

**CANBY UTILITY
BOARD MEETING
MARCH 10, 2026**

**6:00 P.M. EXECUTIVE SESSION
7:00 P.M. REGULAR BOARD MEETING**

**AGENDA
6:00 P.M.**

I. CALL TO ORDER

- II. EXECUTIVE SESSION The Canby Utility Board will adjourn its regular meeting to go into executive session pursuant to ORS 192.660(2)(f) to discuss records that are exempt by law from public inspection. Upon completion of the executive session, the Board will return to its regular meeting.

**REGULAR BOARD MEETING
7:00 P.M.**

III. AGENDA APPROVAL

- Additions, Deletions or Corrections to the Meeting Agenda

IV. CONSENT AGENDA

- Approval of Agenda
- Approval of Regular Board Meeting Minutes of January 13, 2026, and Regular Board Meeting and Executive Session Minutes of February 10, 2026 (pp. 1-11)
- Approval of Payment of Water and Electric Bills

- V. CITIZEN INPUT ON NON-AGENDA ITEMS *Citizens wanting to speak virtually, please email or call the Board Secretary-Clerk by 4:30 p.m. on March 10, 2026, with your name, the topic you would like to speak on, and contact information: bbenson@canbyutility.org or 503-263-4312.*

- VI. RECOMMENDATION Consideration of Proposed Water Rate Adjustments and Scheduling of a Public Hearing – Kari Duncan, General Manager and Mike Schelske, Finance Manager (pp. 12-16)

- VII. DISCUSSION Canby Water Supply Program Update and Scope of Services – Kari Duncan, General Manager, and Andrew Nishihara, Stantec (pp. 17-31)

- VIII. RESOLUTION NO. 340 Amend Veolia Water North America – West Operating and Maintenance Contract and Local Contract Review Board Findings - Kari Duncan, General Manager (pp. 32-39)

IX. BOARD REPORT

- Chair Comments
- Board Member Comments

X. STAFF REPORTS

Finance Manager

- Fiscal Year 2027 Budget Timeline (pg. 40)

General Manager

- Manager Report (pg. 41)

XI. ADJOURN

***CANBY UTILITY
REGULAR BOARD MEETING MINUTES
JANUARY 13, 2026***

Board Present: Chair Thompson; Members Molamphy, Pendleton, Hill, and Westcott

Staff Present: Kari Duncan, General Manager; Barbara Benson, Board Secretary; Jason Berning, Operations Manager; Mike Schelske, Finance Manager; Sergio Avalos, Customer Service Supervisor; Jason Peterson, Operations Field Supervisor; and Stacey Savory, Administrative Assistant

Others Present: Emily Guimont, Board Attorney; Brian Hutchins, Veolia Water North America; Eric Ward and Andrew Nishihara, Stantec; Senator Christine Drazan; Audrey Traaen, Legislative Assistant; Daniel Stearns, Council Liaison; Patty Travis; Joe Brennan; Kevin Bauman; Matt Ashburn; Joe Lively; Jeff Brandt; Tom Brandt; Jonathan Dewar; Christine Dewar; Mark Dewar; David Dewar; Irene Dewar; Jared Taylor; and Kara North

Chair Thompson called the Regular Board Meeting to order at 7:00 p.m.

Chair Thompson presented the meeting agenda for consideration. She asked for any additions, deletions, or corrections to the meeting agenda, and there were none.

Chair Thompson presented the consent agenda for approval. Member Molamphy made the *MOTION to approve the consent agenda, consisting of the meeting agenda, regular meeting minutes of November 12, 2025, special meeting minutes of December 2, 2025, special meeting minutes of December 16, 2025, and payment of the electric and water department bills in the amount of \$1,927,933.78. Member Westcott seconded, and the motion passed 5-0.

Chair Thompson asked for citizen input on non-agenda items. Daniel Stearns addressed the Board regarding the water reservoir property at the intersection of NW 4th Avenue and N. Fir Street. He said that the reservoir has been empty for more than 9 years and believes the property could be used for a better purpose. He encouraged the Board to consider disposing of the property. Chair Thompson said that the property will be included in a broader discussion regarding the water system assets.

Chair Thompson reconvened the public rate hearing from December 9, 2025, at 7:04 p.m. Member Westcott declared that he had a discussion with Tom Brandt following the public hearing in December. Westcott and Brandt agreed at the beginning of their conversation not to discuss the hearing itself, but did talk about the process. Following that discussion, they talked about electric vehicles. Chair Thompson then reviewed the hearing process and legal standards, noting that the Board will allow additional public testimony and that one person may donate their three-minute testimony allowance to someone else. This would give one person a total of six minutes to provide testimony.

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Finance Manager Mike Schelske presented a revised report on the electric rate proposals. Schelske reviewed the Cost-of-Service Study objectives and explained the increases in power and operating costs, efforts to align revenues and service costs by customer class to avoid cross-subsidization, and the need to ensure fair rates that are compliant with the City Charter. Schelske then presented a new rate proposal option – Option 2. This option has an overall 8% revenue increase, phased in over three increments. The key changes from the original proposal are a 10% or lower rate increase per class per phase and a reduced phase 1 demand charge for the 3-phase High Density Load Service customer classification in comparison with Option 1. Schelske also reviewed the operating margin variances, percentage changes, and cost-per-kWh comparisons between the current rates, Option 1, and all three phases of Option 2. Schelske presented some considerations for the Board. Schelske responded to the Board's questions about the proposals.

Public Testimony:

Matt Ashburn, private advisor, provided written testimony in opposition of the rate proposal.

Jeff Brandt, resides in Culebra, Puerto Rico and Canby business owner, testified in opposition to the proposed rate options, stating that his business has already lost most of its customers following the utility's rate notice. He stated that the revenue increases in the proposal will not occur because his customers are leaving. He also discussed the technology-customer trends and his past expansion efforts. Brandt also stated he believes the data shared by staff is inaccurate.

Joe Lively, an Albany, Oregon resident and Canby business owner, spoke about his experience operating a data center, their community involvement, and expressed concern that the proposed rate increase would create uncertainty for his company and its ability to continue operating in Canby.

Jared Taylor, attorney for Sunbreak Electronics, testified in opposition to the proposed rate options and requested that the Board allow additional time for review before making a rate decision. He stated Sunbreak has one large customer remaining, but has received notice that the customer intends to leave. Taylor discussed overhead costs, revenues, and rate subsidies and encouraged the Board to work with them to achieve a mutually beneficial solution.

Matt Ashburn, Culebra, Puerto Rico, cybersecurity and resiliency technology infrastructure advisor, testified in opposition to the proposed rate adjustment. He stated that data centers vary in scale and compared local facilities to those operated by companies such as Google and Amazon. He noted that other data centers in Canby, including software and telecommunications companies, are not included in the proposed rate classification. Ashburn stated the HDLS definition appears subjective and suggested adopting an objective threshold to trigger the classification. He also recommended treating existing local data centers as small businesses and developing clearer HDLS eligibility guidelines.

David Dewer, Canby resident and business owner, spoke neutrally about the proposal, noting that he understands rates must increase and that operating at a deficit is not sustainable. He

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questioned how Option 2, with a phased-in approach, would address concerns about the budget deficit. He also asked about population and growth considerations. Dewer expressed concerns that the HDLS classification did not have established thresholds.

Chair Thompson closed the public hearing and asked whether the Board had any questions for staff following the public testimony. Chair Thompson asked staff several questions based on the testimony provided. She asked about the budget deficit that would continue under Option 2, if population factors were included in the rate analysis, how the HDLS rate classification was formed, if there were other data centers in Canby that didn't meet the HDLS rate classification definition, and if staff noted errors in the data. Member Hill asked about the number of residential meters, the responsibility of development cost, why staff proposed an alternative option, how the utility creates parity in rate classifications, and the plan beyond 2027. Member Westcott asked about rebilling policies and master metering. Member Pendleton asked about the methodology used to assign expense to the customer classifications and stated a better definition needs to be developed for the HDLS rate classification and if the characteristic of the data centers power consumption causes a problem. Schelske and Duncan responded to the questions and discussion ensued.

Chair Thompson thanked the businesses that responded to the utility's data requests, which sought to quantify the potential impacts of the proposed rate increase and gather information on usage and billing.

Member Molamphy made the *MOTION to approve Resolution No. 339, a resolution revising electric rate schedules and repealing Resolution No. 315, using Rate Option 2 with Phase 1 effective February 1, 2026, Phase 2 effective November 1, 2026, and Phase 3 effective November 1, 2027. Member Pendleton seconded, and the motion failed 0-5.

Member Hill made the *MOTION to approve Resolution No. 339, a resolution revising electric rate schedules and repealing Resolution No. 315, using Rate Option 1 effective February 1, 2026. Member Molamphy seconded, and the motion failed 2-3.

Discussion continued regarding the need for clarity on the definition of the HDLS rate classification and the necessity of a rate increase. Board Attorney Emily Guimont requested a five-minute recess, which was granted.

Member Molamphy stated that the Board cannot delay raising rates and emphasized the need to make a decision tonight. Board Attorney Emily Guimont suggested that the Board could hold a special meeting in a few weeks if the Board is unable to reach a decision. Chair Thompson responded that she believes the Board can make a decision tonight on one of the proposed options.

Member Molamphy made the *MOTION approve Resolution No. 339, a resolution revising electric rate schedules and repealing Resolution No. 315, using Rate Option 2 with Phase 1

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effective February 1, 2026, Phase 2 effective November 1, 2026, and Phase 3 effective November 1, 2027. Member Pendleton seconded the motion.

