



# Falls City Oregon City Council Meeting

Monday, May 4, 2026 at 6:00 pm

## Meeting Location

320 N Main St • Falls City, OR 97344

## How to Attend and/or Participate

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](mailto:info@fallscityoregon.gov); 299 Mill St. Falls City, OR 97344

The City of Falls City does not discriminate in providing access to its programs, services, and activities on the basis of race, color, religion, ancestry, national origin, political affiliation, sex, age, marital status, physical or mental disability, or any other inappropriate reason prohibited by law or policy of the state or federal government. Should a person need special accommodations or interpretation services, contact the City at 503.787.3631 at least one working day prior to the need for services and every reasonable effort to accommodate the need will be made.

### 1. CALL TO ORDER & ROLL CALL

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

### 2. PLEDGE OF ALLEGIANCE

### 3. ANNOUNCEMENTS, APPOINTMENTS, APPRECIATIONS, & PROCLAMATIONS

### 4. PUBLIC COMMENTS & LETTER COMMUNICATIONS

In order to encourage an environment of openness, courtesy and respect for differing points of view, please refrain from behavior that is disruptive to the meeting such as making loud noises, clapping, shouting, booing, or any other activity that disrupts the orderly conduct of the meeting. Abusive language will not be tolerated.

Please limit your commentary to 3 minutes or less.

### 5. PUBLIC HEARINGS

Public comment will be allowed in items appearing on the section of the agenda following a brief staff report representing the item and action requested.

**a. Wastewater Facility Completion**

**Attachments:**

- **Notice** (Falls\_City\_Second\_Public\_Hearing\_Notice\_5-4-26.pdf)

**6. CONSENT AGENDA**

**a. April 6, 2026 Minutes**

**Attachments:**

- **Minutes** (2026.04.06\_Council\_Minutes.pdf)

**b. Street Closure**

**Attachments:**

- **Street Closure** (Street\_Closure.pdf)

**7. REPORTS OR COMMENTS FROM MAYOR AND COUNCIL MEMBERS**

**a. Mayor's Report**

**b. Councilor Comments**

**8. REPORTS FROM CITY MANAGER & STAFF**

**a. City Manager's Report**

**Attachments:**

- **Report** (2026.05.04\_Monthly\_Manager's\_Report.pdf)

**9. RESOLUTIONS**

**a. Resolution 03-2026**

**Attachments:**

- **Staff Report** (2026.05.04\_SR\_Luckiamute\_WDC\_Contract\_Proposal.pdf)
- **Resolution 03-2025** (Resolution\_03-2026\_Luckiamute\_DWC\_Water\_Purchase\_Agreement.pdf)
- **Water Contract** (LDWC\_WATER\_PURCHASE\_AGREEMENT\_2026.pdf)

**b. Resolution 04-2026**

**Attachments:**

- **Staff Report** (2026.05.04\_Staff\_Report\_City\_Hall\_Surplus.pdf)
- **Resolution 04-2026** (Resolution\_04-2026\_Surplus\_Real\_Property\_City\_Hall.pdf)

**10. GOOD OF THE ORDER**

## 11. ADJOURN

Posted for Public at the City Hall Bulletin Board, Community Center, Falls City Website, Falls City Market, LCB Bulletin Board, and City Facebook page

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Contact: Jeremy Teal, City Recorder (jteal@fallscityoregon.gov 503.787.3631) | Agenda published on 04/29/2026 at 10:04 AM

## **City of Falls City Wastewater Improvements Notice of Second Public Hearing**

The City of Falls City has completed the Wastewater Improvements Project funded with Community Development Block Grant funds from the Oregon Business Development Department. The location of the Project is the City of Falls City. It is estimated that the project has benefited at least 500 persons, of whom 61.90% are low or moderate income.

A public hearing will be held by the City Council at 6:00 p.m. on May 4, 2026, at the Falls City Community Center, 320 N. Main, Falls City, Oregon, 97344. This meeting can be attended via remote access, the link and phone number are on the City of Falls City website at <https://www.fallscityoregon.gov/>

The purpose of the hearing is for the City Council to obtain citizens views about the project and to take comments about the local government's performance. Written comments are also welcome and must be received by **May 4, 2026 at Falls City, City Hall, 299 Mill Street, Falls City, Oregon 97344.**

The location of the hearing is accessible to persons with disabilities. Please contact **Jeremy Teal at 503-787-3631** if you will need any special accommodations to attend or participate in the meeting.

