



Special City Council Meeting

Tuesday, June 30, 2026 at 6:00 pm

1. HOW TO ATTEND

1. In Person: 320 N Main St. Falls City, OR 97344
2. Call-in: a. 1-253-215-8782 b. Meeting ID: 878 7406 4319 You will be muted but may “raise your hand” to indicate you wish to comment.
3. Web Application: Zoom Webinar <https://us06web.zoom.us/j/87874064319> You will be muted but may “raise your hand” to indicate you wish to comment during Public Comments.
4. Write-In: Using regular mail or email. a. info@fallscityoregon.gov; 299 Mill St. Falls City, OR 97344

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2. CALL TO ORDER & ROLL CALL

Council President Houghtaling, Councilor Nick Backus, Councilor Tony Meier, Councilor Tia Scruton, Councilor Dennis Sickles, Councilor Lori Jean Sickles

3. CONSENT AGENDA

- a. **May 20, 2026 Budget Minutes**

4. AGENDA ITEM

- a. **Resolution 07-2026**
- b. **Resolution 08-2026**

5. ADJOURN

Posted at City Hall, Community Center, Falls City Website

Contact: Jeremy Teal, City Recorder (jteal@fallscityoregon.gov 503-787-3631) | Agenda published on 06/24/2026 at 12:30 PM

FALLS CITY BUDGET COMMITTEE		WEDNESDAY, MAY 20, 2026
The Falls City Budget Committee was called to order by Council President Houghtaling who met on Wednesday, May 20, 2026 at 6:03 p.m. in the Community Center located at 320 N. Main Street.		
Council Members Present: Council President Amy Houghtaling, Councilor Nick Backus, Councilor Tony Meier, Councilor Tia Scruton, and Councilor Lori Jean Sickles. Councilor Dennis Sickles was absent.		
Budget Committee Members Present: Guy Mack, Jason Evans, and Art Houghtaling arrived at 6:04 pm. Leanne Merrill was absent		
Staff Present: City Manager AJ Foscoli, City Recorder Jeremy Teal		
AGENDA		ACTION
Appointments		
	Chair	Councilor LJ Sickles nominated Council President Houghtaling. The motion was duly seconded by Mr. Mack and CARRIED with a unanimous vote of 7-0.
	Vice Chair	Mr. Mack nominated Councilor Scruton. The motion was duly seconded by Councilor Meier and CARRIED with a unanimous vote of 8-0.
	Secretary	Budget Chair Houghtaling appointed Mr. Teal as the Budget Committee Secretary.
Budget Message		<p>Mr. Foscoli gave a brief overview of the 2026-2027 City of Falls City Annual Budget.</p> <p>He noted that if everything continued the way it was going the City will have some challenges. He stated fortunately he wouldn't have to cut staff, but services might suffer.</p> <p>Chair Houghtaling noted that PERS and insurance went up. Mr. Foscoli stated that insurance was one huge bill. He noted he hoped that moving City Hall to the resource center would hopefully lower costs.</p> <p>Mr. Foscoli mentioned that next fiscal year would end the fire levy and the next 12 months would be conversations about the levy becoming a safety levy to use on fire, law and code services.</p> <p>Chair Houghtaling suggested to go for the safety levy in May and if it fails just go for the fire levy in November. Mr. Foscoli noted that was the reason to start the conversation this fiscal year.</p>

