

**City Council Meeting Agenda
Tuesday, May 26, 2026
6:00 p.m. – Work Session Meeting
7:00 p.m. – City Council Regular Meeting**

Welcome! This meeting will be a hybrid (in-person & Zoom) Meeting. 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 five ways:

- **Pre-register** using the online form here:

<https://www.mcminnvilleoregon.gov/citycouncil/webform/public-comment-card> (Registration **OPENS** at **5:00 p.m.** on the day the agenda is posted, one week before the meeting and **CLOSES** at **12:00 p.m.** the day **BEFORE** the meeting // (Any form submitted outside this window will not be addressed);

- **Written comments** may be submitted to the City Recorder Team any time up to **12:00 p.m. the day BEFORE** the meeting and mailed to (McMinnville City Hall, c/o City Recorder Team, 230 NE Second Street, McMinnville, OR, 97128);
- **Digital comments (email)** may be submitted to the City Recorder Team any time up to **12:00 p.m. the day BEFORE** the meeting to CityRecorderTeam@mcminnvilleoregon.gov;
- Fill out a **physical public comment card** found at McMinnville City Hall; any time up to **12:00 p.m. the day BEFORE** the meeting, but **not before 5:00 p.m.** on the day the agenda is posted for the following week;
 - Attend **in person** and fill out 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

CITY COUNCIL REGULAR MEETING:

You may join online via Zoom Webinar Meeting:

<https://mcminnvilleoregon.zoom.us/j/89788700575?pwd=JaeyP4kPZckXWXXBe8Svdllmy11jL0.1>

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

Webinar ID: 897 8870 0575

6:00 PM – WORK SESSION MEETING – VIA ZOOM AND SEATING AT CIVIC HALL

1. CALL TO ORDER
2. EMERGENCY MANAGEMENT WORK SESSION
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. 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 4 minutes per person for a total of 32 minutes. The Mayor will read the names of comments emailed to City Recorder and then call on anyone who has signed up to provide public comment.

4. PUBLIC HEARING

- a. Public Hearing regarding **Resolution No. 2026-29**: A Resolution establishing revised sanitary sewer user fees; and repealing Resolution 2025-09.
- b. Public Hearing regarding **Resolution No. 2026-31**: A Resolution authorizing the sale of air easements affecting certain properties between NW 25th Street and Tice Park.

5. RESOLUTIONS

- a. Consider **Resolution No. 2026-29**: A Resolution establishing revised sanitary sewer user fees; and repealing Resolution 2025-09.
- b. Consider **Resolution No. 2026-30**: A Resolution adopting findings and exempting from public bidding requirements and authorizing the City Manager to enter into a Construction Contract for the WRF Headworks Influent Fine Screen Rebuild, Project 2026-4, with the Parkson Corporation.
- c. Consider **Resolution No. 2026-31**: A Resolution authorizing the sale of air easements affecting certain properties between NW 25th Street and Tice Park.

6. ADVICE/ INFORMATION ITEMS

- a. Reports from Councilors on Committee & Board Assignments
- b. Department Head Reports
- c. April 2026 Cash and Investment Report (in packet)

7. ADJOURNMENT OF REGULAR MEETING

From: [Bruce Williams MD](#)
To: [City Recorder Team](#)
Subject: Proposed Pool Closure
Date: Monday, May 18, 2026 7:49:45 AM

This message originated outside of the City of McMinnville.

Dear City Council and Mayor,

Please do not close, cut or shorten the hours of the Civic pool. It is a necessary part of our community, providing wonderful exercise and recreational opportunities to all. Many rural residents as well as urban dwellers use the facility. Cutting staff or closing on Wednesdays will make McMinnville a less desirable community for young families with children as well as seniors and the disabled.

Please find the money to keep it fully operational. Raise taxes and or usage fees if you must. Wasting such a resource is foolish.

J. Bruce Williams, MD, FACP



McMinnville

From: [REDACTED]
To: [City Recorder Team](#)
Subject: Re: Discussion to close the pool on Wednesdays
Date: Monday, May 18, 2026 4:39:11 PM
Attachments: [image001.png](#)

This message originated outside of the City of McMinnville.

both!! this proposed closure is detrimental to everyone's health!

[Sent from Yahoo Mail for iPhone](#)

On Monday, May 18, 2026, 4:37 PM, City Recorder Team
<CityRecorderTeam@mcminnvilleoregon.gov> wrote:

Good evening,

Thank you for submitting your electronic comment. Would you like this comment submitted in the record for the Budget Committee or City Council meetings?

Thank you,
Claudia

 **City of
McMinnville**
Claudia Cisneros, CMC
City Recorder/City Elections Officer
503-435-5702 (desk)
230 NE Second Street
McMinnville, OR 97128

Monday – Thursday 7:00 a.m. – 5:30 p.m.

Website: <http://www.mcminnvilleoregon.gov> | [Recorder Page](#) |

PUBLIC RECORDS LAW DISCLOSURE: Messages to and from this e-mail address are public records of the City of McMinnville and may be subject to public disclosure. This e-mail is subject to the State Retention Schedule.

From: [REDACTED]
Sent: Monday, May 18, 2026 4:29 PM
To: City Recorder Team <CityRecorderTeam@mcminnvilleoregon.gov>
Subject: Discussion to close the pool on Wednesdays

This message originated outside of the City of McMinnville.

I have been going to the pool for several years

I can assure you it is a tremendous asset for my health! I have severe osteoarthritis and getting to the pool on a daily basis is so beneficial!

Cutting it out on Wednesdays would be devastating and detrimental to everyone's health !

Please find a better solution then eliminating a day of closure!!