More information about Oregon Community Development Block Grants, the project, and records about the City of Fall City's past use of Community Development Block Grant funds is available for public review at the City of Fall City during regular office hours. Advance notice is requested.

<b>FALLS CITY CITY COUNCIL</b>		<b>MONDAY, APRIL 6, 2026</b>
<p>Mayor Bailey called the Falls City City Council into regular session on Monday, April 6, 2026 at 6:00 p.m. in the Community Center located at 320 N. Main Street.</p>		
<p><b>Council Members Present:</b>            Councilor Nick Backus, Councilor Tony Meier, Councilor Tia Scruton, and Councilor Lori Jean Sickles. Councilor Dennis Sickles and Council President Amy Houghtaling were absent.</p>		
<p><b>Staff Present:</b>            City Manager AJ Foscoli and City Recorder Jeremy Teal</p>		
<b>AGENDA</b>		<b>ACTION</b>
<p><b>Announcements, Appointments, Appreciations &amp; Proclamations</b></p>		<p>Mayor Bailey thanked everyone that helped with the easter egg hunt and especially the Boondocks and Fire Department for a wonderful event. He thanked State Representative Anne Scharf for helping secure the \$700,000 for the Dayton bridge.</p>
<p><b>Public Comment</b></p>		<p>Mayor Bailey opened the public comments at 6:03 p.m.</p> <p>Jim Miner stated there were maple trees on Mitchell that were rotten and getting bad. He noted Ben Martinez was trying to get a tree down on his and city property on Prospect and Boundary. He asked if the City could help. He mentioned it would have to come down piece by piece and then use a dozer to take the rest out.</p> <p>Tracy Young asked how many vehicles the City owned. Mr. Foscoli stated 9 total, with 5 vehicles.</p> <p>Peggy Sperry asked about the fire rules in the community and noted her house camera caught a huge fire in town. She mentioned she called the Fire Department and was very grateful. She asked if the neighborhood caught fire who would be liable. Mayor Bailey stated the Fire Department did respond and performed a perimeter sweep and found water was accessible and made the individual dig a ditch around the fire to keep it from jumping. He noted the flames were pretty small and the firefighters pulled certain items out of fire so they wouldn't burn. He mentioned had it been a windy night they would have extinguished the fire.</p> <p>Ms. Sperry asked if the siren blew 3 or 4 times.</p>

Ms. Young noted that dispatch was in control of siren and sometimes it glitches. Mayor Bailey stated he would find out and let her know.

Tina Thompson stated the fire had been burning for 3 days and she had been feeling nauseated for 2 days and had addressed this property at every council meeting and wanted to know what was going to be done about it.

Wendy Cranfill stated their home was directly across from the fire and based on the height of the person working at the fire the flames were 3 times as tall as him. She noted she had photos she would like to send to Chief Gilbert. Mayor Bailey asked that she send the pictures to him.

Ms. Cranfill mentioned the burn line stated fires were allowed from 12-5:30 pm, not at 2:30 in the morning when the fire was still burning. Mayor Bailey stated when he arrived there were no large flames. He noted they pulled things out of the flames that shouldn't have been burned.

Chief Gilbert stated Fire Department has had problems over the years, and several fires at that property. He noted he attended the fire that accidentally burned the house and trailer. He reported that Bob Young worked with the owners and pushed everything into piles. He advised he made contact with Mr. Rancore and he stated he would attend the fire until it went out. He outlined the City had setup the ordinance process, with a verbal notice, a written notice, and a ticket with a fine.

Ms. Thompson thanked Chief Gilbert for his service, but was mad at the council for not dealing with it.

Mr. Foscoli stated the City had an inter-governmental agreement with Dallas for court services and would use them when appropriate.

