



# Board Meetings

## ARCH CAPE WATER & SANITARY DISTRICTS

32065 E. Shingle Mill Lane, Arch Cape, OR 97102  
(503) 436-2790

**THE PUBLIC IS INVITED, IF THEY WISH,  
TO ATTEND IN PERSON:  
THE FIRE HALL, 72979 US 101,  
ARCH CAPE  
BY TELEPHONE OR ZOOM LINK:**

To Join the **Zoom Video Meeting** paste the following in your browser address window:

<b>Meeting ID:</b>	<b>811 1394 7450</b>
<b>Meeting Passcode:</b>	<b>None Required</b>
<b>Assistance:</b>	<b>503-812-7578</b>
<b>Date:</b>	<b>Thursday, 18 September 2025</b>
<b>Time:</b>	<b>5:00 PM for Board Meetings</b>

The Sanitary District Board Meeting will start at 5:00 pm, followed by a Joint Session with the Arch Cape Domestic Water Supply District Board at 5:30 pm. The Domestic Water Supply District Board Meeting will start immediately following the Joint Session.

Agenda will be posted in Board Packet on the Website under “Governance – Meetings – 2025”



**ARCH CAPE SANITARY DISTRICT  
BOARD OF COMMISSIONERS MEETING**

Thursday, September 18, 2025  
5:00 PM Meeting Zoom & In Person

<https://us02web.zoom.us/j/81113947450?pwd=AAIBsXOV0Ca0s4Aabg8946vQH2sB7Y.1>

- I. **Call to Order** Tom Mattia
- II. **Public Comments** Tom Mattia
- III. **Agenda Approval** (Action – Motion to Approve) Tom Mattia
- IV. **Approve July 16, 2025 Meeting Minutes** (Action – Motion to Approve) Tom Mattia
- V. **Financial & Administrative Reporting**
  - A. Accept Budget vs Actual Report Tom Mattia
  - B. Accept Payment of Accounts Tom Mattia
  - C. Treasurer’s Report Darr Tindall
- VI. **Signing Authority for Bank Account - Checks Sanitary:** (Action – Motion to Approve) Tom Mattia  
Bank checking signatures: Proceed administratively to update the bank cards to reflect Policy 21-01 (Treasurer/DM, with President as alternate for urgent payments)
- VII. **Authorize LGIP account administrators:** (Action – Motion to Approve) Tom Mattia  
Authorization to add designated individuals as LGIP account administrators.
- VIII. **Sam.gov Administrator** Tom Mattia  
Update to add Collin as an account administrator?
- IX. **Audit Corrective Memo regarding Audit Findings** Tom Mattia
- X. **Community Club Grant Concept:** Discuss whether to invite Richard Henry to present a formal proposal on pursuing DHS/FEMA emergency-preparedness grants using the District as a pass-through; no action on pass-through today.
- XI. **Reports**
  - A. Webb Upgrade/Payment Report Collin Stelzig/Teri Fladstol
  - B. Staff Reports Matt Gardner
  - B. Board Members’ Comments and Reports All
- XII. **October Meeting Agenda Items** (Action)
- XIII. **Public Comments** Tom Mattia
- XIV. **5:30 pm Joint Session: Presentation from Community Incorporation [Informational Only, No Board Action]** *Both boards will hear a presentation from the community incorporation group. No Board action will be taken at this session.*
- XV. **Adjournment** Tom Mattia

COMMUNITY GRANT CONCEPT:

**RE: Phil Chick paper**

RICHARD IN RESPONSE TO TOM'S QUESTION: Big Things, e.g. emgy water processing trailers (\$150K +), water transporting trailers, vertical escape builds (\$M +), etc. Thanks Tom R

TOM IN RESPONSE TO RICHARD'S EMAIL: Thanks, Richard. Sorry for the delay in responding - a few items this week. Anyway, this seems straight forward. What kind of grants would you be seeking via this pass through if we agree? Tom

Hi Tom, as discussed, as background, below, let me know if you wish to discuss further.

The goal remains the same: Saving Lives. And we hope we can partner with your Board to so do. BTW, at the time, 2022, I stated the special districts were the best govt recognized method for unincorporated ACape: since then, 2 additional avenues -- albeit of a smaller nature -- have opened up.

On Mon, Nov 7, 2022 at 10:46 AM richard henry <[rhenry@rahcontent.com](mailto:rhenry@rahcontent.com)> wrote:

Dear Arch Cape Water & Sanitary Boards

Dale Mosby and I met with Phil Chick this past Friday and discussed how we the Community Club plans to obtain grant funds via the Federal government and its Department of Homeland Security (DHS) to help Arch Cape and Falcon Cove prepare for emergencies.

We have a recent history of doing this successfully for another group Dale and I belong to. Our partner at the county on this project , Tiffany Brown, the emergency manager, let us know that the Arch Cape Water and Sanitary board is an already authorized party to receive such funds on behalf of our task.

We would do all the grant writing, all we would need to submit the application is approval and signature by the Board(s) and the funds would move through the Water or Sanitary entities. Recently, we have informed Arch Cape (& Falcon Cove) of this.

Our goal is to have AC FC prepared and to help protect our citizens the same way Cannon Beach has spent money over the past few years to obtain this goal. You may know that heretofore, little has happened here toward that goal. In a phrase, We want to Save Lives.

Since the county will not help directly, we want to take advantage of grant funding. This will not cost the Water or Sanitary Boards or their customers one cent, it is simply a pass through. We are simply taking advantage of the only government-recognized entity Arch Cape has to receive such funds.

Happy to provide more detail, and look forward to your concurring on our technique to gather monies for preparedness.

Richard Henry & Dale Mosby, Arch Cape



**ARCH CAPE SANITARY DISTRICT BOARD  
OF COMMISSIONERS' MEETING  
Thursday, July 17, 2025**

Pursuant to the notice posted, the regular monthly Board Meeting for Arch Cape Sanitary District was held in-person and via Zoom.

In attendance: Tom Mattia, Mark Engberg, Casey Short, Doug Caffall, Darr Tindal; Staff: Matt Gardner and Teri Fladstol; Public: Bob Bohemer and Owen Dufka.

Elected Board Members, Position #1 Casey Short, Position #2 Doug Caffall and Position #3 Mark Engberg were sworn into office, after which the Sanitary District Board Meeting was called to order by Casey Short at 5:00 pm.

Public Comments – Bob Bohemer asked to speak at the end of the business meeting during public comments regarding Arch Cape Falcon Cove Beach Community Club business.

Motion by Tom Mattia to approve agenda as presented, second by Mark Engberg, motion carried.

Motion by Mark Engberg to appoint Darr Tindall to fill vacant Position #4 for the Sanitary Board, term ending June 30, 2027. Motion carried, appointee was duly sworn in by Chair.

Casey Short called for Election of officers for the following positions: Chair/Vice Chair/Treasurer and Secretary. Casey Short nominated Tom Mattia to serve as Chair, seconded by Darr Tindall, motion carried. Doug Caffall nominated Casey Short to serve as Vice-Chair, seconded by Darr Tindall, motion carried. Nomination by Casey Short to have Darr Tindall serve as Treasurer, seconded by Mark Engberg; motion carried. Nomination by Casey Short to have Teri Fladstol serve as Secretary, seconded by Darr Tindall, motion carried.

