



Falls City Oregon City Council Meeting

Monday, March 2, 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; 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. CONSENT AGENDA

a. February 2, 2026 Minutes

Attachments:

- **Minutes** (2026.02.02_Council_Minutes.pdf)

6. REPORTS OR COMMENTS FROM MAYOR AND COUNCIL MEMBERS

a. Mayor's Report

b. Councilor Comments

7. REPORTS FROM CITY MANAGER & STAFF

a. Falls City Fire Report

Attachments:

- **Report** (Fire_Report.pdf)

b. City Manager's Report

Attachments:

- **Report** (2026.03.02_Monthly_Manager's_Report.pdf)

c. Grant Contract Proposal

Attachments:

- **Staff Report** (2026.03.02_Staff_Report_Grant_Contract_Proposal.pdf)
- **Exhibit A** (2026.03.02_Exhibit_A_Grant_Contract_Proposal_Falls_City.pdf)
- **Exhibit B** (2026.03.02_Exhibit_B_HT_Grants_Business_Flyer.pdf)

d. Luckiamute Water District Water Contract

Attachments:

- **Staff Report** (2025.03.02_SR_Luckiamute_WDC_Contract_Proposal.pdf)
- **Exhibit A** (Exhibit_A_draft_WATER_PURCHASE_AGREEMENT_LWDC_2026.pdf)
- **Exhibit B** (Exhibit_B_FALLS_CITY_-_LDWC_WATER_PURC_AGREEMENT_(2015).pdf)

8. RESOLUTIONS

a. Conservation Water Rates

Attachments:

- **Staff Report** (2025.03.02_SR_Water_Conservation_Rate_Change.pdf)
- **Resolution 02-2026** (BFR_-_Resolution_02-2026_Water_Conservation_Fees_Rates.pdf)
- **Exhibit A** (Exhibit_A_Conservation_Rate_Block_Illustrations.pdf)

b. Surplus City Dump Truck

Attachments:

- **Staff Report** (2026.03.02_Staff_Report_Dump_Truck_Surplus.pdf)
- **Resolution 01-2026** (Resolution_01-2026_Surplus_Property_Dump_Truck.pdf)

9. GOOD OF THE ORDER

10. 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

Contact: Jeremy Teal, City Recorder (jteal@fallscityoregon.gov 503.787.3631) | Agenda published on 02/26/2026 at 10:29 AM

FALLS CITY CITY COUNCIL		MONDAY, FEBRUARY 2, 2026	
Council President Houghtaling called the Falls City City Council into regular session on Monday, February 2, 2026 at 6:02 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, Councilor Dennis Sickles, and Councilor Lori Jean Sickles			
Staff Present: City Manager AJ Foscoli and City Recorder Jeremy Teal			
AGENDA		ACTION	
Announcements, Appointments, Appreciations & Proclamations		Council President Houghtaling spoke for Mayor Bailey thanking everyone who came to the Coffee with the Mayor and for the open conversations.	
Public Comment		<p>Council President Houghtaling opened the public comments at 6:03 p.m.</p> <p>Jim Miner mentioned there were problems with the pedestrian island and that Weyerhaeuser wanted to pay to redo island.</p> <p>Tracy Young asked Council President Houghtaling what the speed limit was on Boundary Street. Council President Houghtaling stated 25. Ms. Young asked that people please slow down. She noted the sign was getting fixed and lowered and that Deputy Silverman caught a lot of speeders last week.</p> <p>Council President Houghtaling closed the public comments at 6:08 p.m.</p>	
Consent Agenda a) January 5, 2026 Minutes		It was moved by Councilor D Sickles to approve the Consent Agenda as presented. The motion was duly seconded by Councilor Backus and CARRIED with a vote of 6-0 with Councilors Backus, Meier, Scruton, D Sickles, LJ Sickles and Council President Houghtaling voting YES.	

<p>Reports or Comments from Mayor and Council Members</p> <ul style="list-style-type: none"> a) Mayor's Report b) Councilor Comments c) Public Works Committee Report 	<p>Council President Houghtaling spoke for Mayor Bailey stating he had attended the Polk County breakfast and spoke about the Dayton bridge to the other participants. He also wanted to thank the Council for good goal setting session.</p> <p>There were none.</p> <p>Councilor Meier reported the committee discussed the new pedestrian island possibly needing better lighting and a stop sign possibly moved.</p>
<p>Reports from City Manager & Staff</p> <ul style="list-style-type: none"> a) Fire Report b) Public Works Report c) City Manager's Report d) Dump Truck Purchase 	<p>There were no comments.</p> <p>There were no comments.</p> <p>Mr. Foscoli reported on the wastewater treatment plant, code enforcement's monthly one day of court, grant writing proposal, dump truck purchase, the town hall meeting, and the goal setting meeting and the project timeline.</p> <p>Don Schecker asked if the town hall had a link to watch and participate. Mr. Foscoli stated the town halls were intentionally in person meetings for a more comfortable setting. He noted a zoom link could be created if the need was there.</p> <p>Boyd Lamprecht asked what kind of dump truck it was and if a CDL was required. Mr. Foscoli stated the dump truck was small enough and it did not require a CDL to operate. He noted that any staff could drive it and it could be useful for the annual clean-up day. He mentioned there were 92,000 miles on the truck.</p> <p>Tina Thompson asked the price. Mr. Foscoli stated \$13,500.</p> <p>Mr. Schecker asked if the truck was from another agency. Mr. Foscoli stated it was.</p> <p>Ms. Young asked if the truck was in good mechanical shape. Mr. Foscoli mentioned that the two people that were picking up the truck,</p>