Mayor Bailey asked if the fire alarm goes off 3 or 4 times when a call comes in. Chief Gilbert stated 50 years ago 1 siren was in town, 3 sirens was

	<p>out of town. He noted the siren was set for 3, but if you hear 4 it is just a glitch.</p> <p>Mayor Bailey closed the public comments at 6:33 p.m.</p>
<p><b>Development Code Amendments</b></p>	<p>Holly Byram, MWVCOG Planner, gave a brief overview of the State Statutes regarding marijuana production and processing in industrial property. She asked if the Council would like to relook at the development code relating to marijuana production.</p> <p>Mayor Bailey noted the City was doing its due diligence with a company that is looking at manufacturing in Falls City and the Council wanted to make sure we were not handcuffed. Ms. Byram stated that with the code currently in place that facility could manufacture in Falls City. She mentioned the City attorney could review and they would fall into federal standards.</p> <p>Councilor Backus asked if a municipal code change banning manufacturing would go to the voters. Ms. Byram noted that it would.</p> <p>Tina Thompson noted this facility would only be manufacturing, not retail.</p> <p>Councilor LJ Sickles asked if this would be a code change. Ms. Byram noted it would be, but the Council didn't need to do anything unless they wanted stricter rules.</p> <p>Councilor Backus asked if the City needed new rules before the project could continue. Ms. Byram noted the City was covered with their code and the state and federal standards. Mayor Bailey asked if the Council could reach out if they wanted to do more. Ms. Byram stated she would be available.</p> <p>Mr. Foscoli noted the town hall on April 20 would discuss the marijuana potential standards.</p>
<p><b>Consent Agenda</b> a) March 2, 2026 Minutes</p>	<p>It was moved by Councilor Meier to approve the Consent Agenda as presented. The motion was duly seconded by Councilor Backus and CARRIED</p>



<p><b>Good of the Order</b></p>	<p>Mr. Foscoli reported the Luckiamute Water District agreement was agreed upon \$2.85 with a few minor changes. He noted they asked for their 5% increase to incur next year in 2027.</p> <p>Mayor Bailey asked if the penalties were going into effect in July 1, 2026. Mr. Foscoli stated the 5% would be in effect 2027 to 3031. He noted the penalties go into effect July 1, 2026 and they can't go over 3 million gallons a month. He mentioned he would bring it back to Council next month to adopt it.</p> <p>Mayor Bailey noted the meeting to discuss the July 3 event meeting would be on April 11 at 11 am in the community center.</p>
<p><b>Adjourn</b></p>	<p>There being no further business, the meeting was adjourned at 7:11 p.m.</p>
<p>Read and approved this ____ day of _____ 2026.</p> <p>Mayor: _____</p> <p>ATTEST:</p> <p>City Recorder: _____</p>	



# STREET CLOSURE REQUEST FORM

## FALLS CITY MUNICIPAL CODE

Sections 91.02 and 91.03 of the Falls City Municipal Code govern street closures. City Council approval is required for all street closures not part of an emergency response, public works, or utility job.

### Requirements:

1. Provide this form to City Hall for review no later than one week prior to the regular City Council Meeting preceding your requested closure.
2. Provide a non-refundable fee of \$25 per day the street will be closed.
3. Provide a certificate of liability insurance in an amount to be determined based on the nature of your event, but typically not less than \$1 million per occurrence, and \$2 million aggregate. The certificate of liability MUST name the City of Falls City as an additional insured.
4. Agree to maintain a clear passage for emergency vehicles.
5. Provide adequate sanitation facilities and evidence thereof to the city.

### BASIC INFORMATION

Applicant Name: # 4th of July Parade

Applicant Address: \_\_\_\_\_

Applicant Phone: 503-302-0868

Date(s) of Requested Closure: July 4th 2020

Reason for Closure & Activity to be Conducted: PARADE

Description of the street area to be closed: W MAIN ST @ ELLIS

Request Closure Starting: 1930  AM/PM; Ending: 10:30  AM/PM

### REPRESENTATIONS BY APPLICANT

Ly Initials: It is my responsibility to ensure emergency vehicles have a clear passage and immediate access to and through the area approved for street closure.

Ly Initials: It is my responsibility, and I agree to place and remove sufficient barricades and signs to ensure the safety of the area approved for street closure and all those within it.

The barricades I will use to block the street are described as follows: \_\_\_\_\_

Ly Initials: I understand that if I require assistance to barricade or remove barricades to the streets, I will be charged for that service and agree to pay the costs enumerated in the City Fee Schedule.

