



RESOLUTION NO. 26-003

A RESOLUTION AUTHORIZING ENTERING INTO A ONE-YEAR CONTRACT WITH THE SANTIAM WATER CONTROL DISTRICT FOR WATER CONVEYANCE

WHEREAS, the Santiam Water Control District (District) owns and operates a water control system, which delivers irrigation water to approximately 17,400 acres of land generally located between Stayton, Oregon and Salem, Oregon and the facilities that deliver water from the North Santiam River to the City's water treatment facilities; and

WHEREAS, the City of Stayton (City) receives its water right from the Santiam River via the District's conveyance system in accordance with a contract; and

WHEREAS, the City and District have had a contractual agreement for water conveyance for many years, and has approved two one-year contract extensions for 2024 (Resolution 1078) and 2025 (Resolution 1123); and

WHEREAS, the existing one-year contract expired in December 2025; and

WHEREAS, The District has proposed an additional one-year extension that is substantially the same as the prior year, with two key updates: (1) an adjusted cost reflecting CPI, and (2) the addition of a clause addressing unforeseen costs; and

WHEREAS, both City and District recognize that additional time is needed to negotiate a new long-term contract and desire to enter into an additional one-year Contract for water delivery.

NOW THEREFORE, THE CITY OF STAYTON RESOLVES:

SECTION 1. The Mayor and Manager are authorized to sign the contract shown in Exhibit 1 as presented or in a form that is substantively similar.

This Resolution shall become effective upon its adoption by the Stayton City Council.

ADOPTED BY THE STAYTON CITY COUNCIL THIS 2nd DAY OF FEBRUARY 2026.

CITY OF STAYTON

Dated: 2-2, 2026

By: 
Brian Quigley, Mayor

Dated: 2-2, 2026

By: 
Julia Hajduk, City Manager

SANTIAM WATER CONTROL DISTRICT
MUNICIPAL WATER DELIVERY AGREEMENT

This Agreement ("Agreement") is made effective January 1, 2026, by and between Santiam Water Control District, herein referred to as "District," and the City of Stayton, herein referred to as "the City."

RECITALS:

A. District is a public body, corporate and politic, exercising public powers pursuant to Oregon Revised Statute Chapter 553.

B. City is a public body, corporate and politic, exercising public powers pursuant to its charter.

C. District owns and operates a water control system, which delivers irrigation water to approximately 17,400 acres of land generally located between Stayton, Oregon and Salem, Oregon. In addition, District delivers water for municipal, hydroelectric, and commercial uses. District owns and operates the facilities that deliver water from the North Santiam River to the City's water treatment facilities. In addition, District owns and operates the Salem Canal and delivers water to the City of Salem through said canal under a perpetual contract.

D. City is the owner and operator of a community water system that supplies safe drinking water to customers in the Stayton area. The primary source of water for the City is water withdrawn from the North Santiam River, downstream of Geren Island, consistent with the water rights shown on the attached list of water rights (Attachment 1). Currently water is delivered through the District's power canal to the City's drinking water plant intake.

E. The City desires to utilize the District's conveyance system over other water delivery conveyance options.

F. The parties, by this Agreement, desire to enter into a one-year Contract for water delivery and to provide for the delivery by District to City water rights described above.

AGREEMENT:

NOW, THEREFORE, the parties mutually and severally covenant and agree as follows:

1. City agrees to pay to District \$5,200 upon signature of this Agreement ("Annual Municipal Administrative Fee").

2. City agrees to pay to the District a water delivery fee. The amount payable by the City will be \$141,521.00 The City agrees to pay the balance by July 1, 2025.

3. Emergency Expense: In the event that the District incurs an emergency expense ("Emergency Expense"), the City agrees to reimburse the District for 50% of such costs, subject to the following terms:

- 3.1. "Emergency Expense" is defined as an unanticipated cost incurred by the District to mitigate, correct, or address an unforeseen event (such as a natural disaster, equipment failure, vandalism, new regulatory requirement, or any other unforeseeable occurrence) that has a direct impact on any District waterworks component or facility utilized for diverting or conveying water to the City.
- 3.2. The District will notify the City in writing as soon as practicable after determining that an emergency exists and an Emergency Expense is anticipated ("Emergency Expense Notice"). This notice will include a description of the emergency, proposed methods for rectification, relevant details, and, where feasible, an estimate of the anticipated expenses. If Emergency Costs are subject to cost sharing, the City will be afforded the opportunity to participate in risk management decisions, including avoidance, minimization, and mitigation strategies; evaluation and selection of response alternatives; and implementation planning.
- 3.3. An Emergency Expense Invoice ("Emergency Expense Invoice") reflecting 50% of eligible, verifiable, and reasonable out-of-pocket costs directly attributable to addressing the emergency—such as direct labor, materials, equipment and rental costs, and third-party services—will be provided to the City. The City shall remit reimbursement to the District within thirty (30) calendar days of receipt of the Emergency Expense Invoice. Should the District receive insurance proceeds or third-party reimbursements related to an Emergency Expense after the City's payment, the District will promptly refund the City its proportional share of such recoveries.
- 3.4. The City may dispute an Emergency Expense Invoice only after payment has been made, by submitting a written notice of dispute to the District. The parties will meet within ten (10) business days to attempt to resolve the dispute in good faith. If resolution is not achieved within this timeframe, either party may escalate the matter per the dispute resolution provisions or pursue mutually agreed upon remedies set forth in this agreement.
- 3.5. To maintain reliable performance under this Agreement during unforeseen emergencies, any delay by the City in paying an Emergency Expense Invoice may result in the curtailment of water delivery due to factors beyond the financial control of the District, or in situations requiring District members to subsidize City services under this Agreement.