<p>e) Audit Report</p>	<p>one of them was a mechanic and would look over the truck.</p> <p>Councilor D Sickles asked how the City would pay for the truck. Mr. Foscoli stated the FEMA money.</p> <p>It was moved by Councilor LJ Sickles to direct the City Manager to purchase the used dump truck for \$13,500. The motion was duly seconded by Councilor Backus and CARRIED with a vote of 6-0 with Councilors Backus, Meier, Scruton, D Sickles, LJ Sickles and Council President Houghtaling voting YES.</p> <p>Rich Winkel with Dougall Conradie gave a brief summarization of the City audit and declared it a clean audit.</p> <p>Councilor D Sickles asked if the line item was over but the budget itself was under budget is there any penalties. Mr. Winkel noted that Oregon doesn't issue penalties. He noted the potential financial state of capability to operate was required and the City was under budget. He mentioned that supplementals were the formal way to move funds from one line item to another and he had spoken to Mr. Foscoli about helping with those.</p> <p>It was moved by Councilor D Sickles to direct the Council to accept the audit. The motion was duly seconded by Councilor Meier and CARRIED with a vote of 6-0 with Councilors Backus, Meier, Scruton, D Sickles, LJ Sickles and Council President Houghtaling voting YES.</p>
<p>f) Grant Contract Proposal</p>	<p>Mr. Foscoli reported the City had received 8 million in grant money over the past 5 years. He noted a lot of work in Falls City relies on grants. He stated staff didn't have the capacity to research grants and this smaller company would have more focus to find, write and submit grants for \$6000 for 6-8 grants to fund Dayton bridge and law enforcement and code costs.</p> <p>Council President Houghtaling asked if they would take a percentage from the grant. Mr.</p>

	<p>Foscoli noted they would take a 10% administrative fee. Council President Houghtaling asked where the \$6,000 would come from. Mr. Foscoli stated the FEMA money.</p> <p>Councilor Backus stated they had a 82% success rate.</p> <p>Councilor D Sickles stated most projects in town would not be able to happen without grants. He noted that a \$6,000 investment for the potential of millions seemed worth looking into since the City had the funds. He asked if there could be a short presentation at the next Council meeting. Mr. Foscoli stated he would make sure they can attend to answer questions.</p>
Good of the Order	There were none.
Adjourn	There being no further business, the meeting was adjourned at 6:56 p.m.
<p>Read and approved this ____ day of _____ 2026.</p> <p>Mayor: _____</p> <p>ATTEST:</p> <p>City Recorder: _____</p>	



Call Volume for Falls City Volunteer Fire Dept. JAN-DEC. 2026

2024 MONTH	MEDICAL	PUBLIC ASSIST	MVA	STRUCTURE FIRE / Chimney fire	GRASS BRUSH TREE / BURN CO.	POWER LINE	SW ASSISTED FCFD CALLS	FALSE ALARM UTL	CONFLA G FIRES	MO. TOTAL CALLS
JAN	20	1	0	1-Sup 1 Chm	1	0	0	1	0	25
FEB										
MAR										
APR										
MAY										
JUNE										
JULY										
AUG										
SEPT										
OCT										
NOV										
DEC										
YR TOTALS To Date	20	1	0	2	1	0	0	1	0	25

Engine 121 was ceremonially put into service in FCFD bays last month. We have been busy equipping the new- to- us- truck with fire and medical equipment and supplies. It is ready to respond on calls!

The volunteers are busy again with required trainings, refresher courses and new courses we want to cover this year. Lots of extra hours, including some weekend courses in progress.

February is Heart Healthy Awareness month and CPR month. Every volunteer, including our Juniors, are trained in Adult, Child and Infant CPR and how to use an AED. Sharon is planning our 10th annual CPR community class again this Spring-Summer. More info soon. If interested contact Sharon.

Winter storms are still likely to happen before we see the “real” Spring. Make sure your families, friends and neighbors are prepared for cold, wet weather, snow, ice and wind storms. Stock up your emergency supplies, and check your emergency kits. Keep you gas tanks at least half full!

Thank you all for the support and hard work you do for our department and community!

“HAPPY VALENTINES DAY”!!

Prepared by Sharon Volk Greve, Assistant Chief, Falls City Fire and EMS. Cell: (503) 871-5140



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

City Manager's Report March 2, 2026

Introduction

The Wastewater Treatment Facility Lagoon project has begun start-up testing and switch over protocols, which are the final tasks before the decommission and dismantling of the old treatment facility. Our contractors have sorted through all of the checklists of the facility's operations, and are in the middle of a 7-day trial initiation period. This is a DEQ mandate which, if successful, will determine the official switch-over and the start of the decommissioning and dismantling of the old treatment facility. As things stand, the city is using the new facility to process its wastewater effluent and discharge to the river, which we've been waiting to do since the summer of 2024. The ongoing water mainline project is continuing to progress steadily, with the surveying done and preliminary designs complete for Phase 2. Once the designs are fully vetted, our construction contractor will immediately start the waterline replacement.

Wastewater Project – Switch-over protocols from the old wastewater treatment facility to the new one, continued throughout February and are now 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. If this happens for a continuous 7 days without incident, Strider will get the go-ahead to then move on to demolition of the decommissioned facilities (old treatment equipment, the gravel filter and recirculating tank). We look forward to announcing the official switch-over before May 1.

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, work is continuing on getting the Ellis Street non-compliance issue of accumulating garbage under control and is working directly with property owners on mitigation. The latest estimate for the clean-up is \$3,500 and we are working on a timeline to expedite that through official citation action. Thanks to the City of Dallas for municipal court services, the Code Enforcement Officer will issue citations to ongoing non-compliance cases, to be adjudicated in March court proceedings.

Grant Writing and Research Proposal – A grant research and writing company has approached the city to work with it in finding grant funds to support the Dayton Street Bridge Project, as well as supporting code and law enforcement in Falls City. A staff report will be added again to the agenda that will highlight the cost and benefits of entering into a contract with this company. A representative will be present to answer any questions from the City Council.

Note: If you have questions/concerns, please respond to me individually by email, phone, or in person. This way we avoid violating any public meetings laws with a "reply all" response, or multiple councilors discussing on the same thread.

Dump Truck Purchase – The city’s Public Works Department has a new (the city) Dump Truck.