Ly Initials: I understand that it is my responsibility to ensure the area approved for closure is free of all tangible materials that were not there prior to the closure (i.e. clean up after yourself).

By signing below, I agree to abide by all provisions of the Falls City Municipal Code and this application. I further agree to hold harmless and indemnify the City of Falls City, its Officers, Agents, and Assigns for any and all liability associated with the street closure herein and the event for which it was sought.

Applicant Signature Tracy Young Date 9/28/16

**INTERNAL USE ONLY**

\$25/day Fee- Cash  Check ; Date \_\_\_\_\_; Amount \_\_\_\_\_; Receipt # \_\_\_\_\_; Received by \_\_\_\_\_.

**Fire Review**

JS Initial: I have reviewed the request and  DO have concerns  DO NOT have concerns.  
Concern \_\_\_\_\_

**Public Works Review**

JS Initial: I have reviewed the request and  DO have concerns  DO NOT have concerns.  
Concern \_\_\_\_\_

**City Manager Review**

JS Initial: I have reviewed the request and  DO have concerns  DO NOT have concerns.  
Concern \_\_\_\_\_

**City Council:**

Vote Tally- Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Abstain \_\_\_\_\_

Approved  Yes  No (approval effective on date of signature by Presiding Official)

Signature of Presiding Official \_\_\_\_\_ Date \_\_\_\_\_

**City Staff:**

**Notification of Approval**

- Falls City Fire
- Public Works
- City Manager
- Sheriff's Office
- Willamette Valley Communications (dispatch)

Name of Staff Completing Notifications \_\_\_\_\_ Date \_\_\_\_\_



City of Falls City  
299 Mill Street  
Falls City, OR 97344  
Ph 503.787.3631

## City Manager's Report May 5, 2026

### **Introduction**

After the Wastewater Treatment Facility Lagoon project underwent successful start-up testing and switch-over protocols, the decommissioning and dismantling of the old treatment facility has been completed. Our staff are continuing to familiarize themselves with the new facility's operations, and have been discharging treated effluent to the Little Luckiamute as per our DEQ permit. The city will be using the new facility to process its wastewater effluent and discharge to the river until April 30th, after which time, the city will begin the first summer impounding period, as the lagoons were designed. Something that the city and the high school has been waiting to do since the summer of 2024. The ongoing water mainline project is continuing to progress steadily, with the designs complete and approved by OHA for Phase 2. Our construction contractor will immediately start the waterline replacement construction as soon as the cost estimates for each new section of Phase 2 have been decided.

**Wastewater Project** – Switch-over protocols from the old wastewater treatment facility to the new one, continued through April and are now fully in the river discharge phase. Strider Construction, our contract engineers and various contractors and city staff have gone through the various operational checklists of all of the components of the new facility. The chlorine-dosing has been calibrated to meet DEQ standards, and the city's effluent is being treated at the new site before discharging to the Little Luckiamute River. As this happened for a continuous 7 days without incident, Strider demolished and decommissioned the old treatment equipment, the gravel filter and recirculating tank. We look forward to announcing the official switch-over before May 1, with a potential ribbon cutting ceremony on May 4, to coincide with May's City Council meeting.

**Code Enforcement** – Our Code Enforcement Officer continues to coordinate with the Polk County Sheriff's Office Deputy to address several code compliance instances. In particular, a lot of progress has occurred in getting the Ellis Street non-compliance issue of accumulating garbage under control. The property owners have been working on mitigation to avoid having to go to Municipal Court. Thanks to the City of Dallas for municipal court services, the Code Enforcement Officer will issue citations to ongoing non-compliance cases, especially on Ellis Street if progress stalls. Other non-compliance cases will be adjudicated in future court proceedings.

**Grant Writing and Research Proposal** – Our contract grant research and writing company has already made progress in assisting the city with our main projects by connecting with some of the larger funding organizations in the state. More to come as we get progress reports on their research.

**Town Hall Meeting** – Next Town Hall Meeting is planned for Monday, July 20 at 6:00pm. The possible topics include continuing the discussion on 2026’s Water Rate increases, how current Federal & State funding cuts affect city services, funding for the Dayton Street Bridge repair/reconstruction, funding for Code Enforcement/Compliance, continued funding for Falls City Fire Department.

