



## City Council Meeting Agenda

Tuesday, August 13, 2024

5:30 p.m. – Work Session Meeting

7:00 p.m. – City Council Regular Meeting

Welcome! The public is strongly encouraged to participate remotely but there is seating at Civic Hall for those who are not able to participate remotely. However, if you are not feeling well, please stay home and take care of yourself.

The public is strongly encouraged to relay concerns and comments to the Council in one of four ways:

- Attend in person and fill out a public comment card
- Email at any time up to **noon on Monday, August 12th** to [CityRecorderTeam@mcminnvilleoregon.gov](mailto:CityRecorderTeam@mcminnvilleoregon.gov)
- If appearing via telephone only please sign up prior by **noon on Monday, August 12th** by emailing the City Recorder at [CityRecorderTeam@mcminnvilleoregon.gov](mailto:CityRecorderTeam@mcminnvilleoregon.gov) as the chat function is not available when calling in Zoom;
- Join the Zoom meeting use the raise hand feature in Zoom to request to speak, once your turn is up we will announce your name and unmute your mic. **You will need to provide the City Recorder with your First and Last name, Address, and contact information (email or phone) for a public comment card.**

You can live broadcast the City Council Meeting on cable channels Xfinity 11 and 331, Frontier 29 or webstream here:

[mcm11.org/live](http://mcm11.org/live)

Download the "Cablecast" app on iOS, Android, Roku, Apple TV or Amazon Firestick and watch McMinnville City Council on all your devices.

### **CITY COUNCIL WORK SESSION & REGULAR MEETING:**

You may join online via Zoom Meeting:

<https://mcminnvilleoregon.zoom.us/j/83705569445?pwd=0sGVDnulhgB0pOSRPU8tx46V7zQT9A.1>

Zoom ID: 837 0556 9445

Zoom Password: 592599

Or you can call in and listen via Zoom: 1-253- 215- 8782

ID: 837 0556 9445

### **5:30 PM – WORK SESSION MEETING – VIA ZOOM AND SEATING AT CIVIC HALL**

1. CALL TO ORDER
2. QUASI-JUDICIAL AND LEGISLATIVE TRAINING CONTINUED FROM MAY 14, 2024
3. ADJOURNMENT OF WORK SESSION

### **7:00 PM – REGULAR COUNCIL MEETING – VIA ZOOM AND SEATING AT CIVIC HALL**

1. CALL TO ORDER & ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. PROCLAMATION
  - a. Lemonade Day Proclamation

4. INVITATION TO COMMUNITY MEMBERS FOR PUBLIC COMMENT –

*The Mayor will announce that interested audience members are invited to provide comments. Anyone may speak on any topic other than: a matter in litigation, a quasi-judicial land use matter; or a matter scheduled for public hearing at some future date. The Mayor may limit comments to 3 minutes per person for a total of 30 minutes. The Mayor will read comments emailed to City Recorded and then any citizen participating via Zoom.*

5. PRESENTATION

- a. Commercial Property Assessed Clean Energy (CPACE) Program Presentation from MEDP

6. ADVICE/ INFORMATION ITEMS

- a. Reports from Councilors on Committee & Board Assignments
- b. Department Head Reports

7. CONSENT AGENDA

- a. Consider the request from Ricochet Wine Company LLC for Winery – Primary Location, OLCC Liquor License located at 1421 NE Alpha Drive.
- b. Consider the request from Rojas Martinez Wines, LLC for Winery – Primary Location, OLCC Liquor License located at 475 NE 17<sup>th</sup> Street.
- c. Consider **Resolution No. 2024-46**: A Resolution authorizing the City Manager to enter into an agreement with Pape Machinery for the purchase of a 2024 John Deere 310 P-Tier Backhoe.

8. RESOLUTION

- a. Consider **Resolution No. 2024-45**: A Resolution of the City of McMinnville Approving a Collection Rate Increase Not to Exceed 4.7% for Recology Inc.

9. ADJOURNMENT OF REGULAR MEETING

# CITY OF McMINNVILLE

## CITY COUNCIL

### LAND USE TRAINING

May 14, 2024

By Carrie A. Richter

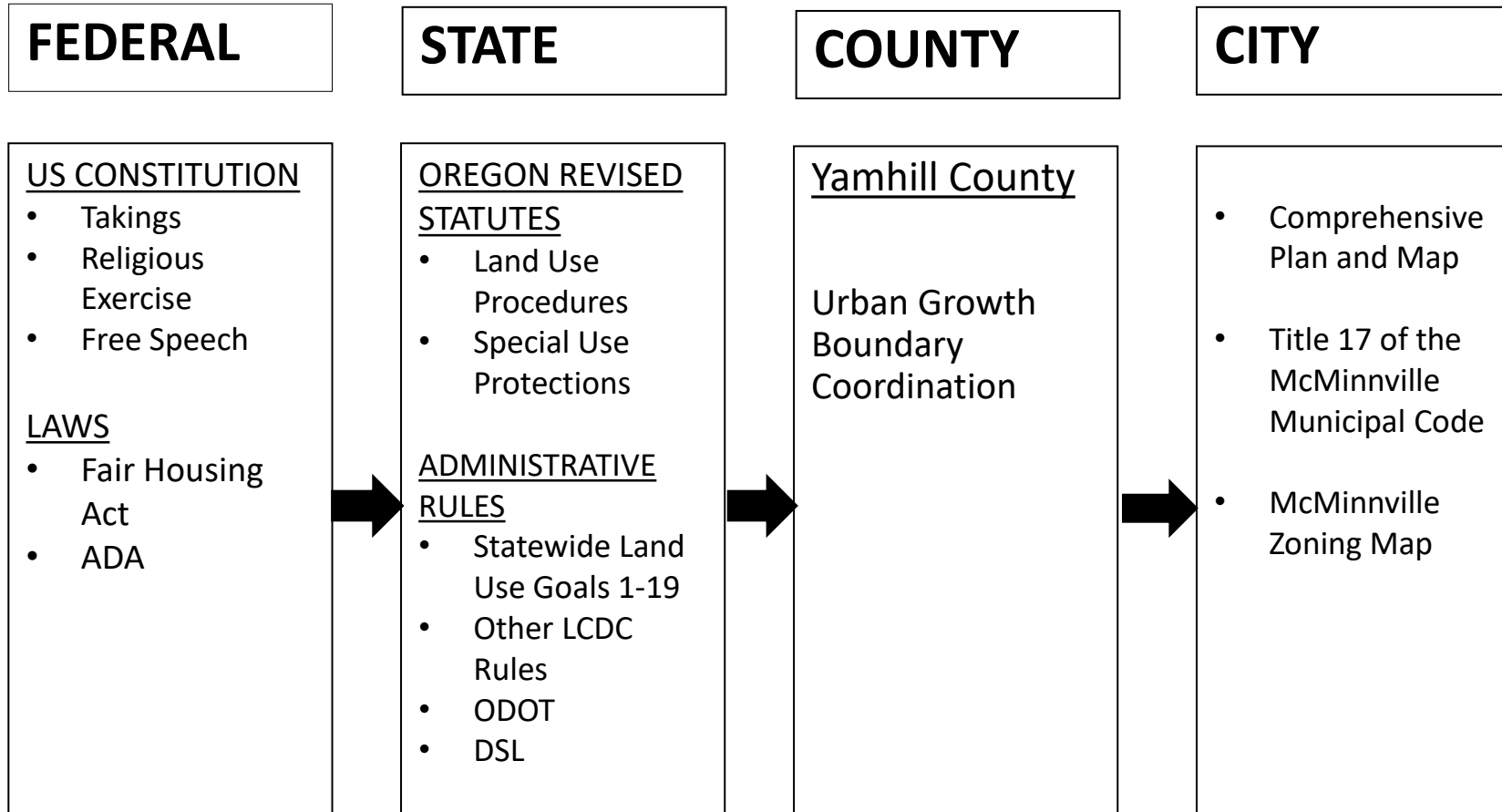
Bateman Seidel

Bateman Seidel Miner Blomgren Chellis & Gram, P.C.

Amended on 08/14/2024  
3 of 160

# OREGON'S LAND USE PLANNING FRAMEWORK

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# SENATE BILL 100:

- Requires comprehensive plans and land use regulations reviewed by the state land use agency (Department of Land Conservation and Development (DLCD))
- Requires urban growth boundaries
- DLCD charged with creating and adopting statewide planning goals.

# STATEWIDE PLANNING GOALS:

- Citizen Involvement
- Managing urban growth
- Economic development
- Housing
- Transportation
- Natural and Historic Resources



# LAND USE PLANNING IN McMINNVILLE:

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## Long-Range Planning:

*(Legislative)*

- Involves adoption of regulations and policies applicable citywide or to a specific geography
- Initiated by the City Council, Planning Commission, Citizens' Advisory Committee or a citizen may petition the Council seeking initiation of an amendment.
- City Council makes the final decision
- Follows a legislative process – no bias and ex parte limitations

## Development Review:

*(Quasi-judicial /Administrative)*

- Reviewing a discrete development proposal for compliance against an adopted set of criteria
- Initiated by an applicant through the filing of an application
- Planning Commission or HLC are the final decision-maker, unless appealed
- Follows a formal quasi-judicial procedure (requires impartiality and controlled record)

# REVIEW CATEGORIES:

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**Administrative Decisions** – home occupation, Commercial design review (standard), Downtown design review (minor)

- Director’s Review without notification – No discretionary decision-making and no notice, hearing or appeal.

**Limited Discretionary Decisions** – administrative variance, Downtown design review (major), subdivision, short term rental

- Director’s decision with limited notice, 14-day comment period and appeal rights to Planning Commission and then City Council.

## **Quasi-Judicial Decisions – Certificate of Approval**

**Planning Commission** - variance, conditional use permit, subdivision (more than 10 lots), planned development, small area map amendment

**Historic Landmarks Committee** – Alteration of a local or National Register-listed resource, new construction on vacant land in a NR District or landmark designated site, and demolition

- Discretionary review to determine compliance with criteria. Notice, public hearing by HLC or Planning Commission and if appealed, on to City Council.

# REVIEW PROCEDURE:

## PREDICTABILITY AND A LEVEL PLAYING FIELD

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- Pre-application meeting w/ staff / neighborhood meeting
- Application filed and completeness review – 120-day decision limit
- Mailed and posted notice of hearing includes identification of the applicable criteria – These notice rules are set by state law and local code
- Staff report available 7 days in advance of hearing.
- Hearing
  - Must including legal disclosures including:
    - Instructions on the submittal of evidence into the record
    - Testimony must be directed to the criteria
    - Raise it or waive it
    - Failure to raise constitutional issues precludes an action for damages in circuit court
    - Right to an impartial tribunal
- Right to a continuance / Rebuttal
- Record closes, deliberation and decision
- Right to appeal to City Council
  - Only those who participated below have standing to appeal
  - Notice of appeal must be filed in writing with 12 days
  - Council review is de novo with no required deference to initial decision



# 120-DAY RULE REQUIREMENTS

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## **ONCE APPLICATION IS COMPLETE, CITY HAS 120 DAYS TO MAKE ITS FINAL DECISION**

- Applicant controls completeness
  - Can force City to begin processing application
  - Once an application is “deemed” complete, only question is whether applicant has met its burden to show compliance with criteria
- Entire application, including appeals, must be resolved within 120 days
- Applicant can extend the 120-day, but entirely their choice
- Failure to make a decision within 120-days gives rise to a right to mandamus in circuit court that may include attorney fee recovery

# PUBLIC HEARING ROLLS & RESPONSIBILITIES

<u><b>Applicant:</b></u>	<u><b>Planning / Legal Staff:</b></u>	<u><b>Neighborhood Groups/ Others:</b></u>	<u><b>Decision Maker:</b></u>
<ul style="list-style-type: none"> <li>• Understanding of the applicable approval criteria.</li> <li>• Submittal of an application that includes evidence establishing that the applicable approval standards are satisfied i.e. the filing of a complete application.</li> <li>• Respond to all arguments and evidence presented during review.</li> <li>• Bears the burden of proof.</li> </ul>	<ul style="list-style-type: none"> <li>• Administer the land use process (issue staff reports and notices)</li> <li>• Advise and assist decision makers</li> <li>• Educate and assist the public</li> <li>• Know the laws, comprehensive plan and regulations</li> <li>• Work as a team providing technical advice.</li> </ul>	<ul style="list-style-type: none"> <li>• Entitled to notice and an opportunity to participate consistent with adopted procedures.</li> <li>• Raise concerns in the framework of the applicable approval criteria.</li> </ul>	<ul style="list-style-type: none"> <li>• Reflect community values in making planning policies</li> <li>• Interpret and apply plans and regulations</li> <li>• Educate the public and provide a public forum</li> <li>• Do homework</li> <li>• Treat staff and elected officials with professionalism and respect.</li> <li>• Be courageous and don't avoid hard decisions.</li> </ul>

# RIGHT TO AN IMPARTIAL TRIBUNAL:

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## **Decisions must be based on the testimony and evidence that is part of the record:**

Disclose the substance of an ex parte contacts on the record giving the public an opportunity to question decision-maker further.

•Ex parte contacts are facts gleaned outside the record from:

- Media reports
- Neighborhood meetings, blogs or list serves
- Site visits
- Personal or Professional Experience

•An objection must be made in order to preserve a challenge at LUBA on that basis.

## **Decision-makers must be free of actual bias:**

•“Actual Bias” – Bias exists if the decision was the produce of positive or negative bias rather than an independent review of the facts and law. *Rosenzweig v. McMinnville*.

## **Decision-makers may not have any actual conflict of interest:**

•No actual conflict of interest - If the decision will have a direct pecuniary benefit or detriment to the decision-maker or a family member of the decision-maker, the decision-maker may not participate.

•Potential conflict of interest – Announce and determine whether to participate.

•In addition to appeal issues, can result in personal liability for the official (fines plus up to 2x the financial gain (call OGEC)

# PUBLIC MEETINGS AND RECORDS REQUIREMENTS

**“Public Meeting”** – Majority or a quorum “deliberating to a decision” – may include meeting substitutes such as conference calls or emails.

- General rule is that they are open to the public
- Notice and minutes
- Enforcement
- Public meeting vs public hearing differences

**“Public Records”** – Almost any writing, data storage or other record relating to city business.

- Work done on private e-mail accounts, personally purchased computers and hand-held devices might be a public record.
- Avoid commenting on instant messaging or chat rooms unless mechanism to capture this information.
- When in doubt, ask the City Recorder for help

# DELIBERATION AND THE DECISION

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DETERMINATION OF WHETHER THE APPLICANT HAS MET ITS BURDEN TO SHOW THAT THE APPLICABLE STANDARDS ARE SATISFIED:

**Identify and interpret** the applicable approval criteria – Give meaning to ambiguous standards using the text, taken in context, along with the the purpose or policy for the provision,

**Adequate Findings - Identify the facts (evidence)** in the record that **lead to a conclusion** that the criterion is satisfied or not -

- Personal knowledge is not evidence in the record – put personal feelings aside
- Denial of an application cannot be based on facts not in the record
- Where there is conflicting evidence, state why certain evidence is more reliable, credible or entitled to greater weight;

**Conditions of Approval** – may be attached to ensure that all applicable approval standards are or can be met.

# INTERPRET DISCRETIONARY CRITERIA:

One of the criteria for a conditional use permit requires a finding that:

“The location and design of the site and structures for the proposal will be as attractive as the nature of the use and its setting warrants” MZO 17.74.030.D

How “attractive” does the use and its setting have to be?

- Does determining what the setting warrants based on current conditions or might include planned future changes?
- What does “attractive” mean?
- From whose perspective is this viewed?

Hearing participants must have an opportunity to know of the City’s interpretation of standards and to provide evidence to show that the criterion is satisfied while the record is open. *Botts Marsh v. City of Wheeler*

# QJ DECISIONS MUST BE EXPLAINED: WRITTEN FINDINGS BASED ON SUBSTANTIAL EVIDENCE

- If criterion is not applicable, explain why it is not applicable;
- Where there is conflicting evidence in the record, state why certain evidence is more reliable, credible or entitled to greater weight;
- LUBA standard of review for substantial evidence: Could a reasonable person looking at all of the evidence in the record come to the same conclusion?

# CONDITIONS OF APPROVAL – NEXUS AND PROPORTIONALITY IN EXACTIONS

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- Legal term used to describe a direct connection between a condition of approval and the impact created by the proposal.
- The nexus must be related to the Approval Criteria and must be explained in the findings.
- The nexus must also show that the requirement of the condition is of the same weight as the expected impact.



# RECOMMENDATIONS FOR EFFECTIVE PARTICIPATION

- **Try to avoid ex parte contacts or evidence**, be aware and prepared to disclose.
- **Be attentive and prepared** – It is unfair to the applicant and participants to act on issues without adequate preparation.
- **Don't be afraid to ask questions** but keep them focused and directed on the approval criteria and/or the evidence in the record.
- **Focus on issues and don't make assumptions about what you hear** – Ask open ended questions and perhaps start with a summary or paraphrase of what you hear as a framework for the question.
- **Don't make up your mind before hand – Avoid prejudgment**– Saying that “this project will increase traffic” implies that a decision is already made. Instead say “this project might increase traffic.”
- **Don't be afraid to disagree** – Sharing perspectives ensures a decision that in the City's best interest.

# QUESTIONS?

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## Additional Resources:

- Oregon land use training info:  
<https://www.oregonlandusetraining.info/>
- OGEC Guide for Public Officials (for conflicts of interest and other ethics issues): <https://www.oregon.gov/ogec/pages/guide-for-public-officials.aspx>

**Carrie A. Richter, Bateman Seidel**  
**Telephone: (503) 972-9903**  
**Email: [crichter@batemanseidel.com](mailto:crichter@batemanseidel.com)**

# PROCLAMATION

**Whereas,** Lemonade Day is a fun, free experiential learning program that launched in Houston, Texas in 2007, and has grown from 2,700 kids in one city to over 1 million kids in cities across America and Canada; and

**Whereas,** there are 450 kids in McMinnville and surrounding communities who will be learning how to be young entrepreneurs by opening and operating their own businesses – a lemonade stand; and

**Whereas,** the community’s business leaders are supporting and encouraging these young entrepreneurs to be brave and do big things; and

**Whereas,** since its inception, Lemonade Day has provided access to the experience of business ownership to youth from all walks of life who learn lifelong skills and principles while learning how to make money where they are encouraged to “spend a little, save a little, and share a little”; and

**Whereas,** the mission of Lemonade Day is to empower today’s youth to become tomorrow’s entrepreneurs;

**Now, therefore, I, Remy Drabkin,** Mayor of the City of McMinnville, Oregon, do hereby proclaim Saturday, August 17th, 2024, as

**LEMONADE DAY**




in McMinnville. We urge all citizens to recognize and encourage our kids’ efforts as they learn about being young entrepreneurs while they open and operate their own businesses.

**In Witness Whereof,** I have hereunto set my hand and caused the official Seal of the City of McMinnville to be affixed this 13th day of August, 2024.

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Remy Drabkin, Mayor

ENTERED INTO THE RECORD  
DATE RECEIVED: 08/13/2024  
SUBMITTED BY: Ramsey McPhillips  
SUBJECT: Public Comment - Agenda Item  
8.a. Resolution No. 2024-45

**From:** [Ramsey McPhillips](#)  
**To:** [City Recorder Team](#)  
**Cc:** [Steve Iversen](#); [Linda Werner](#); [Jeri White](#); [Olivia Rovang](#); [Susan Allen](#); [Gerry Hunter](#);   
**Subject:** Comments for Council meeting 8/13/24  
**Date:** Tuesday, August 13, 2024 11:34:41 AM  
**Attachments:** [We sent you safe versions of your files.msg](#)  
[Recology rate increase 81324.docx](#)

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Mimecast Attachment Protection has deemed this file to be safe, but always exercise caution when opening files.

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**This message originated outside of the City of McMinnville.**

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Please include this in tonight's agenda packet for Mayor Drabkin and the Council Members.

Thank you.

Ramsey McPhillips



August 13<sup>th</sup>, 2024

Dear Mayor Drabkin and McMinnville City Council Members,

I apologize for not being at tonight's Council meeting. I will be at an important Coffin Butte Landfill meeting in Corvallis. My comments on approving the Recology rate increase are brief.

Zero Waste McMinnville is concerned that the very outdated Franchise Agreement between Recology and the City exposes the fact that Recology is asking for an increase for services that do not include revenue to manage advances in Oregon's newly mandated recycling system laws. Frankly, is a 4.7% increase enough, given that McMinnville will be required to provide the ratepayer with a myriad of new recycling requirements/options by July 2025?

We do not protest the rate increase. We protest the rate increase does not align with what McMinnville has long stived to be, a Zero Waste city. Our commitment to this cause includes food waste collection, C&D diversion, and eliminating plastic in our community.

I did a very quick regional garbage rate comparison... mind you, this is not scientific... but I found many communities in Oregon that offer more comprehensive solid waste services at lower rates than Recology here in McMinnville. It seems that only if you conduct a rigorous analysis of what McMinnville's vision for solid waste services can and should be will Recology's rate increases be properly justified.

Give Recology their rate increase contingent on a thorough overhaul of the 2009 Franchise Agreement, including food waste collection, C&D diversion, and eliminating plastic in McMinnville. Come on it will be fun! I have a trillion flies just waiting to meet you in my barn and Lane County has broken ground on the most sophisticated Material Recovery Recycling Facility in the country thereby proving wonderful advances in solid waste are underfoot.

Thank you for your time and consideration. We appreciate your dedication to this important issue!

Ramsey McPhillips  
President  
Zero Waste McMinnville

# **Introduction to CPACE (Commercial Property Assessed Clean Energy)**

Energy Efficiency and Sustainability in McMinnville

August 13, 2024

Patty Herzog

# What is CPACE?

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## Definition:

CPACE is a financing mechanism that helps commercial property owners fund energy efficiency, renewable energy, and water conservation improvements.

## How It Works:

Property owners repay the funding through a special assessment on their property tax bill over an extended term (typically 10-30 years).

# Features of CPACE

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**Long-Term Financing:** Up to 30 years, aligned with the lifespan of improvements.

**No Upfront Costs:** Financing covers 100% of the project costs.

**Transferable:** Assessment stays with the property if it is sold.

**Low Interest Rates:** Competitive rates compared to traditional financing options.



# How CPACE Works

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- 1. Project Identification:** Property owner identifies and plans energy improvements.
- 2. Approval Process:** Local government approves the CPACE financing program.
- 3. Financing:** Funds are secured from private lenders.
- 4. Improvements:** Contractor completes the energy upgrades.
- 5. Repayment:** Property owner repays the financing through property tax assessments.

Added on 08.14.2024  
4 of 12

# Stakeholder Roles

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**City Council:** Approving and supporting the establishment of the CPACE program.

**Local Businesses:** Engaging in energy improvements and benefiting from cost savings.

**Financial Institutions:** Providing the necessary capital for CPACE projects.

**Community:** Gaining from increased sustainability and economic development.

# What is Eligible?

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Eligible improvements must be **permanently affixed to the property** and meet at least one of the following requirements:

- Lower the property's energy consumption
- Generate renewable energy
- Enable on-site storage of renewable energy
- Create or improve the property's capacity to charge electric vehicles
- Lower the property's water consumption
- Improve the seismic resiliency of the building

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- Create or improve the property's capacity to charge electric vehicles
- Lower the property's water consumption
- Improve the seismic resiliency of the building



# Model CPACE Process

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1. Local government enacts Resolution authorizing creation of program and designating appropriate department to be administrator to handle applications.
2. Resolution approves Program Guide and draft documents that set legal parameters for program (Program Guide and legal documents to be provided to local government) In most communities where programs are handled in-house, it is either a department or office of: Community Development, Planning, Building, Economic Development
3. Applications are handled via Project Application Checklist (PAC) that must be filled out by the Property owner and Capital Provider
4. Applications utilizing the PAC take approximately 3-5 hours to review and process by administrator
5. Upon approval, notifies property owner and capital provider to furnish completed legal documents to finalize transaction
6. Municipality may charge a processing fee for an approved application and document processing. Suggested fee: 1% of C-PACE financing capped at \$15,000.

Added on 08/14/2024  
8 of 12

# **Benefits for McMinnville**

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**Economic Growth:** Attracts and supports local businesses, fostering economic growth and job creation.

**Long-Term Financial Savings:** Enables property owners to reduce energy costs and improve efficiency.

**Environmental Impact:** Reduces carbon emissions and supports McMinnville's environmental goals.

**Increased Property Value:** Enhances the value of commercial properties through energy upgrades.

# CPACE Adoption

- 36 states and the District of Columbia
- Oregon enacted C-PACE programs by statute in 2015.
  - ✓ Multnomah County
  - ✓ Deschutes County
  - ✓ Washington County
  - ✓ City of Tigard
  - ✓ Hood River County
  - ✓ Sherman County





# Summary

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**Stimulates Local Economy:** CPACE financing attracts businesses by reducing their upfront costs for energy efficiency and renewable energy projects. This can lead to increased business activity, job creation, and local economic growth.

**Enhances Property Values:** By improving energy efficiency and sustainability, CPACE projects can boost the value of commercial properties, making them more attractive to potential buyers and tenants.

**Promotes Environmental Sustainability:** CPACE helps reduce the carbon footprint of commercial buildings by funding energy-efficient upgrades and renewable energy installations, supporting the city's sustainability goals and climate action plans.

**Offers Long-Term Financial Benefits:** With CPACE, property owners can achieve significant savings on energy costs over time while financing the improvements through a manageable property tax assessment, spread over up to 30 years.

**Aligns with City Goals:** Implementing CPACE aligns with McMinnville's goals for economic development, sustainability, and energy efficiency, helping to position the city as a leader in green innovation.



# Thank You

Final Action:

Approved  Disapproved

## Liquor License Recommendation

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BUSINESS NAME/INDIVIDUAL:

BUSINESS LOCATION ADDRESS:

LIQUOR LICENSE TYPE:

Is the business at this location currently licensed by OLCC

YES

NO

If yes, what is the name of the existing business:

HOURS OF OPERATION:

ENTERTAINMENT:

HOURS OF MUSIC:

SEATING COUNT:

EXEMPTIONS:

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Tritech Records Management System Check:    YES        NO

Criminal Records Check:        YES            NO

Recommended Action:        Approve        Disapprove

*Scott Fessler*

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Chief of Police / Designee

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City Manager / Designee

# LIQUOR LICENSE APPLICATION

Page 1 of 4

Check the appropriate license request option:

[New Outlet](#) |  [Change of Ownership](#) |  [Greater Privilege](#) |  [Additional Privilege](#)

Select the license type you are applying for.

More information about all license types is available [online](#).

## Full On-Premises

- Commercial
- Caterer
- Public Passenger Carrier
- Other Public Location
- For Profit Private Club
- Nonprofit Private Club

## Winery

- Primary location
- Additional locations:  2nd  3rd  4th  5th

## Brewery

- Primary location
- Additional locations:  2nd  3rd

## Brewery-Public House

- Primary location
- Additional locations:  2nd  3rd

## Grower Sales Privilege

- Primary location
- Additional locations:  2nd  3rd

## Distillery

- Primary location
- Additional tasting locations: (Use the DISTT form [HERE](#))

## Limited On-Premises

## Off Premises

## Warehouse

## Wholesale Malt Beverage and Wine

## LOCAL GOVERNMENT USE ONLY

LOCAL GOVERNMENT  
After providing your recommendation, return this form to the applicant **WITH** the recommendation marked below

Name of City OR County (not both)

Please make sure the name of the Local Government is printed legibly or stamped below

Date application received: July 26th, 2024

Optional: Date Stamp Received Below

- Recommend this license be granted
- Recommend this license be denied
- No Recommendation/Neutral

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

Ricochet Wine Company

Trade Name

## Liquor License Recommendation

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BUSINESS NAME/INDIVIDUAL:

BUSINESS LOCATION ADDRESS:

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HOURS OF OPERATION:

ENTERTAINMENT:

HOURS OF MUSIC:

SEATING COUNT:

EXEMPTIONS:

---

Tritech Records Management System Check:    YES        NO

Criminal Records Check:        YES            NO

Recommended Action:        Approve        Disapprove



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Chief of Police / Designee

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City Manager / Designee



## OREGON LIQUOR & CANNABIS COMMISSION

# LIQUOR LICENSE APPLICATION

### Instructions

1. **Complete and sign** this application.
2. Prior to submitting this application to the OLCC, send the completed application to **the local government for the premises address** to obtain a recommendation.
  - If the premises street address is within a city’s limits, the local government is the city.
  - If the premises street address is not within a city’s limits, the local government is the county.
3. You can submit the application to the OLCC if:
  1. You have WRITTEN documentation showing the date the local government received the application or;
  2. The local government has provided you their recommendation.

**ALL forms and documents must be a PDF attachment**

4. **Email the PDF application that contains the local government recommendation or proof of submission** to: [OLCC.LiquorLicenseApplication@oregon.gov](mailto:OLCC.LiquorLicenseApplication@oregon.gov).
5. **Do not** include any license fees with your application packet (fees will be collected at a later time).  
*When it’s time to pay the license fee you must pay the full yearly fee for the current license year (the license fee will not be prorated). If you pay in the last quarter of your license year you must also pay the yearly fee for the next license year.*

**License Request Options** - Please see the general definitions of the license request options below:

- **New Outlet:** The licensing of a business that does not currently hold an active liquor license.
- **Change of Ownership:** The request to completely change the licensee of record at a licensed business.
- **Greater Privilege:** The request to change from an Off-Premises to a Limited or Full On-Premises Sales license **OR** from a Limited to Full On-Premises Sales license.
- **Additional Privilege:** The licensee currently holds an active liquor license at the premises and that same licensee would like to request to add an **additional** different liquor license type at that same premises location.

### Additional Information

**Applicant Identification:** Please review [OAR 845-006-0301](#) for the definitions of “applicant” and “licensee” and [OAR 845-005-0311](#) to confirm that all individuals or entities with an ownership interest (other than a waivable ownership interest, per OAR 845-005-0311[6]) in the business have been identified as license applicants on this document. If you have a question about whether an individual or entity needs to be listed as an applicant for the license, discuss this with the OLCC staff person assigned to your application.

**Premises Address:** This is the physical location of the business and where the liquor license will be posted.

**Applicant Signature(s):** Each individual listed in the applicant information box on page 2 (entity or individuals applying for the license) must sign the application.

If an applicant listed in the applicant information box on page 2 is an entity (such as a corporation or limited liability company), at least one member or officer of the entity must sign the application.

**Applicant/Licensee Representative(s):** In order to make changes to a license or application or to receive information about a license or application by someone other than the applicant/licensee you must:

- Complete the [Authorized Representative Form](#) designating a person/entity to act on your behalf and submit with the application.

# LIQUOR LICENSE APPLICATION

Page 1 of 4

Check the appropriate license request option:

[New Outlet](#) |  [Change of Ownership](#) |  [Greater Privilege](#) |  [Additional Privilege](#)

Select the license type you are applying for.

More information about all license types is available [online](#).

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- Primary location
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### Brewery

- Primary location
- Additional locations:  2nd  3rd

### Brewery-Public House

- Primary location
- Additional locations:  2nd  3rd

### Grower Sales Privilege

- Primary location
- Additional locations:  2nd  3rd

### Distillery

- Primary location
- Additional tasting locations: (Use the DISTT form [HERE](#))

### Limited On-Premises

### Off Premises

### Warehouse

### Wholesale Malt Beverage and Wine

## LOCAL GOVERNMENT USE ONLY

LOCAL GOVERNMENT  
After providing your recommendation, return this form to the applicant **WITH** the recommendation marked below

Name of City OR County (not both)

Please make sure the name of the Local Government is printed legibly or stamped below

Date application received: August 1, 2024

Optional: Date Stamp Received Below

- Recommend this license be granted
- Recommend this license be denied
- No Recommendation/Neutral

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

Rojas Martinez Wines

Trade Name



City of McMinnville  
Public Works Department  
3500 NE Clearwater Drive  
McMinnville, Oregon 97128  
(503)434-7313  
[www.mcminnvilleoregon.gov](http://www.mcminnvilleoregon.gov)

## STAFF REPORT

**DATE:** July 22, 2024  
**TO:** Jeff Towery, City Manager  
**CC:** Geoffrey Hunsaker, Public Works Director  
**FROM:** Joe Rinkes, Conveyance System Maintenance Supervisor  
**SUBJECT:** Purchase of Backhoe for the Wastewater Services Division

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### **Report in Brief:**

This action is the consideration of a resolution to award a contract in the amount of \$146,569.40 to Pape Machinery for the purchase of a 2024 John Deere 310 P-Tier backhoe using Sourcewell Contract #011723-JDC.

### **Background:**

The FY25 Wastewater Capital Fund (77) includes funding for the purchase of a 2024 backhoe / loader.

The Wastewater Service Division currently uses a 1978 backhoe for activities such as sanitary sewer and storm system repairs, debris loading, vehicle loading and unloading, equipment loading and unloading, emergency response, snow and ice removal, and facility maintenance. Additionally, the 1978 backhoe is currently out of commission and the Wastewater Services Division relies on borrowing a backhoe from the Operations Division when one is available.

### **Discussion:**

The Wastewater Services Division requested quotes for a 100-horsepower backhoe/loader with enclosed cab, loader hydraulic quick coupler, 48" smooth tooth landscape bucket, lifting forks attachment, hydraulic backhoe thumb, and hoe compactor. The specifications were developed to foster competition among different backhoe manufacturers.