Member Westcott stated that adopting Option 2 would provide time for the Board to revisit the rate study and review concerns raised in testimony prior to the November 1, 2026, rate adjustment. He noted that if issues are identified, the Board could hold a new public hearing to consider corrective action. The vote was held, and the motion passed 5-0.

Andrew Nishihara, Project Manager with Stantec, provided a brief update on Year One tasks for the Canby Water Supply Project. He reported that most Task 1 deliverables have been submitted or are scheduled for submission by the end of January. Nishihara stated the project remains on schedule and noted that additional information, including a cost estimate, will be presented soon.

Customer Service Manager Sergio Avalos proposed continuing the Green Power donation to the City of Canby for City Parks and the Transit Mall and provided information on the donation. Member Molamphy made the *MOTION to approve the monthly donation of Green Power on behalf of the City Parks and Transit Mall. Member Hill seconded, and the motion passed 5-0.

Chair Thompson presented the annual election of the Board's Chairperson for 2026 and then opened the floor for nominations. Member Westcott nominated Member Melody Thompson to serve as Board Chair through the remainder of her current term, expiring February 28, 2026, and Member John Molamphy to serve as Board Chair effective March 1, 2026, following the expiration of Member Thompson's term. Member Pendleton seconded the nomination. Chair Thompson and Member Molamphy accepted their nominations.

Member Westcott made the *MOTION to appoint Melody Thompson to serve as Board Chair until the expiration of her term on February 28, 2026, and to appoint Member John Molamphy to serve as Board Chair effective March 1, 2026. Member Pendleton seconded, and the motion passed 3-0. Chair Thompson and Member Molamphy abstained from voting.

Board Member Westcott reported on the Oregon Clean Fuels Program and proposed that Canby Utility use proceeds from the sale of its credits to install a new electric-vehicle charging station. Discussion followed regarding staff time, potential locations, and project costs. Westcott noted the utility has approximately \$60,000 from the sale of credits that could be used to cover installation and equipment costs so that customers would not bear the expense, and offered to assist staff as needed. Chair Thompson noted the project had previously been considered as a partnership with the City and later as a potential element of the City's transportation master plan.

Member Hill took a moment to thank everyone, noting that this was his last meeting as a Board member. He expressed gratitude for the opportunity to serve and conveyed confidence that the Board will continue to succeed.

Operations Manager Jason Berning provided an update on the reliability report and discussed recent outages caused by the December wind storm.

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Customer Service Supervisor Sergio Avalos provided an update on the Share the Warmth program, reporting that in 2025, Canby Utility assisted 252 families and received 97 donations. He thanked the Board for its annual contribution, noting that the support helps ensure the program's success.

General Manager Kari Duncan reported that her goals have been revised following discussion at the December meeting and stated she is available to answer questions regarding those goals.

Duncan noted that staff continues to work with BPA, PGE, and the City regarding load capacity. She reported that staff issued a will-serve letter to a new customer following coordination and feedback from BPA and PGE.

Duncan stated that the Canby Water Supply Project continues to move forward and that staff is considering holding a Board workshop in March to discuss the project.

Member Pendleton asked about the status of the City's planning process related to new large power load customers. Duncan responded that staff is working with the City and is developing a policy to help manage requirements for large loads. Discussion ensued regarding exploring options for a direct connection to BPA.

Member Molamphy made the *MOTION to adjourn the meeting at 9:24 p.m. Member Pendleton seconded, and the motion passed 5-0.

The meeting adjourned at 9:24 p.m.

Melody Thompson, Chair

John Molamphy, Member

Jake Hill, Member

Jack Pendleton, Member

Robert Westcott, Member

Barbara Benson, Board Secretary

CANBY UTILITY
REGULAR BOARD MEETING MINUTES
February 10, 2026

Board Present: Chair Thompson; Members Molamphy, Pendleton, Westcott, and LeBlanc.

Staff Present: Kari Duncan, General Manager; Barbara Benson, Board Secretary; Mike Schelske, Finance Manager; Sergio Avalos, Customer Service Supervisor; and Jason Peterson, Operations Field Supervisor.

Others Present: Brian Hutchins and Keith Mason, Veolia Water North America; Daniel Stearns, City Council Liaison; Bryan Black, Eric Ward, and Andrew Nishihara, Stantec; Joe Brennan; Ron Yarbrough; Katy Asher; Corianne Burnett, Carollo; Brian Murphy, CDM Smith

Chair Thompson called the Regular Board Meeting to order at 7:00 p.m.

Chair Thompson presented the meeting agenda for consideration and asked for any additions, deletions, or corrections. General Manager Kari Duncan requested that a discussion of an electric vehicle charging station be added to the agenda.

Chair Thompson presented the consent agenda for approval. Member Westcott made the *MOTION to approve the consent agenda, consisting of the amended meeting agenda, regular meeting minutes of December 9, 2025, and payment of the electric and water department bills in the amount of \$1,276,761.51. Member Molamphy seconded, and the motion passed 4-0 as Member Pendleton was absent for this portion of the meeting.

Chair Thompson asked for citizen input on non-agenda items, and there was none.

Bryan Black, Eric Ward, and Andrew Nishihara of Stantec presented an update on the Canby Water Supply Program (CWSP), including background on their scope of services, project objectives, and engineering and planning. The primary objective is to obtain additional conceptual engineering and planning to support the development of new water supply infrastructure, including the evaluation of Willamette River intake and raw water pump station options.

Canby Utility acquired property for a future water treatment plant in 2019; however, additional sites are being evaluated to ensure the selected location best meets project requirements. Board discussion emphasized the importance of adequate river depth for intake placement. Intake Option 5 was discussed in detail. Ward noted a deep pocket near this location that could function well for an intake; however, pursuing this option would require relocating the wastewater outfall and would result in higher project costs.

Site Option 11, currently owned by the City of Canby but located outside City limits, was discussed as a potential alternative. The City has indicated a willingness to partner with the utility if the site is selected as the preferred location. A pre-application meeting with Clackamas County has been held for this site, and no fatal flaws were identified. Chair Thompson asked whether annexation of Site 11 into the Urban Growth Boundary had been explored. Ward responded that annexation is unlikely given the City's current priorities and that the process would likely be lengthy and uncertain. Member Westcott expressed concern about the site's location within a floodplain, which Ward confirmed is being considered as part of the evaluation process.

The benefits of Site Option 10, the property currently owned by the utility, were also discussed. While smaller in size, Site 10's electric service can be serviced directly by Canby Utility. In contrast, Site 11 has a larger footprint; however, it is outside the City limit and therefore may require service from PGE, potentially resulting in higher long-term power costs.

Ward outlined the projected timeline, with the final design anticipated in 2027, construction beginning in 2028, and project completion in 2032. Permitting is expected to take up to two years due to agency review processes.

Significant cost increases were also discussed. The 2023 Master Plan construction estimate did not include professional services or contingencies. The estimated cost for the raw water intake and pumping facilities has increased from approximately \$7.5 million to nearly \$20.9 million. Ward indicated the earlier estimate may have been based on a different intake concept. Andrew Nishihara emphasized the importance of designing the intake to accommodate long-term capacity needs.

Escalation between 2023 and the anticipated construction midpoint of 2029 was not included in the Master Plan estimate and has also significantly affected the overall project estimate. Ward noted that total long-term buildout costs could reach approximately \$250.4 million. Comparable regional water treatment facilities projects range from approximately \$100 million to \$185 million for construction, this does not include project design, planning, and associated facilities such as the Intake and Pipelines that will be required for the Canby project. Stantec also reviewed the phased development approach and long-term buildout requirements for the facility.

Stantec presented three primary budgeting options for the project. Option 1 – Supplement Molalla has an estimated cost of \$117 million and would involve constructing a smaller-capacity water treatment plant on the Willamette River designed to supplement the existing Molalla facility, with the ability to expand over time. Under this option, the existing Molalla plant would continue to operate, and the current taste and odor challenges would remain. Option 2 – Replace Molalla – Value Engineering (VE) has an estimated cost of \$181.1 million and would replace the existing Molalla facility with a 10 million-gallon-per-day plant, using value engineering strategies to help contain costs. The plant's design would differ from that of the Wilsonville water treatment plant. Option 3 – Replace Molalla – Opinion of Probable Construction Cost

(OPCC) represents the current proposal and would involve constructing a first-class resilient water treatment facility designed to meet current and emerging regulations, address taste and odor, and meet long-term system needs.

Discussion ensued regarding how Option 1 would operate, including considerations related to taste and odor issues, operational and staffing implications of maintaining two treatment facilities, and whether continued investment in the Molalla facility aligns with long-term system goals.

Finance Manager Mike Schelske presented projected monthly customer costs under each option under the scenario that it was funded through loans and not grants. Duncan reported that she is pursuing funding opportunities, including a pending State of Oregon grant application. Discussion followed regarding regional water rates and potential impacts on rates associated with the new treatment plant. Canby Utility's current water rates are on the lower end of the regional average, and rates required to fund the option two project would place us closer to the middle of the regional range and option three would place us in the upper range for the region.

Chair Thompson asked if staff were seeking direction from the Board to advance a specific option. Duncan stated the presentation was informational to ensure the Board had the same information as staff and time to consider the financial implications, noting that future discussions will be needed as options achieve different community objectives. A workshop and community survey were suggested to gather public input. Discussion followed regarding community outreach, project cost increases since early planning estimates, and the importance of clear communication in evaluating options and funding opportunities to reduce financial impact while ensuring safe and reliable water service.