4. The City agrees to continue to operate and maintain a water-flow meter that keeps a continuous record at its point of diversion from the District's canal. The City shall cause said meter to be independently inspected and recalibrated, if necessary, annually. The City shall provide to the District a true copy of the record of usage each month.

5. Transportation: The District shall transport for the City and deliver to the City water intake through the District's power canal, all cubic feet per second of surface water rights currently owned or under permit. (See attached list of water rights.)

6. The District agrees that it shall use its best efforts to maintain and keep the canal, dams that provide the water to the District's diversion point, the trash racks, fish screens, bypass facilities, and all other facilities required for the delivery of water, free of debris and other impediments, and in a condition that will reasonably ensure its ability to deliver such water to the City. The City shall have no obligation to operate and maintain any District-owned facilities. The City shall, however, be solely responsible for the operation and maintenance of its point of Intake from the District's canal and for the operation and maintenance of the flow meter required by this Agreement.

The District has no control over the quality of water in the North Santiam River, and it operates and maintains no water quality facilities, except its trash racks and the fish screens. Therefore, the District, except as to negligence on the part of the District, shall not be liable for defective quality of water delivered through the canal to the City. However, the District will at all times assist the City in maintaining water quality through the delivery system. The city has adopted a no swimming ordinance for the Stayton power canal and agrees to continue to enforce that ordinance.

7. This Agreement and the rights and obligations of the parties hereto shall, at all times, be subject to the regulatory authority of the state of Oregon, as vested in any duly constituted agency, the regulatory authority of the United States of America, as vested in any duly constituted agency, the Water Control District Act, and to all rules and regulations adopted by the Board of Directors of the District in connection with its operation as a public entity.

8. Uncontrollable forces, which in the exercise of due diligence could not have reasonably been avoided, including but not limited to decrees and orders of any court having jurisdiction, lawful orders or directives of any governmental agency or authority, strikes, insurrection, acts of public enemy, fire, flood, earthquake, or other acts of God, negligent or deliberate acts of third parties, mechanical and structural breakdown or failure, shall excuse the affected party from its obligations under this Agreement.

9. Each of the parties hereto agrees to indemnify and hold the other party and its respective officers, employees, and agents, harmless against and from any and all liability and loss for injury to person or damage arising out of its own sole activities hereunder, except such injury or damage that may be caused by the sole or contributing negligence of the other. Each party's liability under this Agreement shall be in accordance with the Oregon Tort Claims Act and the Oregon Constitution. Neither party, by executing this agreement, shall be deemed to have waived any statutory or constitutional limitation of liability.

10. Dispute Resolution

10.1 In the event a dispute arises between the parties as to the terms of this Agreement, the matter shall first be addressed through mandatory mediation.

If not settled by mediation, the parties shall submit the dispute to binding arbitration under the Oregon Uniform Arbitration Act, ORS 36.600 et seq.

102 In the event either party initiates arbitration to enforce the terms of this Agreement or to seek damages for its breach or arising out of any dispute concerning the terms and conditions hereby created, the prevailing party shall be entitled to an award of its reasonable attorney fees in arbitration, or on appeal.

103 This Agreement shall be construed according to the laws of the State of Oregon.

11. Survival of Transfer: The parties agree that the City's rights under this Agreement shall survive any transfer of ownership of the diversion and/or canal by any means and whether voluntary or involuntary, from the District to any other person or entity.

12. Term: The term of this Agreement is 1 year and expires 12-31-2026.

13. Precedent. This Agreement does not establish precedent towards a longer-term contract to be negotiated between both parties.

14. This Agreement supersedes all prior Agreements heretofore entered into between the parties for the delivery of water through the District's power canal to the City's water treatment facility. This Agreement is terminable only by mutual agreement of the City and the District.

15. No changes, modifications, or amendments to or waivers of any of the terms or conditions hereof shall be valid, except as the same are expressed in writing, approved by the City Council of the City and the Board of Directors of the District, and signed by the authorized representative of each of the parties.

SANTIAM WATER CONTROL DISTRICT, "DISTRICT"

By: 

Its President, Board of Directors

Print Name: Dave Dalke

By: 

Its Secretary, Board of Directors

Print Name: Brent Stevenson

Date: 1-12-2026

CITY OF STAYTON, "CITY"

By: _____

Its Mayor

Print Name:

By: _____

Its City Administrator

Print Name:

Date: _____

Attachment 1

City of Stayton Water Rights							
Appl	Permit	Cert.	CFS	Source	Use	POD	Priority
T-5883		80346	2.78	N. Santiam	MI-J	Power Canal	1909
T-5884		80347	0.82	N. Santiam		Salem Ditch	1911
T-5885		80348	0.39	N. Santiam	MU	Power Canal	1909
T-8871		80349	0.6	N. Santiam	MU	Power Canal	1907
39297	29266	57094	7	N. Santiam	MU	Power Canal	1963
71584	52447		25	N. Santiam		Power Canal	1991
			10	of Ci of Salem Cert. #12033			1923