**July 4<sup>th</sup> Event** – The city is supporting the resident volunteers that are organizing a parade and festivities on the Fourth of July. Vendor forms, parade forms and traffic cones will be provided by the city (forms at City Hall). For more information on how to participate, please contact Dawn Martin at 541-306-7587.

**2025/2026 Infrastructure Construction Projects** –

*Water Mainline Replacement Project:*

- Trench Line Excavation Inc. has replaced several failing water lines at:
- Hopkins Avenue, portions of 2nd, 3rd, 4th Streets, Pine Street, alley between Pine Street & N. Main Street, and Estelle, Clark, East Clark, and Forest View Lane, Hopkins Avenue, Estelle, Clark & East Clark, alleyway between 2<sup>nd</sup> and 3<sup>rd</sup> Street
- Business Oregon & OHA have approved additional water lines for replacement, therefore work will continue for an additional 2-3 months at the following locations: Cameron, Parry Road, Fairview & Terrace Street, Mill Street, Pine Street and 1<sup>st</sup>/2<sup>nd</sup> Street connection

Sincerely,



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## **AGENDA REPORT**

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**TO:** CITY COUNCIL  
**FROM:** AJ FOSCOLI, CITY MANAGER  
**SUBJECT:** LUCKIAMUTE DOMESTIC WATER COOPERATIVE WATER AGREEMENT  
**DATE:** 05/04/2026

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### **BACKGROUND**

The City of Falls City has had an agreement for water purchase with the Luckiamute Domestic Water Cooperative (LDWC) in the past. The last contract expired last spring, and it is overdue for renewal. Through meetings between parties on both sides, discussion on contracts and water rates have occurred recently.

### **SUMMARY**

The water purchase agreement between the Luckiamute Domestic Water Cooperative and the city of Falls City, is a mutually beneficial one. The steady production of treated water helps the city to level out its treatment plant's capacity, as well as generate a sizeable annual contribution to the city's water revenue. The expired contract's rates of what the city charged the Luckiamute Water District had not changed since 2018, and thus were due for adjusting, based on annual cost increases of water production. As the city has gone through major water infrastructure upgrades, and the resulting upcoming rate increases to all of its customers, an adjustment to the Luckiamute Water District Cooperative's rates was due.

### **PREVIOUS COUNCIL ACTION**

Staff and Council had previous meetings with representatives from the LDWC, in the past for the previous agreement, with more recent meetings being held between staff for the latest version.

### **ALTERNATIVES/FINANCIAL IMPLICATIONS**

Under the new agreement, LDWC shall pay the City, for water delivered during the previous month at the rate of \$2.85 per 1000 gallons at a base rate of 200,000 gallons per meter (or a total of 400,000 gallons for both meters combined) per month. Seller shall pay Purchaser at a rate of \$3.15 per 1000 gallons between 3,000,000 & 3,300,000 gallons per month, and at a rate of \$3.55 per 1000 gallons above 3,300,000 gallons per month. In the event City hereafter increases its water rates to its residents, the rates payable by Luckiamute under this agreement will increase by the same percentage amount of increase, effective on the same date as the increase is effective as to City's residents.

### **STAFF RECOMMENDATION**

Staff recommends that Council approve the agreement as presented.

### **PROPOSED MOTIONS**

Move that Council approve the proposed Luckiamute Domestic Water Cooperative Agreement as presented by Resolution.

### **EXHIBIT**

Resolution 03-2026  
Proposed Water Purchase Agreement City of Falls City & LDWC

**Resolution 03-2026**

**A RESOLUTION OF THE CITY OF FALLS CITY, OREGON AUTHORIZING  
THE BULK WATER AGREEMENT BETWEEN THE CITY OF FALLS CITY  
AND LUCKIAMUTE DOMESTIC WATER COOPERATIVE.**

**Recitals**

- A. The City of Falls City owns and operates a water supply distribution system with a capacity currently capable of serving the needs of the City’s current customer base and to also serve water users served by Luckiamute Domestic Water Cooperative, an Oregon Cooperative Corporation, under the terms of the agreement.
- B. The City of Falls City is allowed to make bulk rate agreements, per Chapter 51.04, item E, special contracts of Falls City Municipal Code.
- C. The City and Luckiamute Domestic Water Cooperative have negotiated an agreement for the bulk sale of water, while retaining the right of first need to be to the customers of the City of Falls City, per Chapter 51.04, item G of Falls City Municipal Code.

