



May 05, 2021

As Budget Officer of the City of Gearhart, it is my privilege to present the proposed 2021/2022 budget to the budget committee for review.

1. As presented, the information in the budget document indicates the anticipated resources and requirements of the City of Gearhart for the fiscal year 2021/2022 and is in accordance with budget law.
2. The proposed budget includes the appropriations necessary to operate the City's departments for the fiscal year, as well as two years of historical data and last year's budgeted numbers. Appropriations for Reserve Funds are also included within the budget.

The General Fund anticipated resources for this fiscal year are \$2,568,201 from various sources.

While revenue is increasing, our municipal tax rate remains at \$1.0053 per thousand. The 3.9% conservative increase of city tax revenue is appropriate due to the amount of new development in 2020/2021 and increased property values.

Another source of revenue is the Transient Room Tax (TRT), which is anticipated to be \$380,000, and is a \$130,000 increase over last year's budgeted amount. Room taxes from hotels and vacation rentals are expected to be similar to this year because of the Covid-19 pandemic and pent-up demand for travel. Last year the TRT was underestimated not anticipating COVID would increase travel to Gearhart. We budgeted building permits at \$200,000 for 2020/2021, yet we've received \$235,000 with May and June still to come. We may see a future drop in building permit fees as available buildable land in Gearhart is reduced because our available buildable lands are in decline.

The City's tax rate is permanent and remains unchanged at \$1.0053 per thousand of property value and \$0.0602 per thousand for the Gearhart Road District.

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Included in the budget are the appropriations necessary to implement the City's personnel costs. A Cost Of Living Adjustment (COLA) increase of 1.3% per the Social Security Administration is applied to salaries this year, beginning January 1st, 2022.

Gearhart Reserve funds will again receive additional resources this year.

The proposed State Revenue Sharing Fund expenditures will be finalized after citizen input at the public hearing. Be advised that we receive approximately \$20,000 yearly from state revenue sharing. Over the years, we've had surplus cash carry forward in this fund. Through the generous approval of past budget committees, most of those funds have now been spent, and this may require the budget committee to look at the number of grants given in the future.

This year's budget is unique in that the City of Gearhart may receive \$330,000 from The American Rescue Plan approved by congress. The guidance for the use of these funds comes out May 11th, after our budget meetings. Research indicates that these funds may be used for infrastructure, planning, and emergency response.

We were a little surprised at how the economy fared this last fiscal year. Looking forward, factors such as pent-up travel demand, interest rates, relief funds, supply chains, housing, and material prices, etc., will factor into the next fiscal year.

Thank you,

Chad Sweet
Budget Officer/City Administrator