



City Council Meeting Agenda

Tuesday, July 9, 2024

5:30 p.m. – Executive Sessions (CLOSED TO THE PUBLIC)

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, July 8th** to CityRecorderTeam@mcminnvilleoregon.gov
- If appearing via telephone only please sign up prior by **noon on Monday, July 8th** by emailing the City Recorder at 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

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

CITY COUNCIL REGULAR MEETING:

You may join online via Zoom Meeting:

<https://mcminnvilleoregon.zoom.us/j/89691921317?pwd=h3Dq5XJz410fmIm0c3G2ZEmykHE0Ya.1>

Zoom ID: 896 9192 1317

Zoom Password: 320248

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

ID: 896 9192 1317

5:30 PM – EXECUTIVE SESSIONS – VIA ZOOM AND SEATING AT CIVIC HALL CONFERENCE ROOM (NOT OPEN TO THE PUBLIC)

1. CALL TO ORDER
2. **EXECUTIVE SESSION pursuant to ORS 192.660 (2)(i):** To review and evaluate the employment-related performance of the chief executive officer of any public body, a public officer, employee or staff member who does not request an open hearing.
3. **EXECUTIVE SESSION pursuant to ORS 192.660 (2)(h):** To consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.
4. ADJOURNMENT

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

1. CALL TO ORDER & ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. INVITATION TO COMMUNITY MEMBERS FOR PUBLIC COMMENT –
The Mayor will announce that any 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 Recorder and then any citizen participating via Zoom.
4. PRESENTATIONS
 - a. Recology Presentation – Government & Community Relations Manager Dan Blue
5. ADVICE/ INFORMATION ITEMS
 - a. Reports from Councilors on Committee & Board Assignments
 - b. Department Head Reports
 - c. May 2024 Cash and Investment Report (in packet)
6. CONSENT AGENDA
 - a. Consider the request from Alumbra Cellars Inc. for Winery Primary Location, OLCC Liquor License located at 1245 NE Alpha Drive bld 4 Unit B.
 - b. Consider the request from Grounded Hospitality LLC for Commercial – change in ownership, OLCC Liquor License located at 326 NE Davis Street.
7. RESOLUTION
 - a. Consider **Resolution No 2024-40**: A Resolution Authorizing Execution of a Purchase & Sale Agreement for 6.95 Acres of Industrially-Zoned Property with Pacific North Construction LLC.
 - b. Consider **Resolution No. 2024-41**: A Resolution of the City of McMinnville Approving a Collection Rate Increase Not to Exceed 4.7% for Recology Inc.
8. ADJOURNMENT OF REGULAR MEETING

From: [Mark Davis](#)
To: [Claudia Cisneros](#)
Subject: Comment for 070924 Meeting
Date: Sunday, July 7, 2024 7:52:27 PM

This message originated outside of the City of McMinnville.

Mayor Drabkin and Members of the City Council:

I would like to request that Resolution 2024-41 be pulled from the agenda until the full information required for a decision to support the rate increase in the Franchise Agreement is provided to the Council and the public with sufficient time to evaluate it.

Recology is required by the Franchise Agreement to provide a Financial Statement Review by an independent CPA, as acknowledged by the letter from Mr. Carey dated April 30, 2024 (page 18 of your packet), which he promised on that date would be sent "in the coming days." This financial data is important because it is the justification for the only data you have currently in hand (pages 23 and 24 of your packet). From previous experience I know it takes time to convert the Financial Review data to the Cost of Service report because they classify expenses differently.

Why should this concern you more than the franchise agreement resolutions for any of the other utilities you collect franchise fees from? Unlike others like cable, electric, water, sewer where the rates are set in in public hearings (one even by this body), this simple resolution process is the sole oversight given to rate increases and does not allow the business community or general public any chance to argue that maybe Recology doesn't need all of the \$843,354 increase it has requested. The process' fairness relies on you to review the information for its accuracy.

