

FISCAL YEAR	2021-2023	2022-2023	2023-2024	2024-2025
LODGING REVENUE	\$532, 146	\$536,086	\$496,806	\$536,150

IV. ECONOMIC FEASIBILITY – STATUTORY REQUIREMENTS

Oregon's incorporation law generally requires petitioners to identify a maximum tax rate "sufficient to support an adequate level of municipal services." To do so, petitioners must submit an "Economic Feasibility Statement" that includes the following:

- A. a description of the services and functions to be provided by the proposed city;
- B. an analysis of the relationship between those services and other existing or needed government services; and
- C. proposed first and third year budgets for the proposed city.³

We submit the following discussion to satisfy those requirements.

A. Services to be Provided by the Proposed City – ORS 221.035(2)(a)

Petitioners envision that those services will mainly consist of the following:

² Source: Data provided by Tillamook County Department of Community Services

³ ORS 221.035

Land Use Planning / Building Services

Land use planning is the only service that Oregon law requires a city to provide.⁴ It consists of two components: Building Services (building/trade permits and associated inspections) and Planning Services (land use reviews/applications for variances and subdivisions/appeals). Tillamook County currently provides Building Services to the entire county, including incorporated cities. Community Development staff have confirmed this will also be the case for an incorporated Oceanside Village.

Planning Services will eventually become the responsibility of the new city, but not immediately after the incorporation vote. Instead, the county will continue to apply existing county ordinances while the new city formulates a state-acknowledged Land Use Comprehensive Plan, an Urban Growth Boundary and associated zoning ordinances.⁵ State law allows the new city up to four years to complete that process.⁶ During pre-petition planning, Department of Land Conservation and Development Commission (DLCD) officials indicated that the state makes financial assistance available for this undertaking.⁷

Once that is accomplished, the new city will provide its own Planning Services with the assistance of contracted consultants who will help with training, reviewing complicated land use applications and preparing staff reports in planning disputes that are appealed. Oregon law affords city councils the option to appoint a local Planning Commission to participate in this process. The proposed budget projection incorporates this expense.

⁴ “Oregon cities are general purpose governments with broad powers. With a few exceptions (the major one being land use planning) there are no requirements that cities provide specific services. A city is a vehicle for local determination of the level and type of public services and regulation.” – *League of Oregon Cities Guide to Incorporation (2017)* - page 4.

⁵ The Oregon Supreme Court helpfully clarified this in its decision in *1000 Friends v. Wasco County, et al.*, 299 Or 344, 365 (1985).

⁶ ORS 197.757 provides: “Cities incorporated after January 1, 1982, shall have their comprehensive plans and land use regulations acknowledged under [ORS 197.251 \(Compliance acknowledgment\)](#) no later than four years after the date of incorporation.”

⁷ The Oregon Department of Land Conservation & Development offers grants to assist communities to formulate their comprehensive plan, adopt land use ordinances and achieve compliance. <https://www.oregon.gov/lcd/CPU/Pages/Community-Grants.aspx>

Road Improvement and Maintenance

Given its modest four miles of roads and historically slow growth rate, the Village will not initially employ public works personnel or purchase heavy equipment. Instead, the Village will recruit staff and local volunteers with expertise in public works contracting to engage third-party vendors in the implementation of a scheduled road improvement program that has been circulated in the community for review and comment since late June 2025.

Based on data and advice from Public Works Director Chris Laity, the proposed roads budget allocates revenue for two funding streams:

- (1) a road maintenance fund and
- (2) a capital improvements reserve.

Petitioners anticipate the new city will allocate transfers to these accounts from the general fund, state revenue-sharing from the fuel tax and the unrestricted portion of local TLT revenue. The new city will also participate in grant programs, such as the ODOT Small City Allotment Program for more ambitious grading and paving projects. Importantly, based on public comment, petitioners anticipate that city residents will urge the new City Council to prioritize road improvements and repair when allocating unanticipated revenues or unexpended funds over time.

Stormwater Management

Petitioners anticipate that its program for road improvement will eventually dovetail with a long-term need for updated stormwater drainage infrastructure in the next two or three decades – especially in the Maxwell Mountain Road area. Public Works Director Laity has advised that an incorporated Oceanside will be in a better position than the county to accumulate the required “matching” funds and successfully obtain grants for such work that are available from state and federal agencies.