[Sent from Yahoo Mail for iPad](#)

From: [Rochelle Kroshus](#)
To: [City Recorder Team](#)
Subject: Possible closing at the aquatic center on Wednesday
Date: Monday, May 18, 2026 5:23:46 PM

This message originated outside of the City of McMinnville.

I would like to express my concern about closing the Aquatic Center on Wednesday. There are at least 40, mostly seniors, who have class on Wednesday. We depend on community resources for our exercise. Is there a chance we can ask volunteers to do the counter work like at the library and other facilities. I would encourage you to please not close the pool on Wednesday.


Sent from my iPhone

From: [Joyce Anderson](#)
To: [City Recorder Team](#)
Subject: Comments for Budget Committee Meeting on Thursday May 21, 2026
Date: Monday, May 18, 2026 5:30:19 PM

This message originated outside of the City of McMinnville.

I swim 4-5 times a week at our public pool and am an avid library user. The pool and the library are an important part of my physical, mental and emotional support system.
Please budget funds to reopen the Public Library on Sundays.
Please budget funds to cover lifeguard staffing.

Thank you.

Joyce Anderson

McMinnville, OR 97128

Sent from my iPad

From: [Carol Masterson DeShon](#)
To: [City Recorder Team](#)
Subject: McMinnville Aquatic Center Funding
Date: Monday, May 18, 2026 6:17:33 PM

This message originated outside of the City of McMinnville.

May 18, 2026

Dear Mayor Morris, Members of the City Council, and the McMinnville City Budget Committee,

When I originally moved to town, I was thrilled to see that the little town McMinnville had its own pool. For 35 years I have enjoyed the community of swimmers I met there that has now become like family to me.

I've done laps as a newbie in town. I've found relief in the water as a mother to be. I've helped teach my toddlers to enjoy the water in baby swim classes, There have been many summers in which I sat in the bleachers as I watched my kids learn to blow bubbles and learn "chicken-airplane-

soldier.” I’ve had the honor of watching my children and their classmates be successful in our 3rd grade Survival Swim program, thanks to Ron Kamm and an army of lifeguards. I’ve sat in the stands watching our high school students practice and compete receiving honors for their hard work and dedication.

During seasons of life I’ve experienced being in line to be one of the first in the door at 5:45 am, swam with the lunch crew, swam in the evenings, taken water aerobics classes, and swam during mid mornings with the seniors. I have been fortunate to have so many programs and swim times available in this community.

While budgets and financial strains have come into all our lives, I believe it’s vital to continue funding our pool for the benefit of our whole community. Setting our sights on adding back Sunday swim times, as well as looking ahead to the proposed new Parks &

Rec facility that has a new pool, is a dream pool patrons often discuss.

While finding funds for our current budget is today's concern, I wonder how will our community ever support a bond issue for a new facility if we first cannot fully fund the pool we currently have? I urge you to please help us continue to enjoy our pool full time and find the funds needed for our pool!!!

Respectfully,

Carol Masterson DeShon

[REDACTED]

McMinnville, Oregon 97128

[REDACTED]

From: [Sarah Munk](#)
To: [City Recorder Team](#)
Subject: 26/27 McMinnville City Budget Public Comment
Date: Monday, May 18, 2026 6:39:43 PM

This message originated outside of the City of McMinnville.

Public Comment

Sarah Munk

McMinnville, OR 97128

Hi, my name is Sarah Munk, I am a full-time working resident of McMinnville since 2022, and a lifelong Oregonian.

My top priority for the 26-27 fiscal budget is an increase for library services, including an expansion of hours to include Sundays. The library is a safe haven in town for many people. It is an incredible resource for those without access to internet, computers, printers, and knowledge itself. Our library is what I consider to be the nurturing heart of McMinnville, and investing in the library is a critical investment in our children, in our students, in working people, in parents, and in our whole community. Libraries bring more than knowledge- they bring safety, peace, ingenuity and creativity in a world too often driven by profit, hustle, and privatization. The programs and services offered by the library support community members at all stages of life, of all backgrounds, and of all needs - but especially for those who have an unsafe home life or have no place to go. They have an intrinsic value that cannot be quantified in a budget; they create humanity. But to reflect that value, they need to be open. They need more hours. They need more staff to reduce stress and workload. When I moved to McMinnville, I didn't know a soul and was looking for a place that could make me feel at home here. For me, that started at the McMinnville Public Library. I know that many others will agree on the deep connections and rich experiences that have come from this special place and the people who work hard to keep this necessary resource available. Please prioritize the library in the 26-27 budget.

To maintain a balanced budget and to prioritize the items above, I'd recommend cutting the budget for law enforcement. The police budget remains bloated far above the needs of this town, given local crime statistics. More weapons, new vehicles, \$30k of ammunition, 40MM launcher, body armor...what are the needs for this in McMinnville? Our budget should reflect the values of our City and Chief Wood should have to justify their budget as much as any other department. When there are cuts generally across other community-serving departments, the police should not be exempt. The PowerPoint that has been submitted to justify a VERY lofty budget is shockingly under detailed given the amount of taxpayer dollars they are requesting. Police should be trained to do more with interpersonal interaction rather than funneling our tax money to drones and tasers and ammunition and manufactured products that are designed to hurt and to kill. Our McMinnville and Oregon values should be reflected in the story our budget tells, and our values are based in a community strength that is more robust than military grade tactical equipment. Our community doesn't need more funneled into policing, we need care for our parks and community development and social programs. The police department has been given a princess treatment in our budget cycles for far too long.

And I firmly believe that they are not going to save as many lives as the library will.

Thank you!
Sarah

Sarah Munk (she/her/hers)
[Sarah Munk | LinkedIn](#)

From: [McMinnville Oregon](#)
To: [City Recorder Team](#)
Subject: Form submission from: Budget Public Comment
Date: Tuesday, May 19, 2026 9:22:38 AM

This message originated outside of the City of McMinnville.