Three quotes using Sourcewell Contracts were received:

Vendor	Equipment	Total Quote
Pape Machinery	John Deere 310 P	\$146,569.40
Sonsray Machinery	Case 580SN	\$154,330.81
Peterson CAT	Caterpillar 420 DCA3C	\$178,308.38

The low bid, provided by Pape Machinery, was deemed complete and the bid of \$146,569.40 is the lowest responsible and responsive bid.

Since the Operations Division currently has a John Deere Backhoe, quotes for the following interchangeable accessories: 3-way front bucket, front clam shell claw, and 36" & 24" rear hoe buckets were not requested.

**Fiscal Impact:**

The Adopted FY25 budget includes \$200,000 in the Wastewater Capital Fund (77) for the purchase of a backhoe for Wastewater Services. Using the State procurement contract, the total price is \$146,569.40.

**Attachments:**

1. Resolution No. 2024-46
2. Pape John Deere Quote
3. Sourcewell Contract 011723-JDC
4. Sourcewell Contract Discount

**Recommendation:**

Staff recommends that the City Council adopt the attached resolution awarding the contract for the purchase of a 2024 backhoe in the amount of \$146,569.40, to Pape Machinery.



**RESOLUTION NO. 2024-46**

A resolution authorizing the City Manager to enter into an agreement with Pape Machinery for the purchase of a 2024 John Deere 310 P-Tier Backhoe

**RECITALS:**

**Whereas**, Wastewater Services current backhoe is a 1978 model and is no longer in operation; and

**Whereas**, Based on the estimated cost of a replacement, Public Works undertook a Request for Quotes under ORS 279B.070; and

**Whereas**, Three different quotes were received: Pape Machinery (\$146,569.40), Sonsray Machinery (\$154,330.81), and Peterson CAT (\$178,308.38); and

**Whereas**, the Pape Machinery quote was the lowest responsive bid from a responsible bidder; and

**Whereas**, Funding for this backhoe is included in the adopted FY25 Wastewater Services Capital Fund (77). The amount of the budget is \$200,000. The quote from Pape Machinery of \$146,569.40 is under budget.

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF MCMINNVILLE, OREGON, as follows:**

1. The City Manager is authorized to execute a purchase agreement with Pape Machinery for the purchase of a 2024 John Deere 310 P-Tier Backhoe in the amount of \$146,569.40
2. That this resolution shall take effect immediately upon passage and shall continue in full force and effect until modified, revoked, or replaced.

Adopted by the Common Council of the City of McMinnville at a regular meeting held the 13th day of August 2024 by the following votes:

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_

Approved this 13th day of August 2024.

\_\_\_\_\_  
MAYOR

Approved as to form:

Attest:

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
City Recorder

**Quote Id:** 30466809

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Prepared For:  
**CITY OF MCMINNVILLE**

Prepared By: **BURKE ELLIS**

Pape Machinery, Inc.  
1425 Ne Columbia Blvd  
Portland, OR 97211

Tel: 503-289-1103  
Fax: 503-283-4549  
Email: [buellis@papemachinery.com](mailto:buellis@papemachinery.com)

Date: 01 March 2024

Offer Expires: 30 August 2024

Quote Id: 30466809

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01 March 2024

CITY OF MCMINNVILLE  
230 NE 2ND ST  
MCMINNVILLE, OR 97128

### **Sourcewell Contract #011723-JDC**

Sourcewell contract list price for a new 2024 John Deere 310 P-Tier backhoe as specified on this quote with enclosed cab, John Deere 4.5L FT4 (100HP) Engine, AM/FM Radio, Powershift Transmission with MFWD with limited slip differential, auxiliary hydraulics two way flow for use with thumb/compactor, switchable Pilot controls (backhoe & excavator pattern), 37" hydraulic thumb, 92" general purpose coupler loader bucket, 42" smooth edge backhoe bucket, 60" x 48" quick coupler utility forks, etc. is \$256,140.35 Sourcewell discount off of list price is 43% for John Deere 310 P-Tier backhoes. Net sale price is \$146,000.00. This includes additional costs not specified on Sourcewell contract factory freight (\$4,500), PDI (\$1,500), Delivery (\$750), Hydraulic Thumb Installation (\$2000) & Compactor Attachment (\$9,200). Sale price as specified by the City of McMinnville is \$146,000 plus Oregon Commercial Activity Tax (CAT Tax 0.039%) \$569.40 Total sale price is \$146,569.40

BURKE ELLIS  
503-289-1103  
Pape Machinery, Inc.

**Quote Summary**

**Prepared For:**  
 CITY OF MCMINNVILLE  
 230 NE 2ND ST  
 MCMINNVILLE, OR 97128  
 Business: 503-434-7301  
 LIZ.FLISZAR@MCMINNVILLEOREGON.GOV

**Prepared By:**  
 BURKE ELLIS  
 Pape Machinery, Inc.  
 1425 Ne Columbia Blvd  
 Portland, OR 97211  
 Phone: 503-289-1103  
 buellis@papemachinery.com

*This sale is subject to Papé's Terms and Conditions of Sale effective on the date hereof, which are incorporated in full by this reference. The Terms and Conditions of Sale are available at [www.pape.com/terms](http://www.pape.com/terms), and will also be sent by mail or e-mail to the purchaser upon request.*

**Quote Id:** 30466809  
**Created On:** 01 March 2024  
**Last Modified On:** 27 June 2024  
**Expiration Date:** 30 August 2024

<b>Equipment Summary</b>	<b>Selling Price</b>	<b>Qty</b>	<b>Extended</b>
JOHN DEERE 310 P-Tier Backhoe Loader	\$ 146,000.00 X	1 =	\$ 146,000.00
<b>Equipment Total</b>			<b>\$ 146,000.00</b>

<b>Quote Summary</b>	
Equipment Total	\$ 146,000.00
SubTotal	\$ 146,000.00
State Tax - (0.39%)	\$ 569.40
<b>Total</b>	<b>\$ 146,569.40</b>
Down Payment	(0.00)
Rental Applied	(0.00)
<b>Balance Due</b>	<b>\$ 146,569.40</b>

Salesperson : X \_\_\_\_\_

Accepted By : X \_\_\_\_\_

# Selling Equipment

**Quote Id:** 30466809

**Customer:** CITY OF MCMINNVILLE

## JOHN DEERE 310 P-Tier Backhoe Loader

**Hours:**
**Stock Number:**

Code	Description	Qty
17B0T	310 P-tier Backhoe Loader	1
<b>Standard Options - Per Unit</b>		
183E	JDLink™	1
0202	United States	1
0259	English	1
0351	Translated Text Labels	1
1003	Cab	1
3005	Powershift Transmission - Mechanical Front Wheel Drive (MFWD) with Limited Slip Differential	1
4006	John Deere 4.5L - FT4/Stage IV	1
5245	Galaxy 19.5L-24 12PR Rear & 12.5/80-18 10PR Front	1
6152	Single Battery with Disconnect and Jump Post	1
6572	Heavy-Duty Bumper - For Machines without a Front Counterweight	1
6751	Standard Dipperstick	1
7002	Auxiliary Hydraulics with One & Two Way Flow (Hammer & Thumb/Swinger)	1
7028	Pilot Controls, Two Lever, with Pattern Selection	1
7041	Loader Coupler, Three-Function Hydraulics, Single Lever	1
7706	Multi-Brand Quick Coupler - 37 in. Thumb Ready	1
7800	Less Backhoe Bucket with Bucket Pins	1
7860	92 in. (2.35 m.) General Purpose Coupler Bucket, 1.39 cu. yd. (1.06 cu. m.)	1
8025	Thumb - 37 in. 4 Tine	1
8096	Premium Mirror Option - Exterior Rear View Mirrors (2) and Front View Mirror (1)	1
8182	Radio, Bosch Basic Package	1
8207	Seat, Cloth Air-Suspension	1
8226	Strobe Light with Magnetic Mount	1
<b>Dealer Attachments</b>		

# Selling Equipment

**Quote Id:** 30466809**Customer:** CITY OF MCMINNVILLE

310P	48" Clean Up Backhoe Bucket (PSM)	1
310P	BTI TC92V Compactor Attachment s/n AT10275	1
310P	60" x 48" Quick Coupler Utility Forks (PSM)	1

emptyString

**Solicitation Number: RFP # 011723****CONTRACT**

This Contract is between Sourcewell, 202 12th Street Northeast, P.O. Box 219, Staples, MN 56479 (Sourcewell) and John Deere Construction Retail Sales a division of John Deere Shared Services LLC, DBA John Deere Construction Retail Sales, 1300 River Drive, Moline, IL 61265 (Supplier).

Sourcewell is a State of Minnesota local government unit and service cooperative created under the laws of the State of Minnesota (Minnesota Statutes Section 123A.21) that offers cooperative procurement solutions to government entities. Participation is open to eligible federal, state/province, and municipal governmental entities, higher education, K-12 education, nonprofit, tribal government, and other public entities located in the United States and Canada. Sourcewell issued a public solicitation for Heavy Construction Equipment with Related Attachments and Technology from which Supplier was awarded a contract.

Supplier desires to contract with Sourcewell to provide equipment, products, or services to Sourcewell and the entities that access Sourcewell's cooperative purchasing contracts (Participating Entities).

**1. TERM OF CONTRACT**

- A. **EFFECTIVE DATE.** This Contract is effective upon the date of the final signature below.
- B. **EXPIRATION DATE AND EXTENSION.** This Contract expires April 14, 2027, unless it is cancelled sooner pursuant to Article 22. This Contract may be extended one additional year upon the request of Sourcewell and written agreement by Supplier.
- C. **SURVIVAL OF TERMS.** Notwithstanding any expiration or termination of this Contract, all payment obligations incurred prior to expiration or termination will survive, as will the following: Articles 11 through 14 survive the expiration or cancellation of this Contract. All other rights will cease upon expiration or termination of this Contract.

**2. EQUIPMENT, PRODUCTS, OR SERVICES**

- A. **EQUIPMENT, PRODUCTS, OR SERVICES.** Supplier will provide the Equipment, Products, or Services as stated in its Proposal submitted under the Solicitation Number listed above.



Supplier's Equipment, Products, or Services Proposal (Proposal) is attached and incorporated into this Contract.

All Equipment and Products provided under this Contract must be new and the current model. Supplier may offer close-out or refurbished Equipment or Products if they are clearly indicated in Supplier's product and pricing list. Unless agreed to by the Participating Entities in advance, Equipment or Products must be delivered as operational to the Participating Entity's site.

This Contract offers an indefinite quantity of sales, and while substantial volume is anticipated, sales and sales volume are not guaranteed.

B. **WARRANTY.** Supplier warrants that all Equipment, Products, and Services furnished are free from liens and encumbrances, and are free from defects in design, materials, and workmanship. In addition, Supplier warrants the Equipment, Products, and Services are suitable for and will perform in accordance with the ordinary use for which they are intended. Supplier's dealers and distributors must agree to assist the Participating Entity in reaching a resolution in any dispute over warranty terms with the manufacturer. Any manufacturer's warranty that extends beyond the expiration of the Supplier's warranty will be passed on to the Participating Entity.

C. **DEALERS, DISTRIBUTORS, AND/OR RESELLERS.** Upon Contract execution and throughout the Contract term, Supplier must provide to Sourcewell a current means to validate or authenticate Supplier's authorized dealers, distributors, or resellers relative to the Equipment, Products, and Services offered under this Contract, which will be incorporated into this Contract by reference. It is the Supplier's responsibility to ensure Sourcewell receives the most current information.

### 3. PRICING

All Equipment, Products, or Services under this Contract will be priced at or below the price stated in Supplier's Proposal.

When providing pricing quotes to Participating Entities, all pricing quoted must reflect a Participating Entity's total cost of acquisition. This means that the quoted cost is for delivered Equipment, Products, and Services that are operational for their intended purpose, and includes all costs to the Participating Entity's requested delivery location.

Regardless of the payment method chosen by the Participating Entity, the total cost associated with any purchase option of the Equipment, Products, or Services must always be disclosed in the pricing quote to the applicable Participating Entity at the time of purchase.

A. **SHIPPING AND SHIPPING COSTS.** All delivered Equipment and Products must be properly packaged. Damaged Equipment and Products may be rejected. The John Deere Warranty Statement describes covered items and services when returning Damaged Equipment and

Products. Participating Entities reserve the right to inspect the Equipment and Products at a reasonable time after delivery where circumstances or conditions prevent effective inspection of the Equipment and Products at the time of delivery. In the event of the delivery of nonconforming Equipment and Products, the Participating Entity will notify the Supplier as soon as possible and the Supplier will replace nonconforming Equipment and Products with conforming Equipment and Products that are acceptable to the Participating Entity.

Sourcwell may declare the Supplier in breach of this Contract if the Supplier intentionally delivers substandard or inferior Equipment or Products.

B. SALES TAX. Each Participating Entity is responsible for supplying the Supplier with valid tax-exemption certification(s). When ordering, a Participating Entity must indicate if it is a tax-exempt entity.

C. HOT LIST PRICING. At any time during this Contract, Supplier may offer a specific selection of Equipment, Products, or Services at discounts greater than those listed in the Contract. When Supplier determines it will offer Hot List Pricing, it must be submitted electronically to Sourcwell in a line-item format. Equipment, Products, or Services may be added or removed from the Hot List at any time through a Sourcwell Price and Product Change Form as defined in Article 4 below.

Hot List program and pricing may also be used to discount and liquidate close-out and discontinued Equipment and Products as long as those close-out and discontinued items are clearly identified as such. Current ordering process and administrative fees apply. Hot List Pricing must be published and made available to all Participating Entities.

#### **4. PRODUCT AND PRICING CHANGE REQUESTS**

Supplier may request Equipment, Product, or Service changes, additions, or deletions at any time. All requests must be made in writing by submitting a signed Sourcwell Price and Product Change Request Form to the assigned Sourcwell Supplier Development Administrator. This approved form is available from the assigned Sourcwell Supplier Development Administrator. At a minimum, the request must:

- Identify the applicable Sourcwell contract number;
- Clearly specify the requested change;
- Provide sufficient detail to justify the requested change;
- Individually list all Equipment, Products, or Services affected by the requested change, along with the requested change (e.g., addition, deletion, price change); and
- Include a complete restatement of pricing documentation in Microsoft Excel with the effective date of the modified pricing, or product addition or deletion. The new pricing restatement must include all Equipment, Products, and Services offered, even for those items where pricing remains unchanged.

A fully executed Sourcewell Price and Product Request Form will become an amendment to this Contract and will be incorporated by reference.

## **5. PARTICIPATION, CONTRACT ACCESS, AND PARTICIPATING ENTITY REQUIREMENTS**

A. PARTICIPATION. Sourcewell's cooperative contracts are available and open to public and nonprofit entities across the United States and Canada; such as federal, state/province, municipal, K-12 and higher education, tribal government, and other public entities.

The benefits of this Contract should be available to all Participating Entities that can legally access the Equipment, Products, or Services under this Contract. A Participating Entity's authority to access this Contract is determined through its cooperative purchasing, interlocal, or joint powers laws. Any entity accessing benefits of this Contract will be considered a Service Member of Sourcewell during such time of access. Supplier understands that a Participating Entity's use of this Contract is at the Participating Entity's sole convenience and Participating Entities reserve the right to obtain like Equipment, Products, or Services from any other source.

Supplier is responsible for familiarizing its sales and service forces with Sourcewell contract use eligibility requirements and documentation and will encourage potential participating entities to join Sourcewell. Sourcewell reserves the right to add and remove Participating Entities to its roster during the term of this Contract.

B. PUBLIC FACILITIES. Supplier's employees may be required to perform work at government-owned facilities, including schools. Supplier's employees and agents must conduct themselves in a professional manner while on the premises, and in accordance with Participating Entity policies and procedures, and all applicable laws.

## **6. PARTICIPATING ENTITY USE AND PURCHASING**

A. ORDERS AND PAYMENT. To access the contracted Equipment, Products, or Services under this Contract, a Participating Entity must clearly indicate to Supplier that it intends to access this Contract; however, order flow and procedure will be developed jointly between Sourcewell and Supplier. Typically, a Participating Entity will issue an order directly to Supplier or its authorized subsidiary, distributor, dealer, or reseller. If a Participating Entity issues a purchase order, it may use its own forms, but the purchase order should clearly note the applicable Sourcewell contract number. All Participating Entity orders under this Contract must be issued prior to expiration or cancellation of this Contract; however, Supplier performance, Participating Entity payment obligations, and any applicable warranty periods or other Supplier or Participating Entity obligations may extend beyond the term of this Contract.

Supplier's acceptable forms of payment are included in its attached Proposal. Participating Entities will be solely responsible for payment and Sourcewell will have no liability for any unpaid invoice of any Participating Entity.

B. **ADDITIONAL TERMS AND CONDITIONS/PARTICIPATING ADDENDUM.** Additional terms and conditions to a purchase order, or other required transaction documentation, may be negotiated between a Participating Entity and Supplier, such as job or industry-specific requirements, legal requirements (e.g., affirmative action or immigration status requirements), or specific local policy requirements. Some Participating Entities may require the use of a Participating Addendum, the terms of which will be negotiated directly between the Participating Entity and the Supplier or its authorized dealers, distributors, or resellers, as applicable. Any negotiated additional terms and conditions must never be less favorable to the Participating Entity than what is contained in this Contract.

C. **SPECIALIZED SERVICE REQUIREMENTS.** In the event that the Participating Entity requires service or specialized performance requirements not addressed in this Contract (such as e-commerce specifications, specialized delivery requirements, or other specifications and requirements), the Participating Entity and the Supplier may enter into a separate, standalone agreement, apart from this Contract. Sourcewell, including its agents and employees, will not be made a party to a claim for breach of such agreement.

D. **TERMINATION OF ORDERS.** Participating Entities may terminate an order, in whole or in part, immediately upon notice to Supplier in the event of any of the following events:

1. The Participating Entity fails to receive funding or appropriation from its governing body at levels sufficient to pay for the equipment, products, or services to be purchased; or
2. Federal, state, or provincial laws or regulations prohibit the purchase or change the Participating Entity's requirements.

E. **GOVERNING LAW AND VENUE.** The governing law and venue for any action related to a Participating Entity's order will be determined by the Participating Entity making the purchase.

## **7. CUSTOMER SERVICE**

A. **PRIMARY ACCOUNT REPRESENTATIVE.** Supplier will assign an Account Representative to Sourcewell for this Contract and must provide prompt notice to Sourcewell if that person is changed. The Account Representative will be responsible for:

- Maintenance and management of this Contract;
- Timely response to all Sourcewell and Participating Entity inquiries; and
- Business reviews to Sourcewell and Participating Entities, if applicable.

B. BUSINESS REVIEWS. Supplier must perform a minimum of one business review with Sourcewell per contract year. The business review will cover sales to Participating Entities, pricing and contract terms, administrative fees, sales data reports, performance issues, supply issues, customer issues, and any other necessary information.

## **8. REPORT ON CONTRACT SALES ACTIVITY AND ADMINISTRATIVE FEE PAYMENT**

A. CONTRACT SALES ACTIVITY REPORT. Each calendar quarter, Supplier must provide a contract sales activity report (Report) to the Sourcewell Supplier Development Administrator assigned to this Contract. Reports are due no later than 45 days after the end of each calendar quarter. A Report must be provided regardless of the number or amount of sales during that quarter (i.e., if there are no sales, Supplier must submit a report indicating no sales were made).

The Report must contain the following fields:

- Participating Entity Name (e.g., City of Staples Highway Department);
- Participating Entity Physical Street Address;
- Participating Entity City;
- Participating Entity State/Province;
- Participating Entity Zip/Postal Code;
- Item Purchased Description;
- Item Purchased Price;
- Sourcewell Administrative Fee Applied; and
- Date Purchase was invoiced/sale was recognized as revenue by Supplier.

B. ADMINISTRATIVE FEE. In consideration for the support and services provided by Sourcewell, the Supplier will pay an administrative fee to Sourcewell on all Equipment, Products, and Services provided to Participating Entities. The Administrative Fee must be included in, and not added to, the pricing. Supplier may not charge Participating Entities more than the contracted price to offset the Administrative Fee. Any state that requires a Sourcewell participating addendum with an additional admin fee, we reserve the right to reduce the list price discount to accommodate this additional fee.

The Supplier will submit payment to Sourcewell for the percentage of administrative fee stated in the Proposal multiplied by the total sales of all Equipment, Products, and Services purchased by Participating Entities under this Contract during each calendar quarter. Payments should note the Supplier's name and Sourcewell-assigned contract number in the memo; and must be mailed to the address above "Attn: Accounts Receivable" or remitted electronically to Sourcewell's banking institution per Sourcewell's Finance department instructions. Payments must be received no later than 45 calendar days after the end of each calendar quarter.

Supplier agrees to cooperate with Sourcewell in auditing transactions under this Contract to ensure that the administrative fee is paid on all items purchased under this Contract.

In the event the Supplier is delinquent in any undisputed administrative fees, Sourcewell reserves the right to cancel this Contract and reject any proposal submitted by the Supplier in any subsequent solicitation. In the event this Contract is cancelled by either party prior to the Contract's expiration date, the administrative fee payment will be due no more than 30 days from the cancellation date.

## **9. AUTHORIZED REPRESENTATIVE**

Sourcewell's Authorized Representative is its Chief Procurement Officer.

Supplier's Authorized Representative is the person named in the Supplier's Proposal. If Supplier's Authorized Representative changes at any time during this Contract, Supplier must promptly notify Sourcewell in writing.

## **10. AUDIT, ASSIGNMENT, AMENDMENTS, WAIVER, AND CONTRACT COMPLETE**

A. **AUDIT.** Pursuant to Minnesota Statutes Section 16C.05, subdivision 5, the books, records, documents, and accounting procedures and practices relevant to this Contract are subject to examination by Sourcewell or the Minnesota State Auditor for a minimum of six years from the end of this Contract. This clause extends to Participating Entities as it relates to business conducted by that Participating Entity under this Contract.

B. **ASSIGNMENT.** Neither party may assign or otherwise transfer its rights or obligations under this Contract without the prior written consent of the other party and a fully executed assignment agreement. Such consent will not be unreasonably withheld. Any prohibited assignment will be invalid.

C. **AMENDMENTS.** Any amendment to this Contract must be in writing and will not be effective until it has been duly executed by the parties.

D. **WAIVER.** Failure by either party to take action or assert any right under this Contract will not be deemed a waiver of such right in the event of the continuation or repetition of the circumstances giving rise to such right. Any such waiver must be in writing and signed by the parties.

E. **CONTRACT COMPLETE.** This Contract represents the complete agreement between the parties. No other understanding regarding this Contract, whether written or oral, may be used to bind either party. For any conflict between the attached Proposal and the terms set out in Articles 1-22 of this Contract, the terms of Articles 1-22 will govern.

F. RELATIONSHIP OF THE PARTIES. The relationship of the parties is one of independent contractors, each free to exercise judgment and discretion with regard to the conduct of their respective businesses. This Contract does not create a partnership, joint venture, or any other relationship such as master-servant, or principal-agent.

### **11. INDEMNITY AND HOLD HARMLESS**

Supplier must indemnify, defend, save, and hold Sourcewell and its Participating Entities, including their agents and employees, harmless from any claims or causes of action, including attorneys' fees incurred by Sourcewell or its Participating Entities, arising out of any act or omission in the performance of this Contract by the Supplier or its agents or employees; this indemnification includes injury or death to person(s) or property alleged to have been caused by some defect in the Equipment, Products, or Services under this Contract to the extent the Equipment, Product, or Service has been used according to its specifications. Sourcewell's responsibility will be governed by the State of Minnesota's Tort Liability Act (Minnesota Statutes Chapter 466) and other applicable law.

### **12. GOVERNMENT DATA PRACTICES**

Supplier and Sourcewell must comply with the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13, as it applies to all data provided by or provided to Sourcewell under this Contract and as it applies to all data created, collected, received, maintained, or disseminated by the Supplier under this Contract.

### **13. INTELLECTUAL PROPERTY, PUBLICITY, MARKETING, AND ENDORSEMENT**

#### **A. INTELLECTUAL PROPERTY**

1. *Grant of License.* During the term of this Contract:
  - a. Sourcewell grants to Supplier a royalty-free, worldwide, non-exclusive right and license to use the trademark(s) provided to Supplier by Sourcewell in advertising and promotional materials for the purpose of marketing Sourcewell's relationship with Supplier.
  - b. Supplier grants to Sourcewell a royalty-free, worldwide, non-exclusive right and license to use Supplier's trademarks in advertising and promotional materials for the purpose of marketing Supplier's relationship with Sourcewell.
2. *Limited Right of Sublicense.* The right and license granted herein includes a limited right of each party to grant sublicenses to their respective subsidiaries, distributors, dealers, resellers, marketing representatives, and agents (collectively "Permitted Sublicensees") in advertising and promotional materials for the purpose of marketing the Parties' relationship to Participating Entities. Any sublicense granted will be subject to the terms and conditions of this Article. Each party will be responsible for any breach of this Article by any of their respective sublicensees.
3. *Use; Quality Control.*

- a. Neither party may alter the other party's trademarks from the form provided and must comply with removal requests as to specific uses of its trademarks or logos.
- b. Each party agrees to use, and to cause its Permitted Sublicensees to use, the other party's trademarks only in good faith and in a dignified manner consistent with such party's use of the trademarks. Upon written notice to the breaching party, the breaching party has 30 days of the date of the written notice to cure the breach or the license will be terminated.

4. *Termination.* Upon the termination of this Contract for any reason, each party, including Permitted Sublicensees, will have 30 days to remove all Trademarks from signage, websites, and the like bearing the other party's name or logo (excepting Sourcewell's pre-printed catalog of suppliers which may be used until the next printing). Supplier must return all marketing and promotional materials, including signage, provided by Sourcewell, or dispose of it according to Sourcewell's written directions.

B. **PUBLICITY.** Any publicity regarding the subject matter of this Contract must not be released without prior written approval from the Authorized Representatives. Publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Supplier individually or jointly with others, with respect to the program, publications, or services provided resulting from this Contract.

C. **MARKETING.** Any direct advertising, marketing, or offers with Participating Entities must be approved by Sourcewell. Send all approval requests to the Sourcewell Supplier Development Administrator assigned to this Contract.

D. **ENDORSEMENT.** The Supplier must not claim that Sourcewell endorses its Equipment, Products, or Services.

#### **14. GOVERNING LAW, JURISDICTION, AND VENUE**

The substantive and procedural laws of the State of Minnesota will govern this Contract. Venue for all legal proceedings arising out of this Contract, or its breach, must be in the appropriate state court in Todd County, Minnesota or federal court in Fergus Falls, Minnesota.

#### **15. FORCE MAJEURE**

Neither party to this Contract will be held responsible for delay or default caused by acts of God or other conditions that are beyond that party's reasonable control. A party defaulting under this provision must provide the other party prompt written notice of the default.



## 16. SEVERABILITY

If any provision of this Contract is found by a court of competent jurisdiction to be illegal, unenforceable, or void then both parties will be relieved from all obligations arising from that provision. If the remainder of this Contract is capable of being performed, it will not be affected by such determination or finding and must be fully performed.

## 17. PERFORMANCE, DEFAULT, AND REMEDIES

A. **PERFORMANCE.** During the term of this Contract, the parties will monitor performance and address unresolved contract issues as follows:

1. *Notification.* The parties must promptly notify each other of any known dispute and work in good faith to resolve such dispute within a reasonable period of time. If necessary, Sourcewell and the Supplier will jointly develop a short briefing document that describes the issue(s), relevant impact, and positions of both parties.
2. *Escalation.* If parties are unable to resolve the issue in a timely manner, as specified above, either Sourcewell or Supplier may escalate the resolution of the issue to a higher level of management. The Supplier will have 30 calendar days to cure an outstanding issue.
3. *Performance while Dispute is Pending.* Notwithstanding the existence of a dispute, the Supplier must continue without delay to carry out all of its responsibilities under the Contract that are not affected by the dispute. If the Supplier fails to continue without delay to perform its responsibilities under the Contract, in the accomplishment of all undisputed work, the Supplier will bear any additional costs incurred by Sourcewell and/or its Participating Entities as a result of such failure to proceed.

B. **DEFAULT AND REMEDIES.** Either of the following constitutes cause to declare this Contract, or any Participating Entity order under this Contract, in default:

1. Nonperformance of contractual requirements, or
2. A material breach of any term or condition of this Contract.

The party claiming default must provide written notice of the default, with 30 calendar days to cure the default. Time allowed for cure will not diminish or eliminate any liability for liquidated or other damages. If the default remains after the opportunity for cure, the non-defaulting party may:

- Exercise any remedy provided by law or equity, or
- Terminate the Contract or any portion thereof, including any orders issued against the Contract.

## 18. INSURANCE

A. REQUIREMENTS. At its own expense, Supplier must maintain insurance policy(ies) in effect at all times during the performance of this Contract with insurance company(ies) licensed or authorized to do business in the State of Minnesota having an "AM BEST" rating of A- or better, with coverage and limits of insurance not less than the following:

1. *Workers' Compensation and Employer's Liability.*

Workers' Compensation: As required by any applicable law or regulation.

Employer's Liability Insurance: must be provided in amounts not less than listed below:

Minimum limits:

\$500,000 each accident for bodily injury by accident

\$500,000 policy limit for bodily injury by disease

\$500,000 each employee for bodily injury by disease

2. *Commercial General Liability Insurance.* Supplier will maintain insurance covering its operations, with coverage on an occurrence basis, and must be subject to terms no less broad than the Insurance Services Office ("ISO") Commercial General Liability Form CG0001 (2001 or newer edition), or equivalent. At a minimum, coverage must include liability arising from premises, operations, bodily injury and property damage, independent contractors, products-completed operations including construction defect, contractual liability, blanket contractual liability, and personal injury and advertising injury. All required limits, terms and conditions of coverage must be maintained during the term of this Contract.

Minimum Limits:

\$1,000,000 each occurrence Bodily Injury and Property Damage

\$1,000,000 Personal and Advertising Injury

\$2,000,000 aggregate for products liability-completed operations

\$2,000,000 general aggregate

3. *Commercial Automobile Liability Insurance.* During the term of this Contract, Supplier will maintain insurance covering all owned, hired, and non-owned automobiles in limits of liability not less than indicated below. The coverage must be subject to terms no less broad than ISO Business Auto Coverage Form CA 0001 (2010 edition or newer), or equivalent.

Minimum Limits:

\$1,000,000 each accident, combined single limit

4. *Umbrella Insurance.* During the term of this Contract, Supplier will maintain umbrella coverage over Employer's Liability, Commercial General Liability, and Commercial Automobile.

Minimum Limits:

\$2,000,000

5. *Network Security and Privacy Liability Insurance*. During the term of this Contract, Supplier will maintain coverage for network security and privacy liability. The coverage may be endorsed on another form of liability coverage or written on a standalone policy. The insurance must cover claims which may arise from failure of Supplier's security resulting in, but not limited to, computer attacks, unauthorized access, disclosure of not public data – including but not limited to, confidential or private information, transmission of a computer virus, or denial of service.

Minimum limits:

\$2,000,000 per occurrence

\$2,000,000 annual aggregate

Failure of Supplier to maintain the required insurance will constitute a material breach entitling Sourcewell to immediately terminate this Contract for default.

B. CERTIFICATES OF INSURANCE. Prior to commencing under this Contract, Supplier must furnish to Sourcewell a certificate of insurance, as evidence of the insurance required under this Contract. Prior to expiration of the policy(ies), renewal certificates must be mailed to Sourcewell, 202 12th Street Northeast, P.O. Box 219, Staples, MN 56479 or sent to the Sourcewell Supplier Development Administrator assigned to this Contract. The certificates must be signed by a person authorized by the insurer(s) to bind coverage on their behalf.

Failure to request certificates of insurance by Sourcewell, or failure of Supplier to provide certificates of insurance, in no way limits or relieves Supplier of its duties and responsibilities in this Contract.

C. ADDITIONAL INSURED ENDORSEMENT AND PRIMARY AND NON-CONTRIBUTORY INSURANCE CLAUSE. Supplier agrees to list Sourcewell and its Participating Entities, including their officers, agents, and employees, as an additional insured under the Supplier's commercial general liability insurance policy with respect to liability arising out of activities, "operations," or "work" performed by or on behalf of Supplier, and products and completed operations of Supplier. The policy provision(s) or endorsement(s) must further provide that coverage is primary and not excess over or contributory with any other valid, applicable, and collectible insurance or self-insurance in force for the additional insureds.

D. WAIVER OF SUBROGATION. Supplier waives and must require (by endorsement or otherwise) all its insurers to waive subrogation rights against Sourcewell and other additional insureds for losses paid under the insurance policies required by this Contract or other insurance applicable to the Supplier. The waiver must apply to all deductibles and/or self-insured retentions applicable to the required or any other insurance maintained by the Supplier.

E. UMBRELLA/EXCESS LIABILITY/SELF-INSURED RETENTION. The limits required by this Contract can be met by either providing a primary policy or in combination with umbrella/excess liability policy(ies), or self-insured retention.

## **19. COMPLIANCE**

A. LAWS AND REGULATIONS. All Equipment, Products, or Services provided under this Contract must comply fully with applicable federal laws and regulations, and with the laws in the states and provinces in which the Equipment, Products, or Services are sold.