General Manager Kari Duncan presented a discussion regarding the purchase and installation of an electric vehicle charging station using funds generated through the sale of Oregon Clean Fuels Program energy credits. Member Westcott had previously inquired about the possibility of using these credits to support an electric vehicle charging station project. Duncan explained that funds from the program can be used for eligible purposes such as charging infrastructure, customer rebates, education, and administrative costs.

Duncan thanked Member Westcott for his efforts in moving the project forward, including obtaining bids for the equipment. Staff also met with the city staff to identify a potential location for a Level 3 charging station. The City has offered several parking spaces for the installation and will provide the striping necessary for the station.

Duncan reviewed the proposed project cost of \$77,817.30, which includes a 20% contingency. Canby Utility currently has \$107,834 available from the Clean Fuels Program to fund eligible projects. Member Westcott provided additional information regarding electric vehicle charging utilization, siting considerations, and infrastructure needs. He also noted that from his research 90% of the revenue from charging fees is an expected return rate to the utility and that the proposal includes a warranty and five years of cloud service.

Following discussion, Chair Thompson made the *MOTION to approve the budget of \$77,817.30 from funds exclusively out of the Oregon Clean Fuels Program for the purchase and installation of a Level 3 electric vehicle charging station and award contracts to PEC and Accurate Electric Unlimited, Inc. for materials, service agreement, and installation. Member Pendleton seconded the motion. A brief discussion followed regarding maintenance and fee collection. The motion passed 5–0.

Chair Thompson thanked staff and fellow board members for their support over the past six years. She noted that she had learned a great deal during her service and that this would be her final month serving on the Canby Utility Board.

Member Molamphy thanked Chair Thompson for her dedication to the Board. Member Westcott expressed appreciation for Thompson’s leadership and service. Member Pendleton also gave thanks for her service to Canby Utility.

Member Pendleton referenced an article in *The Oregonian* listing Canby as having the second-lowest electric rates and asked whether any additional public feedback had been received regarding the electric rate hearing. Duncan responded that no direct feedback had been received, though staff are reviewing a few related questions.

Finance Manager Mike Schelske presented the schedule for the proposed water rate adjustment. He explained that at the March 10, 2026, board meeting, staff will present the proposed rate increase and request that the Board set the public hearing date for April 14, 2026. Notice of the public hearing will be published in The Reporter newsletter in March and in the Canby Herald in April. At the April 14, 2026, board meeting, staff will present a resolution establishing the new rates for public comment and Board consideration. If approved, the new water rates would take effect on May 1, 2026.

Schelske reviewed second-quarter financials, noting that year-to-date revenue for both the water and electric utilities was close to budget.

Electric operating revenue totaled \$7.8 million, 0.9% above budget. Total expenses were slightly over budget, with 51% of the annual budget expended at midyear, including purchased power costs of \$5.1 million, which were 3.9% above budget. The operating loss of \$316,073 was 41.8% lower than projected, resulting in net income of \$353,091, 24.0% above budget, primarily due to the reduced operating loss and higher non-operating income, partially offset by lower contributed capital.

Water operating revenue totaled \$3.3 million, 0.6% below budget, while operating expenses were under budget, with 46% of the annual budget expended at midyear. Operating profit reached \$1.2 million, 21.7% above budget. Net income totaled \$2.0 million, 9.9% below budget due to lower contributed capital, partially offset by higher operating profit.

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Schelske also explained the concept of capitalized labor and presented charts outlining department budget performance for Board review. Discussion followed regarding the customer service budget and accounts payable expenses related to rebate services.

General Manager Kari Duncan provided a staff report update, beginning with the neighboring building incident involving Kittyhawk. On February 3, 2026, a pressure vessel explosion at the Kittyhawk facility caused debris damage to CU property. The utility office was closed to customers and administrative staff through February 4, 2026. The CU buildings have since been inspected by the County Building Inspector and engineers and deemed safe for occupancy. Staff are working with the utility's insurance provider regarding repairs. Discussion followed regarding the extent of the damage, temporary repairs completed, and Kittyhawk's remaining pressure vessels.

Duncan briefly discussed the Canby Water Supply Program, thanking Stantec for their presentation, and noted plans to hold a Board workshop in March to continue the discussion. She reported that a direct funding request has been submitted to the State of Oregon through Representative Matt Bunch. Duncan noted that each State Representative may submit two funding requests annually and that the CWSP project was selected for submission. While approval is not guaranteed, staff remain hopeful for state support and may reapply during the next funding cycle if needed. Duncan also met with Representative Bunch and Senator Christine Drazan to discuss the request and advocate for the project.

Duncan attended Water Legislative Days at the Capitol on February 2, 2026, where she presented the general challenges facing water utilities, including an overview of Canby Utility and the current water treatment plant project. The event was attended by state departments, members of Congress and their staff, water providers, and other interested parties. Duncan noted the event was successful in raising awareness of water infrastructure challenges across the state.

Duncan noted two current open positions, Customer Service Representative and Utility Worker, and reported that the Journeyman Lineman position has been filled.

Duncan also reported attending the Special Districts Association of Oregon's annual conference, which was very informative and provided valuable training for local government.

Chair Thompson introduced Canby Utility's newest Board Member, Ron LaBlanc, and noted that Ron Yarbrough, who was in the audience, will be joining the Board in March.

Chair Thompson made the announcement that the Board would recess its regular meeting to go into Executive Session according to ORS 192.660(2)(h)(i) to discuss litigation and the performance of a public employee. Chair Thompson invited Ron Yarbrough to attend the executive session. Staff, with the exception of General Manager Kari Duncan and Board Secretary Barbara Benson, were excused for the remainder of the meeting.

The regular meeting was recessed at 8:47 p.m.

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The regular meeting was reconvened at 9:30 p.m.

Chair Thompson discussed her memorandum recommending a pay differential for Barbara Benson in recognition of her service as Interim General Manager from September 9, 2025, through October 28, 2025. Thompson requested the Board’s input regarding the appropriate salary step placement to compensate Benson for the additional duties performed during that period. Member Molamphy made the *MOTION to apply the pay differential, as recommended, to the Interim General Manager salary at Step 1 General Manager rate for the seven weeks Benson served as the Interim General Manager. Member Pendleton seconded, and the motion passed 4-0 with Member LeBlanc abstaining.

Member Molamphy made the *MOTION to adjourn the regular meeting. Member Westcott seconded, and the motion passed 5-0.

The meeting adjourned at 9:37 p.m.

Melody Thompson, Chair

John Molamphy, Member

Ron LeBlanc, Member

Jack Pendleton, Member

Robert Westcott, Member

Barbara Benson, Board Secretary



MEMORANDUM

TO: Chair Molamphy, Member Pendleton, Member Westcott, Member LeBlanc,
and Member Yarbrough

FROM: Mike Schelske, Finance Manager

DATE: March 4, 2026

SUBJECT: Hearing Date for Proposed Water Rate Increase Effective May 1, 2026

Suggested Motion: *Motion to schedule a public hearing on the proposed water rate adjustment for April 14, 2026. The proposal includes a 14.29% increase to the base and volume charges across all customer classifications to be effective May 1, 2026.*

Recommendation:

Management recommends that the Board schedule a public rate hearing on April 14, 2025, to gather input on the proposed 14.29% increase in water rates, affecting both base and volume charges across all customer classifications. This proposed rate increase is based on the rate analysis study conducted by Donovan Enterprises, Inc. in the fall of 2023.

Key Information:

The proposed water rate increase follows a similar adjustment made in May 2025. These changes are necessary to cover the projected costs of constructing a new River Intake Structure, Water Treatment Plant and supporting infrastructure based on the 2023 Water Master Plan. The planned facilities are critical for expanding system capacity to support the city's anticipated growth, ensuring a reliable and earthquake-resilient water supply for the existing community, and addressing aesthetic taste and odor concerns, and future drinking water regulations. The increased revenue from the rate increase will help finance a portion of the project costs and the expected long-term debt service.

The proposed rates are shown in Exhibit A. Under these rates the average monthly bill for a residential service with 1,000 CF of usage will increase by \$7.65. (1 CF equals 1 cubic foot of water or 7.48 gallons. 1,000 CF of usage would be 7,480 gallons.)

The following figures include:

- Table of Example Monthly Water Bills

- Chart of Average Residential Monthly Water Bills of Neighboring Communities
- Exhibit A - Schedule of Proposed Rates

Example Canby Utility Monthly Water Bills

Example Water Bill	Single Family		Multi - Family		Commercial		Irrigation	
	At usage 1,000 cf		At usage of 2,100 cf		At usage of 2,000 cf		At usage of 10,000 cf	
Meter Size	Present	May 2026	Present	May 2026	Present	May 2026	Present	May 2026
5/8" x 3/4"	\$ 53.50	\$ 61.15	\$ 114.17	\$ 130.50	\$ 85.34	\$ 97.58	\$ 390.45	\$ 446.66
1"	\$ 64.00	\$ 73.15	\$ 116.49	\$ 133.15	\$ 96.91	\$ 110.82	\$ 412.94	\$ 472.36
1 1/2"			\$ 118.84	\$ 135.84	\$ 122.77	\$ 140.40	\$ 442.37	\$ 506.00
2"			\$ 125.24	\$ 143.16	\$ 222.50	\$ 254.38	\$ 542.10	\$ 619.98
3"			\$ 172.45	\$ 197.11	\$ 338.58	\$ 387.05	\$ 658.18	\$ 752.65
4"			\$ 189.96	\$ 217.12	\$ 464.61	\$ 531.09	\$ 784.21	\$ 896.69

Note: 1,000 cf equal 7,480 gallons

Average Residential Monthly Water Bills of Neighboring Communities



EXHIBIT A

Canby Utility Board Schedule of Proposed Water Rates Proposed 5/1/2026

RESIDENTIAL

Applicable to single-family dwellings.

