

ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT MINUTES

17 August 2018

A quorum was present.

Water Board: Ron Schiffman, President
 Debra Birkby, Vice-President & Treasurer
 Linda Murray
 Dan Seifer

Excused Absent: Virginia Birkby

Sanitary Board: Darr Tindall (non-voting)
 Casey Short (non-voting)

Public: Mary Olson, Community Forest Outreach Coordinator
 Ben Dair, Sustainable Northwest
 David and Jeannie Stockton

Staff: Phil Chick, District Manager
 Steve Hill, Secretary

Mr. Ron Schiffman opened the meeting at 6:02pm.

Public Comments: David Stockton said he strongly suggested that if the district ever wished to have Cannon View Park (CVP) as a part of the water district to not go out of your way to accommodate them. He believed CVP to nearly run out of water on a busy holiday weekend and that there should be a mutual billing between the districts. If the district did enter into a support agreement with CVP there would be less of an incentive for them to develop their own district resources such as putting in more storage and capacity. He suggested giving CVP a break on system development charges (SDC) if joining the water district but it would be best to face a district merger now. Once permanently connected with an intertie, the pressure for resource development by CVP is reduced. There is very little for us with minimal backup from their district but they could become very dependant on us. We would be giving them the benefit of an interconnection without much in return.

Agenda: Ms. Murray moved acceptance of the agenda which was seconded by Mr. Seifer. All in favor. Motion carried.

Consent Agenda: Pull July 20th minutes. Mr. Seifer moved adoption of the consent agenda as amended which was seconded by Ms. Murray. All in favor. Motion carried.

Old Business:

Watershed Update:

Forest Legacy Grant - Re-strategize: (Action) Mr. Ben Dair reported that our grant request with the Forest Legacy stewardship committee was received well and liked it for next year. They liked the board's support for the project with obtaining an outreach coordinator, securing Schwabe services on a pro bono basis and in particular the boards appropriation of \$55K in the budget for the watershed.

with one comment

Introduction of Outreach Coordinator, Mary Olsen: (Information) Ms. Mary Olson was introduced to and welcomed by the board as the new outreach coordinator for the community forest project.

She indicated that she lived on the north coast and had been a field technician for the Clatsop Soil and Water Conservation District, worked as a contract logging supervisor, worked for the Oregon Watershed Enhancement Board and provided training work shops and seminars for farmers to review agricultural regulations. Ms. Olson said she was looking forward to working with the district on its watershed acquisition.

EFM Non-Disclosure Agreement: (Action) Mr. Seifer moved to execute the EFM Non-Disclosure Agreement (attached) in the form presented which was seconded by Ms. Murray. All in favor. Motion carried.

HP 19 G Road Repair Work: (Information) It was reported that the Oregon Health Authority should provide grant funding for this road repair project in the next fiscal year. Ron Schiffman reported on his meeting with Darin Stringer of EFM and road engineering consultants from Pacific Forest Management, regarding the project and the available options for repair.

Silvia Terra Timber Inventory: (Information) Mr. Ben Hayes of Springboard Forestry is drafting a request for proposal for an inventory of the plots identified by Silvia Terra. We should know the time line next month.

Executive Session – ORS 192.660 (2) (e): The regular meeting was suspended at 6:33pm and public asked to leave and told that the session was estimated to end and they would be permitted to return at approximately 6:45pm. The session was held to deliberate with persons who have been designated to negotiate real property transactions. The executive session ended at 6:51pm and the regular meeting re-convened.

Master Plan Insert: (Information) There was a consensus to leave the long range financial plan out of the master plan at this time until it can be updated to reflect acquisition and management of the watershed. The Curran-McLeod memo and current system development charges have been added by Mr. Chick.

Fire Suppression Line Ordinance: (Information) Mr. Chick has looked at what Portland has and contacted Heather Reynolds about drafting us an ordinance when she returns from vacation.

Cannon View Park (CVP) Intertie: (Information) Mr. Chick reported that following CVP's approach to the board by Mr. Richard Gibson in July that they have returned with a memo reflecting some changes in approach. They are not seeking fire flow so only a two (2) inch line is specified to be extended to the gate entrance of CVP. The system will be manually isolated.

A discussion ensued at what point was CVP absorbed into the district and with what benefits and costs. It was stated that the district would decide whether an emergency existed and what level of support to CVP would be provided. There were also some concerns about what the legal issues might be in supporting a private district with public water and that an intertie might not be an appropriate step. It was felt that we should check to see that we aren't violating any existing statutes.

It was also stated that no value could be seen to take additional steps to make it easier for CVP to exist alone and that the board was focused upon other issues and not that interested in looking at a hard intertie at this point. Mr. Chick was asked to speak to Curran-McLeod as soon as possible about the situation and to hold off of working on the intertie drawings until the District could speak with CVP about the possibility of the two water systems joining. Mr. Dan Seifer was asked to contact CVP President, Richard Gibson regarding this matter.

New Business:

Falcon Cove Water District IGA: (Information) Mr. Charles Dice operates the Falcon Cove district on a volunteer basis and travels five to six months per year. He talked to Mr. Chick about the possibility of an IGA and the potential sale of bulk water to the district based on need by Falcon Cove and availability to our district. Mr. Chick said he felt that while open to being a good neighbor that he didn't feel with our current staffing we couldn't take on a formal agreement at this time and that Falcon Cove needed to contract with a part time water operator.

The board is not interested in selling water at this time unless there is a real emergency but felt it would be alright if it didn't affect our users. An invitation is to be extended to Mr. Charles Dice to a meeting in the next few months and that Mr. Chick could sell available to their district at his discretion.

Reports:

Accounts Receivable: Water district receivables were reported to be in good condition.

District Managers Report: (attached) Mr. Chick said that the water plant treated 1.46 million gallons of water in July which was slightly less than last year at this time and that Asbury Creek is still holding up.

Bob McEwan is scheduled to remove sediment from the intake on August 27th.

Staff replaced the Torium pressure controller in the booster pump and all is working well again.

Treasurer's Report: None.

Board of Directors' Comments and Reports: Mr. Seifer reflected that during the interview process recently conducted for an outreach coordinator that we were fortunate to have Mr. Phil Chick as our District Manager.

September Agenda Items: (Information) Invite Charles Dice to a district meeting, July 20th minutes, watershed update, fire suppression ordinance, Asbury Creek water right certification, CVP intertie.

Public Comment: Mr. Stockton said that he and his wife think the members of the board are making thoughtful, forward thinking decisions.

The meeting was adjourned by Mr. Ron Schiffman at 7:47 pm.

Respectfully submitted,



Steve Hill

Attest



Mr. Ron Schiffman, President

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (this “Agreement”) is made this ___ day of August, 2018, by and between Ecotrust Forest Management, Inc., an Oregon corporation (“EFM”), and Arch Cape Domestic Water Supply District (“Buyer”)

RECITALS

- A. EFM manages property in Oregon depicted on attached **Exhibit A** (the “Property”).
- B. The parties have engaged in preliminary discussions concerning a possible purchase and sale of the Property (the “Potential Transaction”).
- C. In connection with the foregoing, EFM is willing to provide Buyer access to the Property and certain information relating to the Property.
- D. Buyer is an Oregon Special District and is required to comply with many laws unique to public entities, including, but not limited to, the provisions of the Oregon Public Meetings and Records laws, generally found at ORS Chapter 192.

AGREEMENT

Now therefore, in consideration of the mutual promises between the parties contained in this Agreement, the parties agree as follows:

1. (a) All data, records, reports, calculations, documents, and other information previously provided or hereafter provided by EFM to Buyer related to the Property, or its operations, written or oral and whether or not noted thereon to be confidential, and all information obtained by Buyer’s inspection of the Property, and all compilations, analyses and studies prepared by Buyer based upon such information, shall be considered as “Confidential Information,” except: (a) information which at the date hereof is publicly available; (b) information which after the date hereof becomes publicly available through no fault of Buyer, or their Representatives or advisors; (c) information which Buyer can show was in their possession prior to the date hereof and was not acquired by Buyer directly or indirectly from EFM or any other party under an obligation of confidentiality to EFM; and (d) information received by Buyer without restriction as to disclosure from a third party who has the lawful right to disclose the same.

(b) Notwithstanding the language of the immediately preceding subparagraph (a) EFM acknowledges that the obligation of Buyer to keep Confidential Information confidential under subparagraph (a) or elsewhere in this Agreement is subject to the Oregon Public Records and Meeting laws as provided in ORS 192.000, *et seq.* (hereinafter “Public Law”). Buyer acknowledges that the Public Law provides certain exemptions and exceptions to disclosure of “public records” (as that term is defined in the Public Law) that may apply to the Confidential Information. EFM acknowledges that any Confidential Information in the physical possession of Buyer that is not subject to an exemption or exception to the Public Law may have

to be produced if requested in compliance with the Public Law, and that the Public Law will control how and when such information is discussed in a “public meeting” as that term or similar words are defined in the Public Law.

