

# ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT MINUTES

18 September 2020

A ZOOM video teleconference meeting was held in light of the COVID-19 pandemic. A quorum was present

Water Board: Dan Seifer, President  
Debra Birkby, Vice-President & Treasurer  
Linda Murray  
Nadia Gardner  
Lauren Ahlgren

Sanitary Board: Darr Tindall (non-voting)  
Chris Anderson (non-voting)  
Carl Matson (non-voting)  
Bill Campbell (non-voting)

Public: Clark Binkley, Arch Cape Forest Finance Committee Member  
Ben Hayes, Manager - Springboard Forestry  
Ben Dair, Senior Manager of Conservation Finance, Sustainable NW  
John Mersereau, President – North Coast Land Conservancy (NCLC)  
Katie Voelke, Executive Director – North Coast Land Conservancy  
Bob Cerelli  
Stuart Sandler & Jeanne Bevis  
Cy & Diane Smith  
David & Jeannie Stockton

Staff: Phil Chick, District Manager  
Steve Hill

Mr. Dan Seifer opened the meeting at 6:00pm.

Mr. Seifer called the meeting to order. A roll call was then conducted including members of the public in attendance. He said the virtual meeting was being conducted in accordance with federal and state guidelines and referred anyone needing technical assistance to contact Mr. Chick by either phone or text at 503-739-2348.

**Public Comments:** Mr. David Stockton expressed his thanks for the difficult decision before the boards and was concerned that roadblocks are being thrown at the plan when we need to acquire the property and watershed first. He said that with hard work and a little luck it can happen.

**Agenda:** Pull the Treasurer's Report. Ms. Murray moved approval of the agenda as amended which was seconded by Ms. Gardner. All in favor. Motion carried.

**Consent Agenda:** Ms. Birkby moved approval of the consent agenda which was seconded by Ms. Ahlgren. All in favor. Motion carried.

## **Old Business:**

### **Arch Cape Forest (ACF) Watershed Update:**

**Resolution 20-07 WD Arch Cape Forest Advisory Committee:** (Information / Action) A general discussion took place with consideration given to RES 20-07 WD (attached). It was suggested that the committee have one member from NCLC and another from Greenwood Resources, in addition to 5 other members.

Ms. Birkby moved adoption of Resolution 20-07 WD Arch Cape Forest Advisory Committee which was seconded by Ms. Murray. All in favor. Motion carried.

This item will go on the October agenda for staffing.

**Forest Legacy Grant (FLG):** (Information) Mr. Chick said that Clatsop County was working on drafting an intergovernmental agreement (IGA) for the \$250K matching funds in their budget for the ACF acquisition with contingency wording to revert these monies to the county should the district not be able to complete the funding for the purchase from EFM. He thought they would have a completed draft by October 1<sup>st</sup>.

**HP 19 Road Project:** (Information) Mr. Chick said that road repair plans had been affected by recent wind damage and that EFM had decided to pull the culvert on Shark Creek next week. They also intend to remove the failing culvert North of the Asbury crossing, improve road drainage, stock pile the fill and review the road project again next year.

**Oregon DEQ Clean Water State Revolving Loan:** (Information) Mr. Seifer opened the discussion by stating that the \$500K principal forgiveness potentially available to the acquisition project was critical in its success. He further said he would like to have ongoing work sessions by the Joint Contracting Committee at 5:00pm on the same Friday's the regular boards met going forward.

### **Public Hearing : Arch Cape Forest Acquisition Financial Plan: (Action)**

**Arch Cape Forest Acquisition Financial Plan Public Hearing:** Mr. Seifer opened a public hearing at 6:30pm to take comments or questions regarding the financial plan. As a preliminary to taking those questions &/or comments, Mr. Seifer showed pages 5 – 12 of an updated base line financial plan contained within 'ACWDAugustRev2w-40cents-perK-levy.pdf' (attached) from the one given in last month's meeting to include a revision from a possible levy at \$0.35/thousand in property valuation to \$0.40/thousand which had been approved by the board in August.

Ms. Katie Voelke was curious to learn how much of a water protection and conservation layer had been put over timber valuation for harvesting and whether water quality had been considered as a part of the revised financial projections? Mr. Ben Hayes of Springboard answered that a number of stands had been removed from harvest projections as being inappropriate in light of the districts desire for an ecologically sensitive development of a viable, sustainable community forest. One hundred and fifty foot (150 ft) stream buffers were utilized being more than found in most domestic watersheds and exceeding Forest Stewardship Council (FSC) Forest Management Certification standards. Silviculture activities were planned to increase overall forest value with species diversity improved. It is a balance with water quality and long term forest value to decrease filtration costs over time.

Ms. Katie Voelke further asked if there had been a Forest Management Plan created? Mr. Ben Hayes answered that while none had been created at present, it would come out in future to include pre-commercial thinning with stewardship costs factored in. It was additionally mentioned that the Forest Legacy program required a multi-resource management plan to be utilized.

Mr. John Mersereau asked if harvest revenue was collateral for the DEQ loan? Mr. Seifer answered that it was not designated to any specific purpose or separated from any other revenue but that repayment of the DEQ loan was a significant component of expense.

