



COUNCIL WORK SESSION

Wednesday, January 07, 2026 at 3:00 PM

COUNCIL MEMBERS:

Mayor Jennifer Massey
Council President Jessica Chilton
Councilor Mark Gundersen
Councilor Russell Hubbard
Councilor Brandon Sundeen

LOCATION & CONTACT:

HYBRID: Council Chambers & Zoom (details below)

Website | www.sthelensoregon.gov

Email | kpayne@sthelensoregon.gov

Phone | 503-397-6272

Fax | 503-397-4016

AGENDA

CALL WORK SESSION TO ORDER

CLEARING CONFUSION AND SETTING THE FACTS STRAIGHT

1. Response to December 17, 2025 Visitor Comments

VISITOR COMMENTS - *Limited to three (3) minutes per speaker*

DISCUSSION TOPICS

2. 3:10PM - Employee Length of Service Recognition - Melanie Payne (20 years), Jennifer Johnson & Shanna Duggan (15 years)
3. 3:15PM Quarterly Reports from City Departments/Divisions - Building & Planning (Informational)
4. 3:25PM - Follow-up on Utility Rates Outreach and Final Rates Study - *Consultant Steve Donovan and Finance Director Gloria Butsch*
5. 3:45PM - Update on Harbor Master Services for City Docks and Sand Island Docks - *Brad Hendrickson & Toni Doggett*
6. 4:05PM - Review Proposal and Purchase Agreement for Police Department Drone - *Police Chief Matt Smith*
7. 4:15PM - Review Budget Calendar for FY2027 - *Finance Director Gloria Butsch*
8. 4:25PM - Leak Adjustment Authority - *Finance Director Gloria Butsch*
9. 4:35PM - Discussion regarding City Tourism Program Assets (Tram and Boat) - *City Administrator John Walsh*
10. 4:50PM - City Administrator's Report

ADJOURN

EXECUTIVE SESSION

Following the conclusion of the Council Work Session, an Executive Session is scheduled to take place to discuss:

- *Labor Negotiations, under ORS 192.660(2)(d);*
- *Real Property Transactions, under ORS 192.660(2)(e);*

- *Exempt Records/Confidential Attorney-Client Privileged Memo, under ORS 192.660(2)(f); and*
- *Consult with Counsel/Potential Litigation, under ORS 192.660(2)(h).*

Representatives of the news media, staff and other persons as approved, shall be allowed to attend the Executive Session. All other members of the audience are asked to leave the Council Chambers.

FOR YOUR INFORMATION

Upcoming Dates to Remember:

- January 7, 3:00PM, Council Work Session, Council Chambers/Zoom
- January 7, 7:00PM, Council Regular Session, Council Chambers/Zoom
- January 12, 4:00PM, Parks & Trails Commission, Council Chambers/Zoom
- January 12, 7:15PM, Library Board, Zoom
- January 13, 6:30PM, Planning Commission, Council Chambers/Zoom
- January 19, Martin Luther King Jr. Day, City Offices Closed

Future Public Hearing(s)/Forum(s):

- PH: January 21, 6:40PM, Annexation of Approximately 6.57 Acres (Stutzman)

VIRTUAL MEETING DETAILS

Join: <https://us02web.zoom.us/j/84346928966?pwd=JoubMWFZHBexdd5pWWbyOVHZYSitHb.1>

Passcode: 841615

Phone one-tap: +16699009128

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to City Hall at 503-397-6272.

Be a part of the vision and get involved...volunteer for a City Board or Commission! For more information or for an application, go to www.sthelensoregon.gov or call 503-366-8217.

CLARIFICATION MEMO TO PUBLIC COMMENT



For City Council Meetings held on December 17, 2025

1. **City Council Minutes.** At the December 17 Council Work Session, a citizen commented that the minutes of the last Council meeting were pretty good but referenced a couple items the he felt were missing details. As a reminder, the [Department of Justice Attorney General's Public Records and Meetings Manual](#), confirms that meeting minutes need not be a verbatim transcript. The minutes or recording must contain certain information and must give "a true reflection of the matters discussed at the meeting and the views of the participants." If a person believes that the minutes do not provide a "true reflection of the matters discussed," they can contact Lisa Scholl, Deputy City Recorder, at lscholl@sthelensoregon.gov to notify her specifically of what aspect of the minutes do not provide a true reflection.

This particular citizen also questioned whether or not the YouTube closed captioning transcript would be "legally binding" in court. The YouTube close captioning transcript is useful for accessibility, but is not always accurate and may have errors. The City does not use the YouTube's close captioning transcript service to generate its meeting minutes, but instead uses a different transcription service and manually edits and corrects the minutes before publishing them. Those who use the YouTube close captioning transcript must be prepared to anticipate possible errors.

2. **Release of the Unredacted Band Report.** At the December 3 Council meetings as well as at previous meetings, a citizen commented that Mayor Massey is withholding the release of the Unredacted Band Report. On December 17, Mayor Massey read the following statement into the record:

"I want to address a repetitive public comment that is NOT FACTUALLY ACCURATE regarding the release of the redacted Band report and supplemental report. To be clear and on the record, I am personally not withholding, suppressing, or preventing the release of either of the referenced reports.

The City takes transparency seriously and also has a legal obligation to protect information that is confidential under applicable law. The reports referenced are presently associated with active litigation. Because of that, they are subject to attorney client privilege, attorney work product protections, and public records law exemptions. When those protections apply, the City HAS A DUTY NOT to disclose the materials, until the legal basis for withholding no longer exists."

3. **Tram Gas Comment.** During a Work Session presentation by the City's contracted event management company on December 17, there was information provided about the City's tram and that it holds only around three gallons of gas. A citizen later commented at the Regular Session that it actually holds at least 10 gallons. Upon verification with Public Works, the City's tram holds 12-14 gallons of gas depending on the baffles inside.
4. **Tourism Contributions.** At the December 17 Council Work Session, a citizen commented that there was a \$300,000 error in the budget related to Tourism contributions to be transferred to the City's General Fund. These statements are not accurate reflections of the facts or history, which is provided below.

At the May 15, 2025, Budget Committee meeting, Budget Committee member Steve Toschi proposed to modify the \$100,000 line item for Tourism Revenue to a proposed \$300,000 line item for Tourism

Revenue. The rationale provided by Mr. Toschi was that this change would notify the Contractor that the City expected the events to be more profitable.

The Budget Committee discussed wanting to see better return on investment from events and for Spirit of Halloweentown to contribute more to the General Fund to alleviate budget stress through increased revenue. At the time of the discussion, the City's Finance Director explained that staff projected a Tourism ending fund balance after expenses of \$106,000 for the next budget cycle and that staff budget conservatively so that money does not have to be borrowed from somewhere else if revenues are not realized.

City staff did not believe \$300,000 of revenue was realistic; however, it was the amount approved by the Committee. Since the budget's adoption, City staff have continued to make conservative financial decisions anticipating that \$100,000 of Tourism revenue would be realized, not \$300,000.

LENGTH OF SERVICE RECOGNITION



To: Mayor and City Council

From: Kathy Payne, Human Resources Coordinator/City Recorder

Date: January 7, 2026

We have three employees who have reached major milestones in their employment with the City of St. Helens. The following individuals will be recognized at the January 7 Work Session.

20 Years!

Melanie Payne began working with the City in December 2005 as a Deputy Court Clerk. She subsequently held positions such as Legal Assistant to the Prosecuting Attorney, Municipal Court Assistant to the Prosecuting Attorney, and Municipal Court Clerk where she currently serves. Melanie has done a remarkable job getting and keeping the Municipal Court and Prosecutor's office organized and running smoothly. The City appreciates her dedication to the Court and unwavering commitment to the City.

15 Years!

Jennifer Johnson started her City career as a Utility Billing Specialist in December of 2010. Since that time, she has held positions such as Accounting Assistant and Accountant. In January 2023, she was promoted to an Accountant III where she currently serves. Jennifer's attention to detail is impeccable. She does the City's payroll and helps with the preparation of the City's budget. She is an integral part of the City Team, and we appreciate her talent and dedication.

Shanna Duggan started working with the City a week after Jennifer as a Utility Billing Specialist. She has held many positions since December of 2010. In 2018, the City endeavored to create a recreation program for the community. Shanna's passion for such a thing was evident, so she was assigned to be a 0.5 FTE Recreation Coordinator and 0.5 FTE Utility, Banking & Court Specialist. In 2019, she became a full-time Recreation Manager. She took Parks on for a brief period of time as well as Recreation and was the Parks & Recreation Manager for a couple years. She currently serves as our full-time Recreation Manager where she does amazing things to help the youth in our community to have a fun and safe place to go after school, among other programs she has implemented, such as a youth basketball league and drop-in play time for young children and their parents/caregivers. The City appreciates her talent in pulling a recreation program together and keeping it running smoothly, mostly with grant money.

Congratulations Melanie, Jenn, and Shanna and thank you for your service to our community!

QUARTERLY REPORT TO COUNCIL

Meeting Date: January 7th, 2026
Prepared by: Michael De Roia
Department: Community Development
Division: Building
Reporting Period: 10/2025-12/2025
CC: City Administrator John Walsh



Item #3.

1. General Operations (Mo./YTD)

- Permits Issued (64/335)
- Inspection Performed (286/1090)
- Plan Reviews (99/260)
- Permit Fee Summary – \$57,878.99 (Report Attached)
- Columbia City Services (See Attached Reports)

2. Staffing & Personnel

- The Building Division is staffed with 2.4 FTE's.
- To promote training, continued education and jurisdictional partnerships, the building division joined the Oregon Permit Technicians Association (OPTA) in November. The annual cost of membership is forty dollars.
From their website, the OPTA “is dedicated to elevating the standards of professionalism among Permit Technicians across Oregon through enhanced education, training, and unity among jurisdictions.
The association serves as a vital forum for the exchange of ideas and information by cultivating relationships among members.
Focusing on mentorship, networking, career advancement, and educational opportunities, OPTA is committed to pursuing higher professional and ethical standards, ensuring our members are well-equipped to handle the complexities of our careers.”
- In our last report we were working on archiving permits that have been completed and given final approval. This project is coming along very well. We have relieved much needed space in front permitting office as well as some re-organizing of our archive room to maximize its storage capacities.

3. Projects & Initiatives

Projects

- **LOCAL:**
 - Permits:
 - CCMH Substance Disorder, Detox & Crisis Center – Construction permits have been issued. Project is currently at the groundwork and utilities phase.
 - 115 N 6th St. – Mixed Use Residential and Commercial Building. Project permitting is Ready to Issue.

- Chubb's Chevron Addition and Alterations – Addition constructed and in the finishes stage of construction.
 - 325 Strand – Building shell is still under construction, but the exterior is completed. Additional permitting is required for Occupancies.
- Updated Columbia County Homeland Security Emergency Management Commission (HSEMC) IGA – Our subcommittee is convening in quarter one of 2026 to review changes. If the City chooses to participate in the IGA, the cost to the city as a Level 2 jurisdiction is \$9,844.88.
- Coordinating with Columbia County to create an IGA, for the county to provide Address, Parcel, and Owner (APO) data updates on a regular schedule for building permit software. City council approved this IGA in October 2025. Along with the routine updating of our APO data, the county has also begun assisting us in resolving some long-standing discrepancies which have historically led to customer and staff frustrations. We are grateful for this partnership.
- Building Permit Fees – Beginning to review building division fees to ensure that we are recovering program costs and that the burden of development is borne by the developer and not the public. Our last significant fee adjustment was in 2017 and minor adjustment in 2020 when we began ePermitting (added fee type but no increases).
- **STATE BUILDING CODES DIVISION (BCD):**
 - 2025 Oregon Structural Specialty Code adoption date 10/1/2025. Chapter 1 (Administration) provisions mandatory 10/1/2025.
 - HB 3395 (2023) required the BCD and the Building Codes Structures Board to consider the inclusion of provisions in the Oregon Structural Specialty Code (OSSC) to allow residential occupancies to be served by a single exit stair. Following review of emerging national codes, consultation with the fire service and local governments, and a series of public workgroup meetings, the board and division approved 2025 OSSC Appendix Q, Single Exit Provisions for Buildings Containing Group R-2 Dwelling Units, for local adoption effective Oct. 1, 2025. Where implemented locally, the provisions of the appendix apply in addition to the remainder of the code, including associated means of egress provisions from Chapter 10.
 - Ready build plans – Public Meeting and discussion occurred 9/30. The purpose was to provide an open forum and discussion of the creation and use of ready build dwelling plans. The meeting was well attended in person and virtually. The main discussion points included:
 - Expected use of permit-ready dwellings. One of the greatest challenges with creating a plan that is approved for use statewide is accounting for the various geographical conditions that can be found in our state.
 - Types of Dwellings - The division currently discussing 3 types of dwellings (3Bd 2Bth; 2Bd 1Bth; 1Bd 1Bth). Narrow lots
 - Hazard Design Criteria – This includes various levels of gravity and lateral loading building design requirements throughout the state.

- How to incorporate options – This may include options such as a garage or fire rated construction or dimensional changes due to site specific requirements (e.g setbacks, steep slopes).
- Creating the plans – How does the state work with third parties to create the plans.

More information is available <https://www.oregon.gov/bcd/permit-services/Pages/permit-ready-plans.aspx>

- Continued Education/Training - Currently developing 2026 schedule as information becomes available from providers.
 - 2026 OBOA Fall Institute
 - 2026 OPTA Fall Training

4. Upcoming Events & Important Dates

(Provide information on city-related events, meetings, and deadlines relevant to the department.)

- January 7th – BCD Residential & Manufactured Structures Board
 - Review of 2026 Oregon Residential Specialty Code provisions and amendments.
- January 13th – HSEMC meeting (Agenda Not Published)

Attachments

Building Reviews Completed

Building Data Request Information

Columbia City Services Report



Chubbs



Chubbs



CCMH



CCMH



325 Strand



325 Strand

PERMITS ISSUED SUMMARY

Item #3.

Report parameters:
Date start from 10/1/2025 to 12/31/2025
Minimum valuation is \$0.00

Record type	Permits issued	Fees paid	Job value
Residential Demolition	1	\$279.11	\$0.00
Commercial Plumbing	4	\$3,811.97	\$19,000.00
Commercial Alarm or Suppression Systems	5	\$8,078.36	\$453,111.16
Commercial Revision	1	\$422.82	\$10,000.00
Residential Mechanical	24	\$2,786.45	\$246,801.00
Commercial Mechanical	1	\$447.93	\$15,000.00
Commercial Structural	5	\$122,589.60	\$4,456,778.00
Commercial Deferred Submittal	2	\$676.64	\$45,000.00
Residential Revision	1	\$92.58	\$0.00
Residential Plumbing	13	\$2,047.85	\$57,193.00
Residential Structural	9	\$6,631.30	\$195,365.00
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Overall summary			
Total	66	\$147,864.61	\$5,498,248.16



Fee Summary by Account

Report run by: Michael De
Building Of Item #3.
503-366-8226
mdernia@sthelensoregon.gov

Report options selected:

Start date and time: 10/1/25 12:00 am

End date and time: 12/31/25 11:59 pm

Account code: 1

Account id: -All-

Module: Building

Account Id: 100-000-20400

CET - St Helens SD 502 - Com Use	\$9,144.93
CET - St Helens SD 502 - Admin Fee - Com Use	\$92.37

100-000-20400 Total: \$9,237.30

Account Id: 100-000-20700

State of Oregon Surcharge -Plumb (12% of applicable fees)	\$409.67
State of Oregon Surcharge - Mech (12% of applicable fees)	\$212.51
State of Oregon Surcharge - Bldg (12% of applicable fees)	\$3,677.49

100-000-20700 Total: \$4,299.67

Account Id: 100-000-35003

Inspection for which no fee is specifically indicated - structural	\$96.92
Deferred submittal fee	\$511.77
Demolition permit fee, total structure	\$95.00
Structural building permit fee	\$30,548.67

100-000-35003 Total: \$31,252.36

Account Id: 100-000-35004

City Permit Administration Fee	\$2,856.00
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100-000-35004 Total: \$2,856.00

Fee Summary by Account

Item #3.

Account Id: 100-000-35005

Dishwasher	\$106.40
Water closet	\$452.20
Other - plumbing	\$106.40
Water service - Total linear feet	\$317.65
Balance of minimum permit fees - plumbing	\$261.80
Interceptor/grease trap	\$106.40
Single Family Residence - Baths	\$(548.00)
Floor drain/floor sink/hub drain	\$319.20
Storm sewer - Total linear feet	\$63.53
Tub/shower/shower pan	\$399.00
Clothes washer	\$133.00
Ice maker	\$53.20
Garbage disposal	\$53.20
Water heater	\$159.60
Sink/basin/lavatory	\$1,010.80
Sanitary sewer - Total linear feet	\$127.06
Expansion tank	\$79.80
Primer	\$26.60
Urinal	\$26.60
Hose bib	\$159.60

100-000-35005 Total: \$3,414.04

Account Id: 100-000-35006

Air handling unit of up to 10,000 cfm	\$12.39
Flue vent for water heater or gas fireplace	\$9.28
Wood/pellet stove	\$37.17
Ventilation fan connected to single duct	\$18.56
Clothes dryer exhaust	\$9.28
Hood served by mechanical exhaust, including ducts for hood	\$9.28
Balance of minimum permit fees - mechanical	\$1,115.52
Mini split system	\$74.34
Air conditioner	\$61.95
Furnace - up to 100,000 BTU	\$185.85
Heat pump	\$37.17
Other heating/cooling	\$12.39
Commercial mechanical permit (based on mechanical job value)	\$187.78

100-000-35006 Total: \$1,770.96

Fee Summary by Account

Item #3.

Account Id: 100-000-35009

Mechanical plan review	\$95.56
Structural - additional plan review per hour	\$143.64
Fire life safety plan review	\$9,820.89
Plumbing plan review	\$702.24
Structural plan review fee	\$5,679.62
Professional Services - enter amount	\$61.00

100-000-35009 Total: \$16,502.95

Account Id: 100-000-35015

Planning Release fee	\$632.00
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100-000-35015 Total: \$632.00

Account Id: 203-711-35020

Local Technology Fee - St Helens	\$2,097.28
Technology Fee	\$(15.60)

203-711-35020 Total: \$2,081.68

Account Id: 301-000-34008

Transportation SDC	\$23,375.16
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301-000-34008 Total: \$23,375.16

Account Id: 304-000-34008

Storm Sewer SDC	\$19,862.94
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304-000-34008 Total: \$19,862.94

Account Id: 305-000-34008

Parks SDC	\$750.00
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305-000-34008 Total: \$750.00

Account Id: 603-000-22110

Sanitary sewer capacity COA (non-SDC)	\$17,567.68
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603-000-22110 Total: \$17,567.68

Account Id: 703-000-35017

Additional engineering review/inspection	\$300.00
Major Engineering Services Plan Review	\$320.00

703-000-35017 Total: \$620.00

Note: This report includes fees paid with ACH, Cash, Check, Credit Card, Credit Card (Other), Fund Transfer, Internal Transfer, Restore Payment and Journal Entry payment methods. Fees paid with Billed, Credit Memo, Fee Waiver, and Write Off payment methods are excluded.



Building Reviews Completed

CITY OF ST. HELENS

2
St. Helens
503-397-6272
FAX: 503-397-4016

Item #3.

www.sthelensoregon.gov

10/1/2025-12/31/2025

buildingsafety@sthelensoregon.gov

		Al-Daomi	Bird	Davis	De Roia	Graichen	Hansen	Stirling	Total
Commercial	Additional Review					3			3
	Building Review				15				15
	Infrastructure Review							1	1
	Mechanical Review			1	2				3
	Planning Review					7			7
	Plumbing Review						4		4
	Site Review		1						1
	Total		1	1	17	10	4	1	34
Residential	Building Review				12				12
	Infrastructure Review							5	5

		Al-Daomi	Bird	Davis	De Roia	Graichen	Hansen	Stirling	Total
Residential	Planning Review					9			9
	Site Review	2	5						7
	Total	2	5		12	9		5	33
Total		2	6	1	29	19	4	6	67

PERMITS ISSUED SUMMARY

Item #3.

Report parameters:
Date start from 10/1/2025 to 12/31/2025
Minimum valuation is \$0.00

Record type	Permits issued	Fees paid	Job value
Residential Demolition	1	\$141.11	\$0.00
Residential Mechanical	6	\$694.26	\$48,264.00
Commercial Structural	1	\$942.51	\$39,975.00
Residential Plumbing	2	\$234.33	\$600.00
Residential Structural	2	\$367.38	\$1,851.00
Overall summary			
Total	12	\$2,379.59	\$90,690.00

		Columbia City	St. Helens	Total
191-25-000053-MECH	Total	\$34.60	\$81.11	\$115.71
191-25-000054-MECH	City Permit Administration Fee	\$10.50	\$31.50	\$42.00
	Local Technology Fee - Columbia City	\$0.79	\$2.36	\$3.15
	Balance of minimum permit fees - mechanical	\$9.56	\$28.67	\$38.22
	Air conditioner	\$3.10	\$9.29	\$12.39
	Furnace - up to 100,000 BTU	\$3.10	\$9.29	\$12.39
	State of Oregon Surcharge - Mech (12% of applicable fees)	\$7.56		\$7.56
	Total	\$34.60	\$81.11	\$115.71
191-25-000055-DWL	Structural plan review fee	\$351.53	\$1,054.58	\$1,406.10
	Land Use Plan Review - Residential	\$25.00		\$25.00
	City Permit Administration Fee	\$10.50	\$31.50	\$42.00
	Total	\$387.03	\$1,086.08	\$1,473.10
191-25-000056-DWL	Structural plan review fee	\$351.53	\$1,054.58	\$1,406.10
	Land Use Plan Review - Residential	\$25.00		\$25.00
	City Permit Administration Fee	\$10.50	\$31.50	\$42.00
	Total	\$387.03	\$1,086.08	\$1,473.10
191-25-000057-PLM	City Permit Administration Fee	\$10.50	\$31.50	\$42.00
	Water service - Total linear feet	\$16.38	\$49.15	\$65.53
	State of Oregon Surcharge -Plumb (12% of applicable fees)	\$7.86		\$7.86
	Local Technology Fee - Columbia City	\$0.81	\$2.42	\$3.23
	Total	\$35.55	\$83.07	\$118.62
191-25-000058-DEMO	Demolition permit fee, total structure	\$23.75	\$71.25	\$95.00
	Local Technology Fee - Columbia City	\$1.03	\$3.08	\$4.11
	City Permit Administration Fee	\$10.50	\$31.50	\$42.00
	Total	\$35.28	\$105.83	\$141.11
191-25-000059-PLM	City Permit Administration Fee	\$10.50	\$31.50	\$42.00
	Local Technology Fee - Columbia City	\$0.79	\$2.36	\$3.15
	Balance of minimum permit fees - plumbing	\$9.10	\$27.30	\$36.40
	Backflow preventer	\$6.65	\$19.95	\$26.60
	State of Oregon Surcharge -Plumb (12% of applicable fees)	\$7.56		\$7.56
	City Permit Administration Fee	\$-10.50	\$-31.50	\$-42.00
	Backflow preventer	\$-6.65	\$-19.95	\$-26.60

		Columbia City	St. Helens	Total
191-25-000059-PLM	Balance of minimum permit fees - plumbing	\$-9.10	\$-27.30	\$-36.40
	Local Technology Fee - Columbia City	\$-0.79	\$-2.36	\$-3.15
	State of Oregon Surcharge -Plumb (12% of applicable fees)	\$-7.56		\$-7.56
	Total			\$0.00
191-25-000060-MECH	City Permit Administration Fee	\$10.50	\$31.50	\$42.00
	Local Technology Fee - Columbia City	\$0.79	\$2.36	\$3.15
	Balance of minimum permit fees - mechanical	\$12.65	\$37.96	\$50.61
	Furnace - up to 100,000 BTU	\$3.10	\$9.29	\$12.39
	State of Oregon Surcharge - Mech (12% of applicable fees)	\$7.56		\$7.56
	Total	\$34.60	\$81.11	\$115.71
191-25-000061-MECH	City Permit Administration Fee	\$10.50	\$31.50	\$42.00
	Local Technology Fee - Columbia City	\$0.79	\$2.36	\$3.15
	Balance of minimum permit fees - mechanical	\$12.65	\$37.96	\$50.61
	Chimney/liner/flue/vent	\$3.10	\$9.29	\$12.39
	State of Oregon Surcharge - Mech (12% of applicable fees)	\$7.56		\$7.56
	Balance of minimum permit fees - mechanical	\$-12.65	\$-37.96	\$-50.61
	Chimney/liner/flue/vent	\$-3.10	\$-9.29	\$-12.39
	Furnace - up to 100,000 BTU	\$3.10	\$9.29	\$12.39
	Range hood/other kitchen equipment	\$2.32	\$6.96	\$9.28
	Balance of minimum permit fees - mechanical	\$10.33	\$31.00	\$41.33
	Total	\$34.60	\$81.11	\$115.71
191-25-000062-MECH	City Permit Administration Fee	\$10.50	\$31.50	\$42.00
	Local Technology Fee - Columbia City	\$0.79	\$2.36	\$3.15
	Balance of minimum permit fees - mechanical	\$12.65	\$37.96	\$50.61
	Furnace - up to 100,000 BTU	\$3.10	\$9.29	\$12.39
	State of Oregon Surcharge - Mech (12% of applicable fees)	\$7.56		\$7.56
	Total	\$34.60	\$81.11	\$115.71
191-25-000063-STR	Structural plan review fee	\$95.18	\$285.54	\$380.72
	Total	\$95.18	\$285.54	\$380.72
191-25-000064-MECH	City Permit Administration Fee	\$10.50	\$31.50	\$42.00
	Local Technology Fee - Columbia City	\$0.79	\$2.36	\$3.15
	Balance of minimum permit fees - mechanical	\$9.56	\$28.67	\$38.22

		Columbia City	St. Helens	Total
191-25-000064-MECH	Air conditioner	\$3.10	\$9.29	\$12.39
	Furnace - up to 100,000 BTU	\$3.10	\$9.29	\$12.39
	State of Oregon Surcharge - Mech (12% of applicable fees)	\$7.56		\$7.56
	Total	\$34.60	\$81.11	\$115.71
Total for All Records		\$1,490.91	\$3,894.35	\$5,385.26

12/31/2025



Building Reviews Completed

CITY OF COLUMBIA CITY
 1840 S
 Columbia City, OR 97018
 503-397-4010
 FAX: 503-366-2870

Item #3.

www.columbia-city.org

10/1/2025-12/31/2025

bldg@columbia-city.org

		De Roia	Johnson	Scott	Total
Commercial	Building Review	1			1
	Fire Review		1		1
	Total	1	1		2
Residential	Building Review	2			2
	Planning Review			1	1
	Total	2		1	3
Total		3	1	1	5

QUARTERLY REPORT TO COUNCIL

Meeting Date: January 7, 2026
Prepared by: Jacob A. Graichen, AICP, City Planner
Department: Planning
Division: Community Development
Reporting Period: October to December 2025
CC: City Administrator John Walsh / Planning Commission



Item #3.