For example, on page 23 McMinnville's computed allocation of Administrative Services will increase 8.9% from \$848,928 to \$924,830. Yet, if we look at the parent RWO-Valley the amount declines by \$92,224. from \$1,759,490 to \$1,667,216. Perhaps the ratepayers of the McMinnville deserve to shoulder a greater percentage of the Administrative Services expense than other customers in the RWO-Valley service area, but that doesn't seem to be the case in other expenses included in the report. This should be explained.

Given that the City receives around a half million dollars in franchise fees from Recology, a few hours of staff time should be spent reviewing the submitted information to ensure it ties to the reviewed financial statements and that the increase submitted seems reasonable based on past information and current projections. Asking a few clarifying questions of one of the City's "partners" hardly seems confrontational to me. I've been around long enough

to know that honest mistakes get made at times.

I want to be clear that nothing in this message is intended to disparage Recology or its fine employees, who in my experience provide great services in the community. It is simply about doing your due diligence to ensure that the citizens and businesses of this community are being fairly charged for the services provided.

To that end I would ask that Resolution 2024-41 be pulled from the agenda and be returned when the following items are prepared:

- Prior Year Reviewed Financial Statements for Recology Western Oregon as called for in the Franchise Agreement; and
- A staff analysis of the rate increase with a brief explanation of any significant items found in that analysis.

Thank you for considering my opinions in this matter.

Mark Davis



City of McMinnville

May 2024

CASH AND INVESTMENT BY FUND

FUND #	FUND NAME	GENERAL OPERATING		
		CASH IN BANK	INVESTMENT	TOTAL
01	General	\$2,691,699.25	\$10,516,355.23	\$13,208,054.48
05	Grants & Special Assessment	\$73.69	\$513,057.52	\$513,131.21
07	Transient Lodging Tax	\$631.38	(\$7,000.00)	(\$6,368.62)
08	Affordable Housing	\$607.54	\$1,138,000.00	\$1,138,607.54
10	Telecommunications	\$84.30	\$2,030.00	\$2,114.30
15	Emergency Communications	\$792.31	\$163,094.81	\$163,887.12
20	Street (State Tax)	\$941.96	\$2,245,526.22	\$2,246,468.18
25	Airport Maintenance	\$420.05	\$853,749.03	\$854,169.08
45	Transportation	\$204.01	\$6,134,494.92	\$6,134,698.93
50	Park Development	\$533.88	\$2,957,441.49	\$2,957,975.37
58	Urban Renewal	\$944.36	(\$16,000.00)	(\$15,055.64)
59	Urban Renewal Debt Service	\$383.24	\$1,375,953.00	\$1,376,336.24
60	Debt Service	\$587.26	\$212,966.20	\$213,553.46
70	Building	\$476.35	\$2,348,240.37	\$2,348,716.72
75	Wastewater Services	\$927.42	\$1,719,904.38	\$1,720,831.80
77	Wastewater Capital	\$293.63	\$41,129,103.65	\$41,129,397.28
80	Information Systems & Services	\$10.57	\$160,742.38	\$160,752.95
85	Insurance Reserve	\$872.08	\$213,290.54	\$214,162.62
99	Fire District Transition Fund	\$834.91	(\$155,000.00)	(\$154,165.09)
CITY TOTALS		2,701,318.19	71,505,949.74	74,207,267.93

MATURITY DATE	INSTITUTION	TYPE OF INVESTMENT	INTEREST RATE	CASH VALUE
N/A	Key Bank of Oregon	Checking & Repurchase Sweep Account	0.85%	\$2,701,318.19
N/A	Key Bank of Oregon	Money Market Savings Account		\$0.00
N/A	State of Oregon	Local Government Investment Pool (LGIP)	5.20%	\$50,499,311.30
N/A	Umpqua Bank	Money Market Savings Account	5.45%	\$10,482,526.58
6/11/24	Umpqua Bank	Certificate of Deposit	5.39%	\$10,524,111.86
				<u>\$74,207,267.93</u>