2. Buyer agrees that the Confidential Information will be used solely for the purpose of evaluating and funding the Potential Transaction, and that such information will be kept confidential by Buyer and its Representatives (defined below) to the full extent allowed by the Public Law; provided, however, that (i) the Confidential Information may be disclosed to any of Buyer’s Representatives who need to know such information for the purpose of evaluating the Potential Transaction (it being understood and agreed that such Representatives shall be informed by Buyer of the confidential nature of such information and the terms of this Agreement and shall be directed by Buyer to treat such information confidentially), (ii) information prepared by Buyer or its Representatives that is derived from the Confidential Information may be disclosed by Buyer to its residents and to prospective funding donors and grantors, so long as Buyer takes all reasonable steps to avoid or minimize disclosing the Confidential Information directly to such parties and (iii) any disclosure of Confidential Information may be made to which EFM consents in advance in writing. Buyer agrees that Buyer shall be responsible for any breach of the terms of this Agreement by any of its Representatives except all actions by Buyer in compliance with the Public Law are exempt from any obligation to protect Confidential Information or exposure to cost or liability to EFM. As used in this Agreement, (1) the term “Representative” means a person’s affiliates and its and their directors, officers, employees, agents, advisors (including, without limitation, financial advisors, foresters, forest carbon consultants, counsel and accountants), lenders, grant funders or other parties potentially providing funding or financing to facilitate the Potential Transaction, and controlling persons, and (2) the term “person” shall be broadly interpreted to include, without limitation, any entity or individual. Buyer shall promptly notify EFM before Buyer discloses any Confidential Information.

3. Buyer assumes all risks associated with entry upon or inspection of the Property. Buyer hereby waives any and all claims they may now or hereafter have against EFM, known or unknown, of any kind or nature including without limitation personal injury or property damage, arising out of or related to entry upon or inspection of the Property in connection with the Potential Transaction, except claims that may arise from the gross negligence or willful misconduct of EFM or its employees, agents, consultants, contractors, or Representatives.

4. Buyer hereby agrees to the full extent of its insurance coverage, proof of which has been provided to EFM, to indemnify EFM, its affiliated companies, and their respective officers, members, directors and agents against and hold them harmless from any and all loss, liability claims, damages, cost or expense, including reasonable attorneys fees and costs of litigation, suffered or incurred by either or any of them, and arising out of or related to entry upon the Property by Buyer or its employees, agents, consultants, contractors, or Representatives. Buyer agrees to name EFM an “additional insured” on any applicable insurance policy covering Buyer and to provide to EFM certification of the same.

5. EFM specifically disclaims any representation or warranty as to the accuracy or completeness of any information disclosed to Buyer.

6. (a) Buyer shall not, and shall not permit its Representatives to, reproduce or disclose any Confidential Information received from EFM, or any other Confidential Information obtained by contacting EFM's designated representatives, or by viewing or making studies of any of the Property, to any third person, in whole or in part, at any time, without the express written permission of EFM. Notwithstanding the foregoing, if Buyer reasonably requests of EFM that Buyer be allowed to disclose certain Confidential Information in order to materially facilitate the consummation of the Potential Transaction, EFM agrees not to unreasonably withhold, condition or delay its consent to such disclosure.

(b) Notwithstanding the previous subparagraph 6(a), EFM agrees that Buyer must comply with the Public Law and EFM will make no claim or complaint about Buyer's actions and communication made to comply with the Public Law. In the event that Buyer or any of its Representatives receive a request to disclose all or any part of the Confidential Information under the terms of a subpoena, discovery request, or order issued by a court of competent jurisdiction or by another governmental agency, Buyer shall promptly notify EFM of the existence, terms and circumstance surrounding such request. In the case of a subpoena or discovery request, EFM may seek an appropriate protective order and/or waive compliance with the provisions hereof. If, in the absence of a protective order or the receipt of a waiver hereunder, Buyer or any of its Representatives are nonetheless compelled pursuant to Public Law to disclose the Confidential Information, Buyer or such Representative may disclose only such portion or portions of the Confidential Information that they are legally required to disclose. Buyer agrees that Buyer and all applicable Representatives of Buyer will use their best efforts to preserve the confidentiality of the Confidential Information, including, without limitation, by cooperating with EFM in its efforts to obtain reliable assurance that confidential treatment will be afforded to such portion of the Confidential Information as is required to be disclosed.

7. The parties agree that facsimile or electronic mail signatures are authorized and shall be binding to the same extent as an original signature.

8. The rights and obligations of the parties under or relating to this Agreement shall be governed by the laws of the State of Oregon (without regard to choice of law provisions). In the event suit or action is filed by any party to enforce this Agreement or with respect to a breach of this Agreement, the prevailing party shall be entitled to recover, in addition to all other costs, damages and awards, its reasonable attorney fees at trial, and upon any appeal and petitions for review and any bankruptcy and insolvency proceeding.

9. This Agreement will terminate three years from the date hereof.

This Agreement contains the entire understanding of the parties relative to the protection of Confidential Information, and the other matters addressed herein and supersedes all prior collateral communications, if any, between the parties regarding the Confidential Information, such other information and such other matters. No amendment or other modification or waiver of any provision hereof shall be binding unless in writing and signed by Buyer and EFM.

BUYER:

ARCH CAPE DOMESTIC WATER
SUPPLY DISTRICT

By: _____

Its: _____

EFM:

ECOTRUST FOREST MANAGEMENT, INC.

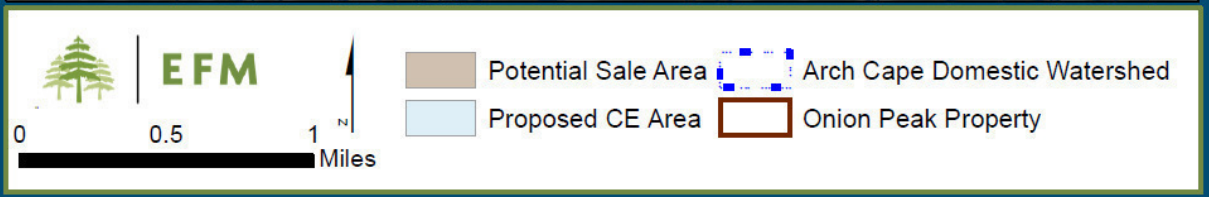
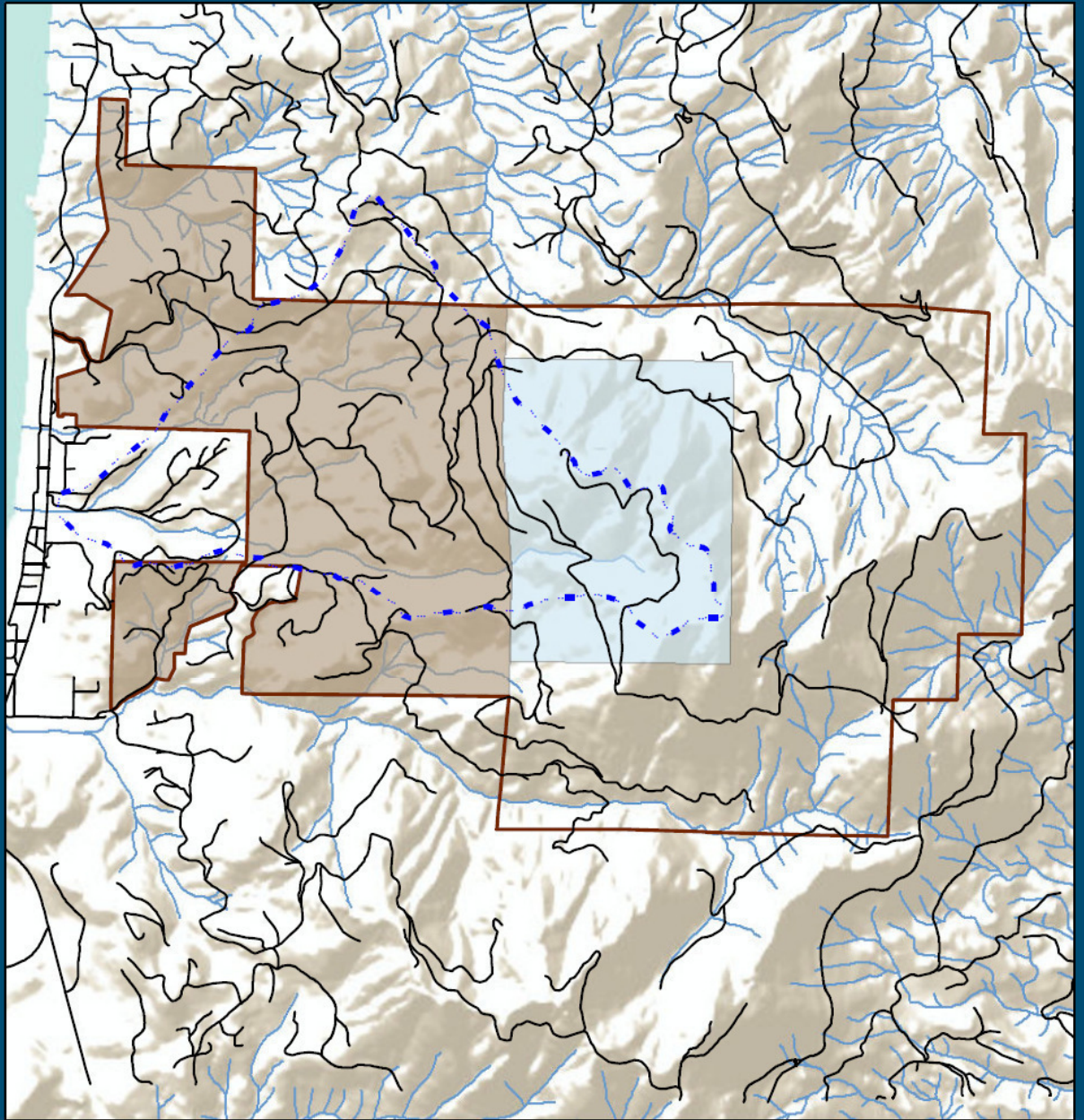
By: _____

Its: _____

Exhibit A

See Attached Map

Onion Peak Property Clatsop County, Oregon



MEMO: August 9, 2018
RE: Road 19G slump

PRESENT: **Daring Stringer, Senior Forester, EFM**
dstringer@ecotrustforests.com
Pat Smith, Senior Engineer, Pacific Forest Management
pat@pacificforestmanagement.com
Jeff McGinley, Owner, Pacific Forest Management

PURPOSE:

On site review of Pat Smith's report to Darin Stringer, regarding repair of Road 19G (existing logging road located within and adjacent to the Shark Creek drainage of the Arch Cape domestic water supply. A copy of his report is attached.