Departmental Overviews	
GENERAL FUND	Mr. Foscoli noted the general fund had a big difference in taxes and evaluation, but the numbers were consistent. He noted the City was always looking for grants, but focused grant writer on Dayton Street bridge. He mentioned the City had collected \$2.3 million for the rebuild with the design costing \$700,000.
ADMINISTRATION	Mr. Foscoli noted this fund was the costs of running City Hall and personnel. He noted the City outsourced legal and planning services.
COUNCIL	Mr. Foscoli stated this fund was for travel and training and to help with community events. Chair Houghtaling noted the \$540 was for the database for pictures and videos.
PARKS	Mr. Foscoli noted the fund had a constant rise over the years with the cost of trying to maintain parks and cemeteries. He noted equipment gets beat up and always needs fixed.
CODE	Mr. Foscoli noted the budget was less than last year with the code officer working less hours than expected.
FIRE	Mr. Foscoli stated the department was deploying more and he estimated \$10,000. He also noted he was increasing the fire association by \$500. He mentioned the department was always looking for grants to help.
LEVY	Mr. Foscoli noted \$63,000 this fiscal year with the brush truck payment annually. Mr. Houghtaling asked what the \$25,600 was. Mr. Foscoli noted half of cost of fire hall/community center roof. Mr. Foscoli noted this was the last year with a truck payment and the fire department was looking at acquiring a Conex training apparatus that would possibly extend use to other agencies. Council President Houghtaling asked if SW Polk levy not passing would affect Falls City. Mr. Foscoli stated he was unsure.

DEBT	Mr. Foscoli stated there were no more park loans anymore.
WATER	<p>Mr. Foscoli stated the revenue and expenses match and the grant had expended all of the grant money and now at loan portion. He mentioned he was hopefully the project would be done before school restarts in September. He noted that operational and professional expenses were higher.</p> <p>Mr. Houghtaling asked if the city was contracting out. Mr. Foscoli stated that was correct for water and sewer certifications. He noted the SDWLRf grant was 1.2 million instead of 1.1 million. He stated the committee would need to do an amendment when approving.</p>
SEWER	Mr. Foscoli noted the sewer funds not high spending with just over 6 million spent on the plant. He noted it was a 1% DEQ loan for 30 years. He advised the next 6 months would give a better idea of numbers on lagoons may need to adjust. He mentioned insurance was up and benefits were high. He stated superintendent gets sewer 1 would save the City \$30,000 and another \$10,000 to get water 1.
STREETS	<p>Mr. Foscoli reported the SRTS grant ended last year with Pacific power finally getting the lights up and was waiting for the \$125,000 reimbursement.</p> <p>He noted the State asked for the bi-annual road conditions down to level 1 and the City was keeping track of it. He mentioned a Small Cities Allotment Grant could get \$125 to \$150,000 but would have to wait a year before could apply. He stated the City needed a good grader and would hopefully purchase with the sale of City Hall.</p>
UTILITY RESERVE	Mr. Foscoli advised the interfund repayment from Streets to the utility reserve fund.
LIBRARY	Mr. Foscoli stated the fund hadn't been used in years until the Council approved the \$10,000 for the resource center library. He noted City Hall would be there and would continue the effort and

<p style="text-align: center;">LUCKIAMUTE COMMUNITY BUILDING (LCB)</p> <p style="text-align: center;">COMMUNITY DEVELOPMENT REVOLVING FUND</p>	<p>hopefully secure some delivery service with books.</p> <p>Council President Houghtaling noted that Martha Jirovec was on the CCRLS board and would help with satellite drop offs. She stated she hoped the reading nest would continue. Mr. Foscoli noted there were a lot of old papers that could be disposed of and would have a bookshelf for the library. He noted there was an idea to get a display case to display historical items in city hall.</p> <p>Mr. Foscoli advised the school district was gone and that freed 3 rooms to rent. He noted the City would start paying property taxes this year.</p> <p>Councilor Scruton asked if the City advertised the available rooms. Mr. Foscoli stated he would make sure it got into the newsletter.</p> <p>Mr. Foscoli mentioned that Polk CDC forgave the park loan and the Council gave back the defederalized money.</p>
<p>Public Hearings</p> <p>This public hearing is an opportunity for any member of the public to comment on or make requests regarding how State Revenue Sharing Funds will be spent in the 2026-2027 Fiscal Year beginning July 1, 2026. State Revenue Sharing funds are a share of certain revenues of the State of Oregon that shall be apportioned among and distributed to the cities of this state for general purposes.</p> <p>Chair Houghtaling opened the public hearing at 7:06 pm.</p> <p>Public Comments:</p> <p>Chair Houghtaling closed the public hearing at 7:07 pm</p>	<p>There were no comments.</p>
	<p>It was moved by Mr. Houghtaling that the Budget Committee of the City of Falls City approve property taxes for the 2026-2027 Fiscal year at the rate of \$2.9202 per \$1,000 of assessed value for operating purposes in the General Fund. The motion was duly seconded by Councilor LJ Sickles</p>