Town Hall Meeting – Next Town Hall Meeting is planned for Monday, April 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.

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
- Work on the alleyway between 2nd and 3rd Street is complete
- Business Oregon has 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 1st/2nd Street connection

Sincerely,



AGENDA REPORT

TO: CITY COUNCIL
FROM: CITY MANAGER FOSCOLI
SUBJECT: GRANT WRITING AND RESEARCH PROPOSAL
DATE: MARCH 2, 2026

BACKGROUND

The City of Falls City has traditionally had a very small budget, given its small tax base and limited enterprise funds from water and wastewater revenue. Most of the large infrastructure projects that it undertakes are funded through Federal and State grants that it applies for whenever these opportunities arise. As there are many grants in numerous categories available in the public fund realm, the main limitation that the city has is in research and writing capacity. As a rural, low-income community, Falls City is eligible for a wide variety of grants and has a high likelihood of securing such grants, if only it had more capacity to find and apply for them. The city had been looking at a grant research and writing consultant before COVID, and the cost at that time was too high to consider.

SUMMARY

Falls City has been approached by a grant research and writing company to develop a funding strategy for grant opportunities to help the city fund its projects. Hometown Grants, a company based in Linwood, Kansas, but with representatives in Oregon, has offered to develop a tailored toolkit to filter through 100+ grants and select 6-8 grants that the city would have the highest probability of securing. Hometown Grants would focus its effort on the city's behalf to apply for the grants that would have the highest return on investment to support its Dayton Street Bridge and Law & Code Enforcement efforts in town. Additional grant opportunities could be explored in the future, if these efforts yield positive results.

FINANCIAL IMPLICATIONS

Hometown Grants would charge the city \$3,000 at the beginning of the project and the remainder (\$3,000) upon completion of the project.

STAFF RECOMMENDATION

Staff recommend entering into a Funding Strategy Contract Agreement with Hometown Grants.

PROPOSED MOTION

Recommend a motion to direct the City Manager to sign a Funding Strategy Contract Agreement with Hometown Grants for a total of \$6,000.

ATTACHMENTS

Exhibit A – Hometown Grants Funding Strategy Contract Proposal
Exhibit B – Hometown Grants Flyer

Funding Strategy Contract

NQSM Corp.
dba/ Hometown Grants
21777 Cantrell Rd.
Linwood, KS 66052

February 2, 2026

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

RE: Proposal for Grant Funding Research

This proposal specifies the scope, fee, and schedule for Hometown Grants to develop a funding strategy for grant opportunities to help Falls City, Oregon, fund its projects. We will provide grant research expertise, access to specialized grant research tools, and clear communication throughout this process.

Approach | Hometown Grants follows a unique approach to grant research and strategy that eliminates the mystery of how to successfully fund a project or program.

To get started, we will organize a one-hour kickoff meeting with you to develop a Project Planning Toolkit. We'll ask the types of questions you are accustomed to seeing in grant applications. We will complete the Toolkit and bring it back to you to confirm we understand your funding objectives.

Once that step is complete, we will filter 100+ grants to select the top 6-8 grants per project worth further consideration. We will confirm the competitiveness of each grant, prioritizing the grants with at least a 20% chance of award. We will bring this draft Funding Strategy to you for discussion.



To get down to the top grant pursuits you should focus on, Hometown Grants will contact funders and confirm fit.

With that information in hand, Hometown Grants will develop a Funding Strategy. This is a straightforward memorandum specifying what planning is still needed to position for success, which grants to pursue, and when. A Funding Strategy provides a clear roadmap so your efforts are focused on grants yielding the greatest likelihood of success and return on investment.

The Funding Strategy can be used by you or your staff as a roadmap for which grants to pursue. If you prefer help pursuing those grants, we can provide an amendment to this contract with an updated scope, fee, and schedule for grant writing efforts.

Fee | Hometown Grants' fee is \$6,000, which will be billed half at the start of the project, and the remainder upon completion of the project.

Deliverables | The following deliverables will be provided to you:

- A Project Planning Toolkit
- A Funding Strategy that includes grants for the Bridge Project and a Law & Code Enforcement Officer

Schedule | We can schedule a kick-off meeting as soon as the contract is signed. The funding research and strategy development process usually takes six to eight weeks.

USE OF SUBCONTRACTORS | The parties recognize and acknowledge that this Agreement is for HTG's services, however, HTG may engage subcontractors, assistants, or other third parties to support the delivery of its services. HTG shall be solely responsible for supervising, compensating, and directing such subcontractors and for the quality and timeliness of their work. Falls City, Oregon will not be liable for any additional fees or expenses arising from the use of HTG subcontractors unless expressly agreed to in writing. HTG will ensure that all subcontractors are bound by confidentiality and professional standards at least as stringent as set forth in this contract. HTG will remain fully responsible for fulfilling its obligations under this contract.

FORCE MAJEURE | HTG shall be excused from any delay or failure in performance under this Agreement if caused by an occurrence or contingency



beyond HTG's reasonable control, including but not limited to acts of war, terrorism, pandemics, government orders or regulations, labor strikes, natural disasters, or other acts of nature. HTG shall promptly notify the City of any force majeure event and make commercially reasonable efforts to resume performance as soon as practicable.

SEVERABILITY | If any term, condition, or covenant of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect to the maximum extent permissible.

ACCEPTANCE | If you accept the proposal, fee, and schedule as is, please return this document with appropriate signatures.

Respectfully,



Christine Crews

The referenced proposed scope of services and fees are agreed upon:

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

Client Signature: _____

Date: _____

Client Name (Printed): _____



Hometown Grants

Improving your hometown, one grant at a time.

Who We Are

Rural communities often lack the expertise to identify grant funding for infrastructure needs, develop fundable projects, and navigate complex grant processes. Hometown Grants provides strategic project development combined with proven grant writing—helping you uncover funding for needed improvements, build strong applications, and manage grant funds for critical infrastructure improvements. We work with counties – including their cities, individual cities, and water districts. Whether you're just starting to explore grant opportunities or seeking an experienced partner to boost your current efforts, we are committed to supporting your community every step of the way.