Three options are presented (1) replace the Shark Creek crossing where the existing culvert is located, (2) bypass the existing crossing, and crossing the creek upstream from the existing, and (3) abandon the existing crossing and access the Hug Point Mainline Crossover Road via HP 19 Tie Road.

Consensus was that Option (2) is the best alternative using the risk of stream silting as the most critical issue. A secondary issue was road use resulting from logging or recreation. This option includes removal and abandonment of the culvert at the Road 19G slump. Mr. Smith also noted that the existing culvert for Shark Creek is deteriorating and will require replacement within the next few years.

I should also note that the Asbury Creek culvert on Road 19G was examined. It was determined that the culvert is in good condition. Both Mr. Smith and Mr. McGinley suggested that future replacement of that culvert should include consideration of bridging Asbury Creek instead of merely replacing the culvert due to the size of the creek.

In addition we examined the condition and necessary maintenance of the following roads within our watershed: (1) Hug Point Mainline Crossover Road, (2) Onion Peak Road, (3) HP 19 Tie Road, and (4) Dave's Spur Road. Consideration focused primarily on cleaning existing culverts, installing new culverts where needed, road grading (including the HP 19 Tie Road), and cleanouts at certain existing culverts. The areas that include sensitive habitat will be maintained with the coordination of the North Coast Land Conservancy.

Ron Schiffman
President, ACDWSD



P.O. Box 2342, Forks WA 98331

Date: August 1, 2018

To: Darin Stringer

From: Pat Smith, PE

Subject: HP 19 – Shark Cr. Re-route

Darin,

We came up with three alternatives for by-passing the Shark Cr. crossing where the HP 19 road is slumping. No matter what option is selected the culvert at Shark Cr. is worn out and will need replacing or removing within 2 years.

Option 1 is to replace the Shark Cr. crossing where the existing culvert is located and cutting heavily into the hillside above the scarp of the slump. This location should be far enough back to avoid re-activating the slump. It is the closest alternative to the slump, and this proposal would create large centerline cuts. At the deepest part the centerline cut would be 22' deep. The exposed cut-slopes would be a source of sediment to Shark Creek until such a time as when vegetation becomes re-established on them. The estimated cost for Option 1 is \$78,000.

Option 2 is to bypass the existing Shark Cr. location and crossing the creek further upstream from the existing site. This alternative would result in a longer road being constructed than Option 1, but less material would be excavated and hauled to a disposal site. It would also result in cutting more timber as part of the right-of-way and hauling in additional rock to cover the added length of road. Option 2 estimated cost is \$71,000.

Option 3 would be to remove the Shark Cr. crossing and accessing the HP 19 Tie road via the Shingle Mill road. This would be accomplished by constructing a switch back from the HP 19G road to the HP 19 Tie. Because this route would exit the property near the Arch Cape Water treatment plant it would be a less desirable route for future timber haul. If the intent is not to harvest timber in the future off of this property then it would be a viable option. Option 3 is estimated to cost \$34,000.

440 North Forks Ave., Forks WA 98331 Office (360) 374-8755

“Celebrating 20 year of service”

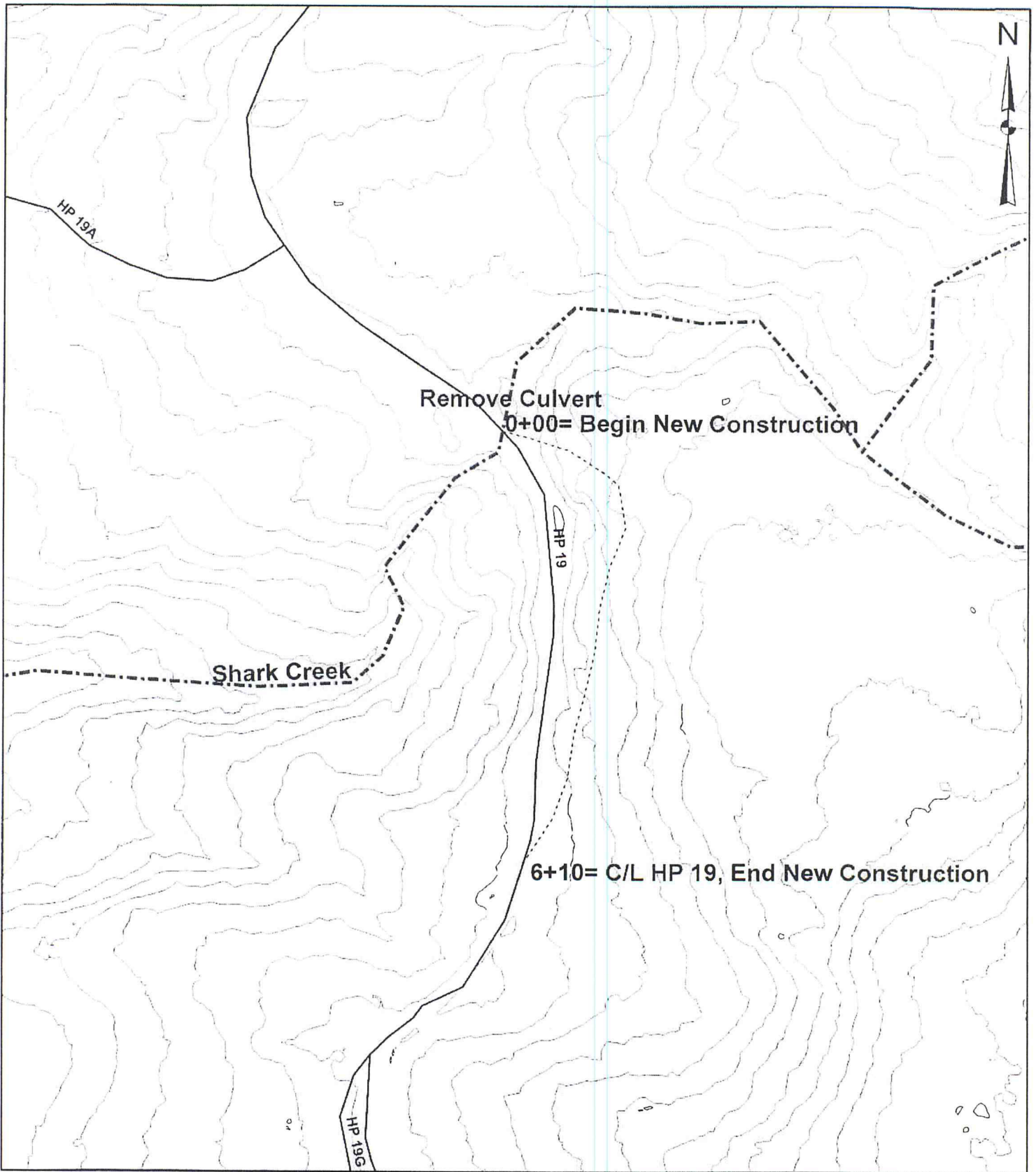
● Page 2

August 1, 2018

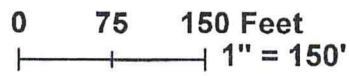
Recommendation: I would recommend Option 3. Besides the cost associated with the other two alternatives the environmental impacts from Options 1 & 2 are much greater than Option 3. Both alternatives would install new stream crossings on Shark Creek, and they involve constructing new road. The combined affect would be potentially add sediment to Shark Creek.

All of the alternatives would require the removal of the existing Shark Cr. Culvert, and as mentioned earlier this culvert needs to be either removed or replaced in the next 2 years.