B. LICENSES. Supplier must maintain a valid and current status on all required federal, state/provincial, and local licenses, bonds, and permits required for the operation of the business that the Supplier conducts with Sourcewell and Participating Entities.

## **20. BANKRUPTCY, DEBARMENT, OR SUSPENSION CERTIFICATION**

Supplier certifies and warrants that it is not in bankruptcy or that it has previously disclosed in writing certain information to Sourcewell related to bankruptcy actions. If at any time during this Contract Supplier declares bankruptcy, Supplier must immediately notify Sourcewell in writing.

Supplier certifies and warrants that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from programs operated by the State of Minnesota; the United States federal government or the Canadian government, as applicable; or any Participating Entity. Supplier certifies and warrants that neither it nor its principals have been convicted of a criminal offense related to the subject matter of this Contract. Supplier further warrants that it will provide immediate written notice to Sourcewell if this certification changes at any time.

## **21. PROVISIONS FOR NON-UNITED STATES FEDERAL ENTITY PROCUREMENTS UNDER UNITED STATES FEDERAL AWARDS OR OTHER AWARDS**

Intentionally Omitted.

## **22. CANCELLATION**

Sourcewell or Supplier may cancel this Contract at any time, with or without cause, upon 60 days' written notice to the other party. However, Sourcewell may cancel this Contract immediately upon discovery of a material defect in any certification made in Supplier's Proposal. Cancellation of this Contract does not relieve either party of financial, product, or service obligations incurred or accrued prior to cancellation.

**Sourcewell**

**John Deere Construction Retail Sales a  
division of John Deere Shared Services LLC,  
DBA John Deere Construction Retail Sales**

DocuSigned by:  
*Jeremy Schwartz*  
C0FD2A139D06489...  
By: \_\_\_\_\_  
Jeremy Schwartz  
Title: Chief Procurement Officer  
Date: 4/4/2023 | 2:30 PM CDT

DocuSigned by:  
*Mark Oliver*  
1CAF73242BB647F...  
By: \_\_\_\_\_  
Mark Oliver  
Title: Manager Contract Sales  
Date: 4/5/2023 | 8:05 AM CDT

**Approved:**

DocuSigned by:  
*Chad Coquette*  
7E42B8F817A64CC...  
By: \_\_\_\_\_  
Chad Coquette  
Title: Executive Director/CEO  
Date: 4/5/2023 | 8:20 AM CDT

# RFP 011723 - Heavy Construction Equipment with Related Attachments and Technology

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## Vendor Details

Company Name: John Deere Shared Services LLC

Does your company conduct business under any other name? If yes, please state: John Deere Construction Retail Sales a division of John Deere Shared Services LLC

Address: 1300 River Drive  
Moline, IL 61265

Contact: Brooke DeVol

Email: ForsbergBrookeL@JohnDeere.com

Phone: 309-207-0431

HST#: 36-2382580

## Submission Details

Created On: Monday November 28, 2022 09:24:58

Submitted On: Thursday January 12, 2023 14:48:05

Submitted By: Brooke DeVol

Email: ForsbergBrookeL@JohnDeere.com

Transaction #: 17731346-34ec-484a-83d5-3fc1c1f49270

Submitter's IP Address: 165.225.57.43

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## Specifications

**Table 1: Proposer Identity & Authorized Representatives**

**General Instructions** (applies to all Tables) Sourcewell prefers a brief but thorough response to each question. Do not merely attach additional documents to your response without also providing a substantive response. Do not leave answers blank; respond "N/A" if the question does not apply to you (preferably with an explanation).

Line Item	Question	Response *
1	Proposer Legal Name (one legal entity only): (In the event of award, will execute the resulting contract as "Supplier")	John Deere Construction Retail Sales a division of John Deere Shared Services LLC
2	Identify all subsidiary entities of the Proposer whose equipment, products, or services are included in the Proposal.	Not Applicable
3	Identify all applicable assumed names or DBA names of the Proposer or Proposer's subsidiaries in Line 1 or Line 2 above.	John Deere Construction Retail Sales JDCRS John Deere Construction & Forestry
4	Provide your CAGE code or Unique Entity Identifier (SAM):	Cage Code: 3PSD7 UEI: ED9BLXH3Hg21
5	Proposer Physical Address:	1300 River Drive Moline, IL 61265
6	Proposer website address (or addresses):	www.deere.com
7	Proposer's Authorized Representative (name, title, address, email address & phone) (The representative must have authority to sign the "Proposer's Assurance of Compliance" on behalf of the Proposer and, in the event of award, will be expected to execute the resulting contract):	Mark Oliver, Manager Contract Sales 1300 River Drive Moline, IL 61265 OliverMarkR@JohnDeere.com 309-748-3418
8	Proposer's primary contact for this proposal (name, title, address, email address & phone):	Brooke DeVol, Contract Administrator 1300 River Drive Moline, IL 61265 ForsbergBrookeL@JohnDeere.com 309-207-0431
9	Proposer's other contacts for this proposal, if any (name, title, address, email address & phone):	Mark Oliver, Manager Contract Sales 1300 River Drive Moline, IL 61265 OliverMarkR@JohnDeere.com 309-748-3418

**Table 2: Company Information and Financial Strength**

Line Item	Question	Response *
10	Provide a brief history of your company, including your company's core values, business philosophy, and industry longevity related to the requested equipment, products or services.	<p>We Run Like No Other. We conduct business essential to life. Running for the people who trust us and the planet that sustains us, we create intelligent connected machines that enable lives to leap forward.</p> <p>See our higher purpose: <a href="https://www.deere.com/en/our-company/higher-purpose/">https://www.deere.com/en/our-company/higher-purpose/</a></p> <p>John Deere customers are at the center of everything we do. We rely on more than 180 years of experience and terabytes of precision data to know them and their businesses better than anyone else. Our easy-to-use technology helps deliver results they see in the field, on the job site, and on the balance sheet. We ensure seamless access to parts, services, and performance upgrades from take home to trade-in by providing world-class support throughout the lifecycle of their equipment, with productivity and sustainability always in mind.</p> <p>We never forget that we're here to help life leap forward.</p> <p>Deere &amp; Company at a glance: <a href="https://www.deere.com/assets/pdfs/common/our-company/deere-&amp;-company-at-a-glance.pdf">https://www.deere.com/assets/pdfs/common/our-company/deere-&amp;-company-at-a-glance.pdf</a></p>

11	What are your company's expectations in the event of an award?	Our expectation, if we are awarded, is to continue working with Sourcewell to provide governmental customers the best option for acquiring our Construction and Compact Construction products. The John Deere Governmental Sales Team will continue to train our dealers on how to present Sourcewell and the benefits the contract offers to continue growing our sales. Since our training plan was rolled out in late 2016, our sales on this contract have had significant growth and our expectation is to continue that trend in the market place.	*
12	Demonstrate your financial strength and stability with meaningful data. This could include such items as financial statements, SEC filings, credit and bond ratings, letters of credit, and detailed reference letters. Upload supporting documents (as applicable) in the document upload section of your response.	John Deere has a long history and attached in supplemental documents is our most recent annual report from 2021. Our 2022 fiscal year just concluded on October 31, 2022 and the annual report is not published at this time.	*
13	What is your US market share for the solutions that you are proposing?	While we do not publicly state market share position, John Deere Construction & Forestry holds a top level market share position across our entire product portfolio in the US.	*
14	What is your Canadian market share for the solutions that you are proposing?	While we do not publicly state market share position, John Deere Construction & Forestry holds a top level market share position across our entire product portfolio in Canada.	*
15	Has your business ever petitioned for bankruptcy protection? If so, explain in detail.	No bankruptcy proceedings have taken place.	*
16	How is your organization best described: is it a manufacturer, a distributor/dealer/reseller, or a service provider? Answer whichever question (either a) or b) just below) best applies to your organization. a) If your company is best described as a distributor/dealer/reseller (or similar entity), provide your written authorization to act as a distributor/dealer/reseller for the manufacturer of the products proposed in this RFP. If applicable, is your dealer network independent or company owned? b) If your company is best described as a manufacturer or service provider, describe your relationship with your sales and service force and with your dealer network in delivering the products and services proposed in this RFP. Are these individuals your employees, or the employees of a third party?	John Deere Construction Retail Sales (JDCRS) is based in Moline, IL and is responsible for growing sales in the governmental segment for the Construction & Forestry Division of John Deere. All employees of JDCRS are full time John Deere employees. This sales team is responsible for training our dealers on governmental business, contracts and sales processes. Specific to supporting the Sourcewell contract, the account managers, contract manager and sales support team are responsible for educating the dealers on the quoting, ordering and delivery process of products sold on the Sourcewell contract.  All dealers are required to go through a contract training program either in person or virtually via Microsoft Teams to become an authorized seller on our contract. This process has been the main driver of our growth since it was launched in 2016. We do retain the right to sell direct if required or the dealer has not completed our training program. Upon award of this new contract, we are revamping our training process to leverage our John Deere University online training system to make it easier and more efficient for the dealer field staff to become trained and certified on the Sourcewell contract.	*
17	If applicable, provide a detailed explanation outlining the licenses and certifications that are both required to be held, and actually held, by your organization (including third parties and subcontractors that you use) in pursuit of the business contemplated by this RFP.	John Deere maintains all licenses and certifications necessary to conduct its business around the world. This is supported by our Supply Management, Engineering, Safety, Accounting, Human Resources and Tax and Legal Departments. John Deere self-audits and has regular outside audits performed by Deloitte & Touche for compliance with all required licenses, certifications and regulations.	*
18	Provide all "Suspension or Debarment" information that has applied to your organization during the past ten years.	There are no suspensions or disbarments to note.	*



**Table 3: Industry Recognition & Marketplace Success**

Line Item	Question	Response *
19	Describe any relevant industry awards or recognition that your company has received in the past five years	John Deere has received numerous levels of recognition and awards worldwide for quality production standards, environmental responsibility, ethics, diversity, safety and corporate citizenship. Page 12 of the 2021 Annual Report (attached in the documents section of the response) showcases some of our business highlights and the list of 2021 Awards and Recognitions.  Also, attached within the documents section is our 2021 Sustainability Report for John Deere.
20	What percentage of your sales are to the governmental sector in the past three years	Customer and segment specifics for John Deere sales are not shared publicly. For the industry as a whole that we participate in, approximately 10-15% of sales for Construction and Compact Construction Equipment are sold to governmental agencies across North American each year.
21	What percentage of your sales are to the education sector in the past three years	Our education sector sales is a low percentage of our total governmental business but education entities have utilized the Sourcewell contract previously. For construction and compact construction equipment it is generally reported as a local or state level sale.
22	List any state, provincial, or cooperative purchasing contracts that you hold. What is the annual sales volume for each of these contracts over the past three years?	NASPO, as well as state participating addendums through this contract H-GAC TASB BuyBoard  We also hold on average 5-10 individual state contracts outside of cooperative purchasing contracts.  Sales figures are not publicly shared on any of these contracts.
23	List any GSA contracts or Standing Offers and Supply Arrangements (SOSA) that you hold. What is the annual sales volume for each of these contracts over the past three years?	GSA DLA US Fish & Wildlife, IDIQ  Sales figures are not publicly shared on any of these contracts.

**Table 4: References/Testimonials**

**Line Item 24.** Supply reference information from three customers who are eligible to be Sourcewell participating entities.

Entity Name *	Contact Name *	Phone Number *
Murphy Tractor & Equipment; an authorized dealer with a vast customer base with Sourcewell purchases.	Cole Iverson VP of Sales	507-320-8826
Brandt Tractor Ltd.; an authorized dealer with a vast customer baes with Sourcewell purchases.	Lloyd Norminton Government Sales Manager	780-486-6786
RDO Construction Equipment MW; an authorized dealer with a vast customer base with Sourcewell purchases.	Jesse Miller Government Sales Manager	952-882-2752

**Table 5: Top Five Government or Education Customers**

**Line Item 25.** Provide a list of your top five government, education, or non-profit customers (entity name is optional), including entity type, the state or province the entity is located in, scope of the project(s), size of transaction(s), and dollar volumes from the past three years.

Entity Name	Entity Type *	State / Province *	Scope of Work *	Size of Transactions *	Dollar Volume Past Three Years *
New York State	Government	New York - NY	Sourcewell and Sourcewell participating addendum sales.	We averaged 172 sales per year over the last 3 years within the state of New York.	We averaged 19 million dollars per year over the last 3 years within the state of New York.
State of Ohio	Government	Ohio - OH	Sourcewell sales.  Ohio STS contract was also held and is now expired. These sales are not publicly shared from our office.  2022 Q4 is our first full quarter of our Sourcewell PA contract being rolled out in Ohio.	Previous contracts in Ohio averaged 38-50 transactions per year.	Previous contracts in Ohio averaged 3-5 million dollars per year.
United States Air Force	Government	Pennsylvania - PA	DLA Military Sales	Not publicly shared from our office.	Not publicly shared from our office.
Florida Forest Service	Government	Florida - FL	Florida Forest Service contract	Not publicly shared from our office.	Not publicly shared from our office.
Louisiana DOT	Government	Louisiana - LA	State DOT contract	Not publicly shared from our office.	Not publicly shared from our office.

**Table 6: Ability to Sell and Deliver Service**

Describe your company's capability to meet the needs of Sourcewell participating entities across the US and Canada, as applicable. Your response should address in detail at least the following areas: locations of your network of sales and service providers, the number of workers (full-time equivalents) involved in each sector, whether these workers are your direct employees (or employees of a third party), and any overlap between the sales and service functions.

Line Item	Question	Response *
26	Sales force.	Sales is covered by our independent dealer network that has been trained and certified on the Sourcewell sales processes. We have dealer standards that require a minimum sales person to customer ratio to ensure proper sales coverage and response time.
27	Dealer network or other distribution methods.	There are nearly 400 dealer locations in the U.S., authorized to sell John Deere construction equipment products and another 60 covering Canada. There are roughly 1400 dealer locations in the U.S. authorized to sell compact construction equipment another 500 across Canada. These John Deere dealers sign contracts to sell and service John Deere products in their assigned areas. We have dealer standards that require a minimum sales person to customer ratio to ensure proper sales coverage and response time.
28	Service force.	This is covered fully by our dealers. Our dealers standard policy also has a minimum service technician to machine base ratio to ensure the best service and response time.
29	Describe the ordering process. If orders will be handled by distributors, dealers or others, explain the respective roles of the Proposer and others.	We have two processes for ordering products on our Sourcewell contract. The majority of our sales are ordered by authorized selling dealers that have been trained and certified by our John Deere Government Sales office. Upon delivery of an order we have a sales reporting automated process to capture the sales for reporting to Sourcewell.  For dealers that may not be certified yet, our John Deere Government Sales office reserves the right to order direct.

30	Describe in detail the process and procedure of your customer service program, if applicable. Include your response-time capabilities and commitments, as well as any incentives that help your providers meet your stated service goals or promises.	<p>A professional, capable, well-trained, well-capitalized dealer network is one of John Deere's competitive advantages. Our dealers, backed by John Deere, provide local customer support, repairs, maintenance and parts. John Deere has authorized dealers in all 50 U.S. states and all across Canada.</p> <p>There are nearly 400 dealer locations in the U.S., authorized to sell John Deere construction equipment products and another 60 covering Canada. There are roughly 1400 dealer locations in the U.S. authorized to sell compact construction equipment and another 500 across Canada. These John Deere dealers sign contracts to sell and service John Deere products in their assigned areas.</p> <p>We also have a certified technician training program to ensure quality service for our customers. There are also multiple regional parts depots across North America for the best parts availability in the industry.</p> <p>Dealers must submit an annual business plan that contains their commitment to effectively selling and supporting all potential customer in their area, including but not limited to commercial accounts, national accounts, and state, county, and local governmental agencies.</p> <p>Customer can count on John Deere construction dealers to support our products and customers.</p>	*
31	Describe your ability and willingness to provide your products and services to Sourcewell participating entities in the United States.	All areas of the U.S. will be served.	*
32	Describe your ability and willingness to provide your products and services to Sourcewell participating entities in Canada.	All areas of Canada that Sourcewell has a defined partner (such as Canoe) will also be served.	*
33	Identify any geographic areas of the United States or Canada that you will NOT be fully serving through the proposed contract.	All areas of the U.S. will be served. All areas of Canada that Sourcewell has a defined partner (such as Canoe) will also be served.	*
34	Identify any Sourcewell participating entity sectors (i.e., government, education, not-for-profit) that you will NOT be fully serving through the proposed contract. Explain in detail. For example, does your company have only a regional presence, or do other cooperative purchasing contracts limit your ability to promote another contract?	<p>Any agency that John Deere defines as a governmental customer and is also eligible to be a Sourcewell member will qualify for the discounts on our contract. John Deere Construction &amp; Forestry defines a governmental customer as the following:</p> <ol style="list-style-type: none"> <li>1. Federal, state/provincial, county, municipal and local governmental agencies</li> <li>2. Hospitals and state/provincially accredited schools (both public and private)</li> <li>3. Special government and/or taxing districts that have authority to levy taxes and/or issue tax free municipal bonds (ex. airports)</li> <li>4. Governmental facilities run by independent management groups qualify only if a governmental agency issues the purchase order and retains ownership. Ownership by the management group voids discount eligibility.</li> <li>5. Non-governmental utilities or departments or divisions of them that provide has, water, electrical, or telephone service directly to commercial or home users</li> <li>6. Governmental agencies or departments or divisions of them that provide recycling or waste service directly to commercial or home users. Companies or departments or divisions of these utilities that do not provide service directly to commercial or home users do not qualify</li> <li>7. North American Indian Tribal Councils</li> <li>8. Non-profit agencies exempt from state/provincial and federal taxes</li> <li>9. All Municipal Railroads</li> </ol>	*
35	Define any specific contract requirements or restrictions that would apply to our participating entities in Hawaii and Alaska and in US Territories.	The John Deere Construction & Forestry Division has assigned dealers in both Alaska and Hawaii. As is the case for the continental U.S. (CONUS), factory to dealer freight as well as local delivery by dealer to end-user will be quoted and invoiced for any applicable areas outside of the continental U.S. (CONUS). Location specific factors related to moves by ocean, barge, inland, etc. will affect final delivery date.	*

**Table 7: Marketing Plan**

Line Item	Question	Response *
36	Describe your marketing strategy for promoting this contract opportunity. Upload representative samples of your marketing materials (if applicable) in the document upload section of your response.	Since our "authorized selling dealer" initiative that was rolled out in late 2016, our marketing plan has focused on getting our dealer network to understand the power of cooperative purchasing, specially the Sourcewell contract. Our dealers are closer to the end use customers and understand their business and product needs better than our small team here in Moline, IL. Once we got the dealers fully bought in on the power, ease of use and importance of the contract, the sales numbers took off year over year. Our plan for the new contract is to continue this with our dealer network.
37	Describe your use of technology and digital data (e.g., social media, metadata usage) to enhance marketing effectiveness.	John Deere has a great public website with information about our entire product line. We also have a link to a variety of governmental contracts that are available. In addition to those site, we also allow the customer to build their own machine online so they can see the options that are available before they contact their local dealer. <a href="https://www.deere.com/en/">https://www.deere.com/en/</a> <a href="https://www.deere.com/en/construction/">https://www.deere.com/en/construction/</a> <a href="https://www.deere.com/en/government-and-military-sales/">https://www.deere.com/en/government-and-military-sales/</a> <a href="https://www.deere.com/en/government-and-military-sales/state-and-local-purchasing/">https://www.deere.com/en/government-and-military-sales/state-and-local-purchasing/</a> <a href="https://configure.deere.com/cbyo/#/en_us/products">https://configure.deere.com/cbyo/#/en_us/products</a>  Our marketing communications group runs a variety of social media promotions including a YouTube channel ( <a href="https://www.youtube.com/user/JohnDeere">https://www.youtube.com/user/JohnDeere</a> ) and Facebook page ( <a href="https://www.facebook.com/JohnDeereUSCA">https://www.facebook.com/JohnDeereUSCA</a> ).  The message on these sites changes periodically but it is primarily focused on the benefits of the John Deere relationship and how we are close to our customer.
38	In your view, what is Sourcewell's role in promoting contracts arising out of this RFP? How will you integrate a Sourcewell-awarded contract into your sales process?	From the John Deere perspective, there are three key components to promoting the Sourcewell contract: Sourcewell, John Deere Construction Retail Sales (JDCRS), and our dealer network across the US and Canada. Each has a key role to the success of the continued and incremental sales increases each year. Sourcewell's job is to continue to promote the brand to eligible members so they understand the basics of cooperative purchasing and the benefits of membership. JDCRS has the responsibility to train the dealers on sales processes (ceiling price, discount structure, ordering and delivering of products), how to determine if a customer is already a member and how to assist a customer that is not a member how to become a member. Our dealer's responsibility is to help identify the right product for the job and how to find the easiest, most cost effective way to source that product/solution. We believe that Sourcewell provides one of the best tools available to eligible customer and we will continue to promote that in our annual training.  We work with our dealers and support them at any regional conference or training opportunity that helps promote the brand of all three entities. Open communication between all three parties is the key for future success and incremental sales gains on the next contract.
39	Are your products or services available through an e-procurement ordering process? If so, describe your e-procurement system and how governmental and educational customers have used it.	We are investigating e-procurement options for certain product families in the future but those are not available at this time. Due to the customizable nature of products and services, there are many possible configurations for each model. Many build-code dependencies must be taken into consideration for a properly functioning machine to be built. For that reason, we feel it is best to contact the local dealer for machine configuration guidance prior to requesting a contract quote.

**Table 8: Value-Added Attributes**

Line Item	Question	Response *
40	Describe any product, equipment, maintenance, or operator training programs that you offer to Sourcewell participating entities. Include details, such as whether training is standard or optional, who provides training, and any costs that apply.	Training on equipment operation and safety is provided through the local dealer. At time of delivery, the dealer provides an introductory walk-around of the unit, explaining general operation and maintenance procedures, free of charge as part of the purchase. Additional product or specific system training is optional and quoted by the local dealer.

41	Describe any technological advances that your proposed products or services offer.	<p>John Deere C&amp;F products offer a variety of technology solutions that work to eliminate rework, improve jobsite safety, counteract labor shortages and increase efficiency. Information on those initiatives is public and can be found at the following link: <a href="https://www.deere.com/en/technology-products/precision-construction-technology/">https://www.deere.com/en/technology-products/precision-construction-technology/</a></p> <p>There was also a magazine published in the Fall of 2021 that focused on technology and its place in our industry. A link to that publication is below.</p> <p>THE DIRT publication, Fall 2021. <a href="https://www.deere.com/assets/pdfs/common/industries/construction/publications/the-dirt-fall-2021-dkmag265c-cv.pdf">https://www.deere.com/assets/pdfs/common/industries/construction/publications/the-dirt-fall-2021-dkmag265c-cv.pdf</a></p> <p>John Deere has also published what is known as our "Leap Ambitions" and that is also public. Our strategy for the Construction &amp; Forestry Division is by 2026, we will deliver:</p> <ul style="list-style-type: none"> <li>• 20+ electric and hybrid-electric product models.</li> <li>• Earthmoving: Increase SmartGrade™ grade control adoption to 50%.</li> <li>• Forestry: Boost Intelligent Boom Control adoption to 100%.</li> <li>• Roadbuilding: Increase Precision Roadbuilding Solution adoption to 85%.</li> </ul> <p>More information on our Leap Ambitions can be found at: <a href="https://www.deere.com/en/our-company/sustainability/sustainability-report/leap-ambitions/">https://www.deere.com/en/our-company/sustainability/sustainability-report/leap-ambitions/</a></p> <p>Technology advances in our products is vitally important and was on display at CES 2023 where our CEO was the keynote speaker on day 1. Information can be found at <a href="https://CES2023.deere.com">CES2023.deere.com</a></p>	*
42	Describe any "green" initiatives that relate to your company or to your products or services, and include a list of the certifying agency for each.	<p>John Deere has been very public with these initiatives and more can be found on our website in our most recently published Sustainability Report. <a href="https://www.deere.com/en/our-company/sustainability/sustainability-report/">https://www.deere.com/en/our-company/sustainability/sustainability-report/</a></p> <p>"Our next leap is ELECTRIC" is another informative piece discussing the future of electrification at John Deere. <a href="https://www.deere.com/en/our-company/electrification/">https://www.deere.com/en/our-company/electrification/</a></p>	*
43	Identify any third-party issued eco-labels, ratings or certifications that your company has received for the equipment or products included in your Proposal related to energy efficiency or conservation, life-cycle design (cradle-to-cradle), or other green/sustainability factors.	<p>In October 2022, John Deere received an award for the SBTi Validation of Greenhouse Gas Emission Reduction. <a href="https://www.deere.com/en/news/all-news/john-deere-receives-sbti-validation-of-greenhouse-gas-emission-reduction-targets/">https://www.deere.com/en/news/all-news/john-deere-receives-sbti-validation-of-greenhouse-gas-emission-reduction-targets/</a></p> <p>In 2021 John Deere acquired majority ownership of Kreisel Electric. <a href="https://www.kreiselelectric.com/johndeere/">https://www.kreiselelectric.com/johndeere/</a></p>	*
44	Describe any Women or Minority Business Entity (WMBE), Small Business Entity (SBE), or veteran owned business certifications that your company or hub partners have obtained. Upload documentation of certification (as applicable) in the document upload section of your response.	<p>John Deere is committed to Supplier Diversity. Each year we submit to GSA a commercial plan that outlines our commitment to use WMBE's, SBE's, and other MBE's suppliers in support of our business.</p> <p>We also have signed on with two small business partners to learn about small business and partner with them to meet demand for products with a small business designation in the Federal market as well as help grow their businesses. Our partners are The Akana Group (Native American owned small business, small business, HUBZone certified) and Bravo (Service Disabled Veteran-Owned Business). If opportunities arise in the cooperative world for small business designation, we are prepared to grow that segment as well.</p>	*
45	What unique attributes does your company, your products, or your services offer to Sourcwell participating entities? What makes your proposed solutions unique in your industry as it applies to Sourcwell participating entities?	<p>John Deere has a very strong presence as a construction equipment and compact construction equipment provider. John Deere is also the world's leading manufacturer of agricultural equipment. Additionally, John Deere Financial is one of the largest equipment finance companies.</p> <p>Valuable Extras:</p> <ol style="list-style-type: none"> <li>1) Genuine John Deere Parts - highest quality parts for the highest quality equipment. <ul style="list-style-type: none"> <li>-Regional parts depots strategically placed around North America for the best parts delivery response.</li> </ul> </li> <li>2) John Deere Connected Support – Allows customers to: <ul style="list-style-type: none"> <li>- Monitor alerts for the machine remotely.</li> <li>- Monitor engine hours and utilization.</li> <li>- View machine location and get driving directions to the jobsite.</li> <li>- Monitor fuel level and idle time.</li> </ul> </li> <li>3) John Deere Connected Support – Allows dealers to: <ul style="list-style-type: none"> <li>- Monitor alerts coming from the customers machine.</li> <li>- Remotely connect to a customers machine for real-time diagnostics.</li> <li>- Leverage Expert Alerts from John Deere to address potential future downtime.</li> <li>- Perform software updates from the dealership.</li> </ul> </li> </ol>	*

**Table 9: Warranty**

**Describe in detail your manufacturer warranty program, including conditions and requirements to qualify, claims procedure, and overall structure. You may upload representative samples of your warranty materials (if applicable) in the document upload section of your response in addition to responding to the questions below.**

Line Item	Question	Response *
46	Do your warranties cover all products, parts, and labor?	Construction equipment has basic warranty of 12 months/unlimited hours. The standard warranty general provisions including parts and labor is attached to this RFP submission. Compact construction equipment has a basic warranty of 24 months or 2,000hrs whichever occurs first.
47	Do your warranties impose usage restrictions or other limitations that adversely affect coverage?	Extended warranty is available as a separate purchase, not on this RFP, through our local dealers. Extended warranty has a year and hour limitation with each purchase. An example is 3 year 5,000hr power train/hydraulics extended warranty option.
48	Do your warranties cover the expense of technicians' travel time and mileage to perform warranty repairs?	No, TTM is not covered within our warranty.
49	Are there any geographic regions of the United States or Canada (as applicable) for which you cannot provide a certified technician to perform warranty repairs? How will Sourcewell participating entities in these regions be provided service for warranty repair?	No, we can cover the entire U.S. and Canada with our dealer network.
50	Will you cover warranty service for items made by other manufacturers that are part of your proposal, or are these warranties issues typically passed on to the original equipment manufacturer?	Third party warranties are handled by the original OEM of that attachment.
51	What are your proposed exchange and return programs and policies?	As noted in the standard warranty document, "John Deere will repair or replace, at its option, any parts... of a new John Deere product that, as delivered to the original retail purchaser(s), are defective in material or workmanship." See attached standard warranty document for full text explanation.
52	Describe any service contract options for the items included in your proposal.	John Deere does not offer any service contracts within this RFP. Service contracts and extended warranty options are available for customers from their local dealer and can be quoted to them at time of purchase.

**Table 10: Payment Terms and Financing Options**

Line Item	Question	Response *
53	Describe your payment terms and accepted payment methods.	JDCRS' only option for payment terms is Net 30 Days for direct sales. Since the majority of our deals are purchased through one of our authorized dealers, there are financing options available (JD Financial) that can be negotiated before finalizing the deal. *
54	Describe any leasing or financing options available for use by educational or governmental entities.	<p>JDCRS (contract vendor) does not play a role in leasing, financing or payment terms other than Net 30 Days.</p> <p>John Deere Financial offers leasing/financing options. The John Deere Municipal Lease Purchase Plan is a special low-rate financing plan that is designed to provide flexibility of leasing while building equity toward ownership of the John Deere equipment. Any state or local government body, or their political subdivisions, having the power to tax may be eligible for the John Deere Municipal Lease Purchase Plan, subject to approval. *</p> <p>John Deere Financial also offers other leasing and financing options for governmental, educational and non-profit entities, subject to approval.</p> <p>All leasing and financing options are handled through the local dealer and John Deere Financial.</p> <p>The lease/finance provider funds the contract sales invoice within 30 days.</p>
55	Describe any standard transaction documents that you propose to use in connection with an awarded contract (order forms, terms and conditions, service level agreements, etc.). Upload a sample of each (as applicable) in the document upload section of your response.	Our John Deere dealers use approved applications in their business system to provide quotes to customers stating the approved contract discount rate. The quote contains terms and conditions for the quote and terms for payment when a PO is issued. For direct sales through our office similar documentation is used and is available in the document upload section. *
56	Do you accept the P-card procurement and payment process? If so, is there any additional cost to Sourcewell participating entities for using this process?	P-card payments are accepted with a 3% processing fee added to the contract quote. P-card usage is to be made known at time of quote request. Customer PO must cover the added fee. *

**Table 11: Pricing and Delivery**

Provide detailed pricing information in the questions that follow below. Keep in mind that reasonable price and product adjustments can be made during the term of an awarded Contract as described in the RFP, the template Contract, and the Sourcewell Price and Product Change Request Form.

Line Item	Question	Response *
57	Describe your pricing model (e.g., line-item discounts or product-category discounts). Provide detailed pricing data (including standard or list pricing and the Sourcewell discounted price) on all of the items that you want Sourcewell to consider as part of your RFP response. If applicable, provide a SKU for each item in your proposal. Upload your pricing materials (if applicable) in the document upload section of your response.	Each model will have a discount associated to it which applies to all options of that model fully configured, base coded attachments will have a separate discount schedule. Third party attachments (AT and BYT kits) are not part of this RFP proposal and are available for separate purchase by our dealer.  The model and discount schedule is attached. Full current price pages will be submitted upon successful award. Any price changes or model updates will be submitted through the PnP process.
58	Quantify the pricing discount represented by the pricing proposal in this response. For example, if the pricing in your response represents a percentage discount from MSRP or list, state the percentage or percentage range.	Quotes are provided to the customer with a discount off of current list price. Quotes are price protected for a period of 30 days as long as a PO is received within that 30 day period. See attached pricing & discount schedule as well as the example quote for our proposal on this RFP.
59	Describe any quantity or volume discounts or rebate programs that you offer.	We offer two different volume discounts between our construction equipment (CE) portfolio and our compact construction equipment (CCE) portfolio due to the difference in acquisition costs of the larger construction equipment verses the smaller compact construction equipment.  CE: 5-7 machines = 1%, 8-14 machines = 2%, 15+ machines = 3% CCE: 8-14 machines = 1%, 15+ machines = 3%
60	Propose a method of facilitating "sourced" products or related services, which may be referred to as "open market" items or "nonstandard options". For example, you may supply such items "at cost" or "at cost plus a percentage," or you may supply a quote for each such request.	Sourced or open market items are not part of our RFP response but we do allow dealers to quote these as dealer provided items as a separate line item on the quote. Discounts will not be applied to these open market items. Quotes for these products are negotiated directly through the customer and our dealer network.
61	Identify any element of the total cost of acquisition that is NOT included in the pricing submitted with your response. This includes all additional charges associated with a purchase that are not directly identified as freight or shipping charges. For example, list costs for items like pre-delivery inspection, installation, set up, mandatory training, or initial inspection. Identify any parties that impose such costs and their relationship to the Proposer.	The following will not be included: 1. Dealer provided goods and services: Non-factory goods and services (third party items) will be quoted by dealer at the customers request. 2. Set-up and installation fees: These charges will be quoted by the dealer and are not part of this RFP. 3. Pre-Delivery Inspection (PDI): A PDI is performed on all new machine purchases to ensure proper fluid levels, check system pressures, verify accurate system operation, and cleaning of the unit prior to delivery. The cost of the PDI is quoted by the dealer and will vary by machine model and complexity.  Taxes: Local taxes, if applicable, will be assessed.
62	If freight, delivery, or shipping is an additional cost to the Sourcewell participating entity, describe in detail the complete freight, shipping, and delivery program.	Freight, delivery and shipping are charged to the customer and added to the quote as separate line items.
63	Specifically describe freight, shipping, and delivery terms or programs available for Alaska, Hawaii, Canada, or any offshore delivery.	Freight, delivery and shipping are charged to the customer and added to the quote as separate line items just as they are for all participating entities. Travel that occurs by ocean, barge or inland may affect the delivery time of the machine.
64	Describe any unique distribution and/or delivery methods or options offered in your proposal.	If a customer has a unique request, we can review at that time, otherwise there are no unique methods offered in this RFP.