Motion by Casey Short, second by Darr Tindall to approve minutes of June 19<sup>th</sup> Meeting minutes, motion carried [Doug Caffall abstained].

Motion by Darr Tindall, second by Mark Engberg to accept June Budget vs Actual Report and June Payment of Accounts, motion carried. Darr Tindall reported that reconciliation of June accounts was done and all is good.

Staff Report: Matt Gardner shared experience with Jack Simmons intern and expressed appreciation for his assistance and mentioned that he would like to give a stipend to Jack for his help (consensus by both Water and Sanitary Boards were given). Note: Need to add a report from Collin Stelzig, District Administrator, to reports moving forward. Teri Fladstol reported we received a check for reimbursement of the Webb Lift Station and one more reimbursement will be sent in to wrap up the project.

**Board Report:**

Mark Engberg asked Doug Caffall if he had any questions as he is new to the Board. Doug asked about financials, and a brief update was given, Teri directed Doug to the website where the current budget details are on file.

Agenda Items: Tom Mattia to work with whomever the new Water District Chair is (after their meeting) to discuss meeting in a joint session in regard to the feasibility study as brought forward by Bob Bohemer and whether that would be in August or September.

Public Comment: Bob Bohemer shared the feasibility study concerning the incorporation possibility for Arch

Cape and Falcon Cove communities. Documentation was shared with Board Members and invitation to attend the Community Club meeting on August 6<sup>th</sup> at 5:30 pm at the Fire Hall or by Zoom.

Motion by Darr Tindall to adjourn the meeting, second by Doug Caffall, meeting adjourned at 5:45 pm.

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Thomas Mattia, Board Chair

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Attest: Teri Fladstol, Secretary

DRAFT

# AC Sanitary District

## Budget vs. Actuals

July - August, 2025

	FY 25/26 Budget	Jul 2025 Actual	Aug 2025 Actual	FY to Date Actual	%
<b>01-4000 RESOURCES - GENERAL FUND</b>					
01-4002 Undesignated Balance - General	\$ 298,584			\$ 298,584	100%
01-4003 Operating Reserve	\$ 86,416			\$ 86,416	100%
03-4002 USDA Loan Required Reserve	\$ 6,923			\$ 6,923	100%
01-4201 Base Rate Meter Sales	\$ 388,468	\$ 22,956	\$ 24,874	\$ 47,830	12%
01-4202 Overage/Excess Usage	\$ 38,847	\$ 37	\$ 100	\$ 137	0%
01-4203 Debt Service	\$ 38,702	\$ 2,226	\$ 2,417	\$ 4,643	12%
01-4300 Interest Income - General Fund	\$ 10,000		\$ 1,607	\$ 1,607	16%
01-4400 WD Facilities Use Charge	\$ 3,938			\$ -	0%
01-4501 Service/Fee Income			\$ 200	\$ 200	
<b>Total 01-4100 REVENUE</b>	<b>\$ 871,878</b>	<b>\$ 25,219</b>	<b>\$ 29,198</b>	<b>\$ 54,417</b>	<b>6%</b>
<b>02-4000 RESOURCES - CAPITAL FUND</b>					
02-4001 Beginning Bal - Capital Fund	\$ 152,863			\$ 152,863	100%
02-4200 SDC Revenue	\$ 20,293		\$ 10,247	\$ 10,247	50%
02-4800 Grant Revenue - Capital Fund		\$ 65,884		\$ 65,884	
<b>Total 02-4100 REVENUE - Capital Fund</b>	<b>\$ 173,156</b>	<b>\$ 65,884</b>	<b>\$ 10,247</b>	<b>\$ 228,994</b>	<b>132%</b>
<b>03-4000 RESOURCES - GO BOND DEBT FUND</b>					
03-4001 Beginning Bal - Go Bond Debt Fund	\$ 4,742			\$ -	0%
<b>Total 03-4000 RESOURCES - GO BOND DEBT FUND</b>	<b>\$ 4,742</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>03-4100 REVENUE - GO BOND DEBT FUND</b>					
03-4055 Property Taxes	\$ 144,600	\$ 1,359	\$ 744	\$ 2,104	1%
03-4201 Bond Interest	\$ 2,000	\$ 1,598		\$ 1,598	80%
<b>Total 03-4100 REVENUE - GO BOND DEBT FUND</b>	<b>\$ 146,600</b>	<b>\$ 2,957</b>	<b>\$ 744</b>	<b>\$ 3,702</b>	<b>3%</b>
<b>04-4000 Local Option Levy Fund</b>					
04-4001 Local Option Levy Proceeds	\$ 125,000			\$ -	0%
04-4300 LO Levy - Interest	\$ 5,000			\$ -	0%
<b>Total 04-4000 Local Option Levy Fund</b>	<b>\$ 130,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
4900 Interfund Transfer In	\$ 100,000			\$ -	0%
<b>TOTAL RESOURCES</b>	<b>\$1,426,376</b>	<b>\$ 94,061</b>	<b>\$ 40,189</b>	<b>\$ 134,250</b>	<b>9%</b>
<b>01-6000 REQUIREMENTS - GENERAL FUND</b>					
01-6100 Materials & Services					
01-5999 Inter-Govern Agreement (IGA)	\$ 206,084		\$ 10,555	\$ 10,555	5%
01-6120 Liability & Property Insurance	\$ 21,425			\$ -	0%
01-6121 Licenses	\$ 4,077			\$ -	0%
01-6122 Dues & Taxes	\$ 4,635	\$ 148		\$ 148	3%
01-6123 Professional Services	\$ 1,000			\$ -	0%
01-6124 Emergency Sanitation	\$ 500			\$ -	0%
01-6125 Auditing Service	\$ 19,000	\$ 2,000		\$ 2,000	11%
01-6126 Legal Services	\$ 5,000	\$ 133		\$ 133	3%
01-6127 Notices	\$ 750			\$ -	0%