METER SIZE	BASE CHARGE	VOLUME CHARGE					
		PER 100 CUBIC FEET (CCF)					
		Tier 1 Rate	Tier 1 Threshold	Tier 2 Rate	Tier 2 Threshold	Tier 3 Rate	Tier 3 Threshold
5/8" - 3/4"	\$ 31.89	\$ 2.72	Up to 7 CCF	\$ 3.41	7 to 12 CCF	\$ 4.75	Over 12 CCF
1"	\$ 45.94	\$ 2.72	Up to 11 CCF	\$ 3.41	11 to 19 CCF	\$ 4.75	Over 19 CCF

MULTI-FAMILY RESIDENTIAL

Applicable to duplexes, triples, apartment houses/complexes, small lot mobile home parks and PUDs meeting three requirements: 1) Single-family residential property in a approved PUD; 2) Zone R-2 High Density by the City of Canby (per Chapter 16.20 of the City of Canby Municipal Code); and 3) Property has a separate Irrigation meter for which an SDC was paid to the Utility.

METER SIZE	BASE CHARGE	DWELLING UNIT CHARGE	VOLUME CHARGE		
			PER 100 CUBIC FEET (CCF)		
			Tier 1 Up to 5 CCF	Tier 2 5 to 8 CCF	Tier 3 Over 8 CCF
5/8" - 3/4"	\$ 14.66	\$ 14.18	\$ 2.32	\$ 2.93	\$ 4.07
1"	\$ 17.31	\$ 14.18	\$ 2.32	\$ 2.93	\$ 4.07
1-1/2"	\$ 20.00	\$ 14.18	\$ 2.32	\$ 2.93	\$ 4.07
2"	\$ 27.32	\$ 14.18	\$ 2.32	\$ 2.93	\$ 4.07
3"	\$ 81.27	\$ 14.18	\$ 2.32	\$ 2.93	\$ 4.07
4"	\$ 101.28	\$ 14.18	\$ 2.32	\$ 2.93	\$ 4.07

Please note that the dwelling unit charge did increase. Use the number of dwelling units times the Dwelling Unit Charge to calculate that increase. Then use the number of dwelling units times the Threshold CCF numbers in the table above to determine the CCF Thresholds. Thus, if there are two Multi-Family Residential Dwelling Units, the Dwelling Unit Charge will be \$28.36 (\$14.18 x 2). The Tier 1 CCF will become 10 CCF (5 CCF x 2), Tier 2 CCF will become 16 CCF (8 CCF x 2) and Tier 3 CCF will be all volume Over 16 CCF.

COMMERCIAL

Applicable to all service deemed not to be Residential, Multi-Family Residential, or Irrigation.

METER SIZE	BASE CHARGE	VOLUME CHARGE					
		PER 100 CUBIC FEET (CCF)					
		Tier 1 Rate	Tier 1 Threshold	Tier 2 Rate	Tier 2 Threshold	Tier 3 Rate	Tier 3 Threshold
5/8" - 3/4"	\$ 33.66	\$ 2.37	Up to 6 CCF	\$ 2.95	6 to 13 CCF	\$ 4.15	Over 13 CCF
1"	\$ 59.36	\$ 2.37	Up to 13 CCF	\$ 2.95	13 to 27 CCF	\$ 4.15	Over 27 CCF
1-1/2"	\$ 93.00	\$ 2.37	Up to 21 CCF	\$ 2.95	21 to 46 CCF	\$ 4.15	Over 46 CCF
2"	\$ 206.98	\$ 2.37	Up to 51 CCF	\$ 2.95	51 to 111 CCF	\$ 4.15	Over 111 CCF
3"	\$ 339.65	\$ 2.37	Up to 76 CCF	\$ 2.95	76 to 164 CCF	\$ 4.15	Over 164 CCF
4"	\$ 483.69	\$ 2.37	Up to 111 CCF	\$ 2.95	111 to 241 CCF	\$ 4.15	Over 241 CCF

EXHIBIT A

Canby Utility Board Schedule of Proposed Water Rates Proposed 5/1/2026

IRRIGATION

Applicable to service for Irrigation only.

METER SIZE	BASE CHARGE	VOLUME CHARGE PER 100 CUBIC FEET (CCF)
5/8" - 3/4"	\$ 33.66	\$4.13
1"	\$ 59.36	\$4.13
1-1/2"	\$ 93.00	\$4.13
2"	\$ 206.98	\$4.13
3"	\$ 339.65	\$4.13
4"	\$ 483.69	\$4.13

To: Kari Duncan, General Manager
Canby Utility

From: Eric Ward
Stantec – Portland Office

Project/File: 2002006357

Date: March 4, 2026

Reference: Canby Water Supply Program - Summary of Contract Amendment No. 2

Amendment No. 2 to Stantec’s contract with Canby Utility (CU) provides scope of work changes to work within the existing contract amount for the value engineering of the proposed water supply facilities, an analysis of water supply options, and additional community involvement. The contract amendment reallocates existing budget to cover the costs of scope of work changes and results in no increase to the overall contract budget. Additionally, the amendment adjusts the contract end date from April 14, 2026 to July 31, 2026, and adjusts the billing rates to 2026 values.

The scope of work for this amendment includes:

- Reviewing the current river intake and intake pump station conceptual design for opportunities to reduce construction costs. Additionally, the design team will evaluate a potential design alternative with a goal of reducing capital costs. The technical memorandum will be updated with the evaluation results.
- Reviewing the current water treatment plant conceptual design for cost-reduction opportunities. Two additional design alternatives, including optional treatment technologies, will be evaluated to reduce capital costs. The technical memorandum will be updated with the treatment plant options and evaluation results.
- Evaluating the transmission pipeline alignments and conceptual design for opportunities to reduce costs, such as material selection, phasing, and creek crossing options.
- Evaluating previous studies and assessing alternatives to the Willamette River supply project such as expanding the existing water treatment plant, improving the treatment processes for abating taste and odor issues, and supplying the existing plant from the Willamette River.
- Evaluating the potential for collaboration with adjacent water suppliers, including the City of Wilsonville and the South Fork Water Board, to develop jointly owned or wholesale supply agreements.

The community involvement effort will focus on providing public information and consultation with community members about their values related to the outcomes and cost of proposed improvements. PRR will use a survey and listening and information sessions to gather information from the community about values and priorities related to proposed drinking water system upgrades and costs. Engagement results will inform the CU board’s decisions about the appropriate level of financial investment to make in the new

Reference: Canby Water Supply Program - Contract Amendment No. 2

system, and what elements to prioritize. This work will increase transparency in the decision-making process and help the CU board and leadership team make more sustainable choices. Elements of this effort include:

- Updating and designing additional outreach materials
- Designing, conducting, and analyzing a community survey
- Survey recruitment methods including a survey link on utility bills, offering a gift card incentive to up to 5 survey respondents, a postcard mailing to 5,000 addresses, requests to community partners to share the survey link, canvassing with flyers advertising the survey, and handing out flyers at springtime events
- Coordinating CU staff and leadership to present at local business and neighborhood meetings and collect input about priorities related to the water system

Thank you,

Stantec Consulting Services Inc.

Eric L Ward

Eric Ward PE
Principal Project Manager
Phone: (503) 220-5431
Mobile: 503-333-6704
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Change Order # 2 Date 4 March 2026

“Stantec” Stantec Consulting Services Inc.
 Stantec Project # 2002006357
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 Ph: (503) 220-5430
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“Client” Canby Utility Board
 PO Box 1070 Canby, Oregon 97013
 Ph: (503) 266-1156
 email: bbenson@canbyutility.org

Project Name and Location: Conceptual Engineering and Owner's Representative Services; Canby, Oregon

In accordance with the original Professional Services Agreement dated 14 January 2025 and Change Orders thereto, the Agreement changes as detailed below are hereby authorized.

This Amendment 2 serves to reallocate existing funds under Stantec’s contract to cover additional scope. The additional scope is outlined in Exhibit A. The existing funds to be reallocated are outlined below. Partially, funds will be taken from scope which is being struck from Stantec’s current contract. That scope which has been reduced as part of this Amendment is included as Exhibit B. The remaining funds which are being reallocated for this new work will be taken from those tasks which are performing ahead of their estimated budget and can afford the reduction. Overall, this Amendment 2 is a no-cost change to Stantec’s contract.

Included in this Amendment 2, Stantec is requesting a 3% escalation on the labor billing rates schedule from the initial 2025 contract. The new billing rate schedule is included at the bottom of Exhibit A.