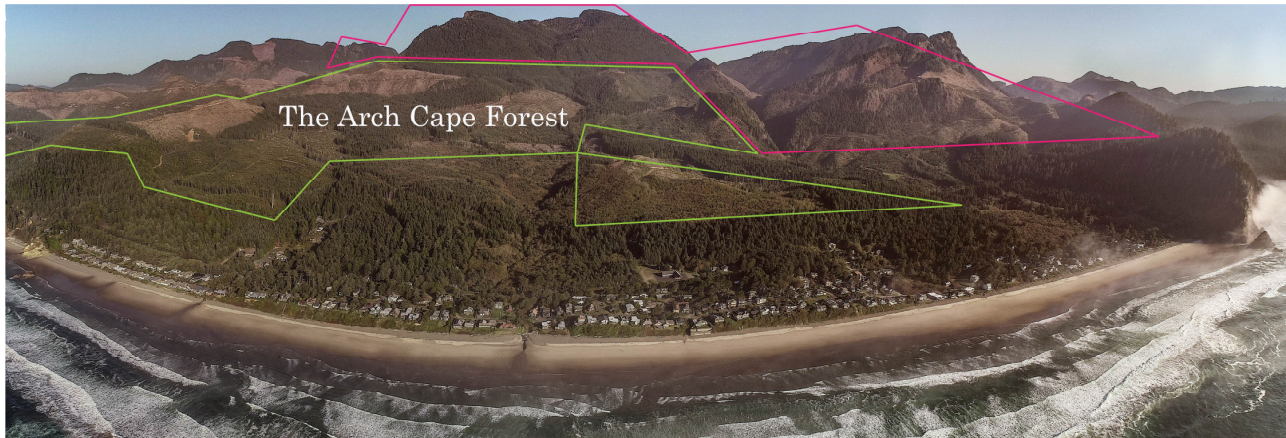
With no additional questions raised or comments offered, Mr. Seifer closed the public hearing at 6.46pm.

The discussion turned to the titling of “Other donations (\$200K)” with a recommendation to re-title this line item to “State & Private Grants & Private Donations (\$200K)”

Ms. Birkby moved to accept this revised funding plan and other donations title change as presented with the understanding it’s a base line financial plan seeking public donations and other funding sources. This motion was seconded by Ms. Murray. All in favor. Motion carried.

**Outreach Committee Report:** (Information) Ms. Murray indicated that the committee had met a number of times since the August meeting and felt that mailers were the best way to reach people given Covid-19 limitations for in person group meetings. The goal would be to keep it as simple as possible.

A number of individuals commented upon the wonderful overhead wide angled photo taken (shown below) by Ms. Darr Tindall with the green lines outlining the proposed Arch Cape Forest (ACF) community watershed and red lines for the NCLC Forest Reserve placed on the photo by Sustainable NW. It was felt this photo alone would go far in explaining the extent and goal of the districts in its effort to purchase this property. Other typo and phrasing suggestions were made.



Ms. Murray pointed to the FAQ's section of the ACF website updated by Mr. Chris Anderson which greatly expanded upon the information about the project. It was recommended that the 2100 acres mentioned on the website be changed to show 1521 acres as it is currently proposed.

Ms. Gardner recommended revising the Face Book address and that we would benefit by a good name for the page. It was suggested that possibly Katherine Lacaze, a writer with NCLC, could help.

Another idea was to develop a webinar to communicate with the public and set a date in next month's meeting for its presentation on the internet.

**Covid-19 Emergency – Accounts Receivable Report:** (Information) Mr. Hill reported that August was an especially strong month for water usage and hence excess usage billings and that payment history by district customers was very good.

#### **New Business:**

**Fire Hydrant Moving Cost Share Request: East Shingle Mill Lane / Anvil Rock Rd:** (Action) Mr. Chick said that the district had been approached (attached) by Cy Smith with a request to split the cost of a necessary hydrant move to allow further development beyond Fire Rock Road. Bob McEwan Construction, Inc. was requested to make an estimate which was reported to be \$2,200.00 for the move. Mr. Smith said he and his wife would be willing to run it up Anvil Rock and would pay for a hot tap for future development. Ms. Diane Smith said it was an absolute necessity to move this hydrant out of the right of way.

A general discussion of existing district policy to have developers pay for this kind of infrastructure ensued. It wasn't known if the district had any responsibility in determining this hydrants present untoward placement.

Ms. Birkby moved to deny the Smith's request and expressed her regret in having to make the motion in remaining consistent with existing policy. This motion was seconded by Ms. Gardner. All in favor. Motion carried.

**Reports:**

**District Managers Report and Correspondence for Action:** (attached) Mr. Chick said that issues caused by last week's ferocious windstorm and power outage were helped greatly by Mr. Gardner coming in from his vacation to provide much needed help. Mr. Chick expressed his appreciation for his excellent work as an operator and for his dependability.