	<p>and CARRIED with a unanimous vote of 8-0.</p> <p>It was moved by Mr. Houghtaling that the Budget Committee of the City of Falls City approve the Fire Department equipment/operations levy of \$1.00 per \$1,000.00 of assessed value if approved by the voters. The motion was duly seconded by Councilor LJ Sickles and CARRIED with a unanimous vote of 8-0.</p> <p>It was moved by Mr. Houghtaling that the Budget Committee for the City of Falls City approve the amended proposed budget for the 2026-2027 Fiscal year in the amount of \$3,616,575 The motion was duly seconded by Councilor Meier and CARRIED with a unanimous vote of 8-0.</p>
Adjourn	There being no further business and the meeting was adjourned at 7:11 p.m.
<p>Read and approved this ____ day of _____ 2026.</p> <p style="text-align: right;">Mayor: _____</p> <p>ATTEST:</p> <p>City Recorder: _____</p>	

AGENDA REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: AJ FOSCOLI, CITY MANAGER
SUBJECT: RESOLUTION 07-2026, FY 25-26 SUPPLEMENTAL BUDGET 2
DATE: JUNE 30, 2026

SUMMARY

A budget amendment request to adjust budget for FY 25-26.

BACKGROUND

Oregon Local Budget Law requires that a city budget be balanced, and that the agency will not spend more than budgeted. The law does allow provisions for adjustments for unforeseen revenues, or expenditures that would not have been known were needed at the time of the preparation of the budget.

This supplemental budget does not change any fund's overall expenditures by 10% or more.

PREVIOUS COUNCIL ACTION

N/A

ALTERNATIVES/FINANCIAL IMPLICATIONS

None.

STAFF RECCOMENDATION

Staff recommends the City Council approve the resolution allowing the adjustment and making appropriations.

PROPOSED MOTION

I move that the Falls City Council adopt Resolution 07-2026, FISCAL YEAR 2025-26 SUPPLEMENTAL BUDGET 2

ATTACHMENTS

Resolution 07-2026, FY25-26 Supplemental Budget No. 2
Exhibit A, Supplemental Budget No. 2

RESOLUTION 07-2026

A RESOLUTION OF THE CITY COUNCIL OF FALLS CITY, OREGON AUTHORIZING APPROPRIATIONS AMENDING THE FISCAL YEAR 2025-2026 BUDGET (SUPPLEMENTAL BUDGET NO. 2)

Findings:

- 1. A Supplemental Budget is the appropriate mechanism to recognize sources of revenue that were unknown at the beginning of the fiscal year.
- 2. This Supplemental Budget makes adjustments to the net working capital of each fund to align the budget with the audit.
- 3. The Supplemental Budget makes adjustments allowing the budget to reflect actual net working capital figures, staffing expenses, grants, and changes in service contracts.
- 4. The Supplemental Budget public hearing was advertised (June 24, 2026) and occurred on June 30, 2026.

NOW THEREFORE,

THE COMMON COUNCIL OF THE CITY OF FALLS CITY RESOLVES AS FOLLOWS:

Section 1. The City Council adopts Supplemental Budget 2 dated June 30, 2026 on file in the City located at City Hall 200 Parry Street, Falls City Oregon 97344.

Section 2. Appropriations are amended as outlined in Exhibit "A" and funds transferred as indicated.

Section 3. This Resolution was duly PASSED and ADOPTED by the Falls City Council and takes effect June 30, 2026.

