

**Arch Cape Domestic Water Supply & Sanitary Budget Committee**  
**Meeting Minutes**  
**May 2, 2023**

Pursuant to notice posted, a budget meeting of the Budget Committee for the Arch Cape Domestic Water and Sanitary Boards was held at the Arch Cape Fire Hall in Arch Cape, Oregon.

Present: Nadia Gardner, President of Domestic Water Board, Darr Tindall, President of Sanitary Board, Directors: Chris Mastrandrea, Casey Short, Tevis Dooley, Dan Seifer, Steve Hill; Budget Committee Members: Thomas Mattia, Buffy Simmons, Lauren Ahlgren, Mike Wodtke, Carl Matson, Staff: Matt Gardner, District Manager and Teri Fladstol, Admin, Consultants: Ben Hayes, Daniel Wear; Excused: Heather Newman, Linda Lapp Murray and Jay Blake.

Meeting Called to Order by Casey Short, Budget Chair at 4:00 pm

Motion made by Nadia Gardner to approve the minutes with the amendment to change the attendance to include Linda Lapp Murray as absent/excused from the last meeting. Second by Darr Tindall, Motion carried [note Dan Seifer abstained due to missing first portion of the meeting].

**Water – General Fund:**

Casey Short, Budget Chair thanked Rick Gardner and Bill Campbell for helping with the long-range financial plan. This meeting will be to review the budget documents notated 4.30.23 and apologize for the short time and the extraneous circumstances in getting out the forms due to technology issues. Matt and I have filled in the blanks but there are a few items that need to be updated of user rates and a minor error on the user fees revenue for 23-24.

Discussion of line items took place with explanations from Casey in regard to resources, debt service, transfers to capital fund, money to have in reserves to maintain liquidity to pay our expenses. The target is around \$70,000 with starting 23-24 we are still projecting a deficit. We took the total bill because that is what the majority of people are looking at. We need to have an increase of 5% for the next 3 years and then 4% and 3% a few years after that. \$175 to \$184 the next year per quarter. That is an overview of the long-range plan.

Question [Mike Wodtke] on how the user fees in the neighboring areas compare? Are we in the same range? And how do we prevent that from being the burden of the users. Matt Gardner- As it pertains to Water: Arch Cape: \$175 per quarter. The next town would be Seaside: \$145, Warrenton \$140, Cannon Beach: \$129.00, Nehalem: \$206, and then Astoria \$115.

Question [Nadia Gardner] in regard to \$20k in Watershed under materials and services. That is historical from the Arch Cape Forest watershed before the closing. All things watersheds now reside in the Arch Cape Forest Fund. Discussion ensued on details regarding the Arch Cape Forest. Details will be addressed when we get to that fund. Ben Hayes mentioned that there is a long-range plan for the Forest and that the management team is doing the growth and yield plan; target date is September 23.

Question [Mike Wodtke] on other options for revenue sources. Casey Short mentioned that grants are pretty much the only option. We do not generate enough 'extra' water to generate revenue.

**Water – Capital Fund:**

The water long range plan looks to be in good shape. We are expecting at least two hook ups per year. The only revenue the capital fund gets is the system development charges, interest on the beginning balance, and any transfer from the general fund. It is the general fund that bears the burden if the capital fund cannot accommodate the projects. We are building up a reasonable amount in the reserve of \$31,000 in 25-26 and it will go up again. There is a big jump 28-29 for a later project. The forest fund will be talked about in the budget. Clarification question from Mike Wodtke on transfer from General to Capital Fund, Casey will take a look at that line item.

Matt Gardner gave updates on the Loans: Water Plant loan: current interest rate is 1%, maturity is 12/1/2041, current balance \$357,813.00. pay off if done 4/25/23, \$359,254.00, we are currently paying \$10.00/day in interest.

Addressed the meter project and that funds were not transferred out of the general fund to the capital fund so that had an affect on what you are seeing on the line items, adjusted a number of other line items to be closer to what we are seeing due by June 30 (utilities, etc.). We will tighten up the insurance items and make other small changes as we get closer to the May 18<sup>th</sup> meeting giving our recommendation to the Board on May 18<sup>th</sup>.

Matt Gardner reported we are at 99% certainty that we have found the leak. I do not have the dollar amount to be what is needed for parts. It will be labor intensive but we do not have the cost. The leak as it stands with the crew that is working,

should be completed within a month. The reason it was budgeted the way it was because we were trying to figure out what is needed and what the issue was. Now that we have the information, we will need to figure what we need to do. It is a moving target and we are providing as much information as possible, we have \$9,000 budgeted currently and we know it will be more labor intensive and will require parts but we do not have a list at this time.

**Water – Arch Cape Forest Fund:**

Discussion on this budget, who is responsible for it, how the numbers were arrived at and how it will be managed moving forward was explored. Matt Gardner clarified that it was not a budget that he was involved in and coming in at this point in the process, needs clarification. Teri Fladstol, Daniel Wear and Ben Hayes have been involved with Business Oregon in the process from July of 2022 to date and the budget that is presented is the project budget that we have in place with the ARPA grant and donations from the public. Daniel Wear and Ben Hayes are working with the Arch Cape Forest Management Committee. Request was made to have Matt, Teri, Daniel and Ben meet and determine the process needed to move this forward and within the guidelines of the grant, determine insurance costs [we were told that our insurance would not be going up even with the purchase of the forest; this will be clarified]; Chris Mastrandrea asked how bills were being paid and Teri clarified the process for reimbursement with Business Oregon, explaining that we have Disbursements #1-#6 on file at the office, with documentation required in order to be reimbursed. Clarification on how owns the budget, who is responsible for the budget and how it is managed will be discussed at the next budget meeting on May 18<sup>th</sup>.

**Public Hearing - Water:** Casey Short - Opens the floor for Public Comments for the Water District Budget.

Bill Campbell- as member of the finance committee, we came up with line items for the forest budget that there is nothing on the budget, had a conversation with SDAO regarding the liability insurance and they indicated that the cost would go up so we are requesting that we get more information on that.

Casey Short asked Ben and Daniel to please work with Matt and Teri on the advisability and the wisdom of incorporating the information from the finance committee, including discussion of proper time and responsibility of Matt and who approves that time and who is paying for it.

Public Hearing is closed; Water District Budget Committee Meeting is recessed. Sanitary meeting is now open.

**Sanitary:**

Meeting Called to Order by Casey Short, Budget Chair at 5:00 pm

Following the same line-by-line review of budgets as done with the Water budgets. Discussion on the long-range financial plan was reviewed. Matt Gardner reported on a transfer of \$55,000 to the capital fund to be our match of 25% for the grant which we are including in the budget in order to plan. There are no other significant line items other than tying in the long-range plan to have cash on hand and still pay the bills.

Casey Short reported that next year, while there is no major work being done, planning will take place and start on the following year. Note for the record that Chris Mastrandrea left at 5:05 pm.

**Public Hearing – Sanitary:** Casey opens public hearing. No public comments;

Next meeting will be May 18<sup>th</sup> at the Fire Hall proceeding the board meeting. The water budget meeting is scheduled for 4pm-5pm and Sanitary 5pm-6pm.

Meeting adjourned at 6:00 pm.