1. General Operations

- **October:** In early October I received a message of concern from a county citizen about a Tree of Heaven infestation on the corner of US30 and Pittsburg Road. I had not heard of this species before but researched the tree and checked the site out and determined the concern is legitimate. I let our Public Works folks know because we have recently donated property to the city in this area and Code Enforcement as noxious vegetation is a nuisance in our code.

Right: many young Trees of Heaven are visible close to Pittsburg Road by US 30. **Below:** Tree of Heaven leaves have glandular teeth at their base as shown in the photo taken in the same area as the photo to the right.



- **October:** Engineering is starting to work on street lighting standards. I will assist some; first meeting this month.
- **October:** We received a new annexation application. There are more steps in these than other land use processes. This month I created the map and legal description for Oregon DOR Preliminary review, which is my typical first step for Annexations. This one is moderately complex in this regard.
- **November:** PSU published its 2025 preliminary population estimates. Here is an excerpt showing St. Helens:

Population Estimates for Oregon Cities (Vintage 2025)							
Incorporated City/Town	Estimates Base	Revised Population Estimate	Revised Population Estimate	Revised Population Estimate	Revised Population Estimate	Revised Population Estimate	Preliminary Estimate
	April 1, 2020	July 1, 2020	July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
Sodaville	360	365	360	360	360	360	360
Spray	139	141	141	141	141	141	141
Springfield	61,935	61,940	62,042	62,379	62,508	63,263	63,304
St. Helens	13,847	14,108	14,240	14,203	14,371	14,472	14,552

Interestingly, Springfield, a much bigger city, increased by 41 people compared to St. Helens' 80-person growth.

The certified population estimates will be posted by PSU online by the end of the day on December 15, 2025. *I did not check this for this report.*

- **November/December:** I have been a professional local government planner since 2001, working for both cities and counties. Though exceptions, typically this is a time to work on projects that we don't otherwise have time for. 2025 was about trying to keep up; the combination of being the only planner, the Arcadia Mill sale, a death in the family and everyday tasks made this year's fourth quarter extra tough.

Also, continuing legislative changes for Oregon Land Use laws, feels impossible to keep up with combined with everything else. But this is the sentiment of many Oregon land use planners.

Note that the typical land use planner per capita is 1 per 5,000 population. Currently, St. Helens has one for its almost 15K population.

- **Notable administrative Planning Department permitting:**
 - **December:** Final inspection for 325 Strand Street. Though not 100%, this one has a striking before/after comparison and thus, report-worthy.





- **Pre-application / early assistance meetings:**
 - **October:** Held a pre-app meeting for potential reuse of former Rite-Aide suite for farm-type store. Some site reconfiguring is proposed.
 - **October:** Held a pre-app meeting for potential new police station at 1771 Columbia Boulevard.
 - **October:** Prepared right-of-way vacation materials for a potential proposal at N. 14th Street and Oregon Street.
 - **November:** Early assistance meeting for potential remodel of Safeway. This is related to the reuse of former Rite-Aide suite for farm-type store, which was discussed at an October pre-application meeting.
 - **November:** Held a second pre-application meeting for the City's Millard Road property for a proposed residential subdivision. The first was in July of last year when there was a surveyor involved with a plan at the time as a high-level concept with scant inclusion of city code in the proposal. Now, about 16 months later, there is more of a development team who are working on refinements of the plan.
- **Planning Commission had their normally scheduled monthly meeting on **October 14, 2025**.** Outcome:
 - Held a public hearing and approved a Variance for reduced yard (setback) at 34891 Roberts Lane.
 - Held a public hearing and approved a Variance for reduced yard (setback) at 130 Ivy Lane.
 - The Commission considered an Architectural Review for modifications proposed at 201 S. 1st Street and recommended approval to staff.
 - The Commission discussed its attendance policy. More discussion anticipated at future meeting(s).
 - The Commission discussed the quarterly joint City Council/Planning Commission meetings, recommending only one scheduled joint meeting in the early part of the calendar year for 2026. Other meetings could be “as needed.” This will be a conversation with the Council at some point.
 - The Commission discussed two Commissioner term expirations. Commissioner Sisco wishes to continue; the Commission approved a motion accepting this. Commissioner Shoemaker does not want to continue after 2025, so we’ll need to recruit.
 - The Commission had the opportunity to review and discuss the previous quarterly report from the Planning Dept.
- **Planning Commission cancelled their normally scheduled monthly meeting on **November 12, 2025**.**
- **Planning Commission had their normally scheduled monthly meeting on **December 9, 2025**.** Outcome:
 - **This was a marathon meeting lasting 5 hours!** Note that this date was within the initial hard grieve time after the death of a close family member, so was particularly challenging.
 - The Commission held a public hearing and recommended approval of an annexation between Sykes Road and Morton Lane to the City Council. The Council will see this in January.

- The Commission held a public hearing and conditionally approved a 28-lot planned development preliminary plat subdivision at the west end of Seal Road (a private road). Making Seal Road public may be a topic for the Council in early 2026.
- The Commission held a public hearing and conditionally approved the new Police Station at 1771 Columbia Boulevard.
- We scheduled Commission candidate interviews but ended up postponing them given the length of the meeting, otherwise interviews would have been close to midnight!
- **Planning Commission's normally scheduled quarterly joint meeting with the City Council and Planning Commission on December 10, 2025 was cancelled.**
- **Development Code Enforcement.**
 - **December:** Attended municipal court on December 11 and 18 for an ongoing (about a year now) issue on the 100 block of S. 15th Street.
- **Geographic Information Systems (GIS).**
 - **October:** Provided zoning data to the state (DLCD) for their statewide zoning layer. Previous (and I think the first time) was in 2023.
 - **November:** Quarterly data updates.
- **Related City Council actions / decisions (Planning Commission FYI):**
 - **December:** After discussion with the Planning Commission in October to reduce the annual quarterly joint meetings with the Council, staff discussed this with the Council. The final verdict will be to have two pre-scheduled joint meetings: one in March and the other in September.

2. Staffing & Personnel

- **October:** Attended LOC's Municipal Fundamentals training.
- **October:** Attended annual OAPA Planning Conference.
- **October:** Attended CPR/First Aid training for city employees.
- **October – December:** The Planning Commission will have a vacancy as of the end of 2025 so recruitment efforts conducted. Due to an exceedingly busy December for both the Commission and staff, the efforts will continue into January 2026.
- **November – December:** Attended virtual classes for the City of St Helens Respectful Workplace Learning Plan.
- **December:** Attended annual legal issues for planners workshop.

3. Projects & Initiatives

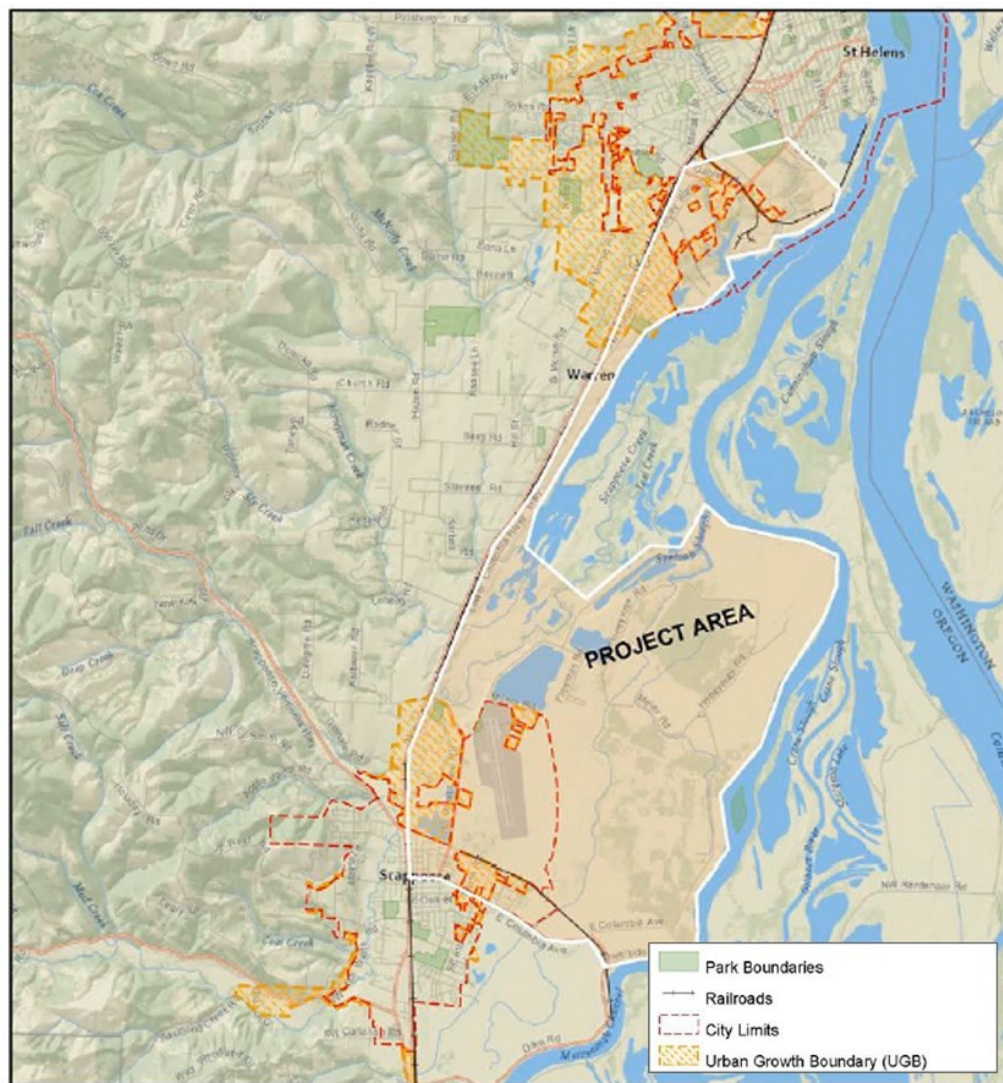
A. Ongoing Key Projects

- **Riverfront District, Mill Subdistrict** development (former veneer mill property):
November: Attended the first of a series of staff level meetings with Romano Capitol that will occur over the next several months. Preliminary market study (updated from approx. 10 years ago is promising—great potential here).

- **Parks Commission's Woodland Reserve.** Staff technical support for the SHBP Woodland Reserve concept. [No update this quarter.](#)
- **ODOT Community Paths Program: St. Helens Scappoose Trail Refinement Project** – \$405k to study a trail route refinement project (30% design) from St. Helens to Scappoose. Consultants selected in early 2025. [Engineering with take this over but planning will continue to support the effort.](#)

November: Work order contract finally approved after a slow process with the state. ODOT in contract negotiations since March. Project duration is 1.5 years (78 weeks).

December: First team meeting occurred and monthly virtual meetings will commence in January. The map below shows the study area (outlines in white).



- **ODOT TGM Program: Transportation Systems Plan** – TBD \$\$ for new Transportation Systems plan. City Engineering is lead, with Planning providing support. [No update this quarter.](#) I can't believe how slow this is going!

- **New Water Reservoir** – City Engineering is lead, with Planning providing support. **October:** Effort to narrowing down potential sites (originally 7 sites, now 3) continues. Preparation for a November 13th public meeting discussed. Various documents reviewed related to site selection. **November:** Site selection fact gathering continues (e.g., Geotech borings, property owner outreach). Public engagement meeting occurred.
- **Utility Master Plan Development Code Amendments** – These amendments based on the recommendations of the Wastewater (2021), Stormwater (2021), and Water (2022) plans. So now, several years have passed. **No update this quarter.**
- **SHIBP Project Arcadia** – My role is technical support to the City Administrator (acting Community Development Director) on this matter, mainly pertaining to document exhibits.

October – December: Continue to provide technical support for proper exhibits and such related to the sale of the mill to Arcadia. There have been revisions to the document exhibits, some from the surveyor team because they found their errors. So, tracking this has been a bear. In fact, reviewing the draft final documents from our legal team in early December, all of the legal descriptions were outdated versions! Pays to be organized.

The Arcadia transaction effort involved much more of my time in this quarter than anticipated.

- **SHIBP PGE Parcel** – Continue working with consultants on proposal for professional services for some design and survey work to carve off the mill for project Arcadia and to create a new PGE Parcel for a new sub-station. Next step is still a final agreement between the city and PGE. This was the next step last quarter too, and still in process.

November: City met with PGE to work out final details of a draft site readiness statement of work (SOW). Some added clarification language about permitting and an exhibit identifying the area needed for transmission line feasibility analysis should be all that is left for the SOW. However, the transmission line feasibility will result in a broader scope of work and will need to be updated.

December: Working with PGE and the city's consultant team for the broader scope of work for transmission line routing. The final agreement effort will continue into 2026.

- **Housing Capacity Analysis / Housing Production Strategy** – For St. Helens, the due dates on these are:
 - **Housing Capacity Analysis (HCA): due December 31, 2028**
 - **Housing Production Strategy (HPS): due December 31, 2029**

This will be different than the previous, because it will need to go through the new Goal 10 OHNA process. Staff will probably need to look at grant opportunities around June 2026 for this to keep on schedule. **No update this quarter.**

- **Food cart/pod rules.** Currently, only allowed by Temporary Use, the goal is to create rules for permanent use and maybe improved temporary provisions. This issue goes back to 2015 when we made the decision to start allowing these kinds of uses via the city's Temporary Use provisions. So, this is about a decade old issue. [No progress has been made in this reporting period.](#)
- **Flood code amendments related to Endangered Species Act.** In 2009 FEMA was sued based on floodplain rules violating the Endangered Species Act. In 2016 the National Marine Fisheries Services (NMFS) issued a biological opinion that Oregon's flood plain policies jeopardizes several threatened species such as salmon. In July 2024, FEMA announced a new program of pre-implementation compliance measures (PICM) for short term measures to be effective Dec. 1, 2024, separate from the long term, estimated for completion in 2027. Basically, flood development is supposed to include impacts to fish habitat, not just the loss of human-made structures.

[No updates this reporting period.](#)

B. Upcoming Projects

- Nothing new, not otherwise mentioned above.

4. Upcoming Events & Important Dates

- No noteworthy events, special meetings or significant deadlines to mention.

Attachments

- Annual land use permit summary is [attached](#).
- Below is the department's strategic plan, updated based on the department being solo for now:

PLANNING DEPT STRATEGIC PLAN --- SHORT (green) --- MEDIUM (yellow) --- LONG (pink) UPDATED: 12292025	
GOAL AREA (BASED ON '22-'24 PLAN)	PROJECT TITLE
	CURRENT PLANNING - Includes permits, authorizations, annexations, etc.
	CUSTOMER SERVICE - Time is money for applicants! Also, internal customer service with other departments.
Goal 3 - Livable & Safe Community	ArcGIS Desktop to ArcGIS Pro transition (Support for Desktop ends in early 2026)
Goal 5 - Long Term Planning	Development Code Amendments related to Sanitary, Storm and Water Master Plans
Goal 4 - Economic Development	ODOT Community Paths Grant (in process)
Goal 4 - Economic Development	St. Helens Industrial Business Park Planning (PGE and Project Arcadia efforts)
	Riverfront Redevelopment Efforts (Discussions underway with potential developer)
	Managers Attend Professional Development Opportunities
Goal 5 - Long Term Planning	New Transportation Systems Plan
Goal 4 - Economic Development	Food cart/truck/trailers rules (>10 years over due now)
Goal 3 - Livable & Safe Community	Flood code amendments related to BIOP (Endangered Species Act)
Goal 4 - Economic Development	Economic Opportunities Analysis (EOA) Post Adoption Tasks (adopted in 2025)
Goal 1 - Effective & Efficient Organization	Planning related FAQ pamphlets/videos
	CLG Grant (New cycle begins December 2025 with applications due ~Feb 2026) - \$16K for 2026 cycle.
Goal 3 - Livable & Safe Community	Right-of-way street vacation policy
Goal 3 - Livable & Safe Community	Housing Production Strategy (related to HNA but not a land use action)
Goal 5 - Long Term Planning	Housing Needs Analysis Update per 2019 HB 2003
Goal 5 - Long Term Planning	Revisit UGMA with County
Goal 5 - Long Term Planning	Parks & Recreation Master Planning
Goal 1 - Effective & Efficient Organization	Update city Charter for no-vote annexations
Goal 3 - Livable & Safe Community	Addressing policy update (Last city-specific address policy is from 1929, yes nineteen hundred and twenty nine)
Goal 4 - Economic Development	Develop incentives for designation as a local historic landmark
Goal 5 - Long Term Planning	Historic resources inventorying

Comparison of Land Use Actions by Year

Planning Commission Public Hearings & Planning Administrator Decisions

Land Use Action	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Accessory Structure	6	8	7	8	3	4	2	1	2	2
Annexation (Processed)	1	2	2	2	0	11	0	3	3	5
Annexation (Submitted, Not Processed)	1	0	1	3	3	1	2	2	2	0
Appeals	1	1	1	0	10	1	1	2	1	3
Architectural Character Review	0	0	1	1	1	0	4	7	4	3
Map/Text Amendment	4	2	2	5	1	1	0	2	2	1
Auxiliary Dwelling Unit	0	0	0	1	3	0	-	-	-	-
Conditional Use Permit	7	6	5	3	5	2	2	5	2	2
Conditional Use Permits (Minor Modification)	0	1	0	0	1	1	1	0	2	0
Development Agreement	0	0	1	0	0	0	0	0	0	0
Expedited Land Division	0	0	0	0	0	0	0	0	0	0
Extension of Time	1	1	4	5	5	0	4	3	6	3
Historic Resource Review	1	0	0	1	2	0	1	1	3	0
Home Occupations ₁	4	1	3	4	3	2	2	2	1	1
Lot Line Adjustment	3	3	3	11	2	3	3	2	4	1
Non-Conforming Use Determination or Unlisted Use	0	0	0	0	0	0	1	0	1	0
Partition	2	2	6	2	5	2	4	3	3	1
Planned Development	0	0	1	0	0	0	2	0	0	0
Revocation	0	0	0	0	0	0	0	0	0	0
Sensitive Lands Permit	4	3	5	0	1	1	9	6	3	4
Sign Permit ₂	24	22	13	15	5	13	10	17	13	19
Sign Permit (Temporary)	-	12	10	10	4	3	5	6	8	11
Sign Exception/Variance	0	0	1	0	0	0	1	0	0	0
Site Development Review	4	7	6	7	7	6	11	3	7	6
Site Development Review (Minor)	6	8	10	7	4	6	8	5	8	6
Site Development Review (Scenic Resource)	4	0	1	0	2	0	5	0	1	0
Street Vacations	0	2	0	1	2	0	3	1	0	0
Subdivisions	1	3	2	0	1	1	2	0	0	2
Subdivision Final Plat Approval	0	0	3	1	2	0	1	0	0	0
Variances	9	7	6	16	18	4	7	5	13	5
Temporary Use Permits	2	5	13	12	9	8	4	7	8	5
Tree Removal Permit	1	1	0	0	1	0	0	0	0	0
Other Public Hearing Subjects (i.e. Periodic Review)	0	0	0	0	1	0	0	0	0	0
Columbia County Referrals	0	9	6	2	1	3	4	1	3	0
Total Land Use Actions	86	106	113	117	102	73	99	84	100	80

1 - This includes Home Occupation (Type II) prior to 2019 & Home Occupation (Type I) removed in 18/19

2 - Temporary Sign Permits were included in Sign permits prior to 2017



Item #4.

UTILITIES RATES UPDATE

January 7, 2026



City Council Work Session

Page 36

Today's Agenda

- Recap of the December 11th utilities rates open house
- Restatement of the proposed rate increases scheduled for implementation on July 1, 2026
- Next steps



Recap of the December 11th Open House



22 ATTENDEES



**1.5 HOURS OF
CONVERSATION &
INTERACTION**



**GENERAL APPREHENSION
AT THE BEGINNING**



**ENGAGED CONVERSATION
BETWEEN STAFF AND
ATTENDEES**



**APPRECIATION FOR THE
PRESENTATION AT THE END**

Restatement of Proposed Rate Increases on July 1st



Overall Increase
5.4%

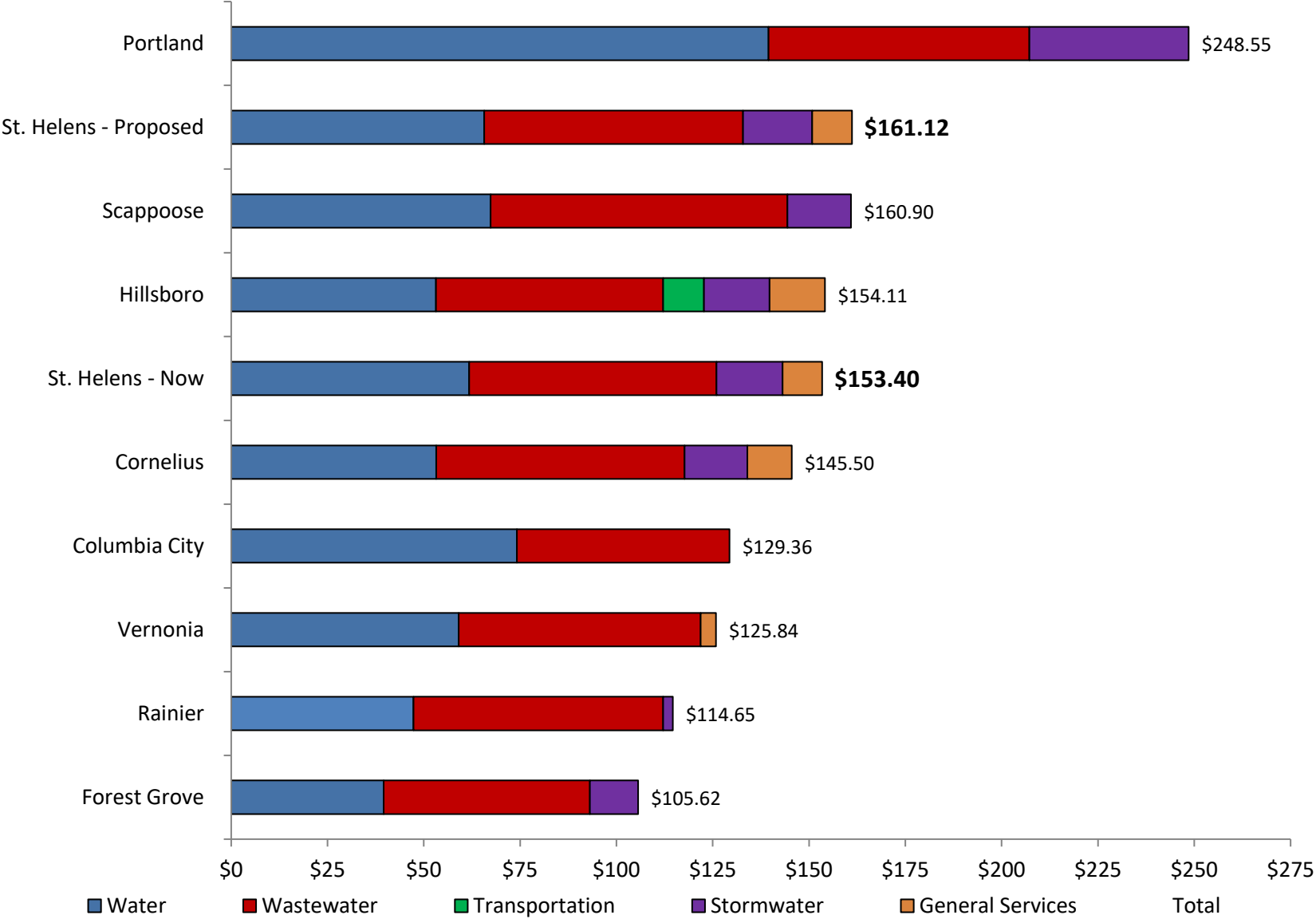
Water
6.35%

Wastewater
4.64%

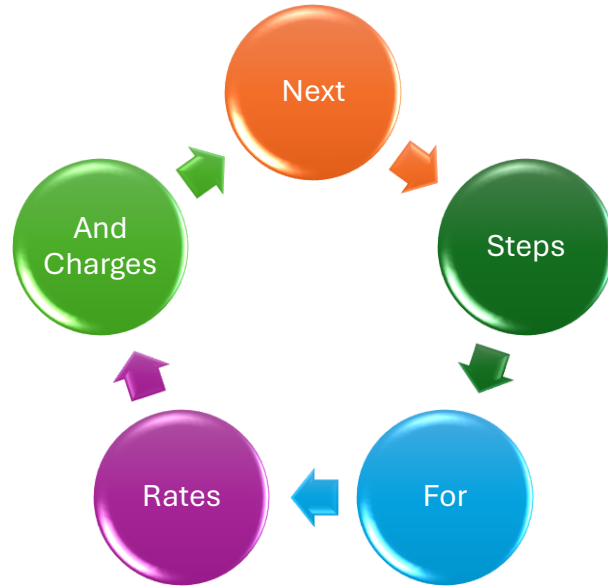
Stormwater
4.79%

Utility Service	Current		Forecast					
	2026	2027	2028	2029	2030	2031		
Water - 6.35%	\$ 61.76	\$ 65.68	\$ 69.85	\$ 74.29	\$ 79.01	\$ 84.02		
Wastewater - 4.64%	64.18	67.16	70.27	73.53	76.95	80.52		
Stormwater - 4.79%	17.16	17.98	18.84	19.75	20.69	21.68		
Total	\$ 143.10	\$ 150.82	\$ 158.97	\$ 167.57	\$ 176.64	\$ 186.22		
Annual change - \$		\$ 7.72	\$ 8.15	\$ 8.60	\$ 9.08	\$ 9.58		
Annual change - %		5.40%	5.40%	5.41%	5.42%	5.42%		

Neighboring Communities' Total Monthly Utility Bills



Next Steps



- Incorporate public input and Council direction into the utilities rate forecasts
- Lock down rates and use them for fiscal 2026-2027 budget preparation
- Report back to the Council prior to the start of the FY26-27 budget cycle
- Implementation on July 1, 2026



CITY COUNCIL MEMO*TOPIC: UTILITY RATES STUDY**DATE: 01/07/2026*

BACKGROUND

On October 15, 2025, the Council received presentation of a water, sewer, and storm utility rate study performed by Steve Donovan of Donovan Enterprises. The rate study considers the long-range needs of each system; these include the operating budget, growth forecasts, capital improvement plan, cash flow, and debt management.