	FY 25/26	Jul 2025	Aug 2025	FY to Date	
	Budget	Actual	Actual	Actual	%
01-6128 Utilities	\$ 63,889	\$ 3,651	\$ 3,567	\$ 7,218	11%
01-6200 Maintenance	\$ 100,838	\$ 13,921	\$ 5,088	\$ 19,009	19%
01-6201 Chemicals	\$ 6,300		\$ 2,464	\$ 2,464	39%
01-6202 Inflow & Infiltration	\$ 15,000	\$ 3,803		\$ 3,803	25%
<b>Total 01-6100 Materials &amp; Services</b>	<b>\$ 448,498</b>	<b>\$ 23,656</b>	<b>\$ 21,674</b>	<b>\$ 45,330</b>	<b>10%</b>
01-7000 Capital Outlay - General Fund	\$ 70,000			\$ 70,000	100%
01-7510 OECD Facility Loan - Principle	\$ 17,672			\$ -	0%
01-7511 OECD Facility Loan - Interest	\$ 1,648			\$ -	0%
01-7520 IFA Loan/Grant - Imprinciple	\$ 13,827			\$ -	0%
01-7521 IFA Loan/Grant - Interest	\$ 5,556			\$ -	0%
<b>Total 01-7500 Debt Service - General Fund</b>	<b>\$ 38,703</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>Total 01-6000 REQUIREMENTS - GENERAL FUND</b>	<b>\$ 557,201</b>	<b>\$ 23,656</b>	<b>\$ 21,674</b>	<b>\$ 45,330</b>	<b>8%</b>
01-8001 Contingency - General Fund	\$ 129,625			\$ -	0%
01-8100 USDA Loan Required Reserve	\$ 6,923			\$ -	0%
01-8500 Unappropriated Bal - General F	\$ 178,129			\$ -	0%
<b>Total 01-8000 Contingency &amp; Unapp Bal - General Fund</b>	<b>\$ 314,677</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>02-6000 REQUIREMENTS - CAPITAL FUND</b>					
02-7000 Capital Outlay - Capital Fund	\$ 20,000			\$ -	0%
02-7100 Webb Lift Station			\$ 22,550	\$ 22,550	
<b>Total 02-6000 REQUIREMENTS - CAPITAL FUND</b>	<b>\$ 20,000</b>	<b>\$ -</b>	<b>\$ 22,550</b>	<b>\$ 22,550</b>	<b>113%</b>
02-8000 Contingency & Unapp Bal - Capital Fund					
02-8001 Contingency - Capital Fund	\$ 100,000			\$ -	0%
02-8500 Unappropriated Bal - Capital	\$ 53,156			\$ -	0%
<b>Total 02-8000 Contingency &amp; Unapp Bal - Capital Fund</b>	<b>\$ 153,156</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>03-6000 REQUIREMENT - GO BOND DEBT FUND</b>					
03-7510 USDA Plant Upgrade - Principle	\$ 77,058			\$ -	0%
03-7511 USDA Plant Upgrade - Interest	\$ 67,542			\$ -	0%
<b>Total 03-6000 REQUIREMENT - GO BOND DEBT FUND</b>	<b>\$ 144,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
03-8000 Contingency & Unapp Bal - GO BOND Debt Fund					
03-8500 Unappropriated Balance GO	\$ 6,742			\$ -	0%
<b>Total 03-8000 Contingency &amp; Unapp Bal - GO BOND Debt Fund</b>	<b>\$ 6,742</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
04-6000 LO Levy Requirements					
04-6100 Professional Services	\$ 125,000			\$ -	0%
<b>Total 04-6000 LO Levy Requirements</b>	<b>\$ 125,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
04-8000 Contingency & Unappropriated Balance					
04-8001 LO Levy - Contingency	\$ 50,000			\$ -	0%
04-8500 LO Levy - Unappropriated Balance	\$ 5,000			\$ -	0%
<b>Total 04-8000 Contingency &amp; Unappropriated Balance</b>	<b>\$ 55,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
7900 Interfund Transfer Out	\$ 50,000			\$ -	0%
<b>TOTAL REQUIREMENTS</b>	<b>\$1,426,376</b>	<b>\$ 23,656</b>	<b>\$ 44,224</b>	<b>\$ 67,880</b>	<b>5%</b>

**AC Sanitary District**  
**Check Detail**  
**July - August, 2025**

<b>Date</b>	<b>Type</b>	<b>Num</b>	<b>Name</b>	<b>Memo/Description</b>	<b>Amount</b>
<b>00-1000 #1218 Main Checking</b>					
07/07/2025	Expense		WalMart Superstore	Maintenance	-66.41
07/09/2025	Expense		ERS Seaside	Equipment Rental	-644.08
07/10/2025	Check	9398	Pacific Power	Utilities	-3,567.21
07/10/2025	Check	9399	Oregon DEQ	WQWSC2500032	-107.12
07/10/2025	Check	9400	Accuity, LLC	Audit	-2,000.00
07/10/2025	Check	9401	Recology Western Oregon	Utilities	-83.97
07/10/2025	Check	9402	Johnson & Sons Electric	Retro fit 3 light fixtures	-420.00
07/18/2025	Expense		Ace Hardware - Seaside	Maintenance	-69.99
07/19/2025	Expense		Amazon.com	Maintenance	-14.99
07/21/2025	Expense		Microsoft	Office Supplies	-8.25
07/22/2025	Expense		Safeway	Labs	-11.96
07/23/2025	Expense		Google Domains	Office Supplies	-1.99
07/24/2025	Check	9403	Clatsop County Clerk	May 20, 2025 Special Election	-40.82
07/24/2025	Check	9404	Pollard Water	292205	-86.25
07/24/2025	Check	9405	Ferguson Waterworks	Irrigation Project	-351.92
07/24/2025	Check	9406	Meshier Supply	Irrigation Site	-132.84
07/24/2025	Check	9407	Meshier Supply	Irrigation Site Screen Repairs	-459.53
07/26/2025	Expense		QuickBooks Payments	Dues & Subscriptions	-115.00
07/31/2025	Check	9408	Aquionics		-1,322.54
07/31/2025	Check	9409	City of Cannon Beach	Generator	-500.00
07/31/2025	Check	9410	Pollard Water		-109.30
07/31/2025	Check	9411	Ferguson Waterworks	Irrigation Site Repairs	-351.92
07/31/2025	Check	9412	Peterson - CAT		-2,692.32
07/31/2025	Check	9413	North Central Lab		-557.39
07/31/2025	Check	9414	Bob McEwan Construction	I&I Repairs	-3,803.26
07/31/2025	Check	9415	Bob McEwan Construction	WW Treatment Plant Garage Conversion	-6,127.00
07/31/2025	Expense		1st Security Bank	ACH PP (per Acct) Monthly Fee	-10.00
08/07/2025	Check	9416	Pacific Power	Utilities	-3,482.66
08/07/2025	Check	9417	Meshier Supply	2141771A	-7.66
08/07/2025	Check	9418	Roadstone LLC		-200.00
08/07/2025	Check	9419	Recology Western Oregon	Garbage	-83.97
08/13/2025	Expense		Safeway	Labs	-17.97
08/14/2025	Check	9420	DSL Builders, LLC	Webb - last Payment	-22,132.50
08/14/2025	Check	9421	Curran McLeod	Webb	-417.50
08/14/2025	Check	9422	North Central Lab	Countertop Lab Incubator	-4,102.35
08/18/2025	Expense		Amazon.com	Maintenance	-14.99
08/21/2025	Check	9423	Cascade Columbia	Chemicals	-2,463.63
08/21/2025	Expense		Microsoft	Office Supplies	-8.25
08/23/2025	Expense		Google Domains	Office Supplies	-1.99
08/26/2025	Expense		QuickBooks Payments	Dues & Subscriptions	-115.00
08/29/2025	Expense		1st Security Bank	ACH PP (per Acct) Monthly Fee	-10.00
08/29/2025	Expense		9 Peterson - CAT	Generator	-610.00
08/31/2025	Check	9424	Arch Cape Water District	IGA	-10,555.20

# Webb Avenue Pump Station

## Board Update (Sept 18, 2025) -Revised 09/16/25

### **Background**

The Webb Avenue Pump Station serves as the final lift station that conveys all wastewater flows to the Arch Cape treatment plant. The project was identified as a critical need due to aging equipment, limited capacity, and vulnerability to failure. To address these issues, the District applied for and received funding under FEMA's Hazard Mitigation Grant Program (HMGP-DR-4499), administered by the Oregon Department of Emergency Management (OEM).