Final Action:

Approved ☐ Disapproved ☐

Liquor License Recommendation

BUSINESS NAME / INDIVIDUAL: Alumbra Cellars Inc

BUSINESS LOCATION ADDRESS: 1245 NE Alpha Drive bld 4 unit B

LIQUOR LICENSE TYPE: Winery primary location

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: N/A

Entertainment: N/A

Hours of Music: N/A

Seating Count: N/A

EXEMPTIONS:

(list any exemptions)

Tritech Records Management System Check: Yes ☒ No ☐

Criminal Records Check: Yes ☐ No ☒

Recommended Action: Approve ☒ Disapprove ☐



Chief of Police / Designee

City Manager / Designee

OLCC Liquor License Application (Rev. 10.25.23)
Amended on 07/10/2024
7 of 45

Final Action:

Approved ☐ Disapproved ☐

Liquor License Recommendation

BUSINESS NAME / INDIVIDUAL: Grounded Hospitality LLC

BUSINESS LOCATION ADDRESS: 326 NE Davis Street

LIQUOR LICENSE TYPE: Commercial – change in ownership

Is the business at this location currently licensed by OLCC

Yes

No



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

The Oak

Hours of operation: N/A

Entertainment: N/A

Hours of Music: N/A

Seating Count: N/A

EXEMPTIONS:

(list any exemptions)

Tritech Records Management System Check: Yes ☒ No ☐

Criminal Records Check: Yes ☐ No ☒

Recommended Action: Approve ☒ Disapprove ☐

Chief of Police / Designee

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: June 19, 2024

Optional: Date Stamp Received Below

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

Printed Name

Date

Signature

Grounded Hospitality LLC

Trade Name

STAFF REPORT

DATE: July 9, 2024
TO: Mayor and City Councilors
FROM: James Lofton, City Engineer
SUBJECT: Resolution No. 2024-40, Authorizing Execution of a Purchase Sale Agreement for 6.95 Acres of Industrially-Zoned Property with Pacific North Construction LLC.

Report in Brief:

This is the consideration of Resolution No. 2024-40, authorizing the City Manager to enter into a Purchase & Sale Agreement for the acquisition of property.

Background:

Per the direction of City Council on May 10th, 2022, the City entered into a contract with Jacobs Engineering to conduct a space needs analysis for future development of the Wastewater group, and eventually for Public Works Operations as well. In March of 2024, four alternatives were presented to Council. That presentation resulted in direction to staff to explore a fifth alternative. This direction was partly due the fact the adjacent property was potentially available for purchase at Colvin Ct., but also due to the challenges that come with developing outside the City limits and the potential challenges of relocating the fire training facility and Police evidence building. The results of alternative five were shared with Council during executive session on June 25th, 2024, and staff were given permission to continue with negotiations for said property.

City Staff have conducted further negotiations with the property owner, Pacific North Construction LLC, and believe a reasonable and justifiable agreement has been reached. This resolution requests authorization from Council to enter into a Purchase & Sale Agreement per the negotiated terms.

Discussion:

Purchase & Sale Agreement to incorporate the following provisions:

- Purchase price of \$3,400,000.
- 6 months rent-back to Pacific North Construction LLC, free of charge.
- Option to extend rent-back an additional six months upon mutual agreement with the purchaser and seller at a price that reasonably reflects the going market rate.
- Exact terms and conditions of the Purchase Sale Agreement to be agreed to by City Manager and approved to form by the City Attorney.

Fiscal Impact:

It is anticipated that the purchase of the property will be funded by the adopted FY24-25 budget out of wastewater capital fund, specifically: 77.8900 Land Acquisition. The adopted budget has \$4,000,000.