Stantec Amendment 2 Canby - Conceptual Engineering & Owner's Rep Project No. 2002006357						
Task	Description	Previous Contract Amount	Remaining Applied to Amendment 2	Amendment 2 Added Scope & Fee	Amendment 2 Net Change	New Contract Amount
1.a	Identification of Service Level Goals	\$ 34,532.00	\$ -	\$ -	\$ -	\$ 34,532.00
1.b	Water System Integration Plan	\$ 98,091.00	\$ -	\$ -	\$ -	\$ 98,091.00
1.c	Intake Planning	\$ 194,816.00	\$ (88,992.26)	\$ 55,554.08	\$ (33,438.18)	\$ 161,377.82
1.d	Water Treatment Planning	\$ 163,777.00	\$ (57,803.80)	\$ 71,708.60	\$ 13,904.80	\$ 177,681.80
1.e	Raw and Finished Water Pipeline Planning	\$ 84,656.00	\$ (64,393.25)	\$ 18,349.45	\$ (46,043.80)	\$ 38,612.20
1.f	Real Estate Acquisition Plan	\$ 52,712.40	\$ (8,000.00)	\$ -	\$ (8,000.00)	\$ 44,712.40
1.g	Permitting Strategy	\$ 420,670.60	\$ (55,000.00)	\$ 60,274.57	\$ 5,274.57	\$ 425,945.17
1.h	Communications Plan	\$ 44,034.50	\$ (12,000.00)	\$ 89,684.89	\$ 77,684.89	\$ 121,719.39
1.i	Updated Cost Estimates	\$ 191,328.60	\$ (9,000.00)	\$ 38,853.66	\$ 29,853.66	\$ 221,182.26
1.j	Updated Project Schedule	\$ 69,560.00	\$ -	\$ -	\$ -	\$ 69,560.00
1.k	Project Funding Plan	\$ 127,805.00	\$ (10,235.94)	\$ -	\$ (10,235.94)	\$ 117,569.06
Conceptual Engineering / Project Definition Services		\$ 1,481,983.10	\$ (305,425.25)	\$ 334,425.25	\$ 29,000.00	\$ 1,510,983.10
2.a	Project Management Plan	\$ 106,105.54	\$ -	\$ -	\$ -	\$ 106,105.54
2.b	Project Budget and Budget Management Plan	\$ 47,481.18	\$ -	\$ -	\$ -	\$ 47,481.18
2.c	Contracting Strategy and Project Delivery Planning	\$ 63,053.22	\$ -	\$ -	\$ -	\$ 63,053.22
2.d	Procurement Support	\$ 30,891.26	\$ -	\$ -	\$ -	\$ 30,891.26
2.e	Communications Support	\$ 109,271.77	\$ (9,000.00)	\$ -	\$ (9,000.00)	\$ 100,271.77
2.f	Real Estate Acquisition Support	\$ 24,914.27	\$ (20,000.00)	\$ -	\$ (20,000.00)	\$ 4,914.27
2.g	Project Funding Support	\$ 32,672.98	\$ -	\$ -	\$ -	\$ 32,672.98
Owner's Representative Services		\$ 414,390.22	\$ (29,000.00)	\$ -	\$ (29,000.00)	\$ 385,390.22
Totals		\$ 1,896,373.32	\$ (334,425.25)	\$ 334,425.25	\$ -	\$ 1,896,373.32

Effect on Schedule: Contract expiration is extended through July 31, 2026.

Payments shall be made in accordance with the original agreement terms. All other items and conditions of the original Agreement shall remain in full force and effect.

Stantec Consulting Services Inc.**Canby Utility Board**

Print Name and Title

Print Name and Title

Signature

Signature

Date Signed:

Date Signed:

Exhibit A: Scope of Work (Amendment #2)

Canby Water Supply Program (CWSP) Project

This Scope of Work describes additional services that will be provided by Stantec to support the program through July 31, 2026. A summary of the scope of work and fee estimate is provided in **Table 1** with additional detail provided in the pages that follow.

Table 1. Summary of Scope of Work and Fee Estimate

Task #	Task Name	Brief Description	Total Stantec Hours	Subconsultant Cost	Total Cost
1	Conceptual Engineering / Project Definition Services	Support Canby Utility (CU) in identifying water supply solutions to fit their budget	1,163	\$84,840.80	\$334,425.25
1.c	Intake Planning	Value Engineering for the intake	264		\$55,554.08
1.d	Water Treatment Planning	Value Engineering for the Water Treatment Plant	344		\$71,708.60
1.e	Raw and Finished Water Pipeline Planning	Value Engineering for the pipeline	85		\$18,349.45
1.g	Permitting Strategy	Alternatives analysis to consider other water supply options and the feasibility of modifying the Molalla WTP	293		\$60,274.57
1.h	Communications Plan	Public communication and community survey	21	\$84,840.80	\$89,684.89
1.i	Updated Cost Estimates	Cost estimates for viable alternatives from Subtasks 1.c, 1.d, 1.e, and 1.g	156		\$38,853.66

Task 1 Conceptual Engineering / Project Definition Services

The Conceptual Engineering / Project Definition Services are intended to identify and clearly describe information required to establish the scope, budget, and schedule for the Canby Water Supply Program (CWSP) and to support Canby Utility (CU). This work is intended to achieve an approximately 10% design (i.e., significantly less than traditional 30% preliminary design), with resulting recommendations forwarded to design engineers and/or alternative project delivery teams to further refine, design, and implement the recommended improvements.

The scope for this Amendment includes modifications to some of the current subtasks, resulting from feedback from the CU Board and CU staff. These modifications include value engineering of the conceptual designs provided to date, investigating design options for the proposed facilities, reviewing regional water supply options, and providing additional communications and outreach services.

Subtask 1.c Intake Planning

In coordination with CU, Stantec will perform a value engineering (VE) assessment of the previously developed intake and intake pump station concept to identify opportunities to reduce costs while maintaining required performance, reliability, and permitting compliance. The VE effort will focus on evaluating alternative design approaches, materials, and configurations that could improve overall project affordability. The value engineering evaluation will include, but not be limited to, the following activities:

- Review the current intake and intake pump station conceptual design, associated cost estimate, and design assumptions and identify modifications to reduce costs
- Evaluate one potential alternative to reduce capital costs, such as modifications to the intake pump station configuration, intake screening approach, pumping capacity, materials of construction, and level of redundancy.
- Develop recommendations for incorporation into the revised intake concept.

Stantec will facilitate one (1), two-hour workshop with CU attended by up to four (4) Stantec staff to review value engineering findings and discuss preferred cost-reduction strategies. Stantec will prepare and submit an agenda, presentation materials, and meeting minutes for the workshop.

Stantec will update the previous draft Technical Memorandum (TM) summarizing the value engineering evaluation, alternatives considered, cost comparisons, and recommendations for CU review.

Assumptions:

- Value engineering evaluation will be performed at the conceptual level and will rely on available design documentation and cost information.
- Internal coordination meetings attended by up to four (4) staff, each lasting 1 hour in duration.

Deliverables:

- Workshop agenda in PDF format.
- Presentation Materials in .PPT format.
- Workshop Meeting Minutes in PDF format.
- Updated TM in PDF format.

Subtask 1.d Water Treatment Planning

In coordination with CU, Stantec will perform a VE assessment of the previously developed water treatment plant (WTP) (with the Willamette River as the water source) concept to identify opportunities to reduce capital costs while maintaining required treatment performance, reliability, and regulatory compliance. The VE effort will focus on evaluating alternative design approaches, process configurations, and materials that could improve overall project affordability. The value engineering evaluation will include, but not be limited to, the following activities:

- Review the current WTP conceptual design, process units, layout, and associated cost estimate.
- Identify primary cost drivers, including process equipment, structural components, electrical and mechanical systems, site development, access improvements, and utility extensions or relocations.
- Evaluate up to two ___ potential alternatives to reduce capital costs, such as modifications to treatment processes, equipment selection, plant layout, and materials of construction.
- Assess impacts of proposed cost-reduction measures on treatment performance, reliability, and permitting.
- Develop recommendations for incorporation into a revised WTP concept.

Stantec will facilitate two (2), two-hour workshops with CU attended by up to four (4) Stantec staff to review value engineering findings and discuss preferred cost-reduction strategies. Stantec will prepare and submit agendas, presentation materials, and meeting minutes for the workshops.

In the first workshop, Stantec and CU will review the current WTP concept, identify key cost drivers, and discuss potential approaches for cost reduction. In the second workshop, Stantec will present and evaluate alternatives with CU based on the VE criteria.

Stantec will update the previous draft Technical Memorandum (TM) summarizing the value engineering evaluation, alternatives considered, cost comparisons, and recommendations for CU review.

Assumptions:

- Value engineering evaluation will be performed at the conceptual level and will rely on available design documentation and cost information.
- Internal coordination meetings attended by up to four (4) staff, each lasting 1 hour in duration.

Deliverables:

- Workshop agenda in PDF format.
- Presentation materials in .PPT format.
- Workshop Meeting Minutes in PDF format.
- Updated TM in PDF format.

Subtask 1.e Raw and Finished Water Pipeline Planning

In coordination with CU, Stantec will perform a value engineering (VE) assessment of the previously developed raw and finished water pipeline concepts to identify opportunities to reduce capital and lifecycle costs while maintaining required hydraulic performance and reliability. The VE effort will focus on evaluating alternative pipeline sizing, routing, and materials, that could improve overall project affordability. The value engineering evaluation will include, but not be limited to, the following activities:

- Review the current pipeline concepts, associated sizing, materials, routing, and cost estimate.
- Evaluate potential alternatives, based on the results of Subtasks 1.d. and 1.e, to reduce capital costs, including modifications to pipeline alignment, diameter, and materials.,
- Develop recommendations for incorporation into a revised pipeline concept.