Why Choose Us

- Increase Your Chances of Winning Funds
 - Strategic Project Discovery & Development
 - Proven Grant Writing and Research
 - Grant Readiness Assessment
- Team of Certified Grant Writers with Scalable Capacity
- Post-Award Compliance and Management

Our Results

- 82% success rate
- Millions secured for rural water, wastewater, and infrastructure projects
- 100% LOI Conversion: All Letters of Intent advanced to full applications

Our Services

Project Development & Funding Strategy

- Grant readiness assessment
- Project definition and scoping
- Funding strategy development
- Regional coordination analysis

Grant Writing & Application Submission

- Complete application development
- Budget and scope preparation
- Benefit-cost analysis
- Funder communication
- Application submission

Post-Award Grant Management

- Post-award fund reporting
- Post-award grant management

Our Approach

- Strategic Project Discovery & Development
 - We help you identify and develop projects to meet your infrastructure needs. Through on-site meetings and strategic analysis, we uncover project opportunities for options for regional coordination, maximizing your funding potential.
- Proven Grant Writing
 - Our certified grant writers develop competitive applications with compelling narratives, backed by solid project development and strategic positioning.
- Full Lifecycle Support
 - From grant readiness assessment through post-award compliance and management, we support your project every step of the way.

AGENDA REPORT

TO: CITY COUNCIL
FROM: AJ FOSCOLI, CITY MANAGER
SUBJECT: LUCKIAMUTE WATER DISTRICT COOPERATIVE WATER AGREEMENT
DATE: 03/02/2026

BACKGROUND

The City of Falls City has had an agreement for water purchase with the Luckiamute Water District Cooperative (LWDC) 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 Water District 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 LWDC, 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, LWDC shall pay the City, for water delivered during the previous month at the rate of \$2.84 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 \$3.12 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 Water District Cooperative Agreement as presented.

EXHIBIT

Proposed Water Purchase Agreement LWDC & City of Falls City

WATER PURCHASE AGREEMENT

This agreement is for the sale and purchase of water and is entered into on the ____ day of _____, 2026, between the City of Falls City, Oregon a municipal corporation as SELLER, and Luckiamute Domestic Water Cooperative, an Oregon cooperative corporation, as PURCHASER. The principles of this contract take effect at 12:01 AM on _____, 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.02-2026, enacted on the 2nd day of March, 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.

4. 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.
5. 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.
6. The water meter shall be read by the Seller on or about the 25th 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.
7. Purchaser shall pay Seller, not later than the 15th day of each subsequent month for water delivered during the previous month at the rate of \$2.84 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 25th day of the month. Seller shall pay Purchaser at a rate of \$3.12 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.
8. On or before the 15th 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 15th 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, 2026 and ending on July 1, 2030. 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 2031, 2032, and 2033 only, to an automatic minimum rate increase of 3%.
9. 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 last 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: _____

WATER PURCHASE AGREEMENT

This agreement is for the sale and purchase of water and is entered into on the 13th day of March, 2015, between the City of Falls City, Oregon a municipal corporation as SELLER, and Luckiamute Domestic Water Cooperative, an Oregon cooperative corporation, as PURCHASER. The principles of this contract take effect at 12:01 AM on April 25, 2015, 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.01-2015, enacted on the 12th day of March, 2015, 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 signature of the Board of Directors of Purchaser, enacted on the 9th day of March, 2015 the purchase of water from Seller in accordance with the terms set forth therein and the execution of this contract is 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 specified under this agreement. 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 Seller. To the extent that Seller is unable to provide at least 400,000 gallons in a given billing period, Seller will only charge Purchaser for the amount of water in total provided using the per/ 1000 gallon charge, as per paragraph 7, below.

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 may be necessary to restore service.
4. 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.
5. 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.
6. The water meter shall be read by the Seller on or about the 25th 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.
7. Purchaser shall pay Seller, not later than the 15th day of each subsequent month for water delivered during the previous month at the rate of \$2.25 per 1000 gallons at a base 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 25th day of the month.
8. On or before the 15th of March of each year during the term of this agreement the parties may review and negotiate the water rate referred to in paragraph 7. If within 45 days of the 15th of March, the parties have not reached an agreement for water rate, Seller may implement the same percentage rate increase assessed to that of seller's domestic/residential users. 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 2016, 2017, and 2018, to an automatic minimum increase of \$0.10/1000-gallons per year for those years.
9. This contract shall extend for a term of 10 years from the effective date and thereafter may be renewed or extended for such term or terms as may be agreed upon by the parties. Either party may terminate the contract by providing the other party with a 36 month prior written notice.

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.
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. Except as specifically provided otherwise herein, all notices shall be delivered by certified mail addressed as follows:

Seller:
City of Falls City
Attn: City Clerk/Finance Officer
299 Mill Street
Falls City, Oregon 97344
Phone (503)787-3631

Purchaser:
Luckiamute Domestic Water Coop
Attn: Manager
8585 Suver Road
Monmouth, Oregon 97361
Phone (503)838-2075

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. In accordance with all applicable Oregon Revised Statutes, Oregon Tort Claims Act, Oregon Constitution, Federal Laws, and Federal Constitution, Purchaser agrees to indemnify, defend and hold harmless the Seller and its officers, agents, and employees against all liability, loss and costs arising from actions, suits, claims or demands for the acts or omissions of the Purchaser, and Purchaser's officers, agents, and employees in performance of this agreement. In accordance with all applicable Oregon Revised Statutes, Oregon Tort Claims Act, Oregon Constitution, Federal Laws, and Federal Constitution, Seller agrees to indemnify, defend and hold harmless Purchaser and its officers, agents and employees against all liability, loss and costs arising from actions, suits, claims or demands from the

acts or omissions of the Seller and Seller's officers, agents and employees, in performance of this agreement.