Curran-McLeod, Inc. provided engineering design services for the project, and DSL Builders, LLC was awarded the construction contract in July 2024.

### **Funding**

Project funding has been provided through the OEM-administered HMGP program. Reimbursements have been processed approximately quarterly through OEM's Request for Reimbursement (RFR) system. The Arch Cape Sanitary District is the subapplicant, with OEM serving as the state administrator.

The total contract value was \$442,650, which included \$3,250 in approved change orders above the original \$439,400 contract. OEM has reimbursed the District for construction, equipment, demolition, site work, and associated engineering costs. Although RFR5 (August 2025) has not yet been reimbursed.

### **Construction Progress**

Construction began in summer 2024 and continued through spring 2025. Major elements included demolition of the old facilities, site work and excavation, installation of new pumps, controls, and a standby generator, and construction of a new building to house the equipment.

Curran-McLeod has confirmed that all work has been completed in accordance with the contract. The final payment (Pay Request #7, August 6, 2025) released retainage of \$22,132.50, bringing the project total to \$442,650. The new station is online and fully operational.

### **Final Acceptance and Warranty**

Curran-McLeod has recommended that we accept the Webb Avenue Pump Station project. The one-year warranty period began in August 2025. As-built drawings will be provided for the District's records.

### **Next Steps**

1. Maintain project records, including as-builts and warranty information.
2. Monitor pump station performance during the 12-month warranty period, addressing any issues in coordination with the contractor and engineer.
3. Continue to pursue OEM for reimbursement of RFR4 (May 2025) and RFR5 (August 2025)

3. Continue to pursue OEM for reimbursement of RFR4 (May 2025) and RFR5 (August 2025)

## **AGENDA MEMORANDUM**

TO: Arch Cape Sanitary District Board  
FROM: Collin Stelzig, P.E., District Administrator  
DATE: September 18, 2024  
SUBJ: Adoption of Corrective Action Plan – FY 2023–24 Audit

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### **SUMMARY**

On July 7, 2025, the Oregon Secretary of State's Audits Division notified the Arch Cape Sanitary District that a corrective action plan had not been submitted in response to a repeat finding identified in the District's audit for the fiscal year ending June 30, 2024. The finding relates to the District's limited segregation of financial duties due to its small size and staffing constraints.

After receiving the letter, the District Administrator contacted the Secretary of State's office to inform them that the matter would be addressed at the September 18, 2025 board meeting. The Audits Division acknowledged this schedule and confirmed that submission after the meeting would be acceptable.

The corrective action plan summarizes existing compensating controls, including invoice review, bank reconciliation oversight, and the recent hiring of a District Administrator to enhance financial oversight and documentation.

### **RECOMMENDATION/SUGGESTED MOTION**

"I move to adopt the corrective action plan for the fiscal year 2023–2024 audit as presented and authorize staff to submit the signed response to the Oregon Secretary of State Audits Division."

### **ALTERNATIVE**

1. Modify the proposed action plan before adoption
2. Take no action (not recommended)

### **FISCAL IMPACT**

There is no direct fiscal impact from adopting the corrective action plan. However, failure to adopt and submit the plan may affect the District's compliance standing with the Secretary of State.

**Approved by District Administrator:** \_\_\_\_\_



Arch Cape Water and Sanitary Districts

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

Date: September 18, 2025

To:

Oregon Secretary of State  
Audits Division  
255 Capitol St. NE, Suite #180  
Salem, OR 97310

Subject: Corrective Action Plan – Fiscal Year Ending June 30, 2024

Arch Cape Sanitary District respectfully submits the following corrective action plan in response to the deficiencies reported in our audit for the fiscal year ending June 30, 2024. The audit was completed by the independent auditing firm Accuity, LLC, and identified a repeat finding related to segregation of duties. This plan of action was adopted by the District's governing body at a public meeting held on September 18, 2025.

### Deficiency – Segregation of Duties

Issue:

Due to the District's small size and limited staffing, complete segregation of accounting and financial duties is not feasible. This is a repeat finding from prior years.

Plan of Action:

The District has implemented a number of alternative procedures to mitigate the risks associated with limited segregation of duties:

- The bookkeeper opens all incoming mail and enters invoices into QuickBooks.
- The bookkeeper consults with District staff to confirm appropriate coding and expense categories.
- District staff review and approve invoices before any payments are issued.
- The bookkeeper does not sign checks. All checks are signed by authorized staff or board members who are independent of the bookkeeping function.
- Bank reconciliations are performed by the bookkeeper and reviewed and approved monthly by the Board Treasurer.
- A District Administrator was hired on July 1, 2025, who will provide additional oversight and help document internal controls, and ensure procedural compliance.

Timeframe:

These procedures have been in place since December 2021, and the hiring of the District Administrator on July 1, 2025, enhances the District's internal oversight and accountability.

Thomas Mattia, Chair

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Signature

Casey Short, Vice-Chair

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Signature

Collin Stelzig, District Administrator

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Signature



Oregon Secretary of State  
Audits Division



**Steve Bergmann**  
Division Director

July 7, 2025

Board of Directors  
Arch Cape Sanitary District  
32065 E Shingle Mill Ln  
Arch Cape, OR 97102

When significant deficiencies, material weaknesses and recommendations for improvements have been reported by auditors in association with a financial statement audit, the governing body of the municipality is required to file a plan of action with the Secretary of State within 30 days of delivery of the report by the independent auditor (ORS 297.466). Material weaknesses and significant deficiencies are typically communicated in a separate letter to management or in a report issued in accordance with Government Auditing Standards.

The Summary of Revenues and Expenditures filed in conjunction with the 2024 annual filing noted that one or more deficiencies were reported. However, we have not received a copy of the required plan of action as adopted by the governing body.

Please file a copy of the 2024 plan of action with our office as soon as practical by filing online at <https://sos.oregon.gov/audits/Pages/audit-report-review-report.aspx> or emailing it to [Municipalfilings.SOS@sos.oregon.gov](mailto:Municipalfilings.SOS@sos.oregon.gov).

We appreciate your efforts in fulfilling the reporting requirements of Municipal Audit Law. If you have questions or concerns, please contact me at (971) 283-0031 or [Amy.John@sos.oregon.gov](mailto:Amy.John@sos.oregon.gov).