**Board of Directors' Comments and Reports:** Ms. Birkby "tipped her hat" to the outreach efforts of Ms. Murray and Mr. Anderson which had been most effective. Mr. Seifer thanked Ms. Birkby and Mr. Chick for his performance.

**October Agenda Items:** (Information) Joint Contract Committee Meeting, Advisory committee appointments, Forest Legacy Grant agreement signing, Ben Dair funding sources list and ACF Arch Cape Forest.


**Public Comment:** None.

The meeting was adjourned by Mr. Dan Seifer at 7:34 pm.

Respectfully submitted,



Steve Hill

Attest   
Mr. Dan Seifer, President



# ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT

## RESOLUTION 20-07 WD

### A RESOLUTION BY THE ARCH CAPE DOMESTIC WATER SUPPLY DISTRICT (“District”) ESTABLISHING THE CREATION OF THE ARCH CAPE FOREST ADVISORY COMMITTEE

**Whereas**, the District, a special service district of the State of Oregon, has the authority to form committees; and

**Whereas**, the District Board of Commissioners wishes to own and manage forestland to be known as the future Arch Cape Forest for the benefit of drinking water protection; and

**Whereas**, the District understands the multiple benefits that are achieved through community forestry including drinking water protection, forest management, recreation, and conservation; and

**Whereas**, the District Board of Commissioners believes that having a committee representing the diverse interests of the community is essential to guiding sound management decisions for the Forest.

**NOW, THEREFORE**, be it resolved the Arch Cape Domestic Water Supply District hereby establishes its Arch Cape Forest Advisory Committee (“the Committee”) which shall operate upon terms as follows until further Resolution:

1. The Committee shall conform to public meeting and records laws and shall report to the District Board of Commissioners.
2. The District Board of Commissioners will have ultimate authority in the management and financial decisions related to the Arch Cape Forest (“the Forest”).
3. The Committee shall be composed of 7 member positions appointed by the District Board for staggered 3-year terms, and a quorum of 4 members will be required to meet. In making appointments to the Committee, the District Board shall strive for a diverse and inclusive cross-section of residents, neighbors, and beneficiaries within the broader community including historically under-served demographics.

4. Working in coordination with the District Manager and a consulting forester engaged by the Board, the Committee will assist in the development of a Forest Management Plan setting forth objectives for the Forest including forestry operations, recreation, and conservation.

5. The Committee will meet initially to select a Chair and Vice Chair from its membership, and will determine a regular schedule. Minutes of the meetings will be kept and submitted to the District. The Committee will initially meet no less than once per month until the District's approval of a Forest Management Plan, and will thereafter meet no less than twice per year occurring in January and June or as additionally required by the District according to management needs.


6. The Committee will from time to time recommend to the Board such updates and amendments to the Forest Management Plan as it may determine, and shall consider and make recommendations upon such matters as the Board may refer to the Committee.

Adopted and signed this 21<sup>st</sup> day of AUGUST 2020.



Daniel J. Seifer, President

Attest



# Arch Cape Water District Finance Committee Report

## Agenda

August 21,2020

- **Program Schedule** **Rick & Phil**
- **Greenwood Resources Review** **Clark**
- **Business Case** **Rick**
  - **Assumptions**
  - **Forest Management Operations**
  - **Financial Summary**



# Arch Cape Watershed Acquisition Plan

## ACWD Levy & Option Exercise 2Q/2021

### FUNDING:

FLP I. (\$1.0M) ▼ Awarded

FLP II (\$2.5M)

Other Grant Submittal

Clatsop County (\$250K)

DEQ Loan (TBD)

Contract

31

GAOA Signed

4

Fed Budget Approved

TBD

Selection

TBD

Notification

TBD

FLP III

Walmart

Budget Approved

25

Briefing IGA Approval

TBD

\$ to Escrow

Submittal

New Commissioners

Initial Approval

18

20

Funds Available

Sep 2021

### ACWD LEVY

Approval to Proceed

15

Submittal to County

26

Election

18

### ACWD/EFM ACTION:

Purchase Agreement ▼ Complete

Block(s) Definition

EFM Agreement

Instructions & Appraiser

Go/No Go Decision (Option Fee)

25

Start

Complete

Appraisal

Initial

19

GWR Input

28

Updated

21

Due Diligence

Business Case Evaluation

Option Exercise

**OPTION EXERCISE REQMNTS:**  
 - FLP I & II Funding (\$3.5 M)  
 - Clatsop County Funding (\$ 250K)  
 - DEQ Loan Approval (\$ TBD)  
 -ACWD Levy Approval (\$ TBD)

Option Exercise

TBD

JUN

JUL

AUG

SEP

OCT

NOV

DEC

JAN

FEB

MAR

APR

MAY

JUN

2020

2021

# SUMMARY OF GREENWOOD RESOURCES REVIEW OF ACWD FOREST MANAGEMENT AND FINANCIAL ANALYSIS OF PROPOSED ONION PEAK ACQUISITION