Emergency Preparedness

A committee of ONA volunteers (the Oceanside Volunteer Emergency Readiness Team or “OVERT”) has been working for years to muster community resources for emergency survival and resiliency measures. This has been motivated by the realization that any significant disaster, such as a wildfire, tsunami-related inundation or landslides, will probably leave the Oceanside community isolated from communication or material assistance for an extended period of time. Compounding this concern is the likelihood that the community will be confronted with a need to accommodate hundreds of

stranded visitors in the event such a calamity occurs during summer, spring break or other high-volume holidays.

One significant challenge for such planning is the scarcity of resources available to unincorporated communities. Incorporation will not only enable the community to devote its tourism-related TLT resources to such emergency preparations as “destination management,” but will also afford the legal status to pursue federal, state and private grants available to incorporated municipalities.

Recreational Services and Amenities (TLT “Tourism Facilities” Projects)

Oceanside Village’s “front yard” is one of the Oregon’s most beautiful and expansive beaches, featuring an Oregon State Park wayside with views of the Three Arch Rocks National Wildlife Refuge. The community makes intensive use of the beach for recreation and exercise. It has also consistently rallied to support (and helped fund) ways to make it more usable and welcoming, such as the community initiatives resulting in installation of the terraced access ramp at the Oceanside Beach Wayside, the paving of the adjacent parking areas and the initiative to rebuild the Short Beach access trail. This type of community support is typical and will undoubtedly continue.

Another unmet need is safer access routes for pedestrians and bicyclists to reach the beach and main street from the homes in the hillsides above. Petitioners anticipate that an incorporated Oceanside Village will aggressively press for broader guidelines to allow use of Transient Lodging Tax (TLT) “facilities” funds for such purposes. Regardless of its success in that effort, the hundreds of thousands of dollars in TLT revenue generated annually by Oceanside Village’s short-term rentals will be available to fund amenities, such as park restroom improvements and upgrades or a replacement for its venerable but time-worn community hall, that would benefit both visitors and residents.

B. Relationship Between Proposed and Existing Services – ORS 221.035(2)(b)

The city services envisioned above would complement and fill the narrow service gaps left by existing services providers, all of which which would continue their operations uninterrupted and unaffected by incorporation. The following entities currently provide essential services to the Oceanside community, including established revenue sources independent of an incorporated Oceanside Village:

Waste Treatment:

Netarts-Oceanside Sanitary District
[Netarts-Oceanside Sanitary District \(n-o-s-d.com\)](http://netarts-oceanside.com)

Water:

Oceanside Water District (also serves Cape Meares)
<http://www.owd-oregon.org>

Fire/Emergency Rescue: Netarts-Oceanside Fire District
www.netartsoceansidefire.org

Declaration regarding Special Districts: Because each of the special districts identified above also serves geographic areas outside of the proposed municipality, it will not be necessary or practical for the new city government to disturb these systems. In particular, the petitioners disclaim any intent or need to absorb or extinguish any of the existing Special Districts. See ORS 221.031(3)(f).

Public Transportation: [Tillamook County Transportation District](#)

The Transportation District participates in the [NW Connector](#) program as part of the Northwest Oregon Transit Alliance. It currently maintains [two round trip routes](#) between Oceanside and the Tillamook Transit Center, where connections may be made to Portland and coastal communities to the north and south. In addition, Oceanside Village residents will be eligible for on- demand service from the District's [Dial-A-Ride Service](#). Both services abide by federal and state [accessibility](#) requirements. Petitioners do not anticipate that incorporation will affect the availability of this service, just as it does not affect current service to other incorporated communities.

Police / Public Safety: [Tillamook County Sheriff's Office](#)

The Tillamook County Sheriff's Office currently services Oceanside, including Oceanside Village, by way of its established patrols and call response system. According to its "[Calls for Service Log](#)", the County Sheriff's Office responded to 210 calls in Oceanside for the period of August 12, 2020 through August 12, 2021. These calls varied from 11 to 31 calls per month with an average of 18. The number of visits was sufficiently high, and the incidence of serious or violent crime was so low, that the Petitioners believe that is reasonable and sufficient for the new city to continue relying on them for its needs for the foreseeable future. The Sheriff's office has confirmed that incorporation would not affect the services it provides to Oceanside.