Stantec will update the previous draft TM summarizing the value engineering evaluation, alternatives considered, cost comparisons, and recommendations for CU review.

Assumptions:

- VE evaluation will be performed at the conceptual level and will rely on available design documentation and cost information.
- Horizontal and vertical datum of all spatial data shall be NAD 83 and NGVD 29, respectively.
- Desk-top review of alignment only; field survey is not included.
- No distribution system modeling or transient/surge analysis will be provided.
- Internal coordination meetings attended by up to four (4) staff, each lasting 1 hour in duration.

Deliverables:

- Workshop Agenda in PDF format.
- Presentation Materials in .PPT format.
- Workshop Meeting Minutes in PDF format.
- Updated TM in PDF format.

Subtask 1.g Permitting Strategy

In coordination with CU, Stantec will evaluate up to 2__ potential alternatives for future water supply sources, treatment, and conveyance to determine the most feasible and cost-effective approach. This alternatives analysis will build upon previous studies, including the 2013 Water Supply Analysis

report that identified the Willamette River as the preferred supply option, and will consider changes in cost estimate assumptions since that time. The analysis will include, but not be limited to, the following activities:

- Review previous water supply alternatives analysis reports and master plans, including the 2013 Water Supply Analysis evaluation of options, to summarize findings, assumptions, and rationale for selecting the Willamette River water source and a new WTP as the preferred option.
- Evaluate other water supply options, including:
 - Groundwater sources explored in prior studies.
- Potential for collaboration with adjacent water suppliers, including City of Wilsonville and South Fork Water Board, to develop jointly owned or wholesale supply arrangements.
- Document the water supply options evaluation described in the above bullet item evaluation in a technical memorandum for use by Canby Utility.
- Based on the previous studies, assess feasibility of controlling taste and odor at the Molalla WTP and potential for increasing treatment capacity if the site could be expanded.
- Investigate opportunities for property acquisition adjacent to the Molalla WTP to accommodate potential expansion.
- Identify and summarize operational and seismic vulnerabilities of the Molalla WTP that may affect reliability and long-term performance.
- Assess the potential for a hybrid option where water is sourced from the Willamette River but treated at the existing Molalla WTP, including preliminary evaluation of transmission pipeline conveyance requirements.
- Conduct internal coordination meetings as needed to discuss findings and next steps.

Stantec will facilitate one (1), two-hour workshop with CU attended by up to four (4) Stantec staff to review preliminary findings and discuss alternatives. Stantec will prepare and submit agenda, presentation materials, and meeting minutes for the workshop.

Stantec will provide two draft TMs summarizing findings, alternative options considered, and preliminary recommendations for CU review.

Assumptions:

- Evaluation will be performed at a planning level and will rely on existing data, prior studies, and available information from neighboring suppliers.
- Field investigations, detailed hydraulic modeling, or final design-level analyses are not included in this scope.
- Internal coordination meetings attended by up to four (4) staff, each lasting 1 hour in duration.

Deliverables:

- Workshop Agenda in PDF format.
- Presentation materials in .PPT format.
- Workshop Meeting Minutes in PDF format.
- TM for the water treatment options in PDF format.
- TM for the water supply options in PDF format

Subtask 1.h Communications Plan

Stantec will coordinate with its communications/outreach subconsultant (PRR) to develop and implement targeted public communications and community engagement activities to inform stakeholders and gather input on project priorities and what customers are supportive of. The intent of this subtask is not to determine a preferred utility investment level, but rather to provide CU with community-informed input regarding values, priorities, and tradeoffs associated with future water system investments. The task will include the activities described below that will be provided by PRR with the support of Stantec.

This short-term effort will focus on consultation with community members about their values related to the outcomes and cost of proposed improvements. A survey and listening and information sessions will focus on gathering information from the community about values and priorities related to proposed drinking water system upgrades and costs. Engagement results will inform the CU board as it determines an appropriate level of financial investment to make in the new system, and what elements to prioritize. This work will increase transparency in the decision-making process and help the CU board and leadership team make more sustainable choices. Engagement activities will continue to be informed by goals, objectives and strategies outlined in the Program's draft External Communications and Engagement Plan.

- **Digital outreach support:** Draft a quarterly program update for The Reporter and website. As timing allows, this update will focus on reporting back about what the team heard during listening sessions and encouraging participation in the survey.
- **Graphic design:** Update the existing program fact sheet with current status and timeline. Design and print up to two 24x36 posters with information about CWSP (e.g., benefits, elements, timeline, project elements, cost proposals, survey link, questions to prompt discussion at listening sessions, etc.) Design a seven-slide branded PowerPoint template for the program team use for public-facing presentations.
- **Community values survey:** PRR will conduct an online survey of CU ratepayers to support the board in understanding priorities for the water supply in relation to affordability and design elements.
 - The survey will be available in English and Spanish, and it will take no more than 10 minutes to complete on average.
 - PRR will deliver a recruitment toolkit including one flyer in English and Spanish and up to TWO of the following: website update, utility bill insert, e-newsletter article.
 - To incentivize participation, PRR will administer a drawing offering people who take the survey a chance to win one of five \$100 gift cards.
 - The survey will field up to one month assuming PRR is afforded two-three months for development. PRR will monitor survey responses and provide a virtual dashboard reporting real-time results.
 - PRR will track responses by recruitment tactic (CBO, utility bill, etc.).
 - After the survey closes, PRR will process, clean, and analyze survey data. PRR will tabulate survey responses and prepare a brief report summarizing key findings and actionable recommendations. At a minimum, the report will include research methods, key findings and recommendations, tabulated survey responses, and a participant profile.

- PRR will present results at a board meeting (virtual attendance).
- **Recommended survey recruitment tactics:** PRR will support CU in reaching ratepayers who do not frequently visit the CU website or closely review The Reporter or their utility bill by recruitment through a postcard mailing, outreach to CBO partners, and canvassing to post flyers at community gathering spaces.
 - **Postcard mailings:** Send one invitation postcard to a random sample of 5,000 households in the service area. Address-based sampling is a statistically valid recruitment method that reaches a cross-section of your customer base, not just a highly engaged subset. This helps strengthen the credibility of decisions informed by survey results. Random sampling tends to be perceived as more transparent and legitimate, meaning that survey results carry more weight with regulators, elected officials, and the public.,
 - **CBO toolkit:** Develop an email for CU staff to send to partners (i.e., the senior center, local schools, and city engagement staff) requesting they help promote the survey. Draft a sample e-newsletter blurb and social media post in English and Spanish that those partners can copy, paste, and share with their communities.,
 - As a thank you to CBOs who help promote the survey, PRR will compensate them with gift cards of up to \$200. Our budget assumes up to FIVE CBO partners.
 - **Canvassing:** Design flyers with information about the survey and QR code for CU staff to print and deliver to local businesses and community gathering spaces (e.g., coffee shops, community centers, restaurants)
 - **Survey recruitment at springtime events:** Draft an event plan for CU staff to use to attend up to two community gatherings (e.g. Canby Farmer's Market). CU staff will attend events, provide all supplies, pay registration fees, coordinate with the event to have a table, print materials, and supply giveaways to attract participation.
- **Listening sessions:** Prepare CU/Stantec representatives for public presentations with local community groups (e.g., Kiwanis, Rotary, Chamber of Commerce, neighborhood associations) intended to increase community awareness of the program and trade-offs and show transparency. At listening sessions CU staff and/or board will present information about the need for the project, project elements, and project status, then ask specific questions about people's priorities related to the water system and costs. PRR will draft an event plan, support development of a presentation, draft talking points, review the presentation for accessibility, and draft a summary of input received.
- **Team and contract coordination and management:** Integrate with the project team through in-person attendance at weekly project team meetings and monthly client workshops and board meetings.

Assumptions:

- CU continues to host webpage and Reporter, allows PRR to coordinate with web support subcontractor to implement and QC new web content. Quarterly Reporter and web updates will use almost identical content.
- Stantec continues to staff the role of receiving inquiries, triage, sending responses and tracking stakeholder correspondence using established process.
- Graphic design (factsheet, posters, PowerPoint) will include up to two rounds of review and build on existing style/creative guidelines. Text and up to two graphics on the

factsheet will be updated, but the general format/layout will stay the same. PRR will coordinate printing, but CU will cover costs of printing factsheets, flyers and/or poster boards.