On December 11, 2025, staff held an open house for the public to review the rate study and ask questions.

DISCUSSION

All three utilities require major capital improvements and expansion to meet the needs of the community. The capital improvement plans are based on the master plans prepared for each utility.

The rate study provides the recommended rates over the next 5 fiscal years beginning with FY2027. The rates that are recommended provide for continued operating, debt service and capital needs through FY2031.

The rate study includes rate comparisons with neighboring and other cities in our region.

RECOMMENDATION

The rate study recommended increases every year for 5 years, beginning in FY2027.

Staff recommends adoption of the recommended utility rates as outlined in the 2025 rate study.

"I move to adopt Resolution No. for utility rate adjustments as recommended by Donovan Enterprises for FY2027 through FY2031 effective on July 15, of each fiscal year."

City of St. Helens
RESOLUTION NO. 2065

**A RESOLUTION TO ESTABLISH WATER, SEWER, AND STORM
DRAINAGE UTILITY RATES AND CHARGES**

WHEREAS, St. Helens Municipal Code Chapter 13, Section 02.040 states rates, fees, and other charges for utility services, including, but not limited to, delinquent fees, reinstatement fees, and any other account fees, shall be set or amended by Council in a public forum after considering a staff report to provide an overview and allowing for public comments and testimony. Council shall pass a rate resolution after the forum; and

WHEREAS, the St. Helens City Council conducted a work session concerning utility rates and charges on October 15, 2025. At that work session the 2025 Utility Rates Study was presented by Steve Donovan and staff that recommended the utility rates adjustments needed for operating and capital needs; and

WHEREAS, on December 11, 2025, a public open house was held by City staff to provide information to the public concerning the future capital and operating needs of the utilities and for review of the recommended rates for the next five years; and

WHEREAS, on January 7, 2026, a public meeting was held by the City Council to consider changes to the utilities rates and charges as recommended in the 2025 Utility Rates Study. At that meeting the Council afforded the public time to comment on the proposed utilities rates and charges; and

WHEREAS, the City Council concludes it is appropriate to adopt the 2025 Utility Rates Study to fund the operations, maintenance, and capital improvement of the City's municipal utilities systems; and

WHEREAS, the City Council has determined the proposed schedule of utilities rates, hereinafter specified and established are just, reasonable, and necessary.

NOW, THEREFORE, THE CITY OF ST. HELENS RESOLVES AS FOLLOWS:

Section 1: Amendment and updating of utilities rates, fees, and service charges. In accordance with St. Helens Municipal Code Chapter 13, this Resolution reaffirms the methodology and provides the basis for utilities rates.

Section 2: Effective date. This Resolution shall become effective upon its adoption by the St. Helens City Council.

Section 3: Review. This Resolution may be reviewed at the pleasure of the City Council, and the rates may be amended as appropriate.

APPROVED AND ADOPTED by the City Council this 7th day of January 2026, by the following vote:

Ayes:

Nays:

Jennifer Massey, Mayor

ATTEST:

Kathy Payne, City Recorder

Presented by:



October

2025

Municipal Utilities Rate Study

Final Report

Prepared for:



Donovan Enterprises, Inc.
9600 SW Oak Street, Suite 335
Tigard, Oregon 97223-6596
☎ 503.517.0671



Municipal Utilities Rate Study

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Executive Summary

The City of St. Helens is the sole provider of municipal utilities services to customers within the urban services boundary of the City. Revenues required to fund the delivery of these urban services are obtained from monthly user fees which are set by the City Council via its City charter authority. This study addresses the revenue required from rates needed to support future operations and maintenance costs for the water, wastewater, and stormwater utilities along with a funding plan for capital needs identified in the City's capital improvement plans.

With the active involvement of City staff, and input from the City Council, twenty-year planning models were developed for this project; however, the focus for the rate study is the five-year near-term forecast of fiscal 2027 through fiscal 2031. These financial models have been reviewed with the City as they were developed and will be provided as a project deliverable enabling the City to make future updates.

The purpose of this study is to develop a cost of service-based methodology that will accurately determine the cost the city incurs to deliver water, wastewater, and stormwater management services. The models developed for this project have been populated with budget data for fiscal 2026 along with actual results for fiscal 2025. Historical data for fiscal 2023 through 2024 has also been included. These models simulate the current service levels (CSL) of the utilities, and sensitivity cases for a number of funding issues facing the City's utilities. The results of each model run were expressed in terms of the rate impacts on the average single family residential customer's monthly bill for utility services.

Several presentations on this matter were made to the City council and the public. The specific dates of these meetings were as follows:

<i>Date</i>	<i>Presentation Content</i>
<i>October 15, 2025</i>	Sharing initial findings, conclusions, and recommendations of the analysis with the City Council at a City Council work session.
<i>November 2025</i>	All utility customers receive an insert with their November bills explaining the proposed utilities rate adjustments and the infrastructure projects that will be funded from rates. In addition, the city posted an article in the November edition of the City newsletter (the St. Helens Strand) detailing the proposed rate adjustments.
<i>December 11, 2025</i>	St. Helens Town Hall meeting to share issues and ideas with the public.
<i>January 7, 2026</i>	Circle back meeting with the City Council to chart the course for water, sewer, and stormwater rates strategy via work session.

The project team presented the base case and staff alternative rate forecasts to the City Council and the public at these meetings. Each of these cases contained a number of unique forecast variables that included capital funding strategies, cash positions at the end of the five-year forecasts, and multiple other dependent variables. After considerable discussion and deliberation, the City Council was presented with the Staff recommended rate strategy which calls for 6.35% per year rate increases for water, and 4.64% per year rate increases for wastewater, and 4.79% per year rate increases for stormwater.. The forecasted annual rate increases for all three rate recommendations are shown below in Table 1.

Table 1
City of St. Helens
Current and Forecasted Average Monthly Utility Bills - Single Family Residential

Utility Service	Current		Forecast				
	2026	2027	2028	2029	2030	2031	
Water - 6.35%	\$ 61.76	\$ 65.68	\$ 69.85	\$ 74.29	\$ 79.01	\$ 84.02	
Wastewater - 4.64%	64.18	67.16	70.27	73.53	76.95	80.52	
Stormwater - 4.79%	17.16	17.98	18.84	19.75	20.69	21.68	
Total	\$ 143.10	\$ 150.82	\$ 158.97	\$ 167.57	\$ 176.64	\$ 186.22	
Annual change - \$	\$ 7.72	\$ 8.15	\$ 8.60	\$ 9.08	\$ 9.58		
Annual change - %	5.40%	5.40%	5.41%	5.42%	5.42%		

Water consumption assumptions:

Water - 5.98 kgal per month average

Sewer - winter monthly average water consumption at 3.74 kgal

Conclusions

- On balance, the City's utilities are in excellent financial condition. Fund balances exceed minimum operating reserve requirements, and revenue bond debt service coverage on water and wastewater debt exceeds covenants.
- We estimate the water fund will end this fiscal year (i.e., June 30, 2026) with a cash balance of \$2.6 million. With 6.35% per year general water rate increases we project this fund will sustain this level of cash out 2031. With these future rate increases and the prudent use of cash reserves, there should be adequate funds available to pay for planned water system expenditures over the balance of the five-year forecast horizon. This also accounts for the planned borrowing of approximately \$15.1 million for the 5 million gallon distribution reservoir in fiscal 2030.
- The City's current water rate structure conforms to industry practice. This structure consists of a monthly base charge and a volume charge for every 100 cubic feet of metered water consumed. The City employs conservation pricing mechanisms which also conforms to industry standard.
- We expect the wastewater fund to finish this fiscal year with \$4.6 million in cash. Regular 4.64% annual rate increases should keep the fund stable through June 2031, ensuring enough cash for planned system expenses over the next five years. The forecast includes borrowing about \$24.8 million in fiscal 2030 for trunk sewer capacity expansion; most of this funding is already secured from a new long-term debt issuance through the Clean Water State Revolving Loan Fund managed by Oregon DEQ.
- The City's current wastewater rate structure also conforms to industry practice. For residential customers, this structure consists of a monthly base charge and a volume charge for every 100 cubic feet of winter monthly average metered water consumed. The City bills commercial customers based

on their assumed strength of discharge. Under this approach, commercial customers are grouped into low, medium, high, and industrial extra strength categories based upon their standard industrial classification. The commercial volume charge is based on actual monthly metered water consumption.

- The stormwater fund is expected to end this fiscal year and June 30, 2031, with a \$1.1 million cash balance, assuming annual rate increases of 4.79%. These increases and prudent reserve use should cover planned spending over the five-year forecast, with no borrowing anticipated. The budget allocates \$250k annually from general rates for line replacements, CCTV inspections, small projects, and drainage investigations.

Recommendations

Water:

- *Water rates* - We recommend the City increase water rates on or near July 1, 2026, by 6.35%, and by 6.35% on July 1st every year thereafter until 2030. The immediate impact on the average single family residential customer is an increase in the water bill of approximately \$3.92 per month. The average single family residential monthly water bill will go from the current amount of \$61.76 to \$65.68.
- *Funding of water capital repairs and replacements* – Over the last three fiscal years, in the water fund, the City has been spending on average approximately \$441k per year on water system capital repairs and replacements. In our five-year forecast, we have budgeted \$400k per year for these types of expenditures; all funded from rates. We recommend the City adopt this strategy in annual water system budget preparations. Please note, this \$400k per year is over and above the ~\$15 million that will be spent in fiscal 2029 and 2030 for the new 5-million-gallon distribution reservoir. See the next bullet for a further discussion of this project's funding strategy.
- *Funding of Master Plan priority capital improvements* – Our water system financial modeling assumes the Master Plan priority capital improvements (i.e., the 5 million gallon distribution reservoir) will cost approximately \$15 million over the five-year forecast horizon. We have developed a funding plan that calls for the issuance of new debt in fiscal 2030 for the project. The City also has approximately \$1.1 million held in reserve in the Water SDC Fund that will be applied to this project. We recommend the City implement this five-year funding strategy. We also recommend the City consult with its engineering team to verify our planning assumptions and estimated project costs. In these inflationary times, estimating future costs can be difficult.

Wastewater:

- *Wastewater rates* - We recommend the City increase wastewater rates on or near July 1, 2026, by 4.64%, and by 4.64% on July 1st every year thereafter until 2030. The immediate impact on the average single family residential customer is an increase in the wastewater bill of approximately \$2.98 per month. The average single family residential monthly water bill will go from the current amount of \$64.18 to \$67.16.
- *Funding of the wastewater inflow and infiltration (I&I) abatement program* – We recommend the City continue to focus on its I&I abatement through regular annual expenditures. In our five-year forecast, we have budgeted \$100k per year for this program; all funded from wastewater rates. We recommend the City adopt this strategy in annual wastewater system budget preparations.
- *Funding of wastewater capital repairs and replacements* – Over the last five fiscal years, in the sewer fund, the City has been spending on average approximately \$666k per year on wastewater system capital repairs and replacements. In our five-year forecast, we have budgeted \$500k per year for

these types of expenditures; all funded from rates. The City also has approximately \$1.6 million held in reserve in the Sewer SDC Fund to pay for capacity expanding projects. As the wastewater collection and treatment systems age, these types of system repairs and replacements will become more common.

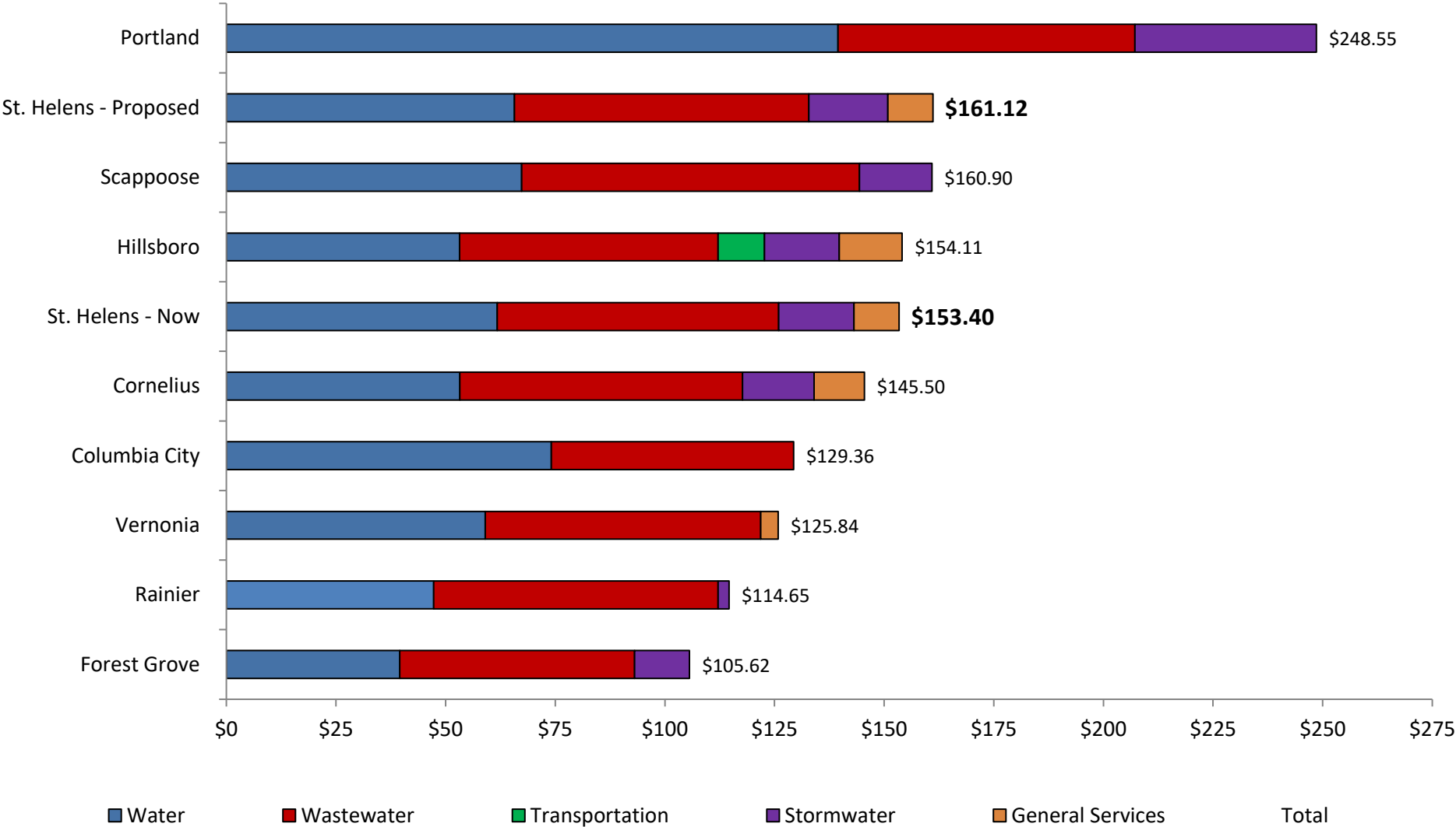
- *Funding of Master Plan priority capital improvements* – Our wastewater system financial modeling assumes the Master Plan priority capital improvements will cost approximately \$24.8 million over the five-year forecast horizon. This money will be invested in increasing the hydraulic capacity of the City's sewer trunk system. Funding for this project will come from a new loan from the Clean Water State Revolving Loan Fund administered by the Oregon Department of Environmental Quality. In addition to having a deeply subsidized interest rate at 1%, the City will enjoy the benefit of a \$2 million principal forgiveness due to the water quality enhancement feature of the project. We recommend the City consult with its engineering team to verify our planning assumptions and estimated project costs. Our modeling assumes this project will be completed in fiscal 2029 with repayment starting in fiscal 2030. We recommend the City adopt this strategy in annual wastewater system budget preparations.

Stormwater:

- *Stormwater rates* - We recommend the City increase stormwater rates on or near July 1, 2026, by 4.79%, and by 4.79% on July 1st every year thereafter until 2030. The immediate impact on the average single family residential customer is an increase in the water bill of approximately \$0.82 per month. The average single family residential monthly water bill will go from the current amount of 17.16 to \$17.98.
- *Funding of stormwater capital repairs and replacements* – Over the last five fiscal years, in the stormwater fund, the City has been spending on average approximately \$20k per year on stormwater system capital repairs and replacements. This is an inadequate funding level. In our five-year forecast, we have budgeted \$250k per year for these types of expenditures; all funded from rates. Specifically, we have allocated \$200k of this budget for line replacements and CCTV inspections. The balance, \$50k per year is allocated for small works, and storm drainage investigations. The City also has approximately \$546k held in reserve in the Stormwater SDC Fund to pay for capacity expanding projects. We recommend the City adopt this strategy in annual stormwater system budget preparations. As the stormwater conveyance and detention systems age, these types of system repairs and replacements will become more common.

The recommendations of this municipal utilities rates study are pragmatic and reasonable. Our recommendations are focused on securing the financial future of the utilities and to make sure that all customers who receive the benefits of utilities services pay their proportionate share of the costs of delivering those utility services. Shown below in Figure 1 is a chart that compares the current and proposed utility rates for a single-family customer in St. Helens to the same charges in similar communities in the region.

Figure 1 - Neighboring Communities' Single Family Utility Bills - October 2025



Analysis Section

Background and Study Methodology

St. Helens is a residential community located along the Columbia River on State Highways 30 in Columbia County. The City owns and operates a culinary water system that serves approximately 5,208 customers and provided about 450 million gallons of water to customers in fiscal 2024-25. St. Helens has a wholesale water sales agreement with the City of Columbia City but has not sold any finished water to them since the summer of 2014. Out of the 5,208 active accounts, 91% are residential/small commercial customers. The balance of the accounts are larger multifamily, institutional, and industrial customers. The majority of industrial water use is on the Port of St. Helens property.

The City also owns and operates a wastewater collection and treatment system. The wastewater treatment plant is located at 451 Plymouth Street. It consists of two lagoons, an operations building, a chlorine building and a shop. The plant treats all of the domestic waste from both St. Helens and Columbia City. It also treats waste from a number of local industries. There are three employees at the plant, a Superintendent, two Operators, and one who also serves as the Pretreatment Program Coordinator. Along with the treatment plant, the operators also maintain nine sewer lift stations and one stormwater lift station throughout the City.

The treatment process consists of two lagoons. When waste enters the plant, it is screened and enters the smaller 3 acre lagoon for primary treatment. After that, it is disinfected and flows into the larger 40 acre lagoon. After the secondary treatment, it is discharged into the Columbia River. The typical flows to the river are between 6 and 10 million gallons per day.

Finally, the City owns and operates a storm drainage system that consists of 43.4 miles of storm drainage lines ranging in size from 6-inch diameter to 66-inch diameter, 2,466 storm structures (catch basins, manholes, cleanouts, storm inlets, and outfalls), and one stormwater pump station. The storm drainage system is essential in protecting the public health, water quality, and the environment. Effectively, all of the stormwater that is detained and conveyed within the City eventually flows to the Columbia River.

To pay for the operation, maintenance, replacement, and improvement of these water, wastewater, and stormwater systems, the City charges its customers fees on a monthly basis. The purpose of this study is to evaluate the City's methodology for calculating these fees and to perform an industry standard, cost of service analysis (COSA). The process used to prepare the COSA for the City's utilities follows standard ratemaking principles, as outlined by the American Water Works Association (AWWA), the Water Environment Federation (WEF), and the U.S. Environmental Protection Agency (EPA). This process consists of three steps:

1. Determine revenue requirements...(how much does it cost to provide service system-wide)
2. Allocate costs to customer classes...(who is causing the need for the service, and in what proportion)
3. Determine rate structure and develop rates...(align rates to recover costs from those causing the need)

Step 1: Determination of Revenue Requirements

Revenue requirements are the total costs of providing services to utility customers over a specific period of time (usually one year). These costs include operation and maintenance (O&M) and capital costs. O&M costs are the routine costs of operating and maintaining a utility system in order to provide service. For the purpose of rate setting, revenue requirements are projected from budgeted expenses and adjusted

based on historical cost trends and the expertise of utility staff. Examples of O&M costs are chemicals and electricity used at plants, skilled plant operator labor, and administrative expenses.

Capital costs, as defined for the City's rates structures, are the resources used to acquire or construct capital assets. These include current revenue funded (pay-as-you-go) improvements, planned annual contributions to funds for such purposes, and ongoing debt service requirements (principal and interest payments on outstanding loans and other obligations). Capital assets are defined as major assets that benefit more than a single fiscal period. Typical examples are land, improvements to land, easements, buildings, improvements, vehicles, machinery, equipment, and other infrastructure. Capital costs are projected for the rate-setting period based on the capital improvement plan, the City's bond covenants, and utility staff expertise.

To determine the amount of revenue that rates must generate annually, the total revenue requirements are reduced by nonrate or other system revenues. Examples of other system revenues are unrestricted interest earnings, revenues from wholesale contract customers, and revenue from miscellaneous charges. Total requirements less other system revenues equal requirements from rates.

Step 2: Allocate Revenue Requirements to Customer Classes

Determination of the costs of service by customer class is a four-step process. These steps are referred to as functionalization, joint and specific groupings, classification, and allocation. Functionalization involves categorizing revenue requirements according to utility functions. For example, wastewater functions typically include treatment (often broken up by unit process), collection, pumping, and customer service. Utilities incur varying levels of costs to perform the different system functions needed to meet customer demands. Therefore, the first step in the cost allocation process is to determine what it costs the utility to perform different service functions. Next, functional costs are grouped by joint and specific categories. This process allows for certain types of costs (e.g., industrial pretreatment costs) to be allocated directly to benefiting customers. The majority of costs are generally joint or common to all customers.

Following functionalization and joint and specific groupings, a classification process is undertaken. A fundamental objective in developing a rate system is to price utility services so that each customer pays for the service they receive in proportion to their use. Some costs incurred by the utilities are a function of quantity. In the case of water, it means metered water sales. In the case of wastewater, it means the amount of wastewater discharged to the collection system. Other costs are associated with serving customers regardless of the quantity that flows through the system.