Attachments:

1. Resolution No. 2024-40

Recommendation:

“I move to adopt Resolution No. 2024-40”

RESOLUTION NO. 2024-40

A Resolution Authorizing Execution of a Purchase & Sale Agreement for 6.95 Acres of Industrially-Zoned Property with Pacific North Construction LLC.

RECITALS:

Whereas, City Council has discussed acquisition of real property for future Public Works space needs and authorized staff to conduct negotiations toward that goal; and

Whereas, City Staff have been negotiating with Pacific North Construction LLC concerning the acquisition of 6.95 acres comprised of the following four tax lots: 3312, 3313, 3314, and 3315 ("the Property"); and

Whereas, Staff now recommends proceeding with purchase of the Property based on further background in July 9, 2024 Staff Report; and

Whereas, the real property acquisition should be subject to a due diligence process as directed by the City Manager.

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 & Sale Agreement, subject to all due diligence as provided below, in a form approved by the City Attorney, with Pacific North Construction LLC for purchase of 6.95 acres comprised of tax lots 3312, 3313, 3314, and 3315 for the purchase price of \$3,400,000.
- 2. Purchase & Sale Agreement shall include 6 months rent-back to Pacific North Construction LLC, free of charge, and an option to extend rent-back up to an additional six months upon mutual agreement with the purchaser and seller at a price that reasonably reflects the going market rate.
- 3. The City Manager is authorized to undertake and contract for any necessary due diligence actions and activities within the scope of normal contracting authority.

Adopted by the Common Council of the City of McMinnville at a regular meeting held the 9th day of July, 2024 by the following votes:

Ayes: _____

Nays: _____

Approved this 9th day of July 2024.

MAYOR

Approved as to form:

Attest:

City Attorney

City Recorder

ENTERED INTO THE RECORD
DATE RECEIVED: 07/08/2024
SUBMITTED BY: David Ligtenberg
SUBJECT: Agenda Item 7.b.
Resolution No. 2024-41

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^{LLP}
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	<u>483,053</u>

Total current assets	<u>2,502,724</u>
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Property and equipment

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

Property and equipment, net	<u>113,140</u>
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Total assets	<u>\$ 2,615,864</u>
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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	<u>2,198,227</u>
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Stockholder's investment, net	<u>417,637</u>
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Total liabilities and stockholder's investment	<u>\$ 2,615,864</u>
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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	\$ 17,050,753
Cost of operations	
Intercompany refuse disposal	2,872,648
Third party refuse disposal	80,238
Labor costs	2,942,604
Operational expenses	7,602,719
Total cost of operations	13,498,209
Gross profit	3,552,544
General and administrative expenses	2,593,870
Income from operations	958,674
Other income	
Interest income	27,772
Total other income	27,772
Net income	986,446
Stockholder's investment, net, beginning of year	907,224
Net distributions to parent	(1,476,033)
Stockholder's investment, net, end of year	\$ 417,637

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	-
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:

	<u>Estimated useful lives</u>
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.

(A Wholly Owned Subsidiary of Recology Inc.)

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
		<u>208,367</u>

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
	<u>9,191,475</u>
	<u>\$ 9,399,842</u>

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.

STAFF REPORT

DATE: July 9, 2024
TO: Jeff Towery, City Manager
FROM: David Ligtenberg, City Attorney
SUBJECT: Recology Franchise Agreement – FY2024-25 Rate Adjustment



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 August 1, 2024. This rate increase is described in Resolution No. 2024-41. 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%.

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 August 1, 2024.

Fiscal Impact:

The City's Franchise Fee revenue would be projected to increase by approximately \$33,007 in FY2024-25 with a 4.7% rate increase.

Council Options:

1. Approve the resolution authorizing a 4.7% rate increase.
2. Request more information from Recology that will allow the Council to have all data needed for it to vote on the rate adjustment.