**Table 12: Pricing Offered**

Line Item	The Pricing Offered in this Proposal is: *	Comments
65	c. better than the Proposer typically offers to GPOs, cooperative procurement organizations, or state purchasing departments.	Sourcewell has become our most valued contract to our dealer network for governmental business. We will continue to use our best available discount schedule to support this contract.

**Table 13: Audit and Administrative Fee**

Line Item	Question	Response *
66	Specifically describe any self-audit process or program that you plan to employ to verify compliance with your proposed Contract with Sourcewell. This process includes ensuring that Sourcewell participating entities obtain the proper pricing, that the Vendor reports all sales under the Contract each quarter, and that the Vendor remits the proper administrative fee to Sourcewell. Provide sufficient detail to support your ability to report quarterly sales to Sourcewell as described in the Contract template.	Our dealers are required to participate in a contract sales training class to ensure they are promoting the contract per the Terms and Conditions of our RFP response. Dealers are made aware of how to obtain the effective price date of the contract, so the customer is being quoted accurately. Whenever there is a price change approved by Sourcewell, we communicate that information via our dealer bulletin process and post on our dealer microsite. We also use an automated settlement process where a dealer utilizes a program ID code so that we can accurately capture the sales each quarter for our internal review and submit to Sourcewell for the payment of our admin fee. We will also be launching a new quoting process to simplify the quoting process for many of our dealers to ensure accurate pricing per the terms and conditions of our contract.
67	If you are awarded a contract, provide a few examples of internal metrics that will be tracked to measure whether you are having success with the contract.	Upon award of this contract, we track the sales performance of each dealer group across the US and Canada to achieve our market share goals for construction equipment and compact construction equipment in the governmental segments. This has worked well for this contract to date, and we will continue to use this market share metric to keep our dealers accountable for performance.
68	Identify a proposed administrative fee that you will pay to Sourcewell for facilitating, managing, and promoting the Sourcewell Contract in the event that you are awarded a Contract. This fee is typically calculated as a percentage of Vendor's sales under the Contract or as a per-unit fee; it is not a line-item addition to the Member's cost of goods. (See the RFP and template Contract for additional details.)	We have had great success growing and expanding the utilization of this contract for all our dealers in the US and Canada and will continue this growth by providing a 0.5% admin fee to Sourcewell on all contract items. Third party attachments or non-contract items (dealer provided items) are not subject to the admin fee. The total calculated admin fee is payable each calendar quarter to Sourcewell.

**Table 14A: Depth and Breadth of Offered Equipment Products and Services**

Line Item	Question	Response *
69	Provide a detailed description of the equipment, products, and services that you are offering in your proposal.	We will be offering our complete line of construction equipment and compact construction equipment, as well as base coded attachments. Product families include Articulated Dump Trucks, Backhoes, Compact Track Loaders, Crawler Dozers, Crawler Loaders, Excavators, Compact Excavators, Tractor Loaders, Motor Graders, Skid Steer Loaders, Wheel Loaders and Compact Wheel Loaders.  All services including product support, part support, and warranty work will be provided by our authorized dealers and not part of this contract.
70	Within this RFP category there may be subcategories of solutions. List subcategory titles that best describe your products and services.	N/A

**Table 148: Depth and Breadth of Offered Equipment Products and Services**

Indicate below if the listed types or classes of equipment, products, and services are offered within your proposal. Provide additional comments in the text box provided, as necessary.

Line Item	Category or Type	Offered	Comments
71	Wheeled, tracked, and backhoe loaders	<input checked="" type="radio"/> Yes <input type="radio"/> No	
72	Motor Graders	<input checked="" type="radio"/> Yes <input type="radio"/> No	
73	Wheeled and tracked excavators	<input checked="" type="radio"/> Yes <input type="radio"/> No	
74	Bulldozers, compactors, scrapers, articulated and rigid haulers	<input checked="" type="radio"/> Yes <input type="radio"/> No	We do not offer rigid haulers. Compactors are offered on the separate Wirtgen contract.
75	Cranes	<input type="radio"/> Yes <input checked="" type="radio"/> No	
76	Accessories or attachments for the offering in #71-75 above	<input checked="" type="radio"/> Yes <input type="radio"/> No	We will be offering base coded attachments at time of whole goods purchase or separately if needed. AT kits and BYT kits (third party attachments) are not part of this contract.
77	Technology or services for the offering in #71-75 above	<input checked="" type="radio"/> Yes <input type="radio"/> No	Link Telematics, Grade Control, and Slope Control are examples of these technology services that are available as options on certain products.

**Table 14C: Required Offering of Equipment**

Indicate below if the proposer's proposal includes at least one (1) of the following listed types or classes of equipment. Provide additional comments in the text box provided, as necessary.

Line Item	Category or Type	Offered	Comments
78	Wheel loader with published net horsepower (HP) of at least 300 HP	<input checked="" type="radio"/> Yes <input type="radio"/> No	We offer 4 wheel loaders that meet this spec requirement.
79	Wheeled or tracked excavator with a published net horsepower (HP) of at least 150 HP	<input checked="" type="radio"/> Yes <input type="radio"/> No	We offer 10 excavators that meet this spec requirement.
80	Motor Grader with a published maximum operating weight of at least 30,000 lbs.	<input checked="" type="radio"/> Yes <input type="radio"/> No	We offer 8 motor graders that meet this spec requirement.
81	Rough terrain, all terrain, crawler, floating, lattice, or telescopic crane with a published maximum lifting capacity of at least 300 tons and a published maximum boom length of at least 150 feet	<input type="radio"/> Yes <input checked="" type="radio"/> No	

**Exceptions to Terms, Conditions, or Specifications Form**

Only those Proposer Exceptions to Terms, Conditions, or Specifications that have been accepted by Sourcewell have been incorporated into the contract text.

## Documents

### Ensure your submission document(s) conforms to the following:

1. Documents in PDF format are preferred. Documents in Word, Excel, or compatible formats may also be provided.
2. Documents should NOT have a security password, as Sourcewell may not be able to open the file. It is your sole responsibility to ensure that the uploaded document(s) are not either defective, corrupted or blank and that the documents can be opened and viewed by Sourcewell.
3. Sourcewell may reject any response where any document(s) cannot be opened and viewed by Sourcewell.
4. If you need to upload more than one (1) document for a single item, you should combine the documents into one zipped file. If the zipped file contains more than one (1) document, ensure each document is named, in relation to the submission format item responding to. For example, if responding to the Marketing Plan category save the document as "Marketing Plan."
  - [Pricing](#) - RFP 011723 Model & Discount Schedule.pdf - Monday January 09, 2023 11:48:21
  - [Financial Strength and Stability](#) - Deere-Co\_Annual-Report-2021.pdf - Tuesday November 29, 2022 12:34:40
  - Marketing Plan/Samples (optional)
  - WMBE/MBE/SBE or Related Certificates (optional)
  - [Warranty Information](#) - US CAN deere wty stmt.pdf - Tuesday December 06, 2022 10:27:02
  - [Standard Transaction Document Samples](#) - Sample Sourcewell Quote.pdf - Monday January 09, 2023 11:22:37
  - [Upload Additional Document](#) - Sustainability Report 2021.pdf - Tuesday November 29, 2022 13:01:16

## Addenda, Terms and Conditions

### PROPOSER AFFIDAVIT AND ASSURANCE OF COMPLIANCE

I certify that I am the authorized representative of the Proposer submitting the foregoing Proposal with the legal authority to bind the Proposer to this Affidavit and Assurance of Compliance:

1. The Proposer is submitting this Proposal under its full and complete legal name, and the Proposer legally exists in good standing in the jurisdiction of its residence.
2. The Proposer warrants that the information provided in this Proposal is true, correct, and reliable for purposes of evaluation for contract award.
3. The Proposer, including any person assisting with the creation of this Proposal, has arrived at this Proposal independently and the Proposal has been created without colluding with any other person, company, or parties that have or will submit a proposal under this solicitation; and the Proposal has in all respects been created fairly without any fraud or dishonesty. The Proposer has not directly or indirectly entered into any agreement or arrangement with any person or business in an effort to influence any part of this solicitation or operations of a resulting contract; and the Proposer has not taken any action in restraint of free trade or competitiveness in connection with this solicitation. Additionally, if Proposer has worked with a consultant on the Proposal, the consultant (an individual or a company) has not assisted any other entity that has submitted or will submit a proposal for this solicitation.
4. To the best of its knowledge and belief, and except as otherwise disclosed in the Proposal, there are no relevant facts or circumstances which could give rise to an organizational conflict of interest. An organizational conflict of interest exists when a vendor has an unfair competitive advantage or the vendor's objectivity in performing the contract is, or might be, impaired.
5. The contents of the Proposal have not been communicated by the Proposer or its employees or agents to any person not an employee or legally authorized agent of the Proposer and will not be communicated to any such persons prior to Due Date of this solicitation.
6. If awarded a contract, the Proposer will provide to Sourcewell Participating Entities the equipment, products, and services in accordance with the terms, conditions, and scope of a resulting contract.
7. The Proposer possesses, or will possess before delivering any equipment, products, or services, all applicable licenses or certifications necessary to deliver such equipment, products, or services under any resulting contract.
8. The Proposer agrees to deliver equipment, products, and services through valid contracts, purchase orders, or means that are acceptable to Sourcewell Members. Unless otherwise agreed to, the Proposer must provide only new and first-quality products and related services to Sourcewell Members under an awarded Contract.
9. The Proposer will comply with all applicable provisions of federal, state, and local laws, regulations, rules, and orders.
10. The Proposer understands that Sourcewell will reject RFP proposals that are marked "confidential" (or "nonpublic," etc.), either substantially or in their entirety. Under Minnesota Statutes Section 13.591, subdivision 4, all proposals are considered nonpublic data until the evaluation is complete and a Contract is awarded. At that point, proposals become public data. Minnesota Statutes Section 13.37 permits only certain narrowly defined data to be considered a "trade secret," and thus nonpublic data under Minnesota's Data Practices Act.
11. Proposer its employees, agents, and subcontractors are not:
  1. Included on the "Specially Designated Nationals and Blocked Persons" list maintained by the Office of Foreign Assets Control of the United States Department of the Treasury found at: <https://www.treasury.gov/ofac/downloads/sdnlist.pdf>;
  2. Included on the government-wide exclusions lists in the United States System for Award Management found at: <https://sam.gov/SAM/>; or
  3. Presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from programs operated

by the State of Minnesota; the United States federal government or the Canadian government, as applicable; or any Participating Entity. Vendor certifies and warrants that neither it nor its principals have been convicted of a criminal offense related to the subject matter of this solicitation.

By checking this box I acknowledge that I am bound by the terms of the Proposer's Affidavit, have the legal authority to submit this Proposal on behalf of the Proposer, and that this electronic acknowledgment has the same legal effect, validity, and enforceability as if I had hand signed the Proposal. This signature will not be denied such legal effect, validity, or enforceability solely because an electronic signature or electronic record was used in its formation. - Mark Oliver, Manager, Contract Sales, John Deere Construction Retail Sales

The Proposer declares that there is an actual or potential Conflict of Interest relating to the preparation of its submission, and/or the Proposer foresees an actual or potential Conflict of Interest in performing the contractual obligations contemplated in the bid.

Yes  No

The Bidder acknowledges and agrees that the addendum/addenda below form part of the Bid Document.

Check the box in the column "I have reviewed this addendum" below to acknowledge each of the addenda.

File Name	I have reviewed the below addendum and attachments (if applicable)	Pages
<b>Addendum_5_Heavy_Construction_Equipment_RFP_011723</b> Tue January 10 2023 08:47 AM	<input checked="" type="checkbox"/>	1
<b>Addendum_4_Heavy_Construction_Equipment_RFP_011723</b> Fri January 6 2023 09:51 AM	<input checked="" type="checkbox"/>	2
<b>Addendum_3_Heavy_Construction_Equipment_RFP_011723</b> Thu December 29 2022 12:33 PM	<input checked="" type="checkbox"/>	2
<b>Addendum_2_Heavy_Construction_Equipment_RFP_011723</b> Wed December 21 2022 01:49 PM	<input checked="" type="checkbox"/>	1
<b>Addendum_1_Heavy_Construction_Equipment_RFP 011723</b> Thu December 15 2022 09:27 AM	<input checked="" type="checkbox"/>	1

Attachment #4

**Sourcewell Contract 011723-JDC**  
**John Deere Construction Retail Sales**  
**List Price Discounts**

**Note: Discounts will be calculated based on current pricing at the time an agency requests the quote and will be valid for 30 days.**

Please contact your local dealer for a contract quote: <https://dealerlocator.deere.com/servlet/>

Product Family	Model	List Price Discount
Articulated Dump Trucks	260E	31%
Articulated Dump Trucks	260 P-Tier	28%
Articulated Dump Trucks	310E	31%
Articulated Dump Trucks	310 P-Tier	28%
Articulated Dump Trucks	410E-II	31%
Articulated Dump Trucks	410 P-Tier	28%
Articulated Dump Trucks	460E-II	31%
Articulated Dump Trucks	460 P-Tier	28%

Product Family	Model	List Price Discount
Backhoes	310L EP	43%
Backhoes	310L	43%
Backhoes	310 G-Tier	43%
Backhoes	310 P-Tier	43%
Backhoes	310SL	43%
Backhoes	310SL HL	43%
Backhoes	315SL	43%
Backhoes	320 P-Tier	43%
Backhoes	410L	41%
Backhoes	410 P-Tier	41%
Backhoes	710L	43%



## STAFF REPORT

**DATE:** August 13, 2024  
**TO:** Jeff Towery, City Manager  
**CC:** Jennifer Cuellar, Finance Director  
**FROM:** Geoff Hunsaker, Public Works Director  
**SUBJECT:** Recology Franchise Agreement – FY2024-25 Rate Adjustment

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### CITY GOVERNMENT CAPACITY

Strengthen the City's ability to prioritize & deliver municipal services with discipline and focus.

#### Report in Brief:

Recology, Inc., the City's exclusive franchisee for the collection of Solid Waste, has requested a collection rate adjustment of 4.7%, effective September 1, 2024. This rate increase is described in Resolution No. 2024-45. The requested adjustment is allowed under the terms of the City Franchise Agreement with Recology.

#### Background:

On January 27, 2009, the City Council adopted Ordinance No. 4904, which authorized a franchise agreement with Recology (f/k/a/ Western Oregon Waste) ("Franchise Agreement"). The Franchise Agreement provides for annual rate adjustments, either by CPI or through a Rate Review process, depending on the circumstances.

In 2019, the Council authorized a 5% rate increase, effective July 1. In 2020, Council authorized a 2.9% increase, effective September 1. In 2021, under a state of emergency with regard to the sudden closure of the Riverbend Landfill, no rate increase took place. In 2022, the rate was increased by 4%, and in 2023, by 4%.

On July 9, 2024 a resolution to make a rate adjustment of 4.7% effective August 1, 2024 was considered by Council. The rate adjustment was not approved and Recology was asked to provide additional information to the Council. Responses to these requests for information are included in Attachment 4: Recology Systems Improvement Memo.

#### Discussion:

Under the Franchise Agreement, Recology is to present a Rate Review Report annually by April 1 ("Report"). If the report indicates that Recology's operating ratio for the current calendar year is going to fall outside of a specific range (85%–91%) the rate should be adjusted toward the general target of 88%. If the operating ratio falls within the range, rates should rather be adjusted equal to the percent change in the Consumer Price Index (CPI) for all Urban Consumers for West-B/C, All Items, on July 1.

Due to a cybersecurity incident in November 2023, and Recology's subsequent efforts to restore their systems, they requested an extension on the rate review process for this year. They provided the Rate Review Report on April 30, and additional supporting documentation on May 10. Those documents are attached to this report as attachments.

The Report indicates that, without a rate adjustment, Recology would land at an operating ratio of 92.35%. Accordingly, they outline the costs and rationale for a proposed rate increase of 4.7%, which would set their operating ratio at 88.98%. The documentation and methodology provided match their submittals from previous years.

Due to the delay in submitting the Report, Recology requests that the rate increase of 4.7% be effective September 1, 2024.

Staff from the City and Recology will come back to Council on September 10, 2024, in a work session to further discuss system improvements and opportunities. A follow up work session will be held on January 22, 2025, to work through the cost and schedule of various options that are prioritized.

### **Fiscal Impact:**

The City's budgeted Franchise Fee revenue included an estimated 3% increase in FY 25 for Recology; this higher rate will mean approximately \$5,000 more for the year with a rate increase of 4.7% effective September 1, 2024.

### **Council Options:**

1. Approve the resolution authorizing a 4.7% rate increase.
2. Request more information from Recology that may be needed for it to vote on the rate adjustment.

### **Attachments:**

1. Recology Rate Review letter from April 30, 2024
2. 60-day extension request communication
3. Rate Review Report (RWO – Valley Cost of Service Report 2023-24)
4. Independent Accountant's Review of Recology Financial Statements
5. Recology Systems Improvement Memo
6. Resolution No. 2024-45
  - a. Recology Inc. Rate Schedule





Jeff Towery  
City Manager  
City of McMinnville  
230 2<sup>nd</sup> Ave.  
McMinnville, OR 97128

April 30, 2024

RE: McMinnville Solid Waste Collection Franchise

Dear Jeff:

In compliance with the terms of our franchise agreement, please find enclosed the following documents that make up the annual financial report:

1. Rate Review Report, which includes the following:
  - a. 2023 calendar year actual expenses, and all allowable expenses that we reasonably anticipate will be incurred in the upcoming rate year beginning July 1, 2024,
  - b. The allocation method used to allocate shared expenses,
  - c. The Operating Ratios for the preceding calendar year and the upcoming rate year, and
  - e. Projected Ratio with new proposed rates.
2. Proposed Rates for the City of McMinnville.

One additional document, the third-party Financial Review, is not yet available but will be sent separately in the coming days.

Thank you for your patience and for the extra time to submit these documents to you as we have worked through lingering impacts of a cyber security incident that impacted all Recology sites during the last six months. We are happy to report that all systems are back online and Recology has taken considerable steps to prevent future incidents from occurring.

Despite the setbacks we incurred, on the ground services continued without noticeable impact to customers. We want to recognize our Valley operations teams who utilized both memory and experience to continue to provide safe and uninterrupted services over the past months.

Regarding the current rate review, inflationary and other pressures continued through 2023 and projections indicate that we will continue to see increasing costs in key areas that affect our collections operations. Here are some key drivers:

- Labor costs are up at the coast due to filling remaining vacancies and also for employee retention
- Disposal is up due to both increased labor costs and pass through disposal costs at the transfer station
- Fuel is up from the previous year (though there has been some softening lately in fuel prices)
- Supply chain issues continue to impact access to parts and equipment in addition to labor increases in our shop/maintenance service areas



Based on our projections for the upcoming rate year (July 1, 2024 – June 30, 2025), and to maintain the target operating Ratio of 90% going forward, Recology is proposing a 4.7% rate increase across all service rates.

We appreciate the opportunity to provide these essential services to our neighbors in McMinnville. We take this obligation seriously, and we are committed to keeping our operations running as expected. We look forward to attending an upcoming council meeting, either in person or virtually. Dan Blue will be reaching out to you soon to coordinate scheduling.

Please let us know if you have any questions or need any additional information. You can reach out to me at (503) 803-4984 or by email at [ccarey@recology.com](mailto:ccarey@recology.com) or to Dan Blue at 503-405-0261 or [dblue@recology.com](mailto:dblue@recology.com).

Respectfully,

A handwritten signature in black ink, appearing to read 'Chris Carey', is written over a light blue horizontal line.

Chris Carey  
General Manager

## Jennifer Cuellar

---

**To:** Dan Blue  
**Subject:** RE: Rate Review Extension Request

---

**From:** Dan Blue <DBlue@recology.com>  
**Sent:** Thursday, February 29, 2024 9:18 AM  
**To:** Jeff Towery <Jeff.Towery@mcminnvilleoregon.gov>  
**Cc:** Christopher Carey <CCarey@recology.com>; Jackie Ortega <JOrtega@recology.com>; Ernest Martin <EMartin@recology.com>; David Ligtenberg <David.Ligtenberg@mcminnvilleoregon.gov>; Jennifer Cuellar <Jennifer.Cuellar@mcminnvilleoregon.gov>  
**Subject:** Re: Rate Review Extension Request

**This message originated outside of the City of McMinnville.**

---

Thanks for your understanding Jeff. We will do everything we can to supply our documents by May 1, but appreciate your willingness to extend that beyond that date should it be necessary. We'll keep you informed as we continue to make progress. Nothing further or more formal is needed on our end.

Thanks again!

Dan

**Dan Blue** (he, él)  
Government & Community Relations Manager – Northern Oregon

1850 NE Lafayette Avenue · McMinnville, OR 97128  
**Recology** | Proudly Employee Owned  
C: 503-405-0261

E: [dblue@recology.com](mailto:dblue@recology.com)

W: [www.recology.com/recology-western-oregon](http://www.recology.com/recology-western-oregon)



---

**From:** Jeff Towery <[Jeff.Towery@mcminnvilleoregon.gov](mailto:Jeff.Towery@mcminnvilleoregon.gov)>  
**Sent:** Thursday, February 29, 2024 9:15 AM

**To:** Dan Blue <[DBLue@recology.com](mailto:DBLue@recology.com)>

**Cc:** Christopher Carey <[CCarey@recology.com](mailto:CCarey@recology.com)>; Jackie Ortega <[JOrtega@recology.com](mailto:JOrtega@recology.com)>; Ernest Martin <[EMartin@recology.com](mailto:EMartin@recology.com)>; David Ligtenberg <[David.Ligtenberg@mcminnvilleoregon.gov](mailto:David.Ligtenberg@mcminnvilleoregon.gov)>; Jennifer Cuellar <[Jennifer.Cuellar@mcminnvilleoregon.gov](mailto:Jennifer.Cuellar@mcminnvilleoregon.gov)>

**Subject:** RE: Rate Review Extension Request

**CAUTION:** This email originated from outside of Recology. Do not click links or open attachments unless you recognize the sender and know the content is safe. Please forward to the Security Team at [SecurityEmail@Recology.com](mailto:SecurityEmail@Recology.com) if you are unsure.

Dan,

The City of McMinnville is comfortable with your request and in the interests of serving the unknown is willing to grant an extension of up to 60 days. If you need something more formal than this response, please let me know. Good luck in the continued cyber-recovery.



**City of  
McMinnville**

**Jeff Towery (he/him)  
City Manager  
503-434-7302 (desk)**

[jeff.towery@mcminnvilleoregon.gov](mailto:jeff.towery@mcminnvilleoregon.gov)

---

**From:** Dan Blue <[DBLue@recology.com](mailto:DBLue@recology.com)>

**Sent:** Wednesday, February 28, 2024 11:18 AM

**To:** Dan Blue <[DBLue@recology.com](mailto:DBLue@recology.com)>

**Cc:** Christopher Carey <[CCarey@recology.com](mailto:CCarey@recology.com)>; Jackie Ortega <[JOrtega@recology.com](mailto:JOrtega@recology.com)>; Ernest Martin <[EMartin@recology.com](mailto:EMartin@recology.com)>

**Subject:** Rate Review Extension Request

**This message originated outside of the City of McMinnville.**

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Good morning,

I hope you are well. As you know, Recology experienced a cybersecurity incident in November 2023, which caused some systems and applications to be temporarily unavailable.

Our IT team, with help from employees throughout the company, including here in Oregon, have worked continuously and diligently over the last few months to restore all systems. We continue to work through our system restoration in a deliberate and thoughtful manner, with the guidance of external experts who do this type of work all the time.

As a result, we are writing to ask for an extension on the rate review process for this year. Normally, and as articulated in most of our franchise agreements, Recology would submit our rate review report, a cover letter, third party audit, and proposed rates by April 1st. We are unable to meet that deadline this year and would like to seek a minimum 30-day extension of the rate review deadline. This would impact the scheduling of any rate-

related meetings with your elected bodies and also push out any new rate effective dates should a rate increase be warranted.

We understand and acknowledge that this may impact your internal budget process and timelines, and so please know that we do not ask for this extension lightly.

Please let us know if you have any questions or concerns.

Thank you.

Dan

**Dan Blue (he, él)**

Government & Community Relations Manager – Northern Oregon

1850 NE Lafayette Avenue · McMinnville, OR 97128

**Recology** | Proudly Employee Owned

C: 503-405-0261

E: [dblue@recology.com](mailto:dblue@recology.com)

W: [www.recology.com/recology-western-oregon](http://www.recology.com/recology-western-oregon)



RWO - Valley Cost of Service Report 2023-24



	RWO - Valley Total			City of McMinnville		
	2023 Calendar Year Actual	2024-25 Projected Rate Year	Allocation Method	2023 Calendar Year Actual	Adjustments and Projected Changes	2024-25 Projected Rate Year
<b>REVENUE</b>				<b>Rate Adj. % &gt;&gt;&gt;</b>	<b>4.70%</b>	
Collection Services - Residential	\$ 8,842,892	\$ 9,171,741	Actual	\$ 4,552,330	\$ 168,600	\$ 4,720,930
Collection Services - Commercial	\$ 5,065,806	\$ 5,380,026	Actual	\$ 3,438,101	\$ 192,379	\$ 3,630,479
Collection Services - Debris Box	\$ 2,680,916	\$ 2,760,159	Actual	\$ 893,219	\$ 20,845	\$ 914,064
<b>COLLECTION SERVICES:</b>	<b>\$ 16,589,614</b>	<b>\$ 17,311,926</b>	<b>Actual</b>	<b>\$ 8,883,649</b>		<b>\$ 9,265,473</b>
Proposed Rate Adjustment			Actual			\$ 435,477
Revenue - DB Disposal			Actual	\$ 457,424	\$ 22,871	\$ 480,296
Revenue - Medical Waste	\$ 96,211	\$ 98,096	Actual	\$ 83,884	\$ 2,167	\$ 86,051
Revenue - Other (fees & related)	\$ 88,385	\$ 17,766	Actual	\$ 7,574	\$ 1,014	\$ 8,588
Non-Franchised Revenue	\$ 1,001,587	\$ 1,096,840	Actual	\$ -	\$ -	\$ -
<b>Total Revenue</b>	<b>\$ 17,775,796</b>	<b>\$ 18,524,628</b>		<b>\$ 9,432,532</b>	<b>\$ 843,354</b>	<b>\$ 10,275,885</b>
Franchise Fees	\$ (725,042)	\$ (753,292)	Actual	\$ (471,314)		\$ (513,794)
<b>Revenue w/o Franchise Fees</b>	<b>\$ 17,050,753</b>	<b>\$ 17,771,335</b>		<b>\$ 8,961,218</b>		<b>\$ 9,762,091</b>
<b>LABOR EXPENSES</b>				53%		
Operational Personnel	\$ 2,045,541	\$ 2,328,040	Labor Hours	\$ 847,259	\$ 117,011	\$ 964,269
Payroll Taxes	\$ 185,744	\$ 211,396	Labor Hours	\$ 76,935	\$ 10,625	\$ 87,560
Medical Insurance	\$ 463,989	\$ 498,717	Labor Hours	\$ 192,183	\$ 14,384	\$ 206,567
Other Benefits	\$ 247,330	\$ 310,751	Labor Hours	\$ 102,444	\$ 26,269	\$ 128,712
<b>Total Labor Expense</b>	<b>\$ 2,942,604</b>	<b>\$ 3,348,903</b>		<b>\$ 1,218,820</b>	<b>\$ 168,288</b>	<b>\$ 1,387,109</b>
Disposal Charges	\$ 2,906,178	\$ 3,064,136	Vessel Weights	\$ 1,558,412	\$ 84,704	\$ 1,643,115
Medical Waste & Supplies	\$ 46,708	\$ 47,642	Med. Waste	\$ 42,428	\$ 849	\$ 43,276
<b>Total Disposal Expense</b>	<b>\$ 2,952,886</b>	<b>\$ 3,111,778</b>		<b>\$ 1,600,840</b>	<b>\$ 85,552</b>	<b>\$ 1,686,392</b>
<b>OPERATIONAL EXPENSES</b>						
Fuel	\$ 757,693	\$ 665,257	Franchised Labor	\$ 368,989	\$ (45,015)	\$ 323,974
Fuel - Non-Franchised (N/F)	\$ 132,964	\$ 116,743	Actual	\$ -	\$ -	\$ -
Repairs and Maintenance	\$ 2,401,593	\$ 2,861,832	Franchised Labor	\$ 1,169,552	\$ 224,132	\$ 1,393,684
Repairs and Maintenance - N/F	\$ 437,364	\$ 481,100	Actual	\$ -	\$ -	\$ -
Business Taxes and PUC	\$ 199,045	\$ 202,383	Franchised Labor	\$ 96,933	\$ 1,626	\$ 98,559
Business Taxes and PUC - N/F	\$ 108,393	\$ 113,812	Actual	\$ -	\$ -	\$ -
Supplies & Uniforms	\$ 33,771	\$ 35,426	Labor Hours	\$ 13,988	\$ 685	\$ 14,673
Operational Supplies/Safety	\$ 44,894	\$ 47,093	Labor Hours	\$ 18,595	\$ 911	\$ 19,506
Contract Labor	\$ 139	\$ -	Labor Hours	\$ 57	\$ (57)	\$ -
Depreciation and Amortization	\$ 3,578	\$ 3,578	Franchised Labor	\$ 1,742	\$ -	\$ 1,742
Depreciation and Amortization N/F	\$ 4,752	\$ 4,762	Actual	\$ -	\$ -	\$ -
Operational Lease and Rent	\$ 787,533	\$ 834,544	Franchised Labor	\$ 383,521	\$ 22,894	\$ 406,415
Operational Lease and Rent - N/F	\$ 127,524	\$ 127,524	Actual	\$ -	\$ -	\$ -
Insurance Expense	\$ 140,731	\$ 147,627	Labor Hours	\$ 58,291	\$ 2,856	\$ 61,147
Yard Debris/wood & Other Funding	\$ 1,405,741	\$ 1,512,097	Program	\$ 1,267,487	\$ 95,896	\$ 1,363,383
Recycling Expense	\$ 998,866	\$ 774,360	Recycling	\$ 617,788	\$ (138,855)	\$ 478,933
Purchase Recyclables			Recycling	\$ -	\$ -	\$ -
Other Operational	\$ 53,826	\$ 56,463	Labor Hours	\$ 22,295	\$ 1,092	\$ 23,387
<b>Total Operations Expense</b>	<b>\$ 7,638,406</b>	<b>\$ 7,984,601</b>		<b>\$ 4,019,237</b>	<b>\$ 166,165</b>	<b>\$ 4,185,402</b>
<b>SUBTOTAL</b>	<b>\$ 3,516,857</b>	<b>\$ 3,326,052</b>		<b>\$ 2,122,320</b>	<b>\$ 380,868</b>	<b>\$ 2,503,188</b>
<b>ADMINISTRATIVE EXPENSES</b>						
Management Services	\$ 500,614	\$ 555,739	Computed	\$ 282,976	\$ 25,301	\$ 308,277
Administrative Services	\$ 1,759,490	\$ 1,667,216	Computed	\$ 848,928	\$ 75,902	\$ 924,830
Non-Admin. Labor	\$ -	\$ -	Franchised Labor	\$ -	\$ -	\$ -
Office Supplies	\$ 13,506	\$ 14,168	Customers	\$ 6,392	\$ 313	\$ 6,706
Postage	\$ 10,637	\$ 11,158	Customers	\$ 5,035	\$ 247	\$ 5,281
Billing services	\$ 55,913	\$ 58,653	Customers	\$ 26,463	\$ 1,297	\$ 27,760
Dues and Subscriptions	\$ 20,821	\$ 21,842	Customers	\$ 9,855	\$ 483	\$ 10,338
Telephone	\$ 37,354	\$ 39,184	Customers	\$ 17,679	\$ 866	\$ 18,546
Bank Service Charges	\$ 79,351	\$ 83,239	Customers	\$ 37,557	\$ 1,840	\$ 39,397
Professional fees	\$ 12,428	\$ 13,037	Customers	\$ 5,882	\$ 288	\$ 6,170
Travel	\$ 3,884	\$ 4,075	Customers	\$ 1,838	\$ 90	\$ 1,929
Advertising and Promotions	\$ 903	\$ 947	Customers	\$ 427	\$ 21	\$ 448
Business Meals	\$ 6,984	\$ 7,326	Customers	\$ 3,305	\$ 162	\$ 3,467
Education & Training	\$ 6,763	\$ 71,094	Customers	\$ 3,201	\$ 30,448	\$ 33,649
Contributions	\$ 14,153	\$ 14,846	Customers	\$ 6,698	\$ 328	\$ 7,027
Bad Debt	\$ 60,689	\$ 73,929	Customers	\$ 28,724	\$ 6,267	\$ 34,990
Other Administrative	\$ 10,380	\$ 10,888	Customers	\$ 4,913	\$ 241	\$ 5,153
<b>Total Admin Expense</b>	<b>\$ 2,593,870</b>	<b>\$ 2,647,342</b>		<b>\$ 1,289,874</b>	<b>\$ 144,093</b>	<b>\$ 1,433,966</b>
<b>EARNINGS FROM OPERATIONS</b>	<b>\$ 922,987</b>	<b>\$ 678,710</b>		<b>\$ 832,447</b>	<b>\$ 236,775</b>	<b>\$ 1,069,222</b>
Interest Income	\$ (27,767)	\$ (26,967)	Not Allocated	\$ -	\$ -	\$ -
Loss on Asset Disposal	\$ -	\$ -	Not Allocated	\$ -	\$ -	\$ -
<b>NET INCOME BEFORE TAX</b>	<b>\$ 950,754</b>	<b>\$ 705,677</b>		<b>\$ 832,447</b>	<b>\$ 236,775</b>	<b>\$ 1,069,222</b>
Operating Margin	5.58%	3.97%		9.29%	4.70%	10.95%
Calculated Operating Ratio	94.50%	96.10%		90.64%	\$ -	88.98%