Submitted on Tuesday, May 19, 2026 - 9:22am

Submitted by anonymous user: [15.218.9.14](#)

Submitted values are:

Email [REDACTED]

Name Marie Wherry

Phone [REDACTED]

I live in the City of McMinnville Yes

Address (street + city, state) [REDACTED] McMinnville, OR 97128

Question/Comment 1

My son is on the swim team and one of his practice days he always attends is Wednesdays. In order to have consistent improvement and practice, it is important to have more options during the week for our swim team to practice daily. This is not only important for the swim team though. I see lots of people come for swim lessons, lap swimming and use the gym and hot tub while I am there watching my son. The aquatic center provides a place for our adults and kids to get exercise but also have a safe space to do productive activities and see their friends.

Question/Comment 2

Question/Comment 3

Question/Comment 4

The results of this submission may be viewed at:

<https://www.mcminnvilleoregon.gov/node/17561/submission/56814>

From: [Chance Santrizos](#)
To: [City Recorder Team](#)
Subject: Public Comment 5/18
Date: Tuesday, May 19, 2026 11:39:15 AM

This message originated outside of the City of McMinnville.

Hello, I'd like to submit a public comment regarding concern for the direction of the city budget.

I do not believe the police department needs as much funding as the city wants to pour into it. I'd much rather see our parks and recs department receive a stronger budget, I'd rather the city's youth be given more options to spend their time. Coming from someone who was an at risk youth growing up in this city, it was places like our city parks, and people in the department providing means and access to things that gave me avenues to avoid making poor decisions, and instead enjoy more meaningful and positive things.

From: [lisa macy](#)
To: [City Recorder Team](#)
Subject: Public comment - budget committee
Date: Tuesday, May 19, 2026 2:34:57 PM

This message originated outside of the City of McMinnville.

Hello! Thank you for passing this along!

Lisa Macy-Baker

May 19, 2026

Re: Budget Public Comment on Budget Priorities

Dear Mayor Morris, City Staff, City Council and Budget Committee,

Thank you for the taking the time to read our comments regarding the need to keep our aquatic center open on Wednesdays and as often as possible.

The aquatic center and public recreation centers for that matter, truly are places for everyone. The pool has approximately 84,000 users each year which equates to 14,000 less if you close the pool on Wednesdays. That means less opportunity to learn to swim, less Survival Swim for our 3rd graders, less lap swimming for all people of all ages, less water aerobics for seniors, less water time for our swim club and high school programs, less recreation time for families and youth, less valued employment for our aquatic center staff, and more importantly, less time for all our citizens to gather in a public space.

In a world that's increasingly physically unconnected, we need more ways to be physically connected. Public spaces keep us connected. Let's do our best to preserve and improve our offerings. I hope we can get to a place where we are offering more, not less. It will make for a happier, more connected, more resilient and more attractive McMinnville.

Thank you for your time and service,

Lisa Macy-Baker, Ron Baker, Cameron Baker, Eleanor Baker
McMinnville, OR

From: [Bruce Sahagian](#)
To: [City Recorder Team](#)
Subject: Keep the Pool Open
Date: Tuesday, May 19, 2026 4:12:12 PM

This message originated outside of the City of McMinnville.

I am one of many local residents whose visits to the McMinnville Aquatic Center are very important for our physical well-being.

Please do whatever is necessary to keep the operation running Monday through Saturday.

Thank you,
Bruce Sahagian

Sent from my iPhone

STAFF REPORT

DATE: May 26, 2026
TO: Adam Garvin, City Manager
SUBMITTED BY: Geoffrey Hunsaker, Public Works Director
WRITTEN BY: Erik Grimstad, Wastewater Services Manager
SUBJECT: Annual Wastewater Rate Adjustment

1. Resolution No. 2026-29, establishing revised sanitary sewer user fees; and repealing Resolution 2025-09

Report in Brief:

Staff recommends a 4.0% wastewater rate increase effective July 1, 2026. This adjustment reflects current operating costs, supports continued reliable service, and represents a measured step toward maintaining and modernizing aging infrastructure while long-term master planning is finalized.

Background:

The City's Water Reclamation Facility has been in operation since 1996 and continues to provide reliable wastewater treatment for the community.

In response to the COVID-19 Pandemic, the city did not increase rates in 2021 or 2022 to minimize impacts to the community. The 2022 wastewater rate study established a strategy of modest, consistent rate increases based on projected operating and capital needs at that time.

The City implemented increases of 3.5% in 2023 and 2024 to address additional costs added by the City Franchise Fee, followed by a 2.5% increase in 2025. A planned update to the financial plan was deferred to align with completion of the Water Reclamation Facilities Plan, Wastewater Conveyance Master Plan and the associated Capital Improvements Plan.

Since that time, operating conditions have continued to grow significantly. Costs for maintaining and repairing aging equipment, supporting legacy control systems, and meeting evolving regulatory requirements have increased beyond prior projections.

Discussion:

The wastewater system operation is funded entirely by user fees and is essential to protecting public health, supporting economic activity, and maintaining environmental compliance.

The City has benefited from a well-built and well-maintained facility. Through the work of dedicated staff, many systems installed in the late 1990s have operated well beyond their expected life. However, that approach is becoming more difficult to sustain. Equipment is wearing out, repairs are more frequent, and key components are increasingly outdated.

Recent cost increases are being driven by system needs and broader economic pressures including

- Ongoing repair and replacement of aging equipment;
- Increased maintenance needs across the facility;
- Broader economic factors including inflation, tariffs and fluctuating energy prices;
- Approximately 40% increase in chemical costs from 2022 to 2026;
- Professional services to meet updated permit and regulatory requirements, and;
- Continued support of legacy control and computer systems.