- 15. In the event of Purchaser's default or failure to comply with any of its essential obligations under the terms of this agreement, Seller may, with written notice, 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, Purchaser will pay only for water provided (per paragraph 2 of this document). Additionally, if Seller's inability to provide agreed water persists for over 30 days, Purchaser retains the right to terminate this agreement.
- 16. Notwithstanding any other provision in this agreement Seller's 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 rights and 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.
- 17. 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.
- 18. In the event of litigation, enforcement, a suit being filed arising under or relating to the terms of this agreement, the prevailing party in such performance, suit, or action will be entitled to such party's reasonable attorney fees as may be awarded by the court in which such suit of action is tried, heard, or decided, and on any appeal therefrom.

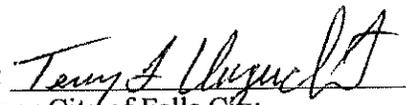
In Witness Whereof, the parties hereto, acting under authority of their respective governing bodies has caused this agreement to be duly executed in duplicate, each of which shall constitute an original.

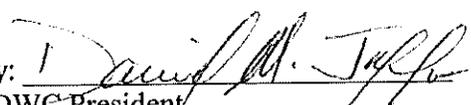
Date: MARCH 13, 2015

Date: March 13, 2015

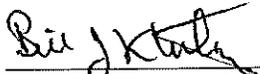
Seller: City of Falls City

Purchaser; Luckiamute Domestic Water Cooperative

By: 
Mayor City of Falls City

By: 
LDWC President


Council President


LDWC Vice President

Anthony Meise
Councilor

W. J. Landauer
LDWC Director

Jesse B. Lopez
Councilor

M. Rami
LDWC Director

[Signature]
Councilor

Jack W. Linn
LDWC Director

Smelin
Councilor

[Signature]
Councilor

Resolution 01-2015

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

Findings:

- 1) 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.
- 2) 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.
- 3) 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.
- 4) The City of Falls City has found this agreement for the sale of water to be in the City's best interests and that water sold will not be needed by the city during the terms of the agreement.

NOW THEREFORE,
The City of Falls City resolves as follows:

Section 1. The Council adopts the Water Purchase Agreement between Falls City (Seller) and Luckiamute Domestic Water Cooperative (Purchaser). (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. The Resolution was duly passed and adopted by the Falls City Council and takes affect per section 2.

Approved:

3-13-2015
Date

Terry J. Ungrecht
Terry Ungrecht, Mayor

Attest:

3-13-2015
Date

Jon A. Hanken
Jon Hanken, City Manager

AGENDA REPORT

TO: CITY COUNCIL
FROM: AJ FOSCOLI, CITY MANAGER
SUBJECT: WATER CONSERVATION RATE CHANGE
DATE: 03/02/2026

BACKGROUND

The City of Falls City has been undergoing a lot of water infrastructure upgrades in the past year, and according to a recent water study mandated by our funding agency, the city has some large water users who directly impact the city's overall water production capacity.

SUMMARY

The purpose of the Water Rate study was to develop a cost of service-based methodology to accurately determine the cost the city incurs to deliver water services. Using the same data, the study yielded information on the community's overall usage by residential accounts. The results showed that 73% of the community's residents use less than 13,000 gallons of water per month, 17% of the community's residents use between 13,000~26,000 gallons per month and 10% of the community's residents use over 26,000 gallons per month. The rate study consultant recommended to the city to institute a conservation rate structure that would keep the costs unchanged for the largest group ("Base Block"), with 10% premium above base rate on consumption between 14,000~26,000 gallons for the next group ("Conservation Block #1") and with 25% premium above base rate on consumption above 26,000 gallons for the next group ("Conservation Block #2")

PREVIOUS COUNCIL ACTION

Staff and Council had previous meetings with Steve Donovan Enterprises regarding Conservation Blocks (Tiers).

ALTERNATIVES/FINANCIAL IMPLICATIONS

Under the resolution, residents would only see a change in their water bills if they use above 13,000 gallons per month. They would see a further change if they use above 26,000 gallons per month. The rate would be as follow:

- \$2.55 base price per kgal under 13,000 gallons
- \$2.81 base price per kgal between 13,000~26,000 gallons
- \$2.55 base price per kgal above 26,000 gallons

STAFF RECOMMENDATION

Staff recommends that Council approve the Conservation Rate Pricing Resolution as presented.

PROPOSED MOTIONS

Move that Council approve the proposed the Conservation Rate Pricing Resolution 02-2026 as presented.

EXHIBIT

Resolution 02-2026
Conservation Rate Block Illustrations

RESOLUTION NO. 02 -2026

A RESOLUTION DETAILING FEES FOR WATER SERVICE AND RELATED CHARGES;
AND WATER CONNECTION FEES; AND WATER CONSERVATION RATE PRICING;
AND REPEALING PRIOR RESOLUTIONS

Findings:

1. Municipal Code Section 51 Water, Section 09 Water Rates and Charges, authorizes the City Council to establish, by resolution, and from time to time amend, water rates to be charged for each class of service, including minimum charges, charges for water consumption, service connection charges and all other related fees and charges.
2. Municipal Code Section 50 Sewer, Section 25 Generally, subsection (D) authorizes the City Council to establish, by resolution, and from time to time amend, sewer user rate per equivalent residential unit (ERU).
3. Municipal Code Section 50 Sewer, Section 6 Connection Fees, subsection (A) authorizes the City Council to establish, by resolution, and from time to time amend, sewer connections fees.
4. The City maintains two Enterprise Fund accounts for Water and Sewer activities. Enterprise fund revenues are restricted to be spent only on enterprise activities relating to their revenue source. For example water rate revenue can only be spent on water activities and projects.
5. An Enterprise fund is a fund established to account for operations, including debt service that are financed and operated similarly to private businesses where the intent is the service is self-sufficient, with all costs supported predominantly by user charges. Through charges, and fees, an equitable and fair system of recovering water system costs is established.
6. Staff audited several utility charges and fees and found that several categories are not billed equitably to customers to cover the cost of operations for services rendered for these categories:
 - a. Water Shutoff notice
 - b. Water Reconnection fee
 - c. Utility Returned Check Fee
 - d. Charges for the installation for a simple and complex water meter
7. Cost of operations for Public Works staff, salary plus benefits, is approximately \$30-\$32 an hour. Cost of operations for Administration staff, salary plus benefits, is approximately \$25-\$28 an hour. The salary of city staff is proportionally allocated to Funds.
8. Shutoff notices inequitably
 - a. In April 2017, Public Works staff delivered forty-seven (47) shutoff notices (green tags) throughout the service area for delinquent balances which required two and one half (2 ½) hours each for two Public Works staff. A similar number of shutoff notices are distributed each month, equaling an estimated 60 hours annually; the cost to the Water Fund is approximately \$1,800 annually for Public Works staff time.