RWO - Valley Cost of Service Report 2023-24



	RWO - Valley Total			City of McMinnville		
	2023 Calendar Year Actual	2024-25 Projected Rate Year	Allocation Method	2023 Calendar Year Actual	Adjustments and Projected Changes	2024-25 Projected Rate Year
<b>Allocation Data:</b>						
Revenue (All RWO-VAL)	\$ 17,775,796	\$ 18,524,628		\$ 9,432,532		\$ 10,275,885
Revenue Percent	100.00%	100.00%		53.06%		55.47%
2023 Labor Hours				41.42%		41.42%
2023 Disposal				53.62%		53.62%
2023 Recycling				61.85%		61.85%
2023 Customer Count				47.33%		47.33%
2023 Yard Debris				90.17%		90.17%
2023 Medical Waste				90.84%		90.84%
2023 Franchised Labor				48.70%		48.70%
<b>Operating Ratio Calculation</b>						
<b>Total Expenses:</b>						
Total Labor	\$ 2,942,604	\$ 3,348,903		\$ 1,218,820		\$ 1,387,109
Total Disposal	\$ 2,952,886	\$ 3,111,778		\$ 1,600,840		\$ 1,686,392
Total Operational	\$ 7,638,406	\$ 7,984,601		\$ 4,019,237		\$ 4,185,402
Total Administrative	\$ 2,593,870	\$ 2,647,342		\$ 1,289,874		\$ 1,433,966
<b>Total</b>	<b>\$ 16,127,766</b>	<b>\$ 17,092,625</b>		<b>\$ 8,128,771</b>		<b>\$ 8,692,869</b>
<b>Less Non Allowable Expenses:</b>						
Interest on Purchase of routes	\$ -	\$ -		\$ -		\$ -
Contributions	\$ (14,153)	\$ (14,846)		\$ (6,698)		\$ (7,027)
Amortization	\$ -	\$ -				
<b>Allowable Expenses</b>	<b>\$ 16,113,614</b>	<b>\$ 17,077,779</b>		<b>\$ 8,122,073</b>		<b>\$ 8,685,843</b>
<b>Revenue</b>						
Revenue w/o Franchise Fees	\$ 17,050,753	\$ 17,771,335		\$ 8,961,218		\$ 9,762,091
<b>Revenue (net of Pass Through)</b>	<b>\$ 17,050,753</b>	<b>\$ 17,771,335</b>		<b>\$ 8,961,218</b>		<b>\$ 9,762,091</b>
<b>Operating Ratio:</b>						
Allowable Expenses divided by	\$ 16,113,614	\$ 17,077,779		\$ 8,122,073		\$ 8,685,843
Revenue (w/o Franchise Fees)	\$ 17,050,753	\$ 17,771,335		\$ 8,961,218		\$ 9,762,091
<b>Calculated Operating Ratio</b>	<b><u>94.50%</u></b>	<b><u>96.10%</u></b>		<b><u>90.64%</u></b>	proposed adjustment \$ 4.70% -	<b><u>88.98%</u></b>

**Recology Western Oregon - Valley Inc.**  
(A Wholly Owned Subsidiary of Recology Inc.)

Financial Statements  
and Supplementary Information

December 31, 2023





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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Recology Western Oregon - Valley Inc.  
McMinnville, Oregon

We have reviewed the accompanying financial statements of Recology Western Oregon - Valley Inc. (the "Company"), which comprise the balance sheet as of December 31, 2023, and the related statements of income and stockholder's investment, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Recology Western Oregon - Valley Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Supplementary Information**

The supplementary information included on page 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited or reviewed such information and do not express an opinion, a conclusion, nor provide any assurance on such supplementary information.

*Armanino LLP*

Armanino<sup>LLP</sup>  
San Ramon, California

May 10, 2024

**RECOLOGY WESTERN OREGON - VALLEY INC.**

(A Wholly Owned Subsidiary of Recology Inc.)

Balance Sheet

December 31, 2023

ASSETS

Current assets:

Accounts receivable, net of allowance for credit losses of \$21,479	\$ 1,995,715
Other receivables	2,425
Prepaid expenses	21,531
Due from parent	483,053

Total current assets 2,502,724

Property and equipment

Machinery and equipment	2,111,303
Less accumulated depreciation	<u>(1,998,163)</u>

Property and equipment, net 113,140

Total assets \$ 2,615,864

LIABILITIES AND STOCKHOLDER'S INVESTMENT

Current liabilities:

Accounts payable	\$ 74,840
Accrued liabilities	571,467
Deferred revenues	<u>1,551,920</u>

Total current liabilities 2,198,227

Stockholder's investment, net 417,637

Total liabilities and stockholder's investment \$ 2,615,864

See accompanying notes to financial statements and independent accountant's review report.

**RECOLOGY WESTERN OREGON - VALLEY INC.**  
(A Wholly Owned Subsidiary of Recology Inc.)  
Statement of Income and Stockholder's Investment  
For the Year Ended December 31, 2023

Revenues, net	<u>\$ 17,050,753</u>
Cost of operations	
Intercompany refuse disposal	2,872,648
Third party refuse disposal	80,238
Labor costs	2,942,604
Operational expenses	<u>7,602,719</u>
Total cost of operations	<u>13,498,209</u>
Gross profit	3,552,544
General and administrative expenses	<u>2,593,870</u>
Income from operations	<u>958,674</u>
Other income	
Interest income	<u>27,772</u>
Total other income	27,772
Net income	986,446
Stockholder's investment, net, beginning of year	907,224
Net distributions to parent	<u>(1,476,033)</u>
Stockholder's investment, net, end of year	<u>\$ 417,637</u>

See accompanying notes to financial statements and independent accountant's review report.

**RECOLOGY WESTERN OREGON - VALLEY INC.**

(A Wholly Owned Subsidiary of Recology Inc.)

Statement of Cash Flows

For the Year Ended December 31, 2023

Cash flows from operating activities:	
Net income	\$ 986,446
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	8,330
Provision for bad debts	60,689
Property and equipment funded by parent	(117,114)
Changes in operating assets and liabilities:	
Accounts receivable	(58,364)
Prepaid expenses	18,252
Accounts payable	(6,452)
Accrued liabilities	313,444
Deferred revenues	119,701
Net cash provided by operating activities	<u>1,324,932</u>
Cash flows from financing activities:	
Due from parent	151,101
Net distributions to parent	<u>(1,476,033)</u>
Net cash used in financing activities	<u>(1,324,932)</u>
Net change in cash	-
Cash, beginning of year	<u>-</u>
Cash, end of year	<u>\$ -</u>

See accompanying notes to financial statements and independent accountant's review report.

**RECOLOGY WESTERN OREGON – VALLEY INC.**  
(A Wholly Owned Subsidiary of Recology Inc.)

Notes to Financial Statements

December 31, 2023

(1) NATURE OF BUSINESS

Recology Oregon Waste - Valley Inc. (the "Company") is a wholly owned subsidiary of Recology Oregon Inc., which is a wholly owned subsidiary of Recology Inc. (the "Parent" or "Recology"), which in turn is wholly owned by the Recology Employee Stock Ownership Plan (the "Recology ESOP" or the "ESOP").

The Company collects refuse and recyclables in the City of McMinnville and surrounding municipalities in Yamhill and Polk Counties. The Company's refuse collection rates are set by these municipalities. The rate setting process may result in the disallowance of certain costs and/or delays in cost recovery, as well as differences in the timing of when revenues and expenses are recognized.

During the year ended December 31, 2023, the Company disposed of refuse collected by its operations at a facility owned and operated by an affiliate as well as a facility owned and operated by a third party. Yard debris and other recyclable commodities were primarily disposed at a facility owned and operated by an affiliate.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Revenue recognition and accounts receivable

The Company recognizes revenue on an accrual basis when services are performed. Deferred revenues primarily consist of services billed in advance that are recognized as revenue in the period in which the related services are rendered. The majority of the Company's revenue is subject to rate regulation by the municipalities in which it operates.

The Company's receivables are recorded when billed and represent claims against third parties that will be settled in cash. The carrying value of the Company's receivables, net of the allowance for doubtful accounts, represents their estimated net realizable value. The Company estimates its allowance for credit losses based on several factors, including historical collection trends, current economic conditions, reasonable and supportable forecasts, and other factors.

In accordance with Accounting Standards Codification Topic 606 – *Revenue from Contracts with Customers*, municipal franchise fees totaling \$725,042 were presented as a reduction to revenue for the year ended December 31, 2023.

**RECOLOGY WESTERN OREGON – VALLEY INC.**  
(A Wholly Owned Subsidiary of Recology Inc.)

Notes to Financial Statements

December 31, 2023

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment, including major renewals and betterments, are stated at cost. It is the Company's policy to periodically review the estimated useful lives of its property and equipment. Depreciation is calculated on a straight-line basis over the estimated useful lives of assets as follows:

	<b><u>Estimated useful lives</u></b>
Buildings	20-40 years
Leasehold improvements	Shorter of lease or useful life
Machinery and equipment	6-8 years
Furniture and fixtures	8 years
Vehicles	9 years
Containers	10 years

Depreciation expense on the above amounted to \$8,330 for the year ended December 31, 2023. The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized.

Environmental remediation liabilities

The Company accrues for environmental remediation costs when they become probable and based on its best estimate within a range. If no amount within the range appears to be a better estimate than any other, the low end of such ranges is used. Remediation costs are estimated by environmental remediation professionals based upon site remediation plans they develop and on their experience working with regulatory agencies and the Company's environmental staff and legal counsel. All estimates require assumptions about future events due to a number of uncertainties, including the nature and extent of any contamination, the appropriate remedy or remedies, the final apportionment of responsibility among the potentially responsible parties, if any are identified, the financial viability of other potentially responsible parties, and regulatory agency requirements. Thus, actual costs incurred may differ from the Company's initial estimate. These estimates do not take into account discounts for the present value of total estimated future costs, as the timing of cash payments is not reliably determinable. The Company regularly evaluates the recorded liabilities when additional information becomes available or regulatory changes occur to ascertain whether the accrued amounts are adequate. The Company does not recognize recoverable amounts from other responsible parties or insurance carriers until receipt is deemed probable. No environmental liabilities were accrued at December 31, 2023.

**RECOLOGY WESTERN OREGON – VALLEY INC.**  
(A Wholly Owned Subsidiary of Recology Inc.)

Notes to Financial Statements

December 31, 2023

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of long-lived assets

The Company's policy is to review estimated undiscounted future cash flows and other measures of asset value for its operations when events or changes in circumstances indicate the carrying value of an asset may not be fully recoverable.

During the year ended December 31, 2023, there were no events or changes in circumstances that indicated the carrying value of an asset was not fully recoverable.

Leases

The Company leases certain land, buildings, vehicles, and equipment used in the Company's operations under lease agreements. The Company is responsible for all maintenance costs, taxes, and insurance on the buildings, vehicles, and equipment under lease agreements.

The Company accounts for leases in accordance with Accounting Standards Codification Topic 842, Leases. The Company determines if an arrangement is or contains a lease at contract inception. The Company recognizes a right-of use ("ROU") asset and a lease liability at the lease commencement date.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received.

The Company may enter into lease agreements with varying terms which may include renewal or escalation clauses which would be considered in determining minimum lease payments. Lease terms include the noncancelable period of the lease in addition to any additional periods covered by either an option by the Company to extend (or not to terminate) the lease that the Company is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor. The Company has cancelable one-year lease agreements with an affiliate that do not include any renewal or other extension provisions for the use of certain operating equipment and property. The Company has elected not to include these leases with an initial term of 12 months or less in the balance sheet and payments associated with these short term-leases are recognized as an operating expense on a straight-line basis over the lease term. Leases are classified as either operating leases or finance leases at inception.



**RECOLOGY WESTERN OREGON – VALLEY INC.**  
(A Wholly Owned Subsidiary of Recology Inc.)

Notes to Financial Statements

December 31, 2023

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

Effective October 1, 1998, the Parent elected to become an S corporation with the Company electing to be treated as a Qualified Subchapter S corporation subsidiary. Under S corporation rules, the Parent's taxable income and losses are passed through to the ESOP, the Parent's sole shareholder, which is exempt from income tax, and the Company is treated as a division of the Parent having no separate income tax obligations. The Parent has not allocated the income tax expense to the Company.

The Company recognizes income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that has a greater than 50% likelihood of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company's accounting policy for evaluating uncertain tax positions is to accrue estimated benefits or obligations relating to those positions.

The Company records interest related to unrecognized tax benefits as interest expense and penalties as an administrative expense. For the year ended December 31, 2023, there was no interest or penalties recorded because the Company has no uncertain tax positions that meet the more likely than not threshold.

Cash concentration account

The Company's bank account is linked to the Parent's concentration account. Cash balances (or deficits) at the end of each day are automatically transferred to (or from) the concentration account, so that at the end of any particular day, as well as at year-end, the Company's bank account has a zero balance, with related amounts debited or credited to the underlying intercompany account.

Allocations

The Company includes allocated charges from the Parent and affiliates in operating expenses. The charges are allocated by applying activity appropriate factors to direct and indirect costs of the Parent and affiliates or based upon established fees.

Use of estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. The more significant estimates requiring the judgment of management include the valuation of the allowance for credit losses and accrued franchise fees. Actual results could differ from those estimates.

Stockholder's investment

The Company has 100,000 shares of common stock authorized and 1,000 shares issued and outstanding with no par value as of December 31, 2023. Stockholder's investment, net is comprised of the legal capital plus cumulative contributions net of distributions.

**RECOLOGY WESTERN OREGON – VALLEY INC.**  
(A Wholly Owned Subsidiary of Recology Inc.)

Notes to Financial Statements

December 31, 2023

(2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fair value of financial instruments

The carrying amounts reported in the balance sheet of the assets and liabilities, which are considered to be financial instruments (such as receivables, accounts payable, and accrued liabilities), approximate their fair value based upon current market indicators.

Concentration of credit risk

Cash and accounts receivable are financial instruments that potentially expose the Company to credit risk. The Company's bank account is linked to the Parent's concentration account. Cash balances (or deficits) at the end of each day are automatically transferred to (or from) the concentration account. Management believes that the Company is not exposed to any significant risk on cash. As of December 31, 2023, two jurisdictions accounted for approximately 79% of accounts receivable.

Adoption of new accounting standard

In June 2016, the FASB issued Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASC 326"). ASC 326 changed how companies measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. Most prominent among the changes in the standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to meet the objective of enabling users of the financial statements to assess a company's exposure to credit risk and the measurement of credit losses. The financial assets held by the Company that are subject to this guidance were accounts receivable.

The Company adopted the standard effective January 1, 2023 using the modified retrospective approach. The impact of the adoption was not considered material to the financial statements.

Subsequent events

The Company has evaluated subsequent events through May 10, 2024, the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the financial statements.

(3) **COMMITMENTS AND CONTINGENCIES**

Substantially all of the assets of the Company are pledged to secure the obligations of the Parent. The Company, along with the Parent and the Parent's wholly owned subsidiaries, has guaranteed the repayment, on a joint and several basis, of any and all obligations under the Parent's Revolving Credit Agreement. The Company could be required to honor the guarantee upon an uncured default event, as defined in the Parent's Revolving Credit Agreement. The Parent's Revolving Credit Agreement expires in December 2026. At December 31, 2023, there was an outstanding balance of \$344.0 million on the Parent's Revolving Credit Agreement and there were standby letters of credit issued for \$123.0 million. The Parent has represented to the Company that it is in compliance with all covenants of the Revolving Credit Agreement.

**RECOLOGY WESTERN OREGON – VALLEY INC.**  
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Notes to Financial Statements

December 31, 2023

(3) COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Company, along with the Parent and the Parent's wholly owned subsidiaries, has guaranteed the payment of amounts owed to unrelated third parties, which provided the equipment financing to affiliates of the Company. The affiliates are obligated to the unrelated third parties with various expiration dates through June 2027. At December 31, 2023, the outstanding principal on the financing equipment owed by the affiliates was \$11.5 million.

The Parent and its subsidiaries, including the Company, are subject to various laws and regulations relating to the protection of the environment. It is not possible to quantify with certainty the potential impact of actions regarding environmental matters, particularly any future remediation, and other compliance efforts. The Parent has environmental impairment liability insurance, which covers the sudden or gradual onset of environmental damage to third parties, on all owned and operated facilities. In the opinion of management, compliance with present environmental protection laws will not have a material adverse effect on the results of operations of the Company provided costs are substantially covered in the Company's rates on a timely basis.

The Company and the Parent are involved in various legal actions arising in the normal course of business. It is the Company's opinion that these matters are adequately provided for or that the resolution of such matters will not have a material adverse impact on the financial position or results of operations of the Company or the Parent.

(4) LEASES

The Company's main office facility and storage yard, located in Western Oregon Valley, is leased under 12 month fully cancelable leases ranging from \$2,516 to \$10,311 per month. The Company also leases all equipment under 12 month fully cancelable annually renegotiated leases, ranging from \$8 to \$2,395 per month. The annual rent expense for both facilities totaled \$169,916 and for all equipment totaled \$745,141 for the year ended December 31, 2023.

Under the terms of the equipment lease agreement with an affiliate, and in accordance with existing rate policies, the Company may continue to use certain equipment under operating leases without a related payment once the affiliate's equipment cost and related interest have been funded through operating lease payments.

**RECOLOGY WESTERN OREGON – VALLEY INC.**  
(A Wholly Owned Subsidiary of Recology Inc.)

Notes to Financial Statements

December 31, 2023

(5) TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2023, operating and other expenses of the Company included allocated charges from the Parent and affiliates. Such charges are based upon the direct and indirect costs of the Parent and affiliates, or established fees, and allocated based on specific activities. The allocated charges are as follows:

Parent:

Health Insurance	\$	20,411
Worker's Compensation		45,219
401(k) Employer Portion		2,006
General and Vehicle Insurance		140,731
		208,367

Affiliates:

Collection Revenue		(973,820)
Freight		0
Rental of Equipment		744,970
Property Rental		9,720
Disposal Costs		4,278,389
Processing Fees		998,866
General and Administration Allocation		1,517,537
Truck and Garage		1,873,246
Regional Management and Accounting Fees		742,567
		9,191,475
	\$	9,399,842

During the year ended December 31, 2023, amounts due from or payable to the Parent and affiliates were accumulated by the Company and, as of the Parent's fiscal year-end, September 30, 2023, the net amount was settled by way of capital contributions or distributions. Changes in amounts due from or payable to Parent or affiliates are presented as a financing activity in the statement of cash flows, except as related to expenditures attributable to property and equipment. For the three months from October 1, 2023 to December 31, 2023, the net amount was not settled by way of capital contributions or distributions. The financial position and results of operations of the Company could be significantly different absent the transactions with the Parent and affiliates.

(6) EMPLOYEE STOCK OWNERSHIP PLAN

In 1986, the Parent established an employee stock ownership plan and trust, which purchased all of the Parent's outstanding stock. The ESOP is a noncontributory plan that covers substantially all of the employees of the Company and other Recology subsidiaries. Employees, except under certain conditions, become fully vested after a requirement of three years of service. No vesting occurs until the full service requirement is satisfied.

**RECOLOGY WESTERN OREGON – VALLEY INC.**  
(A Wholly Owned Subsidiary of Recology Inc.)

Notes to Financial Statements

December 31, 2023

(6) EMPLOYEE STOCK OWNERSHIP PLAN (CONTINUED)

The Parent's common stock is not traded on an established market. Presently, all shares are held by the ESOP. All distributions will be made from the ESOP in cash, which is received from Recology, or shares, subject to immediate repurchase by Recology. A participant who is vested is entitled to begin receiving a distribution from his or her ESOP account at a future date following his or her termination of employment. Distributions may be made in a lump-sum, equal annual installments over a period generally not to exceed five years, or a combination of the foregoing, generally as determined by the ESOP Administrative Committee (the Committee). The Committee also generally determines the time and manner of distributions, subject to the following limitations: (i) in the event of a participant's retirement, disability, or death, distribution must begin prior to September 30 of the plan year following the plan year in which employment terminates; and (ii) if a participant's employment terminates for any other reason, distribution must begin prior to September 30 of the sixth plan year following the plan year in which employment terminates, although the Committee may further defer distributions that are not attributable to post-1986 shares until the participant reaches the age that he or she would be required to reach in order to qualify for retirement under the ESOP. Each participant who has attained age 55 and has participated in the ESOP for at least 10 years may elect to receive cash distributions for in-service withdrawals attributable to post-1986 shares allocated to his or her account. An eligible participant is entitled to elect payment attributable to as much as 25% of his or her eligible shares during the first five years of election and up to 50% of eligible shares in the sixth year. The cash distributions are based upon the appraised value of Recology stock and other assets, if any, as of the most recent valuation of the participant's account.

The Parent makes contributions to the ESOP to make benefit payments to eligible participants under the Plan.

SUPPLEMENTARY INFORMATION

**RECOLOGY WESTERN OREGON - VALLEY INC.**  
(A Wholly Owned Subsidiary of Recology Inc.)  
Schedule of Operational and General and Administrative Expenses  
For the Year Ended December 31, 2023

Operational expenses	
Contract labor	\$ 139
Depreciation	8,330
Fuel	890,657
Insurance	140,731
Supplies	42,977
Operational lease expense	915,057
Recycling processing costs	998,866
Repair and maintenance	2,838,957
Taxes and licenses	307,438
Yard debris funding	1,405,741
Other operational expenses	53,826
Total operational expenses	<u>\$ 7,602,719</u>
General and administrative expenses	
General administration allocation	\$ 1,517,537
Regional management and accounting fees	742,567
Advertising and promotion	903
Bad debt	60,689
Contributions	14,153
Billing services	55,913
Dues and subscriptions	20,821
Education and training	6,763
Bank service charges	79,351
Meals	6,984
Office supplies	13,506
Postage	10,637
Professional services	12,428
Telephone	37,354
Travel	3,884
Other administration	10,380
Total general and administrative expenses	<u>\$ 2,593,870</u>

See accompanying notes to financial statements and independent accountant's review report.

# McMinnville City Council – Recology System Improvements

Prepared by: Recology Western Oregon – Valley

Dan Blue, Government & Community Relations Manager

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503-405-0261

**Background:** During the July 9<sup>th</sup> McMinnville Council meeting Recology provided a short presentation including a high-level overview of Recology operations in McMinnville and information related to the franchise collection service rate review process and proposed new rates. Following the presentation, Council gave Recology staff feedback about Recology services and asked questions about potential additional service options within the collection system and at the McMinnville Transfer Station. This document summarizes the issues raised during that meeting, suggests a path forward to separately address the current proposed rate adjustment as well as have a robust discussion with Council on developing options for future system improvements. It is Recology’s desire to be fully responsive to the Council’s requests for additional information, to further explore expanded program options to the collection franchise and see a timely resolution of the 2024 rate review process.

## Issue Summary:

Issues and questions raised during the Council meeting related to the collection franchise:

1. service standards established in the franchise
2. material recovery reporting
3. organics collection
4. construction and demolition (C&D) recycling service improvements
5. litter/illegal dumping services (including the bag program concept)
6. rate review process

Issues and questions related to the operation of the McMinnville Transfer Station (a separate business entity operated by Recology and not subject to the franchise agreement):

7. organics processing
8. recyclable materials acceptance
9. public access scales

## Collection Franchise

### 1. Service Standards

Collection Service Standards are articulated as an attachment to the Recology McMinnville Franchise agreement (see Franchise attached). The service standards cover a wide range of obligations for Recology as well for customers including hours of operation, how residential, multifamily and commercial collection services shall be provided including cart placement and set out times, collection frequency, types of containers to be utilized, and standards for other material collection like medical/infectious waste, recycling, and yard debris. It further specifies requirements for customer service, driver qualifications, and equipment maintenance. This



## Illegal Dumping/Litter Issues – Concept Paper

### Produced by Recology Western Oregon

Dan Blue, Government & Community Relations Manager

[Dblue@recology.com](mailto:Dblue@recology.com)

503-405-0261

**Issue Statement:** City of McMinnville would like to assess opportunities for Recology to play a larger role in assisting with downtown litter and illegal dumping issues. The City would like public works folks to spend less time on trash cleanup and more time on other PW priorities.

### **Current Recology services:**

- MTS accepts Public Work cleanup loads from illegal dumping/camps, and credits city for the disposal charges. This is a growing “donation” not covered in the rates (compliance...). Between February 2022 and August 2023 Recology credited back \$5444 worth PW tip fees, avg. fee of \$69.29 credited back as donated services
- Recology collections program provides drop boxes to city for houseless camps (2 20 yard containers serviced every other week currently) and charged for disposal but not delivery/labor, those costs built into the rate making process but not billed directly to City (Marsh Lane and Dustin Ct.)
- Recology services 3<sup>rd</sup> St. and Alpine public containers, those costs are not billed to city but built into the rates
- Recology provides cardboard boxes for special events downtown for garbage, that garbage is managed by MDA
- Recology has been accepting commercial yard debris in addition to residential yard debris, 50-60% of the yard debris loads dropped off come from commercial landscapers. This equates to about 44,500 yards at \$12.10 a yard (using 50% of all yard debris from McMinnville customers) or 53,400 yards (using 60% of all yard debris from McMinnville customers), which is billed to the McMinnville collection company so built into the rates. This is about \$538,450 to \$646,140 per year.

**Range of options for McMinnville to consider:** (Note: there is no single approach that will solve the problem, these ideas are only downstream litter/illegally dumped waste cleanup solutions)

- Bag Program (city distributes bags to houseless population, they fill them with litter/trash, and are given a stipend or voucher for food etc. per bag). Bags would be distributed by existing service organizations or City. Recology would pick up bags.
- Pay to Pick Program (city funds a NP service organization to hire houseless folks hourly to pick up trash, deposit in dumpsters. Dumpsters could be existing commercial dumpsters throughout the city, or dedicated dumpsters provided by Recology, or the bags could be left on street and Recology would pick up.
- Adopt a Block (businesses and residents adopt blocks downtown to keep clean, probably city would provide bags, gloves, pickers, etc., bags deposited in a similar way as Pay to Pick above.
- 311 or Report Illegal Dumping hotline, website and app that generates “work orders” for Public Works to clean up hotspots and illegal dump sites.
- Bulky Waste Vouchers (for use at MTS, paid for by city and distributed to residents in the city to reduce illegal dumping)
- Establish a secure “depot” for dumpsters to support Bag Program, Pay to Pick program, Adopt a Block etc.

- Recology stand up a RID style cleanup crew (Recology partners with a NP service provider, or hires our own team, with a focus on McMinnville litter and illegal dumping issues, partnering with local support services, using a trauma informed approach to reducing the impacts of litter and illegal dumping on the community. This would be a heavy lift requiring likely 2-4 positions including a supervisor and line staff, plus capital equipment like a truck and self-dumping trailer, and would need to be paired with a reporting system like a hotline, app, website etc. as well as data tracking and reporting functions)
- McMinnville to work with Hello McMinnville and stand up an aggressive anti-litter marketing campaign (unlikely to help with illegal dumping and camp associated waste)

**Safety:** most of the ideas that involve paid or volunteer labor needs to include hazmat safety training (dealing with hazardous materials including biowaste including sharps etc.)

**Paying for it:**

- Utilize savings in yard debris from commercial customers at transfer station, currently
- Use the Regional System Fee model to fund programming (a certain fee per ton generated in the McMinnville collection program). A \$1 per ton fee on every ton of waste collected in McMinnville would generate \$37,792 based on current collected tons and \$39.50 disposal fee per ton at Coffin Butte
- City find \$ in its budget to direct fund programs
- Recology adds services and bills city directly or Recology adds services and includes costs in the rate process, Recology adds services and bills customers directly
- Equipment and pilot programs could find grant funds from state or other organizations (Keep America Beautiful)
- Mattress EPR and perhaps future EPR programs may offset some costs of bulky waste collection

## **SOLID WASTE COLLECTION FRANCHISE**

- 1) This Solid Waste Collection Franchise (the “Franchise” or “Agreement”) is entered into this 27th day of January, 2009, between the City of MCMINNVILLE (the “Franchisor” or “City”) and Western Oregon Waste, an Oregon corporation (the “Franchisee”).

### **Article I. RECITALS**

- 1) Whereas the efficient and orderly Collection of Solid Waste is an essential component of public safety and health, balanced Solid Waste management planning must be maintained and developed so as to safeguard public health and insure the efficient and orderly collection and disposal of Solid Waste; and
- 2) Whereas, City has the authority within its jurisdiction to regulate the Collection of Solid Waste, including but not limited to, the right to franchise Solid Waste Collection and Disposal; and
- 3) Whereas, City pursuant to Section 2 of Ordinance No. 4276, is authorized to enter into a franchise with Franchisee for the collection of all Solid Waste generated within the City; and
- 4) Whereas, by Ordinance No. 4276, the City granted to Franchisee a non-exclusive franchise to collect and dispose of solid waste and recyclable material within the City of MCMINNVILLE, Oregon. Such Franchise is amended in its entirety in accordance with this franchise; and
- 5) Whereas, the City and Franchisee agree that defined guidelines for rate setting, compensation, billing, service standards, and financial reporting would better serve the interests of the City and Franchisee.
- 6) Now therefore, the circumstances being set forth in the foregoing recitals, the City and Franchisee hereby agree to amend the existing Collection Franchise and extend its term through Febraury 26<sup>th</sup>, 2014.

### **Article II. DEFINITIONS**

- 1) For the purposes of this Franchise and the administration thereof, the following list of terms shall have the designated meanings as set forth herein.
- 2) The definitions and terms set forth in Ordinances No. 4276 as of the Effective Date of the Agreement shall be applicable to the terms utilized in this Agreement except where the same conflict with state statute or other specific provisions of this Franchise in which case state statute and specific franchise language shall control.
- 3) Definitions in this Franchise shall have the following meaning:
  - a) **Affiliated Company** – shall mean the parent company of Franchisee or any company of which thirty percent (30%) or more of the common stock of control is owned or controlled by Franchisee or shareholder(s) of Franchisee who own or control thirty percent (30%) or more of the common stock of Franchisee, and which shares costs with the Franchisee with respect to the services provided under this Agreement. Examples of such shared costs include but are not limited to labor, equipment or administrative costs.
  - b) **Allowable Expenses** – shall mean those expenses set forth in Article VI.
  - c) **Cash Receipts** – shall mean all payments received on account for services provided pursuant to this agreement.
  - d) **City** – shall mean the City of MCMINNVILLE, its Council or other authorized designated representative.
  - e) **City Council** – shall mean the Council of the City of MCMINNVILLE in which the City’s legislative powers are vested.
  - f) **Collection or Collection Service** – shall mean all or any part of the activities involved in the collection of Solid Waste, or other material specified in this Agreement and its transportation to an appropriate Solid Waste Management Facility.
  - g) **Construction and Demolition Waste** – shall mean any Solid Waste generated from the construction, remodeling or demolition of the entirety or any portion of a building, improvement, structure or dwelling, regardless of its current or intended purpose.