These factors reflect a transition from long-term steady operation into a phase requiring more active reinvestment.

Financially, operations and maintenance costs have been increasing at approximately 4% annually, exceeding the 2.5% rate path established in the prior plan. Staff recommends a 4.0% increase to the wastewater rates for FY 2026/27 to align revenues with current costs.

A 4.0% increase is projected to generate about \$12.5 million in total revenue, roughly \$250,000 above prior projections, which used the 2.5% rate increase model.

The recommended increase reflects a balanced approach:

- Maintains reliable service to the community;
- Keeps pace with real cost growth, and;
- Extends the life of existing assets through proactive maintenance.

The City is also finalizing an updated 20-year Capital Improvement Plan, which will address larger investments needed for system capacity, regulatory compliance, and future growth. This rate adjustment does not fully address those future capital needs but helps position the utility to move forward responsibly.

Attachments:

1. 2022 Wastewater Rate Study Memorandum
2. Wastewater Operating Revenues vs. Expenses -2027 Analysis
3. Sewer Rate Comparison
4. Resolution No. 2026-29

Fiscal Impact:

The proposed 4.0% rate increase will generate approximately \$485,000 in additional annual revenue compared to the prior fiscal year to further support wastewater operations and ongoing system reinvestment.

For a typical residential customer, the increase is expected to result in an estimated monthly impact of approximately \$2.60.

This adjustment helps position the utility for continued reliable service while maintaining a fiscally responsible approach to managing aging infrastructure.

Alternatives:

Alternative 1 (Staff Recommendation): Adopt Resolution No. 2026-29 implementing a 4.0% wastewater rate increase effective July 1, 2026. This aligns rates with current cost trends and supports continued reliable service.

Alternative 2:

Direct staff to delay or reduce the rate increase.

This would reduce near-term impacts to ratepayers but may increase financial pressure and result in larger future rate increases.

Alternative 3:

Reject the proposed rate adjustment.

This would create a funding gap in the wastewater utility and could impact service levels, infrastructure investment, and long-term financial stability.

Alternative 4:

The Council may consider any other alternative not presented by staff.



PREPARED FOR: Leland Koester, Wastewater Services Manager
PREPARED BY: Deb Galardi, Galardi Rothstein Group
SUBJECT: Fiscal Year 2021-22 Wastewater Rate Study Findings
DATE: March 9, 2022

Introduction

The City of McMinnville (the “City”) has a long-standing practice of reviewing wastewater rates every two years and implementing rate increases to keep pace with cost escalation and system investment needs. The last rate analysis was conducted in Fiscal Year (FY) 2019-20. Based on the prior study findings, annual rate increases of 2.5 percent were recommended for the five-year period FY 2021-22 through FY 2025-26. However, in response to affordability concerns brought on by the COVID-19 pandemic, the City has not raised rates since July 1, 2019.¹

This memorandum presents the findings of the FY 2021-22 rate analysis for the wastewater system. The financial analysis provides the framework from which to estimate future rate changes needed to support continued implementation of the wastewater system Capital Improvement Plan (CIP), and to fund ongoing operations, maintenance, and capital replacement costs. The rate increases identified in this memorandum are assumed to be applied across-the-board to the City’s current wastewater rate structure. The rate structure was developed in 2015 as a result of a comprehensive rate equity review. The recommendations from the equity review were phased in over multiple years, with the final changes reflected in the FY 2018-19 rates.

Financial Plan Development

The building blocks of the financial analysis are the projections of costs or “revenue requirements” that the wastewater system will incur during the 10-year planning period (FY 2021-22 through FY 2030-31, and the revenues under existing rates projected during the same period.

Revenue Requirements

The primary components of revenue requirements are:

- Operation and maintenance (O&M) costs – Ongoing personnel and other costs associated with system operation and routine facility maintenance, and equipment replacement costs.

¹ City of McMinnville Resolution 2019-08.

- Capital Transfers - Annual capital improvement projects funded by rates and reserves.

In addition, annual requirements include operating contingencies equal to 120 days of O&M (personnel and materials and services) costs. However, 100 percent of annual contingencies are assumed to be unspent and roll forward to subsequent year beginning balances.

Assumptions

Revenue requirements were projected based on data provided by the City, including actual expenses for FY 2019-20 and FY 2020-21, and budgeted expenses for FY 2021-22. Future year projections are based on assumptions related to customer growth, inflation, and other factors, as well as the specific phasing of the wastewater system CIP.

The following general assumptions were used in developing the wastewater system financial plan:

- Customer growth will occur at an average rate of 0.4 percent annually.
- Operation and maintenance costs will escalate at annual rates of 3-6 percent, based on projected inflation, system growth, and historical trends. Specific escalation factors used are:
 - Salaries & Wages - 5.5% (FY 2022-23); 4% in subsequent years
 - Benefits - 6%
 - Materials and Services - 4%
 - Insurance & Utilities - 5%
- Interest earnings accrue at an average annual rate of 1.0%.
- Average annual SDC revenue = \$325,000.
- Capital costs escalate at an average annual rate of 4%.

Beyond the base escalation factors for salaries and benefits for existing personnel, the financial forecast includes the following additional staff positions:

- Pretreatment or lab FY 2021-22
- Operator II FY 2022-23
- Facility maintenance FY 2024-25
- Pretreatment or lab FY 2025-26
- Operator II FY 2027-28

Operation and Maintenance Costs

Table 1 shows actual O&M costs for the wastewater system for FY 2019-20 and FY 2020-21, as well as estimated costs for the budget year (FY 2021-22).