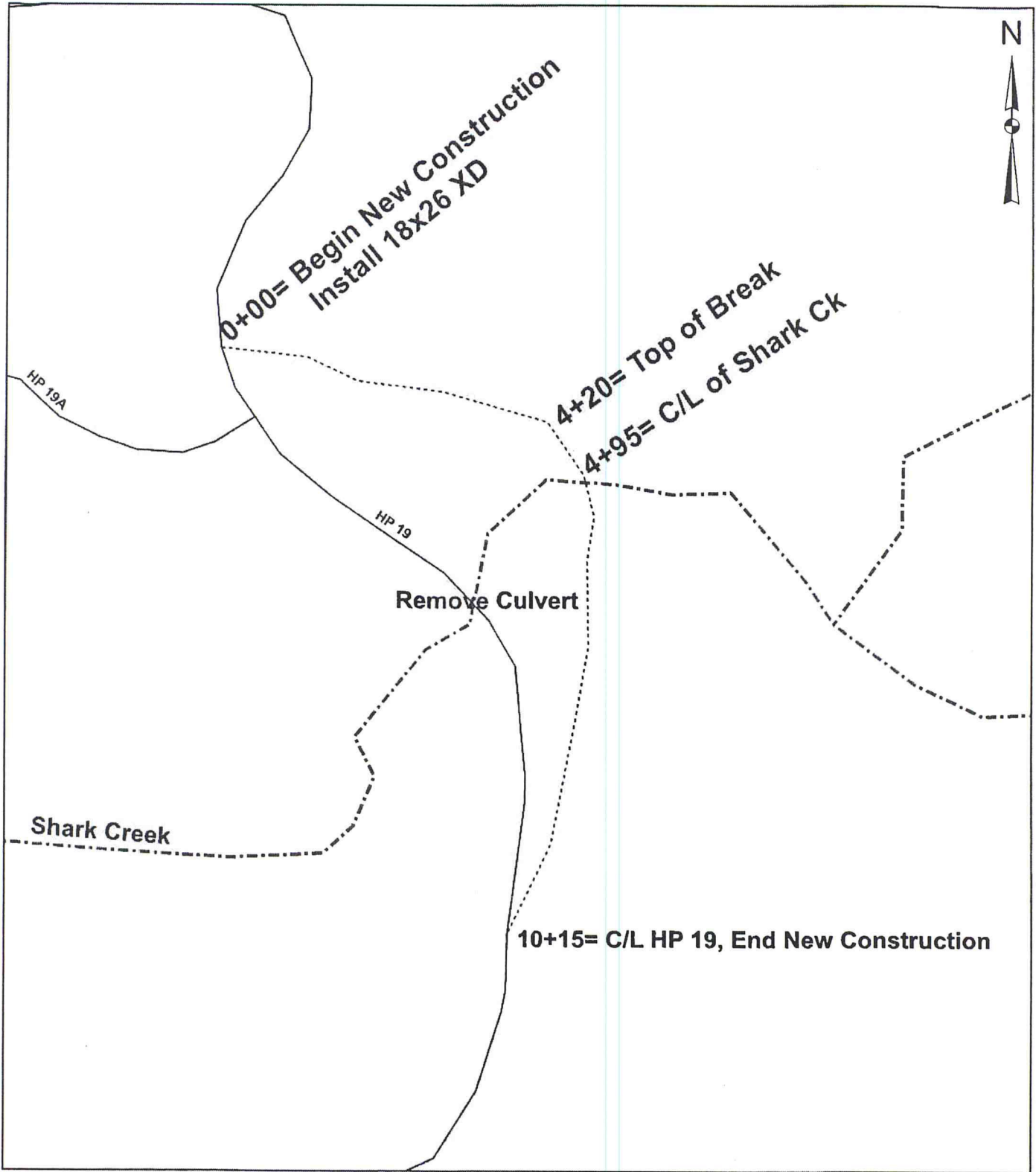
Pat Smith, PE
Senior Engineer
Pacific Forest Management, Inc.



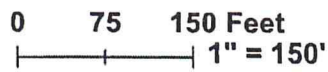
EFM - Onion Peak
HP19 Reroute: Option 1 - Pats Traverse
Legal: 20 (4N-10W)
Lat/Lon: 45.943, -124.943
Date: 7/31/2018



- | | |
|---------------------|--------------------|
| ● Culvert | ↘ Fish |
| ↘ Road Construction | ↘ Nonfish; Unknown |
| ↘ Roads | ↘ 10' Contours |

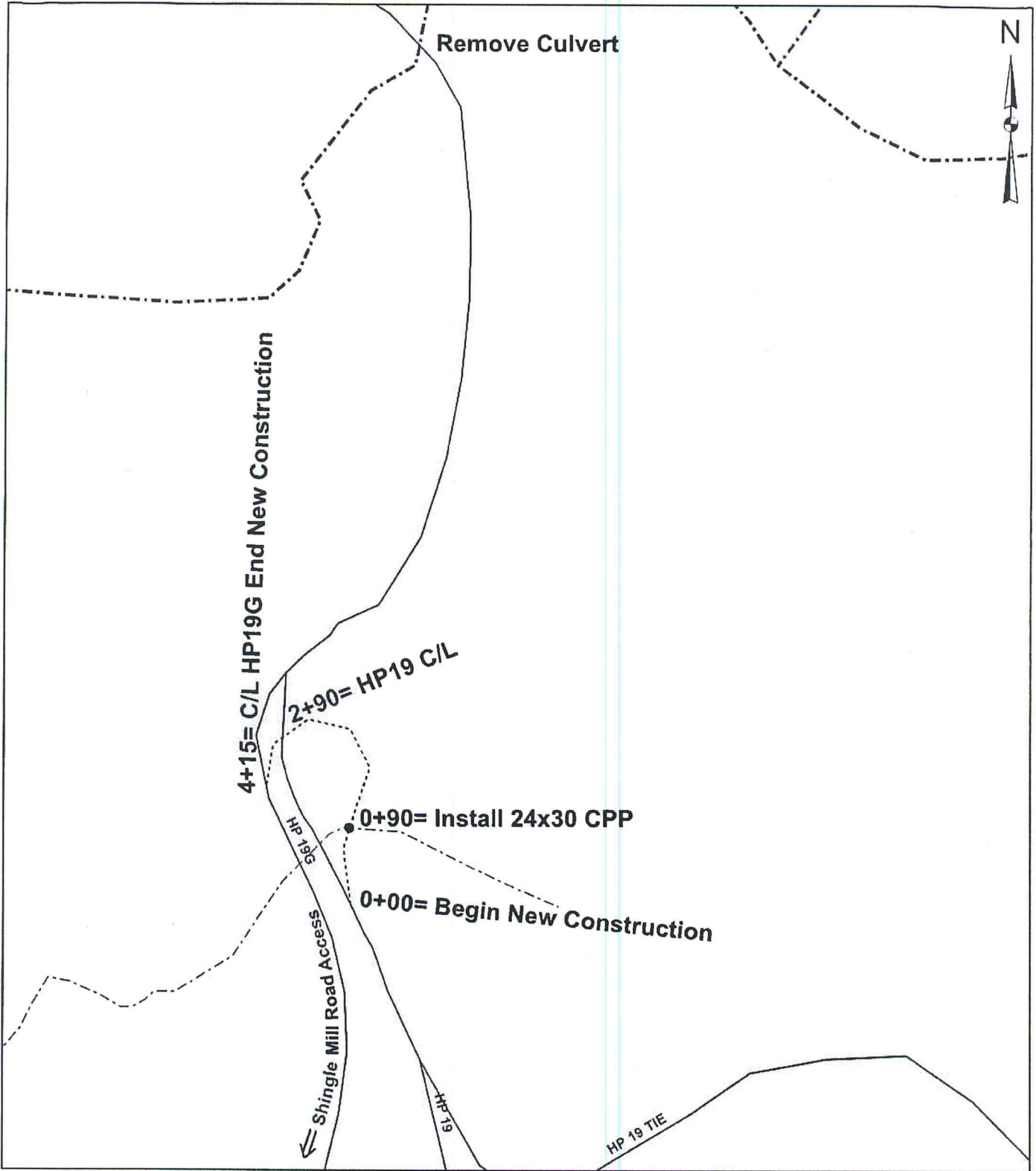


EFM - Onion Peak
HP19 Reroute: Option 2 - Reroute
Legal: 20 (4N-10W)
Lat/Lon: 45.943, -124.943
Date: 7/17/2018

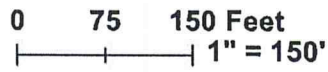


- Culvert
- ⋯ Road Construction
- ∩ Roads
- ⋈ Fish
- ⋈ Nonfish; Unknown
- 10' Contours

Pacific Forest Management, Inc. - T. Murray



EFM - Onion Peak
 HP19 Reroute: Option 3 - Switchback
 Legal: 20 (4N-10W)
 Lat/Lon: 45.819, -124.942
 Date: 7/17/2018



- Culvert
- ⋯ Road Construction
- ⋯ Roads
- ⋯ Fish
- ⋯ Nonfish; Unknown
- ⋯ 10' Contours

Pacific Forest Management, Inc. - T. Murray



Arch Cape Domestic Water Supply District

32065 East Shingle Mill Lane
Arch Cape, OR 97102 • 503.436.2790

WATER MASTER PLAN INSERT

July 2018

The attached memo was produced by Curran-McLeod Engineering with respect to the Districts' 2005 Water Master Plan and 2006 Wastewater Master Plan.