- h) Customer – shall mean any generator of Solid Waste in the City to whom Franchisee provides Collection Service under this Agreement.
- i) DEQ – shall mean the Oregon State Department of Environmental Quality or any successor to such agency’s functions or responsibilities.
- j) Disposal – shall mean the final disposition of Solid Waste collected by the Franchisee at a permitted Solid Waste Management Facility selected by Franchisee.
- k) Disposal Fees – for a given period shall mean the total paid by Franchisee for the Disposal of Solid Waste collected under this Agreement, including but not limited to, the cost of transfer, transport and Disposal.
- l) Disposal Site – shall mean land and facilities approved and permitted by DEQ for the disposal, handling, treatment, management or transfer of Solid Waste, including but not limited to landfills, transfer stations, sludge lagoons, sludge treatment facilities, disposal sites for septic tank pumping or cesspool cleaning service, transfer stations, energy recovery facilities, and composting plants.
- m) Effective Date – shall mean February 26th, 2009, the date on which this Agreement shall become effective and any prior agreement(s) concerning the Collection of Solid Waste shall be amended or replaced.
- n) Force Majeure – shall mean acts of God, fire, landslides, lightening, storms, floods, freezing, earthquakes, epidemics, volcanic eruptions, public riots, civil disturbances, strikes, lockout or other industrial disturbances, acts of the public enemy, wars, blockades, embargoes, or act of civil or military authority, explosions, governmental restraint, unavailability of a Disposal Site and any other event which could not with reasonable diligence be controlled or prevented by the party affected by the event.
- o) Franchise – shall mean the rights granted to the Franchisee under the terms and conditions of this Agreement.
- p) Franchise Area – shall mean i) the entire territory included within the City limits of MCMINNVILLE as of the Effective Date of this Agreement; and ii) such additional area as may thereafter be included within the City Limits from time to time as a result of annexations.

- q) Gross Revenue – shall mean the gross receipts derived by the Franchisee from fees collected from Customers for services provided under this Agreement.
- r) Hazardous Waste – shall be defined as in ORS 466, as follows:
  - i) Discarded, useless or unwanted materials or residues resulting from any substance or combination of substances intended for the purpose of defoliating plants or for the preventing, destroying, repelling or mitigating of insects, fungi, weeds, rodents or predatory animals, including but not limited to defoliant, desiccants, fungicides, herbicides, insecticides, nematocides and rodenticides.
  - ii) Residues resulting from any process of industry, manufacturing, trade or business or government or from the development or recovery of any natural resources, if such residues are classified as hazardous because of its quantity, concentration, or physical, chemical or infectious characteristics may cause or significantly contribute to an increase in mortality or an increase in serious irreversible or incapacitating reversible illness, or pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported or disposed of, or otherwise managed.
  - iii) Discarded, useless or unwanted containers and receptacles used in the transportation, storage use or application of the substances described elsewhere in this definition.
  - iv) Hazardous Waste shall not include radioactive wastes, materials, and receptacles for transport, storage, or use of same.
  - v) Hazardous Waste shall not include incidental Household Hazardous Waste or Small Quantity Generator Waste, which is commingled with Solid Waste.
- s) Household Hazardous Waste – shall be defined as in ORS 459, meaning any discarded, useless or unwanted chemical, material, substance or product that is or may be hazardous or toxic to the public or the environment and is commonly used in or around households and is generated by the household. Household Hazardous Waste may include but is not limited to some cleaners, solvents, pesticides and automotive and paint products.

- t) Medical and Infectious Waste – shall include biological waste, infectious waste, pathological waste and sharps, as defined by ORS 459. Materials included in this definition may or may not be acceptable in Franchisee’s medical waste collection program, depending on the specific requirements set forth by Franchisee’s duly contracted vendor for this service.
- i) Biological waste includes blood and blood products, excretions, exudates, secretions, suctionings and other body fluids that cannot be directly discarded into a municipal sewer system, and waste materials saturated with blood or body fluids, but does not include diapers soiled with urine or feces.
  - ii) Infectious waste includes biological waste, cultures and stocks, pathological waste and sharps.
  - iii) Pathological waste includes biopsy materials and all human tissues; Anatomical parts that emanate from surgeries, autopsies and obstetrical and laboratory procedures; and Animal carcasses exposed to pathogens in research and the bedding and other waste from such animals; Pathological waste does not include teeth or formaldehyde or other preservative agents.
  - iv) Sharps includes needles, IV tubing with needles attached, scalpel blades, lancets, glass tubes that could be broken during handling and syringes that have been removed from their original sterile containers.
- u) Operating Ratio – shall mean Eighty-Eight percent (88%)
- v) Pass-Through Expenses – shall mean the approved Franchise Administration Fee described in Article IV.
- w) Point of Collection – shall be defined for can/cart service as the time at which the can/cart is emptied of its contents into Franchisee’s collection vehicle. Point of Collection for commercial containers and drop boxes shall be defined as the time at which materials are placed into the container or drop box.
- x) Rate – shall mean the specific rate the Franchisee is authorized to charge for a specific type or level of collection service as set forth in an Approved Rate Schedule approved by the City and amended from time to time pursuant to Article VI of this Agreement.
- y) Recycling – shall mean any process by which solid waste materials are transformed into new products in such a manner that the original products may lose their identity.

- z) Recyclable Material – shall mean any waste material or group of materials that can be collected and sold for reprocessing into new products.
- aa) Revenue Requirement – shall mean the sum of the quotient of Allowable Expenses divided by the Operating Ratio (expressed as a decimal) and Pass-Through Expenses.
- bb) Small Quantity Generator Waste – shall refer to waste materials produced by a Conditionally Exempt Small Quantity Generator, which is defined in ORS 459 as a person who generates hazardous waste but is conditionally exempt from certain regulations because the waste is generated in quantities below the threshold adopted by the Environmental Quality Commission.
- cc) Solid Waste – shall include all putrescible and non-putrescible waste, including, but not limited to, garbage, rubbish, refuse, ashes, waste paper and cardboard; grass clippings; composts; sewer sludge; residential, commercial and industrial appliances, equipment, and furniture; discarded, inoperable, or abandoned vehicles or vehicle parts and vehicle tires; manure, vegetable, or animal solid and semi-solid waste and dead animals. Waste shall mean useless, unwanted or discarded materials. The fact that materials, which would otherwise come within the definition of solid waste or waste, may from time to time have value and thus be utilized shall not remove them from the definition. The terms solid waste or waste do not include: Environmentally hazardous wastes as defined above, materials used for fertilized or for other productive purposes or land in agricultural operations in the growing and harvesting of crops or the raising of fowl or animals. This exception does not apply to the keeping of animals or land which has been zoned for residential non-agricultural purposes; Septic Tank and cesspool pumping or chemical toilet waste; Source separated recyclable materials that are purchased from or exchanged by the generator for fair market value for recycling or reuse.
- dd) Solid Waste Management Facility - shall mean any permitted facility designed to manage Solid Waste including but not limited to a Solid Waste transfer station, recyclable materials recovery or processing facility, composting facility, waste-to-energy facility, and landfill facilities.



- ee) Source Separated – shall mean recyclable materials that have been separated according to Franchisee guidelines and removed from the waste stream by the person who last used the recyclable material.
- ff) Special Wastes - shall mean Solid Waste which is generated from an agricultural, industrial, commercial and/or manufacturing operation or process and collected through the use of a drop box or other specialized collection receptacle (other than a residential can, roll-cart or front load container) or which requires other special handling or extraordinary management.
- gg) Term - shall mean the term of this Agreement, as provided for in, and as the same may be extended from time to time in accordance with Article III of this Agreement.
- hh) Generator - shall mean the owner or occupant of premises, including the City, individuals, businesses and other entities that generate Solid Waste in the Franchise Area.
- ii) Yard Debris - shall include trimmings and clippings, grass, leaves, limbs, vegetables, fruits, flowers, trees, shrubs, and stumps. Yard Debris does not include, sod, soil, manure, pet waste, animal bedding, hay, straw, dirt, rocks, trash, plastic, metal or stumps with attached rootballs, and any other organic material not complying with requirements adopted by the Franchisee.


## **ARTICLE II – Exclusive Franchise**

- 1) Pursuant to the authority of ORS 459A.085 and Section 2 of Ordinance 4276, the City grants this exclusive Franchise for the collection of all Solid Waste generated within the city limits of the City of MCMINNVILLE. It is expressly understood that all Solid Waste shall become the property of the Franchisee at the Point of Collection. The quality and character of the service to be provided hereunder shall be in accordance with the minimum requirements as set forth in the City Code and any other standards agreed to by the Franchisee and the City and set forth in Exhibit “B,” attached hereto and made a part hereof by this reference.

## **ARTICLE III – Franchise Term**

- 1) Except as may be extended by agreement of the parties, the rights and privileges granted herein shall be in full force and effect through February 26<sup>th</sup>, 2014; provided however, that commencing January 1, 2010 and each January 1 thereafter (the “anniversary date”), this Franchise term shall be automatically extended one (1) additional year unless the City, in its sole discretion provides written notice to Franchisee that it elects not to approve such annual extension. Written notice of the City’s election not to grant an annual extension shall be delivered to Franchisee within thirty (30) days prior to the next applicable anniversary date.

#### **ARTICLE IV – Franchise Administration Fee**

- 1) As consideration for the granting of this Franchise and to reimburse the City for the administration thereof, Franchisee shall collect and pay to the City quarterly a fee equal to three percent (3.0 %) of Cash Receipts, and may be amended from time to time at the sole option of the City Council. 

#### **ARTICLE V – Franchisee’s Responsibilities**

- 1) The work to be done by Franchisee pursuant to this Agreement shall include the furnishing of all labor, supervision, equipment, materials, supplies, and all other items necessary to perform the services required as provided in Exhibit “B” attached hereto. Franchisee shall perform all such services in accordance with the requirements of the rules and regulations of the City and other applicable governmental agencies.
- 2) Franchisee shall be obligated to collect all Solid Waste generated within the City of MCMINNVILLE subject to the terms and conditions of this Agreement; provided, that the rates charged by the Franchisee for the collection of Special Waste shall not be subject to regulation by the City.
- 3) Franchisee shall hold City, including City officers, City agents and employees free and harmless from any claim for personal injury or damage, including any judgments, attorney’s fees or defense costs which may result from any operations pursuant to this Franchise. Franchisee agrees to carry liability insurance covering the operations and premises upon which operations are conducted and to name City as an additional insured for the term of this Franchise. Minimum liability insurance coverage shall be \$500,000.00 bodily injury to one person, \$1,000,000.00 for injuries arising out of any one accident or incident and for not less than \$250,000.00 for property damage for any

one occurrence. The policy shall provide that it cannot be canceled without 30 days advance written notice to the City.

- 4) Franchisee shall make payment of all claims, debts, expenses and wages for which Franchisee is responsible and to abide by all applicable laws, the City of MCMINNVILLE Municipal Code, and applicable rules and regulations which relate to the franchisee's duties and payment therefore.
- 5) Franchisee shall perform all services and furnish all personnel, equipment and supplies necessary to timely bill and collect from all Customers, all rates and charges authorized pursuant to this Agreement and the City Code for Solid Waste Collection Services.
- 6) The work to be done by Franchisee pursuant to Exhibit "B" of this Agreement shall be accomplished in a thorough and professional manner so that the residents and businesses within City are at all times provided litter free, reliable, and courteous and high-quality Solid Waste Collection, and any specified Recycling services. City may require changes in existing services or the addition of new services and Franchisee shall comply, provided that if such changes result in substantial and significant increases in cost to the Franchisee that cause the Franchisee's Operating Ratio to rise above 91%, Franchisee shall have a right to apply for a special rate review and adjustment pursuant to Article VI(h) of this Agreement.
- 7) Franchisee may choose to exclude from its obligation of collection the following items:
  - a) Hazardous Waste as defined herein or as determined by the City to be hazardous to equipment, service workers or to the public.
  - b) Animal processing offal.
  - c) Sewage sludge.
  - d) Septic tank and cesspool pumpings or other sludge.
  - e) Manure.
  - f) Vegetable or animal solid and semi solid waste.
  - g) Dead animals.

h) Petroleum products.

## **ARTICLE VI – Rates and Compensation**

### **1) Determination of Rates.**

- a) In consideration for its services hereunder, Franchisee shall be allowed to charge and collect those rates adopted each year in accordance with this section, the “Approved Rate Schedule” attached hereto as Exhibit “A”. The rates set shall be fixed at a level sufficient to produce a Revenue Requirement for Franchisee that is equal to the quotient of Allowable Expenses divided by the Operating Ratio (expressed as a decimal). For purposes of this section the rates shall include all monies collected by Franchisee for the services provided under this franchise, including, but not limited to, charges for collection of solid waste and recyclable materials, revenue from the sale of recycled material, disposal charges, surcharges, fees and taxes. Revenue shall also include any other monies received by Franchisee from any other entity as compensation for the services provided hereunder, allocated fairly and reasonably to the jurisdiction and customers receiving said services. For purposes of this section, expenses shall be allowable to the extent they are known and measurable, calculated in accordance with Generally Accepted Accounting Principles (GAAP), do not exceed the fair market value of like services, and are reasonably and prudently incurred by the Franchisee in the course of performing its obligations under this Franchise.
- b) Allowable expenses shall include but not be limited to the following:
  - i) The costs of complying with all laws, regulations or orders applicable to the obligations of Franchisee hereunder, as now or hereafter amended.
  - ii) Disposal fees
  - iii) Labor costs, including supervisory labor, associated with provision of services under the Franchise, including workers compensation insurance and benefits and third party transportation costs.
  - iv) All expenses of maintaining and replacing capital equipment, and assets, including depreciation, registration fees, fuel, oil, tires, repair and maintenance.

Capital equipment includes sufficient “back-up” equipment as required to ensure the Franchisee’s ability to meet operational requirements.

- v) Performance bonds and insurance, at a minimum, in the amounts and coverage required by the city.
- vi) Administrative costs including officer salaries, administrative staff, data processing, postage, billing and supplies.
- vii) Utilities.
- viii) Training and worker safety.
- ix) Marketing, promotion and public education costs.
- x) Property or facility depreciation, rental or lease costs necessary to the provision of services required by the franchise agreement.
- xi) Professional fees and costs.
- xii) Interest expenses other than any interest expenses associated with purchases of routes or business purchases.
- xiii) Franchise fees in excess of 5% percent of gross revenues or business license fees established by the City. Franchise fees less than 5% percent of gross revenues shall be allowable expenses with no application of the Operating Ratio.
- xiv) Any expense incurred in the collection, handling, processing, storing, transporting, marketing, or sale or other disposition of recyclable materials.
- xv) All surcharges, taxes or fees, other than state or federal income taxes or franchise fees, which are imposed upon Franchisee or levied by federal, state or local governments in connection with Franchisee's provision of Solid Waste collection, transportation, disposal and resource recovery services.

- xvi) Any other expense determined in advance by the City and Franchisee to be reasonable and necessary to the provision of the services required under the franchise agreement.
- c) Under no circumstances will the following expenses be counted as Allowable Expenses:
- i) Interest and amortization on the purchase of the MCMINNVILLE franchise routes or other franchise routes, buyout of partners, redemption of shares, or other financial transactions not directly related to the operation of the collection company.
  - ii) Political and charitable cash contributions.
  - iii) Federal, state, and local income taxes.
  - iv) Loss on sale of assets.
  - v) Officers' life insurance premiums.
  - vi) Director fees.
  - vii) Interest on the purchase of equipment or facilities to the extent that the purchase price exceeds the fair market value of the asset at the time of purchase.
  - viii) Penalties and fines.
- d) For purposes of this section, Operating Ratio shall equal eighty eight percent (88%)
- e) The Franchisee and its affiliates may use common resources (equipment, fuel, labor, etc.) to service the City and other nearby jurisdictions. In such cases, it will be necessary to allocate the costs of such resources among the jurisdictions they serve. Franchisee and the City shall mutually agree upon an allocation formula, which shall be attached to the Franchise as Exhibit "C". Such allocation formula may be amended upon the written mutual consent of the Franchisee and the city and shall be applied, as amended, to determine Allowable Expenses throughout the term of the Franchise.

- f) Where the Franchisee shares management and general and administrative resources with its affiliates, in lieu of the Allocation Method, the Franchisee and the city agree that the charges for such services shall be determined as a percentage of gross revenues which may be adjusted by mutual agreement between the city and the Franchisee. Charges for these services shall be equal to or less than eighty percent (80%) of the cost of procuring such services from third party service providers.
- g) Except as provided in subsection (h) of this section, a cost of living rate adjustment shall be made annually according to the following procedures:
- i) Commencing on July 1, 2010 and on July 1 of each year thereafter (the Adjustment Date) throughout the term of the Franchise, the rates shall be adjusted in a percentage amount equal to the percent change in the Consumer Price Index for all Urban Consumers for West-B/C, All Items published by the Bureau of Labor Statistics (“the Index”) that occurred between the months of May and April of the previous year and the months of May and April of the current year provided however, that the adjustment shall not exceed 4 percent in any year. The adjusted rates shall become effective on each July 1, thirty days following the Adjustment Date.
  - ii) On each Adjustment Date, the then-current rates shall be multiplied by a fraction, the numerator of which is the 12-month average of the Index for the current year and the denominator of which is the 12-month average of the Index for the previous year, where the 12-month average of the Index is calculated by adding each monthly West-B/C Index published from May through April and dividing such sum by 12.
  - iii) On or before each Adjustment Date, Franchisee shall send to the City a revised rate schedule reflecting the proposed new rates, as adjusted by the Index as provided in this subsection. Upon adoption, the revised rate schedule shall replace Exhibit “A” as the “Approved Rate Schedule” which will become effective on July 1 of each year.
  - iv) In the event the Index for Urban Consumers for West-B/C is no longer published by the Bureau of Labor Statistics, Franchisee and City shall negotiate in good faith to agree upon a suitable replacement index reflective of the cost of living in the franchise area.

- h) Each year on or before April 1, the Franchisee will submit to the city a rate review report (the ("Report")) showing the actual Allowable Expenses incurred by Franchisee in the preceding calendar year, all additional Allowable Expenses Franchisee reasonably anticipates will be incurred or imposed in the current calendar year, the allocation formulas used to determine expenses, the actual Operating Ratio for the preceding calendar year, and the expected Operating Ratio for the current calendar year. If the Report indicates that the Operating Ratio for the next succeeding 12-month period will be less than eighty-five percent (85%) or greater than ninety-one percent (91%) then rate review will automatically be implemented in accordance with this section. In addition, prior to April 15, either Franchisee or the city may request a rate review to confirm that the Operating Ratio for the next succeeding 12-month period will be not less than eighty-five percent (85%) and not greater than ninety-one percent (91%), provided, however, that not more than five consecutive years shall pass during the term of this franchise without a formal rate review as set forth in this subsection.
- i) In the event a rate review is requested or required as provided hereunder, the following procedures shall bind the city and Franchisee:
- i) No later than April 1, Franchisee shall submit to the city a rate review report (the "Report"). If there is reason to believe, based on the city's review of the data from the report, that the Operating Ratio for the current calendar year will be less than eighty-five percent (85%) or greater than ninety-one percent (91%), the Report shall also include proposed rates for the current calendar year that are calculated in accordance with subsection (b) above to produce Franchisee's Revenue Requirement for such calendar year in light of all Allowable Expenses set forth in the Report.
  - ii) The city shall review the Report and, if the city's review of the Report indicates that the Operating Ratio is likely to be greater than ninety-one percent (91%) or less than eighty-five percent (85%), the city shall adopt rates for the next year, either as proposed by Franchisee in the Report or as modified by the city, no later than June 15. The duly adopted rates shall then become effective not later than July 1 and shall supersede the rates that were previously in effect. The adopted rates shall provide the franchisee an operating ratio of 88%.
  - iii) In the event the Report shows that the Operating Ratio for the current calendar year is not likely to be greater than ninety-one (91%) percent or less than eighty-



five (85%) percent, the existing rates shall not be adjusted and the current rates shall continue in effect until next adjusted in accordance with subsection (g) of this section.

- j) The City shall set all policies and procedures respecting the implementation of rates and shall direct Franchisee to carry out such policies and procedures. The City, its agents or employees may, upon reasonable notice and during normal business hours, audit those records of Franchisee that pertain to Revenue and Allowable Expenses; provided, however, in reviewing such records, the city and its agents and employees shall maintain such records in strict confidence and not disclose, divulge or transmit such records or copies of such records to any third party.
- k) Special Waste - When no rate has been established for a service which the franchisee can provide at customer request, the franchisee shall charge a rate based on the factors outlined in this section. The franchisee shall require a contract from a customer or customers who require an unusual service involving added or specialized equipment solely to provide that service. The purpose of this section is to prevent the added cost from being assessed against other rate-payers if the customer later withdraws from service. The terms of this contract shall specifically provide for this protection.
- l) No Rate Preferences. The rates to be charged to all persons by franchisee shall be adequate, reasonable, and uniform, based upon the level and type of service rendered. Rates established by the Council are fixed rates and Franchisee shall not give preference to any person, locality, or type of solid waste stored, collected, transported or disposed.
  - i) Nothing in this section is intended to prevent the reasonable establishment of uniform classes of rates based on the type of waste collected, transported, disposed of, recycled or resource recovered; or the number, type and location of customers served; or upon other factors so that rates are reasonably based on the cost of the particular service.
  - ii) Nothing in this section is intended to prevent Franchisee from providing service at a reduced cost for a civic, community, benevolent or charitable purpose.
- m) In the event Franchisee, at any time, becomes liable to pay any new or increased legislated costs, including surcharges, fees or expenses associated with regulatory

requirements, or any new or increased legislated disposal and/or legislated long-haul transportation costs or fees, and these costs represent in excess of two percent (2%) of Gross Revenue, then all such costs and/or fees shall be passed through and added to the then-existing rate structure immediately upon City's receipt and verification of Franchisee's documentation of and liability to pay the same. In the event Franchisee, at any time, experiences a reduction in such costs, in excess of two percent (2%) of Gross Revenue, then all such savings shall be passed through and subtracted from the then-existing rate structure immediately upon City's receipt and verification of Franchisee's documentation of the same. Franchisee shall include all such costs, cost savings, and/or fees in the next succeeding year's Report as actual Allowable Expenses of Franchisee.

## 2) Billing Terms

- a) The Franchisee may require advance payment for residential and multi-family residential service for up to three months in advance, or any combination thereof. When service is terminated which was paid for in advance, the franchisee will refund a pro rata portion of the payment for any period in which service was not provided. When billed in advance, no rate adjustment shall be effective until the end of the advance billing. Accounts billed three months in advance shall not be considered delinquent until after sixty days from initial billing.
- b) The franchisee may charge at the time of or in advance of providing service for any customer who has not established credit with the franchisee. The franchisee may consider in approving or disapproving credit, credit information used in the normal course of business practice by other businesses.
- c) No-Service credits for vacation stops will be issued when the customer notifies the Franchisee's office in advance. Credits are only available when two or more service days will be missed.

## **ARTICLE VII – Reports**

- 1) The following reports and information shall be submitted by Franchisee to the City in accordance with the following schedule:
  - a) Commencing April 1, 2009 and each April 1 thereafter, the Franchisee shall submit to the Council an Annual Report consisting of the following:
  - b) Reviewed financial statements for Franchisee for the preceding year, with mutually agreed schedules prepared by the Franchisee to provide backup for any allocated

expenses. Franchisee shall also identify any expense incurred with an Affiliated Company. At the City's request, Franchisee shall provide such backup as is reasonable to verify that such expense was equal to or less than that which would have been incurred with a non-Affiliated Company;

- c) Projected "Allowable Expenses" and "Pass-Through Expenses" for the current year;
- d) Projected Gross Revenue for the current year based on current levels of service and the current Rate Schedule (before any cost of living adjustment); and
- e) Subject to the conditions of Article VI, a proposed Rate Schedule to be effective July 1 with rationale as to how the rates were developed.

#### **ARTICLE VIII – Suspension, Modification or Revocation of Franchise**

- 1) Franchisee shall provide 120 days advance written notice of any proposed transfer or assignment. Except as provided in this Section, Franchisee shall not assign its rights nor delegate or otherwise transfer its obligations under this Agreement to any other person or corporate entity without the prior written consent of the City Council, which consent shall not be unreasonably withheld. Any such assignment without the consent of the City Council shall be void and the attempted assignment shall constitute a default of this Agreement.
- 2) If Franchisee requests City's consideration of and consent to a transfer or assignment, City shall act on such request within ninety (90) days of the receipt of Franchisee's notice and shall not unreasonably refuse to approve an assignment of this franchise to an assignee with sufficient knowledge, experience and financial resources so as to be able to meet the obligations of the Franchisee hereunder.
- 3) Except as otherwise provided in this Agreement, each of the following shall constitute an event of default hereunder:
  - a) Franchisee fails to perform its obligations under this Agreement, as it may be amended from time to time, and if the failure or refusal of Franchisee to perform as required by this Agreement is not cured within a reasonable time but not to exceed sixty (60) days, after receiving notice from the City pursuant to this agreement.

- b) There is a seizure of attachment (other than a prejudgment attachment) of, or levy affecting possession of the operating equipment of Franchisee, including but not without limit, its vehicles, maintenance or office facilities, or any part thereof of such proportion as to impair Franchisee's performance of all obligations under this Agreement and which cannot be released, bonded or otherwise lifted within forty-eight (48) hours excluding weekends and holidays.
  - c) Franchisee files a voluntary petition for debt relief under any applicable bankruptcy, insolvency, debtor relief, or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee (other than as part of a transfer of equipment no longer useful to Franchisee or necessary for this Agreement), trustee (other than as security for an obligation under a deed of trust), custodian, sequestrator (or similar official) of Franchisee for a part of Franchisee's operating assets or any substantial part of Franchisee's property, or shall make any general assignment for the benefit of Franchisee's creditors, or shall fail generally to pay Franchisee's debts as they become due or shall take any action in furtherance of any of the foregoing; or
  - d) Any court having jurisdiction shall enter a decree or order for relief in respect of Franchisee, in any involuntary case brought under any bankruptcy, insolvency, debtor relief, or similar law now or hereafter in effect, or any such court shall enter a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Franchisee or for any part of Franchisee's operating equipment or assets, or order the winding up or liquidation of the affairs of Franchisee.
- 4) In accordance with this Section, this Franchise may be terminated by the City if Franchisee fails to comply with the provisions and specifications of this Franchise so designated in the written notice. Provided, however, if a threat to public health, or some other condition of equal proportion, exists as a result of an act or omission of Franchisee, City may take immediate action to correct said health hazard, and take whatever action the City Council deems necessary to terminate the Franchise.
- a) After written notice from City that such grounds exist, Franchisee shall have not more than 60 days from the date of mailing of the notice of termination in which to comply or request a public hearing from the City.

- b) If Franchisee fails to comply within the time designated by the City with the order of the City, entered upon the basis of findings at the public hearing, the City may suspend, modify or revoke the franchise or make such action contingent upon continued non-compliance.
  - c) At a public hearing, Franchisee and other interested persons shall have an opportunity to present oral, written or documentary evidence to the City. The findings of the City thereon shall be subject to judicial review.
- 5) In the event of termination for default, the City shall have the right to take temporary possession of any and all of Franchisee's land, equipment, and other property used or necessary to the provision of services under this Agreement. City shall have the right to retain the possession of such property until other suitable arrangements can be made for the provision of Solid Waste collection services under this Agreement, which may include the award of an agreement to another waste hauling company. If City retains possession thereof after the period of time for which Franchisee has already been paid by means of bills issued in advance of providing service for the class of service involved, Franchisee shall be entitled to its allocated portion of the existing debt service for such property (which shall be offset against any damages due the City for Franchisee's default). Franchisee shall furnish City with immediate access to all of its business and financial records including billing of accounts for services.
- 6) In addition to any and all other legal or equitable remedies, in the event the Franchisee, for any reason whatsoever, fails, refuses or is unable to collect, transport or deliver to the appropriate Disposal Site, any or all Solid Waste required to be collected under this Agreement, for a period of more than ten (10) consecutive days, and if, as a result thereof, should Solid Waste accumulate in the City to such an extent, in any manner, or for such time that the City should find that such accumulation endangers or menaces the public health or safety, then the City shall have the right, but not the obligation, without payment to Franchisee, upon twenty-four (24) hours prior notice to Franchisee during the period of such emergency as determined by the City to take either or both of the following actions:
- a) to perform, or cause to be performed, such services itself with its own or other personnel without liability to Franchisee; and/or
  - b) to take possession of any or all of Franchisee's land, equipment, and other property used or necessary to the provision of services under this Agreement.

- 7) Notices of Franchisee's failure, refusal or neglect to collect and transport Solid Waste may be given orally to Franchisee at its principal office and shall be effective immediately. Written confirmation or such oral notification shall be sent to Franchisee within twenty-four (24) hours of the oral notification.
- 8) Franchisee further agrees that in such event:
  - a) It will fully cooperate with City to effect the transfer of such possession of property to City for City's use.
  - b) It will, if City so requests, and to the extent feasible, keep in good repair and condition all of such property, provide all motor vehicles with fuel, oil and other service, and provide such other service as may be necessary to maintain said property in operational condition.
- 9) Upon the City's possession and operation of the Franchisee's property as provided in this Section, the City shall lease the Franchisee's property for a monthly rental fee equal to the debt service thereon, and shall indemnify and hold harmless the Franchisee from and against any damage to such equipment or liability to any third person injured or damaged as a result of the City's use of such equipment, up to the limits allowed under the Oregon Tort Claims Act.
- 10) City has no obligation to maintain possession of Franchisee's property and/or continue its use in providing the services under this Agreement for any period of time and may, at any time, in its sole discretion, relinquish possession to Franchisee.
- 11) City's right to retain possession of Franchisee's property, and to provide the services under this Agreement, shall continue until Franchisee can demonstrate to City's satisfaction that it is ready, willing and able to resume such services.

#### **ARTICLE IX – Service Interruption**

- 1) Except for the right to refuse service as set forth in the City Code, Franchisee shall not interrupt service unless:
  - a) Access roads, streets and highways necessary for operation of the landfill, transfer station or disposal site, or transportation of the refuse from the facilities are unusable

and there are not alternative routes and provided that Franchisee shall restore services no later than 24 hours after the access, roads, streets and highways necessary for such services are open;

- b) The occurrence of a Force Majeure event.
- 2) Upon the occurrence of a Force Majeure event, which prevents or impairs Franchisee's ability to perform any of the obligations under this Agreement, Franchisee shall:
- a) Provide immediate oral notice to the City Manager or Director of Public Works, of the nature of the event and extent and anticipated duration of its inability to perform any obligation under this Agreement.
  - b) Commence immediately to develop, in communication and cooperation with the City, a plan for the restoration of performance; and
  - c) Take all such other reasonable actions so as to assist the City in protecting the public health and safety and to restore service and performance under this Agreement as soon as is practicable.

### **ARTICLE X – City Requirements**

- 1) City shall make available to Franchisee all information available to it to assist Franchisee in providing services rendered under the terms of this Agreement. City shall notify Franchisee of any complaints received by the City regarding Franchisee's services as soon as reasonably possible and Franchisee shall promptly respond to such complaint.

### **ARTICLE XI – Persons and Practices Exempt from Franchise**

- 1) Nothing in this ordinance requires a franchise from the following persons for the following businesses or practices:
  - a) Transportation of solid waste by a person (generated or produced by such person) to a disposal site, resource recovery site or market so long as such person complies with this ordinance, other City Ordinances, and ORS Chapter 459 relating to solid waste management and regulations promulgated under any of the foregoing. Except as otherwise provided in this paragraph, in the case of a residential dwelling unit,

(whether individually owned, nonowner occupied, or grouped through an association of cooperative of property owners) any waste generated or produced is owned by the individual owner or occupant and not by the landlord, property owner, cooperative or association of property manager or agent of such person. A person owning, managing or entitled to possession of the property may haul wastes unlawfully left by a tenant or occupant at the end of the term of the tenancy or occupancy.

- b) Transporting, disposing of or resource recovering sewage sludge, septic tank pumpings, and cesspool pumpings.
- c) Any person licensed as a motor vehicle wrecker under ORS 481.345 et. Seq. from collecting, transporting, disposing of or utilizing motor vehicles or motor vehicle parts.
- d) A contractor employed to demolish, construct or remodel a building or structure, including but not limited to land clearing operations and construction wastes, when the wastes hauled by such a contractor are hauled in vehicles owned by, and under the control of or in the possession of the contract and hauled by contractors' employees as a regular part of their employment. Third-party or sub-contracted hauling of construction and/or demolition waste without written approval from the franchisee shall be a violation of this ordinance.
- e) The collection, transportation and reuse of repairable or cleanable discards by private charitable organizations regularly engaged in such business or activity, including, but not limited to Salvation Army, Goodwill Industries, and similar organizations.
- f) The collection, transportation, or redemption of beverage containers under Chapter 459, including and limited to that portion commonly known as the "Bottle Bill", together with other related statutes or regulations promulgated thereunder or under ORS Chapter 459.
- g) The collection, transportation and recycling of totally source-separated materials or operation of a collection center for totally source-separated materials by a religious, charitable, benevolent or fraternal organization, which organization was not organized for nor is operated for any solid waste management purpose, and which



organization is using the activities for fund-raising, including but not limited to Scouts, churches, service clubs and similar organizations.

- h) A person transporting or disposing of wastes that such person creates or produces as an incidental part of the regular carrying on of a business or janitorial service, gardening, rendering or landscaping service. "Janitorial service" does not include the collection and pickup of accumulated or stored wastes.
  - i) Recyclable material collection, handling, processing, transportation or marketing when the recyclable material is source-separated by the generator and is purchased from or exchanged by the generator for fair market value for recycling or reuse.
- 2) Unless exempted pursuant to Article 11 above, or franchised or otherwise permitted pursuant to this agreement, no person shall solicit for customers, advertise the providing of service, or provide service within the boundaries of the City of McMinnville.