Approved:

Date

TJ Bailey, Mayor

Attest:

Date

Jeremy Teal, City Recorder

Falls City 2025-2026 Budget Adjustment 2

Resolution 07-2025

Fund	Account	Original Budget	Increase	Decrease	Revised Budget
1. General Fund: 01					
Revenues	TOTAL MISC REVENUE	\$ 57,198	\$ -	\$ 35,000	\$ 22,000
1. General Fund: 01					
Requirements	TOTAL MISC EXPENSE	\$ 82,798	\$ -	\$ 11,000	\$ 71,000
1. General Fund: 01					
Requirements	CONTINGENCY	\$ 815,150	\$ -	\$ 49,000	\$ 766,000
2. General Fund: 01					
Revenues	LGIP Interest	\$ 55,000	\$ -	\$ 8,000	\$ 47,000
2. General Fund: 01					
Requirements	CONTINGENCY	\$ 815,150	\$ -	\$ 8,000	\$ 758,000
3. General Fund: 01					
Revenues	BEGINNING FUND BALANCE	\$ 900,000	\$ -	\$ 441,000	\$ 459,000
3. General Fund: 01					
Requirements	CONTINGENCY	\$ 815,150	\$ -	\$ 441,000	\$ 317,000
4. General Fund: 01					
Revenues	HOUSING GRANT	\$ 230,000	\$ -	\$ 121,000	\$ 109,000
4. General Fund: 01					
Requirements	CONTINGENCY	\$ 815,150	\$ -	\$ 121,000	\$ 196,000
5. General Fund: 01					
Requirements	TOTAL MATERIALS & SERVICES	\$ 505,598	\$ -	\$ 122,000	\$ 384,000
5. General Fund: 01					
Requirements	CONTINGENCY	\$ 815,150	\$ 122,000	\$ -	\$ 339,000
6. General Fund: 01					
Requirements	TOTAL PERSONNEL SERVICES	\$ 187,400	\$ -	\$ 49,000	\$ 139,000
6. General Fund: 01					
Requirements	CONTINGENCY	\$ 815,150	\$ 49,000	\$ -	\$ 388,000
7. General Fund: 1.01 ADMIN					
Requirements	TOTAL MATERIALS & SERVICES	\$ 355,298	\$ -	\$ 111,000	\$ 244,000
7. General Fund: 1.01 ADMIN					
Requirements	CONTINGENCY	\$ 815,150	\$ 111,000	\$ -	\$ 499,000
8. General Fund: 1.01 ADMIN					
Requirements	TOTAL PERSONNEL SERVICES	\$ 175,000	\$ -	\$ 64,000	\$ 111,000
8. General Fund: 1.01 ADMIN					
Requirements	CONTINGENCY	\$ 815,150	\$ 64,000	\$ -	\$ 563,000
9. General Fund: 1.03 PARKS					
Requirements	TOTAL MATERIALS & SERVICES	\$ 17,000	\$ 5,000	\$ -	\$ 22,000
9. General Fund: 1.03 PARKS					
Requirements	CONTINGENCY	\$ 815,150	\$ -	\$ 5,000	\$ 558,000
10. General Fund: 1.07 FIRE					
Revenues	EMR GRANT	\$ -	\$ 2,500	\$ -	\$ 2,500
10. General Fund: 1.07 FIRE					
Requirements	EMR GRANT	\$ -	\$ 2,500	\$ -	\$ 2,500
10. General Fund: 1.07 FIRE					
Requirements	CONTINGENCY	\$ 815,150	\$ 2,500	\$ -	\$ 560,500