- **Objective:** independent, professional third-party review of forest inventory, growth and yield, management activities (including road retirement and maintenance), harvest schedule and price/cost levels and forecasts.
- **GreenWood Resources** (“GWR”) offered to conduct the review
  - GWR manages the large “Lewis and Clark Timberlands” (“LCT”) property adjacent to the north border of Onion Peak property; Mark Morgans, LCT Area Manager previously managed Onion Peak for Willamette and Weyerhaeuser prior to its sale to Stimson.
  - GWR had conducted similar review for NCLC.
  - GWR team included Morgans, Chad Washington (silviculture) and Kevin Brown (forest operations)
  - GWR reviewed harvest schedule, management plan and financial model
  - Review included two-hour Zoom meeting, a half-day field visit and oral report to Finance Committee
- **Key findings**
  - Inventory methodology and results were appropriate and acceptable; proposed “continuous forest inventory” with permanent sample plots is reasonable measured every five years is reasonable
  - Growth-rate assumptions are reasonable but ACWD should develop a formal growth model using free FVS software calibrated with Onion Peak inventory data

- Silvicultural plan (wider riparian zones; with small clear cuts and block retention) is appropriate for land dedicated to domestic water supply.
- Harvest levels are reasonable given objectives and initial timber stocking
- Management plan should be re-visited every five years
- Price and cost assumptions are generally in the right range [NB: we explicitly excluded any formal discussion of exact prices and costs due to confidentiality deed with EFM]
- The road system suffers significant deferred maintenance with considerable risk of loss of key road segments (e.g. slump on Asbury Creek main); EFM should either take care of these problems or expect a purchase price reduction to account for the costs involved.
- The Oregon Forest Practice Act is currently under revision with a general expectation that the resulting regulations will be considerably more restrictive (more like those in Washington); the expected new regulations will, all else equal, reduce the value of forest land. This risk should be specified in the appraisal instructions.
- The appraiser selected should have experience in coastal, hemlock-dominant forests so they do not over-estimated future growth rates.

**Other Consideration:**

Greenwood is offering ACWD Project -level consulting. Would allow ACWD to take advantage of GWR industry expertise & relationships on specific projects.

# Arch Cape Watershed Acquisition Plan

## Business Case Assumptions

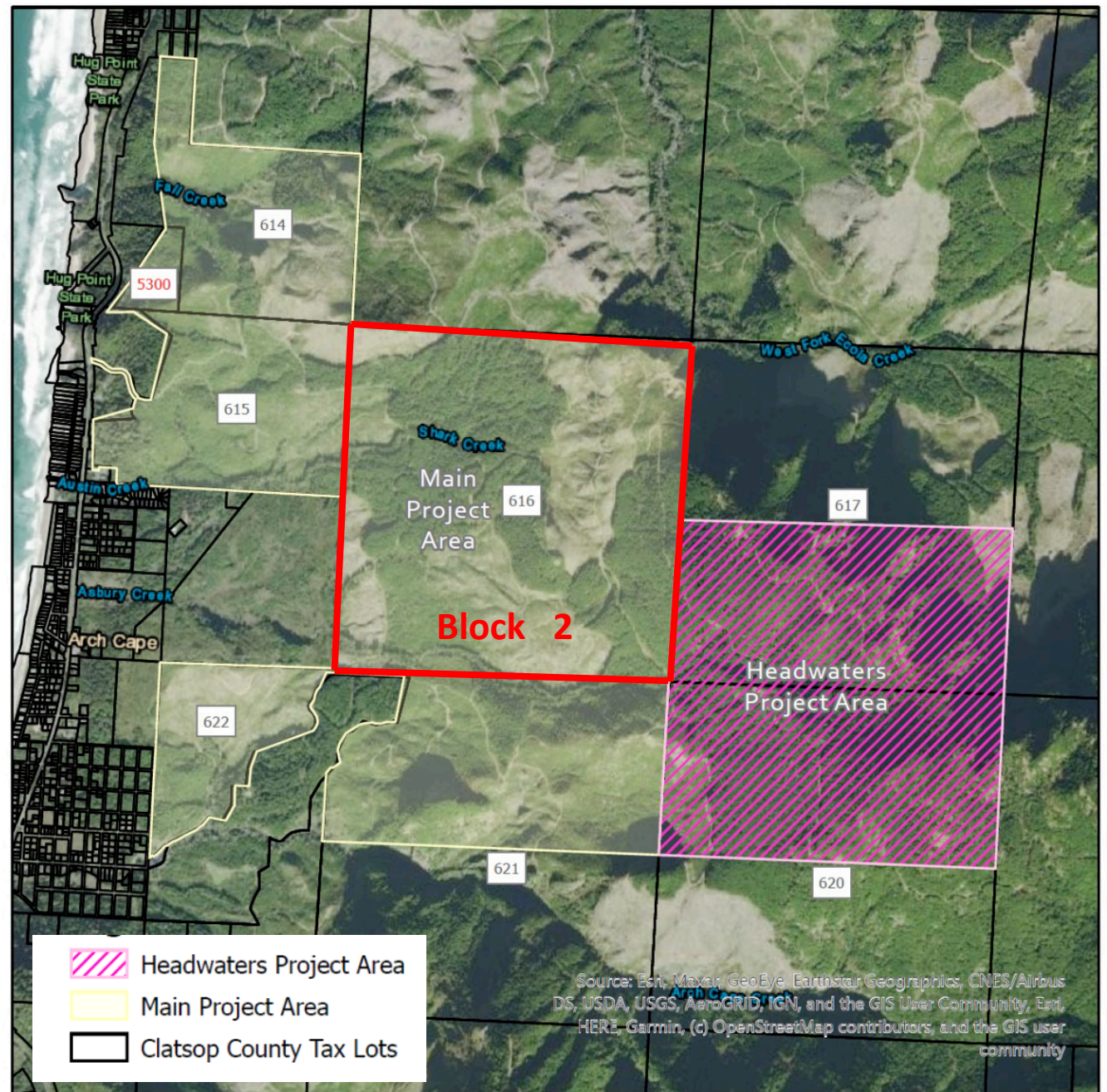
- **Purchase Price (\$ 5,350K)**
  - Based on comparable coastal timber land sale (Lincoln county)
  - Includes 3% contingency (\$176K)
  - Price reduced for for EFM deferred work statement (\$326K)
  - Parcel purchase in two blocks: Block I 2021, Block II 2023
- **Funding Sources**
  - Forest Legacy Program grants ( \$ 3,500K)
  - Clatsop County (\$250K)
  - Other donations (\$ 200K)
  - DEQ "Green" loan (\$ 1,390K with \$ 500K forgivable): 20yr loan @ 1.59%
  - ACWD levy (\$ 0.40/\$1,000 assessed value) .... Roughly \$68K per year for 10 years
  - Timber revenues
- **Forest Management Operations**
  - Harvest Guidelines: 50-80% harvest of available trees under current Oregon Forest Practice Act (OFPA). Forecast utilizes 50 year rotation.
  - Initial harvest: Block I 2022; Block II 2024
  - Deferred work statement schedule
    - Road maintenance: 2022
    - Timber stand improvements (Old & Young): 2024
  - No contingency included ... no escalation in costs (inflation) included
  - No non-timber harvest revenues or costs included