#### **ARTICLE XII – Subfranchisees**

- 1) Upon approval of the City, which approval shall not be unreasonably withheld, Franchisee may subcontract with others to provide a portion of the collection services required under this Agreement. This section shall not apply to contracts for emergencies, or contracts ancillary to the normal operation of Franchisee, such as, but without limitation, equipment repair or maintenance, labor, administrative support, outside professional services, or supplies. No subcontract shall relieve Franchisee of its responsibility for providing and maintaining services and for compliance with this Agreement. All subcontracts shall provide that the subcontractor shall not have claim or right of action whatsoever against the City. The City shall have all rights of recourse against the subcontractor as it would against the Franchisee.

#### **ARTICLE XIII – Construction**

- 1) Any finding of any court of competent jurisdiction that any portion of this Franchise is unconstitutional or invalid shall not invalidate any of the other provisions of this Agreement.

#### **ARTICLE XIV – Dispute Resolution**

- 1) In the event of any dispute arising under this Franchise, the City and Franchisee shall continue performance of their respective obligations under this Franchise.
- 2) In addition to and without waiving any rights and remedies under this Agreement or under civil or common law, in the event of a dispute under this Franchise, the parties may agree to Arbitration pursuant to the terms of this Section. Within fifteen (15) days after agreement to Arbitration has been reached, each party shall submit the name of its own arbitrator, selected from a panel of persons qualified with the Arbitration Service of Portland, Inc., or the American Arbitration Association, whichever organization is specified in the written notice of demand for arbitration, and the two arbitrators shall select a third arbitrator selected from such panel within 15 days, or in case of a disagreement concerning the appointment of the third arbitrator, the third arbitrator shall be appointed from such panel by the Presiding Judge of Yamhill County Circuit Court. During such time that the arbitrators are being selected or appointed, the parties shall continue to negotiate in good faith to resolve their dispute in a cooperative manner.
- 3) Arbitration shall be conducted in Yamhill County, Oregon in accordance with the then-effective arbitration rules of Arbitration Service of Portland, Inc., or the then-effective commercial arbitration rules of the American Arbitration Association, whichever organization is specified in the written notice of request for arbitration. The decision of the arbitrators in the matter shall be final and binding on the parties, and any judgment upon the award rendered pursuant to such arbitration may be entered in any court having jurisdiction thereof.
- 4) The City and Franchisee shall use their best efforts to conclude all arbitration proceedings involving rate adjustment disputes within 30 days following the commencement of such arbitration proceedings. Any arbitration determination granting an increase in rates may include an award of interest at the statutory rate for the period between June 1 and the date the increase becomes effective. Such award may also include any adjustment necessary to meet or restore Franchisee's Revenue Requirement.
- 5) The arbitrators shall have the authority, but shall not be required, to award to the prevailing party in the arbitration proceedings reasonable attorneys' fees, expert and nonexpert witness costs and expenses, and all other reasonable costs and expenses incurred directly or indirectly in connection with the proceedings.

#### **ARTICLE XV – Attorneys Fees and Costs**

- 1) In the event that suit or action is instituted to enforce any of the terms of this Franchise, the prevailing party shall be entitled to recover from the other such sums as the court adjudge as reasonable for attorneys fees at the trial upon appeal of such suit or action in addition to all other sums provided by law.

### **ARTICLE XVI – Enforcement**


- 1) The City may enforce the provisions of this Chapter by administrative, civil or criminal remedies or any combination as necessary to obtain compliance with this Chapter. The City Council shall take such legislative action as is necessary to support the Chapter and the franchise granted thereunder.
- 2) The Franchisee may enforce the provisions of this ordinance by appropriate civil action as necessary to obtain compliance with this ordinance. The City Council shall take such legislative action as is necessary to support the ordinance and the franchisee in accordance with this agreement.
- 3) The City may enforce the provisions of this Chapter. The City may enter the affected premises at reasonable times for the purpose of determining compliance with the provisions and terms of this Chapter. Failure on the part of the customer to cooperate and allow inspection by the City, shall relieve the franchisee from the obligation of providing service. In the event of termination of service, the franchisee shall provide notice to the City.

### **ARTICLE XVII – Violations**

- 1) The following are violations:
  - a) No person shall block the access to a solid waste container or drop box.
  - b) No unauthorized person shall take or remove any solid waste placed by the generator for collection by the franchisee including, but not limited to recyclable material. All solid waste shall become the property of the Franchisee at the Point of Collection.
  - c) No unauthorized person shall interfere with or remove any solid waste container from its location.

- d) No unauthorized person shall remove the lid from any solid waste container, nor shall any such person collect, molest, or scatter solid waste stored in any solid waste container.
- e) No unauthorized person shall deposit solid waste into any solid waste container.
- f) No unauthorized person shall be permitted to access or enter a drop box, container or compactor for any purpose, including the salvage of potentially recyclable materials.
- g) No person shall install a commercial/industrial – grade stationary compactor for collection of solid wastes unless the franchisee has been notified and has the necessary equipment to handle the solid waste.


IN WITNESS WHEREOF, the respective parties hereto by and through their duly authorized officers, have executed this Franchise in duplicate as of this 27th day of January, 2009.

  
\_\_\_\_\_  
Mayor, City of McMinnville

  
\_\_\_\_\_  
President, Western Oregon Waste

Approved as to form:

Attested To:

  
\_\_\_\_\_  
City Attorney

  
\_\_\_\_\_  
Secretary, Western Oregon Waste

01/22/09

**EXHIBIT A – CURRENT RATE SCHEDULE**

WESTERN OREGON WASTE

McMinnville	Current Rates Eff. 1/1/09
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Can & Cart Services - Curbside		
Curb side: within 4' of the curb/road & 4' away from all cars, mail boxes, or misc items		
1	1 Can Weekly	\$ 18.14
2	Each Additional Can Weekly	\$ 18.14
3	32 Gallon Cart Weekly	\$ 17.19
4	90 Gallon Cart Weekly	\$ 28.65
5	1 Can Every Other Week	\$ 11.79
6	Each Additional Can - EOW	\$ 11.79
7	32 Gallon Cart Every Other Week	\$ 11.17
8	90 Gallon Cart Every Other Week	\$ 18.63
9	1 Can Once a Month	\$ 6.34
10	Each Additional Can - OAM	\$ 6.34
11	32 Gallon Cart Once a Month	\$ 6.01
12	90 Gallon Cart Once a Month	\$ 10.04
13	Will Call Billed - 32 gal can (per can)	\$ 6.34
14	Will Call Billed - 32 gal cart (per cart)	\$ 6.01
15	Will Call Billed - 90 gal cart(per cart)	\$ 10.04
16	90 Gallon Cart Rent (for will-call service)	\$ 2.70
17	Regular Customer - Add. Can, Bag, Misc.	\$ 4.53
18	Extra 90 Gallon Cart Pick Up	\$ 7.18

Can & Cart Services - Non Curbside		
Non curbside: visible from the street, outside garages and fenced areas		
19	1 Can Weekly	\$ 19.09
20	Each Additional Can - Weekly	\$ 19.09
21	32 Gallon Cart Weekly	\$ 26.74
22	90 Gallon Cart Weekly	\$ 43.94
23	1 Can Every Other Week	\$ 12.42
24	Each Additional Can - EOW	\$ 12.42
25	32 Gallon Cart Every Other Week	\$ 17.39
26	90 Gallon Cart Every Other Week	\$ 28.56
27	1 Can Once a Month	\$ 6.69
28	Each Additional Can - OAM	\$ 6.69
29	32 Gallon Cart Once a Month	\$ 9.35
30	90 Gallon Cart Once a Month	\$ 15.37
31	Will Call Billed - 32 gal can (per can)	\$ 6.69
32	Will Call Billed - 32 gal cart (per cart)	\$ 9.35
33	Will Call Billed - 90 gal cart(per cart)	\$ 15.37
34	90 Gallon Cart Rent (for will-call service)	\$ 2.70
35	Regular Customer - Add. Can, Bag, Misc.	\$ 4.77
36	Extra 90 Gallon Cart Pick Up	\$ 10.98

WESTERN OREGON WASTE

McMinnville	Current Rates Eff. 1/1/09
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MISCELLANEOUS RATES

Charges for items on line 41- 47 do NOT include the additional service charge which is charged separately

37	Refrigerators - Freezers	\$ 34.09
38	Appliances	\$ 17.05
39	Furniture - all types	\$ 17.05
40	Tires off rims	\$ 4.55
41	Tires with rims	\$ 9.09
42	Truck tires off rims	\$ 17.05
43	Truck tires with rims	\$ 45.45
44	Service Charge - In Route	\$ 18.01
45	Service Charge - Out of Route	\$ 18.01
46	Container Re-Delivery Charge	\$ 26.49
47	One truck - One employee (Per Hour)	\$ 105.93
48	One truck - Two employees (Per Hour)	\$ 158.89
49	Off No Pay Reinstatement Charge	\$ 15.00
50	NSF Check Charge	\$ 25.00
	be assessed on any past due amount (excluding amounts in dispute over billing or service issues)	

MEDICAL WASTE RATES

Large Volume Generators

Small Volume Generators

Sharps Container and Disposal

57	4.7 Qt -- Per Container	\$ 18.04
58	10 Qt -- Per Container	\$ 20.89
59	23 Qt -- Per Container	\$ 39.59

Steri-Tub Rental and Disposal

60	21 Gallons -- Per Tub	\$ 31.19
61	48 Gallons -- Per Tub	\$ 36.47

Confidential Document Destruction

62	9 Gallon Box	\$ 29.59
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Miscellaneous Rates - All Customers

Sharps Container Purchase

63	4.7 Qt - Per Container	\$ 6.57
64	10 Qt - Per Container	\$ 9.28
65	23 Qt - Per Container	\$ 17.33
66	Special Service/Re-packaging Fee (per hr)	\$ 96.79
	- supplies billed separately	
67	Emergency Spill Remediation	\$ 161.31
	- per person, per hour - supplies billed separately	
68	Spill Kit	\$ 18.04

WESTERN OREGON WASTE

McMinnville	Current Rates Eff. 1/1/09
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Temporary Rental Containers  
Defined as: not longer than 30 days and 45 days between container rentals or for the term of project for contractors

69	3 Yd Rental (Del. Chg, Final Pickup & 7 days)	\$ 100.78
70	Add. Dumping Charge - 3 Yd Rental	\$ 77.36
71	3 Yd Rental - Recycling Only (del, p/u + 7 days)	\$ 89.12
72	Add. Dumping Charge - 3 yd Rental (rec. only)	\$ 65.70
73	Daily Rental Charge - 3 Yd Rental	\$ 2.00

DROP BOXES

Miscellaneous Charges

74	Delivery charge (Based on hourly truck time)	
75	Daily Rent - after 48 hrs/excl. weekends	\$ 9.25
76	Rent (per month) - 1 year or longer	\$ 130.42
77	Truck Time (per hour)	\$ 105.93
78	Rec./Mkt. Hauls (per hour) - plus disposal	\$ 105.93

COD Temporary Customers

79	10 Yard Box	\$ 248.87
80	20 Yard Box	\$ 349.32
81	30 Yard Box	\$ 449.78
82	47 Yard Box	\$ 652.49
83	50 Yard Box	\$ 693.78

Industrial Invoiced Permanent Customers

84	Haul Fee	\$ 132.40
85	Disposal Charge (per ton)	\$ 34.72

Permanent Frontload Compactor Rates  
This includes all compacted material including pre compacted waste

86	Compaction Ratio - 4:1	1.50
87	Compaction Ratio - 3:1	1.30
88	Compaction Ratio - 2:1	1.12

CONTAINER RATES

Weekly Service - Containers

89	1 Yard Container	\$ 124.26
90	1 1/2 Yard Container	\$ 153.14
91	2 Yard Container	\$ 182.01
92	3 Yard Container	\$ 239.78
93	4 Yard Container	\$ 297.53
94	5 Yard Container	\$ 355.30
95	6 Yard Container	\$ 413.05
96	8 Yard Container	\$ 484.37



WESTERN OREGON WASTE

McMinnville	Current Rates Eff. 1/1/09
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Each Add'l Stop per Week - Containers

97	1 Yard Container	\$ 104.26
98	1 1/2 Yard Container	\$ 133.14
99	2 Yard Container	\$ 162.01
100	3 Yard Container	\$ 219.78
101	4 Yard Container	\$ 277.53
102	5 Yard Container	\$ 335.30
103	6 Yard Container	\$ 393.05
104	8 Yard Container	\$ 464.37

Every Other Week Service - Containers

105	1 Yard Container	\$ 73.28
106	1 1/2 Yard Container	\$ 87.72
107	2 Yard Container	\$ 102.16
108	3 Yard Container	\$ 131.04
109	4 Yard Container	\$ 159.92
110	5 Yard Container	\$ 188.79
111	6 Yard Container	\$ 217.67
112	8 Yard Container	\$ 253.34

Once a Month Service - Containers

113	1 Yard Container	\$ 45.86
114	1 1/2 Yard Container	\$ 52.53
115	2 Yard Container	\$ 59.19
116	3 Yard Container	\$ 72.53
117	4 Yard Container	\$ 85.87
118	5 Yard Container	\$ 99.22
119	6 Yard Container	\$ 112.54
120	8 Yard Container	\$ 129.00

Will Call Service - Containers

121	1 Yard Container	\$ 25.90
122	1 1/2 Yard Container	\$ 33.25
123	2 Yard Container	\$ 40.58
124	3 Yard Container	\$ 55.24
125	4 Yard Container	\$ 69.93
126	5 Yard Container	\$ 84.60
127	6 Yard Container	\$ 99.28
128	8 Yard Container	\$ 117.37

Rent - Containers (per month; same price for all sizes)

129	1 Yard Container	\$ 20.00
130	1 1/2 Yard Container	\$ 20.00
131	2 Yard Container	\$ 20.00
132	3 Yard Container	\$ 20.00
133	4 Yard Container	\$ 20.00
134	5 Yard Container	\$ 20.00
135	6 Yard Container	\$ 20.00
136	8 Yard Container	\$ 20.00

*Billing Terms: Commercial Accounts are billed on a monthly basis. Residential billed once every three months in advance.*

## **EXHIBIT B – SOLID WASTE AND RECYCLING COLLECTION SERVICE STANDARDS**

- 1) **Days and Hours of Collection.** Franchisee shall make Collections (Monday through Friday) for commercial accounts with special arrangements necessary for weekends and Holidays (Christmas and Thanksgiving), and once weekly (Monday through Friday) in all residential areas with special arrangements for Christmas and Thanksgiving. Changes in collection schedule and services may be approved by the City, including the provision of less than weekly service options. Collection of Solid Waste must occur within hours authorized by City Regulations, if any. Franchisee will promptly resolve any issues of noise to the reasonable satisfaction of the City.
- 2) **Residential Collection Services.** The Franchisee shall provide Collection services for all Solid Waste and Recycling generated from residential customers within the Franchise Area. The Collection services offered by the Franchisee to its residential customers shall include the services described in this Section.
  - a) **Solid Waste Collection from Single Family Residences.** Residential Solid Waste from a single family residence shall be considered properly set out or placed for Collection when placed in a leak proof vessel provided by and/or acceptable to Franchisee.
    - i) To qualify as “curbside service”, container must be placed in a visible and accessible location not more than four feet from the curb or edge of the street (and away from other objects that could interfere with collection, such as mailboxes, telephone poles, basketball hoops, vehicles, etc.) or such other location as may be specified by the City that constitutes the Franchisee's regular residential route for such residence.
    - ii) Sideyard collection must be within forty (40) feet of the roadside where collection is designated (the point where the container would be placed for curbside service). Franchisee shall not be required to go more than forty (40) feet without special arrangement between Franchisee and customer. Any residential Solid Waste set out for collection in accordance with the foregoing requirements is herein referred to as "Delivered for Collection."

- b) The Franchisee shall provide, as part of its single family residential Collection services, the following with respect to all Solid Waste properly Delivered; provided that nothing herein shall prevent or in any way restrict any single family residential customer from choosing other Collection services offered by the Franchisee or prevent or restrict the Franchisee from offering other Collection services not described herein as approved by the City.
  - c) The Franchisee shall provide regularly scheduled Collection of Solid Waste along scheduled routes in all residential districts within the Franchise Area.
  - d) The Franchisee shall not be required to go into garages or other buildings to make pick-ups at residences nor shall the Franchisee be required to go into closed areas, through enclosed gates, lift containers out of enclosures, or go up or down stairs to make pick-ups unless specific arrangements for such pick-up are made between the customer and the Franchisee.
- 3) **Solid Waste Collection from Multi-Family Residential Buildings.** Multifamily residential Solid Waste shall be considered properly Delivered when placed in a Franchisee provided or approved vessel or vessels, which may be cans, roll carts or stationary or movable containers, compactors or debris boxes, or any combination thereof, as scheduled by the Franchisee with each multi-family residential customer, in a location accessible to the Franchisee's Collection vehicles.
- 4) **Multi-Family Service for Solid Waste.** The Franchisee shall provide regular scheduled Collection of Solid Waste for all multi-family residential buildings within the Franchise Area. The Franchisee shall not be required to go into any garages or other buildings to make a pick-up at a multi-family residence, nor shall the Franchisee be required to go into closed areas, through closed gates, lift containers out of enclosures, or go up or down stairs to make a pick-up unless specific arrangements for such pick-up are made between the customer and the Franchisee.
- 5) **Collection of Non Conforming Delivery of Residential Solid Waste and Recyclable Materials.**
- a) The Franchisee shall not be obligated to collect any waste that does not constitute Solid Waste, or to collect Solid Waste or Recyclable Materials that are improperly delivered by a residential Customer. Notwithstanding the foregoing, the Franchisee may, in its sole discretion, proceed to collect improperly Delivered Solid Waste or

Recyclable Materials and to charge the Customer such special charges as have been approved by the City to compensate Franchisee for its increased costs.

- b) When the Franchisee refuses to collect waste which is not Solid Waste or to collect improperly Delivered Solid Waste or Recyclable Materials, the Franchisee may leave a written notice on which the Franchisee has provided its phone number and indicated the reasons for its refusal to collect the waste that does not constitute Solid Waste or the improperly Delivered Solid Waste or Recyclable Materials. In lieu of a written notice, the Franchisee, may, at its own discretion, elect to contact customers by telephone or other appropriate means to relay the necessary information.
- 6) **Collection on Private Streets/Roads.** For collection to be made at curbside on a private street/road, the street or road must meet the Franchisee's standards regarding clearance, composition, grade and condition.
- a) Nothing in this section is intended to prevent Franchisee from refusing to provide service on a private street/road if there are unresolved safety issues that present undue risk to Franchisee's equipment or personnel.
  - b) Franchisee shall not be liable for damage to private streets or roads attributable to normal wear and tear.
  - c) To receive service on such private streets/roads, the Customer must have their address on the private street/road.
- 7) **In-Ground Cans.** The Franchisee is not required to remove a garbage can from an in ground or sunken location. Any Customer who wishes service at such a location shall be responsible for placement of the can, with lid, above ground.
- 8) **Ingress and Egress.** Franchisee shall not be required to pass through any doors or gate(s), cross flower beds, go through hedges, cross open lawns, or place themselves in a situation which would jeopardize their health and safety.
- 9) **Location of Empty Cans/Carts/Containers/Bins.** The Franchisee shall return any emptied can(s), cart(s), or container(s) to the Point of Collection, or for sideyard service, the identified storage location. The Franchisee is responsible to close any can/cart or container as securely as possible to prevent the lid blowing away or rain getting into the can/cart or container. For curbside service, the Customer shall be directed not to leave cans or carts at the point of collection for more than 24 hours past the collection day.

10) **Overweight Vessels.** The Franchisee is not required to service an overweight can/cart or container (see Figure “A”). If collection is refused, a written notice may be left describing the problem, and requesting that the Customer place the material in more than one container and describing pickup options. The notice must contain the Franchisee's name and phone number. The Franchisee shall keep a record of customer contacts and supply the same to the City upon request. In lieu of a written notice, the Franchisee, may, at its own discretion, elect to contact customers by telephone or other appropriate means to relay the necessary information.

a) Where a Franchisee has refused to pick up an overweight can/cart/container, the Franchisee must provide collection of double the customer's subscribed service level at no additional cost to the Customer on the Customer’s next scheduled collection day, if a special pick up has not been requested. Where a double pickup is provided, standard can/cart/ container weight limits apply to each can, cart, container, bundle or other receptacle. The Franchisee may charge the call back rate established by the City if the Customer requests that the material be picked up on any day other than the Customer's next regularly scheduled collection day.

b) Figure “A” - Solid Waste Can, Cart, and Container Capacity

Weights include container and contents:

SIZE / TYPE MAXIMUM	WEIGHT INCLUDING CONTAINER
User-provided Cans up to and including 20 gallons	35 Lbs
User-provided Cans over 20 gallons, up to and including 32 gallons	60 Lbs
Franchisee provided roll carts of 32-40 gallons	75 Lbs
Franchisee provided roll carts over 40, up to and including 60 gallons	105 Lbs
Franchisee provided roll carts over 60, up to and including 90 gallons	145 Lbs

- 11) **Commercial and Industrial Collection Services.** The Franchisee shall provide Collection services for all Solid Waste and Recycling generated from commercial or industrial premises within the Franchise Area. The Collection services offered by the Franchisee to its commercial and industrial customers shall include the services described in this Section.
- a) **Solid Waste.** The Franchisee shall offer Collection of Solid Waste delivered to a Franchisee approved commercial can, roll cart, container, compactor or debris box for Collection as scheduled with the customer.
- b) **Collection of Improperly Delivered Solid Waste.** The Franchisee shall not be obligated to collect any waste that does not constitute Solid Waste, or to collect Solid Waste that is improperly delivered by a commercial or industrial Customer. Notwithstanding the foregoing sentence, the Franchisee may, in its sole discretion, proceed to collect improperly Delivered Solid Waste and to charge the Customer such special charges as have been approved by the City to compensate Franchisee for the increased costs.
- 12) **Container Access Standards.** All container locations shall provide for direct and unobstructed access by Franchisee's equipment and personnel. Any enclosure, pad, or prepared surface to be used for solid waste container placement must meet Franchisee's minimum requirements. Franchisee shall make these standards available to customers upon request. Franchisee shall not be required to place a container in a location which poses an undue risk to Franchisee's equipment or personnel, customer's property or public safety.
- 13) **Medical and Infectious Waste.** Franchisee shall offer scheduled on-call Collection and Disposal of Medical and Infectious Waste from commercial and residential customers in compliance with Oregon Revised Statutes and Oregon Administrative Rules promulgated thereunder at rates approved by City. Rates for large generators will be submitted separately for approval.
- 14) **Recycling Services.** Except as specifically permitted elsewhere in the Franchise Agreement, the Franchisee shall be the sole provider of recycling collection services within the City boundaries. Materials accepted, equipment provided, collection standards, and frequency shall be at the discretion of the Franchisee within the guidelines of ORS 459. Recycling collection services may be provided through joint agreement of City and Franchisee. Franchisee reserves the right to refuse to provide

recycling services to individual customers in certain special circumstances, including locations without adequate access or clearance, failure to comply with Franchisee's preparation guidelines, and non-payment for solid waste collection services. If requested, collection service shall be limited to those areas of the City that the franchisee asserts it can reasonably provide said services. Standards for commercial customers shall be determined at the sole discretion of the Franchisee based on the needs of each commercial customer.

- 15) **Additional Services.** At City's request, and subject to the following, Franchisee shall provide any other non-exclusive solid waste collection services not granted by this Franchise ("New Services") upon receiving a written request from City and subject to establishment of an appropriate rate for such New Service. Nothing herein shall prevent or in any way restrict any single family residential customer or any commercial or industrial customer from choosing other Collection services offered by the Franchisee or prevent or restrict the Franchisee from offering other Collection services not described herein that are approved by City.
- 16) **Collection Standards:**
- a) **Care of Private Property.** Reasonable care shall be used by Franchisee's employees in handling all collection containers and enclosures. Franchisee shall pay for the cost of repair of all damage to private property caused by the actions or negligence of its employees. City shall refer issues about damage to private property to Franchisee.
  - b) **Noise.** All Solid Waste Collection operations shall be conducted as quietly as possible, and shall conform to applicable City noise level regulations. City may conduct random checks of noise emission levels to ensure such compliance. Franchisee will promptly resolve any issues of noise to the satisfaction of City.
  - c) **Minimization of Spills.** Franchisee shall use due care to prevent Solid Waste from being spilled or scattered during Collection. If any Solid Waste is spilled during any phase of Collection, Franchisee shall promptly clean up all spilled materials.
  - d) **Clean-Up.** During Collection, where Solid Waste is delivered, Franchisee shall clean up litter spilled by Franchisee in the immediate vicinity. Franchisee shall discuss instances of repeated spillage not caused by it directly with the customer

responsible. City shall attempt to rectify such situations with the customer if Franchisee has already attempted to do so without success.

- e) **Covering of Loads.** No material shall be transported by Franchisee to the Disposal Site or any other Solid Waste Management Facility in vehicle hoppers. Franchisee shall cover all debris boxes and compactor-tube openings during transport to the Disposal Site.
- f) **Fuel, Oil or Other Vehicle Fluid Spills.** Franchisee is responsible for the immediate clean-up of all fuel, oil, or vehicle fluid spills which result from Franchisee's vehicles. All vehicles must carry an acceptable absorbent material to use in the event of spills. Repair for damages caused by fuel, oil, or other vehicle fluid spills from Franchisee's vehicles or equipment shall be at Franchisee's expense.

**17) Public/Customer Service and Accessibility for Solid Waste Collection.**

- a) **Office and Operational Facility.** Franchisee shall provide a business office and maintain an operational facility in Yamhill County for purposes of carrying out its obligations under this Agreement.
- b) **Office Hours.** The Franchisee's office shall be open to the public Monday through Friday. The office may be closed on Saturdays and Sundays and those holidays on which the offices of the City are closed. A representative of the Franchisee shall be available at the Franchisee's local office during office hours to communicate with the public.
- c) **Telephone.** Franchisee shall be available by phone Monday through Friday, and have available service representatives sufficient to reasonably handle in a timely manner calls from customers. Franchisee shall provide a message service for off-hours.
- d) **Change in Collection Operations/Administration or Schedule.** In the event of changes to the Collection schedule the Franchisee must notify all affected customers in writing at least (14) days prior to any change in the day on which Solid Waste or Recycling Collection occurs. The Franchisee will not permit any customer subscribing to weekly service to go more than eight (8) days without service in connection with a Collection schedule change. This notification does not extend to



the franchisee's holiday service schedule, or changes in service due to weather, equipment breakdown, construction, or other temporary conditions.

- e) **Service Issues.** Franchisee agrees to maintain documentation of all oral and written service issues registered with Franchisee from customers within City. Franchisee shall be responsible for the prompt and courteous attention to, and prompt and reasonable resolution of, all customer issues. Franchisee shall document all written and oral issues, noting the name and address of complainant, date and time of issue, nature of issue, and nature and date of resolution. Such records shall be kept so that they may be inspected by representatives of City upon request.

## 18) **Maintenance of Equipment.**

- a) **Vehicles.** The Franchisee shall provide a fleet of Collection vehicles and equipment sufficient in number and capacity to efficiently perform the work required by this Agreement and shall maintain all such vehicles and equipment in good order and repair. The Franchisee shall have available sufficient back-up vehicles and equipment and qualified operators for each type of Collection vehicle used to respond to normal issues and emergencies.
- b) **Specifications.** All vehicles used by Franchisee in providing Solid Waste Collection services shall be registered with the Oregon Department of Motor Vehicles and shall meet or exceed all applicable legal standards. Franchisee agrees to maintain all of its Collection vehicles in compliance with the provisions of the Oregon Vehicle Code and the Public Utility Commission rules and regulations governing weight of trucks.
- c) **Vehicle Identification.** Franchisee's name, telephone number, and a unique vehicle identification number designed by Franchisee for each vehicle shall be prominently displayed on all vehicles. Franchisee shall not place City's logo on its vehicles.
- d) **Cleaning and Maintenance.** Franchisee shall maintain all of its properties, facilities and equipment used in providing service under this Agreement in a safe, neat, clean and operable condition at all times. All graffiti shall be removed immediately.

- e) **Inspection.** City may inspect vehicles at any time to determine compliance with requirements.
- f) **Maintenance and Repairs.** Franchisee shall keep accurate records of all vehicle maintenance and repairs, recorded according to federal motor carrier regulations.
- g) **Inventory.** Franchisee shall furnish sufficient vehicles to provide all service required under this Agreement, including backup Collection vehicles. Franchisee shall maintain a written inventory of all vehicles ("Vehicle Inventory List"), including Collection vehicles, used in providing service, and shall update the inventory annually. The inventory shall list all vehicles by manufacturer, ID number, date of acquisition, type, and capacity.
- h) **Storage.** Franchisee shall arrange to store all vehicles and other equipment in safe and secure locations in accordance with applicable zoning regulations.
- i) **Operation.** All vehicles shall be operated in compliance with the Oregon Vehicle Code and all applicable safety and local ordinances. The Franchisee shall not load vehicles in excess of the manufacturer's recommendations or limitations imposed by State or local weight restrictions on vehicles.

**19) Solid Waste Storage Vessels.**

- a) **Single Family Residential.** The standard size customer-provided cans for residential services shall not exceed 32 gallons unless otherwise agreed to by the Franchisee. The combined weight of the can and contents shall be of a weight not to exceed 60 pounds, (see Figure "A") which meets standards allowed by OR-OSHA. Franchisee shall affix to every metal or plastic refuse can which no longer holds Solid Waste without spilling or leaking, a written notice advising that such can is unsuitable for properly delivering Solid Waste for Collection. In lieu of a written notice, the Franchisee, may, at its own discretion, elect to contact customers by telephone or other appropriate means to relay the necessary information. All perishable cartons, boxes and other perishable containers, and all paper and plastic garbage bags, used to contain Solid Waste will be disposed of along with their contents.
- b) **Other than Single Family Residential.**

- i) The Franchisee shall make available for rental to multi-family residences and commercial and industrial customers, containers and drop boxes for the Delivery of Solid Waste at rates approved by City.
  - ii) Containers shall be designed and constructed to be water-tight and prevent the leakage of liquids.
  - iii) All containers with a capacity of one cubic yard or more shall meet applicable federal regulations on Solid Waste container safety.
  - iv) Except in the case of specialty equipment required to meet a specific customer's needs, all containers and drop boxes used for the collection of solid waste shall be provided by the Franchisee. Prior to installation, any specialty equipment must be reviewed by Franchisee to ensure its compatibility with Franchisee's equipment and rate structure.
  - v) All containers or drop boxes provided by the Franchisee shall prominently display the name and telephone number of the Franchisee.
  - vi) Provisions to lock containers shall be provided at customer request, with the cost being paid by the customer at rates approved by City.
  - vii) If a customer cannot be serviced from a parking lot, a charge will be made for pulling the container more than 10 feet for collection.
- c) **Cleaning, Painting, Maintenance.** All Franchisee provided containers shall be maintained by the Franchisee in a functional condition and neat and clean appearance. The Franchisee shall periodically steam clean, repair and paint all commercial front-load containers, other than containers provided by Customers. The Franchisee shall be entitled to charge its customers for such cleaning, if required by the customer in addition to regular scheduled maintenance in accordance with the rates set forth for such services.
- d) **Care of Containers.** Containers provided by Franchisee are under the care and custody of the customer, and Franchisee shall not be responsible for damages to containers, outside of normal wear and tear, caused by acts of negligence, vandalism or carelessness by any parties except for employees of Franchisee.

- 20) **Personnel.** Franchisee shall furnish such qualified drivers, collectors, mechanical, supervisory, clerical and other personnel as may be necessary to provide the services required by this Agreement in a safe and efficient manner and in conformance with generally accepted standards prevailing at the time for similar services.
- 21) **Driver Qualifications.**
- a) **Valid License/Endorsements.** All drivers shall be trained and qualified in the operation of Collection vehicles and must have in effect a valid license, of the appropriate class with appropriate endorsements, issued by the Oregon Department of Motor Vehicles.
  - b) **Safety Training.** The Franchisee shall provide suitable operational and safety training for all of its employees who maintain, utilize, or operate vehicles, equipment, or facilities for Collection of Solid Waste or who are otherwise directly involved in such Collection. The Franchisee shall train its employees involved in Solid Waste Collection to identify, and not to collect, Hazardous Waste or Infectious Waste. Employees who do handle Hazardous Waste and Infectious Waste as part of their regular duties shall be properly trained.
  - c) **Employee Appearance and Conduct.** The Franchisee shall use its best efforts to assure that all employees present a neat appearance and conduct themselves in a courteous manner. Franchisee shall require its drivers, and all other employees who come into contact with the public, to wear suitable and acceptable attire which identifies the Franchisee. The Franchisee shall regularly train its employees in customer courtesy, shall prohibit the use of loud or profane language, and shall instruct Collection crews to perform the work as quietly as possible. If any employee is found not to be courteous or not to be performing services in the manner required by this Agreement, the Franchisee shall take all appropriate corrective measures.
  - d) **No Gratuities.** Franchisee shall not permit its employees to demand or solicit, directly or indirectly, any additional compensation or gratuity from members of the public for the Collection of Solid Waste under this Agreement.
  - e) **Provision of Field Supervision.** Franchisee shall provide adequate supervision of field operations. The field supervisor will devote an adequate portion of his/her time in the field checking on Collection operations, including responding to issues.