Attachments:

1. Resolution No. 2024-41
 - a. Exhibit 1: Recology Inc. Rate Schedule
2. Recology Rate Review letter from April 30, 2024
3. 60-day extension request communication
4. Rate Review Report (RWO – Valley Cost of Service Report 2023-24)

From: [Salvador Peralta](#)
To: [Claudia Cisneros](#)
Subject: Fwd: Question from McMinnville City Councilor Regarding ORMA Implementation
Date: Tuesday, July 9, 2024 6:22:54 PM

This message originated outside of the City of McMinnville.

Can you please add this email to the public record for the hearing about the rate increase for Recology?

Begin forwarded message:

From: SPERRY Arianne * DEQ <Arianne.Sperry@deq.oregon.gov>
Subject: RE: Question from McMinnville City Councilor Regarding ORMA Implementation
Date: July 9, 2024 at 4:32:41 PM PDT
To: "oregon.properties@yahoo.com" <oregon.properties@yahoo.com>

Sal:

It was good to talk to you this afternoon about the funding opportunities for local governments in the Recycling Modernization Act.

I encourage you to review [ORS 459A.890](#) to see the five types of funding local governments are eligible for:

1. **Transportation** ORS 459A.890 (2) - The costs of transporting covered products more than 50 miles from a recycling depot or recycling reload facility to the nearest commingled recycling processing facility or a responsible end market, including the cost to receive, consolidate, load and transport covered products. Please note that the prospective PRO, Circular Action Alliance, is developing the calculation methodology for the transportation reimbursement in its program plan.
2. **Contamination evaluation** ORS 459A.890 (3) - The costs of periodically evaluating the quality and contamination of collected materials as required by ORS 459A.929, if the evaluation occurs at a location other than a commingled recycling processing facility.
3. **Contamination reduction programming** ORS 459A.890 (4) – Up to \$3 per capita per year for the costs of contamination reduction programming for residential and commercial customers required by ORS 459A.929 and the cost of similar contamination reduction programming provided by local governments not subject to the requirements of ORS 459A.929.
4. **Recycling service expansion identified in the needs assessment** ORS 459A.890 (5) - A local government that committed to expanding recycling

opportunities during the needs assessment survey that DEQ performed during the first quarter of 2023 is eligible for funding or reimbursements. Please note that Circular Action Alliance has hired Resource Recycling Systems to conduct a survey and reach out to local governments and service providers to confirm the services identified in the needs assessment and develop the budget and implementation schedule for compensation. For more information about this survey (due July 26), please visit <https://www.orsop-resources.org/>. Find McMinnville's response to DEQ's needs assessment on page 255 of this document: <https://www.oregon.gov/deq/recycling/Documents/recLocGovNeedsAssess.pdf>.

5. **Post-consumer recycled content in collection containers** ORS 459A.890 (6) – The costs of complying with ORS 459A.908, to the extent that the use of post-consumer recycled material is more expensive than the lowest priced alternative.

Please let me know if you have additional questions. Thanks!

Arianne Sperry (*she/her*)

Recycling Program Implementation Lead

Materials Management – Product Stewardship Team

Oregon Department of Environmental Quality

Cell: 503-780-5534 | arianne.sperry@deq.oregon.gov

From: NAYAR Roxy * DEQ <Roxy.NAYAR@deq.oregon.gov>

Sent: Tuesday, July 9, 2024 2:30 PM

To: PORTLEY Nicole * DEQ <Nicole.Portley@deq.oregon.gov>; SPERRY Arianne * DEQ <Arianne.Sperry@deq.oregon.gov>

Subject: FW: Question from McMinnville City Councilor Regarding ORMA Implementation

Can one of you respond to this question?

From: Salvador Peralta <oregon.properties@yahoo.com>

Sent: Tuesday, July 9, 2024 1:55 PM

To: NAYAR Roxy * DEQ <Roxy.NAYAR@deq.oregon.gov>

Subject: Question from McMinnville City Councilor Regarding ORMA Implementation

You don't often get email from oregon.properties@yahoo.com. [Learn why this is important](#)

Good afternoon Ms Nayar,

I am a McMinnville City Councilor, but sending this from my personal email. I had questions about ORMA.