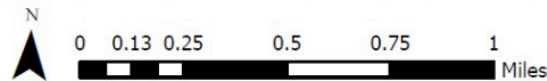
## Block Attributes

- Block 1**                    **818 Acres**
- mostly outside watershed
  - less mature timber
  - target acquisition: 2021
  - potential initial harvest: 2022

- Block 2**                    **640 Acres**
- predominantly watershed
  - significant mature timber
  - target acquisition 2023
  - potential initial harvest: 2024



Source: Esri, Maxar, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community, Esri, HERE, Garmin, (c) OpenStreetMap contributors, and the GIS user community





# Forest Management Operations

## Financial Summary ( \$ in 000's)

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>OPERATING REVENUES</b>					
Block 1 Timber Harvest	250.8				
Block 2 Timber Harvest			456.8		
Other Revenues					
Total Revenues	250.8		456.8		
<b>OPERATING EXPENSES</b>					
Deferred Road Maintenance.	100.0				
Deferred Timber Stand Improv.			226.4		
Road Maintenance		25.0	25.0	25.0	25.0
ODF Fire Patrol Fee	2.4	2.4	2.4	2.4	2.4
Forest Managment Plan	20.0				
Inventory					
Certification	10.0	1.5	1.5	1.5	1.5
Contingency					
Total Operating Expenses	130.0	28.9	255.3	28.9	28.9
<b>NET OPERATING GAIN (LOSS)</b>	<b>118.4</b>	<b>(28.9)</b>	<b>201.4</b>	<b>(28.9)</b>	<b>(28.9)</b>