Table 1

Wastewater Financial Plan
Operations and Maintenance Costs

Item	Actual 2019-20	Actual 2020-21	Budget 2021-22
Personnel Services	\$2,044,366	\$2,192,813	\$2,311,191
Material & Services	1,394,563	1,437,388	1,709,264
Other Expenditures			
Franchise Fees	541,666	522,027	524,835
Transfers (General Fund)	378,648	405,363	415,573
Capital Outlay	168,100	60,643	127,826
Total O&M Costs	\$4,527,343	\$4,618,234	\$5,088,689

Projections of O&M costs are shown in Attachment 1 and include general cost escalation discussed previously.

Capital Improvement Plan

The 10-year CIP is summarized in **Table 2**. The total projected improvement costs are about \$75.0 million, including inflation. The first half of the plan includes about two-thirds of the anticipated spending driven by the administration building improvements, next generation autothermal thermophilic aerobic digestion (ATAD), and ongoing system rehabilitation. The City plans to update the wastewater facility plan over the next couple of years which is likely to result in identification of improvements at the end of the planning period. The current CIP includes potential expenditures of \$10-\$15 million in FY 2030-31 pending completion of the updated plan.

Table 2

Wastewater Financial Plan
Summary of Capital Projects (FY2019/20 - FY2028/29)

Item	Total
Collection System	
Buildout Rehabilitation	\$13,727,659
3ml Ln Bridge Force Main	75,000
WRF - Liquids	
Administration Building ¹	12,984,192
Pre-Screening Structure/ Diversion Structure	3,442,084
WRF - Solids	
Next Generation ATAD	21,078,656
Dewatering Process (Equipment and Building)	1,423,312
Odor Control	540,800
Facility Plan Projects (TBD)	14,233,118
Investigation and Consultant Services	
Model / master plan updates	1,452,400
Equipment Replacement	
Miscellaneous Treatment and Pump Stations	6,179,625
TOTAL	\$75,136,845

¹Total estimated costs (includes some funding from other city funds).

The following key assumptions were made with respect to capital funding:

- The City will spend available system development charge (SDC) revenues on eligible capital projects, estimated to total about \$3.3 million through the study period.
- Annual revenue from rates available for capital expenditures will average about \$5.6 million (\$56 million total) over the study period.
- A portion of the administrative building will be funded by other City departments through a loan from the wastewater fund.
- The remainder of CIP funding will come from interest earnings and capital reserves (which as of July 1, 2021, were about \$36.1 million).

As in prior plans, the City anticipates continuing to fund the CIP on a pay-as-you-go basis, with no debt financing.

Projected Revenue and Rates

Figure 1 shows the projections of revenues and requirements from rates by major expense component for the current year and first five years of the financial forecast. Projected ending fund balances for the wastewater fund (Fund 75) are also shown.

In FY 2021-22, revenue from existing rates is estimated to be about \$10.5 million. This estimate is based on the City's existing rate schedule and the current billing units (accounts and estimated billed water volumes) by customer class reported by McMinnville Water and Light's billing system. The number of accounts in the billing system for FY 2021-22 is approximately 11,300. As the system grows, wastewater sales revenues at existing rates are projected to be slightly above \$11.0 million by FY 2025-26, assuming continued modest customer growth and stable industrial revenue.²

Rate Increases

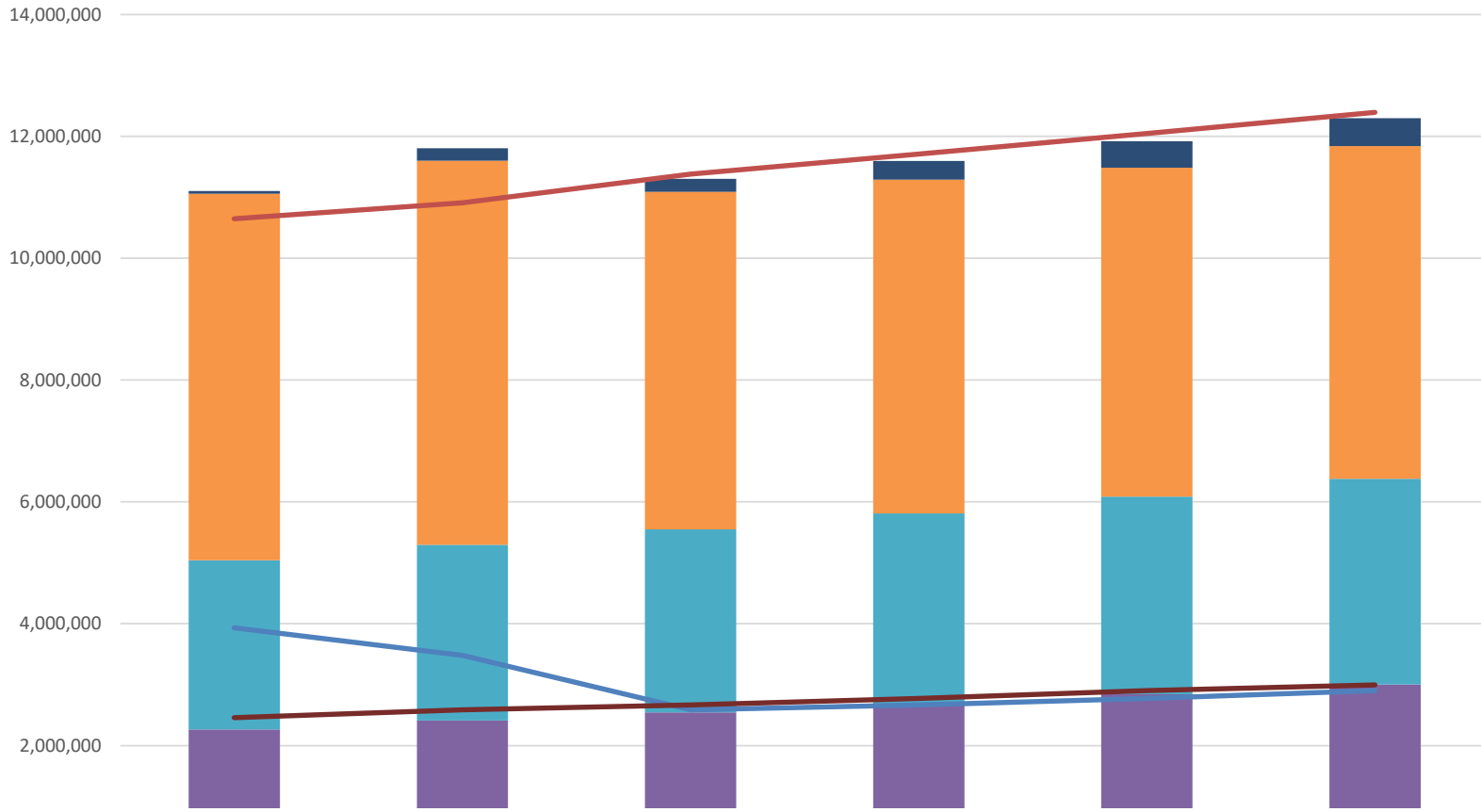
In order to fund the projected revenue requirements shown in Figure 1, and to maintain cash reserves consistent with past practices, rate recommendations are as follows:

- FY 2021-22 and FY 2022-23: no rate increases
- Beginning July 1, 2023 (FY 2023-24) and annually thereafter: 2.5 percent rate increases

The current analysis indicates that the City has flexibility to continue without a rate increase through FY 2022-23, due to both: (1) higher than projected water sales and customer growth, and (2) an overall reduction in projected capital and O&M expenses, compared to the prior plan. Updated expenses are projected to be about \$17 million lower over the FY 2020-21 to FY 2028-29 period (the common years of the two plans). In the short-run O&M "savings" resulted from deferred increases in staffing positions and reduced routine capital and vehicle replacements. More significantly, while the current CIP is higher in the first five years, it is about \$13 million lower overall compared to the prior plan.

² The financial plan considers a reduction in production at one of the City's largest industrial customers (Organic Valley) in FY 2021-22; however, wastewater flows are assumed to return to pre-2022 levels by FY 2023-24.

Figure 1 -- Forecast Rate Revenue, Requirements and Wastewater Fund Balances

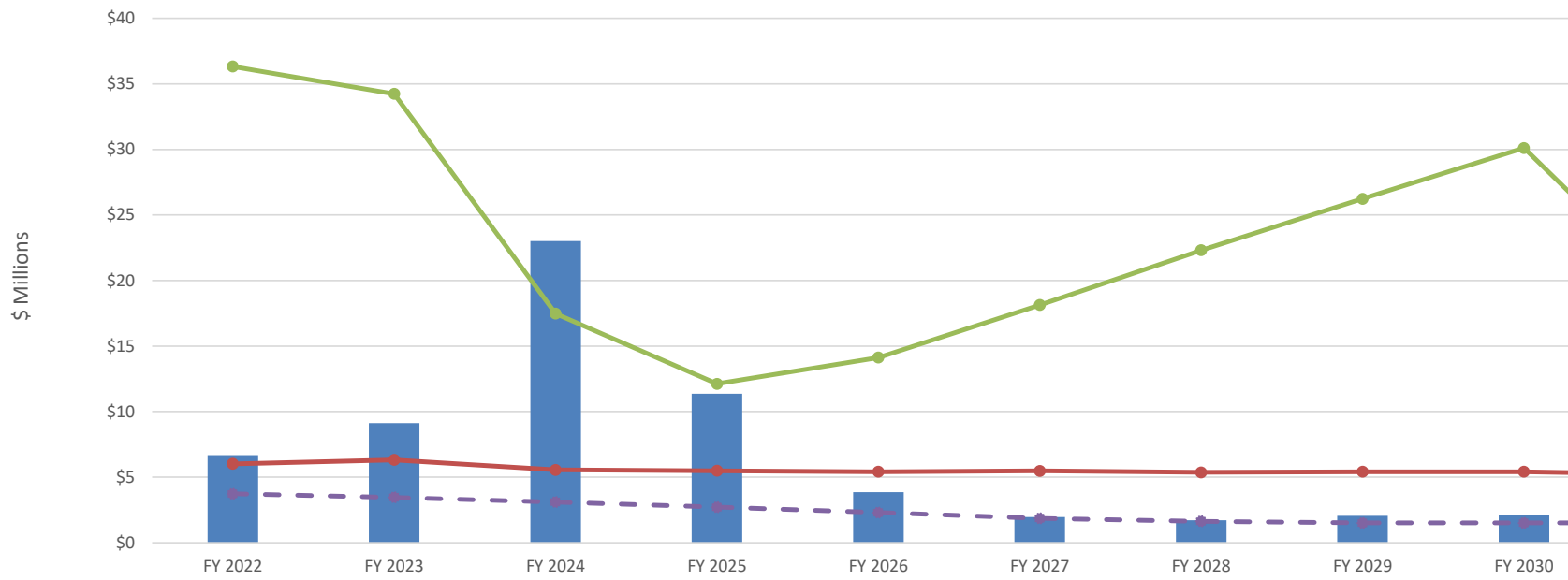


It is recommended that annual inflationary-level increases resume in FY 2023-24 years to keep pace with general cost inflation, and to maintain capacity in the rates to fund future capital improvements. Future rate increases should be further evaluated in the context of continued expense and revenue growth, and the results of the upcoming facility plan update.