Supporting documentation addressed may be found in the Water District's 2015 Water Management and Conservation Plan, and the Water District's Long Range Financial Plan, available at the office or on archcape.com

WATER SYSTEM PLANNING:

The Water System Master Plan was prepared in 2005, prior to construction of the more recent membrane water treatment facility and distribution system improvements. The District also prepared the Water Management & Conservation Plan in 2015, which provides a solid foundation for future growth.

An update to the 2005 Water System Master Plan would generally reuse section **I. Introduction**, with modifications to include the improvements completed since 2005. The service area has not changed and the service area characteristics would be the same.

II. Planning Criteria would be modified to acknowledge the reduced buildout numbers permitted by Clatsop County. The criteria might also take a more detailed look at incorporating Cannon View Park in a long-term plan. Growth projections and demands were based on buildout of 700 connections in the Master Plan, so if anything, the demand projections would be reduced just to look ahead 20 years. This information is also contained in the Water Management & Conservation Plan you prepared recently.

III. Regulatory Requirements would remain relatively unchanged in a plan update.

IV. Facilities Evaluation would be updated to include the revised demand projections and an evaluation of all current water system components with the revised demands.

V. Water System Improvements. This is an evaluation of alternative improvements for each component of the system. The 2005 Plan included an analysis of alternative treatment processes and recommended improvements. That effort for treatment alternatives would not be included in any updated documents. Redundant source development would remain important, as it was in the 2005 Plan.

VI. Capital Improvements is simply a summary of recommended improvements generated by the alternative evaluations. Source development remains as it was identified in 2005, with a need for redundancy. Treatment, storage, and distribution capital improvements are essentially complete. Long range storage in the south end remains in the discussion, but is still likely outside of the 20 year planning window.

VII. Project Funding will be determined by the magnitude of needed Capital Improvements. The discussion of available funding sources remains relatively unchanged from the 2005 Plan. User rates could be re-evaluated to assure the District is operating in the black, with an updated Capital Improvement Plan.

MEMORANDUM

**CURRAN-McLEOD, INC.
CONSULTING ENGINEERS**

6655 S.W. HAMPTON STREET, SUITE 210
PORTLAND, OREGON 97223

DATE: July 11, 2018

TO: Mr. Phil Chick, Manager
Arch Cape Water District
Arch Cape Sanitary District

FROM: Curt McLeod, PE
CURRAN-McLEOD, INC



RE: WATER & WASTEWATER MASTER PLANNING

We have discussed updating the water and wastewater master plans several times over the past year, so I wanted to provide you an overview of what would benefit by an update.

The State requirements are that you have current plans, although, that requirement is generally for facility planning in anticipation of a construction project. One of the primary purposes of master planning is to define alternatives and recommend sustainable infrastructure choices to operate efficiently over the life of the improvements. Although the regulations say plans need to be current, neither OHA nor DEQ mandate the preparation of updates in the absence of planned facility improvements.

Once a master plan has been completed, as yours were in 2005 and 2006, the regulatory agencies generally just require an 'engineering planning document' be prepared before undertaking any construction projects that would require regulatory approval. A large part of a master plan is identification and evaluation of alternatives for the most cost effective and efficient operations before undertaking major improvements. The ACWD and ACSD both have made commitments on the technology employed at the water and wastewater facilities. As a result, the identification and evaluation of alternatives would not be a component of a master plan update for your Districts.

Prior to any construction, the District would need a planning document. An engineering planning document can be a master plan, facility plan, or just a feasibility or pre-design report. These documents would provide more specific detail about the proposed construction project, and with less general information about the District in whole.

Of course, the other benefit of a current master plan is to have good current numbers on growth, demands and capacities in order to plan for the future. You are very familiar with this information, so the plan would not provide any revelations, but would provide good documentation.

VIII. Conclusions and Recommendation would include any deficiencies identified in the update. We would anticipate this would be a relatively small Capital Improvement Plan and should correlate with the SDC capital improvements. The existing Water System Master Plan did not have an executive summary, which would be added new.

WASTEWATER SYSTEM PLANNING

The Wastewater Facilities Plan was prepared in 2006 and similarly to the water system, the major of the improvements identified in the plan have been completed with construction of the membrane treatment plant, Sally's Alley Pump Station and I/I repairs on much of the collection system.

I. Executive Summary would be updated depending upon the results of the plan update.

An update would reuse most of the information in the **II. Introduction** and **III. Study Area Characteristics**, with minor updates to reflect any current revisions.

IV. Existing Facilities would have new summaries of the membrane treatment facility, and document the improvements to Sally's Alley and Webb Avenue Pump Stations along with generally the same information from 2006 for the remaining system components.

V. Wastewater Characteristics would be updated to use more current flow and loadings information to generate loading projections, including generating new data for ADWF, AWWF, Rainfall vs. Flow, Ammonia, BOD, TSS, DO and Bacteria.

VI. Basis of Planning. The projected loadings in the Facilities Plan were based on 750 connections at buildout. The pre-design report prepared in September 2006, immediately prior to the plant construction, reduced the projected buildout number to 485 connections. An update to the Facilities Plan would result in reducing the projected loading requirements. The treatment goals for BOD, TSS, Ammonia, DO, temperature, Chlorine residuals, Turbidity and in-stream dilution are still applicable from the 2006 Plan.

VII. Development and Evaluation of Alternatives is the most significant section of the 2006 Plan. This section would not be needed in any update since the District has implemented the membrane treatment technology. A smaller-scoped alternative analysis may be needed for any other capital improvement needs identified in an update.

VIII. Rate Study update could be beneficial for the District to better define the operating costs, current debt service and revenues. The summary of revenue sources would remain essentially unchanged from the 2006 Plan.

Mr. Phil Chick
July 11, 2018
Page 4

IX. Recommended Plan would reflect any new projects identified in the update evaluation. This listing should be compatible with the SDC capital improvements, or the SDC should be updated concurrently.

The last section of the 2006 Plan, **X. Environmental Effects**, could be unchanged from the 2006 Plan; however, this would be a good format to demonstrate the treatment effectiveness of the membrane system.

SUMMARY:

There is no mandate to update either the 2005 Water System Master Plan or the 2006 Wastewater Facilities Plan unless the District is anticipating a substantial capital improvement requiring funding agency assistance. Both plans were based on a larger buildout population than Clatsop County currently permits, so the projected loadings at buildout in each plan would be reduced.

The fact that both the ACWD and ACSD have minimal improvements needed makes updating the planning documents provide less of a benefit. There is a subjective benefit to having plans current, with all cost figures updated and the capital project lists current, but there is no agency that would be looking for that information in the foreseeable future.

Cost to update each document is relatively modest versus development of new plans. Each document is estimated to cost \$10,000 to \$15,000 to update and republish. This effort would require your input to evaluate the performance of each of your systems with our staff.

**ARCH CAPE WATER DISTRICT
LONG RANGE FINANCIAL PLAN**

KEY ASSUMPTIONS:

- 2 Hookups per year
- Expense allocation: Blended 53.0% Sanitary
- Expense growth: 2% growing to 4%
- Rates adjusted to retain approximately 1/24th Op Ex on hand
- Contingency set at 15% of Operating Expenses : 2019-20 forward
- No loans for capital projects
- Inclusion of \$55K watershed expense : 2018-19 & \$10K per year through 2023-24 thereafter
- Transfer from Gen Fund to Capital Fund:
 - \$15K : 2025-26
- User rates adjusted for Op Ex needs and Capital Expenses
 - Rate increased to \$160 : 2018-19
 - Rate increased to \$162 : 2019-20
 - Rate increased to \$172 : 2020-21
 - Rate increased to \$174 : 2023-24

EXPECTED FUTURE CAPITAL FUND EXPENDITURE:

- \$70K Membrane Replacement : 2025-26
- \$20K Storage Planning : Preliminary Design : 2025-26
- \$80K Second Water Source : 2027-28
- \$280K South Reservoir Construction : 2029-30
(Includes \$40K Grant)
- \$80K Membrane Replacement : 2034-35

**ARCH CAPE WATER DISTRICT
LONG RANGE FINANCIAL PLAN**

WATER DISTRICT - GENERAL FUND												
ASSUMPTIONS	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
SD IGA % : PERSONNEL + ALLOC		55.5%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%	53.0%
GENERAL INFLATION		2.0%	2.5%	2.5%	2.5%	2.5%	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%
CONTINGENCY		Assume 15% of operating expenditures is budgeted after 2019-20; and assume 15% of that amount is spent per year.										
HOOKUPS	286	290	292	294	296	298	300	302	304	306	308	310
Change in Hookups	2	2	2	2	2	2	2	2	2	2	2	2
System Development Charge	5,081	5,329	5,467	5,467	5,467	5,467	5,467	5,467	5,467	5,467	5,467	5,467
Excess usage Charge % of User Fees**	18.9%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
WD Quarterly User Rates	140	140	160	162	172	172	172	174	174	174	174	174
Usage charges	121	121	141	143	153	153	153	155	155	155	155	155
Debt service surcharges	19	19	19	19	19	19	19	19	19	19	19	19
Annual Increase - Total			14.3%	1.3%	6.2%			1.2%				
Annual Increase - Usage chg. Only			16.5%	1.4%	7.0%			1.3%				
PROJECTED												
RESOURCES	Act	FOY PROJ										
BEGINNING BALANCE	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	113,080	92,771	108,084	74,815	90,420	117,007	133,438	145,844	156,866	173,767	169,101	172,541
REVENUE												
USER FEES	133,288	135,366	161,924	166,486	179,340	180,552	181,764	185,368	186,595	187,823	189,050	190,278
EXCESS USAGE CHARGES	25,219	34,610	26,000	29,135	31,385	31,597	31,809	32,439	32,654	32,869	33,084	33,299
FEE SURCHARGE FOR DEBT	20,862	21,223	21,820	22,344	22,496	22,648	22,800	22,952	23,104	23,256	23,408	23,560
SD IGA REVENUE	122,641	126,458	124,722	127,557	130,746	134,014	138,035	142,176	146,441	152,299	158,391	164,726
DEBT PROCEEDS												
SALE OF TRUCK		2,500	2,900	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
OTHER	7,757	4,656	2,900	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
TOTAL REVENUE	309,766	324,813	337,366	347,922	366,367	371,211	376,807	385,335	391,194	398,646	406,333	414,263
TOTAL RESOURCES	422,846	417,584	445,450	422,737	456,787	488,218	510,245	531,178	548,061	572,413	575,433	586,804