Ideally, each customer would be charged according to the actual cost of providing service to his or her connection. However, it is impractical to estimate the cost of serving each individual customer. Therefore, it is accepted practice in the utility industry to classify customers into relatively few, reasonably homogeneous groups, and then to develop rates for each group. In the final step of the cost allocation process, the characteristics of the utilities' customers are analyzed, and costs are allocated to each class. For water systems, user characteristics include number of meters, base daily demand, and extra capacity demand measured in maximum day and maximum month demand. For wastewater systems, user characteristics include sewage flows, strengths, and the number of customer accounts.

The user characteristics serve as the basis for allocating costs by service characteristic to each customer class. The sum of each class's proportionate cost share of each service characteristic is that class's total cost-of-service.

Step 3: Determine Rate Structure and Develop Rates

The last step in the rate development process is the design of the rate structure and the development of rates. There are a variety of rate structure options available to meet a wide range of policy objectives. In the City's case, all utility customers are on a monthly billing cycle.

St. Helens water and wastewater rates are comprised of a fixed charge per customer per billing period (monthly) and a volume charge that varies based on water usage or estimated sewage flow. Stormwater fees are flat rated for residential customers at an assumed amount of impervious surface equal to 2,500 square feet. Commercial, institutional, and industrial customers are billed based on actual measured impervious surface.

Once a rate structure is selected, rates are calculated based on the costs-of-service by class determined in Step 2. The end result of this rate development process is an equitable distribution of system revenue requirements to system users.

Analysis of Water System Revenue Requirements

This analytical task determines the amount of revenue needed from water rates. This is driven by utility cash flow or income requirements, constraints of bond covenants, and specific fiscal policies related to the water utility. Based on two years of actual financial records, estimated results for fiscal 2025, and for the current budget year 2026, a base case analysis was developed. This case is predicated on a number of planning assumptions. These planning assumptions are discussed in detail below.

For the current upcoming budget year, it is forecasted the water utility will generate sufficient revenues from rates, charges, and fees to meet its obligations and produce an unappropriated ending balance in the water operating fund of \$2,606,300. The beginning balance for the water operating fund in this same fiscal year is estimated to be \$3,559,373. In order to establish and maintain cash balances in the water operating fund while continuing to support the funding of future operations and maintenance work, a 6.35% general water rate increase will be required for each of the ensuing five fiscal years starting on July 1, 2027.

For the forecast of revenue requirements, the following assumptions were made based on discussions with City staff:

Inflation in costs and growth in the customer base – In order to accurately reflect likely future conditions, the revenue requirements model was programmed to allow for inflation and cost escalation factors by budget line item. Per guidance from City staff, the following factors were applied for estimating future cost escalation:

- All direct labor line items – 3.0% per year
- Pension plan contributions (City cost) – 5.0% per year
- Health insurance premiums (City cost) – 5.0% per year
- Professional services (OMI contract) – 3.0% per year
- All other operating expense line items – 3.0% per year
- The growth forecast expressed in the annual increase in 3/4" meters is estimated to be 1.50% per year over the five (5) year forecast horizon.

Capital Improvement Plan Funding - In the current budget year 2026, total water system capital improvement costs are estimated to be \$1,020,000, and consist of the following projects:

Project ID	Project Description	Cost
601-53310	reservoir siting study	\$50,000
731-53302	annual maintenance - operations	100,000
731-53314	water meter replacements	70,000
731-53315	Railroad ave. watermain replacement	450,000
732-53302	annual maintenance – water filtration	100,000
732-53306	WFF rack replacement	<u>250,000</u>
		\$1,020,000

For the five-year forecast, we have assumed an annual budget for routine capital repairs and replacements at \$400k. With the assistance of City Staff, a 20 year water system capital improvement plan was developed for this rate study effort. Over this 20 year horizon, the City's water system capital improvement plan calls for the investment of \$15,000,000, all directed at the siting, design, and construction of a new 5 million gallon water distribution reservoir. Current planning calls for this facility to be constructed in fiscal 2029 and finalized in fiscal 2030. Funding for the project is to come from the proceeds of a new senior lien water system revenue bond. The project funding plan and debt sizing is shown below in Table 2

Table 2 - Forecast of Future Water System Capital Financing Plan

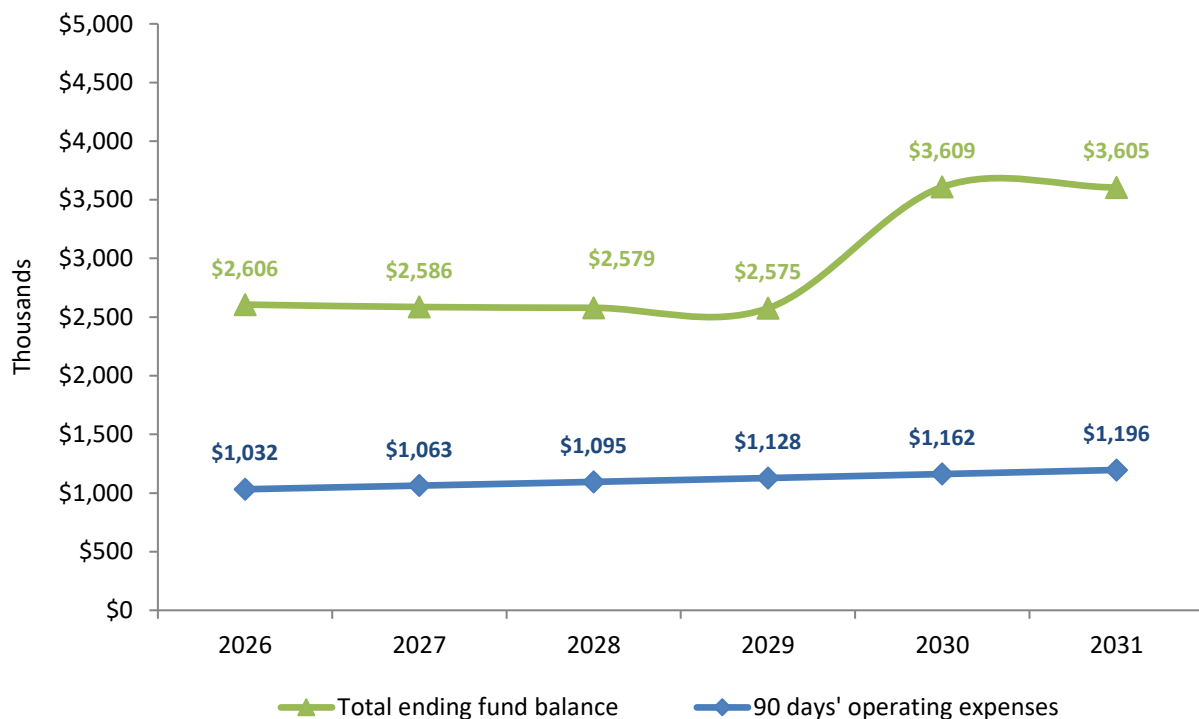
Capital Improvements Financing	2026	2027	2028	2029	2030
Capital Costs to be Funded	-	-	-	-	15,000,000
less: Contributions from SDCs	-	-	-	-	1,078,065
less: Contributions From Construction Fund bal	-	-	-	-	-
less: Contributions From Utility Rates	-	-	-	-	-
less: Developer Contributions	-	-	-	-	-
Amount to be Financed	-	-	-	-	13,921,935
Interim Borrowing:					
BANs Issued:	-	-	-	-	-
less: Borrowing Cost	-	-	-	-	-
less: Interest Payments	-	-	-	-	-
plus: Interest Earnings	-	-	-	-	-
Net Available from BANs	-	-	-	-	-
Long-term Borrowing:					
Revenue Bonds:					
Amount Borrowed	-	-	-	-	15,138,480
less: Financing Cost	-	-	-	-	151,385
less: Reserve Funding	-	-	-	-	1,065,160
less: Refunding of BANs	-	-	-	-	-
Net Funds from Revenue Bonds	-	-	-	-	13,921,935
General Obligation Bonds:					
Amount Borrowed	-	-	-	-	-
less: Financing Cost	-	-	-	-	-
less: Reserve Funding	-	-	-	-	-
less: Refunding of BANs	-	-	-	-	-
Net Funds from G.O. Bonds	-	-	-	-	-
New Annual Debt Service:					
Debt Service	-	-	-	-	1,065,160
Coverage	-	-	-	-	-
Reserve Funding	-	-	-	-	-

It should be noted that the City is budgeting for total water rate revenues of \$4,400,000 for fiscal 2025-26. This level of ongoing cash flow in combination with general rates increases and fund balances in the water SDC and operating funds is sufficient to make the water capital funding plan work.

Operating Costs in Excess of Inflation – In most rate studies, there are certain operating cost categories that tend to grow in excess of the general price index. We have not identified any categories in this analysis. Also, we have not planned or budgeted for any additional labor. If the water utility does add staff, these costs will impact the current revenue requirements forecast.

Modeling for Contingencies, Reserves, and Ending Fund Balances - The financial engine of the water utility is the water operating fund. Because the utility cash finances all of its operations, the ending fund balance in the water operating fund is in effect the contingency fund for the utility. Over the past three years, the ending fund balance in the Water Operating Fund has been stable, primarily due to steady growth in rate revenue receipts, and expense controls initiated by City management. For planning purposes, we are expecting the Water Operating Fund will end all forecast years with a target ending fund balance in excess of ninety days of operating expenses. This target balance gives the water utility enough contingency to fund unforeseen operating cost spikes. The five year forecast of targeted Water Operating Fund balances and operating reserve requirements is shown below in Figure 2.

Figure 2 - Forecast of Water Operating Fund Balances and Operating Reserve Requirements



Revenue Requirements Forecast & Results

All of the above cost elements are contained in the revenue requirements model which is the platform for the “base case” forecast. The base case assumes the utility will fund the capital improvements strategy

(discussed above). Also, the utility would fund the operating costs as adjusted for inflation. This base case resulted in the following forecast of water system revenue requirements (Table 3).

Table 3 – Base Case Forecast of Water System Revenue Requirements

	Budget 2026	2027	2028	Forecast 2029	2030	2031
Projection of Cash Flow:						
Revenues:						
Charges for Services:						
Water Sales - Residential	4,400,000	4,400,000	4,833,309	4,979,068	5,081,072	5,826,432
Water Sales - Com/Ind	-	-	-	-	-	-
Late Reconnection Tamper Fees	200,000	200,000	200,000	200,000	200,000	200,000
Collections	-	-	-	-	-	-
Water Connections	10,000	10,000	10,000	10,000	10,000	10,000
Total Service Charges	4,610,000	4,610,000	5,043,309	5,189,068	5,291,072	6,036,432
Total other financing sources	-	-	-	-	-	-
Bond proceeds for projects	-	-	-	-	13,921,935	-
Total miscellaneous income	105,000	109,402	108,729	108,635	108,627	150,170
Subtotal gross operating revenues	4,715,000	4,719,402	5,152,039	5,297,704	19,321,635	6,186,602
Operations & Maintenance Expense:						
Total personal services	1,040,000	1,071,200	1,103,336	1,136,436	1,170,529	1,205,645
Total materials and services	3,145,400	3,239,762	3,336,955	3,437,064	3,540,175	3,646,381
Total capital outlay	1,020,000	400,000	400,000	400,000	14,321,935	400,000
Total debt service	462,670	462,430	463,840	430,510	1,065,160	1,065,160
Transfers to other funds (excluding transfers to SDC fund)	-	-	-	-	-	-
Total operations and maintenance expense	5,668,070	5,173,392	5,304,131	5,404,010	20,097,800	6,317,185
(Use)/replacement of fund balance	(953,070)					
Net Cash	-	(453,990)	(152,092)	(106,306)	(776,165)	(130,584)
Net Deficiency/(Surplus)	-	453,990	152,092	106,306	776,165	130,584
Test of Coverage Requirement:						
Gross Revenues:						
Operating revenues	4,715,000	4,719,402	5,152,039	5,297,704	5,399,699	6,186,602
System Development Charges	30,000	30,450	30,907	31,370	31,841	32,319
Total Gross Revenues	4,745,000	4,749,852	5,182,945	5,329,074	5,431,540	6,218,920
Operating Expenses:						
Total personal services	1,040,000	1,071,200	1,103,336	1,136,436	1,170,529	1,205,645
Total materials and services	3,145,400	3,239,762	3,336,955	3,437,064	3,540,175	3,646,381
Transfers to/(from) the rate stabilization account	-	-	-	-	-	-
Total Operating Expenses	4,185,400	4,310,962	4,440,291	4,573,500	4,710,705	4,852,026
Net Revenues	559,600	438,890	742,654	755,574	720,836	1,366,895
Debt Service	462,670	462,430	463,840	430,510	1,065,160	1,065,160
Coverage Recognized	1.21	0.95	1.60	1.76	0.68	1.28
Coverage Required	1.20	1.20	1.20	1.20	1.20	1.20
Net Deficiency/(Surplus)	(4,396)	116,026	(186,046)	(238,962)	557,356	(88,703)
Projection of Revenue Sufficiency and Forecasted Rates:						
Maximum Deficiency	-	453,990	152,092	106,306	776,165	130,584
Percent Increase Required Over Current Rate Revenues	0.00%	9.85%	3.02%	2.05%	14.67%	2.16%
Five Year Average Increase in Revenue Requirements		6.35%	6.35%	6.35%	6.35%	6.35%
Revenues Recovered From Existing Water Rates	4,400,000	4,400,000	4,833,309	4,979,068	5,081,072	5,826,432
add: Revenues Recovered From Rate Increase	-	433,309	145,759	102,004	745,359	126,041
Total Revenues Recovered From Rates & Charges after Increase	4,400,000	4,833,309	4,979,068	5,081,072	5,826,432	5,952,473

Analysis of Water Rates and Recommended Policy Changes

Wholesale Rates Charged to Columbia City

Columbia City has a contracted right to purchase culinary water from St. Helens under the terms of a 1982 long term water purchase agreement. An analysis of billing records indicates Columbia City has not purchased any water from the City since the summer of 2014. Section 5 of that agreement states:

“5. AMOUNT OF WATER: Columbia City may purchase and use up to 1,000,000 cubic feet of water per month. In the event one or more additional water intake and treatment facilities yielding sufficient quantities are put in operation within the Columbia City limits, the monthly amount will increase by 500,000 cubic feet per month per well, provided Columbia City complies with the following paragraph.

Columbia City shall pay a percentage representing its share of all water sold by St. Helens, of the cost of the additional water intake and treatment facilities and transmission lines to the point the water is delivered to Columbia City if Columbia City desires the additional 500,000 cubic feet from an additional well. No direct charge for capital costs of the additional water intake and treatment facilities will be made to Columbia City if they do not desire the additional water and remain at the 1,000,000 cubic feet level.”

Historically, the rates charged to Columbia City have been developed under the “Utility” approach to rate making. Under this approach Columbia City’s total unit rate per CCF of purchased water consists of the following components:

- Pro rata share of annual operations and maintenance expenses of the water system dedicated to produce, treat, and deliver water to Columbia City.
- Depreciation expense on water utility plant in service dedicated to produce, treat, and deliver water to Columbia City.
- Return on rate base – a rate of return on investments made by St. Helens customers in water utility plant and equipment that is used to serve Columbia City.

In the 2009 Water, Sewer, and Stormwater Rates Update, it was recommended the City adjust its wholesale water rate for Columbia City from \$1.73 per ccf to \$2.39 per ccf. Under the current rate schedule, the Columbia City wholesale water rate is \$3.73 per ccf. Under this rate study, we were unable to verify these rates since no material amount of finished water has been sold to Columbia City for some time. In essence, Columbia City has its own dedicated ground water source to serve its needs and no longer uses the St. Helens water system for its base demand or peaking needs. We suggest the City reengage with the leadership of Columbia City to clarify this situation.

Allocation of Revenue Requirements to Customer Classes (Cost of Service)

The ratemaking methodology that was used to allocate water system revenue requirements is called the “base-extra capacity method” and is consistent with industry standards in water rate making. The City has been using this method at least since 2007. Under this methodology, costs of service are separated into three primary cost components: (1) base costs, (2) extra capacity costs, and, (3) customer costs.

Base costs are those that tend to vary with the total quantity of water used plus those operations and maintenance (O&M) expenses and capital costs associated with service to customers under average load conditions, without the elements of cost incurred to meet water use variations and resulting peaks in demand. Base costs include O&M expenses of supply, treatment, pumping, and distribution facilities.

Base costs also include capital costs related to water plant investment associated with serving customers to the extent required for a constant, or average, annual rate of demand/usage.

Extra capacity costs are those associated with meeting rate of use requirements in excess of average and include O&M expenses and capital costs for system capacity beyond that required for average rate of use. These costs have been subdivided into costs necessary to meet maximum-day extra demand, and maximum-hour demand in excess of maximum day demand.

Customer costs comprise those costs associated with serving customers, irrespective of the amount or rate of water use. They include meter reading, billing, and customer accounting and collection expense, as well as maintenance and capital costs related to meters and services.

Existing and Proposed Water Rates

The City's current water rate structure was last reviewed in 2022. A number of rate increases have been implemented by the Council since that time, but the basic water rate methodology has remained intact. Billings for customers include two components: a fixed rate (demand charge) and a volume rate (commodity charge). The two components are added together to compute an invoice for each customer. The City has installed a city-wide automatic meter reading system (AMR), and all water customers are billed on a monthly basis. AMR, is the technology of automatically collecting consumption, diagnostic, and status data from water meters and transferring that data to a central database for billing, troubleshooting, and analyzing. This technology mainly saves utility providers the expense of periodic trips to each physical location to read a meter. Another advantage is that billing can be based on near real-time consumption rather than on estimates based on past or predicted consumption. This timely information coupled with analysis can help both utility providers and consumers to better control water consumption.

The fixed rates are based on costs associated with maintaining/reading meters and the costs associated with billing and are charged per connection to the water system. Volume rates are based on the customer class for each 100 cubic feet (ccf) of water. The last rate adjustments were made by the City Council via Resolution no. 2045 (dated June 18, 2025) with an implementation date of July 15, 2025. The current and proposed schedule of water rates and charges is shown below in Table 4.

Table 4 - Schedule of Current and Proposed St. Helens Water Rates

Water Rate Component Description	Current	Effective July 1					
		2026	2027	2028	2029	2030	
<i>Inside City:</i>							
Fixed Rate (Demand Charge \$/account):							
Monthly billings	\$ 12.40	\$ 13.19	\$ 14.03	\$ 14.92	\$ 15.87	\$ 16.88	
Volume Rate (Commodity Charge \$/ 100 cf):							
Residential (single family)	\$ 6.17	\$ 6.56	\$ 6.98	\$ 7.42	\$ 7.89	\$ 8.39	
Multifamily							
Duplex	\$ 5.96	\$ 6.34	\$ 6.74	\$ 7.17	\$ 7.62	\$ 8.11	
Apartments	\$ 5.84	\$ 6.21	\$ 6.61	\$ 7.02	\$ 7.47	\$ 7.94	
Commercial/Industrial	\$ 5.01	\$ 5.33	\$ 5.67	\$ 6.03	\$ 6.41	\$ 6.82	
<i>Outside City:</i>							
Fixed Rate (Demand Charge \$/account):							
Monthly billings	\$ 24.80	\$ 26.37	\$ 28.04	\$ 29.82	\$ 31.71	\$ 33.72	
Volume Rate (Commodity Charge \$/ 100 cf):							
Residential (single family)	\$ 12.34	\$ 13.12	\$ 13.96	\$ 14.84	\$ 15.79	\$ 16.79	
Multifamily							
Duplex	\$ 11.92	\$ 12.68	\$ 13.48	\$ 14.34	\$ 15.25	\$ 16.22	
Apartments	\$ 11.68	\$ 12.42	\$ 13.21	\$ 14.05	\$ 14.94	\$ 15.89	
Commercial/Industrial	\$ 10.01	\$ 10.65	\$ 11.32	\$ 12.04	\$ 12.80	\$ 13.62	
<i>Wholesale:</i>							
Columbia City							
Volume Rate (Commodity Charge \$/ 100 cf):	\$ 3.73	\$ 3.97	\$ 4.22	\$ 4.49	\$ 4.77	\$ 5.07	

The volume rates contained in Table 4 are a product of the base-extra capacity allocation methodology. As the reader can see, the single family residential volume rate of \$6.17 per ccf is higher than the corresponding volume rates for all other customer classes. This is a direct result of the peaking demand this customer class places on the system relative to the peaking demands associated with the other classes. We define the peaking factors as maximum month, and maximum day demands as a percentage of average month and average day demand, respectively. Intuitively, this makes sense since peaking demand for water occurs in the hot summer months when irrigation demand is at its highest. The largest users of irrigation water in the City are single family residential customers.

Rate Design Alternatives

The City's current water rate methodology is sound, conforms to industry practice, and promotes conservation. We see no reason to move off of this methodology.

Analysis of Wastewater System Revenue Requirements

For this budget year, it is forecast that the wastewater utility will generate sufficient revenues from rates, charges, and fees to meet its obligations and produce an unappropriated ending balance in the Wastewater Operating Fund of \$4,590,898. The beginning balance for this same fiscal year is estimated to be \$4,724,288. The financial stability of the wastewater system is strong. This level of operating reserve is well above ninety (90) days of operating expenses. The strategy for the wastewater utility is to maintain these reserve levels, sustainable rate increases over the five year forecast horizon, and to use this money as the funding source of wastewater operations and capital improvement projects.

For the forecast of revenue requirements, the following assumptions were made based on discussions with City staff:

Inflation in costs and growth in the customer base – Per guidance from City staff, the following factors were applied for estimating future cost escalation:

- All direct labor line items – 3.0% per year
- Pension plan contributions (City cost) – 5.0% per year
- Health insurance premiums (City cost) – 5.0% per year
- Professional services (including contract services) – 3.0% per year
- All other operating expense line items – 3.0% per year
- The growth forecast expressed in the annual increase in Equivalent Dwelling Units (EDUs) is estimated to be 1.50% per year over the five (5) year forecast horizon.

Capital Improvement Plan Funding In this budget year 2026, total wastewater system capital improvement costs are estimated to be \$1,590,000. All of the projects are related to the wastewater collection system, and consist of the following projects:

Project ID	Project Description	Cost
735-53302	annual sewer maintenance – collection system	\$50,000
738-53302	annual sewer maintenance – pumping services	75,000
603- 53302	annual sewer maintenance – system	50,000
603-53306	sewer capacity program design	1,250,000
736-53314	WWTP SCADA upgrade	40,000
736-53316	WWTP aerator replacement	<u>125,000</u>
		\$1,590,000

All of the project costs show above will be funded with cash on hand with the exception of the sewer capacity program design. This project is being funded from a grant. The cash flows related to these projects are accounted for in the revenue requirements calculations. We have not budgeted for any costs in the other minor capital line items. Over the five-year forecast, we have budgeted \$500k per year for general wastewater capital repair and replacement costs.

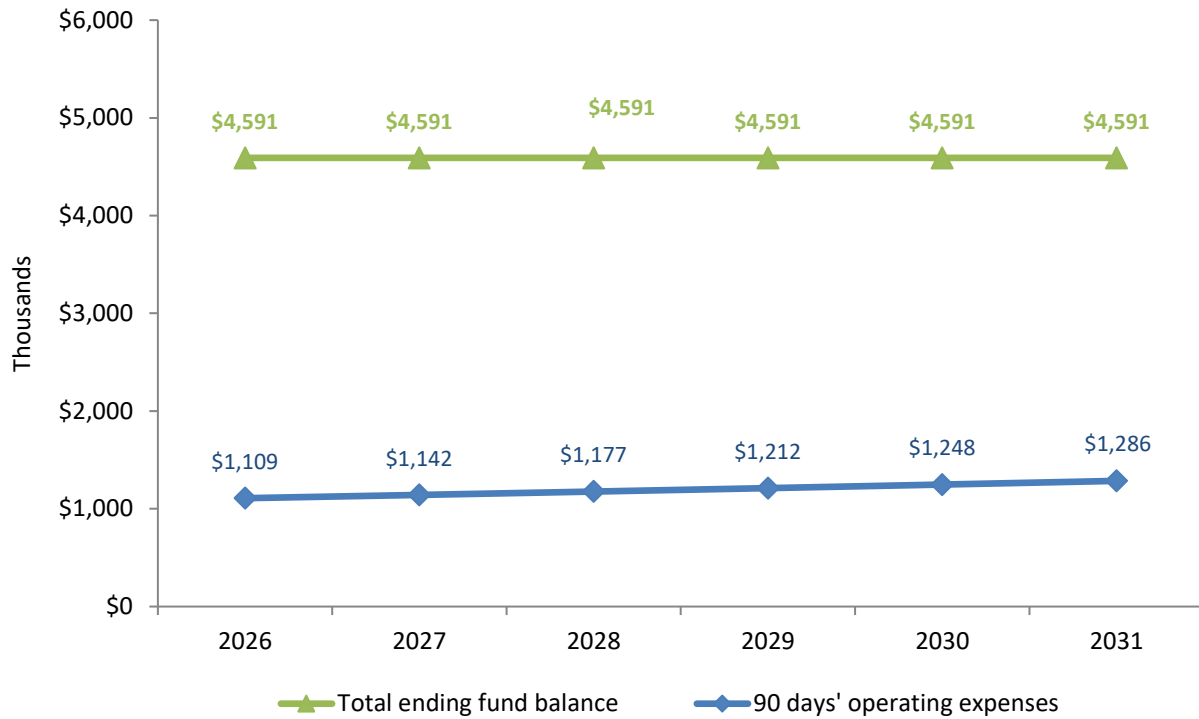
Over the next twenty years, the City plans on investing \$24,800,000 in the wastewater system, the preponderance of which will be spent on collection system repair, replacement, and expansion. The City refers to this as the sewer capacity expansion project. This project is expected to be funded from the proceeds of a new loan from the Clean Water State Revolving Loan Fund administered by the Oregon Department of Environmental Quality. The project will take several years to complete. Current planning assumes a completion date of late fiscal 2029 with debt repayment starting in fiscal 2030. The terms of this new loan are as follows:

- Term – 30 years
- Interest rate – 1.0%
- DEQ administration fee – 0.5% on principal outstanding
- Principal forgiveness - \$2,000,000

Operating Costs in Excess of Inflation – As in the case of water, we have not identified any categories in this analysis. Also, we have not planned or budgeted for any additional labor. If the wastewater utility does add staff, these costs will impact the current revenue requirements forecast.