Figure 2 shows projected CIP costs, designated reserves, and ending fund balances for the City's capital projects fund (Fund 77) over the planning period. Reserves include required balances associated with the City's Public Employee Retirement System (PERS) obligations (which decrease over the planning period), as well as a \$1.5 million capital contingency.

Based on the projected CIP phasing and wastewater fund transfers, the capital projects fund balance is projected to fluctuate significantly throughout the plan. While the projected fund balance at the end of the plan is \$20 million lower than current levels, it is within the range historically maintained by the City, and at a level sufficient to provide flexibility for cash funding large capital projects. However, rate increases and capital reserve targets should be considered further following refinement of the administrative building cost estimate and funding contributions from other City departments, and completion of the wastewater facilities plan update which will result in an updated long-term CIP.

Figure 2 - Projected Capital Costs and Reserves



Rates

Table 2 provides the City’s existing rate schedule and recommended rates for FY 2022-23 (no increase) and FY 2023-24 (including a 2.5 percent increase). Rates are based on a fixed monthly charge (assessed per equivalent dwelling unit) and volume rate applied to billable water volumes (winter water use for all residential and some commercial customers). Industrial customers are charged based on their strength class which is determined for each customer from wastewater sampling data.

Table 2
City of McMinnville
Wastewater System Plan
Rate Schedule

	FY 2021-22	FY 2022-23	FY2023-24
Customer Charge (\$/month)			
Residential	\$22.38	\$22.38	\$22.94
Residential Flat	\$64.86	\$64.86	\$66.48
Commercial	\$22.38	\$22.38	\$22.94
Industrial	\$22.38	\$22.38	\$22.94
Volume Charge (\$/ccf)			
Residential	\$6.07	\$6.07	\$6.22
Commercial	\$7.51	\$7.51	\$7.70
Industrial Low	\$6.24	\$6.24	\$6.39
Industrial Medium	\$7.52	\$7.52	\$7.71
Industrial High	\$9.70	\$9.70	\$9.95
Industrial Very High	\$11.42	\$11.42	\$11.71
Industrial Super High	\$14.43	\$14.43	\$14.79

Conclusions

The financial analysis is based on available information on revenue, expenditures, customer accounts, and water use as of December 2021. There will usually be differences between assumed and actual conditions because events and circumstances frequently do not occur as expected, and those differences may be significant. Among the variables that could impact future rate increases are changes in customer growth and economic and other factors impacting water consumption patterns.

Furthermore, any changes to capital improvement funding or other key assumptions would likely necessitate changes to the recommended rate increases. Therefore, it is important that the City continue to update the financial plan every two years and revise as needed.

Attachment 1

Wastewater Fund Forecast Source:

Fund 75 - Wastewater Fund

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31
Sources of Funds										
Beginning Fund Balance	\$3,934,952	\$3,479,641	\$2,586,443	\$2,664,522	\$2,774,957	\$2,900,375	\$2,995,678	\$3,128,833	\$3,236,969	\$3,351,361
Property Rentals House	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200
Property Rentals Farm	13,128	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Sewer User Charges	10,494,927	10,756,539	11,233,246	11,558,214	11,892,527	12,236,804	12,591,005	12,955,446	13,331,153	13,717,757
Septage Fees	90,000	90,000	92,250	94,556	96,920	99,343	101,827	104,372	106,982	109,656
Interest	20,000	34,796	25,864	26,645	27,750	29,004	29,957	31,288	32,370	33,514
Other Income	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Transfers In Insurance Services	14,442	-	-	-	-	-	-	-	-	-
Total Sources of Funds	\$14,581,649	\$14,388,177	\$13,965,004	\$14,371,138	\$14,819,354	\$15,292,726	\$15,745,666	\$16,247,139	\$16,734,674	\$17,239,488
Uses of Funds										
Salary Expenses	\$1,406,028	\$1,637,109	\$1,704,625	\$1,860,145	\$2,050,077	\$2,136,451	\$2,325,130	\$2,423,940	\$2,526,993	\$2,778,747
Benefits	905,163	976,337	1,053,467	1,137,080	1,227,750	1,326,106	1,432,831	1,548,676	1,674,460	1,811,076
Material & Services	1,709,264	1,775,635	1,846,660	1,920,526	1,997,347	2,077,241	2,160,331	2,246,744	2,336,614	2,430,079
Franchise Fees	524,746	537,827	561,662	577,911	594,626	611,840	629,550	647,772	666,558	685,888
Capital Outlays	127,826	132,939	138,257	143,787	149,538	155,520	161,741	168,210	174,939	181,936
Transfers Out General Fund	361,697	379,782	398,771	418,709	439,645	461,627	484,709	508,944	534,391	561,111
Transfers Out Wastewater Capital	6,013,408	6,305,535	5,537,642	5,475,654	5,394,509	5,459,502	5,350,343	5,390,074	5,389,759	5,187,207
Transfers Out Information Systems	53,876	56,570	59,398	62,368	65,487	68,761	72,199	75,809	79,599	83,579
Ending Fund Balance -- June 30										
Fund Balance	1,021,221	-	-	(0)	-	-	-	0	-	-
Contingency (120 Days)	1,458,420	1,586,443	1,664,522	1,774,957	1,900,375	1,995,678	2,128,833	2,236,969	2,351,361	2,519,866
Reserves	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Uses of Funds	\$14,581,649	\$14,388,177	\$13,965,004	\$14,371,138	\$14,819,354	\$15,292,726	\$15,745,666	\$16,247,139	\$16,734,674	\$17,239,488