22) **Non-Discrimination.** Franchisee shall not discriminate in the Provision of service or the employment of persons engaged in performance of this Agreement on account of race, religious creed, color, national origin, disability, marital status, age or sex of such persons or as otherwise prohibited by law.

**EXHIBIT C - THREE FACTOR ALLOCATION METHOD**

In order to allocate common expenses incurred in the provision of refuse collection services between service types and service areas, a three factor allocation method will be used. The majority of expenses in providing refuse collection are in Labor, Disposal, and Vehicle expenses. On average, these expenses represent 70 to 85 percent of the total costs of operating. The Franchisee could operate separately in each jurisdiction, and keep detailed cost accounting records of all expenses incurred on a Franchise Area and service type basis. However, it is the desire of the City to have the Franchisee perform collection services and maintain records in a more cost-effective manner.

The three factors that will be used to allocate these costs are:

- Labor hours - Used to allocate labor costs. Vehicle costs will also be allocated on labor hours as a substitute for engine hours. If, in the opinion of the operator, these hours would not be materially similar, then a four-factor formula would need to be implemented which would include engine hours to allocate the cost of vehicles.
- Weight - Average Vessel Weights used to allocate disposal.
- Customer Base - Weighted customer counts used to allocate general and administrative and management expenses.

Currently, the methods for collecting this data are:

- Labor hours - Franchisee shall make use of a computerized tracking program that monitors and allocates route time by jurisdiction for each route. If the computerized system becomes unavailable for an extended time, a manual form will be completed by route drivers at regular intervals. This data will then be summarized and averaged for application to the annual accounting data, or summarized and applied to the specific quarterly accounting data.
- Weight - Franchisee shall make use of a computerized tracking program that monitors and allocates weight by jurisdiction for each load. If the computerized system becomes unavailable for an extended time, manual auditing of containers weights will be performed to obtain representative weights. These weights will then be applied to route

## Solid Waste Collection Franchise

list customer data to obtain relative weights per route. These relative weights per route will then be applied to the cost of disposal.

Customer Base - This data is readily available from computer reports generated in conjunction with billing and route list preparation.

Data collected in this manner shall be compared to prior years to assure consistency of allocation.

To perform the actual allocations, a model will be developed, with the factors applied to the appropriate accounting line items.

document was last updated in 2009. Recology would be happy to discuss with Council or staff a review and update process for the Collection Service Standards.

## 2. Material Recovery Reporting

The franchise agreement does not establish reporting requirements other than expense and revenue reporting related to the rate review process. However, Recology does report annually material recovery data to the Oregon Department of Environmental Quality which is consolidated with other Yamhill County data. Materials arriving by collection truck to the McMinnville Transfer Station (MTS) are not tracked independently by jurisdiction. Using the same allocation model we use for rate setting, we could provide generation and recovery estimates for the McMinnville collection franchise going forward (starting with calendar year 2024). Below is a table showing Yamhill County washed waste generation and recovery data going back to 1992.

Yamhill County Washed Recovery Data	1992	1996	2000	2006	2011	2013	2015	2017	2019	2020	2021	2022	SB263 Goal 2025
Solid Waste Disposed	52199	48909	67141	99934	64513	83241	76900	102067	98590	86950	121752	120329	
Solid Waste Generated	64049	75024	120689	163951	110166	134478	124708	143214	152308	135438	174437	167429	
Solid Waste Recovered	11850	26116	53548	64017	45653	51237	47808	41146	53718	48488	52685	47100	
Recovery Rate	19%	35%	44%	39%	41.40%	38.10%	38.30%	28.70%	35%	36%	30.20%	28.10%	45%
Pounds Per Capita Generated	1829	1904	2800	3549	2188	2630	2387	2673	2703	2792	3195	2190	
Yamhill County 2020 Population *	107722												
McMinnville Population 2020 *	34530												
McMinnville 2020 % of Yamhill County *	32%												

Source: 2021 Oregon Material Recovery and Waste Generation Rates Report, Oregon DEQ

## 3. Organics Collection

Recology Western Oregon currently offers yard debris collection from residential customers included with the garbage services. Commercial customers can also add yard debris service to their account. Council indicated some interest in additional organics recovery, but it was unclear to us what the desired goal or approach was. Recology would like to have a more detailed discussion with Council so that we can assist the city in achieving its goals.

There are several options to consider, each comes with benefits and costs. Organic waste, particularly wasted food, remains a significant component of both residential and commercial food waste and is a material of interest in that it contributes to methane production when disposed of at landfills. Many mature collection programs in Oregon have added or are adding residential and/or commercial food waste services to their collection programs. On the residential side, raw fruit and vegetable scraps are already allowed in the curbside yard debris carts in McMinnville and can be processed at Recology Organics McMinnville. A residential collection expansion could be considered to allow for all food scraps including prepared foods, dairy products, and meat and bones to be collected with the yard debris. The material would need to be transported to another facility or Recology would need to expand our capacity at our McMinnville site and secure a new permit to accept residential yard debris with food waste.

On the commercial collection side, pre-consumer food scraps of all types could be collected in an additional dedicated roll cart or in dumpsters from McMinnville restaurants, caterers, schools, hospitals, and other food waste generating business. Commercial food waste processing options are limited in the region, and in most cases Recology would need to reload food waste at the McMinnville Transfer Station and deliver it to an already permitted facility. With significant capital investment and a new and expanded permit, our McMinnville compost facility could conceivably process commercial food waste. Other organics processing options could materialize including a scaled up Black Soldier Fly facility that could be a potential destination for commercial food waste.



Recology has partnered with Zero Waste McMinnville and Chapul Farms and would be happy to further coordinate delivery of organics material to a permitted facility once one becomes available. Recology looks forward to a more detailed conversation with Council on options to expand organics recovery from within the McMinnville collection franchise.

#### **4. Construction and Demolition Debris Recycling**

Council has expressed interest in expanded construction and demolition debris recycling for a few years. We acknowledge that this is an issue where we could have done a better job being responsive to council questions and desires for expanded services. This oversight on our part has been discussed internally and we will concentrate our efforts on making progress in this area of concern. The Recology Western Oregon team did meet earlier in 2023 to discuss what new services could be offered in this space. While we were in the initial planning stages, we experienced a companywide cyber incident that radically impacted all our operations, our finance teams, our customer service representatives – really the entire company. We focused on providing uninterrupted collection services while also safeguarding our systems. This process took over 5 months. We are happy to report that we are 100% recovered from the incident and no customer or vendor data was compromised. Our RWO team will regroup to develop some options for expansion of services in the C&D space that we can then discuss with Council.

When considering C&D service expansion it is useful to understand that markets for materials generated in the construction and demolition space are extremely limited and most materials have considerable processing costs to prepare, sort, and transport to end markets. Primary materials generated include wood waste, gypsum (sheetrock), miscellaneous plastics like film and buckets, metals, and inert materials like soil and concrete. Under our current services Recology can collect these materials in separate containers placed on the job site which are then delivered to our transfer station and sent to end markets. We understand that space is often very limited on job sites and that this presents a challenge. We have a similar issue at our transfer station where space is limited thus not allowing for sorting of commingled C&D waste. We look forward further understanding Council goals when it comes to C&D recycling so that we can provide more specific service options for your consideration.

#### **5. Litter/Illegal Dumping**

During the recent discussion with Council, we also heard comments about additional program options related to illegal dumping and litter. As with organics collection, there are program options that McMinnville could consider – all come with varying degrees of start-up costs, ongoing cost recovery, and coordination. Recology previously provided the city with some options to consider. Those are summarized in the letter attached (Attachment B). Recology has coordinated with the city to provide roll off box and front load dumpster services to some of the houseless communities in town. We also have provided free disposal of illegally dumped litter collected by city public works crews. Recology has been developing an expanded service option for hauling of residential and commercial junk that would include junk removal from basements, garages, yards etc. on a fee for service basis (outside of the collection franchise) – that planning process was delayed during the cyber incident we experienced earlier this year. The junk hauling service could also be deployed to pick up illegally dumped materials such as furniture, bulky waste, tires etc. under an agreement with the city. This would be similar to the Metro region's RID Patrol which picks up illegally dumped materials from across the Metro region – paid for by a regional system fee assessed on every ton of garbage disposed. Other programs like the bag distribution program would require developing

partnerships between Recology, the city, and non-profit service providers who work with the city's houseless population. We look forward to discussing these service options with Council.

#### **6. Rate Review Process**

The July 9<sup>th</sup> agenda item was for Recology to present the findings of the annual rate review process, and, per the terms of the solid waste collection franchise agreement between Recology and the city, propose a rate adjustment. There was one question regarding the process relating to how the information was presented to the city and how it was verified. Recology and city staff responded to that question. There did not appear to be any concerns about the rate review process or the proposed rate adjustment. Council however, voted to not approve the proposed rate adjustment.

Delaying action on cost recovery has significant impacts on Recology Western Oregon and its 65 owner employees working out of our McMinnville operations center. Recology has been a trusted partner to the city for the past 13 years – we'd like to maintain that positive relationship going forward. We would appreciate council action on the proposed rate adjustment as soon as possible, knowing that in good faith Recology will meet with council as soon as possible to gain clarity and discuss options about potential new collection program elements. Some of the options included in this document could be deployed relatively quickly, others may take 12 months or more (especially any site improvements or permit changes).

#### **At the Transfer Station:**

#### **7. Organics Processing**

As mentioned previously, Recology is open to discussing expansion of our McMinnville-based Recology Organics compost facility. Our current permit only allows us to accept green waste. We are also at capacity with our current feedstocks. Future expansion would need to include significant capital investments, an expanded DEQ permit, and consideration of our land use permit from the city. Additionally, we'd need to be able to pull in tons from generators outside of Yamhill County. Recology operates two other compost facilities in northern Oregon – North Plains and Aumsville. North Plains is permitted to take yard waste with residential food waste. Aumsville can accept commercial food waste. We have experience and expertise in processing these different waste streams and look forward to discussing options with Council.

#### **8. Recyclable Material Acceptance**

Council expressed some concerns about Recology's recycling depot at our McMinnville transfer station – a separate business unit of Recology. As mentioned at council, Recology has added (and removed) in recent months some materials at the recycling depot. Of particular concern Expanded polystyrene (EPS aka Styrofoam). This material was first accepted December 26<sup>th</sup>, 2018, at the McMinnville recycle depot at our transfer station at the request of Council. This issue came up during a rate review process and Recology was able to respond to council and community desire to have an EPS drop off site. This was only possible due to the presence of a regional facility that could accept the material for further processing. Recology was given a .5% collection rate increase to cover the cost of adding this service at the transfer station. As you may recall, we have partnered with McMinnville High School engineering students to design and test different approaches to shredding and consolidating EPS materials. The program had been in place for five years until Agilyx, the end market for the EPS material, shuttered its doors in March of 2023.

By way of an offset, Recology worked to expand recycling options at the MTS recycling depot, and now offers drop off for other hard to recycle (non – curbside) plastics including lids, utensils, straws, bag tags, and other plastics collected in thrice yearly Zero Waste McMinnville – Plastics Project collection events. Recology has further offered to accept the collection event materials and transfer them to end markets on behalf of Zero Waste McMinnville. EPS will be collected across Oregon for processing through the Recycling Modernization Act. This will begin July 1, 2025. Recology anticipates that we will resume acceptance of EPS at the recycling depot no later than July 1, if not sooner should an end market become available. The good news is that EPS recycling will be funded through the RMA.

Recology believes that adding the .5% rate increase on the collection end, and not funding the recycling of EPS directly at the transfer station, was an erroneous approach. As noted during the rate presentation on July 9<sup>th</sup>, Recology is proposing a rate adjustment that is projected to deliver an operating ratio that is at least 1% less than the target established in the franchise agreement. Recology would suggest that this more than offsets the previously provided .5% increase to cover EPS recycling. The additional materials we've added at the recycling depot for collection will not result in any cost increase in the separate franchise collection rates.

#### **10. Public Access Scales**

A concern was raised during the council meeting about load assessment variability for public drop-off of solid waste at the transfer station. Our operations plan has established guidelines for staff to ensure we charge consistent fees based on the load size. Further, fees vary based on the type of material being brought in. If there are concerns about inconsistency, we encourage customers to bring that to our attention and we will address the concern immediately – we have not had those concerns voiced to our transfer station. Charging by the yard is faster, gets customer through the facility more efficiently, and reduces lines which can have traffic impacts. While we are exploring options to add additional scales, that project has been postponed for the time being as we are reconsidering all options using the existing infrastructure. We will report back to council about scale use by self-haul customers.

In closing, Recology would like to emphasize the positive nature of our relationship with the City of McMinnville. Our employee owners work hard every day collecting thousands of set outs for recycling, garbage, yard debris and glass from residential and commercial customers within the city. Most of them live in this community, with many of our drivers, mechanics, and other support staff with over 30, and some over 40 years of service to this community. We emphasize safety, efficiency, and material recovery in every touch point we have with our customers. We look forward to further discussing with Council all the above potential program expansions.

If you have any questions, please contact us. Questions and comments can be directed to Dan Blue, Government Relations Manager at [dblue@recology.com](mailto:dblue@recology.com) or at 503-405-0261.

**RESOLUTION NO. 2024 – 45**

A Resolution of the City of McMinnville Approving a Collection Rate Increase Not to Exceed 4.7% for Recology Inc.

**RECITALS:**

**WHEREAS**, the City of McMinnville (“City”) entered into a franchise agreement with Recology Inc. (f/k/a Western Oregon Waste) on January 27, 2009, pursuant to Ordinance No. 4904; and

**WHEREAS**, absent a rate adjustment, Recology has estimated that their operating ratio for 2024 would fall at 92.35%, above the maximum provided by the Franchise Agreement of 91%; and

**WHEREAS**, pursuant to the Franchise Agreement, Recology Inc. has requested a rate increase of 4.7%, and provided supporting documentation showing that such rate will bring their operating ratio to 88.98% as required by the Franchise Agreement.

**NOW THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF McMINNVILLE, OREGON as follows:**

1. The City of McMinnville incorporates the above-stated findings as if fully set forth herein.
2. The City of McMinnville approves an increase of Recology Inc.’s collection rates not to exceed 4.7%, as shown in the attached **Exhibit 1**, which rates will go into effect beginning September 1, 2024.
3. This Resolution takes effect immediately upon passage.

Adopted by the Common Council of the City of McMinnville at a meeting held the 13<sup>th</sup> day of August, 2024 by the following votes:

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_

Abstain: \_\_\_\_\_

Approved this 13<sup>th</sup> day of August, 2024.

\_\_\_\_\_  
MAYOR

Approved as to form:

Attest:

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
City Recorder

**EXHIBIT:**

1. Recology Inc. Rate Schedule

**RECOLOGY WESTERN OREGON  
MCM CITY OF MCMINNVILLE**

**SUMMARY RATE SHEET  
EFF. DATE: 9/1/2024**

CODE	DESCRIPTION	CURRENT RATE	INC %	INC \$\$	NEW RATE
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**CART SERVICES - CURBSIDE**

CURBSIDE: WITHIN 4 FEET OF THE CURB OR ROAD, AND AWAY FROM ALL CARS, MAIL BOXES, OR OTHER ITEMS.

**32 GALLON CART SERVICE**

**MONTHLY RATES**

32GWC	32G CART-CURB	\$ 30.27	4.70%	\$ 1.42	\$ 31.69
32GEC	32G CART EOW-CURBSIDE	\$ 19.66	4.70%	\$ 0.92	\$ 20.58
32GMC	32G CART MONTHLY-CURB	\$ 10.59	4.70%	\$ 0.50	\$ 11.09
OC3C	32 GAL CART ON CALL CURB	\$ 10.59	4.70%	\$ 0.50	\$ 11.09
	ADDITIONAL CART - SAME RATE				

**90 GALLON CART SERVICE**

**MONTHLY RATES**

90GWC	90G CART-CURB	\$ 50.48	4.70%	\$ 2.37	\$ 52.85
90GEC	90G CART EOW-CURB	\$ 32.80	4.70%	\$ 1.54	\$ 34.34
90GMC	90G CART OAM-CURB	\$ 17.67	4.70%	\$ 0.83	\$ 18.50
OC9C	90 GAL CART ON CALL CURB	\$ 17.67	4.70%	\$ 0.83	\$ 18.50
	ADDITIONAL CART - SAME RATE				

**MONTHLY CART RENT (FOR ON-CALL SERVICE)**

90GOC	90G CART WILL CALL-CURB	\$ 2.81	4.70%	\$ 0.13	\$ 2.94
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**SPECIAL PICK-UP (FOR OFF-SCHEDULE COLLECTION)**

**RATE PER EACH**

SP32C	SPEC P/U 32G CART CURBSIDE	\$ 10.59	4.70%	\$ 0.50	\$ 11.09
SP90C	SPEC P/U 90G CART CURBSIDE	\$ 17.67	4.70%	\$ 0.83	\$ 18.50

Note: Recycle carts dumped as trash due to contamination may be charged the special pick-up rate.

**CART SERVICES - NON-CURBSIDE (SIDEYARD)**

NON-CURBSIDE: VISIBLE FROM THE STREET, OUTSIDE OF GARAGES AND FENCED AREAS.

**32 GALLON CART SERVICE**

**MONTHLY RATES**

32GWS	32G CART-SIDE	\$ 47.10	4.70%	\$ 2.21	\$ 49.31
32GES	32G CART EOW-SIDEYARD	\$ 30.65	4.70%	\$ 1.44	\$ 32.09
32GMS	32G CART MONTHLY-SIDE	\$ 16.50	4.70%	\$ 0.78	\$ 17.28
OC3S	32 GAL CART ON CALL SIDE	\$ 16.50	4.70%	\$ 0.78	\$ 17.28
	ADDITIONAL CART - SAME RATE				

**90 GALLON CART SERVICE**

**MONTHLY RATES**

90GWS	90G CART-SIDE	\$ 77.43	4.70%	\$ 3.64	\$ 81.07
90GES	90G CART EOW-SIDE	\$ 50.34	4.70%	\$ 2.37	\$ 52.71
90GMS	90G CART OAM-SIDE	\$ 27.08	4.70%	\$ 1.27	\$ 28.35
OC9S	90 GAL CART ON CALL SIDE	\$ 27.08	4.70%	\$ 1.27	\$ 28.35
	ADDITIONAL CART - SAME RATE				

**MONTHLY CART RENT (FOR ON-CALL SERVICE)**

90GOS	90G CART WILL CALL-SIDE	\$ 2.81	4.70%	\$ 0.13	\$ 2.94
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**SPECIAL PICK-UP (FOR OFF-SCHEDULE COLLECTION)**

**RATE PER EACH**

SP32S	SPEC P/U 32G CART NON CURBSIDE	\$ 16.50	4.70%	\$ 0.78	\$ 17.28
SP90S	SPEC P/U 90G CART NON CURBSIDE	\$ 27.08	4.70%	\$ 1.27	\$ 28.35

Note: Recycle carts dumped as trash due to contamination may be charged the special pick-up rate.

CODE	DESCRIPTION	CURRENT RATE	INC %	INC \$\$	NEW RATE
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**OTHER SERVICES & FEES**

**EXTRAS - PER UNIT CHARGES (APPROX. 32 GALLONS PER UNIT)**

**RATE PER EACH**

XBAG	EXTRA BAG(S)	\$ 7.99	4.70%	\$ 0.38	\$ 8.37
XBOX	EXTRA BOX	\$ 7.99	4.70%	\$ 0.38	\$ 8.37
XCAN	EXTRA CAN(S)	\$ 7.99	4.70%	\$ 0.38	\$ 8.37
XMISC	EXTRA MISC	\$ 7.99	4.70%	\$ 0.38	\$ 8.37
X32	EXTRA 32G CART(S)	\$ 7.99	4.70%	\$ 0.38	\$ 8.37
X90	EXTRA 90G CART(S)	\$ 12.65	4.70%	\$ 0.59	\$ 13.24

**BULKY ITEM COLLECTION (SVC CHARGE + CHARGE PER ITEM)**

RATES LISTED ARE FOR COLLECTION AT CURB. ADDITIONAL CHARGES MAY APPLY FOR RETRIEVAL.

**RATE PER EACH**

APF	REFRIGERATOR/FREEZER	\$ 30.46	4.70%	\$ 1.43	\$ 31.89
APL	APPLIANCE	\$ 12.19	4.70%	\$ 0.57	\$ 12.76
FURN	FURNITURE CHARGE	\$ 18.27	4.70%	\$ 0.86	\$ 19.13
TREE	EXTRA CHRISTMAS TREE	\$ 15.95	4.70%	\$ 0.75	\$ 16.70
IRSC	IN ROUTE SERVICE CHARGE	\$ 28.84	4.70%	\$ 1.36	\$ 30.20
SC	SERVICE CHARGE (OUT-OF-ROUTE)	\$ 28.84	4.70%	\$ 1.36	\$ 30.20

**RELATED FEES**

**RATE PER EACH**

CRIR	CART REDELIVERY IN ROUTE	\$ 10.40	4.70%	\$ 0.49	\$ 10.89
CROR	CART REDELIVER OUT OF ROUTE	\$ 20.80	4.70%	\$ 0.98	\$ 21.78
CORDF	CONTAINER RE-DELIVERY FEE	\$ 42.43	4.70%	\$ 1.99	\$ 44.42

Note: Re-Delivery fees apply for resume service after suspend.

**RATE PER EACH**

CCF	CART CLEANING FEE	\$ 10.40	4.70%	\$ 0.49	\$ 10.89
CRF	CART REPLACEMENT FEE	\$ 67.60	4.70%	\$ 3.18	\$ 70.78

Note: Replacement fee is used for loss/damage beyond normal wear and tear.

**RATE PER EACH**

WLI	WIND LATCH INSTALLATION	\$ 15.60	4.70%	\$ 0.73	\$ 16.33
RF	REINSTATEMENT FEE	\$ 15.00	0.00%	\$ -	\$ 15.00
NSFCF	RETURNED CHECK FEE	\$ 25.00	0.00%	\$ -	\$ 25.00

**FRONT-LOAD CONTAINER SERVICE**

**1 YARD CONTAINERS**

**MONTHLY RATES**

1GW	1YD TRASH	\$ 218.99	4.70%	\$ 10.29	\$ 229.28
1GE	1YD TRASH EOW	\$ 129.14	4.70%	\$ 6.07	\$ 135.21
1GM	1YD TRASH MONTHLY	\$ 80.83	4.70%	\$ 3.80	\$ 84.63
1OC	ON CALL-1YD TRASH	\$ 45.65	4.70%	\$ 2.15	\$ 47.80
1XP	EXTRA PICK UP-1YD TRASH	\$ 45.65	4.70%	\$ 2.15	\$ 47.80

**1.5 YARD CONTAINERS**

**MONTHLY RATES**

1HGW	1.5YD TRASH	\$ 269.88	4.70%	\$ 12.68	\$ 282.56
1HGE	1.5YD TRASH EOW	\$ 154.59	4.70%	\$ 7.27	\$ 161.86
1HGM	1.5YD TRASH MONTHLY	\$ 92.56	4.70%	\$ 4.35	\$ 96.91
1HOC	ON CALL-1.5YD TRASH	\$ 58.60	4.70%	\$ 2.75	\$ 61.35
1HXP	EXTRA PICK UP-1.5YD TRASH	\$ 58.60	4.70%	\$ 2.75	\$ 61.35

CODE	DESCRIPTION	CURRENT RATE	INC %	INC \$\$	NEW RATE
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**2 YARD CONTAINERS**

**MONTHLY RATES**

2GW	2YD TRASH	\$ 320.74	4.70%	\$ 15.07	\$ 335.81
2GE	2YD TRASH EOW	\$ 180.04	4.70%	\$ 8.46	\$ 188.50
2GM	2YD TRASH MONTHLY	\$ 104.29	4.70%	\$ 4.90	\$ 109.19
2OC	ON CALL-2YD TRASH	\$ 71.50	4.70%	\$ 3.36	\$ 74.86
2XP	EXTRA PICK UP-2YD TRASH	\$ 71.50	4.70%	\$ 3.36	\$ 74.86

**3 YARD CONTAINERS**

**MONTHLY RATES**

3GW	3YD TRASH	\$ 422.55	4.70%	\$ 19.86	\$ 442.41
3GE	3YD TRASH EOW	\$ 230.92	4.70%	\$ 10.85	\$ 241.77
3GM	3YD TRASH MONTHLY	\$ 127.81	4.70%	\$ 6.01	\$ 133.82
3OC	ON CALL-3YD TRASH	\$ 97.35	4.70%	\$ 4.58	\$ 101.93
3XP	EXTRA PICK UP-3YD TRASH	\$ 97.35	4.70%	\$ 4.58	\$ 101.93

**4 YARD CONTAINERS**

**MONTHLY RATES**

4GW	4YD TRASH	\$ 524.32	4.70%	\$ 24.64	\$ 548.96
4GE	4YD TRASH EOW	\$ 281.81	4.70%	\$ 13.25	\$ 295.06
4GM	4YD TRASH MONTHLY	\$ 151.34	4.70%	\$ 7.11	\$ 158.45
4OC	ON CALL-4YD TRASH	\$ 123.24	4.70%	\$ 5.79	\$ 129.03
4XP	EXTRA PICK UP-4YD TRASH	\$ 123.24	4.70%	\$ 5.79	\$ 129.03

**5 YARD CONTAINERS**

**MONTHLY RATES**

5GW	5YD TRASH	\$ 626.15	4.70%	\$ 29.43	\$ 655.58
5GE	5YD TRASH EOW	\$ 332.71	4.70%	\$ 15.64	\$ 348.35
5GM	5YD TRASH MONTHLY	\$ 174.86	4.70%	\$ 8.22	\$ 183.08
5OC	ON CALL-5YD TRASH	\$ 149.06	4.70%	\$ 7.01	\$ 156.07
5XP	EXTRA PICK UP-5YD TRASH	\$ 149.06	4.70%	\$ 7.01	\$ 156.07

**6 YARD CONTAINERS**

**MONTHLY RATES**

6GW	6YD TRASH	\$ 727.90	4.70%	\$ 34.21	\$ 762.11
6GE	6YD TRASH EOW	\$ 383.60	4.70%	\$ 18.03	\$ 401.63
6GM	6YD TRASH MONTHLY	\$ 198.33	4.70%	\$ 9.32	\$ 207.65
6OC	ON CALL-6YD TRASH	\$ 174.93	4.70%	\$ 8.22	\$ 183.15
6XP	EXTRA PICK UP-6YD TRASH	\$ 174.93	4.70%	\$ 8.22	\$ 183.15

**8 YARD CONTAINERS (NO NEW CUSTOMERS AT THIS SIZE DUE TO SAFETY ISSUES)**

**MONTHLY RATES**

8GW	8YD TRASH	\$ 853.59	4.70%	\$ 40.12	\$ 893.71
8GE	8YD TRASH EOW	\$ 446.45	4.70%	\$ 20.98	\$ 467.43
8GM	8YD TRASH MONTHLY	\$ 227.32	4.70%	\$ 10.68	\$ 238.00
8OC	ON CALL-8YD TRASH	\$ 206.85	4.70%	\$ 9.72	\$ 216.57
8XP	EXTRA PICK UP-8YD TRASH	\$ 206.85	4.70%	\$ 9.72	\$ 216.57

**CONTAINER MONTHLY RENT (CHARGED TO WILL-CALL CUSTOMERS, SAME FOR ALL SIZES)**

RNT1	1YD RENT - TRASH	\$ 20.80	4.70%	\$ 0.98	\$ 21.78
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**FRONT-LOAD COMPACTORS** - Additional charges apply for compacted waste.

CODE	DESCRIPTION	CURRENT RATE	INC %	INC \$\$	NEW RATE
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**DEBRIS BOX SERVICES**

**SET HAUL FEES (BASED ON AVERAGE TRUCK TIMES)**

**RATE PER HAUL**

DEL	DELIVERY CHARGE	\$ 57.18	4.70%	\$ 2.69	\$ 59.87
10HG	TRASH BOX HAUL FEE (ALL SIZES)	\$ 216.55	4.70%	\$ 10.18	\$ 226.73
40CG	COMPACTOR HAUL FEE (ALL SIZES)	\$ 258.56	4.70%	\$ 12.15	\$ 270.71

**DEBRIS BOX DISPOSAL FEES**

**RATE PER UNIT**

DFDM	DISPOSAL FEE - DEMOLITION (\$\$/TON)	\$ 78.60	4.70%	\$ 3.69	\$ 82.29
DFG	DISPOSAL FEE - GARBAGE (\$\$/TON)	\$ 78.60	4.70%	\$ 3.69	\$ 82.29
DFWD	DISPOSAL FEE - CLEAN WOOD (\$\$/TON)	\$ 45.44	4.70%	\$ 2.14	\$ 47.58
DFYD	DISPOSAL FEE - YARD DEBRIS (\$\$/YD <sup>3</sup> )	\$ -	0.00%	\$ -	\$ -

Note: Recycling ton fees will be equal to or less than trash fees, based on current market pricing.

**TEMPORARY DEBRIS BOXES - COD RATES (INCLUDES HAUL & AVERAGE DISPOSAL FOR BOX SIZE)**

10DG	10 YARD BOX W/DISPOSAL	\$ 407.06	4.70%	\$ 19.13	\$ 426.19
20DG	20 YARD BOX W/DISPOSAL	\$ 571.32	4.70%	\$ 26.85	\$ 598.17
30DG	30 YARD BOX W/DISPOSAL	\$ 735.66	4.70%	\$ 34.58	\$ 770.24

**RELATED FEES**

**RATE PER DAY**

RENTD	DAILY RENTAL FEE	\$ 13.74	4.70%	\$ 0.65	\$ 14.39
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Note: Daily Rent applies after 48 hours, excluding evenings and weekends.

**RATE PER MONTH**

RENTM	MONTHLY RENTAL FEE	\$ 193.91	4.70%	\$ 9.11	\$ 203.02
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Note: Monthly rent applies for customers who keep a box for a year or longer.

**RATE PER HOUR**

TIME	TRUCK TIME FEE	\$ 157.50	4.70%	\$ 7.40	\$ 164.90
1T1E	1 TRUCK - 1 EMPLOYEE	\$ 169.72	4.70%	\$ 7.98	\$ 177.70
1T2E	1 TRUCK - 2 EMPLOYEES	\$ 254.54	4.70%	\$ 11.96	\$ 266.50

Note: Hourly Truck Time is used for hauls to destinations outside our normal operating areas.

**TEMPORARY RENTAL CONTAINERS**

**RATE PER EACH**

3YRGD	DELV 3 YD RENTAL FOR TRASH	\$ 38.27	4.70%	\$ 1.80	\$ 40.07
3YRGP	SERVICE 3 YD RENTAL FOR TRASH	\$ 126.53	4.70%	\$ 5.95	\$ 132.48
3YRXD	ADDL DAY - 3YD RENT CONTAINER	\$ 2.08	4.70%	\$ 0.10	\$ 2.18

Note: Temporary = not longer than 30 days, with 45 days between projects. Rent included for first 7 days.

**BULKY ITEMS - DEBRIS BOX**

STANDARD FEES APPLY FOR THESE ITEMS IF DECLARED & SEPARATED ACCORDING TO INSTRUCTIONS.

ADDITIONAL FEES MAY APPLY FOR ITEMS FOUND IN LOADS.

**RATE PER EACH**

TOFFR	TIRE CHARGE NO RIM	\$ 4.88	4.70%	\$ 0.23	\$ 5.11
TONR	TIRE CHARGE ON RIM	\$ 9.74	4.70%	\$ 0.46	\$ 10.20
APPL	APPLIANCE	\$ 12.19	4.70%	\$ 0.57	\$ 12.76
APF	REFRIGERATOR/FREEZER	\$ 30.46	4.70%	\$ 1.43	\$ 31.89

**MEDICAL WASTE COLLECTION SERVICES**

**RATE PER EACH**

M4HSC	4.7 QT SHARPS CONTAINER	\$ 23.22	4.70%	\$ 1.09	\$ 24.31
M10SC	10 QT SHARPS CONTAINER	\$ 26.87	4.70%	\$ 1.26	\$ 28.13
M23SC	23 QT SHARPS CONTAINER	\$ 50.96	4.70%	\$ 2.40	\$ 53.36
9CDBC	9GAL CONFIDENTIAL DOCUMENT BOX	\$ 37.73	4.70%	\$ 1.77	\$ 39.50
MW17G	MEDICAL WASTE 17 GAL	\$ 23.40	4.70%	\$ 1.10	\$ 24.50
MW31G	MEDICAL WASTE 31 GAL	\$ 30.16	4.70%	\$ 1.42	\$ 31.58
MW43G	MEDICAL WASTE 43 GAL	\$ 36.40	4.70%	\$ 1.71	\$ 38.11
MLGPB	MEDICAL WASTE TRACE CHEMO BOX	\$ 53.04	4.70%	\$ 2.49	\$ 55.53
MWTCB	PATHOLOGY BOX	\$ 53.04	4.70%	\$ 2.49	\$ 55.53

Note: Additional fees may apply for overweight tubs. Improperly prepared materials cannot be collected.

Finance Charges (0.75% monthly, 9% annually) will be assessed on any past due amount (excluding amounts in dispute over billing or service issues).  
 Billing Terms: Commercial Accounts are billed on a monthly basis.  
 Residential accounts are billed once every three months, in advance.