The DEQ web site states:

Producer responsibility organizations are required to provide funding or reimbursement to local governments or their service providers for aspects of the local recycling system under [ORS 459A.890](#). [Learn more about opportunities for Local Government Compensation](#).

What reimbursement is our city (McMinnville) and our hauler (Recology) entitled to under the current proposed rules? What is the timeline for that funding?

The web site is vague and says to contact you with questions. Please feel free to call. 503.437.2833. That's my cellphone.

Best regards,

Sal Peralta
McMinnville City Council

RESOLUTION NO. 2024 – 41

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 August 1, 2024.
3. This Resolution takes 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 meeting held the 9th day of July, 2024 by the following votes:

Ayes: _____

Nays: _____

Abstain: _____

Approved this 9th day of July 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: 8/1/2024

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 ³)	\$ -	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.



Jeff Towery
City Manager
City of McMinnville
230 2nd 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 or to Dan Blue at 503-405-0261 or dblue@recology.com.

Respectfully,

A handwritten signature in black ink, appearing to read 'Chris Carey', is positioned above the printed name.

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

W: www.recology.com/recology-western-oregon



From: Jeff Towery <Jeff.Towery@mcminnvilleoregon.gov>
Sent: Thursday, February 29, 2024 9:15 AM

To: Dan Blue <DBLue@recology.com>

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

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 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

From: Dan Blue <DBLue@recology.com>

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

To: Dan Blue <DBLue@recology.com>

Cc: Christopher Carey <CCarey@recology.com>; Jackie Ortega <JOrtega@recology.com>; Ernest Martin <EMartin@recology.com>

Subject: Rate Review Extension Request

This message originated outside of the City of McMinnville.

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

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C: 503-405-0261

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W: www.recology.com/recology-western-oregon



RWO - Valley Cost of Service Report 2023-24



REVENUE

Collection Services - Residential	\$ 8,842,892	\$ 9,171,741	Actual
Collection Services - Commercial	\$ 5,065,806	\$ 5,380,026	Actual
Collection Services - Debris Box	\$ 2,680,916	\$ 2,760,159	Actual
COLLECTION SERVICES:	\$ 16,589,614	\$ 17,311,926	Actual
Proposed Rate Adjustment			Actual
Revenue - DB Disposal			Actual
Revenue - Medical Waste	\$ 96,211	\$ 98,096	Actual
Revenue - Other (fees & related)	\$ 88,385	\$ 17,766	Actual
Non-Franchised Revenue	\$ 1,001,587	\$ 1,096,840	Actual

Total Revenue

Franchise Fees	\$ (725,042)	\$ (753,292)	Actual
Revenue w/o Franchise Fees	\$ 17,050,753	\$ 17,771,335	

LABOR EXPENSES

Operational Personnel	\$ 2,045,541	\$ 2,328,040	Labor Hours
Payroll Taxes	\$ 185,744	\$ 211,396	Labor Hours
Medical Insurance	\$ 463,989	\$ 498,717	Labor Hours
Other Benefits	\$ 247,330	\$ 310,751	Labor Hours
Total Labor Expense	\$ 2,942,604	\$ 3,348,903	

Disposal Charges	\$ 2,906,178	\$ 3,064,136	Vessel Weights
Medical Waste & Supplies	\$ 46,708	\$ 47,642	Med. Waste
Total Disposal Expense	\$ 2,952,886	\$ 3,111,778	