Sincerely,

**Amy John, CPA**  
Audit Manager

Webb

**Tobias Read**  
Oregon Secretary of State

**Michael Kaplan**  
Deputy Secretary of State

255 Capitol St NE, Ste 180  
Salem, Oregon 97310

Information (503) 986-2255  
[sos.oregon.gov/audits](https://sos.oregon.gov/audits)

**ARCH CAPE SANITARY DISTRICT**  
**Clatsop County, Oregon**

June 30, 2024

<b>Finding Number</b>	2024-001 (Repeat finding)
<b>Finding Title</b>	Adequate segregation of duties in most areas was impractical due to the limited number of employees. The District has, however, developed alternative procedures, which mitigate this condition to some extent.
<b>Type of Finding</b>	Significant Deficiency
<b>Criteria</b>	Ideally, staffing levels should allow for all areas of accounting responsibility (authorization or approval, custody of assets, recording transactions and reconciliations) to be performed independent of each other.
<b>Condition</b>	Due to limited staffing, complete segregation is not possible within the District
<b>Cause of Condition</b>	Finance staff is competent, capable and performs daily and monthly functions very well. Due to the size of the District, adding finance staff is not a feasible option, so the finding is created.
<b>Potential Effect of Condition</b>	There is a greater opportunity for misstatements in financial records, whether from fraud or error, to occur.
<b>Prevalence</b>	Systemic
<b>Recommendation</b>	We do not recommend any changes in staffing, but the Board of Directors should be aware of this deficiency and remain involved in mitigating controls that have been put into place.



**DATE:** Tuesday, September 16, 2025  
**TO:** Arch Cape Water District and the Arch Cape Sanitation District  
**FROM:** Becky Steckler, AICP, ECONorthwest  
**SUBJECT:** Presentation materials for the Thursday, September 18 Joint Board Meeting

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Attached is the presentation that Becky Steckler, AICP, ECONorthwest and Bob Boemer, Chair of the Arch Cape Falcon Cove Beach Incorporation Study Steering Committee will present at the Thursday, September 18 Joint Board Meeting of the Arch Cape Water District and the Arch Cape Sanitation District.

Note that a full draft of Chapters 1-4 of the Incorporation Study should be available for download on the Arch Cape Falcon Cove Beach Community Club website by Thursday, September 18. We are happy to answer any questions about the study at the meeting or later, after Board Members have had a chance to review it.





# Arch Cape Falcon Cove Beach Incorporation Study

Arch Cape  
Water & Sanitation District  
Board Meeting

**Thursday, September 18, 2025**



# What we hope to accomplish

- Study update
- Where to find more information
  - ◆ ACFCB Community Club Website
  - ◆ Storymap
- What information do you need to determine if you want to recommend the Arch Cape Water/Sanitation District be absorbed by the new city (if incorporated is successful) or remain independent.
  - ◆ Board recommendation requested by October 31, 2025

- Phase 1: Incorporation Study to explore the options
- Phase 2 (TBD): ORS – Required Economic Feasibility Statement (EFS)
  - ◆ 1<sup>st</sup> and 3<sup>rd</sup> Year City Operating Budget (Expenses and Revenue)
- What voters vote on:
  - ◆ 5 city councilors
  - ◆ Permanent tax rate

# Overview of the Incorporation Report

## **Chapter 1: Introduction**

Describes the background and purpose of the study, including factors motivating the community to explore incorporation and the legal requirements under Oregon Revised Statutes.

## **Chapter 2: Approach and Key Assumptions**

Explains the overall approach to the feasibility analysis, key assumptions, the study area, data sources, and limitations.

## **Chapter 3: Scope of Public Facilities and Services Required (Estimates)**

Presents existing conditions and estimates for population, dwelling units, employment, land use, and assessed value. These forecasts form the foundation for estimating future service needs and revenues.

## **Chapter 4: Public Services and Revenue Fiscal Evaluation**

Evaluates the costs and revenue potential of operating a new city, including potential service delivery models, operating budgets for Years 1, 3, and 10, and comparisons to peer cities of similar size.

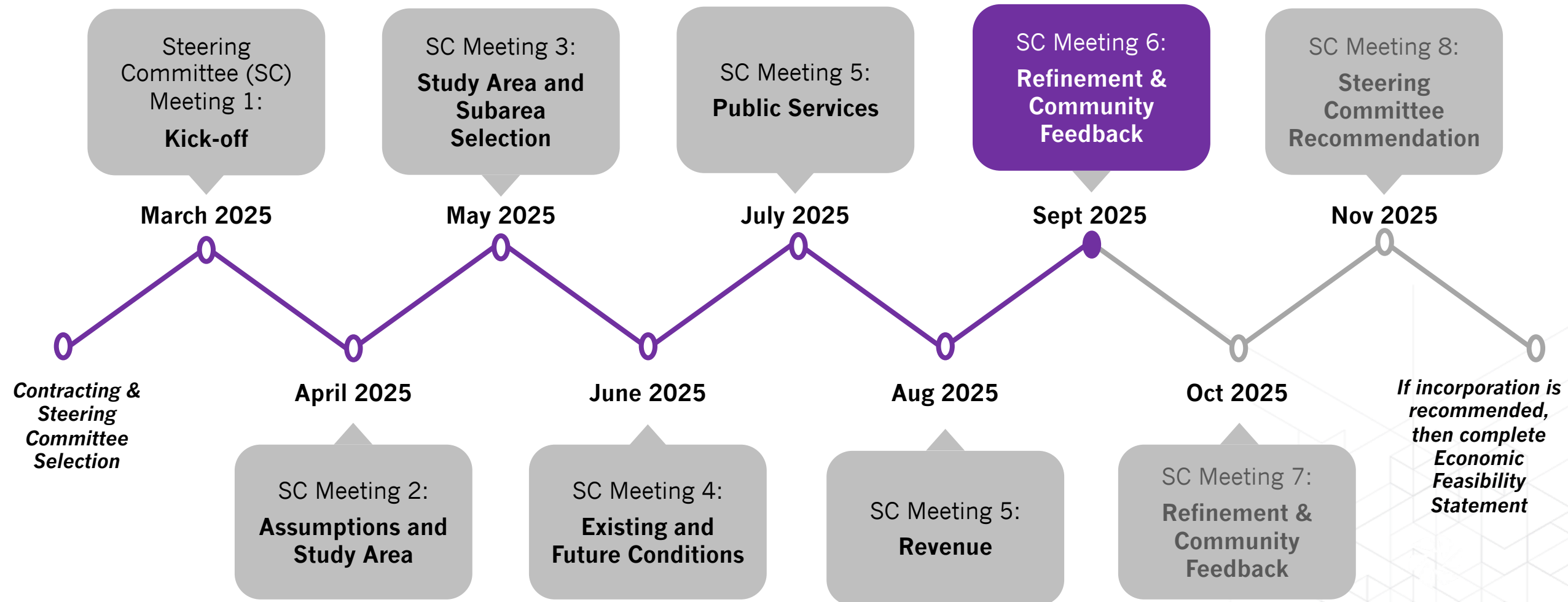
## **Chapter 5: Committee Decisions on Key Assumptions and Options**

Summarizes key decisions and recommendations made by the Steering Committee regarding forecasts, service levels, fiscal assumptions, and other critical inputs to the feasibility analysis.

## **Appendices**

Provide supporting details, including technical methods, summaries of interviews with service providers, and additional data sources used in the analysis.