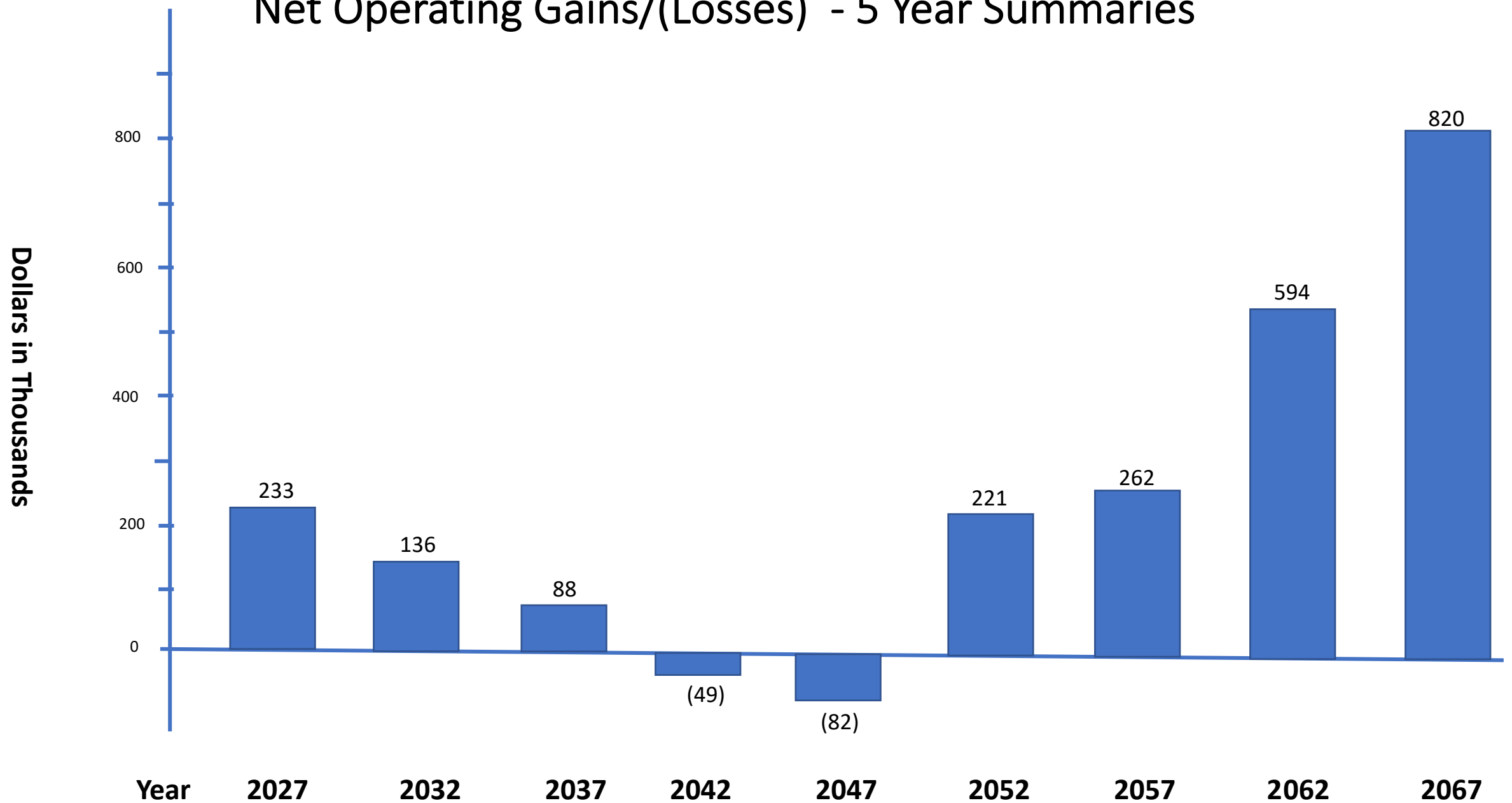
# Forest Management Operations

## Financial Summary ( \$ in 000's)

	Year 1	Year 2	Year 3	Year 4	Year 5	Summary Data		
						Year 0-5	Year 6-10	Year 11-15
<b>OPERATING REVENUES</b>								
Block 1 Timber Harvest	250.8					250.8		
Block 2 Timber Harvest			456.8			456.8		
Other Revenues								
Total Revenues	250.8		456.8			<b>707.6</b>	<b>300.7</b>	<b>252.4</b>
<b>OPERATING EXPENSES</b>								
Defered Road Maintenance	100.0					100.0		
Defered Timber Stand Improvement			226.4			226.4		
Road Maintenance		25.0	25.0	25.0	25.0	100.0	125.0	125.0
Forest Management Plan	20.0					20.0	5.0	5.0
ODF Fire Patrol	2.4	2.4	2.4	2.4	2.4	12.0	12.0	12.0
Inventory							15.0	15.0
Certification	10.0	1.5	1.5	1.5	1.5	16.0	7.5	7.5
Contingency								
Total Operating Expenses	132.4	28.9	255.3	28.9	28.9	<b>474.8</b>	<b>164.7</b>	<b>164.7</b>
<b>NET OPERATING GAIN (LOSS)</b>	<b>118.47</b>	<b>(28.9)</b>	<b>201.5</b>	<b>(28.9)</b>	<b>(28.9)</b>	<b>232.9</b>	<b>136.1</b>	<b>87.7</b>