Modeling for Contingencies, Reserves, and Ending Fund Balances – As discussed above, the Wastewater Operating Fund is expected to end the fiscal year with an unappropriated ending fund balance of \$4,590,898; a strong operating reserve. For planning purposes, we are expecting the Wastewater Operating Fund will end all forecast years with an ending fund balance well in excess of ninety days of operating expenses. This target balance gives the wastewater utility enough contingency to fund unforeseen operating cost spikes and to build a reserve for future capital funding support. The forecast of targeted wastewater operating fund balances and operating reserve requirements is shown below in Figure 3.

Figure 3 - Forecast of Wastewater Operating Fund Balances and Operating Reserve Requirements



Revenue Requirements Forecast & Results

All of the above cost elements are contained in the revenue requirements model and from this, the “base case” forecast was developed. The base case assumes the utility would fund the operating costs as adjusted for inflation. This base case resulted in the following forecast of wastewater system revenue requirements (Table 5).

Table 5 – Base Case Forecast of Wastewater System Revenue Requirements

	Budget 2026	Forecast				
		2027	2028	2029	2030	2031
Projection of Cash Flow:						
Revenues:						
Charges for Services:						
Sewer Service Charges	5,095,000	5,095,000	5,402,688	5,619,150	5,797,220	6,244,404
Secondary Boise	-	-	-	-	-	-
Sludge Disposal Charge	200,000	206,000	212,180	218,545	225,102	231,855
Connection Charge	5,000	5,150	5,305	5,464	5,628	5,796
Sewer LID Payments	-	-	-	-	-	-
Sewer Lateral Payments	-	-	-	-	-	-
Total other financing sources	1,250,000	-	-	-	-	-
Bond proceeds for projects	-	8,266,667	8,266,667	8,266,667	-	-
Total miscellaneous income	72,000	185,696	185,758	185,821	185,887	185,954
Subtotal gross operating revenues	6,622,000	13,758,513	14,072,597	14,295,648	6,213,837	6,668,010
Operations & Maintenance Expense:						
Total personal services	1,201,000	1,237,030	1,274,141	1,312,365	1,351,736	1,392,288
Total materials and services	3,296,800	3,395,704	3,497,575	3,602,502	3,710,577	3,821,895
Total capital outlay	1,590,000	8,766,667	8,766,667	8,766,667	500,000	500,000
Total debt service	667,590	666,800	750,677	792,183	1,098,707	1,094,930
Transfers to other funds (excluding transfers to SDC fund)	-	-	-	-	-	-
Total operations and maintenance expense	6,755,390	14,066,201	14,289,059	14,473,718	6,661,021	6,809,113
(Use)/replacement of fund balance	(3,458,390)					
Net Cash	3,325,000	(307,688)	(216,462)	(178,070)	(447,184)	(141,103)
Net Deficiency/(Surplus)	(3,325,000)	307,688	216,462	178,070	447,184	141,103
Test of Coverage Requirement:						
Gross Revenues:						
Operating revenues	5,372,000	5,491,846	5,805,930	6,028,981	6,213,837	6,668,010
System Development Charges	50,000	51,049	52,120	53,213	54,330	55,470
Total Gross Revenues	5,422,000	5,542,895	5,858,050	6,082,194	6,268,167	6,723,480
Operating Expenses:						
Total personal services	1,201,000	1,237,030	1,274,141	1,312,365	1,351,736	1,392,288
Total materials and services	3,296,800	3,395,704	3,497,575	3,602,502	3,710,577	3,821,895
Transfers to/(from) the rate stabilization account	-	-	-	-	-	-
Total Operating Expenses	4,497,800	4,632,734	4,771,716	4,914,868	5,062,314	5,214,183
Net Revenues	924,200	910,161	1,086,334	1,167,327	1,205,853	1,509,297
Debt Service	667,590	666,800	750,677	792,183	1,098,707	1,094,930
Coverage Recognized	1.38	1.36	1.45	1.47	1.10	1.38
Coverage Required	1.05	1.05	1.05	1.05	1.05	1.05
Net Deficiency/(Surplus)	(223,231)	(210,021)	(298,124)	(335,534)	(52,211)	(359,621)
Projection of Revenue Sufficiency and Forecasted Rates:						
Maximum Deficiency	-	307,688	216,462	178,070	447,184	141,103
Percent Increase Required Over Current Rate Revenues	0.00%	6.04%	4.01%	3.17%	7.71%	2.26%
Five Year Average Increase in Revenue Requirements		4.64%	4.64%	4.64%	4.64%	4.64%
Revenues Recovered From Existing Rates and Charges:	5,095,000	5,095,000	5,402,688	5,619,150	5,797,220	6,244,404
add: Revenues Recovered From Rate Increase	-	307,688	216,462	178,070	447,184	141,103
Total Revenues Recovered From Rates & Charges after Increase	5,095,000	5,402,688	5,619,150	5,797,220	6,244,404	6,385,507

Allocation of Revenue Requirements to Customer Classes (Cost of Service)

The cost of service analysis is intended to provide the analytical basis for equitably recovering the forecasted revenue requirement from customer classes according to the demand they place on the wastewater system. Consistent with industry practice, the analysis involves a two-step process; first, capital and O&M costs are allocated to the functional categories (service functions) of the wastewater system using operational and system design criteria. Then, based on customer class characteristics derived from historical billing system data (i.e., number of customers and monthly water usage), these functionally allocated costs are distributed to the customer classes.

Cost of service allocations are made for a test year considered representative of the period in which proposed rates are expected to be in effect. Fiscal 2026 has been used as the test year for the cost of service analysis.

Functional Cost Allocations

Capital and operating costs are allocated to the following functional components of the wastewater system. The wastewater functional components and their descriptions are shown in Table 6.

Table 6 - Wastewater System Functional Components

Wastewater Functional Component	Description
Customer Accounts	Costs associated with providing service to customers regardless of the level of wastewater contribution, such as billing and customer service. These costs are typically associated with the number of accounts or customers.
Wastewater Flow (Q)	Costs are associated with conveying and treating customer contributed wastewater flow (volume).
Infiltration & Inflow (I&I)	Costs are associated with conveying and treating I&I of groundwater and stormwater runoff into sanitary sewers.
Strength of Discharge	Costs are associated with treating effluent loadings of biochemical oxygen demand (BOD) and total suspended solids (TSS).

Capital related costs include debt service payments, system reinvestment funding, and a portion of additions/uses of cash reserves. The most common method of assigning the capital portion of the revenue requirement to functional components is to allocate such costs on the basis of existing plant-in-service. The allocation of historical plant assets utilizes documented engineering and planning criteria from both the City and industry standards.

Operating costs include O&M expenses and a portion of additions/uses of cash reserves. These costs are allocated to the functions based on a detailed review of line item categories, generally following the cost causation process used in the allocation of plant. For example, customer billing related costs are assigned to the customer component; system operating costs for collection and treatment are allocated in the same manner as collection and treatment plant costs; other operational costs are assigned in proportion to total plant; and general and administrative costs are allocated in proportion to all other costs.

The functional cost allocation process results in a pool of costs for each functional category. From these cost pools, unit costs are created from the building blocks for designing rate structures that recognize the demands of each customer class. As a result, costs will be recovered from customer classes based on their demand by functional category. Through this process if one customer class places a higher or lower proportional average demand in one functional category, that customer class pays a higher or lower portion of that functional category's cost.

Allocations to Customer Classes

The next step in the cost of service analysis involves distribution of the functionally allocated system costs to the customer classes. A key component in the allocation of system costs to customer classes is testing the reliability and accuracy of customer statistics. This is accomplished through a review of historical billing system data and application of the rate schedule in effect for that year. City staff provided historical billing system records for fiscal 2024-25, including number of accounts, equivalent residential units (ERUs), and monthly water usage. The test of reliability is conducted by applying the detailed billing statistics to the rates in effect for that year. The total revenue generated from these customer statistics should approximate the actual revenue receipts shown in the financial statements (with minor differences due to accounts receivables, delinquencies, timing of connections and disconnections throughout the year, etc.). If the revenue estimates are within reasonable limits, statistics are determined "valid," and an adjustment factor is applied to the statistics if necessary to account for any minor discrepancies. The results of this analysis indicated that the customer statistics are valid and will serve as a reasonable basis for projecting revenues and allocating system costs to the customer classes.

Customer usage statistics are also evaluated to determine if current customer class designations represent an appropriate grouping of customers, or if revisions are warranted to better reflect groupings that exhibit similar usage patterns. The City currently categorizes customers into two major groups for rate design purposes: Residential includes single family residential (SFR), multi-family residential (MFR), and manufactured home parks. The same schedule of rates applies to all customers within this class.

Commercial includes all non-residential customers, such as commercial businesses, schools, churches, etc. The same base charge applies to all customers within this class. The volume charge varies by subclass depending on an assumed strength concentration.

The functionally allocated system-wide costs are allocated to the recommended customer classes to determine "cost shares" based on the relative demands placed on the system by each class. Test year fiscal 2026 customer statistics form the basis for this allocation.

Functional costs are allocated to the customer classes as follows: Customer costs are allocated based on proportional shares of total system number of accounts. Wastewater flow costs are allocated to the customer classes based on their proportional share of total billed volume (winter water usage for SFR and actual monthly water usage for MFR and commercial customers). I&I costs are allocated based on customer flow patterns. Finally, strength costs are allocated to the customer class based on their proportional share of total billed volume.

Determine Rate Structure and Develop Rates

The principal consideration in establishing utility rates is to obtain rates for customers that generate sufficient revenues for the utility and that are reasonably commensurate with the cost of providing service. Other considerations in designing rates should include customer equity, incentives for conservation, ease of implementation, and impact on customer bills. These considerations are consistent with the City's identified rate structure goals noted in the previous section.

Existing and Proposed Wastewater Rates

The City's current wastewater rate structure was last reviewed in 2022. Although the structure has not changed since that time, the rates have been increased on a regular basis. As in the case of water rates, billings for customers include two components: a fixed rate (demand charge) and a volume rate (commodity charge). The two components are added together to compute an invoice for each customer. The fixed rates are based on costs associated with maintaining/reading meters and the costs associated with billing and are charged per connection to the sewer system. Volume rates are based on the customer class for each 100 cubic feet (ccf) of water or a fixed amount if no measurable consumption is available. The last rate adjustments were made by the City Council via Resolution no. 2045 (dated June 18, 2025) with an implementation date of July 15, 2025. The current and the proposed schedule of wastewater rates and charges is shown below in Table 7.

Table 7 - Schedule of St. Helens Current and Proposed Wastewater Rates

Wastewater Rate Component Description	Effective July 1					
	Current	2026	2027	2028	2029	2030
<i>Inside City:</i>						
Fixed Rate (Demand Charge \$/account):						
Monthly billings	\$ 21.73	\$ 22.74	\$ 23.79	\$ 24.89	\$ 26.04	\$ 27.25
Volume Rate (Commodity Charge \$/ 100 cf):						
Residential (single family)						
With measurable water consumption	\$ 8.49	\$ 8.88	\$ 9.30	\$ 9.73	\$ 10.18	\$ 10.65
Multifamily						
Duplex	\$ 6.66	\$ 6.97	\$ 7.29	\$ 7.63	\$ 7.98	\$ 8.35
Apartments	\$ 6.40	\$ 6.70	\$ 7.01	\$ 7.33	\$ 7.67	\$ 8.03
Commercial						
Low strength	\$ 7.49	\$ 7.84	\$ 8.20	\$ 8.58	\$ 8.98	\$ 9.40
Medium strength	\$ 9.47	\$ 9.91	\$ 10.37	\$ 10.85	\$ 11.35	\$ 11.88
High strength	\$ 13.18	\$ 13.79	\$ 14.43	\$ 15.10	\$ 15.80	\$ 16.53
Special strength	Lab analysis	Lab analysis	Lab analysis	Lab analysis	Lab analysis	Lab analysis
<i>Outside City:</i>						
Fixed Rate (Demand Charge \$/account):						
Monthly billings	\$ 27.16	\$ 28.42	\$ 29.74	\$ 31.12	\$ 32.56	\$ 34.07
Volume Rate (Commodity Charge \$/ 100 cf):						
Residential (single family)						
With measurable water consumption	\$ 10.43	\$ 10.91	\$ 11.42	\$ 11.95	\$ 12.50	\$ 13.08
Multifamily						
Duplex	\$ 8.32	\$ 8.71	\$ 9.11	\$ 9.53	\$ 9.97	\$ 10.44
Apartments	\$ 8.02	\$ 8.39	\$ 8.78	\$ 9.19	\$ 9.61	\$ 10.06
Commercial						
Low strength	\$ 8.93	\$ 9.34	\$ 9.78	\$ 10.23	\$ 10.71	\$ 11.20
Medium strength	\$ 11.84	\$ 12.39	\$ 12.96	\$ 13.56	\$ 14.19	\$ 14.85
High strength	\$ 16.46	\$ 17.22	\$ 18.02	\$ 18.86	\$ 19.73	\$ 20.65
Special strength	Lab analysis	Lab analysis	Lab analysis	Lab analysis	Lab analysis	Lab analysis
Wholesale:						
Columbia City						
Volume Rate (Commodity Charge \$/ 100 cf):	\$ 2.54	\$ 2.66	\$ 2.78	\$ 2.91	\$ 3.05	\$ 3.19

The City's current wastewater rate structure is consistent with industry standard and promotes conservation and equity. Some of the key elements of this rate structure are:

Treatment of Customers without Measurable Water Consumption

Under the City's wastewater rate structure, accounts are considered to be "without measurable water consumption" when potable water is obtained from a well or where the customer has no personal water consumption history established during the winter averaging period within the service area. For single family and multifamily residential customers, new customer accounts without history are set based on 5.50 ccf (monthly) per dwelling unit until measurable consumption is recorded and used to establish a new rate. Customers receiving only sewer service, who obtain potable water from a well or another water provider are set based on 5.50 ccf (monthly). Adjustments may be made based on actual usage during the winter averaging months of January through April if the customer can provide sufficient documentation.

For commercial customers without measurable water consumption history, a two-step policy is used as follows:

1. Strengths will be defined by Standard Industrial Classification (SIC) code (i.e., restaurants defined as high), or the customer may elect to have a qualified laboratory regularly monitor and provide measurements of Biological Oxygen Demand (BOD), Total Suspended Solids (TSS), and other particulates (i.e., fats, oils, and grease) to the City.
2. Volumes will be from certification of meter readings provided at the source (well or 3rd party provider). It will be the customer's responsibility to obtain and forward meter readings to the City on a regular basis. In absence of actual meter readings, the City will utilize average usage patterns from similar commercial customers with measurable usage. This method is to be an interim step until such time as a system to measure water usage can be implemented and/or received.

Residential Customers Charged Based on Winter Average Water Consumption

At one time, the City charged all residential wastewater customers on a flat rate basis. Some time ago, the City moved off of this approach and implemented a consumption based rate (CBR) strategy for its residential class. Commercial/industrial and wholesale customers have always been billed based on metered water consumption. Under a CBR methodology, a portion of the wastewater bill is based on how much water a customer uses during the non-irrigation or winter average period, as winter water use is a reasonable estimate of a customer's wastewater discharge. A CBR structure enhances the equity of the wastewater rates by relating a portion of an individual's wastewater bill to the actual discharge into the collection and treatment system. When coupled with a service charge per account that continues to assess the majority of wastewater system costs on a fixed monthly basis, a CBR structure generally balances revenue stability and equity objectives. The policy workings of the City's winter average billing methodology for residential accounts is:

1. Volume will be based on 4-month winter averaging of water consumption. The winter average period will be defined as the 4-month period starting with the first full billing cycle starting on or after December 15th of each year.
2. Accounts with an average usage of less than 1 ccf of water consumption are automatically assessed at the 5.50 ccf average.
3. Customers may request in writing to have the sewer based on actual usage if the property is vacant (transition between tenants, foreclosure, etc.) or consistently below 1 ccf per billing cycle over a 12-month period.

4. The assigned average for water consumption may be appealed to the City Administrator, or his/her designee, and could be modified pending a review of the account and findings thereof.

Commercial Customers Charged Based on Assumed Strength of Discharge

The City bills commercial customers based on their assumed strength of discharge. Under this approach, commercial customers are grouped into low, medium, high, and industrial extra strength categories based upon their standard industrial classification. The City's strength of discharge class limits are as follows:

Strength Classification	BOD (mg/l)	TSS (mg/l)
Low	0-250	0-300
Medium	251-500	301-600
High	501-1,000	601-1,200
Special	1,001+	1,201+

Per City code, the responsible person for paying the sewer charge may appeal the strength classification made by the City. Such appeal shall be made in writing to the City Administrator. The person appealing must provide sufficient information as to the strength of the sewer discharge created by their use so that the City Administrator or designee may evaluate the evidence and determine the proper strength of the waste generated.

Rate Design Alternatives

There are a variety of wastewater rate structures in use across the state and the nation. This study seeks to establish the guiding principles to be considered during the wastewater rate setting. It is important to establish the principles in advance of undertaking the technical work of rate setting. Once the principles are established and fixed, then the rate setting process evolves from them. It must also be recognized that there needs to be a balance in how the principles are applied; e.g., a flat rate is simple, but it may not necessarily be fair and equitable if customers are not equally responsible for the cost of the system. The Review will seek to determine and evaluate alternatives by comparing the various types of rate structures against each principle to determine which structure most satisfies the principles. One must recognize that one or more principles may compete or be in direct contrast with another. Ultimately, the objective is to identify the structure that best meets as many of the principles as possible.

Any rate structure that is considered must respect current legislation and contractual commitments. The main objective is to ensure the wastewater system is sustainable over the long term, thereby ensuring the protection of the health of citizens and the environment. The concepts of user pay, and full cost pricing are key elements of which the City should address in the future. The question of what each customer pays is, however, a complex issue with varying viewpoints and interests.

The following principles should be used to develop alternative rate structures for Council's consideration:

1. be fair and equitable
2. promote conservation
3. be affordable and financially sustainable
4. stabilize revenue
5. be justifiable
6. be simple to understand
7. support economic development;

The City's CBR rate structure has been in place for many years and works well for the City and its customers. Based on the equity the rate structure provides to customers, there is no reason to think the current rate structure for wastewater services is unfair or unreasonable. We recommend the City stay with this rate structure at this time.

Analysis of Stormwater System Revenue Requirements

This year, the stormwater utility is projected to generate enough revenue to cover its costs and leave an unappropriated ending balance of \$1,091,777, starting with an estimated beginning balance of \$1,338,777. Financial stability has improved over the past five years due to regular rate increases, resulting in operating reserves exceeding ninety days' expenses. The utility aims to maintain reserve levels, continue sustainable rate hikes, and fund operations and capital projects from these revenues. We are not budgeting for any future new debt issuances over the five year forecast horizon.

For the forecast of revenue requirements, the following assumptions were made based on discussions with City staff:

Inflation in costs and growth in the customer base – Per guidance from City staff, the following factors were applied for estimating future cost escalation:

- All direct labor line items – 3.0% per year
- Pension plan contributions (City cost) – 5.0% per year
- Health insurance premiums (City cost) – 5.0% per year
- Professional services (including contract services) – 3.0% per year
- All other operating expense line items – 3.0% per year
- The growth forecast expressed in the annual increase in Equivalent Dwelling Units (EDUs) is estimated to be 1.50% per year over the five (5) year forecast horizon. For stormwater, and EDU is defined as 2,500 square feet of impervious surface.

Funding of stormwater capital repairs and replacements – Over the last five fiscal years, in the stormwater fund, the City has been spending on average approximately \$20k per year on stormwater system capital repairs and replacements. This is an inadequate funding level. In our five-year forecast, we have budgeted \$250k per year for these types of expenditures; all funded from rates. Specifically, we have allocated \$200k of this budget for line replacements and CCTV inspections. The balance, \$50k per year is allocated for small works, and storm drainage investigations. The City also has approximately \$546k held in reserve in the Stormwater SDC Fund to pay for capacity expanding projects. We recommend the City adopt this strategy in annual stormwater system budget preparations. As the stormwater conveyance and detention systems age, these types of system repairs and replacements will become more common.

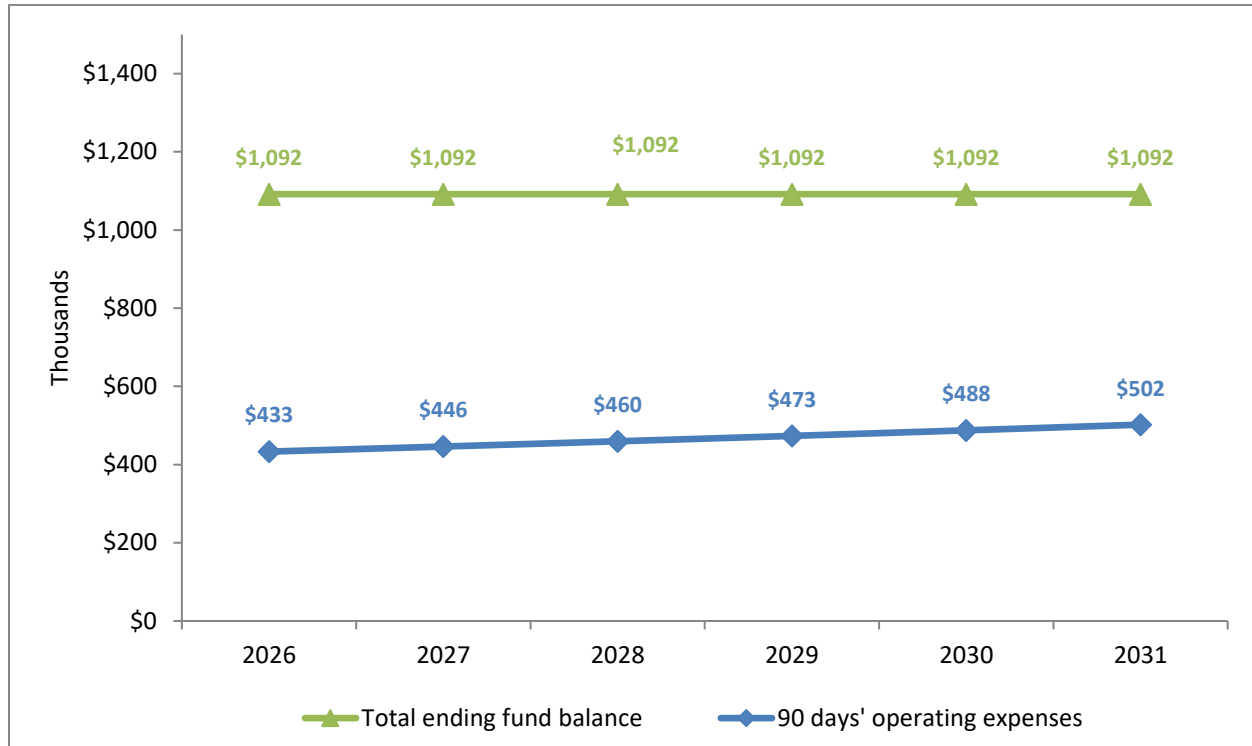
It is assumed all project costs will be funded with cash on hand or cash that is generated from stormwater rates and is accounted for in the revenue requirements calculations. We have not budgeted for any costs in the other minor capital line items.

Operating Costs in Excess of Inflation – As in the case of water and wastewater, we have not identified any categories in this analysis. Also, we have not planned or budgeted for any additional labor. If the wastewater utility does add staff, these costs will impact the current revenue requirements forecast.

Modeling for Contingencies, Reserves, and Ending Fund Balances – As discussed above, we expect to end this fiscal year with an unappropriated ending fund balance of \$1,091,777 in the Stormwater Operating Fund. Our modeling indicates the Stormwater Operating Fund will end all forecast years with an ending

fund balance slightly excess of ninety days of operating expenses. The forecast of targeted Stormwater Operating Fund balances and operating reserve requirements is shown below in Figure 4.