**NOW THEREFORE, the City of Falls City resolves as follows:**

Section 1. The Council authorizes the Water Purchase Agreement between Falls City (Seller) and Luckiamute Domestic Water Cooperative (Purchaser) as attached hereto as Exhibit A.

Section 2. The agreement will go into effect on the beginning of the next billing cycle after signing and dating by both parties of acceptance of the Agreement.

Section 3. This resolution shall take effect immediately upon adoption by the City Council and signature of the Mayor.

Adopted this \_\_\_\_\_ day of May, 2026.

\_\_\_\_\_  
Date

\_\_\_\_\_  
TJ Bailey, Mayor

Attest:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Jeremy Teal, City Clerk

## WATER PURCHASE AGREEMENT

This agreement is for the sale and purchase of water and is entered into on the 4th day of May, 2026, between the City of Falls City, Oregon a municipal corporation as SELLER, and Luckiamute Domestic Water Cooperative, an Oregon non-profit cooperative corporation, as PURCHASER. The principles of this contract take effect at 12:01 AM on the \_\_\_ day of \_\_\_, 2026, and supersedes any and all previous contracts between the City of Falls City, Oregon, and the Luckiamute Domestic Water Cooperative, sited in Suver, Oregon.

Whereas, Purchaser is organized and established under the provisions of Oregon statute for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser, and to accomplish its purpose Purchaser requires an ongoing supply of treated water; and

Whereas, Seller owns and operates a water supply distribution system with capacity currently capable of serving the citizens of the City of Falls City together with water users to be served by Purchaser; and

Whereas, by Resolution No.03-2026, enacted on the 4th day of May, 2026, by Seller, the sale of water to Purchaser in accordance with the terms set forth therein and the execution of this contract was duly authorized; and

Whereas, by resolution of the Board of Directors of Purchaser, enacted on the \_\_\_ day of \_\_\_, 2026 the purchase of water from Seller in accordance with the terms set forth therein and the execution of this contract was duly authorized.

Now therefore, in consideration of the foregoing and the mutual agreements set forth below, the parties agree as follows:

1. Seller shall furnish Purchaser at the point of delivery specified below, during the term of this contract or any renewal thereof, potable treated water meeting applicable purity standards of the Oregon Health Division in such quantity as may be required by Purchaser, but NOT to exceed 3,000,000 Gallons per month.
2. Seller will, at all times, operate and maintain its water system in an efficient manner and will take such action as may be necessary to furnish Purchaser with quantities of water required by Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event Seller is unable, at any time, to meet both Seller's service obligations to its municipal water customer's and Purchaser's requirements under contract, the supply of water to Purchaser will be reduced and Seller's municipal water customers will be entitled to priority for water service, without liability to Purchaser. In the event that Seller is unable to meet the 200,000 gallons per vault in a given month, the Purchaser will only be required to pay for the units delivered.
3. Seller shall furnish water to Purchaser at a reasonably constant pressure that meets Oregon State standards from an existing 6-inch main supply at a point located at the Falls City cemetery. Seller shall also furnish water to Purchaser at

a reasonable constant pressure that meets Oregon State standards from an 8-inch main supply point located at Waymire Road and Bridgeport Road. If a greater pressure is required by Purchaser, the cost of providing such greater pressure shall be borne by Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire, earthquake, or other catastrophe shall excuse Seller from this provision for such reasonable period of time as maybe necessary to restore service.