# Forest Management Operations

## Net Operating Gains/(Losses) - 5 Year Summaries



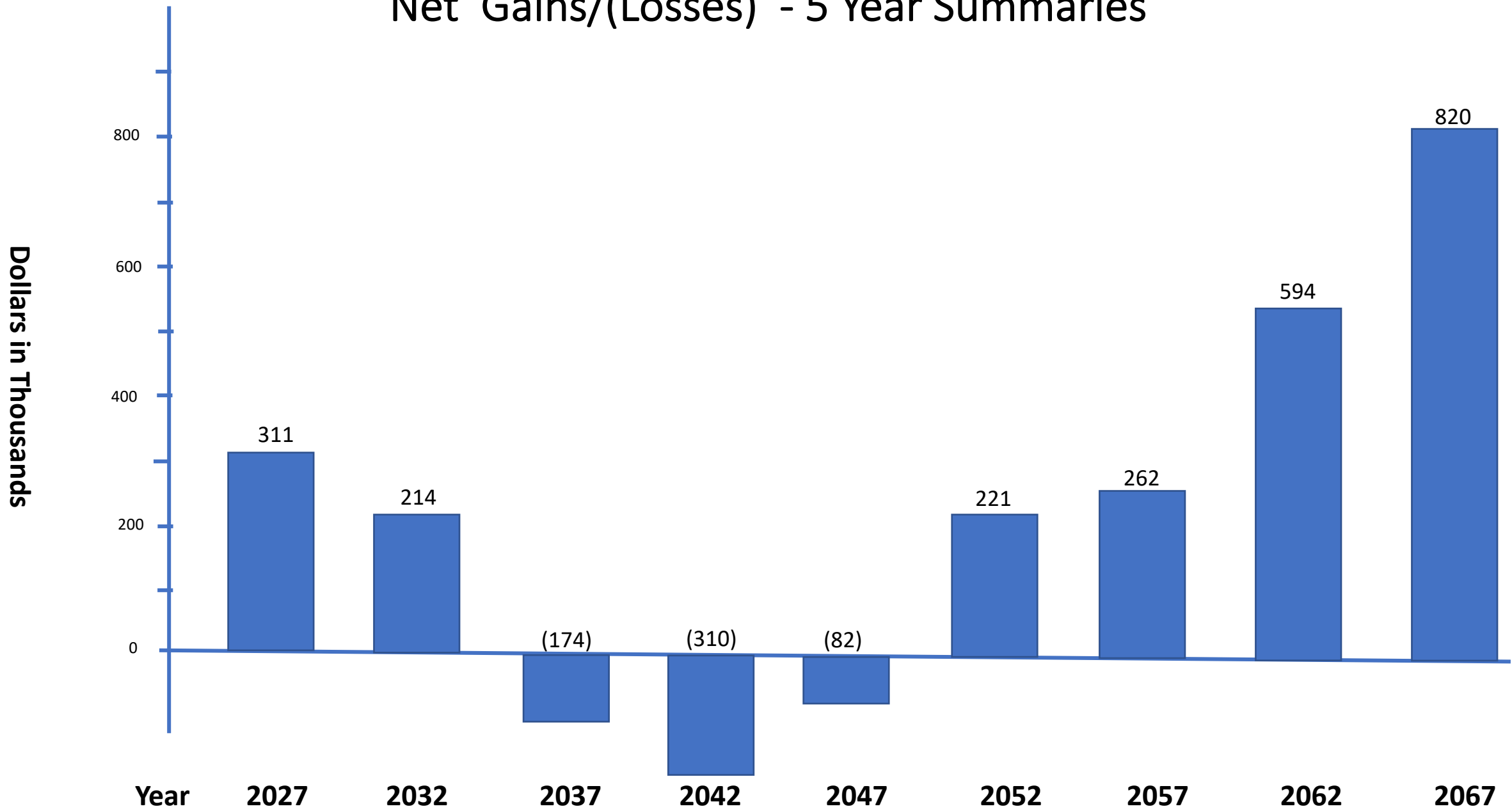
# Arch Cape Watershed Acquisition Plan

## Financial Summary ( \$ in 000's)

	Year 0	Year 1-5	Year 6-10	Year 11-15	Year 16 -20	Year 21-25
<b>PRICE</b>						
Estimated Price	5,500					
Contingency (3%)	176					
Deferred Work Statement.	(326)					
<b>Total Price</b>	<b>5,350</b>					
<b>GRANT &amp; DONATION FUNDING</b>						
Forest Legacy I & II	3,500					
Other	200					
Clatsop County	250					
<b>DEBT</b>						
DEQ ( Tot. Loan/Forgivable)	1,390/500	(262)	(262)	( 262)	(262)	
Early Principal Payment						
<b>RECURRING</b>						
ACWD Levy Proceeds		340	340			
Net Timber Revenues		708	301	252	116	83
Forest Management Costs		(475)	(165)	(165)	(165)	(165)
Contingency						
<b>Net Cash</b>		<b>311</b>	<b>214</b>	<b>(174)</b>	<b>(310)</b>	<b>(82)</b>
<b>Net Cum Cash</b>		<b>311</b>	<b>525</b>	<b>351</b>	<b>41</b>	<b>(40)</b>