Figure 4 - Forecast of Stormwater Operating Fund Balances and Operating Reserve Requirements



Revenue Requirements Forecast & Results

All of the above cost elements are contained in the revenue requirements model and from this, the “base case” forecast was developed. The base case assumes the utility would fund the operating costs as adjusted for inflation. This base case resulted in the following forecast of stormwater system revenue requirements (Table 8).

Table 8 – Base Case Forecast of Stormwater System Revenue Requirements

	Budget 2026	Forecast				
		2027	2028	2029	2030	2031
Projection of Cash Flow:						
Revenues:						
Total Service Charges	1,740,000	1,740,000	2,016,039	2,070,330	2,126,250	2,183,848
Total other financing sources	-	-	-	-	-	-
Bond proceeds for projects	-	-	-	-	-	-
Total miscellaneous income	20,000	43,671	43,671	43,671	43,671	43,671
Subtotal gross operating revenues	1,760,000	1,783,671	2,059,710	2,114,001	2,169,921	2,227,519
Operations & Maintenance Expense:						
Total personal services	610,000	628,300	647,149	666,563	686,560	707,157
Total materials and services	1,147,000	1,181,410	1,216,852	1,253,358	1,290,959	1,329,687
Total capital outlay	250,000	250,000	250,000	250,000	250,000	250,000
Total debt service	-	-	-	-	-	-
Transfers to other funds (excluding transfers to SDC fund)	-	-	-	-	-	-
Total operations and maintenance expense	2,007,000	2,059,710	2,114,001	2,169,921	2,227,519	2,286,845
(Use)/replacement of fund balance	(247,000)					
Net Cash	-	(276,039)	(54,291)	(55,920)	(57,598)	(59,326)
Net Deficiency/(Surplus)	-	276,039	54,291	55,920	57,598	59,326
Test of Coverage Requirement:						
Gross Revenues:						
Operating revenues	1,760,000	1,783,671	2,059,710	2,114,001	2,169,921	2,227,519
System Development Charges	20,000	20,220	20,442	20,667	20,895	21,124
Total Gross Revenues	1,780,000	1,803,891	2,080,152	2,134,669	2,190,816	2,248,643
Operating Expenses:						
Total personal services	610,000	628,300	647,149	666,563	686,560	707,157
Total materials and services	1,147,000	1,181,410	1,216,852	1,253,358	1,290,959	1,329,687
Transfers to/(from) the rate stabilization account	-	-	-	-	-	-
Total Operating Expenses	1,757,000	1,809,710	1,864,001	1,919,921	1,977,519	2,036,845
Net Revenues	23,000	(5,819)	216,151	214,747	213,297	211,799
Debt Service	-	-	-	-	-	-
Coverage Recognized	N/A	N/A	N/A	N/A	N/A	N/A
Coverage Required	1.20	1.20	1.20	1.20	1.20	1.20
Net Deficiency/(Surplus)	-	-	-	-	-	-
Projection of Revenue Sufficiency and Forecasted Rates:						
Maximum Deficiency	-	276,039	54,291	55,920	57,598	59,326
Percent Increase Required Over Current Rate Revenues	0.00%	15.86%	2.69%	2.70%	2.71%	2.72%
Five Year Average Increase in Revenue Requirements		4.79%	4.79%	4.79%	4.79%	4.79%
Revenues Recovered From Existing Rates and Charges:	1,740,000	1,740,000	2,016,039	2,070,330	2,126,250	2,183,848
add: Revenues Recovered From Rate Increase	-	276,039	54,291	55,920	57,598	59,326
Total Revenues Recovered From Rates & Charges after Increase	1,740,000	2,016,039	2,070,330	2,126,250	2,183,848	2,243,173

Ratemaking for Stormwater Services

Stormwater management utilities are authorized by Oregon statute as enterprise funds within a City's budget structure. They are defined as being financially self-sufficient and can be designed to furnish a comprehensive set of services related to stormwater quantity and quality management. Services that stormwater management utilities provide include not only the construction and maintenance of facilities necessary to control flooding and improve the character of surface runoff, but also implementation of best management practices (BMPs) designed to address nonpoint source pollution. These BMPs may

include water quality sampling, public education and plan review, stormwater system maintenance, site inspections, and basin planning. All of these program elements are part of the National Pollutant Discharge Elimination System (NPDES) permit requirements.

St. Helens' current stormwater utility fee is applied to customers based on a Drainage Residential Unit (DRU) approach. Under this structure, single-family homes are counted as one DRU and, on average, contain 2,500 square feet of impervious area. All non-single-family residential customers are charged based on their measured impervious surface area for each developed property which is then divided by the DRU value of 2,500 square feet of impervious surface. This determines the total number of DRUs billed to that non single-family residential customer. The City's current monthly stormwater rate is \$17.16 per DRU. The City's current stormwater rate structure was last reviewed in 2022. Although the structure has not changed since that time, the rates have been increased on a regular basis. The last rate adjustments were made by the City Council via Resolution no. 2045 (dated June 18, 2025) with an implementation date of July 15, 2025. The current and the proposed schedule of wastewater rates and charges is shown below in Table 9.

Table 9 - Schedule of St. Helens **Current and Proposed** Stormwater Rates

Wastewater Rate Component Description			Current	Effective July 1								
				2026		2027		2028		2029		2030
Inside City:												
Residential - per drainage residential unit	\$	17.16	\$	19.07	\$	21.86	\$	22.20	\$	22.55	\$	22.91
Commercial - per 2,500 sq. ft. of impervious surface	\$	17.16	\$	19.07	\$	21.86	\$	22.20	\$	22.55	\$	22.91
Industrial - per 2,500 sq. ft. of impervious surface	\$	17.16	\$	19.07	\$	21.86	\$	22.20	\$	22.55	\$	22.91
All other Users - per 2,500 sq. ft. of impervious surface	\$	17.16	\$	19.07	\$	21.86	\$	22.20	\$	22.55	\$	22.91

Drainage Residential Unit (DRU). One drainage residential unit is the impervious surface area which is estimated to place approximately equal demand on the public stormwater system as that placed by an average residential dwelling unit. One DRU equals 2,500 square feet of impervious surface.

Rate Study Conclusions and Recommendations

Conclusions

- On balance, the City's utilities are in excellent financial condition. Fund balances exceed minimum operating reserve requirements, and revenue bond debt service coverage on water and wastewater debt exceeds covenants.
- We estimate the water fund will end this fiscal year (i.e., June 30, 2026) with a cash balance of \$2.6 million. With 6.35% per year general water rate increases we project this fund will sustain this level of cash out to 30, 2031. With these future rate increases and the prudent use of cash reserves, there should be adequate funds available to pay for planned water system expenditures over the balance of the five-year forecast horizon. This also accounts for the planned borrowing of approximately \$15.1 million for the 5 million gallon distribution reservoir in fiscal 2030.
- The City's current water rate structure conforms to industry practice. This structure consists of a monthly base charge and a volume charge for every 100 cubic feet of metered water consumed. The City employs conservation pricing mechanisms which also conforms to industry standard.
- We expect the wastewater fund to finish this fiscal year with \$4.6 million in cash. Regular 4.64% annual rate increases should keep the fund stable through June 2031, ensuring enough cash for planned system expenses over the next five years. The forecast includes borrowing about \$24.8 million in fiscal 2030 for trunk capacity expansion; most of this funding is already secured from new long-term debt through the Clean Water State Revolving Loan Fund managed by Oregon DEQ.
- The City's current wastewater rate structure also conforms to industry practice. For residential customers, this structure consists of a monthly base charge and a volume charge for every 100 cubic feet of winter monthly average metered water consumed. The City bills commercial customers based on their assumed strength of discharge. Under this approach, commercial customers are grouped into low, medium, high, and industrial extra strength categories based upon their standard industrial classification. The commercial volume charge is based on actual monthly metered water consumption.
- The stormwater fund is expected to end this fiscal year and June 30, 2031, with a \$1.1 million cash balance, assuming annual rate increases of 4.79%. These increases and prudent reserve use should cover planned spending over the five-year forecast, with no borrowing anticipated. The budget allocates \$250k annually from general rates for line replacements, CCTV inspections, small projects, and drainage investigations.

Recommendations

Water:

- *Water rates* - We recommend the City increase water rates on or near July 1, 2026, by 6.35%, and by 6.35% on July 1st every year thereafter until 2030. The immediate impact on the average single family residential customer is an increase in the water bill of approximately \$3.92 per month. The average single family residential monthly water bill will go from the current amount of \$61.76 to \$65.68.
- *Funding of water capital repairs and replacements* – Over the last three fiscal years, in the water fund, the City has been spending on average approximately \$441k per year on water system capital repairs and replacements. In our five-year forecast, we have budgeted \$400k per year for these types of expenditures; all funded from rates. We recommend the City adopt this strategy in annual water system budget preparations. Please note, this \$400k per year is over and above the ~\$15 million that

will be spent in in fiscal 2029 and 2030 for the new 5 million gallon distribution reservoir. See the next bullet for a further discussion of this project's funding strategy.

- *Funding of Master Plan priority capital improvements* – Our water system financial modeling assumes the Master Plan priority capital improvements (i.e., the 5 million gallon distribution reservoir) will cost approximately \$15 million over the five-year forecast horizon. We have developed a funding plan that calls for the issuance of new debt in fiscal 2030 for the project. The City also has approximately \$1.1 million held in reserve in the Water SDC Fund that will be applied to this project. We recommend the City implement this five-year funding strategy. We also recommend the City consult with its engineering team to verify our planning assumptions and estimated project costs. In these inflationary times, estimating future costs can be difficult.

Wastewater:

- *Wastewater rates* - We recommend the City increase wastewater rates on or near July 1, 2026, by 4.64%, and by 4.64% on July 1st every year thereafter until 2030. The immediate impact on the average single family residential customer is an increase in the wastewater bill of approximately \$2.98 per month. The average single family residential monthly water bill will go from the current amount of \$64.18 to \$67.16.
- *Funding of the wastewater inflow and infiltration (I&I) abatement program* – We recommend the City continue to focus on its I&I abatement through regular annual expenditures. In our five-year forecast, we have budgeted \$100k per year for this program; all funded from wastewater rates. We recommend the City adopt this strategy in annual wastewater system budget preparations.
- *Funding of wastewater capital repairs and replacements* – Over the last five fiscal years, in the sewer fund, the City has been spending on average approximately \$666k per year on wastewater system capital repairs and replacements. In our five-year forecast, we have budgeted \$500k per year for these types of expenditures; all funded from rates. The City also has approximately \$1.6 million held in reserve in the Sewer SDC Fund to pay for capacity expanding projects. As the wastewater collection and treatment systems age, these types of system repairs and replacements will become more common.
- *Funding of Master Plan priority capital improvements* – Our wastewater system financial modeling assumes the Master Plan priority capital improvements will cost approximately \$24.8 million over the five-year forecast horizon. This money will be invested in increasing the hydraulic capacity of the City's sewer trunk system. Funding for this project will come from a new loan from the Clean Water State Revolving Loan Fund administered by the Oregon Department of Environmental Quality. In addition to having a deeply subsidized interest rate at 1%, the City will enjoy the benefit of a \$2 million principal forgiveness due to the water quality enhancement feature of the project. We recommend the City consult with its engineering team to verify our planning assumptions and estimated project costs. Our modeling assumes this project will be completed in fiscal 2029 with repayment starting in fiscal 2030. We recommend the City adopt this strategy in annual wastewater system budget preparations.

Stormwater:

- *Stormwater rates* - We recommend the City increase stormwater rates on or near July 1, 2026, by 4.79%, and by 4.79% on July 1st every year thereafter until 2030. The immediate impact on the average single family residential customer is an increase in the water bill of approximately \$0.82 per month. The average single family residential monthly water bill will go from the current amount of 17.16 to \$17.98.

- *Funding of stormwater capital repairs and replacements* – Over the last five fiscal years, in the stormwater fund, the City has been spending on average approximately \$20k per year on stormwater system capital repairs and replacements. This is an inadequate funding level. In our five-year forecast, we have budgeted \$250k per year for these types of expenditures; all funded from rates. Specifically, we have allocated \$200k of this budget for line replacements and CCTV inspections. The balance, \$50k per year is allocated for small works, and storm drainage investigations. The City also has approximately \$546k held in reserve in the Stormwater SDC Fund to pay for capacity expanding projects. We recommend the City adopt this strategy in annual stormwater system budget preparations. As the stormwater conveyance and detention systems age, these types of system repairs and replacements will become more common.

Neighboring Communities' Utility Rates by Service

Shown below in Figures 7 through 11 are charts that compare the current utility rates and SDCs for a single family customer in St. Helens to the same charges in similar communities in Columbia County, Oregon.

Figure 5 - Comparison of Neighboring Communities' Water Rates

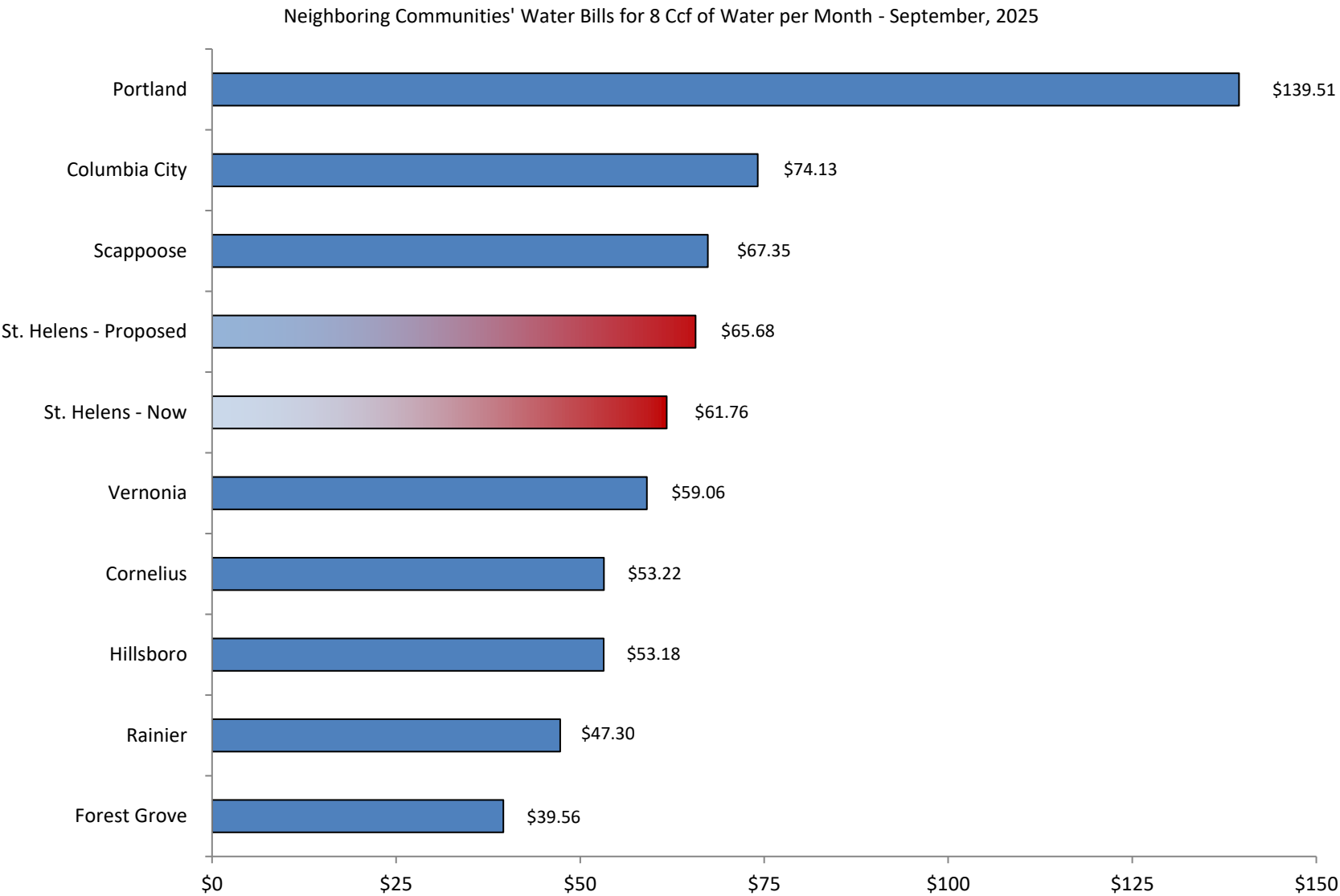


Figure 6 - Comparison of Neighboring Communities' Wastewater Rates

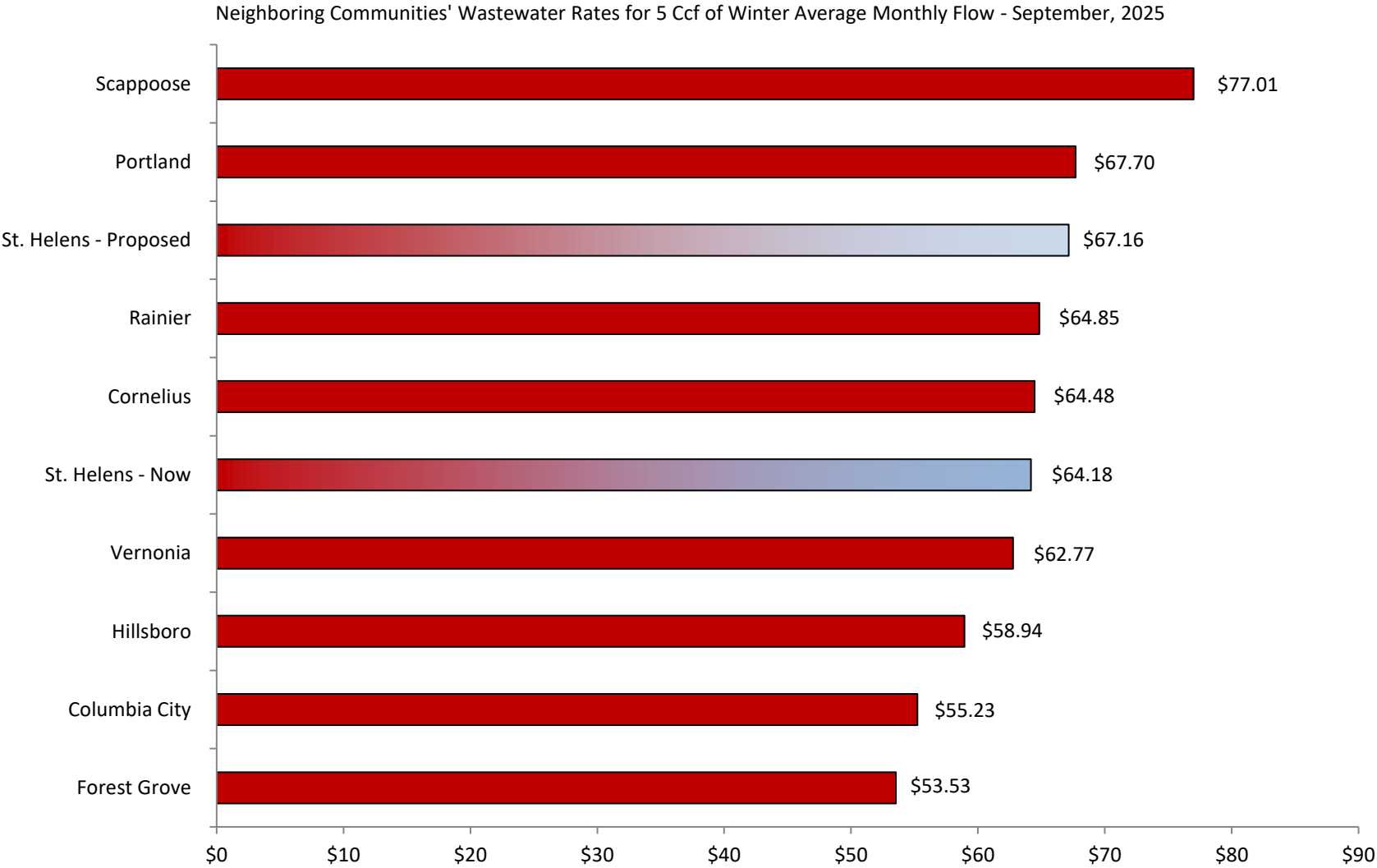


Figure 7 - Comparison of Neighboring Communities' Stormwater Rates

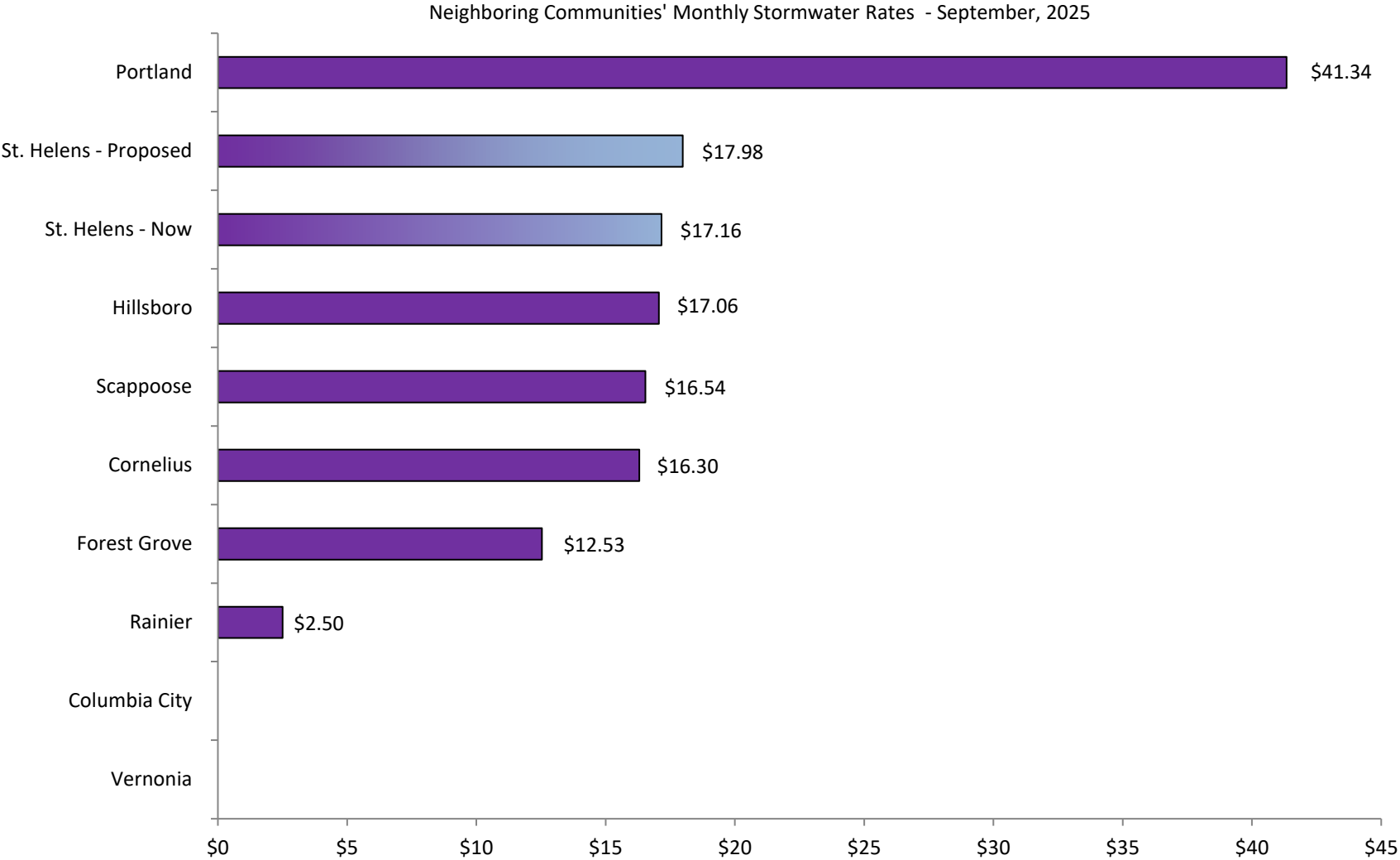


Figure 8 - Comparison of Neighboring Communities' Combined Water, Wastewater, Transportation, and Stormwater Rates