**ARCH CAPE WATER DISTRICT
LONG RANGE FINANCIAL PLAN**

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
REQUIREMENTS												
EXPENDITURES												
PERSONNEL												
SALARY/WAGE	122,442	141,406	148,645	152,361	156,170	160,074	164,877	169,823	174,918	181,914	189,191	196,759
BENEFITS	32,981	39,080	41,300	42,333	43,391	44,476	45,810	47,184	48,600	50,544	52,565	54,668
TOTAL PERSONNEL	155,423	180,486	189,945	194,694	199,561	204,550	210,686	217,007	223,517	232,458	241,756	251,427
MATERIALS & SERVICES												
ALLOCABLE EXPENSES	34,950	39,592	44,858	45,979	47,129	48,307	49,756	51,249	52,787	54,898	57,094	59,378
SD FACILITIES USE	3,225	2,925	3,600	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,001	3,002
WATERSHED		3,000	55,000	10,000	10,000	10,000	10,000	10,000				
MAINTENANCE & CHEMICALS	23,840	23,731	26,000	26,650	27,316	27,999	28,839	29,704	30,595	31,819	33,092	34,416
UTILITIES	9,100	9,010	10,000	10,250	10,506	10,769	11,092	11,425	11,767	12,238	12,728	13,237
GEN'L & ADMINISTRATIVE	13,711	13,547	20,460	20,972	21,496	22,033	22,694	23,375	24,076	25,039	26,041	27,083
TOTAL MATERIALS & SERVICES	84,826	91,805	159,918	116,851	119,447	122,108	125,382	128,753	122,226	126,995	131,956	137,115
CONTINGENCY			38,000	23,366	47,851	48,999	50,410	51,864	51,861	53,918	56,057	58,281
CONTINGENCY (amt. spent @ 15%/yr)						7,350	7,562	7,780	7,779	8,088	8,409	8,742
CAPITAL OUTLAY		16,436										
TOTAL OPERATING EXPENDITURES	240,249	288,727	349,863	311,545	319,008	334,008	343,630	353,540	353,522	367,540	382,120	397,283
TRANSFER TO CAPITAL FUND										15,000		
DEBT SERVICE	196,812	20,772	20,772	20,772	20,772	20,772	20,772	20,772	20,772	20,772	20,772	20,772
CONTINGENCY & ENDING BALANCE												
CONTINGENCY			38,000	23,366	47,851	48,999	50,410	51,864	51,861	53,918	56,057	58,281
DESIGNATED RESERVES	20,000	12,104	19,291	51,924	53,168	54,443	56,011	57,627	57,624	59,909	62,285	64,757
UNDESIGNATED	114,115	95,980	17,524	15,130	15,988	29,996	39,422	47,376	64,281	55,274	54,199	45,711
CONT. + RESERVES + UNDESIGNATED	134,115	108,084	74,815	90,420	117,007	133,438	145,844	156,866	173,767	169,101	172,541	168,749
ENDING BALANCE	134,115	108,084	74,815	90,420	117,007	133,438	145,844	156,866	173,767	169,101	172,541	168,749
TOTAL REQUIREMENTS	571,176	417,584	445,450	422,737	456,787	488,218	510,245	531,178	548,061	572,413	575,433	586,804
END BAL OVER/(UNDER) BEG BAL	21,035	15,313	(33,269)	15,606	26,587	16,431	12,406	11,023	16,900	(4,666)	3,440	(3,793)
RESOURCES OVER/(UNDER) REQ.												
LIQUIDITY REQMENT: 1/6 OP EXP	40,042	45,382	31,488	51,924	53,168	54,443	56,011	57,627	57,624	59,909	62,285	64,757
ENDING BALANCE MINUS LIQUIDITY R	94,074	62,702	43,327	38,496	63,839	78,995	89,832	99,240	116,143	109,192	110,256	103,992
CAPITAL FUND ENDING BALANCE	45,211	66,979	77,913	88,847	99,781	110,715	121,649	132,583	143,517	79,451	90,385	21,319

**ARCH CAPE WATER DISTRICT
LONG RANGE FINANCIAL PLAN**

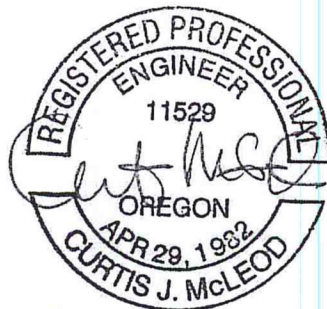
WATER DISTRICT - CAPITAL FUND		PROJECTED																
	Act	FOY PROJ																
RESOURCES	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28						
BEGINNING BALANCE	33,649	48,892	66,979	77,913	88,847	99,781	110,715	121,649	132,583	143,517	154,451	165,385	176,319	187,253	198,187	209,121	220,055	
REVENUE																		
SDC REVENUE	11,562	18,087	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	
TOTAL REVENUE	11,562	18,087	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	10,934	
TRANSFER FROM GENERAL FUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL RESOURCES	45,211	66,979	77,913	88,847	99,781	110,715	121,649	132,583	143,517	154,451	165,385	176,319	187,253	198,187	209,121	220,055	230,989	
REQUIREMENTS																		
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28						
EXPENDITURES																		
WATER SOURCE ASSESSMENT																		
MEMBRANE REPLACEMENT																		
SECOND WATER SOURCE																		
STORAGE PLNG : PRELIM DESIGN																		
TRUCK																		
SOUTH RESERVOIR																		
OTHER																		
TOTAL EXPENDITURES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
ENDING BALANCE	45,211	66,979	77,913	88,847	99,781	110,715	121,649	132,583	143,517	154,451	165,385	176,319	187,253	198,187	209,121	220,055	230,989	
TOTAL REQUIREMENTS	45,211	66,979	77,913	88,847	99,781	110,715	121,649	132,583	143,517	154,451	165,385	176,319	187,253	198,187	209,121	220,055	230,989	

ENGINEERING REPORT

Arch Cape Water District

SYSTEM DEVELOPMENT CHARGE (SDC) METHODOLOGY & CAPITAL IMPROVEMENT PLAN UPDATE

Clatsop County, Oregon



EXP 12/2016

March 2015

Adopted April 10, 2015

CURRAN-McLEOD, INC., CONSULTING ENGINEERS
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Arch Cape Water District
**SYSTEM DEVELOPMENT CHARGE METHODOLOGY &
CAPITAL IMPROVEMENT PLAN UPDATE**
March 2015

INTRODUCTION & BACKGROUND

The Arch Cape Water District has updated the text of the Water System Development Charges (SDC) several times since over the past 20 years, including adoption of updated Capital Improvement Plans and provisions to assure compliance with state statutes. Adjustments have been made to the fees in accordance with escalation of the Engineering News Record (ENR) Construction Cost Index (CCI) to account for increased cost of construction and the value of existing improvements.

Similar to the Arch Cape Sanitary District SDC, the Water SDC has been amended many times but never compiled in a concise document addressing all components of the SDC requirements. This current update consolidates all aspects of the SDC in one document, to provide a single point resource and simplify implementation of the plan.

The goal of this update effort is to provide an understandable, equitable and defensible framework of charges that represent the proportionate cost of providing service for each benefitted user.

SDC METHODOLOGY OVERVIEW

Oregon Revised Statute 223.297 through 223.314 provides the statutory basis for application of System Development Charges. This statute is intended to provide a uniform framework for development of equitable funding to support orderly growth.

According to the statute, SDCs may be composed of:

- Reimbursement Fees to address the value of existing improvements,
- Improvement Fees to address the cost of needed future improvements, or
- Combination of both Reimbursement and Improvement Fees.

Similar to the previous SDC Updates, the District's methodology will identify current "replacement value" for all existing improvements to establish the basis of the Reimbursement Fee, and use an "estimated cost" of needed improvements not yet constructed as a basis for the Improvement Fee.