OPERATIONAL EXPENSES

Fuel	\$ 757,693	\$ 665,257	Franchised Labor
Fuel - Non-Franchised (N/F)	\$ 132,964	\$ 116,743	Actual
Repairs and Maintenance	\$ 2,401,593	\$ 2,861,832	Franchised Labor
Repairs and Maintenance - N/F	\$ 437,364	\$ 481,100	Actual
Business Taxes and PUC	\$ 199,045	\$ 202,383	Franchised Labor
Business Taxes and PUC - N/F	\$ 108,393	\$ 113,812	Actual
Supplies & Uniforms	\$ 33,771	\$ 35,426	Labor Hours
Operational Supplies/Safety	\$ 44,894	\$ 47,093	Labor Hours
Contract Labor	\$ 139	\$ -	Labor Hours
Depreciation and Amortization	\$ 3,578	\$ 3,578	Franchised Labor
Depreciation and Amortization N/F	\$ 4,752	\$ 4,762	Actual
Operational Lease and Rent	\$ 787,533	\$ 834,544	Franchised Labor
Operational Lease and Rent - N/F	\$ 127,524	\$ 127,524	Actual
Insurance Expense	\$ 140,731	\$ 147,627	Labor Hours
Yard Debris/wood & Other Funding	\$ 1,405,741	\$ 1,512,097	Program
Recycling Expense	\$ 998,866	\$ 774,360	Recycling
Purchase Recyclables			Recycling
Other Operational	\$ 53,826	\$ 56,463	Labor Hours

Total Operations Expense

SUBTOTAL

Total Operations Expense	\$ 7,638,406	\$ 7,984,601	
SUBTOTAL	\$ 3,516,857	\$ 3,326,052	
ADMINISTRATIVE EXPENSES			
Management Services	\$ 500,614	\$ 555,739	Computed
Administrative Services	\$ 1,759,490	\$ 1,667,216	Computed
Non-Admin. Labor	\$ -	\$ -	Franchised Labor
Office Supplies	\$ 13,506	\$ 14,168	Customers
Postage	\$ 10,637	\$ 11,158	Customers
Billing services	\$ 55,913	\$ 58,653	Customers
Dues and Subscriptions	\$ 20,821	\$ 21,842	Customers
Telephone	\$ 37,354	\$ 39,184	Customers
Bank Service Charges	\$ 79,351	\$ 83,239	Customers
Professional fees	\$ 12,428	\$ 13,037	Customers
Travel	\$ 3,884	\$ 4,075	Customers
Advertising and Promotions	\$ 903	\$ 947	Customers
Business Meals	\$ 6,984	\$ 7,326	Customers
Education & Training	\$ 6,763	\$ 71,094	Customers
Contributions	\$ 14,153	\$ 14,846	Customers
Bad Debt	\$ 60,689	\$ 73,929	Customers
Other Administrative	\$ 10,380	\$ 10,888	Customers

Total Admin Expense

Total Admin Expense	\$ 2,593,870	\$ 2,647,342	
EARNINGS FROM OPERATIONS	\$ 922,987	\$ 678,710	
Interest Income	\$ (27,767)	\$ (26,967)	Not Allocated
Loss on Asset Disposal	\$ -	\$ -	Not Allocated
NET INCOME BEFORE TAX	\$ 950,754	\$ 705,677	