Solid waste disposal and curbside recycling services are currently provided to Oceanside by:

Solid Waste Disposal/Recycling [City Sanitary Service](#)
[Tillamook Co. Solid Waste Administration](#)

Petitioners anticipate that the new Oceanside Village city council will either ratify and adopt the franchise agreement currently in place between the county and City Sanitary to service Village customers or enter into its own agreement. Oceanside Villagers residents have also historically been avid supporters and users of the recycling services and facilities made available by the Tillamook County Solid Waste Administration. That will continue notwithstanding incorporation.

C. First and Third Year Hypothetical City Budgets

These are addressed in the following section.

PROJECTED HYPOTHETICAL CITY BUDGET

PROJECTED HYPOTHETICAL BUDGET Minimal and Maximum City Tax Scenarios

Pursuant to ORS 221.035(2), petitioners must propose “first and third year budgets” for the new city to demonstrate its feasibility” at a hearing for this purpose convened by the county commissioners. This is necessarily a hypothetical exercise because the petitioners are not elected and have no actual budget authority. The elected city council will eventually formulate an actual budget (including any city tax) but will not do so until (and unless) incorporation is approved by city voters. The sole purpose of the budgeting exercise in this EFS is to describe at least one balanced-budget scenario under which incorporation would be economically feasible, given available revenue

Petitioners have elected to go beyond what this law requires. First, we have offered hypothetical budget projections for each of the new city’s first three fiscal years (not merely the first and third years) to provide more context for the feasibility determination. Second, we have formulated these budgets to reflect the revenue available under a range of tax rate scenarios. At the low end of this range (the “minimum tax” scenario) is a projection that assumes a city property tax rate of \$.20 cents per \$1000 of tax assessed value. This approximates the minimum rate necessary to generate enough property tax revenue to qualify for Oregon state revenue sharing programs pursuant to ORS 221.770(4)(b). At the high end of this range (the “maximum rate” scenario) we have projected the revenue that would be generated by a city tax rate of \$1.00 per \$1000 of tax assessed value. This rate would produce property tax revenue roughly equal to the unrestricted revenue generated by Oceanside Village’s TLT program, providing back-up resources in the event of an unanticipated collapse in short-term rental operations.

This “bookend” approach allows us to demonstrate feasibility given minimum revenue, maximum revenue and all levels of revenue in between them. Each of these projections assume the new city will be established in July 2026 and will operate based on a July 1 to June 30 fiscal year.

PROJECTED HYPOTHETICAL BUDGETS

A. Projected Resources

The timing of the May 2026 incorporation election will allow Oceanside Village to adopt and certify its city tax rate to the County Assessor by July 15, 2026. That is the deadline for including the city tax in the county tax bills that will be mailed out in October 2026, with collections commencing in November 2026.

Aside from these city tax revenues, petitioners project that the new City Council will promptly take the necessary administrative steps to assess a 9% Transient Lodging Tax as well as a Short-Term Rental Operator's Fee equal to that which Tillamook County currently collects. While some external grant funding may also be available during the first three years, such as the Oregon Department of Transportation "Small City Allotment Program," petitioners opted not to include such revenue as an available source to fund general operations despite a high degree of confidence they can be obtained. The other revenue allocations are broad projections by the petitioners based on research and advice from contacts with local cities in Tillamook County, the League of Oregon Cities and county officials. Again, these will not be binding on the new City Council, should incorporation be approved by voters

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PROJECTED RESOURCES
TAX RATE RANGING BETWEEN \$.20 AND \$1.00 PER \$1000 OF TAX-ASSESSED VALUE