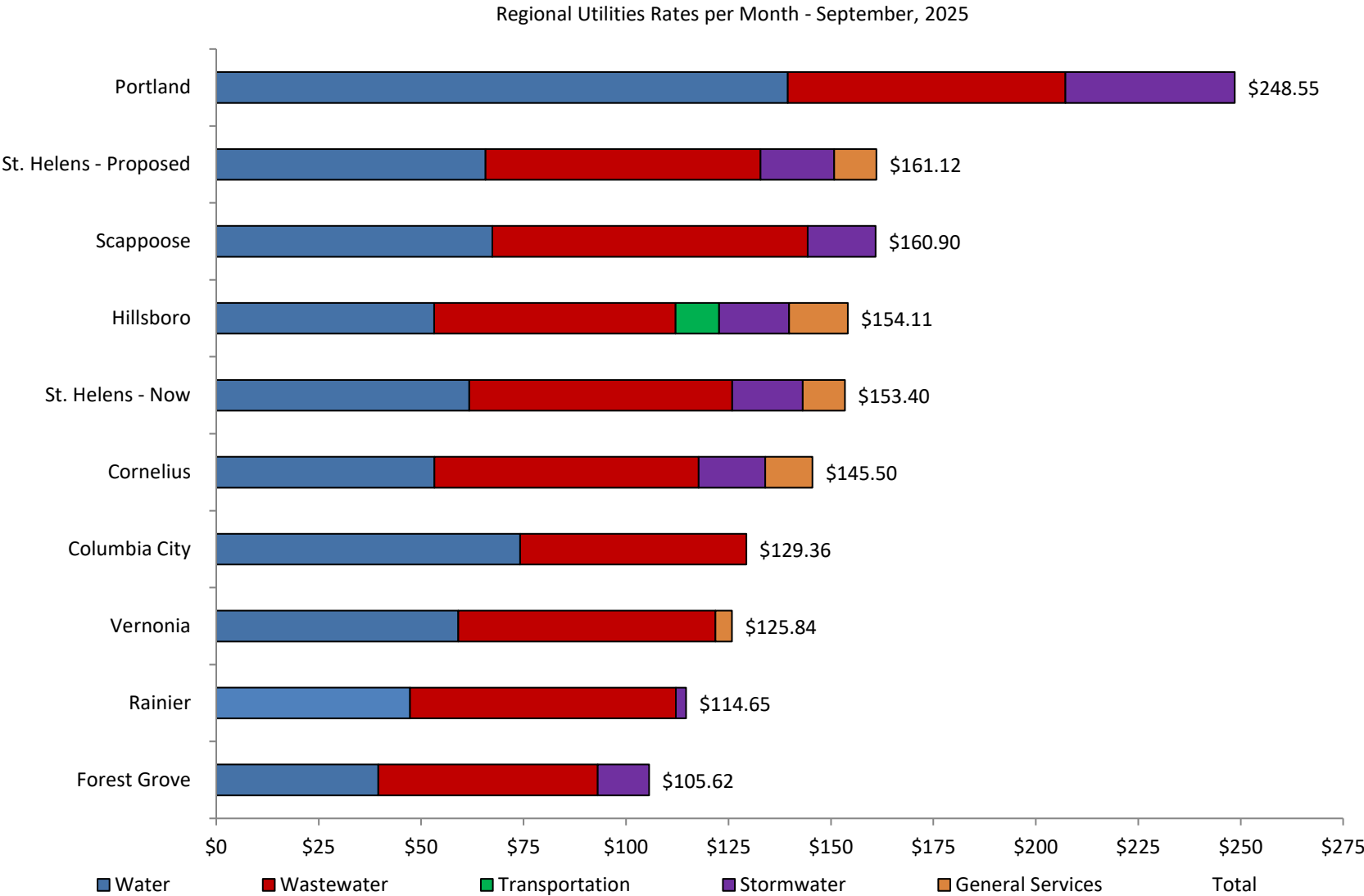
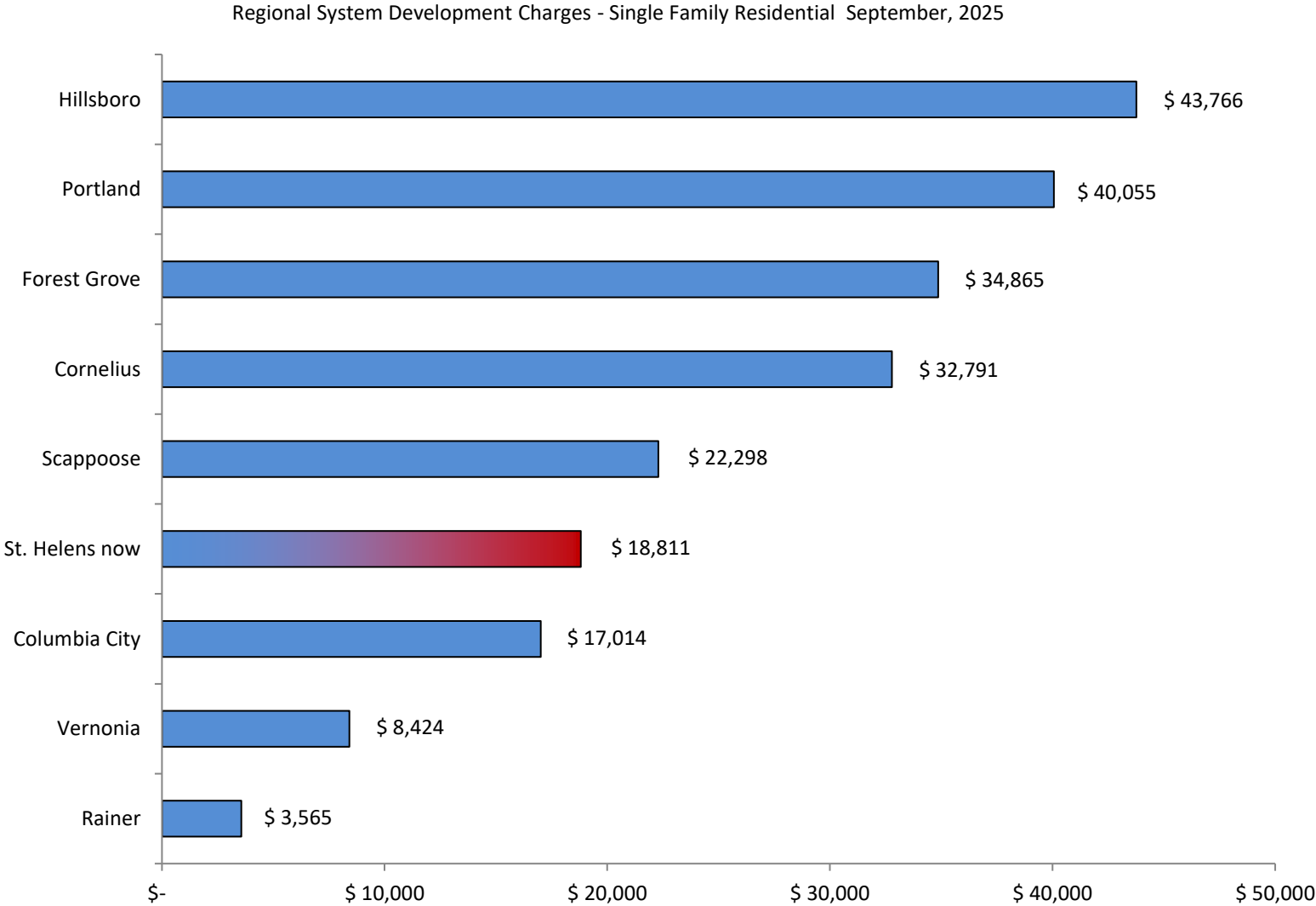


Figure 9 - Comparison of Neighboring Communities' SDCs (Single Family Residential)



PERSONAL SERVICES AGREEMENT

This PERSONAL SERVICES AGREEMENT (this “Agreement”) is made and entered into by and between the **City of St. Helens** (the “City”), an Oregon municipal corporation, and **St. Helens Marina LLC**, an Oregon limited liability company (“Contractor”).

RECITALS

A. The City is in need of personal services for monitoring City docks and waterways and enforcing local ordinances, and Contractor represents that it is qualified and prepared to provide such services.

B. The purpose of this Agreement is to establish the services to be provided by Contractor and the compensation and terms for such services.

AGREEMENT

1. Engagement. The City hereby engages Contractor to provide services (“Services”) related to the monitoring and enforcement of local ordinances of the City's docks and waterway, and Contractor accepts such engagement.

2. Scope of Work. The duties and responsibilities of Contractor shall be as described in Attachment A attached hereto and incorporated herein by reference.

3. Term. Subject to the termination provisions of Section 8 of this Agreement, this Agreement shall commence once executed by both parties and shall terminate upon expiration of one (1) year. The City reserves the exclusive right to extend the contract for a period of two (2) years in one (1) year increments. Such extensions shall be in writing with terms acceptable to both parties. Any increase in compensation for the extended term shall be as agreed to by the parties but shall not exceed five percent (5%) of the then-current fees.

4. Compensation. The terms of compensation for the initial term shall be as provided in Attachment C.

5. Payment.

5.1 The City agrees to pay Contractor for and in consideration of the faithful performance of the Services, and Contractor agrees to accept from the City as and for compensation for the faithful performance of the Services, the fees outlined in Attachment C, except that the hourly fee shall include all local travel, local telephone expense, computer expense, and routine document copying. Reimbursable expenses shall be billed at cost without markup and shall include travel and related expenses in compliance with the City’s travel and expense policy, reproduction of documents or reports with prior written approval, and long-distance telephone expenses.

5.2 Contractor shall make and keep reasonable records of work performed pursuant to this Agreement and shall provide detailed monthly billings to the City. Following approval by the City Administrator, billings shall be paid in full within thirty (30) days of receipt thereof. The City shall notify Contractor of any disputed amount within fifteen (15) days from receipt of the invoice, give reasons for the objection, and promptly pay the undisputed amount. Disputed amounts may be withheld without penalty or interest pending resolution of the dispute.

5.3 The City may suspend or withhold payments if Contractor fails to comply with any requirement of this Agreement.

5.4 Contractor is engaged by the City as an independent contractor in accordance with the standards prescribed in ORS 670.600. Contractor shall not be entitled to any benefits that are provided by the City to City employees.

5.5 Any provision of this Agreement that is held by a court to create an obligation that violates the debt limitation provision of Article XI, Section 9 of the Oregon Constitution shall be void. The City's obligation to make payments under this Agreement is conditioned upon appropriation of funds pursuant to ORS 294.305 through 294.565.

6. Notices. All notices, bills and payments shall be made in writing and may be given by personal delivery or by mail. Notices, bills and payments sent by mail should be addressed as follows:

CITY: City of St. Helens
Attn: City Administrator
265 Strand Street
St. Helens OR 97051

CONTRACTOR: **St. Helens Marina LLC**
Attn: Brad Hendrickson
134 N. River Street
St. Helens, OR 97051

When so addressed, such notices, bills and payments shall be deemed given upon deposit in the United States mail, postage-prepaid.

7. Insurance.

7.1 At all times during the term of this Agreement, Contractor shall carry, maintain and keep in full force and effect a policy or policies of insurance as specified in Attachment B attached hereto and incorporated herein by reference.

7.2 All insurance policies shall provide that the insurance coverage shall not be canceled or reduced by the insurance carrier without thirty (30) days' prior written notice to

the City. Contractor agrees that it will not cancel or reduce said insurance coverage without the written permission of City.

7.3 Contractor agrees that if it does not keep the aforesaid insurance in full force and effect, the City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, the City may take out the necessary insurance and pay, at Contractor's expense, the premium thereon. If the City procures such insurance, the City may charge the cost against any moneys due Contractor hereunder or for any other contract.

7.4 At all times during the term of this Agreement, Contractor shall maintain on file with the City a Certificate of Insurance or a copy of actual policies acceptable to the City showing that the aforesaid policies are in effect in the required coverages. The policies shall contain an endorsement naming the City, its council members, officers, employees and agents, as additional insureds (except for the professional liability and workers' compensation insurance).

7.5 The insurance provided by Contractor shall be primary to any coverage available to the City. The insurance policies (other than workers' compensation) shall include provisions for waiver of subrogation. Contractor shall be responsible for any deductible amounts outlined in such policies.

8. Termination.

8.1 Termination for Cause. City may terminate this Agreement effective upon delivery of written notice to Contractor under any of the following conditions:

8.1.1 If City funding from federal, state, local, or other sources is not obtained and continued at levels sufficient to allow for the purchase of the indicated quantity of service. This Agreement may be modified to accommodate a reduction in funding.

8.1.2 If Federal or State regulations or guidelines are modified, changed, or interpreted in such a way that the services are no longer allowable or appropriate for purchase under this Agreement.

8.1.3 If any license or certificate required by law or regulation to be held by Contractor, its subcontractors, agents, and employees to provide the services required by this Agreement is for any reason denied, suspended, revoked, or not renewed.

8.1.4 If Contractor becomes insolvent, if a voluntary or an involuntary petition in bankruptcy is filed by or against Contractor, if a receiver or trustee is appointed for Contractor, or if there is an assignment for the benefit of creditors of Contractor.

8.1.5 If Contractor is in breach of this Agreement, and such breach is not remedied as contemplated by Section 8.2 of the Agreement.

8.2 Breach of Agreement

8.2.1 Contractor shall remedy any breach of this Agreement within the shortest reasonable time after Contractor first has actual notice of the breach or City notifies Contractor of the breach, whichever is earlier. If Contractor fails to remedy a breach within three (3) working days of its actual notice or receipt of written notice from the City, City may terminate that part of the Agreement affected by the breach upon written notice to Contractor, may obtain substitute services in a reasonable manner, and may recover from Contractor the amount by which the price for those substitute services exceeds the price for the same services under this Agreement.

8.2.2 If the breach is material and Contractor fails to remedy the breach within three (3) working days of receipt of written notice from the City, City may declare Contractor in default, terminate this Agreement and pursue any remedy available for a default.

8.2.3 Pending a decision to terminate all or part of this Agreement, City unilaterally may order Contractor to suspend all or part of the services under this Agreement. If City terminates all or part of the Agreement pursuant to this Section 8.2, Contractor shall be entitled to compensation only for services rendered prior to the date of termination, but not for any services rendered after City ordered suspension of those services. If City suspends certain services under this Agreement and later orders Contractor to resume those services after determining Contractor was not at fault, Contractor shall be entitled to reasonable damages actually incurred, if any, as a result of the suspension.

8.2.4 In the event of termination of this Agreement due to the fault of the Contractor, City may immediately cease payment to Contractor, and when the breach is remedied, City may recover from Contractor the amount by which the price for those substitute services exceeds the price for the same services under this Agreement, along with any additional amounts for loss and damage caused to the City by the breach, and withhold such amounts from amounts owed by City to Contractor. If the amount due Contractor is insufficient to cover City's damages due to the breach, Contractor shall tender the balance to City upon demand.

8.3 Termination for Convenience. City may terminate all or part of this Agreement at any time for its own convenience by providing three (3) days written notice to Contractor. Upon termination under this paragraph, Contractor shall be entitled to compensation for all services properly rendered prior to the termination, including Contractor's and sub consultants reasonable costs actually incurred in closing out the Agreement. In no instance shall Contractor be entitled to overhead or profit on work not performed.

9. No Third-Party Rights. This Agreement shall not create any rights in or inure to the benefit of any parties other than the City and Contractor.

10. Modification. Any modification of the provisions of this Agreement shall be set forth in writing and signed by the parties.

11. Waiver. A waiver by a party of any breach by the other shall not be deemed to be a waiver of any subsequent breach. All waivers shall be done in writing.

12. Indemnification.

12.1 Liability of Contractor for Claims Other Than Professional Liability. For claims for other than professional liability, Contractor shall defend, save and hold harmless City, its officers, agents and employees from all damages, demands, claims, suits, or actions of whatsoever nature, including intentional acts, resulting from or arising out of the activities or omissions of Contractor under this Agreement. A claim for other than professional responsibility is a claim made against the City in which the City's alleged liability results from an act or omission by Contractor unrelated to the quality of professional services provided by Contractor.

12.2 Liability of Contractor for Claims for Professional Liability. For claims for professional liability, Contractor shall save, and hold harmless City, its officers, agents and employees, from all claims, suits, or actions arising out of the professional negligent acts, errors or omissions of Contractor in the performance of professional services under this Agreement. A claim for professional responsibility is a claim made against the City in which the City's alleged liability results directly from the quality of the professional services provided by Contractor, regardless of the type of claim made against the City.

12.3 Contractor and the officers, employees, agents and subcontractors of Contractor are not agents of the City, as those terms are used in ORS 30.265.

13. Governing Laws. This Agreement shall be governed by the laws of the State of Oregon.

14. Compliance with Law.

14.1 Contractor shall comply with all applicable federal, state and local statutes, ordinances, administrative rules, regulations and other legal requirements in performance of this Agreement.

14.2 Contractor shall pay promptly, as due, all persons supplying labor or materials for the prosecution of the services provided for in the Agreement and shall be responsible for such payment of all persons supplying such labor or material to any subcontractor.

14.3 Contractor shall promptly pay all contributions or amounts due the Industrial Accident Fund from such Contractor or subcontractor incurred in the performance of the Agreement.

14.4 Contractor shall not permit any lien or claim to be filed or prosecuted against the City or its property on account of any labor or material furnished and agrees to assume responsibility for satisfaction of any such lien or claim so filed or prosecuted.

14.5 Contractor and any subcontractor shall pay to the Department of Revenue all sums withheld from employees pursuant to ORS 316.617.

14.6 Contractor shall promptly, as due, make payment to any person, copartnership, association, or corporation, furnishing medical, surgical and hospital care or other needed care and attention, incident to sickness or injury, to employees of such Contractor, of all sums which the Contractor agrees to pay for such services and all monies and sums which the Contractor collected or deducted from the wages of employees pursuant to any law, contract or agreement for the purpose of providing or paying for such service.

14.7 No person may be employed for more than 10 hours in any one day, or 40 hours in any one week, except in cases of necessity, emergency or when the public policy absolutely requires it, and in such cases except in cases of contracts for personal services designated under ORS 279A.055, the employee shall be paid at least time and a half pay:

14.7.1 Either:

14.7.1.1 For all overtime in excess of eight hours in any one day or 40 hours in any one week when the work week is five consecutive days, Monday through Friday; or

14.7.1.2 For all overtime in excess of 10 hours in any one day or 40 hours in any one week when the work week is four consecutive days, Monday through Friday; and

14.7.2 For all work performed on Saturday and on any legal holiday specified in ORS 279B.020;

14.7.3 Contractor shall pay employees for overtime work performed under the Agreement in accordance with ORS 653.010 to 653.261 and the Fair Labor Standards Act of 1938 (29 USC 201, et seq.).

14.8 The Contractor must give notice to employees who work on this Agreement in writing, either at the time of hire or before commencement of work on the Agreement, or by posting a notice in a location frequented by employees, of the number of hours per day and the days per week that the employees may be required to work.

14.9 All subject employers working under the Contractor are either employers that will comply with ORS 656.017, or employers that are exempt under ORS 656.126.

14.10 All sums due the State Unemployment Compensation Fund from the Contractor or any subcontractor in connection with the performance of the Agreement shall be promptly so paid.

14.11 Contractor certifies compliance with all applicable Oregon tax laws, in

accordance with ORS 305.385.

14.12 Contractor certifies that it has not and will not discriminate against a subcontractor in awarding a subcontract because the subcontractor is a disadvantaged business enterprise, a minority-owned business, a woman-owned business, a business that a service-disabled veteran owns or an emerging small business that is certified under ORS 200.055. Without limiting the foregoing, Contractor expressly agrees to comply with: (i) Title VI of the Civil Rights Act of 1964; (ii) Section V of the Rehabilitation Act of 1973; (iii) the Americans with Disabilities Act of 1990, (iv) ORS 659.425, (v) all regulations and administrative rules established pursuant to those laws; and (vi) all other applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations.

14.13 The Contractor represents and warrants that Contractor (i) is not currently an employee of the federal government or the State of Oregon, and (ii) meets the specific independent contractor standards of ORS 670.600.

14.14 Contractor shall not provide or offer to provide any appreciable pecuniary or material benefit to any officer or employee of City in connection with this Agreement in violation of ORS chapter 244.

14.15 Contractor is a “subject employer,” as defined in ORS 656.005, and shall comply with ORS 656.017.

14.16 Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender, age, national origin, physical or mental disability, or disabled veteran or veteran status in violation of state or federal laws.

14.17 Contractor certifies that it currently has a City business license or will obtain one prior to delivering services under this Agreement.

14.18 Any other condition or clause required by law to be in this Agreement shall be considered included by this reference.

15. Confidentiality. Contractor shall maintain the confidentiality, both external and internal, of that confidential information to which it is exposed by reason of this Agreement. Contractor warrants that its employees assigned to this Agreement shall maintain necessary confidentiality.

16. Publicity. Contractor shall not use any data, pictures, or other representations of the City in its external advertising, marketing programs, or other promotional efforts except with prior specific written authorization from the City.

17. Succession. This Agreement shall inure to the benefit of and shall be binding upon each of the parties hereto and such parties’ partners, successors, executors, administrators and assigns.

18. Assignment. This Agreement shall not be assigned by Contractor without the express written consent of the City. Contractor shall not assign Contractor's interest in this Agreement or enter into subcontracts for any part of the Services without the prior written consent of the City.

19. Mediation/Dispute Resolution

19.1 Should any dispute arise between the parties to this Agreement it is agreed that such dispute will be submitted to a mediator prior to any arbitration or litigation, and the parties hereby expressly agree that no claim or dispute arising under the terms of this Agreement shall be resolved other than first through mediation and, only in the event said mediation efforts fail, through litigation or binding arbitration. The parties shall exercise good faith efforts to select a mediator who shall be compensated equally by both parties. Mediation will be conducted in the City of St. Helens, unless both parties agree in writing otherwise. If arbitration is selected by the parties, the parties shall exercise good faith efforts to select an arbitrator who shall be compensated equally by both parties. Venue for any arbitration shall be the City of St. Helens. Venue for any litigation shall be the Circuit Court for Columbia County.

20. Attorney Fees. If legal action is commenced in connection with this Agreement, the prevailing party in such action shall be entitled to recover its reasonable attorney fees, expert fees and costs incurred therein at arbitration, trial and on appeal.

21. Records, Inspection and Audit by the City.

21.1 Contractor shall retain all books, documents, papers, and records that are directly pertinent to this Agreement for at least three years after City makes final payment on this Agreement and all other pending matters are closed.

21.2 Services provided by Contractor and Contractor's performance data, financial records, and other similar documents and records of Contractor that pertain, or may pertain, to the Services under this Agreement shall be open for inspection by the City or its agents at any reasonable time during business hours. Upon request, copies of records or documents shall be provided to the City free of charge.

21.3 The City shall have the right to inspect and audit Contractor's financial records pertaining to the Services under this Agreement at any time during the term of this Agreement or within three (3) years after City makes final payment on this Agreement and all other pending matters are closed.

21.4 This Section 21 is not intended to limit the right of the City to make inspections or audits as provided by law or administrative rule.

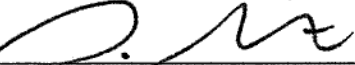
22. Force Majeure. Neither City nor Contractor shall be considered in default because of any delays in completion and responsibilities hereunder due to causes beyond the control and without fault or negligence on the part of the parties so disenabled, including but not restricted to, an act of God or of a public enemy, civil unrest, volcano, earthquake, fire, flood,

epidemic, quarantine restriction, area-wide strike, freight embargo, unusually severe weather or delay of subcontractor or supplies due to such cause; provided that the parties so disabled shall within ten days from the beginning of such delay, notify the other party in writing of the cause of delay and its probable extent. Such notification shall not be the basis for a claim for additional compensation. Each party shall, however, make all reasonable efforts to remove or eliminate such a cause of delay or default and shall, upon cessation of the cause, diligently pursue performance of its obligation under the Agreement.


23. Entire Agreement. This Agreement contains the entire agreement between the parties and supersedes all prior written or oral discussions or agreements regarding the Services described herein.

24. Severance. If any provision of this Agreement is held to be invalid, it will not affect the validity of any other provision. This Agreement will be construed as if the invalid provision had never been included.

IN WITNESS WHEREOF, the City has caused this Agreement to be executed by its duly authorized undersigned agent, and Contractor has executed this Agreement on the date written below.

CITY:**CITY OF ST. HELENS**Council Meeting Date: 9/21/22Signature: Print: DOUG McALLENTitle: Council PresidentDate: 9/21/22**CONTRACTOR:****ST. HELENS MARINA LLC,**

an Oregon limited liability company

Signature: Print: Brian HendricksonTitle: OWNERDate: 9/26/22**APPROVED AS TO FORM:**By: 

City Attorney

ATTACHMENT A
Scope of Work

- Oversees and directs monitoring of City docks and waterways and operations.
- Coordinates and maintains safe and orderly boating traffic.
- Enforces applicable ordinances and ensures enforcement of laws, regulations, and policies concerning City docks and waterways; coordinating harbor police force to assist with this enforcement.
- Participates in training related to new or revised ordinances; work with City regarding issues with current ordinances and recommend potential changes.
- Analyzes City docks and waterways and recommends modifications that will improve safety and efficiency of the area.
- Monitors dock kiosk to ensure proper functioning for vessel registration.
- Maintains records including reports of harbor activities and filed incident reports.
- Maintains effective working relationships with Owner/operators, City staff, marina managers and the public.
- Performs other related duties as assigned.