- 60 Purchaser shall furnish, install, operate and maintain at its own expense all metering equipment, back-flow device, pressure gauge and water lines from point of delivery and shall calibrate such metering equipment annually in the month of May. Purchaser shall forward to Seller proof of calibration compliance no later than seven (7) working days from completion of said calibration. Purchaser shall be responsible for obtaining all permits and fulfilling all other legal requirements necessary for the installation and operation of the water delivery system.
- 70 Purchaser's system area of responsibility for maintenance and operation begins at and includes the valve just prior to the meter, both contained in the vault. Additionally, Purchaser is responsible for the vault and internal appurtenances. Seller's system area of responsibility includes all water delivery lines and appurtenances upstream of said valve, and external to the vault. The "vault" in this paragraph refers to two vaults, one each sited in the locations noted in paragraph 3, above.
- 80 The water meter shall be read by the Seller on or about the 25<sup>th</sup> day of each subsequent month and Seller shall furnish Purchaser on or about the first day of each month with an itemized statement of the amount of water furnished Purchaser during the preceding month.
- 90 Purchaser shall pay Seller, not later than the 15<sup>th</sup> day of each subsequent month for water delivered during the previous month at the rate of \$2.85 per 1000 gallons at a base rate of 200,000 gallons per meter (or a total of 400,000 gallons for both meters combined) per month. A late fee set by resolution of City council for all water customers shall be applicable if payment not received by the 25<sup>th</sup> day of the month. Seller shall pay Purchaser at a rate of \$3.15 per 1000 gallons between 3,000,000 & 3,300,000 gallons per month, and at a rate of \$3.55 per 1000 gallons above 3,300,000 gallons per month.
- : 0 On or before the 15<sup>th</sup> of March of each year during the term of this agreement (and at no time with greater than three years elapsed), the parties may review and negotiate the water rate referred to in paragraph 7. If within 45 days of the 15<sup>th</sup> of March, the parties have not reached an agreement for water rate, Seller may implement a rate increase assessed to that of seller's other domestic/residential users. Seller will implement a 5% rate increase per annum for 5 years starting on July 1, 2027 and ending on July 1, 2031. In subsequent years, in the event that Seller does not raise rates at a percentage that would meet a \$0.10 increase per 1000 gallons to Purchaser, Purchaser agrees for the years 2032, 2033, and 2033 only, to an automatic minimum rate increase of 3%.
- ; 0 This contract shall extend for a term of 10 years from the effective date and thereafter maybe renewed or extended for such term or terms as may be agreed

upon by the parties. Either party may terminate the contract by providing a 36 month written notice to the other party.

10. Seven days prior to any estimated date of reconstruction and/or significant alteration of Seller or Purchaser's water supply distribution system that may affect water delivery or receipt (does not include routine scheduled maintenance), the affected party shall notify the other party in writing of the date for restoration of delivery/receipt of water. Each party shall have the right of final inspection upon connection to water supply to verify compliance with all Oregon standards. Each party shall be responsible for providing the other party with letter of compliance meeting Oregon standards.  
\*writing in this paragraph may be defined as an e-mail notice with a one day business return response/acknowledgement.
11. When requested by Purchaser, Seller will make available to Purchaser at the point of delivery, water sufficient for testing and flushing.
12. This contract is subject to the rules, regulations, and laws of the State of Oregon and both parties shall cooperate in obtaining permits, certifications, and board licenses as may be required to comply therewith.

All notices shall be delivered by certified mail addressed as follows:

Seller:  
City of Falls City  
Attn: City Manager  
299 Mill Street  
Falls City, Oregon 97344  
Phone (503)787-3631

Purchaser:  
Luckiamute Domestic Water Coop  
Attn: Manager  
8585 Suver Road  
Monmouth, Oregon 97361

13. In the event that Seller may elect to sell water to other entities operating a water supply distribution system during the life of this agreement, Purchaser shall have the right of first refusal to acquire said water on the same terms and conditions under which Seller may elect to sell said water to said user.
14. Each party shall indemnify the other from all claims for which the indemnitor is solely liable under this agreement. This mutual right of indemnity is an addition to and not in lieu of any other rights of contribution or indemnity that may exist under Oregon law. The right of indemnity ends to officers, employees and agents of the indemnitee party. "Indemnify" as used herein means to indemnify, defend and hold harmless.
15. In the event that litigation is brought by either party to enforce the terms of this agreement, the losing party shall be required to pay the fees, costs, and attorney fees of the prevailing party.