# Project schedule



## Study Areas Overview

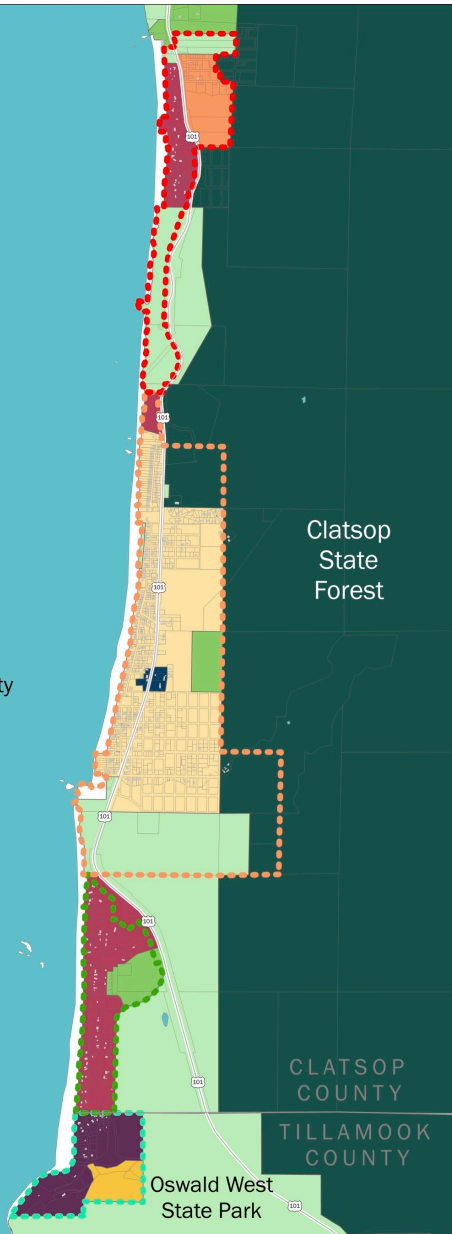
- 1. Arcadia Beach
- 2. Arch Cape
- 3. Falcon Cove Beach (Clatsop Co.)
- 4. Falcon Cove Beach (Tillamook Co.)

### Clatsop/Tillamook County Zoning Designation

- Coastal Residential (CR)
- Single Family Residential (SFR-1)
- Agriculture Forestry (AF)
- Recreation Management (RM)
- Forest 80 (F-80)
- Arch Cape Rural Community Residential (AC-RCR)
- Small Farm & Woodlot 10 Acre (SFW-10)
- Rural Residential 2 Acre (RR-2)
- Rural Community Commercial (RCC)



1 Mile



## Arch Cape Subarea

- 1. Arcadia Beach
- 2. Arch Cape
- 3. Falcon Cove Beach (Clatsop Co.)
- Arch Cape Sanitation District
- Cannon View Park Water District
- Arch Cape Domestic Water Supply District

### Clatsop County Zoning Designation

- Coastal Residential (CR)
- Agriculture Forestry (AF)
- Recreation Management (RM)
- Forest 80 (F-80)
- Arch Cape Rural Community Residential (AC-RCR)
- Rural Community Commercial (RCC)

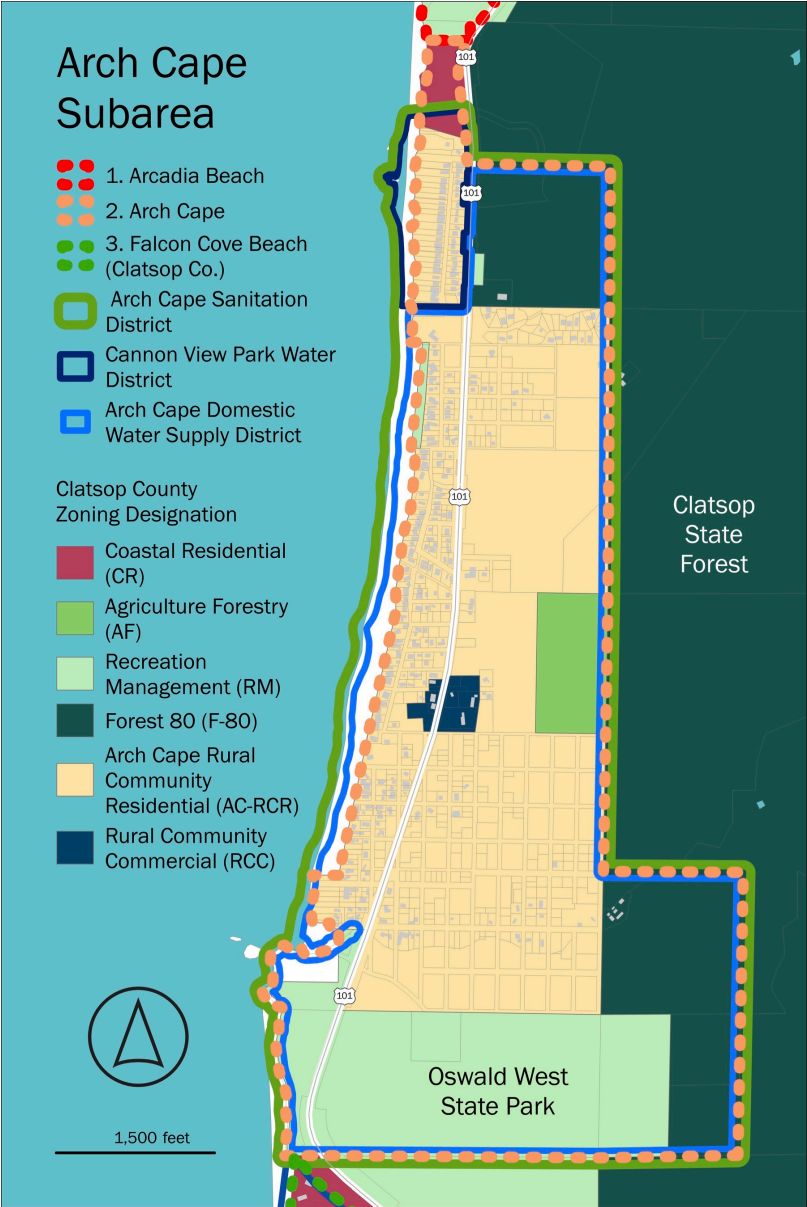


1,500 feet



# Subarea 2: Arch Cape

## Subarea 2: Arch Cape



- SC Meeting #6 (9/11): Review, clarify, ask questions
  - ◆ Refined list of public services and revenue
- Public Forum 9/20: Feedback from public
- Online Feedback: Preliminary feedback from 9/15-10/1: final written comments by 10/31.
- SC Meeting #7 (10/9):
  - ◆ Summary of feedback to date
  - ◆ Refined list of public services and revenue
- SC Meeting #8 (11/13):
  - ◆ Consensus on service levels and revenue sources/permanent tax rate
  - ◆ Recommendation on incorporation by Subarea
- EFS (Dec 2025)
- Election (2026)

# ACFCB Incorporation Study: Chapter 3

**DRAFT Summary of estimated housing units, populations, employment, and assessed value for the Arch Cape Falcon Cove Beach Study Area, 2027 (Year 1), 2029 (Year 3), and 2036 (Year 10)**

	<b>2027 (Year 1)</b>	<b>2029 (Year 3)</b>	<b>2036 (Year 10)</b>
Dwelling Units	479	489	537
Population	354	361	395
Employment	80	80	160
Assessed Value	\$ 304,743,452	\$ 325,851,605	\$ 413,924,590

## Exhibit 33. Draft Summary of sanitation costs (Arch Cape Subarea 2 only)

	2027 (Year 1)	2029 (Year 3)	2036 (Year 10)
<b>Option 1. Keep existing Arch Cape Sanitation District</b>			
The District does not transfer to the city	\$0	\$0	\$0
<b>Option 2. Absorb Arch Cape Sanitation District (Subarea 2 only)</b>			
The District transfers to the city	\$1,019,000	\$623,000	\$842,000

Source: ECOnorthwest and Arch Cape Sanitation District

Note: The cost to rate payers is net neutral, the assumption being that they will pay roughly the same rates to either the Special District in Option 1 or to the city in Option 2.