ATTACHMENT B INSURANCE REQUIREMENTS

Contractor and its subcontractors shall maintain insurance acceptable to the City in full force and effect throughout the term of this Contract. It is agreed that any insurance maintained by the City shall apply in excess of, and not contribute toward, insurance provided by Contractor. The policy or policies of insurance maintained by Contractor and its subcontractors shall provide at least the following limits and coverage:

TYPE OF INSURANCE	LIMITS OF LIABILITY		REQUIRED FOR THIS CONTRACT
General Liability	Each occurrence	\$1,000,000	YES/NO
	General Aggregate	\$2,000,000	
	Products/Comp Ops Aggregate	\$2,000,000	
	Personal and Advertising Injury	\$1,000,000	
		w/umbrella or \$1,500,000 w/o umbrella	
Please indicate if Claims Made or Occurrence			
Automobile Liability	Combined Single – covering any vehicle used on City business	\$2,000,000	YES/NO
Workers' Compensation	Per Oregon State Statutes If workers compensation is not applicable please initial here _____. State the reason it is not applicable: _____		YES/NO
Professional Liability	Per occurrence	\$500,000 or per contract	YES/NO
	Annual Aggregate	\$500,000 or per contract	

Contractor's general liability and automobile liability insurance must be evidenced by certificates from the insurers. The policies shall name the City, its officers, agents and employees, as additional insureds and shall provide the City with a thirty (30)-day notice of cancellation.

Workers' compensation insurance must be evidenced by a certificate from the insurer. The certificate need not name the City as an additional insured, but must list the City as a certificate holder and provide a thirty (30)-day notice of cancellation to the City.

Professional liability insurance must be evidenced by a certificate from the insurer. The certificate need not name the City as an additional insured.

Certificates of Insurance shall be forwarded to:

City Administrator
City of St. Helens
265 Strand Street
St. Helens, OR 97051

Contractor agrees to deposit with the City, at the time the executed Contract is returned, Certificates of Insurance and Binders of Insurance if the policy is new or has expired, sufficient to satisfy the City that the insurance provisions of this Agreement have been complied with and to keep such insurance in effect and the certificates and/or binders thereof on deposit with the City during the entire term of this Agreement. Such certificates and/or binders must be delivered prior to commencement of the Services.

The procuring of such required insurance shall not be construed to limit Contractor's liability hereunder. Notwithstanding said insurance, Contractor shall be obligated for the total amount of any damage, injury or loss caused by negligence or neglect connected with this Agreement.



STHELEN-07

MICHELLE MORRIS

DATE () Item #5.

9/20/2022

CERTIFICATE OF LIABILITY INSURANCE

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER NFP Property & Casualty Services, Inc. 61 Plaza Square Saint Helens, OR 97051	CONTACT NAME:		
	PHONE (A/C, No, Ext): (503) 397-0714	FAX (A/C, No): (503) 397-0674	
INSURED St. Helens Marina LLC 134 N. River St. St. Helens, OR 97051	E-MAIL ADDRESS:		
	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A : National Casualty Company		11991
	INSURER B : SAIF - State Accident Insurance Fund		36196
	INSURER C :		
	INSURER D :		
INSURER E :			
INSURER F :			

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:	X		OMO0037943	5/1/2022	5/1/2023	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 1,000,000 \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$			XLO0034489	5/1/2022	5/1/2023	EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000 \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y / N If yes, describe under DESCRIPTION OF OPERATIONS below	N / A		629881	6/1/2022	6/1/2023	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
City of St. Helens, its officers, agents and employees are named Additional insured as respects to General Liability so long as a written contract or agreement to such exists with the named insured prior to a loss per endorsement OM-38 (12-15) attached.

CERTIFICATE HOLDER

CANCELLATION

City of St. Helens, its officers, agents and employees 265 Strand Street Saint Helens, OR 97051	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

National Casualty Company

ENDORSEMENT
NO. _____

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
OMO0037943		St. Helens Marina, LLC See Full Name	12755

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED—DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

**COMMERCIAL MARINE LIABILITY COVERAGE FORM
LIQUOR LIABILITY COVERAGE FORM****SCHEDULE****Name Of Additional Insured Person(s) Or Organization(s):**

ANY PERSON OR ORGANIZATION WHEN YOU AND SUCH PERSON OR ORGANIZATION HAVE AGREED IN WRITING IN A CONTRACT OR AGREEMENT, EXECUTED PRIOR TO THE "OCCURRENCE" TO WHICH THIS INSURANCE APPLIES, THAT SUCH PERSON OR ORGANIZATION BE ADDED AS AN ADDITIONAL INSURED ON YOUR POLICY.

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

- A. SECTION II—WHO IS AN INSURED** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for **bodily injury, property damage or personal and advertising injury** caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:
1. In the performance of your ongoing operations; or
 2. In connection with your premises owned by or rented to you.
- However:
1. The insurance afforded to such additional insured only applies to the extent permitted by law; and
 2. If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.
- B. With respect to the insurance afforded to these additional insureds, the following is added to SECTION III—LIMITS OF INSURANCE:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement; or
 2. Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

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AUTHORIZED REPRESENTATIVE

DATE

ATTACHMENT C Terms of Compensation

Initial term:

October 2022 – May 2023	\$1,000 monthly
June 2023- September 2023	\$2,000 monthly

Method of procurement: Direct appointment per St. Helens public contracting code 2.04.120(3)(e) as a personal services agreement not exceeding \$50,000 per year or \$150,000 over the full term (Initial Term of 1 year plus 2 renewal options of 1 year each).

Personal service contracts include those with an independent contractor predominantly for services that require special training, skill, unique/specialized knowledge and for which the quality of the service depends on the attributes that are unique to the service provider.



STAFF REPORT

Meeting Date: January 7, 2026
 Author: Chief Smith
 Department: Police
 Division: N/A
 Subject: Purchase of Drone
 Type of Item: Action
 CC: City Administrator John Walsh

Introduction: The purpose of this staff report is to request City Council approval of a purchase agreement for an Axon Air / Skydio X10 “Basic Patrol” drone program to support Police Department operations. The recommended action is for Council to adopt the contract and authorize the City Administrator (or designee) to execute the agreement and related documents.

Background: The Police Department is seeking to procure an operator-launched drone system to support public safety operations, including situational awareness, search support, and incident response. The proposed purchase is through Axon Enterprise, Inc., for an Axon Air Basic Patrol package that includes Skydio X10 hardware, software, training resources, and warranties. The quote is issued December 9, 2025, with an estimated contract start date of March 1, 2026, and a 60-month program length.

Staff Analysis: The proposed procurement provides the Police Department with a full program bundle and supporting components intended to allow operational deployment and long-term program support. Key components of the proposed quote include:

- Axon Air Basic Patrol bundle (60 months)
- Skydio X10 RTK/PPK hardware
- Spares plans (including SAFE vehicle refresh and operator-launched spares plan)
- SAFE Patrol Kit hardware refresh
- Skydio Academy online training access (60 months)
- Warranty coverage (Skydio Care for X10 Cellular 5G + VT300-Z, 3-year coverage)
- Professional implementation services and FAA Part 107 training bundle (two seats) included at \$0.00 in the quote pricing line items

The vendor-provided delivery schedule shows hardware delivery estimated for February 1, 2026, with software services running March 1, 2026 through February 28, 2031.

This agreement is structured as an annual payment plan over five years, providing predictable costs and continued access to program support over the term.

Budget Impact: The total cost of the 60-month program is \$87,595.80.¹ There is no impact to the current budget, as the full cost of the program will be funded using opioid settlement funds.

¹ The vendor quote is valid through December 31, 2025. If the contract is not approved by that date, the quoted price of \$87,595.80 may no longer be available, and the total cost of the program could increase to as much as \$100,000. Approval prior to the expiration date allows the City to secure current pricing and avoid potential cost escalation.

Alternatives:

1. Council does not approve the purchase.
Impact: The Police Department would continue operating without a dedicated drone program and would not gain the operational capabilities supported by this equipment and service package.
2. Council postpones action and directs staff to seek alternate vendors or scopes.
Impact: Procurement would be delayed, and staff would return to Council with revised options, potentially affecting timing and operational readiness.

Requested Action: Adopt the purchase agreement with Axon Enterprise, Inc. for the Axon Air / Skydio X10 Basic Patrol drone program in the total amount of \$87,595.80 for a 60-month term, and authorize the City Administrator (or designee) to execute the agreement and related documents.

Attachments:

- Axon / Skydio Quote Q-784889-46000AE (Issued 12/09/2025)



Axon Enterprise, Inc.
17800 N 85th St
Scottsdale, Arizona 85255
United States
VAT: 86-0741227
Domestic: (800) 978-2737
International: +1.800.978.2737

Q-784889

Item #6.

Issued: 12/09/2025

Quote Expiration: 12/31/2025

Estimated Contract Start Date: 03/01/2026

Account Number: 113553

Payment Terms: N30

Mode of Delivery: UPS-GND

Credit/Debit Amount: \$0.00

SHIP TO	BILL TO
St. Helens Police Dept. - OR 150 S 13th St Saint Helens, OR 97051-1829 USA	St. Helens Police Dept. - OR 150 S 13th St Saint Helens OR 97051-1829 USA Email:

SALES REPRESENTATIVE	PRIMARY CONTACT
Alex Aguilar Phone: (253) 389-2615 Email: alaguilar@axon.com Fax:	Johnathon Sprinzl Phone: (503) 397-3333 Email: jsprinzl@sthelensoregon.gov Fax:

Quote Summary

Program Length	60 Months
TOTAL COST	\$87,595.80
ESTIMATED TOTAL W/ TAX	\$87,595.80

Discount Summary

Average Savings Per Year	\$456.72
TOTAL SAVINGS	\$2,283.60

Payment Summary

Item #6.

Date	Subtotal	Tax	Total
Feb 2026	\$17,519.16	\$0.00	\$17,519.16
Feb 2027	\$17,519.16	\$0.00	\$17,519.16
Feb 2028	\$17,519.16	\$0.00	\$17,519.16
Feb 2029	\$17,519.16	\$0.00	\$17,519.16
Feb 2030	\$17,519.16	\$0.00	\$17,519.16
Total	\$87,595.80	\$0.00	\$87,595.80

Quote Unbundled Price:

Quote List Price:

Quote Subtotal:

\$40 Item #6.

\$40,332.60

\$87,595.80

Pricing

All deliverables are detailed in Delivery Schedules section lower in proposal

Item	Description	Qty	Term	Unbundled	List Price	Net Price	Subtotal	Tax	Total
Program									
A00025	BUNDLE - AXON AIR BASIC PATROL	1	60			\$825.78	\$49,546.80	\$0.00	\$49,546.80
A la Carte Hardware									
101225	AXON AIR - SKYDIO X10 RTK/PPK	1			\$920.00	\$920.00	\$920.00	\$0.00	\$920.00
101240	AXON AIR - SPARES PLAN FOR OPERATOR LAUNCHED X10	1			\$999.00	\$999.00	\$999.00	\$0.00	\$999.00
101206	AXON AIR - SKYDIO X10 SPARES PLAN SAFE VEHICLE REFRESH	1			\$999.00	\$999.00	\$999.00	\$0.00	\$999.00
101737	AXON AIR - SKYDIO SAFE PATROL KIT HW REFRESH	1			\$28,382.00	\$28,382.00	\$28,382.00	\$0.00	\$28,382.00
A la Carte Software									
100112	AXON AIR - EVIDENCE.COM LICENSE - PILOT DATA	1	60		\$32.76	\$0.00	\$0.00	\$0.00	\$0.00
A la Carte Services									
101050	AXON AIR - PI PART 107 - MADE EASY BUNDLE	2			\$159.00	\$0.00	\$0.00	\$0.00	\$0.00
101233	AXON AIR - SKYDIO ACADEMY ONLINE - ALL ACCESS	1	60		\$25.00	\$25.00	\$1,500.00	\$0.00	\$1,500.00
A la Carte Warranties									
101508	AXON AIR - SKYDIO - CARE FOR X10 CELLULAR 5G + VT300-Z 3YR	1			\$5,249.00	\$5,249.00	\$5,249.00	\$0.00	\$5,249.00
Total							\$87,595.80	\$0.00	\$87,595.80

Delivery Schedule

Hardware

Bundle	Item	Description	QTY	Shipping Location	Estimated Delivery Date
BUNDLE - AXON AIR BASIC PATROL	101738	AXON AIR - SKYDIO X10 PATROL HW KIT	1	1	02/01/2026
A la Carte	101206	AXON AIR - SKYDIO X10 SPARES PLAN SAFE VEHICLE REFRESH	1	1	02/01/2026
A la Carte	101225	AXON AIR - SKYDIO X10 RTK/PPK	1	1	02/01/2026
A la Carte	101240	AXON AIR - SPARES PLAN FOR OPERATOR LAUNCHED X10	1	1	02/01/2026
A la Carte	101737	AXON AIR - SKYDIO SAFE PATROL KIT HW REFRESH	1	1	02/01/2026

Software

Bundle	Item	Description	QTY	Estimated Start Date	Estimated End Date
BUNDLE - AXON AIR BASIC PATROL	100112	AXON AIR - EVIDENCE.COM LICENSE - PILOT DATA	1	03/01/2026	02/28/2031
BUNDLE - AXON AIR BASIC PATROL	101967	AXON AIR - SKYDIO BASIC PATROL SW KIT	1	03/01/2026	02/28/2031
A la Carte	100112	AXON AIR - EVIDENCE.COM LICENSE - PILOT DATA	1	03/01/2026	02/28/2031

Services

Bundle	Item	Description	QTY
BUNDLE - AXON AIR BASIC PATROL	12021	AXON AIR - PROFESSIONAL IMPLEMENTATION	1
A la Carte	101050	AXON AIR - PI PART 107 - MADE EASY BUNDLE	2
A la Carte	101233	AXON AIR - SKYDIO ACADEMY ONLINE - ALL ACCESS	1

Warranties

Bundle	Item	Description	QTY	Estimated Start Date	Estimated End Date
A la Carte	101508	AXON AIR - SKYDIO - CARE FOR X10 CELLULAR 5G + VT300-Z 3YR	1		

Shipping Locations

Item #6.

Location Number	Street	City	State	Zip	Country
1	150 S 13th St	Saint Helens	OR	97051-1829	USA

Payment Details

Feb 2026

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 1	100112	AXON AIR - EVIDENCE.COM LICENSE - PILOT DATA	1	\$0.00	\$0.00	\$0.00
Year 1	101050	AXON AIR - PI PART 107 - MADE EASY BUNDLE	2	\$0.00	\$0.00	\$0.00
Year 1	101206	AXON AIR - SKYDIO X10 SPARES PLAN SAFE VEHICLE REFRESH	1	\$199.80	\$0.00	\$199.80
Year 1	101225	AXON AIR - SKYDIO X10 RTK/PPK	1	\$184.00	\$0.00	\$184.00
Year 1	101233	AXON AIR - SKYDIO ACADEMY ONLINE - ALL ACCESS	1	\$300.00	\$0.00	\$300.00
Year 1	101240	AXON AIR - SPARES PLAN FOR OPERATOR LAUNCHED X10	1	\$199.80	\$0.00	\$199.80
Year 1	101508	AXON AIR - SKYDIO - CARE FOR X10 CELLULAR 5G + VT300-Z 3YR	1	\$1,049.80	\$0.00	\$1,049.80
Year 1	101737	AXON AIR - SKYDIO SAFE PATROL KIT HW REFRESH	1	\$5,676.40	\$0.00	\$5,676.40
Year 1	A00025	BUNDLE - AXON AIR BASIC PATROL	1	\$9,909.36	\$0.00	\$9,909.36
Total				\$17,519.16	\$0.00	\$17,519.16

Mar 2026

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Invoice Upon Fulfillment	A00025	BUNDLE - AXON AIR BASIC PATROL	1	\$0.00	\$0.00	\$0.00
Total				\$0.00	\$0.00	\$0.00

Feb 2027

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 2	100112	AXON AIR - EVIDENCE.COM LICENSE - PILOT DATA	1	\$0.00	\$0.00	\$0.00
Year 2	101050	AXON AIR - PI PART 107 - MADE EASY BUNDLE	2	\$0.00	\$0.00	\$0.00
Year 2	101206	AXON AIR - SKYDIO X10 SPARES PLAN SAFE VEHICLE REFRESH	1	\$199.80	\$0.00	\$199.80
Year 2	101225	AXON AIR - SKYDIO X10 RTK/PPK	1	\$184.00	\$0.00	\$184.00
Year 2	101233	AXON AIR - SKYDIO ACADEMY ONLINE - ALL ACCESS	1	\$300.00	\$0.00	\$300.00
Year 2	101240	AXON AIR - SPARES PLAN FOR OPERATOR LAUNCHED X10	1	\$199.80	\$0.00	\$199.80
Year 2	101508	AXON AIR - SKYDIO - CARE FOR X10 CELLULAR 5G + VT300-Z 3YR	1	\$1,049.80	\$0.00	\$1,049.80
Year 2	101737	AXON AIR - SKYDIO SAFE PATROL KIT HW REFRESH	1	\$5,676.40	\$0.00	\$5,676.40
Year 2	A00025	BUNDLE - AXON AIR BASIC PATROL	1	\$9,909.36	\$0.00	\$9,909.36
Total				\$17,519.16	\$0.00	\$17,519.16

Feb 2028

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 3	100112	AXON AIR - EVIDENCE.COM LICENSE - PILOT DATA	1	\$0.00	\$0.00	\$0.00
Year 3	101050	AXON AIR - PI PART 107 - MADE EASY BUNDLE	2	\$0.00	\$0.00	\$0.00
Year 3	101206	AXON AIR - SKYDIO X10 SPARES PLAN SAFE VEHICLE REFRESH	1	\$199.80	\$0.00	\$199.80
Year 3	101225	AXON AIR - SKYDIO X10 RTK/PPK	1	\$184.00	\$0.00	\$184.00
Year 3	101233	AXON AIR - SKYDIO ACADEMY ONLINE - ALL ACCESS	1	\$300.00	\$0.00	\$300.00
Year 3	101240	AXON AIR - SPARES PLAN FOR OPERATOR LAUNCHED X10	1	\$199.80	\$0.00	\$199.80
Year 3	101508	AXON AIR - SKYDIO - CARE FOR X10 CELLULAR 5G + VT300-Z 3YR	1	\$1,049.80	\$0.00	\$1,049.80

Feb 2028

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 3	101737	AXON AIR - SKYDIO SAFE PATROL KIT HW REFRESH	1	\$5,676.40	\$0.00	\$5,676.40
Year 3	A00025	BUNDLE - AXON AIR BASIC PATROL	1	\$9,909.36	\$0.00	\$9,909.36
Total				\$17,519.16	\$0.00	\$17,519.16

Feb 2029

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 4	100112	AXON AIR - EVIDENCE.COM LICENSE - PILOT DATA	1	\$0.00	\$0.00	\$0.00
Year 4	101050	AXON AIR - PI PART 107 - MADE EASY BUNDLE	2	\$0.00	\$0.00	\$0.00
Year 4	101206	AXON AIR - SKYDIO X10 SPARES PLAN SAFE VEHICLE REFRESH	1	\$199.80	\$0.00	\$199.80
Year 4	101225	AXON AIR - SKYDIO X10 RTK/PPK	1	\$184.00	\$0.00	\$184.00
Year 4	101233	AXON AIR - SKYDIO ACADEMY ONLINE - ALL ACCESS	1	\$300.00	\$0.00	\$300.00
Year 4	101240	AXON AIR - SPARES PLAN FOR OPERATOR LAUNCHED X10	1	\$199.80	\$0.00	\$199.80
Year 4	101508	AXON AIR - SKYDIO - CARE FOR X10 CELLULAR 5G + VT300-Z 3YR	1	\$1,049.80	\$0.00	\$1,049.80
Year 4	101737	AXON AIR - SKYDIO SAFE PATROL KIT HW REFRESH	1	\$5,676.40	\$0.00	\$5,676.40
Year 4	A00025	BUNDLE - AXON AIR BASIC PATROL	1	\$9,909.36	\$0.00	\$9,909.36
Total				\$17,519.16	\$0.00	\$17,519.16

Feb 2030

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 5	100112	AXON AIR - EVIDENCE.COM LICENSE - PILOT DATA	1	\$0.00	\$0.00	\$0.00
Year 5	101050	AXON AIR - PI PART 107 - MADE EASY BUNDLE	2	\$0.00	\$0.00	\$0.00
Year 5	101206	AXON AIR - SKYDIO X10 SPARES PLAN SAFE VEHICLE REFRESH	1	\$199.80	\$0.00	\$199.80
Year 5	101225	AXON AIR - SKYDIO X10 RTK/PPK	1	\$184.00	\$0.00	\$184.00
Year 5	101233	AXON AIR - SKYDIO ACADEMY ONLINE - ALL ACCESS	1	\$300.00	\$0.00	\$300.00
Year 5	101240	AXON AIR - SPARES PLAN FOR OPERATOR LAUNCHED X10	1	\$199.80	\$0.00	\$199.80
Year 5	101508	AXON AIR - SKYDIO - CARE FOR X10 CELLULAR 5G + VT300-Z 3YR	1	\$1,049.80	\$0.00	\$1,049.80
Year 5	101737	AXON AIR - SKYDIO SAFE PATROL KIT HW REFRESH	1	\$5,676.40	\$0.00	\$5,676.40
Year 5	A00025	BUNDLE - AXON AIR BASIC PATROL	1	\$9,909.36	\$0.00	\$9,909.36
Total				\$17,519.16	\$0.00	\$17,519.16

Tax is estimated based on rates applicable at date of quote and subject to change at time of invoicing. If a tax exemption certificate should be applied, please submit prior to invoicing.

Standard Terms and Conditions

Axon Enterprise Inc. Sales Terms and Conditions

Axon Master Services and Purchasing Agreement:

This Quote is limited to and conditional upon your acceptance of the provisions set forth herein and Axon's Master Services and Purchasing Agreement (posted at <https://www.axon.com/sales-terms-and-conditions>), as well as the attached Statement of Work (SOW) for Axon Fleet and/or Axon Interview Room purchase, if applicable. In the event you and Axon have entered into a prior agreement to govern all future purchases, that agreement shall govern to the extent it includes the products and services being purchased and does not conflict with the Axon Customer Experience Improvement Program Appendix as described below.

ACEIP:

The Axon Customer Experience Improvement Program Appendix, which includes the sharing of de-identified segments of Agency Content with Axon to develop new products and improve your product experience (posted at www.axon.com/legal/sales-terms-and-conditions), is incorporated herein by reference. By signing below, you agree to the terms of the Axon Customer Experience Improvement Program.

Acceptance of Terms:

Any purchase order issued in response to this Quote is subject solely to the above referenced terms and conditions. By signing below, you represent that you are lawfully able to enter into contracts. If you are signing on behalf of an entity (including but not limited to the company, municipality, or government agency for whom you work), you represent to Axon that you have legal authority to bind that entity. If you do not have this authority, please do not sign this Quote.

Signature

Date Signed

12/9/2025





265 Strand Street
St. Helens, OR 97051
(503) 397-6272
www.sthelensoregon.gov

City of St. Helens Budget Calendar FY2026-2027

	<u>DUE / COMPLETION DATE</u>	<u>DESCRIPTION</u>
City Council		
	1/07/2026	Appoint Budget Officer
	1/07/2026	Approve Budget Calendar
	3/18/2026	Approve Department Goals
	6/17/2026	Budget Hearing and Adoption
Budget Officer		
	1/19/2026	Budget Worksheets to Departments
	1/19/2026	Salary Projections to Departments
	3/23/2026	Final Department Meetings
	4/20/2026	Complete Proposed Budget
	4/24/2026	Publish Committee Meeting Notice on Website
	4/24/2026	Publish Committee Meeting Notice in Newspaper
	6/05/2026	Publish Budget Hearing Notice in Newspaper
Departments		
	1/30/2026	Develop Capital Improvement Plan / Needs
	3/23/2026	Complete Budget Worksheets
	3/30/2026	Department Narratives
	4/17/2026	Develop Department Goals & Performance Measures
Budget Committee		
	5/07/2026	Budget Committee Meeting #1
	5/21/2026	Budget Committee Meeting #2
	5/28/2026	Budget Committee Meeting #3

To: City Council
RE: Leak Adjustments Authority

John Walsh, City Administrator
Gloria Butsch, Finance Director



BACKGROUND

Over the past 6 months there has been 9 leak adjustments exceeding \$1,000. Potential leak adjustments under \$1,000 are within the City Administrator's authority to approve; anything over \$1,000 currently must go for City Council approval.

At the August 21, 2024 Council Work session, Council requested information and averages for leak adjustments over \$1,000 for the last 6 months (2024).

DISCUSSION

Data:

1623.87

1577.06

1935.20

1084.22

2680.15

6011.18

3435.40

2250.26

1141.08

21738.42

Of the 9 adjustments that the Council approved, 2 were under \$1,500, 3 were between \$1,500 and \$2,000, and 4 were over \$2,000, of which 3 were over \$2,500. Averaged together, the average leak adjustment for the past 6 months was \$2,415.38.

Following further research, the City has no acting legislation requiring the Council to review and approve leak adjustments. Leak adjustment rules are covered in the "Utility Billing Administrative Rules" that are revised whenever there are changes to the utility rates.

The only time, according to the rules, that the City Council would be involved is if a customer was denied an adjustment and they choose to appeal to the Council, otherwise the City Administrator or Finance Director approves leak adjustments.

RECOMMENDATION

Staff recommends that leak adjustment decisions are made under the administrative rules and deferred to Council only under extenuating circumstances or by customer appeal.