16. In the event of Purchaser's default or failure to comply with any of its obligations under the terms of this agreement, Seller may suspend the provision of water service to Purchaser until such default or failure to comply has been remedied to Seller's satisfaction. If Purchaser's default or failure to comply is not remedied within 30 days after the suspension of service by Seller, Seller may terminate this agreement. In the event Seller is unable to provide Purchaser the agreed upon units of water for over 30 days, Purchaser may terminate this agreement.
17. "Sellers" obligation to supply water under this agreement is subject and limited to Seller's capacity to do so within the limitations of Seller's municipal water system. Seller will have no obligation to make any improvements to or upgrades or expansion of its municipal water supply system for Purchaser's benefit or to enable Seller to meet its obligations under this agreement.
18. This agreement does not give any member or customer of Purchaser any enforceable rights against Seller, and Seller will have no obligation or liability to any member or customer of Purchaser for any claim, liability, demand, damages or action arising under or relating to the terms of this agreement. Purchaser's members are not third-party beneficiaries of this agreement.

In Witness Whereof, the parties hereto, acting under authority of their respective governing bodies has caused this agreement to be duly executed in duplicate, each of which shall constitute an original.

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Seller: City of Falls City

Purchaser; Luckiamute Domestic Water Cooperative

By: \_\_\_\_\_

By: \_\_\_\_\_

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## **AGENDA REPORT**

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**TO:** CITY COUNCIL  
**FROM:** CITY MANAGER FOSCOLI  
**SUBJECT:** SURPLUS REAL PROPERTY (CITY HALL)  
**DATE:** MAY 4, 2026

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### **BACKGROUND**

Staff would like permission to dispose of surplus real property by sale. The real property in question is the current City Hall building and the surrounding land.

### **SUMMARY**

Since the fall of 2024, Polk County's Family and Community Outreach has managed the Falls City Resource Center at 200 Parry Street. During these 2 years, many local residents have had the opportunity to receive vital services at no cost to them. Unfortunately, with local, state and federal budgets tightening, FCO and other partners serving at the Fall City Resource Center (FCRC) will no longer provide on-site services in Falls City. As the building was always intended to revert back to city ownership, a proposal has been made to move City Hall operations to the FCRC building to keep its doors open, ready to partner in resuming services once funding returns. In addition, this would alleviate the City's overhead costs, as it would only need to maintain one building as opposed to two. The fact that the current City Hall building is more than 100 years old, and the Fall City Resource Center is only 2 years old, makes the financial decision relatively straightforward.

### **FINANCIAL IMPLICATIONS**

The City gains the proceeds from the sale, estimated at between \$250,000~\$300,000, as well as saves on all maintenance and overhead costs of an old building. A portion of the proceeds from the sale could go toward expanding the shops at the Mill Lot, thus consolidating all Public Works vehicles, equipment and staff at one location.

### **STAFF RECOMMENDATION**

Staff recommend the surplus of the current City Hall property.

### **PROPOSED MOTION**

I move the City Council of the City of Falls City adopt Resolution 04-2026, A RESOLUTION DECLARING THE CITY HALL SURPLUS REAL PROPERTY AND AUTHORIZING THE SALE OR DISPOSITION THEREOF.

### **ATTACHMENTS**

**Exhibit A** Resolution 04-2026

**RESOLUTION NO. 04-2026**

**A RESOLUTION OF BY THE CITY OF FALLS CITY  
DECLARING SURPLUS REAL PROPERTY**

**Findings:**

1. The City of Falls City owns the City Hall building and the surrounding land.
2. The City has an opportunity to move into a newer building with less overhead and maintenance costs.
3. The new City Hall would be on the same property as the main Public Works shop, leading to consolidation and economies of scale in maintenance.
4. The real property sale proceeds would enable improvements of the new City Hall property.
5. The Mayor and City Council desire to declare the real property surplus.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FALLS CITY:

**Section 1.** Declares the real property is no longer useful for Falls City purposes and declares the real property surplus.

**Section 2.** City Administration is authorized to dispose of the real property.

ADOPTED BY THE FALLS CITY COUNCIL ON THIS 4<sup>th</sup> DAY OF MAY 2026.

VOTE:            AYE\_\_\_\_            NAY\_\_\_\_            ABSTAIN\_\_\_\_    ABSENT\_\_\_\_

\_\_\_\_\_  
TJ Bailey, Mayor

\_\_\_\_\_  
Date

ATTEST:

\_\_\_\_\_  
Jeremy Teal, City Recorder

\_\_\_\_\_  
Date