- b. It requires approximately three (3) hours a month for Administrative staff to generate shutoff notices, equaling an estimated 36 hours annually; the cost to the Water Fund is approximately \$972 annually.
 - c. Many customers have commented to City staff, that they wait for the delivery of the shutoff notice to remind them to pay their utility bill.
 - d. Because cost of the Water Fund is recovered by rates and charges, and because the City does not charge a fee for a shutoff notice, customers who do not receive shutoff notices are subsidizing those customers who receive shutoff notices monthly.
 - e. Staff recommends that the City Council approve the elimination of physical shutoff notices and replace with a shutoff notice provide by mail, beginning on July 16, 2017, and after public notification in the June Newsletter, notification in the June 26 and July utility billing statement message, and with a public announcement at the June and July Regular City Council meetings. Mailing shutoff notices will save an estimated \$1,500 annual, after considering the cost of postage and the elimination of Public Works staff time to deliver shutoff notices to the service address.
9. Water Reconnection fee inequitably
- a. Reconnection fees are charged to customers when reconnecting water service after receiving full payment of a delinquent utility account.
 - b. A reconnection fee is not charged to reconnect service after a seasonal shutoff or to temporarily reconnect water service for a home inspection, home repair, property cleaning or similar activities, yet the same amount of time and work is required by Public Works staff for all water reconnections.
 - c. On May 18, 2017 the Falls City Public Works Committee compared Falls City Fall City water service fees against fees from similar sized communities and recommended that the City Council adopt a water reconnection fee for any and all water reconnections.
10. Utility returned check fee inequitably
- a. The current charge of \$25 for a returned check does not cover costs.
 - b. The bank charges \$12 per returned check.
 - c. Processing a returned check on average requires forty-five (45) minutes for Administrative staff, amounting to approximately \$21. Tasks include account review, customer letter, handwritten shut-off notice, utility system accounting adjustment, preparation of exception processing accounting backup with distribution to the bookkeeper, the original and daily accounting batch documents, and the adjustment log. The delivery of the shut-off notice by Public Works staff amounts to approximately \$14. The total staff cost is \$35.

- d. Staff recommends that the City Council adopt an increase of the \$25 Returned Check Fee to \$35 to for cost recovery.
11. Charge for the installation for a simple and complex water meter connection inequitably
 - a. Current charges for the installation of a water meter, both simple and complex, do not cover the actual costs.
 - Simple Water Connection: the water main line runs on the right-of-way in front of the property.
 - Complex Water Connection: the water line runs along the right-of-way on the opposite side of the road which requires repairs to the street surface
 - b. Staff recently tracked the actual cost to install a Simple Water Connection, including parts, materials and staff time. The total cost was \$1,867.
 - c. Staff recommends that the City Council adopt an increase of the \$1,250/base rate for a Simple Water Connection to \$1800/base or actual cost if greater.
 - d. Staff recommends that the City Council adopt an increase of the \$1,500/base rate for a Complexed Water Connection to \$2,100/base or actual cost if greater. The cost for each Complexed Water Connection is unique because the connection crossed a public street.
 12. Defining Public Works staff work hours for the Water Service Reconnection Fee
 - a. Public Works staff typically starts their weekday work at 7:00 AM and end at 4:00 PM.
 - b. Public Works staff is on call 24/7.
 - c. The prior rate resolution charged a different fee for business hours and “other than business hours” but did not define.
 - d. Staff recommends that the City Council adopt wording that defines hours and days for each classification.
 13. Sewer service rates have been included in this rate resolution to further merge utility rates, fees and charges to a single rate resolution.
 14. The Falls City Council has determined that the rates and charges set forth in this resolution are appropriate and in the best interest of the City.
 15. As part of the \$2.37 million water infrastructure upgrade in 2025-26, the city was obligated by Business Oregon to conduct a 3rd party contracted Water Rate Study. The study yielded several findings:
 - a. Water Rates need to increase 5% per annum for the next 5 fiscal years
 - b. Water Consumption under 13,000 gallons encompasses 73% of residential accounts
 - c. Water Consumption between 14,000~26,000 gallons encompasses 17% of residential accounts
 - d. Water Consumption over 26,000 gallons encompasses 10% of residential accounts

- e. In order to incentive residents to conserve water during the summer months, a Conservation Pricing Structure needs to be adopted by the city of Falls City
- f. The Conservation Pricing Structure should be constituted by 3 tiers:
 - 1. Base Block (no rate change other than the 5% per annum for the next 5 fiscal years)
 - 2. Conservation Block #1 (10% rate above base rate on consumption between 14,000~26,000 gallons)
 - 3. Conservation Block #1 (25% rate above base rate on consumption above 26,000 gallons)

NOW THEREFORE, THE CITY OF FALLS CITY RESOLVES AS FOLLOWS:

Section 1. Water furnished to water districts, cooperatives or corporations, organized and existing under the laws of the State of Oregon and receiving water through a master meter, shall pay therefor such amount as may be established by agreement between the City and the water districts, cooperatives or corporations, fire districts or departments, or other persons or entities prior to receiving such water.