- CU staff will continue to serve as primary contact for and respond to all media inquiries.
- For survey recruitment materials for CU platforms, PRR will design a one-page flyer and arrange printing, and CU will pay for printing. PRR will provide CU with a short blurb and QR code for the utility bill and CU will design and print/integrate with online billing. PRR will purchase and coordinate with drawing winners to deliver gift cards.
- Up to three staff will attend a board meeting for up to two hours, virtually, to present survey findings.
- PRR will design survey recruitment postcards and manage logistics with the printer and mail house.
- For CBO survey recruitment, PRR will draft content. CU staff will identify contacts at CBOs and send emails with the sample e-newsletter and social media post. CU will share CBO contact list (names, emails, organizations) with PRR to add to our stakeholder list for future outreach efforts.
- CU will print flyers and staff will deliver flyers to at least 15 locations.
- For in-person event participation, CU will pay event registration fees, will provide branded materials/giveaways as applicable, and will print and deliver materials like factsheets or displays. CU staff will attend up to two events for up to 4 hours and actively engage the public to encourage survey participation. This task assumes scope will include the design and printing of up to 2 program display boards, updated factsheets (see graphic design task), and survey recruitment flyer so that the team has materials to share with the public. As appropriate for the venue, CU will provide supplies such as tent, table, easels, an e-mail sign-up sheet and giveaways (branded swag, candy, etc.)
- For listening and information sessions, PRR staff will provide up to 6 hours of assistance coordinating attendance at up to six meetings and draft one event plan describing goals, logistics and workplan for all meetings. PRR will aim to make initial contact with CBOs, arrange meeting times and logistics, send a confirmation email a week in advance of the meeting, and follow-up with CU meeting presenters to collect documentation of input received during the meeting. PRR staff will coordinate and follow-up on 1 preparatory meeting and one run-through for the listening sessions. PRR will review two sets of up to 7 slides for plain language, accessibility, and reading level. PRR will draft talking points for up to 7 total slides per meeting set (or a word document) for the listening session presentation and the information session presentation. PRR will draft an up to 3-page written summary of input received at listening sessions for presentation to the CU board. CU and Stantec will draft content (images, supplementary graphics) for the presentation using the program's PowerPoint template, participate in preparatory meetings, and supply at least one representative to present at all meetings. CU and/or Stantec will ensure that someone who is not presenting takes written notes of input received to share with PRR for the written summary of lessons learned. PRR will draft a one-page talking point document to be integrated into the PPT. PRR will draft one written summary compiling key points from all six listening sessions to share with the board based on feedback CU and Stantec document at the listening sessions. CU staff will send follow-up emails to meeting organizers with information collected at listening sessions and a request for those organizations to share the survey with their communities.

- One PRR staff person will attend up to 16 virtual design coordination meetings up to 1 hour in duration with the Stantec team and develop up to two slides for each of and attend up to 4 2-hour virtual workshops with CU. Up to one PRR staff will attend up to 2, 2-hour board meetings virtually, or one in person.
- CU will cover expenses for printing and delivery of all materials as needed aside from items listed above.
- Up to two rounds of client review for all designed materials. All materials will be designed in English unless specifically noted for Spanish in deliverables.

Deliverables:

- Up to one update for The Reporter (up to 500 words)
- Up to one web update (up to 300 words)
- Up to one draft and final factsheet update
- Up to two draft and final 24" x 36" posters
- Up to four monthly progress reports
- Draft and final survey (English and Spanish, Word document)
- Link to programmed survey (English and Spanish)
- Draft and final recruitment materials for CU platforms including up to 1 flyer (English and Spanish)
- Link to live results dashboard
- Draft report in PPT
- Final report in PPT and PDF
- Final, clean dataset
- Draft and final design for up to two postcards
- Draft email to CBOs, sample e-newsletter article and two social media posts (English and Spanish)
- Final list of CBO partners
- Draft and final canvassing plan
- Draft and final event plan
- Up to one draft and final event plan
- Up to one written summary of information gathered at listening sessions

Subtask 1.i Updated Opinions of Probable Construction Costs

Stantec will provide updated planning-level (Class V) capital opinions of probable construction costs (OPCCs) for planning, design, construction, and startup services for the proposed facilities, including owner allowances for design, risk, and construction contingencies.

Each OPCC will be prepared in accordance with the cost estimate classes defined by the Association for the Advancement of Cost Engineering (AACE). Stantec has no control over costs of labor, materials, competitive bidding environments and procedures, unidentified field conditions, financial and/or market conditions, or other factors likely to affect the OPCCs developed for this Project, all of which are and will unavoidably remain in a state of change, especially in light of the high volatility of the market attributable to Acts of God and other market events beyond the control of the parties. The OPCCs are a "snapshot in time" and that the reliability of these OPCCs will

inherently degrade over time. Stantec cannot and does not make any warranty, promise, guarantee, or representation, either express or implied, that proposals, bids, project construction costs, cost of operation, or cost of maintenance will not vary substantially from Stantec's good faith OPCCs.

The task will include the following activities:

- Develop comparative OPCCs for viable alternatives for the VE studies for the intake, water treatment plant, and transmission pipelines.
- Develop comparative OPCCs for viable alternatives for water sources identified in Subtask 1.g.

Stantec will incorporate the updated OPCCs into the deliverables of the other subtasks.

Deliverables:

- Workshop agenda in PDF format
- Workshop documentation in PDF format
- Workshop Meeting Minutes in PDF format
- Updated OPCCs in PDF format

Updated Rate Schedule
Effective as of Date of Amendment Execution

Staff Category	Previous Billing Rate	New Billing Rate
Staff Category I	\$187.00	\$192.61
Staff Category II	\$204.00	\$210.12
Staff Category III	\$219.00	\$225.57
Staff Category IV	\$231.00	\$237.93
Staff Category V	\$241.00	\$248.23
Staff Category VI	\$261.00	\$268.83
Staff Category VII	\$274.00	\$282.22
Staff Category VIII	\$292.00	\$300.76
Staff Category IX	\$301.00	\$310.03
Staff Category X	\$313.00	\$322.39



MEMORANDUM

To: Chair Molamphy, Members, Pendleton, Westcott, LeBlanc and Yarbrough
From: Kari Duncan, General Manager
Date: March 1, 2026
Subject: Local Contract Review Board Special Procurement – Veolia Contract Amendment #3

Suggested Motions:

1. Motion to approve Resolution No 340, a resolution adopting findings to support an exemption from the request for proposals process for a contract amendment for operation, maintenance, and management services between Canby Utility Board and Veolia Water North America-West LLC, declaring such exemption and authorizing direct award of the contract amendment to Veolia Water North America-West LLC.
2. Motion to approve Contract Amendment No. 3 to the agreement for operation, maintenance and management services between Canby Utility Board and Veolia Water North America-West, LLC.

Background:

In 2006, Canby Utility Board entered into a contract with Veolia Water North America-West LLC for Operation, Maintenance and Management services to operate and maintain the water treatment plant and specified facilities. The original contract was a 10-year term, with option to renew for five additional years. An additional renewal of the contract falls outside competitive proposal or bidding procurement requirements of ORS 279B and therefore will require an authorized exemption under OS 279B.085(4), called a special procurement, that must be authorized by the Canby Utility Board as the Local Contract Review Board (LCRB).

Resolution 340 includes the justification for allowing an extension to the Veolia contract for five additional years through 2031 and explains why it is the most cost-effective option. At the Board meeting the Board, acting in its capacity as the LCRB will review the findings to support an exemption from a Request for Proposals process and vote on the resolution. If the resolution is approved, the Board can consider a motion and vote on Contract Amendment #3.

RESOLUTION NO. 340

A RESOLUTION ADOPTING FINDINGS TO SUPPORT AN EXEMPTION FROM THE REQUEST FOR PROPOSALS PROCESS FOR A CONTRACT AMENDMENT FOR OPERATION, MAINTENANCE, AND MANAGEMENT SERVICES BETWEEN CANBY UTILITY BOARD AND VEOLIA WATER NORTH AMERICA WEST LLC, DECLARING SUCH EXEMPTION, AND AUTHORIZING DIRECT AWARD OF THE CONTRACT AMENDMENT TO VEOLIA WATER NORTH AMERICA WEST LLC

WHEREAS, the Canby Utility (“CU”) Board is the Local Contract Review Board (“LCRB”) of CU; and

WHEREAS, ORS 279B.085(4) authorizes the LCRB to exempt certain contracts from the competitive proposal or bidding procurement requirements of ORS 279B upon approval of certain findings of fact; and

WHEREAS, CU’s LCRB has determined that directly awarding a contract amendment to Veolia Water North America West LLC for certain operation, maintenance, and management services for CU’s water treatment plant will be most beneficial to CU, is unlikely to encourage favoritism, and is likely to result in substantial cost savings and other benefits, based on the findings attached as Exhibit A; and

WHEREAS, pursuant to ORS 279B.085(5) CU published notice of the proposed exemption in the *Canby Herald* on February 25, 2026 not less than 7 days prior to the date on which the Board intends to take action to approve the exemption; and

WHEREAS, after due deliberation, the Board, acting as the LCRB, hereby adopts the findings in support of direct award of a contract amendment for operation, maintenance, and management services, as set forth in Exhibit A.

NOW, THEREFORE, BE IT RESOLVED BY THE CANBY UTILITY BOARD, AS FOLLOWS:

Section 1. Exemption Approval. The Board hereby adopts findings supporting an exemption for a contract amendment for ongoing operation, maintenance, and management services, declares such an exemption, and authorizes a direct award of this contract amendment to Veolia Water North America-West LLC. The findings are attached to this resolution as Exhibit A.

Section 2. Effective Date. This resolution is, and shall be effective from and after, the date that it is adopted.

ADOPTED by the Canby Utility Board this 10th day of March, 2026.

John Molamphy, Chair

Ron LeBlanc, Member

Ron Yarbrough, Member

Jack Pendleton, Member

Robert Westcott, Member

Barbara Benson, Board Secretary

Exhibit A
Resolution 340

**Findings in Support of Direct Award of a Contract Amendment for Operation,
Maintenance, and Management Services**

Oregon law requires all service projects (both personal and general) to be procured by competitive bid or proposal, unless otherwise stated in local rules and unless an exemption is granted by the Canby Utility (“CU”) Local Contract Review Board (“LCRB”). One such exemption permits CU to award a personal service agreement without competition if such award (1) is unlikely to encourage favoritism and (2) is reasonably expected to result in substantial cost savings. ORS 279B.085(4). This document demonstrates that Veolia Water North America-West LLC. (“Veolia”) is uniquely qualified to continue providing operation, maintenance, and management services for CU’s water treatment plant, such provision of services does not encourage favoritism, and results in substantial cost savings.