	Fiscal Year 7/2026- 6/2027	Fiscal Year 7/2027- 6/2028	Fiscal Year 7/2028- 6/2029
(1) City Tax	26,630 – 133,158	27,430 – 137,154	28,253 – 141,269
(2) Previous Year City Tax		2,959 – 14,800	3,048 – 15,240
(3) Transient Lodging Tax	501,300	516,339	531,829
(4) STR Operator's Fees	50,000	50,000	50,000
(5) STR License Admin. Fees	33,000	33,000	33,000
(5) State Revenue Sharing		18,220	20,000
(6) Misc. Fees and Taxes	15,000	25,000	25,000
(7) Donations	15,000		
Current Year Resources	640,930 – 747,458	672,948 – 794,513	691,130 – 816,338
+ Accumulated Contingency Reserve	+ 0 -- 0	+ 55,020 – 161,548	+ 95,531 – 323,624
TOTAL RESOURCES	640,930 – 747,458	727,968 – 956,061	786,661 – 1,139,962

NOTES

- (1) The item assumes a tax rate ranging between \$.20 and \$1.00 per \$1000 applied to a total assessed value of \$147,954,428 projected by the County Assessor for Oceanside Village in October 2026. Because the Assessor's Office advised that more than 90% of taxpayers usually pay their entire annual tax bill by mid-November of each year to take advantage of the prepayment discount, the amount entered is 90% of the anticipated net receipts during the first fiscal year, with 10% deferred for reporting during the subsequent fiscal year. We deem this revenue projection to be conservative because it contains no adjustments for additional revenue generated by new construction or updated tax valuations that may occur when properties are substantially remodeled or conveyed to new owners. We have also not included the 4% interest available on such revenue while held for actual disbursement. For that reason, we have not incorporated the 3-4% discount that would ordinarily be applied to account for billed taxes that prove uncollectable.
- (2) This item reflects the delayed receipt of 10% of property tax revenue levied but not paid during the previous fiscal year. See Note No. (1) above.
- (3) These amounts assume the new City Council will promptly enact an ordinance that adopts an annual tourism lodging tax of 9% levied on gross income by Oceanside Village vacation lodging rentals (short-term rentals, hotels and B&Bs). Per Community Development data, the county's current TLT tax of 10% generated an average of roughly \$525,000 from Oceanside Village's vacation rental in fiscal years 2021-2024. (See Chart on page 2 above). We used that total to calculate Oceanside Village's projected TLT revenue, supplemented by annual 3% increases in STR lodging revenue (and associated TLT collections) to reflect anticipated inflation. It does not reflect any

growth in the number of STRs because they are currently capped in Oceanside. Importantly, however, such revenue would increase significantly with the construction of any of the new hotel(s) currently under consideration.

- (4) These amounts assume Oceanside will act expeditiously to impose short term rental Operator's Fees at rates equal to those which Tillamook County currently assesses in unincorporated areas. The Community Development staff provided this projection for fees anticipated from Oceanside Village's short-term rentals in 2024-2025.
- (5) This entry presumes that Oceanside Village will impose STR licensing, renewal and inspection fees comparable to those currently charged by the county.
- (6) The 2024-2025 version of the League of Oregon Cities' "State Shared Revenue Report," projects that small cities like Oceanside Village could reasonably expect state revenue sharing revenue of at least \$101.38 per capita commencing in FY 2027/28 for taxes on gas, tobacco, alcohol and marijuana sales. The amount shown is based on an Oceanside Village population of 180 persons. No such revenue is reflected prior to fiscal year 2027-28 because cities are not eligible for state revenue-sharing unless and until they have assessed a city property tax during the preceding year. See ORS 220.770(1). The gas tax portion of this revenue (approximately \$14,130 in 2027-28) must be earmarked for roads or similar transportation construction or maintenance. This is reflected as a discrete expenditure (transfer) to the Road Fund in the "Projected Expenditures" table on page 13. Importantly, this item does not reflect the revenue impact of transportation tax measures under consideration by the Oregon Legislature.
- (7) This amount is a placeholder for as-yet unspecified revenue sources available to the new city, such as development charges, business receipts taxes, utility franchise fees and other permit fees. The new City Council would determine whether to access any of these revenue sources.
- (8) During its initial months, it is anticipated that City Councilors will primarily work without staff, utilizing funds, equipment, space and services donated by themselves or other city residents. Substantial cash donations have already been pledged to help cover start-up costs should incorporation be approved by voters.