- (a) Where an agreement is not in place, and where bulk water is needed, the Bulk Water Rate will be \$5.00 per unit (1000 gallons) charged according to the size of the tanker truck or vessel; and
- (b) Payment in advance is required for the sale of bulk water where a written agreement is not in place; and
- (c) Sale of bulk water without a written agreement is a privilege and can be denied or revoked at any time.

Section 2. In addition to the monthly fees established herein, Exhibit 1, the following service fees are hereby established:

- (a) **Reconnection fee during between 7 AM and 4 PM weekdays** \$35.00
- (b) **Reconnection fee afterhours, on weekends or on holidays** \$65.00
- (c) Setup connection fee for sale of bulk water where a written agreement is not in place \$80.00
- (d) **Returned check fee** **\$35.00**
- (e) Payment Late fee \$10.00

Section 3. In addition to monthly fees established herein, Exhibit 1, the following utility connection fees are hereby established:

- (a) Sewer Connection fee:
Base Facility rate of \$3,250.00, plus customer will be responsible for all costs to connect to the system (Municipal Code 50.06 (A)).
- (b) **Water Connection Fee Simple:**
Base Facility rate of \$1,800.00, or actual cost if greater.

City of Falls City
“Exhibit 1” Water Service Rate Table by Class of Service

Definition: 1 Water Unit = 1000 gallons

Residential - Inside City Limits (RI)

Size of Meter	Consumption	Base Rate
5/8" METER	5 Units	41.96
1" METER	5 Units	64.64
1 1/2" METER	5 Units	72.58
2" METER	5 Units	86.18
3" METER	5 Units	106.60
4" METER	5 Units	151.96
Overage: Consumption shall be charged at \$2.55 per Unit over 5 Units		
Overage: Consumption shall be charged at \$2.81 per Unit between 13-26 Units		
Overage: Consumption shall be charged at \$3.19 per Unit over 26 Units		

Residential - Outside City Limits (RO)

Size of Meter	Consumption	Base Rate
5/8" METER	5 Units	47.06
1" METER	5 Units	69.74
1 1/2" METER	5 Units	77.68
2" METER	5 Units	92.42
3" METER	5 Units	111.70
4" METER	5 Units	157.06
Overage: Consumption shall be charged at \$2.84 per Unit over 5 Units		
Overage: Consumption shall be charged at \$3.12 per Unit between 13-26 Units		
Overage: Consumption shall be charged at \$3.55 per Unit over 26 Units		

Residential/Commercial – Inside City Limits (RCI)

Size of Meter	Consumption	Base Rate
5/8" METER	5 Units	64.64
1" METER	5 Units	87.32
1 1/2" METER	5 Units	96.39
2" METER	5 Units	108.86
3" METER	5 Units	129.28
4" METER	5 Units	174.64
Overage: Consumption shall be charged at \$3.12 per Unit over 5 Units		
Overage: Consumption shall be charged at \$3.43 per Unit between 13-26 Units		
Overage: Consumption shall be charged at \$3.90 per Unit over 26 Units		

Residential/Commercial – Outside City Limits (RCO)

Size of Meter	Consumption	New Base Rate
5/8" METER	5 Units	69.74
1" METER	5 Units	92.42
1 1/2" METER	5 Units	101.49
2" METER	5 Units	113.97
3" METER	5 Units	134.38
4" METER	5 Units	179.74
Overage: Consumption shall be charged at \$3.12 per Unit over 5 Units		
Overage: Consumption shall be charged at \$3.43 per Unit between 13-26 Units		
Overage: Consumption shall be charged at \$3.90 per Unit over 26 Units		

City of Falls City

“Exhibit 1” Water Service Rate Table by Class of Service

Non-Residential Commercial – Inside City Limits (NCI)

Size of Meter	Consumption	Base Rate
5/8" METER	5 Units	64.64
1" METER	5 Units	87.32
1 1/2" METER	5 Units	96.39
2" METER	5 Units	108.86
3" METER	5 Units	129.28
4" METER	5 Units	174.64
Overage: Consumption shall be charged at \$3.12 per Unit over 5 Units		
Overage: Consumption shall be charged at \$3.43 per Unit between 13-26 Units		
Overage: Consumption shall be charged at \$3.90 per Unit over 26 Units		