Nature of the Project:

The Contractor provides continuous and uninterrupted Operations and Maintenance (O&M) of the Project to treat daily demands of raw river water from the Molalla River and maintain compliance with regulatory agencies. Contractor maintains monitoring and operating records as required by OAR 333-061-0025(6), provides certified and qualified personnel who meet state of Oregon requirements regarding water treatment and O&M, provides computerized programs service for maintenance, process monitoring and control, inventory control and laboratory quality assurance. Veolia Water has served as Contractor for this Project since 2006, with an initial term of 10 years, and contract amendments to extend for 5 additional years in 2016, and in 2021.

Public Notice:

As required by ORS 279B.085(5), CU published notice for interested parties in the February 25, 2026 edition of the *Canby Herald*.

Findings

1. Direct appointment is unlikely to encourage favoritism.

This direct appointment to Veolia is unlikely to encourage favoritism. Operations and Maintenance staff, particularly State of Oregon Licensed Water Treatment Operators, are a specialized workforce that takes many years to acquire the appropriate education and experience. Hiring and training qualified staff for a facility that is anticipated to be in operation for only five more years is logistically challenging and not cost effective. Further, Veolia’s longstanding excellent record of performance with CU stems from Veolia’s unique qualification and experience working on CU’s water treatment plant system. This record, experience, and timing uniquely situates Veolia to continue to operate the plant for another five year term.

In addition, the current Molalla River Water Treatment Plant that is operated under the existing contract will be replaced by a new Water Treatment Plant and Intake on the Willamette River, scheduled to be complete in approximately 5 years. Issuing an RFP for contract operating

services for a facility that has only 5 years of expected life is not likely to result in interest from competing contract operators in the region. CU does intend to issue a new RFP for operations or explore the option of directly operating the new Willamette River Supply facilities which are expected to be completed around 2031.

2. Direct appointment is reasonably expected to result in substantial cost savings for CU.

Changing the contract operator will incur the cost of replacing the contractor owned systems including SCADA (Supervisory Control and Data Acquisition), Computerized Maintenance Management Systems, and other contractor owned systems that take years to develop for each specific system and replacing these systems for a short-term duration would result in cost inefficiencies. Further, as mentioned above, CU would likely waste staff time and resources conducting an RFP to hire an operator for 5 years, when Veolia is uniquely qualified for this task.

Conclusion

Based on the above findings, it is therefore recommended that CU award a contract amendment without competition to Veolia, in connection with the provision of certain operation, maintenance, and management services.

End of Findings

AMENDMENT NO. 3

TO THE AGREEMENT FOR OPERATION, MAINTENANCE AND MANAGEMENT SERVICES BETWEEN CANBY UTILITY BOARD AND VEOLIA WATER NORTH AMERICA-WEST, LLC

This Amendment No. 3 (this “Amendment”) to the Agreement for Operation, Maintenance and Management Services dated February 14, 2006 (as amended, the “Agreement”) by and between Canby Utility, a subdivision of the City of Canby, an Oregon municipal corporation (“Owner”) and Veolia Water North America-West, LLC (“Veolia”), is entered into as of the date last set forth on the signature page. Unless otherwise defined herein, capitalized terms used in this Amendment shall have the meanings set forth in the Agreement.

RECITALS:

WHEREAS, Owner and Veolia entered into the Agreement for Veolia to provide services for the operation, maintenance and management of the Owner’s water treatment plant and related water utility facilities; and

WHEREAS, the term of the Agreement, as extended, is until April 1, 2026; and

WHEREAS, Owner’s board authorized a term extension for the Agreement on March 10, 2026; and

WHEREAS, Owner desires to negotiate certain terms provided in the Agreement during this term extension, as identified herein; and

WHEREAS, the parties now desire to confirm the extension of the Agreement and otherwise modify and amend the Agreement as provided herein.

NOW, THEREFORE, Veolia and Owner hereby agree as follows:

1. Term. The first sentence of Section 9.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

“The term of this Agreement shall begin April 1, 2006 (the “Commencement Date”) and continue until October 1, 2026, unless sooner terminated as provided hereunder, or further renewed pursuant to this Section.”

2. Service Fee. Section 5.1 of the Agreement is hereby modified and amended to provide that during the year of the Agreement commencing April 1, 2026 and ending March 31, 2027, the Annual Fee payable by the Owner to Veolia shall be \$1,495,991.16. The Annual Fee shall be adjusted as provided in Section 5.2 of the Agreement.
3. Landscaping Excluded from O&M Services. The parties wish to clarify the scope of the O&M services and memorialize past practice of the parties under the Agreement to

provide that, notwithstanding anything to the contrary in the Agreement, the OWNER shall be responsible for all landscaping of the Project grounds and related maintenance and repairs.

4. Items Included in O&M Services. The parties wish to clarify the scope of the O&M services and memorialize past practice of the parties under the Agreement to provide that, notwithstanding anything to the contrary in the Agreement, the following items shall be included in the scope of O&M services provided by VEOLIA WATER under the Agreement:
 - a. Provide an annual inspection and cleaning of one (1) underwater tank and its associated caisson and intake, with the inspection rotating among the three (3) existing underwater tanks year-to-year.
 - b. Provide an annual UV change-out of two (2) of the six (6) existing vessels of lamps, quartz sleeves, and intensity sensors, with the change-out rotating over a three (3)-year period.
 - c. Provide annual scheduled maintenance for the Project’s existing three (3) on-site generators.
 - d. Pay the annual license fee for the Project’s existing SCADA system.
5. The parties agree to negotiate certain Agreement sections during this term extension, with the intention of executing an Agreement term extension lasting until April 1, 2031, in addition to all agreed upon new Agreement terms. The parties intend, at minimum, to negotiate the following Agreement sections: Section 8.5, Section 8.8, Section 9.3, Section A.15, and a new Exhibit to incorporate required public contracting terms.
6. From and after the effective date, “Agreement” means the original Agreement as amended. Except as expressly modified by the terms and conditions of this Amendment, the parties ratify and confirm each of the terms and conditions of the Agreement which, the parties acknowledge and agree, remains in full force and effect. In case of conflict between the terms of the Agreement and this Amendment, the terms of this Amendment shall apply.

IN WITNESS WHEREOF, the parties have executed this Amendment intending it to be effective as of the date last set forth below (the “Effective Date”).

CANBY UTILITY

VEOLIA

By: _____

By: _____

Print Name: _____

Title: _____

Print Name: _____

Title: _____



MEMORANDUM

To: Chair Molamphy, Member Pendleton, Member Westcott, Member LeBlanc, and Member Yarbrough

Copy to: Kari Duncan, Jason Berning, Jason Peterson, Sergio Avalos, Barbara Benson

From: Mike Schelske, Finance Manager

Date: March 10, 2026

Subject: Fiscal Year 2027 Operating & Capital Budget Process

The following is the schedule for the development of the Fiscal Year 2027 Operating and Capital Budgets.

- March 16 – email Capital Budget forms to Management Team
- March 23 – email Operating Budget forms to Department Heads
- April 6 & 13 – check-ins with Department Heads to review process
- April 20 – Operating and Capital Budgets are due
- May 4 – begin budget review process with General Manager
- May 14 – complete the budget review process with General Manager
- June 4 – distribute proposed budget to Board with June Board Packet
- June 9 – present proposed budget to Board

Please feel free to contact me if you have any questions about this process.



MEMORANDUM

To: Chair Molamphy, Members, Pendleton, Westcott, LeBlanc and Yarbrough
From: Kari Duncan, General Manager
Date: March 3, 2026
Subject: Staff Report – March 10th Board Meeting

Canby Water Supply Program –Project Update: The Canby Utility Board received an update on the CWSP at the February meeting including an updated project cost estimate. The estimate is higher than the cost from the 2023 Master Plan, and staff will present a proposal at the March meeting for next steps on the project. This will include a new review of the alternatives to constructing a new Willamette Water Treatment Plant, evaluation of cost reduction options for the project, and a community outreach survey to better understand community priorities related to water supply.

Canby Water Supply Program – Funding Requests: An application for direct funding of the Canby Water Supply Program from the State of Oregon Capital Funding Request was submitted for consideration through State Representative Matt Bunch in January. The request was for a total of \$9.6 million that would be used towards design and construction of the project. I presented testimony in support of the project funding on February 13th in front of the State Joint Ways & Means Subcommittee on Capital Construction. The committee was attentive to the project; however, there were hundreds of projects submitted for funding through this program and ours was not selected during this round. We will apply again next year, and will have thank you notes to the committee members, Representative Bunch, and Senator Drazan for the Board to sign to express our appreciation for their support.

Staffing: The Utility has made an offer for the Utility Worker position that has been accepted and we expect our new employee to start next week. The Journeyman Lineman position has also been filled and he will begin by the end of the month. The Utility will conduct interviews for the Customer Service Representative the week of March 9th.

Columbia River System Operations Injunction: A recent preliminary injunction that will require additional spill at the Columbia River and Snake Dams was issued at the end of February. This effectively reduces the amount of power generated by BPA. Canby Utility has worked with the Public Power Council and Oregon Municipal Electric Utilities Association to support opposition to the injunction. Letters have been distributed from both OMEU and the PPC on the topic in opposition to the injunction.