Existing improvements typically have surplus capacity for future users as well as deficiencies in serving the existing users. Similarly, projects on the Capital Improvement Plan listing are required to provide capacity for future users but also frequently resolve deficiencies in service to the existing users. To account for the available capacity in the District's infrastructure and the concurrent need to undertake capital improvements to resolve deficiencies, the ACWD SDC Methodology includes a combination of both Reimbursement Fees and Improvement Fees.

To assure an equitable allocation of costs between existing and future users, the value of all existing facilities and the estimated cost of all future improvements are allocated to all users, current and future equally. This method of allocating costs to all users assures that the charge to future connections is equitable and that it is no more than the proportionate cost allocated to each existing user. This methodology avoids double charging for capacity and is also independent of current population. With this approach there is no need to identify percentage of remaining capacity to serve future users, nor to estimate future population growth. This allocation is dependent only upon the ultimate capacity of the facility and the value or cost of the facility.

Where debt is used to finance needed improvements, an evaluation is necessary to determine who benefits from the improvement to determine the equity of including or excluding the debt. Where debt is used to finance improvements the debt service is paid through monthly user rates or property taxes, and are paid by both existing and future users as they connect to the system. This creates a potential to double charge future users depending upon the benefits.

If the financed capital improvement is solely necessary to serve future users, than the full cost of the improvement should be included in calculating the SDC rates. If the capital improvements equally benefits existing users, then debt funded projects should be deducted from the value of the capital improvements.

Although all SDCs are primarily related to population, the rate of population growth has no impact on calculation of the fee. The fee is based on funding needed improvements to support growth, independent of when that population growth is realized. In periods of high growth, SDC revenues will accrue more quickly to allow undertaking needed improvements earlier to support the accelerated growth. In periods of low growth, revenues will accrue more slowly, but the need for infrastructure improvements to support this growth is also protracted.

SDCs are typically collected with building permits which are not based on population. As a result, the unit of measure for allocating SDC costs is defined in various unique forms for each utility, but is generally based on the impact of one single family residential unit which is adopted to be one Equivalent Dwelling Unit (EDU). A water EDU is based on the Maximum Day Demand (MDD) measured at the treatment facility per single family residential unit.

The SDC fees are intended to include only that portion of the connection charge that is greater than the amount necessary to reimburse the District for the actual cost of inspecting and/or connecting to the system.

ANNUAL ADJUSTMENTS

As permitted by the state statutes, the SDC should be reviewed annually and the cost of maintaining the SDC program recovered from the SDC improvement fees as part of the system administration. Annual adjustments should include updating the Improvement Fee CIP cost estimates, the value of existing facilities listed in the Reimbursement Fee schedules, the values of credits for eligible public works projects, and the resulting Reimbursement and Improvement Fees, all in accordance with an adopted cost index.

The statutes require an adopted cost index to be:

- (A) A relevant measurement of the average change in prices or costs over an identified time period for materials, labor, real property, or a combination of the three;
- (B) Published by a recognized organization or agency that produces the index or data source for reasons that are independent of the system development charge methodology; and
- (C) Incorporated as part of the established methodology or identified and adopted in a separate ordinance, resolution or order.

The Engineering News Record (ENR) publishes a nationwide 20-city average cost escalation factor called the Construction Cost Index (CCI) that satisfies the criteria in this statute. The use of this 20-city average provides a well established and well known industry standard for the average change in construction costs. For reference, this current SDC update is based on an ENR CCI for March 2015 of 9,961.

In accordance with ORS 223.309(2), the District may adjust the capital improvement plan, project cost estimates, or values of existing improvements, by resolution or ordinance at anytime. However, if the SDC is increased as a result of the addition of a new “capacity increasing capital improvement” project, the District must provide a written notice a minimum of 30 days prior to adoption of the modifications to persons who have requested notice under ORS 223.304(6). Subsequently, the District must hold a public hearing for adoption only if within seven days of the proposed adoption the District receives a written request for a hearing.

If the District elects to modify the cost allocation methodology as opposed to only adjusting the project values or CIP inventories, written notice is required to be mailed 90 days prior to any adoption hearings to all persons who have requested notification. Additionally, the revised methodology must subsequently be made available for public review a minimum of 60 days prior to the hearing for adoption.

If no one has requested to be on the list of interested persons, then no special notification is required for any adjustments.

CREDITS FOR ELIGIBLE CONSTRUCTION

ORS 223.304(4) requires that a method of credits be available for the construction of qualified public improvements. The statute further defines qualified public improvements as those required as a condition of development approval, identified in the plan and list adopted pursuant to ORS 223.309 and either:

- (a) Not located on or contiguous to property that is the subject of development approval; or
- (b) Located in whole or in part on or contiguous to property that is the subject of development approval and required to be built larger or with greater capacity than is necessary for the particular development project to which the improvement fee is related.

As a result of ORS 223.304(4)(a), credits must be provided for 100% of the cost of eligible off-site public improvements; and in accordance with ORS 223.2304(4)(b), a credit must be provided for on-site development only for the component of an eligible improvement which has capacity greater than the local government's minimum standard facility size or capacity. Under each infrastructure section below, minimum standard facility size and values for credits are summarized.

The value of the credits granted in accordance with ORS 223.304(4)(a) are ultimately collected from the adjacent benefited property owners as an SDC Overlay for the minimum standard facility size as each intervening benefited property develops. All credits granted as a result of ORS 223.304(4)(b) for on-site over-sizing are ultimately funded by the regional SDC revenues.

The minimum water line size to provide fire protection is 8" diameter. SDC credits are required for the oversized component of any on-site improvements, and for 100% of off-site improvements. To receive a credit, the project must be a qualified public improvement contained in the Capital Improvement Plan.

The following table summarizes estimated construction costs for 2014, including engineering, which will be used as the basis for any SDC credits for eligible distribution system improvements:

**ARCH CAPE WATER DISTRICT
WATER DISTRIBUTION SYSTEM
VALUE OF CONSTRUCTION CREDITS
March 2015**

LINE SIZE	8"	10"	12"
CONSTRUCTION COST	\$50/lf	\$56/lf	\$64/lf
OFF-SITE CREDIT	\$66/lf	\$56/lf	\$64/lf
OVERSIZE CREDIT	\$0	\$6/lf	\$14/lf

SITE SPECIFIC SDC OVERLAY

If a credit is provided under ORS 223.304(4)(a) for the entire cost of an off-site public improvement, a site-specific SDC Overlay allocation (as opposed to regional) should also be adopted by resolution specific to the improvement project. A site specific SDC Overlay is

intended to collect the value of the 'minimum standard facility size' that will exclusively serve any undeveloped, off-site benefitting properties, such as the 8" water line which would serve intervening properties.

A resolution defining a site specific SDC Overlay should be adopted at the time any off-site credits are provided to a developer. The resolution must contain a description of the benefitted properties and the allocation of cost based on the benefitted area. SDC Overlay fees are due and payable concurrently with the regional SDC, at the time of issuing of a building permit or change in use of the benefitted property.

The methodology of adopting an SDC Overlay is defined within this SDC document, so the process of the Overlay adoption is simplified. Technically no special notice is required as long as the project was on the CIP list, however, to be conservative a 30-day notice should be provided to impacted parties prior to adoption of the Overlay allocation.

Where there is no potential for additional development of off-site properties abutting a development, the credit can be issued for the entire cost of the off-site improvements without establishing a site specific SDC Overlay.

Additionally, when growth pressures mandate the improvement of infrastructure within fully developed areas or unrelated to any specific development, the entire cost of the improvement may be funded with SDC revenues. Improvement Fee revenues may be used if the project is listed in the CIP and Reimbursement Fee revenues may always be used for any capital improvement for the utility for which the fee was collected.

SDC CREDIT PAYMENTS

Credits are typically used to offset the SDC fees due from the developing property. In the event the credit exceeds the fees due from the development, the District has the option of reimbursing the developer with cash from current SDC reserves, cash receipts from future SDC revenues, and/or providing a credit against future development. Technically, the statutes limit the application of a credit for future development to a maximum of 10 years, but do not prevent the District from adopting any method of credits that are greater than the minimum stated.

In the interests of equity, cash payments should be made to the developer for any excess credit value if financially feasible for the SDC accounts. This eliminates the need to account for long term repayment agreements. Additionally, if a project from the CIP is undertaken by a developer, a credit should be made available for the entire cost incurred, which may exceed the Improvement Fee component of the SDC fees due from a specific development.

It is significant to note that reimbursements to private developers from SDC funds are not required to comply with prevailing wage or public bid laws if the District is not a party to the actual construction contract. This provides an opportunity to have needed capital improvements constructed at lower costs as a component of development by private developers.

CREDIT FOR PRE-EXISTING USE

A system development charge is imposed on all new construction or when a change of use on a parcel increases the demand on the utility. In the event of a change of use, the system development charge for the new use shall be offset by a credit in the amount of the calculated system development charge for the pre-existing use.

Infrastructure services must be in-service to receive a credit against a changed use. Service discontinued for more than 24 months will be considered abandoned and no offsetting credits shall be provided against any SDC fees due for development.

SDC ADMINISTRATION REQUIREMENTS

Per ORS 223.311, System Development Charge revenues must be deposited in dedicated accounts and an annual accounting prepared identifying amounts collected, amounts spent on each qualified project, and the annual cost of complying with these requirements.