PROJECTED EXPENDITURES
TAX RATE RANGING BETWEEN \$.20 AND \$1.00 PER \$1000 OF TAX-ASSESSED VALUE

	FY 7/2026-6/2027	FY 7/2027- 6/2028	FY 6/2028-6/2029
(1) Admin Svcs including STR licensing	69,000	83,000	83,000
(2) Election Costs	6,000		
(3) Office Rent, Equipment, Supplies, Utilities	20,000	22,000	25,000
(4) Fees, Training, Dues, Subscriptions, Travel	5,000	5,000	2500
(5) Insurance	10,000	11,000	12,000
(6) Professional Services/Legal	50,000	30,000	30,000
(7) Land Use Consult. Services	30,000	25,000	20,000
(8) Transfer to Road Fund	30,000	80,000	80,000
(9) Transfer to Road Capital Reserve	15,000	15,000	15,000
(10) Transfer to TLT Tourism Reserve	350,910	361,437	372,280
(11) Transfer to Contingency Reserve	55,020 – 161,548	39,511 – 161,076	49,350 – 162,058
TOTAL	\$ 640,930 – 747,458	\$ 672,968 – 794,513	\$ 691,130 – 788,338

NOTES

- (1) Salary/benefit amounts reflect the assumption that the city may contract for administrative support at some point during the last half of fiscal year 2026-2027, with increasing amounts allocated during the second and third fiscal year. It also anticipates that any additional funding for such support may be transferred from the accumulated contingency reserve.
- (2) This expenditure reflects the estimated election costs that will be invoiced by the County Clerk for the incorporation election (only if the measure passes) pursuant to ORS 221.061(1).
- (3) This amount includes an allotment, supplies and services for a modest office to serve as a center of operations and communications. Public meeting space will be made available without charge in the public meeting room at the Netarts-Oceanside Sanitary District.

- (4) This item reflects expenditures for association dues, subscriptions and fees to access education programs, training, group insurance programs and consulting offered by organizations such as the League of Oregon Cities (dues projected at \$281.86 per year). They anticipate participation in such training, not only by staff, but also by elected and appointed officials on issues such as municipal operations, liability, public meetings and public budgeting. Such training often qualifies public agencies for insurance discounts.
- (5) This allocation is a placeholder for any property/casualty/liability or workers' compensation insurance premiums to cover city officials and, eventually, staff. Actual quotes or even broad estimates were refused by insurers we contacted unless an application was completed. This estimate is based on a review of comparable expenditures budgeted for such insurance in other Tillamook County cities.
- (6) This item reflects an allocation for accounting, legal services and other professional services. The outsized estimates for FY1 anticipate the likely need for extra legal assistance during the process of drafting and implementing the city's baseline ordinances, policies and procedures.
- (7) The Petitioners anticipate that the city will retain a land use planning consultant/services provider to assist with initial training, staff reports on land use applications and appeals as well as the baseline work to prepare for drafting the city's Comprehensive Plan. Officials with LCDC has indicated it is likely their agency will also offer financial support for such preparation. (See footnote 7 above.)
- (8) This amount reflects a projected allotment for roads repair and maintenance to be contracted with outside vendors. The allotment represents the anticipated gasoline tax portion of revenue sharing allotments from the State of Oregon combined with a direct allocation from the general fund. Petitioners project this as a baseline allocation and anticipate that the road maintenance and capital reserve funds will be the highest priority targets for any additional revenue that becomes available.
- (9) This amount reflects an annual transfer to a reserve fund for capital road projects and infrastructure improvements. It does not include interest that would accrue.
- (10) This expenditure reflects an anticipated transfer of 70% of TLT revenues to a reserve for future expenditures related to "tourism promotion" or "tourism facilities" pursuant to state law. Petitioners anticipate that city officials will allocate expenditures for emergency resiliency measures, supplies and equipment

from this revenue, as the county has done in the past.

