

OVI Position on Transitioning Responsibility for County Roads Situated within the Proposed City Boundary

Synopsis of Village Roads Proposal

For many, the opportunity for Oceanside Village to fund a road maintenance program from locally generated tourist lodging taxes (“TLT”) is the primary benefit of pursuing incorporation. Currently, the Village’s 100+ short-term rentals collect approximately \$525,000 a year in TLT from their customers as a 10% supplement to their lodging bills and forward it to Tillamook County. Under county law, however, incorporated cities can retain 90% of such locally generated TLT revenue for their own use. When combined with state gas tax revenues that incorporation would make available, OVI estimates that the new Village would garner sufficient revenue to devote \$80,000 to \$150,000 a year to resurfacing its unpaved roads. This is far more than the \$24,000 a year that the county spends on average to maintain all of Oceanside’s roads (not just those in the Village). Once all current roads are improved, lower maintenance costs will free most of this TLT revenue for other Village priorities. Further details are available on the “Road Plan” page of the OVI website at www.oceanside-village.org.

County Reactions

During the 2022 incorporation effort, Tillamook County Public Works Director Chris Laity readily provided helpful information, cost figures and practical advice to our research effort. With commendable professionalism, he acknowledged the economics driving our incorporation despite the fiscal impact on the county road fund and informally agreed the proposal was a “no brainer” from Oceanside’s perspective.

During this 2025 initiative, the county’s degenerating fiscal situation has altered the county’s approach. While Director Laity again provided data and expert advice during the development of our road plan last spring (available on our website), he otherwise adopted a surprisingly confrontational approach – citing the potential loss of Oceanside’s TLT contributions to the county road fund. In public meetings and communications, Director Laity announced his intent to take the following actions in response to the incorporation initiative:

1. Diversion of planned paving and an incentive to drop incorporation. Director Laity has stated that Oceanside Village’s potential incorporation prompted him to remove Oceanside from his 2025 summer paving program and divert those funds elsewhere. He further indicates that he plans to devote an unspecified amount of paving to Oceanside this summer, provided that the community discontinues the incorporation initiative. When OVI asked Director Laity to describe the extent of such planned paving, he responded he will not have time to do so until mid to late November.
2. A warning of consequences if incorporation is pursued. Assuming voters ultimately approve incorporation, state law provides that the county must retain responsibility for its roads within the new boundary until the new city consents to begin maintaining it. To accomplish that, OVI has proposed to collaborate with the county to develop a schedule for transferring such roads to the city over time as it stabilizes its early finances and builds reserves. In response, Director Laity has insisted that the city must assume full financial and legal liability immediately after

incorporation passes. To circumvent the state law that requires the new city's consent for this, Director Laity has stated that he will ask the County Commissioners to abandon responsibility for all county roads within the proposed city boundary just prior to the incorporation vote – before the new city gains legal standing to object. In addition, he warned that the county is unlikely to resume responsibility for any or all of the roads it abandons, roads within the Village, even if incorporation fails in the election.

OVI's Response

In August 2025, the OVI wrote each of the County Commissioners regarding Director Laity's statements and intended actions. Our letter (posted on our website) outlined OVI's legal and ethical objections to the imposition of such penalties on the Village merely for considering incorporation. We have been awaiting a response to this letter for over four months.

Going Forward

The OVI team has struggled with how to respond to Director Laity's controversial actions and warnings. We feel the diversion of paving funds from Oceanside in 2025 based on the mere possibility of incorporation in 2026 was both premature and unjustified, given that the county has and will continue to benefit from the \$150,000 a year that Oceanside Village's STRs has contributed to the county road fund in the meantime. We also note that the possibility of incorporation is just the most recent in a series of reasons the county has given for deferring needed paving in Oceanside over the years.

More importantly, we are mystified that the County Commissioners would allow Director Laity to involve the county in the incorporation debate by announcing a potentially permanent abandonment of all county roads just before the incorporation vote. The announcement itself unavoidably suggests an effort to exert pressure, and carrying it out would effectively force Villagers to vote for incorporation to maintain the roads the county abandons. In either case, the extraordinary measure would expose the county to significant legal risks.

After careful consideration, the OVI has determined that the best course is for Villagers to continue to evaluate the incorporation road program on its long-term merits, without regard to the county's unorthodox moves in the short term. We continue conclude that the questions that really matter are these:

1. Will incorporation place the Village in a financial position to invest more in Oceanside Village's roads than the county has or is likely to in the future?
2. Will an elected Village City Council be able to manage the financial and logistical aspects of contracting for Village road improvement and maintenance?

The OVI team has focused on these issues in its research and outlined its findings at www.oceanside-village.org. We will continue to stand ready to address questions on them.