The statute mandates that Reimbursement Fees may be expended on any capital improvements or associated debt service within the subject infrastructure. Improvement Fees may only be spent on projects that are included in the Capital Improvement Plan for each infrastructure, including associated debt service. Accordingly it is important to account for reimbursement and improvement fees separately.

The District needs to establish administrative procedures to contest the methodology or calculations of the SDC fees. The SDC Methodology may only be contested within 60 days of adoption. Expenditures may only be contested within two years of the date of expenditure. The District must also advise a person making any written objection to the calculation of SDC fees of their right to petition for review pursuant to ORS 34.010 to 34.100.

Oregon Revised Statutes 223.307(5) allows SDC revenues to be expended for costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of administration and providing annual accounting of development charge expenditures. Accordingly, annual costs are estimated to be 1% of the annual revenues derived from SDCs and a 1% surcharge is added to each identified fee.

Annually, a transfer from the SDC fund in the amount of 1% of the current annual collections should be made to the District's general fund to cover the costs of administration for calculations, collections, accounting and annual fee adjustments. This expenditure should be identified in each annual summary.

WATER SYSTEM CAPITAL IMPROVEMENT PLAN

The following table summarizes the remaining capital improvements required to support build-out of the community. Build-out capacity is estimated based on 430 single family residential units, or Equivalent Dwelling Units (EDU). This total is less than the Sanitary District service area to account for the Canon View Water District service area.

ARCH CAPE WATER DISTRICT WATER SYSTEM CAPITAL IMPROVEMENT PLAN March 2015

No.	Project	2015 Estimated Cost	Schedule
1.	Water Source Acquisition Assessment	\$21,000	1-5 Yrs.
2.	Water Source: Well / Land Acquisition / Pipeline Easements	\$550,000	1-5 Yrs.
3.	South Storage Reservoir	\$276,000	1-5 Yrs.
4.	WTP Membrane Replacement	\$54,000	11-20 Yrs.
5.	Distribution System Upsizing	\$27,000	1-20 Yrs.
6.	Planning & SDC Compliance	\$28,400	1-20 Yrs.
	TOTAL IMPROVEMENTS	\$956,400	---

IMPROVEMENT FEE CALCULATION

To assure equity, the improvement fee is divided by the total build-out EDU of 430. When combined with a reimbursement fee based on the value of all existing improvements, this assures the costs allocated to future users is comparable the financial responsibilities placed on existing users. The Improvement Fee is calculated by dividing the total Capital Improvement Plan costs by the build-out capacity of the District to determine the cost per EDU:

$$\begin{aligned}
 \text{IMPROVEMENT FEE} &= \text{TOTAL CIP COST} / \text{EDU CAPACITY} \\
 \text{IMPROVEMENT FEE} &= \$956,400 / 430 \text{ EDU} \\
 \text{IMPROVEMENT FEE} &= \$2,224 \text{ per EDU}
 \end{aligned}$$

REIMBURSEMENT FEE CALCULATION

The District has invested in a substantial number of infrastructure projects, with portions paid by government grants and debt service to various funding agencies. The following table inventories all capital improvements completed by the District to support the reimbursement fee, and allocates the cost to the total build-out capacity of 430 EDUs:

**ARCH CAPE WATER DISTRICT
WATER SYSTEM REIMBURSEMENT FEE
EXISTING IMPROVEMENTS SUMMARY & CAPACITY
March 2015**

Utility Element	Current Value	Less Grant & Debt Funding	Net Value Remaining	Capacity EDUs
Dichter Creek Water Right Source	\$27,800	\$0	\$27,800	430
Asbury Creek Intake	\$314,500	\$0	\$314,500	430
Shark Creek Intake & Supply Line	\$86,600	\$0	\$86,600	430
Original Water Treatment Plant Facility	\$221,000	\$0	\$221,000	430
2010 WTP & Distribution System Improvements	\$1,630,800	\$1,373,000*	\$257,800	430
Reservoir Number 2	\$488,800	\$170,000**	\$318,800	430
TOTALS	\$2,769,500	\$1,543,000	\$1,226,500	---

* Less IFA Grant of \$600,000 and 2015 outstanding loan value of \$473,000.

** Remaining loan principal January 2015 of \$170,000.

Reimbursement fees are calculated using the total value of the existing facility divided by the build-out capacity of 430 EDU:

$$\begin{aligned}
 \text{REIMBURSEMENT FEE} &= \text{NET VALUE / EDU CAPACITY} \\
 \text{REIMBURSEMENT FEE} &= \$1,226,500 / 430 \text{ EDU} \\
 \text{REIMBURSEMENT FEE} &= \$2,852 \text{ per EDU}
 \end{aligned}$$

SDC FEE SUMMARY:

Total SDC charges for a single family residential EDU include the Improvement Fee, Reimbursement Fee and 1% administration charge:

**ARCH CAPE WATER DISTRICT
WATER SYSTEM SDC FEE SCHEDULE
March 2015**

	EDU FACTOR	IMPROVEMENT FEE	REIMBURSEMENT FEE	ADMIN FEE (1%)	TOTAL SDC
Single Family Residential:					
Per Unit	1	\$2,224	\$2,852	\$50	\$5,126
Commercial Development:					
METER SIZE	EDU FACTOR	IMPROVEMENT FEE	REIMBURSEMENT FEE	ADMIN FEE (1%)	TOTAL SDC
3/4"*	1	\$2,224	\$2,852	\$50	\$5,126
1"	2.5	\$5,560	\$7,130	\$125	\$12,815

* Includes 5/8" x 3/4" and 3/4" x 3/4" meters

CONNECTION CHARGE UPDATE

The connection charge fee was last adjusted to \$635 in Resolution 12-03 in June of 2012. Concurrent with approval of this SDC Update, the connection charge is increased to \$700 to cover the cost of labor, equipment and materials per single family residential 3/4" service. Additional material costs would apply to larger services.

August 10, 2018

CURRAN-McLEOD, INC.
CONSULTING ENGINEERS

6655 S.W. HAMPTON STREET, SUITE 210
PORTLAND, OREGON 97223

Mr. Phil Chick, Manager
Arch Cape Water District
32065 East Shingle Mill Lane
Arch Cape, OR 97102

**RE: ARCH CAPE WATER DISTRICT
CANNON VIEW PARK INTERTIE**

Dear Phil:

We have coordinated with you and reviewed the piping requirements to complete an Arch Cape Water District intertie with the Cannon View Park water system. This letter is to identify the scope of work and provide a cost to complete the engineering required for the construction.

Our understanding is that the connection needs to be manually isolated, metered and have pressure regulation to prevent overflowing the CVP storage reservoirs. Fire flows can be provided with a 6" pressure reducing and sustaining valve, unmetered, in a common vault with a bypass route. Domestic demands can be accommodated with on the bypass, with a metered 2" pressure reducing and sustaining valve. The existing valve at Highway 101 can provide the manual isolation for the connection.

Backflow prevention can be provided, however, the risk of contamination from the CVP source is minimal. The pressure reducing valves can be provided with a check feature to prevent any backflow if desired.

The connecting pipeline currently stops at the valve cluster at Highway 101 and Carnahan Road, approximately 200 feet from the end of the CVP distribution system. Completing the interconnection will require approximately 200 feet of mainline construction as well as the valves, meter and vault.

Cannon View Park should decide if they want fire protection through the emergency intertie. If so, the mainline extension from Highway 101 will need to be 8" diameter, and the 6" pressure reducing valve will need to be included in the vault construction. It should be noted that ClaVal makes a 6" pressure regulating valve in the body of an 8" valve, which provides the hydraulics of a 6" valve without the need for reducers to connect to the 8" mainline.

If domestic demands only are provided during these emergency periods, the mainline size can be reduced and the 6" pressure reducing valve can be deleted. The valve vault would then only contain the 2" pressure regulating valve and a meter.

Mr. Phil Chick
August 10, 2018
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The pressure controls will permit ACWD to set a delivery pressure that would be adjustable, and could ensure water is only supplied during emergency conditions. The 2" valve would, for example, only supply water if the CVP system pressure was reduced by several psi. Additionally, the fire flow valve would only provide water if the CVP system pressures dropped even further. The pressure settings can be determined in the field after completion of the connection.

The engineering efforts required to prepare a plan for the connection, and cost estimates, should not take long. We estimate 6 hours of professional staff and 6 hours of CAD graphics. Total engineering costs are estimated at \$1,400. We would expect our invoice will be to the ACWD, and that the District will charge CVP for the work.

Let us know if you would like us to proceed

Very truly yours,

CURRAN-McLEOD, INC.


Curt J. McLeod, P.E.

Manager Report August 17, 2018

WATER:

The Water plant treated 1.46 million gallons of water in the month of July, slightly less than last year at this time. The Asbury Creek source is still holding up

Shark Creek Intake is scheduled to have sediment removed from the intake on August 27th.

Staff replaced the Torium Pressure controller in the booster pump at the WTP. All is working well once again.

MONTHLY LOG : ARCH CAPE WATER & SANITARY DISTRICTS

July 2018

Total Hours	352.00	155.00	197.00
Percentage Split		44%	56%
Total Accounts	631	290	341
Percentage Split		46%	54%