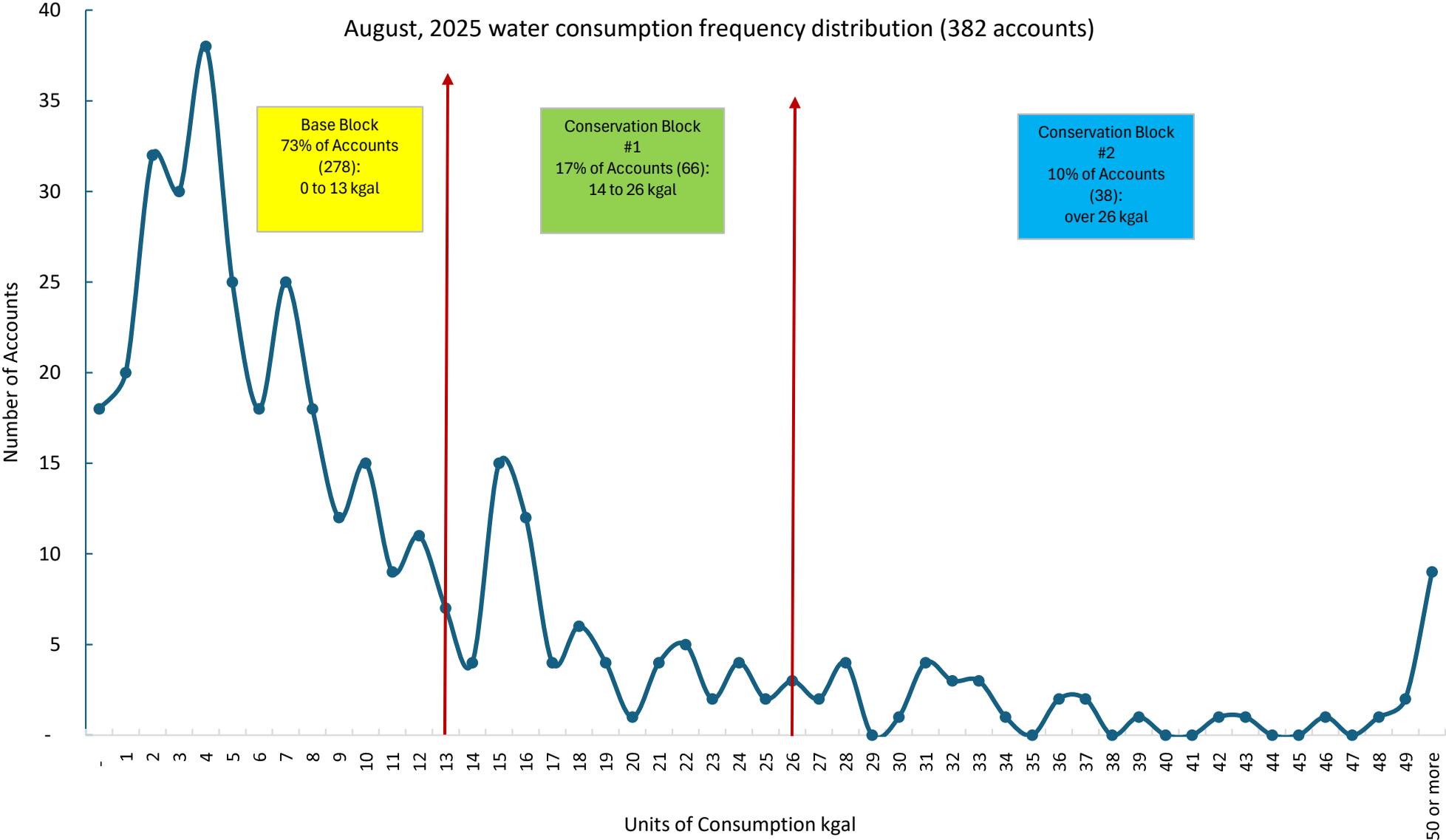
Non-Residential Commercial – Outside City Limits (NCO)

Size of Meter	Consumption	Base Rate
5/8" METER	5 Units	69.74
1" METER	5 Units	92.42
1 1/2" METER	5 Units	101.49
2" METER	5 Units	113.97
3" METER	5 Units	134.38
4" METER	5 Units	179.74
Overage: Consumption shall be charged at \$3.12 per Unit over 5 Units		
Overage: Consumption shall be charged at \$3.43 per Unit between 13-26 Units		
Overage: Consumption shall be charged at \$3.90 per Unit over 26 Units		

2 Meters-Outside (2MO)

Size of Meter	Consumption	Base Rate
5/8" METER	5 Units	79.38
Overage: Consumption shall be charged at \$2.55 per Unit over 5 Units		
Overage: Consumption shall be charged at \$2.81 per Unit between 13-26 Units		
Overage: Consumption shall be charged at \$3.19 per Unit over 26 Units		

FREQUENCY DISTRIBUTION OF WATER CONSUMPTION



PROPOSED PRICING FOR CONSERVATION TIERS/BLOCKS



Base Block

- No conservation pricing premium
- 0 to 13 kgal per month
- 73% of accounts
- 278 accounts
- Current price \$2.55 per kgal



Conservation Block #1

- 10% price premium over base block price
- 14 to 26 kgal per month
- 17% of accounts
- 66 accounts
- Block #1 price \$2.81 per kgal



Conservation Block #2

- 25% price premium over base block price
- Over 26 ccf per month
- 10% of accounts
- 38 accounts
- Block #2 price \$3.19 per kgal

AGENDA REPORT

TO: CITY COUNCIL
FROM: CITY MANAGER FOSCOLI
SUBJECT: SURPLUS PROPERTY (DUMP TRUCK)
DATE: MARCH 2, 2026

BACKGROUND

Staff would like permission to dispose of surplus equipment by sale and/or donation. The vehicle City Staff would like to dispose of is the City's Dump Truck which has reached the end of its useful lifespan.

SUMMARY

Public Works' 1989 International – This truck has a 10 speed transmission, a 7.6 L diesel engine, air brakes and an air gate. It has served the City well over the years, but with the purchase of a new to us dump truck, it is no longer needed. City Staff wishes to advertise this vehicle for sale.

FINANCIAL IMPLICATIONS

The City gains the proceeds from the sale, as well as saves on all maintenance performed on the vehicle that the city replaced. The resale value of each vehicle diminishes as it ages, so the city loses resale money by allowing the vehicles to age and not selling.

STAFF RECOMMENDATION

Staff recommend the surplus of the current dump truck.

PROPOSED MOTION

I move the City Council of the City of Falls City adopt Resolution 01-2026, A RESOLUTION DECLARING THE CITY DUMP TRUCK SURPLUS PROPERTY AND AUTHORIZING THE SALE OR DISPOSITION THEREOF.

ATTACHMENTS

Exhibit A Resolution 01-2026

RESOLUTION NO. 01-2026

A RESOLUTION OF THE CITY OF FALLS CITY DECLARING SURPLUS PROPERTY

Findings:

- 1. The City of Falls City owns a 1989 Dump Truck that has exceeded its useful life.
- 2. The Mayor and City Council desire to declare the property surplus.
- 3. The equipment may be dismantled for useful spare parts, scrapped, or sold.

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

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

Section 2. City Administration is authorized to dispose of the subject equipment.

ADOPTED BY THE FALLS CITY COUNCIL ON THIS 2nd DAY OF MARCH 2026.

VOTE: AYE____ NAY____ ABSTAIN____ ABSENT____

TJ Bailey, Mayor

Date

ATTEST:

Jeremy Teal, City Recorder

Date