Operating Margin	5.58%	3.97%
Calculated Operating Ratio	94.50%	96.10%

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
			Rate Adj. % >>>	4.70%	
			\$ 4,552,330	\$ 168,600	\$ 4,720,930
			\$ 3,438,101	\$ 192,379	\$ 3,630,479
			\$ 893,219	\$ 20,845	\$ 914,064
			\$ 8,883,649		\$ 9,265,473
					\$ 435,477
			\$ 457,424	\$ 22,871	\$ 480,296
			\$ 83,884	\$ 2,167	\$ 86,051
			\$ 7,574	\$ 1,014	\$ 8,588
			\$ -	\$ -	\$ -
			\$ 9,432,532	\$ 843,354	\$ 10,275,885
			\$ (471,314)		\$ (513,794)
			\$ 8,961,218		\$ 9,762,091
			53%		
			\$ 847,259	\$ 117,011	\$ 964,269
			\$ 76,935	\$ 10,625	\$ 87,560
			\$ 192,183	\$ 14,384	\$ 206,567
			\$ 102,444	\$ 26,269	\$ 128,712
			\$ 1,218,820	\$ 168,288	\$ 1,387,109
			\$ 1,558,412	\$ 84,704	\$ 1,643,115
			\$ 42,428	\$ 849	\$ 43,276
			\$ 1,600,840	\$ 85,552	\$ 1,686,392
			\$ 368,989	\$ (45,015)	\$ 323,974
			\$ -	\$ -	\$ -
			\$ 1,169,552	\$ 224,132	\$ 1,393,684
			\$ -	\$ -	\$ -
			\$ 96,933	\$ 1,626	\$ 98,559
			\$ -	\$ -	\$ -
			\$ 13,988	\$ 685	\$ 14,673
			\$ 18,595	\$ 911	\$ 19,506
			\$ 57	\$ (57)	\$ -
			\$ 1,742	\$ -	\$ 1,742
			\$ -	\$ -	\$ -
			\$ 383,521	\$ 22,894	\$ 406,415
			\$ -	\$ -	\$ -
			\$ 58,291	\$ 2,856	\$ 61,147
			\$ 1,267,487	\$ 95,896	\$ 1,363,383
			\$ 617,788	\$ (138,855)	\$ 478,933
			\$ -	\$ -	\$ -
			\$ 22,295	\$ 1,092	\$ 23,387
			\$ 4,019,237	\$ 166,165	\$ 4,185,402
			\$ 2,122,320	\$ 380,868	\$ 2,503,188
			\$ 282,976	\$ 25,301	\$ 308,277
			\$ 848,928	\$ 75,902	\$ 924,830
			\$ -	\$ -	\$ -
			\$ 6,392	\$ 313	\$ 6,706
			\$ 5,035	\$ 247	\$ 5,281
			\$ 26,463	\$ 1,297	\$ 27,760
			\$ 9,855	\$ 483	\$ 10,338
			\$ 17,679	\$ 866	\$ 18,546
			\$ 37,557	\$ 1,840	\$ 39,397
			\$ 5,882	\$ 288	\$ 6,170
			\$ 1,838	\$ 90	\$ 1,929
			\$ 427	\$ 21	\$ 448
			\$ 3,305	\$ 162	\$ 3,467
			\$ 3,201	\$ 30,448	\$ 33,649
			\$ 6,698	\$ 328	\$ 7,027
			\$ 28,724	\$ 6,267	\$ 34,990
			\$ 4,913	\$ 241	\$ 5,153
			\$ 1,289,874	\$ 144,093	\$ 1,433,966
			\$ 832,447	\$ 236,775	\$ 1,069,222
			\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -
			\$ 832,447	\$ 236,775	\$ 1,069,222
			9.29%	4.70%	10.95%
			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
Allocation Data:						
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%
Operating Ratio Calculation						
Total Expenses:						
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
Total	\$ 16,127,766	\$ 17,092,625		\$ 8,128,771		\$ 8,692,869
Less Non Allowable Expenses:						
Interest on Purchase of routes	\$ -	\$ -		\$ -		\$ -
Contributions	\$ (14,153)	\$ (14,846)		\$ (6,698)		\$ (7,027)
Amortization	\$ -	\$ -				
Allowable Expenses	\$ 16,113,614	\$ 17,077,779		\$ 8,122,073		\$ 8,685,843
Revenue						
Revenue w/o Franchise Fees	\$ 17,050,753	\$ 17,771,335		\$ 8,961,218		\$ 9,762,091
Revenue (net of Pass Through)	\$ 17,050,753	\$ 17,771,335		\$ 8,961,218		\$ 9,762,091
Operating Ratio:						
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
Calculated Operating Ratio	94.50%	96.10%		90.64%	proposed adjustment 4.70% \$ -	88.98%