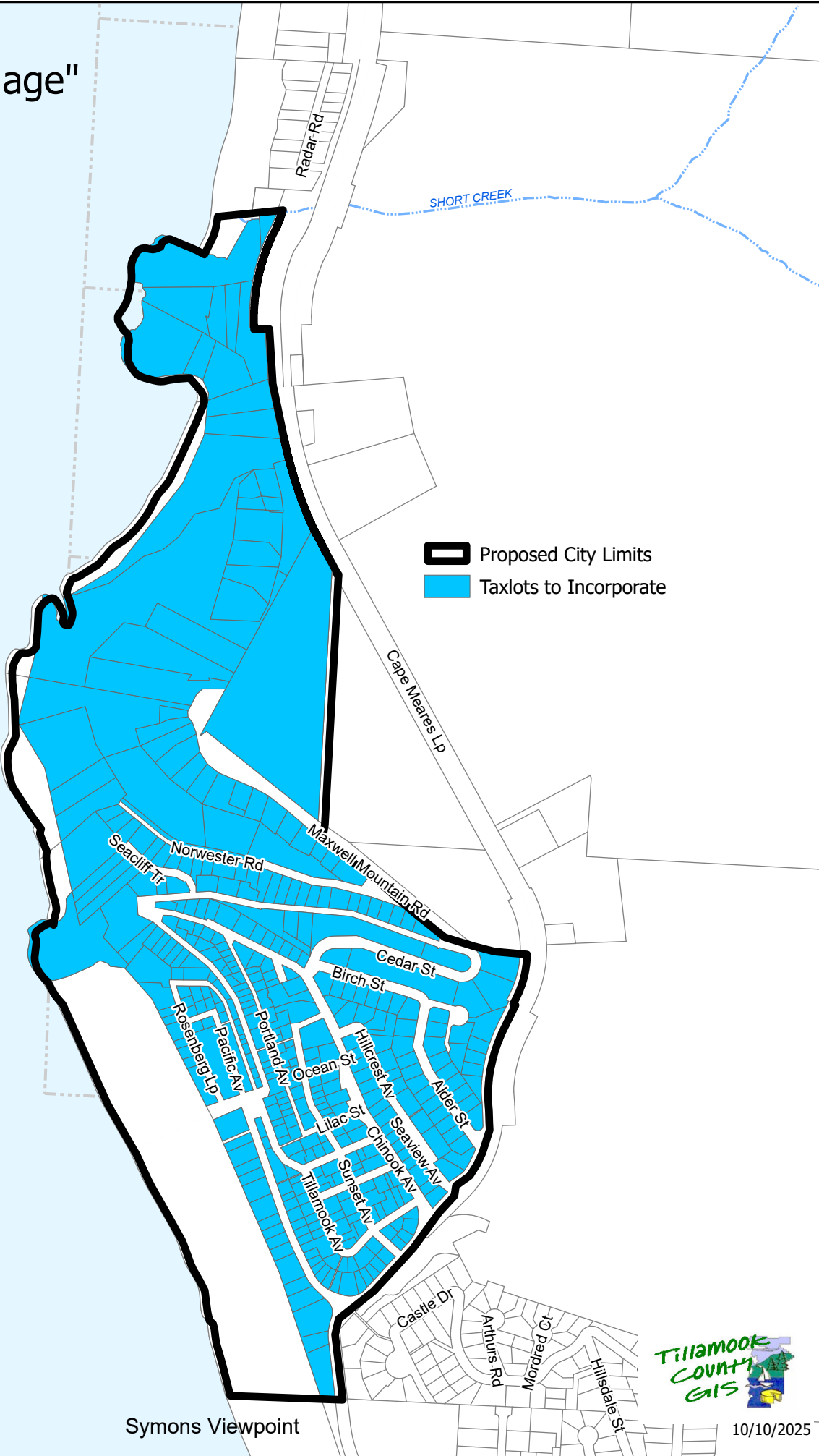
- (11) The remaining 30% will be deposited with general fund revenues for allocation elsewhere.
- (12) This amount reflects transfers to a reserve for unanticipated contingencies or cost overruns. This will be converted to a cash carryover to the following fiscal year if not expended. This amount does not include interest accrued on the balance.

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Exhibit A

Proposed Boundary of “Oceanside Village”

"Oceanside Village"



Symons Viewpoint



10/10/2025