1. FEMA ICE STORM FUNDS came in FY 2024-25. Have been expended over multiple Fiscal Years. \$11,000 remaining.

2. Decreased interest rate revenue

3. Adjustment to Beginning Fund Balance

4. End of passthrough grant

5. End of passthrough grant reduced expenses

6. Personnel Expenses reallocated to other funds

7. End of passthrough grant reduced expenses

8. Personnel Expenses reallocated to other funds

9. Increased materials expenses

10. EMR Grant for FIRE DEP'T

Fund	Account	Original Budget	Increase	Decrease	Revised Budget
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1. Street Fund: 11					
Revenues	SCAG Grant	\$ 250,000.00	\$ -	\$ 125,000.00	\$ 125,000.00
1. Street Fund: 11					
Requirements	SCAG Grant	\$ 250,000.00	\$ -	\$ 125,000.00	\$ 125,000.00
2. Street Fund: 11					
Revenues	BEGINNING FUND BALANCE	\$ 60,000.00	\$ -	\$ 8,000.00	\$ 52,000.00
2. Street Fund: 11					
Requirements	CONTINGENCY	\$ 150,000.00	\$ -	\$ 8,000.00	\$ 142,000.00
3. Street Fund: 11					
Requirements	TOTAL PERSONNEL SERVICES	\$ 17,000.00	\$ 2,000.00	\$ -	\$ 19,000.00
3. Street Fund: 11					
Requirements	CONTINGENCY	\$ 150,000.00	\$ -	\$ 2,000.00	\$ 140,000.00

1. Full ODOT SCA Reimbursement has not been received yet (Possibly after July 1, 2026)

2. Decreased Beg. Fund Balance

3. Additional Street Maintenance Work

Fund	Account	Original Budget	Increase	Decrease	Revised Budget
1. Sewer Fund: 13					
Revenues	BEGINNING FUND BALANCE	\$ 20,000	\$ 52,000	\$ -	\$ 72,000
1. Sewer Fund: 13					
Requirements	CONTINGENCY	\$ 33,000	\$ 52,000	\$ -	\$ 85,000
2. Sewer Fund: 13					
Revenues	SEWER USE	\$ 130,000	\$ 29,000	\$ -	\$ 159,000
2. Sewer Fund: 13					
Requirements	CONTINGENCY	\$ 33,000	\$ 29,000	\$ -	\$ 114,000
3. Sewer Fund: 13					
Revenues	24 DEQ Grant R13841	\$ -	\$ 390,000	\$ -	\$ 390,000
3. Sewer Fund: 13					
Requirements	24 DEQ Grant R13841	\$ -	\$ 470,000	\$ -	\$ 470,000
3. Sewer Fund: 13					
Requirements	CONTINGENCY	\$ 33,000	\$ -	\$ 80,000	\$ 34,000
4. Sewer Fund: 13					
Requirements	TOTAL PERSONNEL SERVICES	\$ 73,000	\$ 12,000	\$ -	\$ 85,000
4. Sewer Fund: 13					
Requirements	CONTINGENCY	\$ 33,000	\$ -	\$ 12,000	\$ 22,000

1. Increased Beg. Fund Balance

2. Additional Sewer Use

3. DEQ Project Completion was extended to April 30. Final Reimbursements will be deposited after July 1, 2026

4. Increased Personnel costs

Fund	Account	Original Budget	Increase	Decrease	Revised Budget
1. Water Fund: 20					
Revenues	Water Rate Study S24008	\$ -	\$ 14,000	\$ -	\$ 14,000
1. Water Fund: 20					
Requirements	Water Rate Study S24008	\$ -	\$ 14,000	\$ -	\$ 14,000
2. Water Fund: 20					
Revenues	23 SDWRLF Grant	\$ 1,400,000	\$ -	\$ 276,000	\$ 1,124,000
2. Water Fund: 20					
Requirements	23 SDWRLF Grant	\$ 1,400,000	\$ -	\$ 158,000	\$ 1,242,000
2. Water Fund: 20					
Requirements	CONTINGENCY	\$ 390,000	\$ -	\$ 118,000	\$ 272,000
3. Water Fund: 20					
Requirements	TOTAL MATERIALS & SERVICES	\$ 93,000	\$ 67,000	\$ -	\$ 160,000
3. Water Fund: 20					
Requirements	CONTINGENCY	\$ 390,000	\$ -	\$ 67,000	\$ 205,000
4. Water Fund: 20					