# ACWD Watershed Acquisition Financial Summary

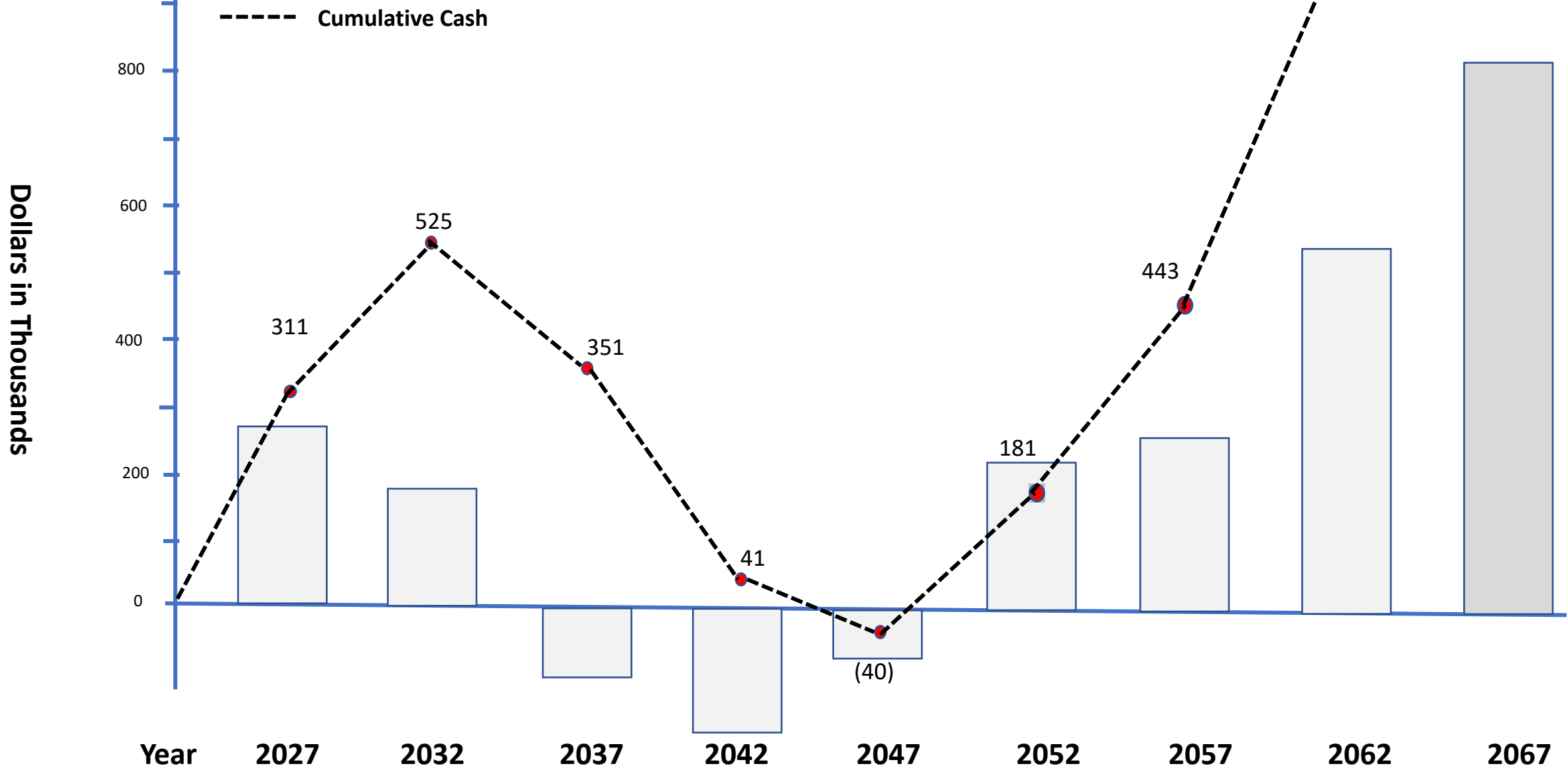
## Net Gains/(Losses) - 5 Year Summaries





# ACWD Watershed Acquisition Financial Summary

## Net Gains/(Losses) - 5 Year Summaries





Phil Chick &lt;philchickacutil@gmail.com&gt;

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**Fire hydrant Anvil Rock Rd**

1 message

**Cy Smith** [REDACTED]

Wed, Aug 26, 2020 at 7:33 AM

To: philchickacutil@gmail.com

Hello Phil,

I have spoken with you before regarding replacement of the fire hydrant on Anvil Rock Rd. We can not get a permit to start that road until the hydrant is moved. In speaking with someone at the County offices, he said to contact you because he thought that it might be a possibility that the water district would be willing to pay at least half of what that cost will be to move the hydrant. Since it was placed in the middle of the easement in the first place, I feel that I shouldn't have to pay that whole cost to move it.

We received a bid from Bob McEwan Construction and the cost to move the hydrant is \$2200.00. He will also be putting a hot tap on the hydrant which we will be paying for.

If you could please get back to me regarding this, I'd really appreciate it as I would like to get started on this project.

Thank you for your time,

Cy Smith  
[REDACTED]

Manager Report September 18<sup>th</sup> 2020

**WATER:**

The Water Plant distributed 1.7 Million gallons to town in August

The Air Compressor at the Water Plant needed an emergency service/diagnosis call recently. It was determined that the drying unit is no longer working. A new drier unit has been ordered and will be installed as soon as possible. In the meantime, the plant can still be operated. The air compressor unit is one of the key components to operating the membrane filter plant, as the process is completely dependent on the continuous supply of compressed air.

**MONTHLY LOG : ARCH CAPE WATER & SANITARY DISTRICTS**

**August      2020**

Total Hours	<b>336.00</b>	<b>158.00</b>	<b>178.00</b>
Percentage Split		<b>47%</b>	<b>53%</b>
Total Accounts	<b>637</b>	293	344
Percentage Split		46%	54%