## Sanitation Services

- ◆ Option 1
- ◆ Option 2

## Exhibit 35. Draft Summary of water services option

	2027 (Year 1)	2029 (Year 3)	2036 (Year 10)
<b>Option 1. Keep existing Water Special Districts</b>			
The Districts do not transfer to the city	\$0	\$0	\$0
<b>Option 2. Absorb Arch Cape Water District (Subarea 2 only)</b>			
The District transfers to the city	\$687,000	\$689,000	\$875,000
<b>Option 3. Absorb Falcon Cove Beach Domestic Water Supply District (Subareas 3 &amp; 4 only)</b>			
The District transfers to the city	\$193,000	\$209,000	\$276,000
<b>Low Cost: Option 1</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>High Cost: Option 2 &amp; 3</b>	<b>\$880,000</b>	<b>\$898,000</b>	<b>\$1,151,000</b>

Source: ECOnorthwest, Arch Cape Water District, Falcon Cove Beach Domestic Water Supply District, analysis by ECOnorthwest

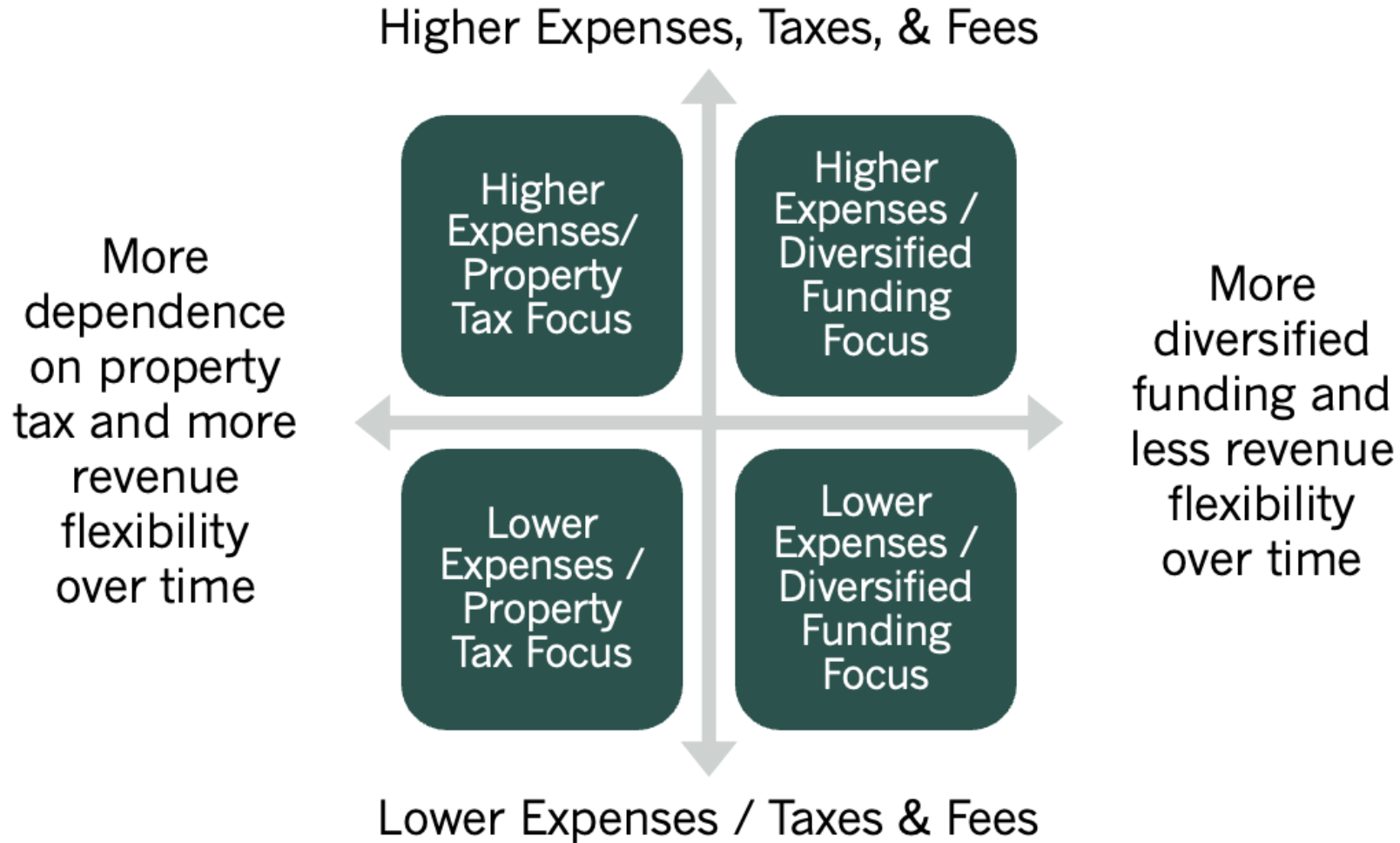
Note: The cost to rate payers is net neutral, the assumption being that they will pay roughly the same rates to either the Special Districts in Option 1 or the city in Options 2 and 3.

## Water Services

- ◆ Option 1
- ◆ Option 2
- ◆ Option 3

- Property Tax
- State Shared Revenue
- Franchise Fees
- Transient Lodging tax
- Grants
- Sanitation (Rates, grants, etc)
- Water (Rates, grants, etc)