1. Water Rate Study Grant

2. Ongoing Project with delayed reimbursement

3. Increased Operational Expenses, Professional Services, Equipment O&M Expenses, Insurance Expenses, Utilities Expenses

4. Personnel Costs have increased in all subcategories

Requirements	TOTAL PERSONNEL EXPENSES	\$ 153,000	\$ 45,000	\$ -	\$ 198,000
4. Water Fund: 20					
Requirements	CONTINGENCY	\$ 390,000	\$ -	\$ 45,000	\$ 160,000

Fund	Account	Original Budget	Increase	Decrease	Revised Budget
1. Fire Levy: 82					
Revenues	BEGINNING FUND BALANCE	\$ 36,000	\$ -	\$ 12,000	\$ 24,000
1. Fire Levy: 82					
Revenues	LEVY REVENUES	\$ 63,000	\$ -	\$ 8,000	\$ 55,000
1. Fire Levy: 82					
Requirements	CONTINGENCY	\$ 15,000	\$ -	\$ 15,000	\$ -

1. Revised entries: Reduced Beg. Fund Balance & Tax Revenues

AGENDA REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: AJ FOSCOLI, CITY MANAGER
SUBJECT: INTERFUND LOAN UTILITY RESERVE FUND TO STREETS FUND
DATE: JUNE 30, 2026

SUMMARY

An Interfund Loan from Utility Reserve Fund to Streets Fund.

BACKGROUND

This interfund loan is to fill the funding gap between the Safe Routes to School & Small Cities Allotment grant amounts and the project total for the Safe Routes to School construction project at N. Main St., Mitchell St., Bridge St., 5th St. and Prospect Ave. The funding gap for the construction project is \$120,000. The repayment will occur over 10 years, with \$16,500 annual installments. The interest rate charged will be 5.5%.

PREVIOUS COUNCIL ACTION

Approval of 2025-2026 FY Budget including Interfund Loan from Utility Reserve Fund to Streets Fund.

ALTERNATIVES/FINANCIAL IMPLICATIONS

None.

STAFF RECCOMENDATION

Staff recommends the City Council approve the resolution authorizing the Interfund Loan from Utility Reserve Fund to Streets Fund.

PROPOSED MOTION

I move that the Falls City Council adopt Resolution 08-2026, authorizing the Interfund Loan from Utility Reserve Fund to Streets Fund.

ATTACHMENTS

Resolution 08-2026, authorizing the Interfund Loan from Utility Reserve Fund to Streets Fund.

RESOLUTION 08-2026

A RESOLUTION OF THE CITY COUNCIL OF FALLS CITY, OREGON AUTHORIZING AN INTERFUND LOAN FROM UTILITY RESERVE FUND TO STREETS FUND

Findings:

1. An interfund loan from Utility Reserve Fund to Streets Fund.
2. This interfund loan is to fill the funding gap between the Safe Routes to School & Small Cities Allotment grant amounts and the project total for the Safe Routes to School construction project at N. Main St., Mitchell St., Bridge St., 5th St. and Prospect Ave.
3. The funding gap for the construction project is \$120,000.
4. The repayment will occur over 10 years, with \$16,500 annual installments.
5. The interest rate charged will be 5.5%.

NOW THEREFORE,

THE COMMON COUNCIL OF THE CITY OF FALLS CITY RESOLVES AS FOLLOWS:

Section 1. The City Council authorizes the interfund loan from the Utility Reserve Fund to the Streets Fund.

Section 2. The loan amount will be \$120,000.

Section 3. Interest will accrue at the rate of 5.5% per annum repayment of principal and interest will be made according to the schedule in Section 4.

Section 4. Repayment of the balance of the loan may be made in advance at any time.

	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2034-35	FY 2035-36
Principal	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
Interest	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500
Total	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500

Section 5. This Resolution was duly PASSED and ADOPTED by the Falls City Council and takes effect June 30, 2026.

Approved:

Date

TJ Bailey, Mayor

Attest:

Date

Jeremy Teal, City Recorder