# ACFCB Incorporation Study: Chapter 4



# Alternative Budgets: 2027 (Year 1)

## Exhibit 45. Draft 2027 (Year 1) Sample Budget Alternatives

FY 2027 (Year 1)	Alternative 1: Property Tax Focus (high future flexibility)		Alternative 2: Diversified Funding Focus (low future flexibility)	
	A: Low Expense	B: High Expense	A: Low Expense	B: High Expense
<b>Expenses</b>				
Administrative	\$72,800	\$453,400	\$72,800	\$453,400
Legal and Municipal Court	\$200,000	\$345,000	\$200,000	\$345,000
Police	\$30,000	\$494,100	\$30,000	\$494,100
Emergency Management	\$4,500	\$105,000	\$4,500	\$105,000
Planning	\$279,000	\$516,500	\$279,000	\$516,500
Sanitation	\$0	\$1,019,000	\$0	\$1,019,000
Water	\$0	\$880,000	\$0	\$880,000
Transportation	\$46,000	\$509,100	\$46,000	\$509,100
Tourism Promotion (based on TLT Revenue)	\$0	\$0	\$261,800	\$261,800
<b>Subtotal</b>	<b>\$632,300</b>	<b>\$4,322,100</b>	<b>\$894,100</b>	<b>\$4,583,900</b>
Contingency (set at 2% of expenses)	\$12,646	\$86,442	\$17,882	\$91,678
Reserve (set at 5% of expenses)	\$31,615	\$216,105	\$44,705	\$229,195
<b>Total Expenses</b>	<b>\$676,561</b>	<b>\$4,624,647</b>	<b>\$956,687</b>	<b>\$4,904,773</b>
<b>Revenue</b>				
Property Tax	\$554,228	\$2,603,314	\$407,354	\$2,456,440
<i>City Permanent Property Tax Rate</i>	<i>\$1.82</i>	<i>\$8.54</i>	<i>\$1.34</i>	<i>\$8.06</i>
State Shared Revenues	\$39,000	\$39,000	\$39,000	\$39,000
Franchise Fees	\$0	\$0	\$53,000	\$53,000
Transient Lodging Tax	\$0	\$0	\$374,000	\$374,000
Grants (50% of cost of land use plans & codes)	\$83,333	\$83,333	\$83,333	\$83,333
Sanitation	\$0	\$1,019,000	\$0	\$1,019,000
Water	\$0	\$880,000	\$0	\$880,000
<b>Total Revenues</b>	<b>\$676,561</b>	<b>\$4,624,647</b>	<b>\$956,687</b>	<b>\$4,904,773</b>
<b>Revenues Less Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
City property tax for a \$500,000 assessed home	\$909	\$4,271	\$668	\$4,030

# Alternative Budgets: 2029 (Year 3)

## Exhibit 46. Draft 2029 (Year 3) Sample Budget Alternatives

FY 2029 (Year 3)	Alternative 1: Property Tax Focus (high future flexibility)		Alternative 2: Diversified Funding Focus (low future flexibility)	
	A: Low Expense	B: High Expense	A: Low Expense	B: High Expense
<b>Expenses</b>				
Administrative	\$72,800	\$453,400	\$72,800	\$453,400
Legal and Municipal Court	\$155,000	\$310,000	\$155,000	\$310,000
Police	\$30,000	\$371,800	\$30,000	\$371,800
Emergency Management	\$4,750	\$110,750	\$4,750	\$110,750
Planning	\$285,000	\$540,000	\$285,000	\$540,000
Sanitation	\$0	\$623,000	\$0	\$623,000
Water	\$0	\$898,000	\$0	\$898,000
Transportation	\$47,000	\$532,250	\$47,000	\$532,250
Tourism Promotion (based on TLT Revenue)	\$0	\$0	\$277,200	\$277,200
<b>Subtotal</b>	<b>\$594,550</b>	<b>\$3,839,200</b>	<b>\$871,750</b>	<b>\$4,116,400</b>
Contingency (set at 5%)	\$29,728	\$191,960	\$43,588	\$205,820
Reserve (set at 5% of expenses)	\$29,728	\$191,960	\$43,588	\$205,820
<b>Total Expenses</b>	<b>\$654,005</b>	<b>\$4,223,120</b>	<b>\$958,925</b>	<b>\$4,528,040</b>
<b>Revenue</b>				
Property Tax	\$530,672	\$2,578,787	\$382,592	\$2,430,707
<i>City Permanent Property Tax Rate</i>	<i>\$1.63</i>	<i>\$7.91</i>	<i>\$1.17</i>	<i>\$7.46</i>
State Shared Revenues	\$40,000	\$40,000	\$40,000	\$40,000
Franchise Fees	\$0	\$0	\$57,000	\$57,000
Transient Lodging Tax	\$0	\$0	\$396,000	\$396,000
Grants (50% of start up land use)	\$83,333	\$83,333	\$83,333	\$83,333
Sanitation	\$0	\$623,000	\$0	\$623,000
Water	\$0	\$898,000	\$0	\$898,000
<b>Total Revenues</b>	<b>\$654,005</b>	<b>\$4,223,120</b>	<b>\$958,925</b>	<b>\$4,528,040</b>
<b>Revenues Less Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
City property tax for a \$500,000 assessed home	\$814	\$3,957	\$587	\$3,730

# Alternative Budgets: 2036 (Year10)

## Exhibit 47. Draft 2036 (Year 10) Sample Budget Alternatives

FY 2036 (Year 10)	Alternative 1: Property Tax Focus (high future flexibility)		Alternative 2: Diversified Funding Focus (low future flexibility)	
	A: Low Expense	B: High Expense	A: Low Expense	B: High Expense
<b>Expenses</b>				
Administrative	\$92,100	\$596,300	\$92,100	\$596,300
Legal and Municipal Court	\$185,000	\$380,000	\$185,000	\$380,000
Police	\$35,000	\$454,200	\$35,000	\$454,200
Emergency Management	\$0	\$128,000	\$0	\$128,000
Planning	\$70,000	\$435,000	\$70,000	\$435,000
Sanitation	\$0	\$842,000	\$0	\$842,000
Water	\$0	\$1,151,000	\$0	\$1,151,000
Transportation	\$55,000	\$625,900	\$55,000	\$625,900
Tourism Promotion (based on TLT Revenue)	\$0	\$0	\$341,600	\$341,600
<b>Subtotal</b>	<b>\$437,100</b>	<b>\$4,612,400</b>	<b>\$778,700</b>	<b>\$4,954,000</b>
Contingency (set at 5% of expenses)	\$21,855	\$230,620	\$38,935	\$247,700
Reserve (set at 5% of expenses)	\$21,855	\$230,620	\$38,935	\$247,700
<b>Total Expenses</b>	<b>\$480,810</b>	<b>\$5,073,640</b>	<b>\$856,570</b>	<b>\$5,449,400</b>
<b>Revenue</b>	<b>A: Low Expense</b>	<b>B: High Expense</b>	<b>A: Low Expense</b>	<b>B: High Expense</b>
Property Tax	\$438,810	\$3,038,640	\$249,570	\$2,849,400
<i>City Permanent Property Tax Rate</i>	<i>\$1.06</i>	<i>\$7.34</i>	<i>\$0.60</i>	<i>\$6.88</i>
State Shared Revenues	\$42,000	\$42,000	\$42,000	\$42,000
Franchise Fees	\$0	\$0	\$77,000	\$77,000
Transient Lodging Tax	\$0	\$0	\$488,000	\$488,000
Grants (50% of start up land use)	\$0	\$0	\$0	\$0
Sanitation	\$0	\$842,000	\$0	\$842,000
Water	\$0	\$1,151,000	\$0	\$1,151,000
<b>Total Revenues</b>	<b>\$480,810</b>	<b>\$5,073,640</b>	<b>\$856,570</b>	<b>\$5,449,400</b>
<b>Revenues Less Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
City property tax for a \$500,000 assessed home	\$530	\$3,671	\$301	\$3,442