Wastewater Operating Revenues vs. Expenses – 2027 Analysis

2.5% Rate Path vs. Actual 2027 Budget (Excludes Capital)

Category	2022 Projection (2.5% Rate Path)	Actual FY 2026-27 Budget	Gap (\$)	Gap (%)	What This Shows
Rate Revenue	\$12.24M	\$12.3M (if 2.5%)	\$0	0%	Revenue is growing as expected but have not kept pace with costs
Wages & Benefits	\$3.5M	\$3.2M	+0.3M	+8.5%	Labor costs are below expectations
Non-capital transfers	\$0.56M	\$0.67M	-\$0.11	-19.6%	Support for Engineering, Finance, IS
Materials & Services	\$2.1M	\$2.7M	-\$0.6M	-28.5%	Inflation + aging infrastructure, Main driver of cost increase
Other Operating Costs	\$0.9M	\$1.0M	-\$0.1M	-11%	Ongoing obligations increasing
Total Operating Costs	\$7.0M	\$7.5M	-\$0.50M	-7.9%	Costs have exceeded projections, Rate increase will add about \$250,00 to this, a measured approach to closing the gap in funding

City Sewer Rates

Attachment #2



City	Base Rate	Volume Charge per 100 cf*	Monthly Volume Charge (600 cf) for Average Resident	Total Sewer Bill for Average Resident	Monthly Cost Increase for Average Resident	Rate Year
Carlton	\$ 73.37	\$ 8.46	\$ 50.76	\$ 124.13		2025
Newberg	\$ 33.63	\$ 10.95	\$ 65.70	\$ 99.33		2026
Wilsonville	\$ 23.12	\$ 10.31	\$ 61.86	\$ 84.98		2026
Lake Oswego	\$ 74.75	\$ 2.76	\$ 16.56	\$ 91.31		2026
Lebanon	\$ 28.25	\$ 8.06	\$ 48.36	\$ 76.61		2024
Oregon City	\$ 71.08	Flat Fee	Flat Fee	\$ 71.08		2026
McMinnville (4.0% Proposed)	\$ 25.55	\$ 6.93	\$ 41.56	\$ 67.11	\$ 2.58	2026
McMinnville (Current)	\$ 24.57	\$ 6.66	\$ 39.96	\$ 64.53	\$ -	2025
Ashland	\$ 33.94	\$ 5.06	\$ 30.38	\$ 64.32		2019
Albany	\$ 45.39	\$ 3.20	\$ 19.20	\$ 63.34		2025
Milwaukie	\$ 38.71	\$ 3.99	\$ 23.94	\$ 62.65		2025

*cf = cubic foot, 100 cubic feet of water = 748 gallons

RESOLUTION NO. 2026-29

A Resolution establishing revised sanitary sewer user fees; and repealing Resolution 2025-09.

RECITALS:

WHEREAS, the Oregon State Department of Environmental Quality (DEQ) has issued standards regarding funding the operation and maintenance of treatment facilities to meet NPDES permit requirements; and

WHEREAS, the enactment of the fee schedule as herein set forth is required to comply with those standards; and

WHEREAS, as part of the rate study for the 2026 Sewer Master Plan, the City analyzed operating revenues and expenses and determined that an interim adjustment to the annual rate increase is necessary to keep pace with rising operating costs; and

WHEREAS, Resolution 2025-09, which set the current rates, will be repealed by this resolution. Future rates will be adjusted by City Council action, and the City will continue to complete biennial reviews of the actual revenues and expenses to verify that the needs are being met.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF McMinnville, Oregon, as follows:

1. **SANITARY SEWER FEE SCHEDULE**
2. **Sewer User Fees.**
 - a. Customer Service Charge. Water meters serving individual single-family living units, multiple single-family living units, and individual commercial or industrial customers shall be charged the Customer Service Charge for each unit that has access to water. Multi family, duplex, and manufactured home parks comprised of individual single-family units or mixed-use structures (such as residential and commercial) shall be charged on the basis of the total number of single-family living units and/or individual commercial units that receive water service from one meter as permitted by the City. The Customer Service Charge shall be:
 - i. Residential- \$25.55 per living unit
 - ii. Commercial/Industrial- \$25.55 per account
3. Volume Charge. Residential customers are charged a volume charge based on actual water consumption in the winter months of December,

January, February and March billing periods. The remaining eight months, the volume charge is based on the lesser of actual consumption or the average of the winter months' water use.

- a. Commercial and Industrial customers are generally billed a volume charge on actual water use throughout the year. Some commercial customers that do not use water in their commercial enterprise, and that do not have an isolated water service for irrigation uses, can be billed the volume charge based on the lesser of actual consumption or the average of the winter month's water use.
 - b. New residential customers without a winter average billing history will be assigned a 500 cubic feet winter average volume. New commercial and industrial customers who are eligible and do not have a winter average billing history will be assigned a winter average volume consistent with the service location's historical winter average volume.
 - c. Residential service locations that are vacant during the winter months or have zero water consumption shall be assigned a 500 cubic feet winter average volume.
 - d. When a service location experiences a water leak that does not flow into the sanitary sewer system, customers may be eligible for an adjustment based upon the customer's water consumption patterns prior to, and/or after, the leak is repaired.
 - i. Residential- \$6.93 per hundred cubic feet of water
 - ii. Non-monitored Commercial/Industrial- \$8.58 per hundred cubic feet of water
 - iii. Monitored Commercial/Industrial classifications:
 1. Low strength - \$7.12 per hundred cubic feet of water
 2. Medium strength- \$8.59 per hundred cubic feet of water
 3. High strength - \$11.08 per hundred cubic feet of water
 4. Very high strength- \$13.04 per hundred cubic feet of water
 5. Super high strength- \$16.48 per hundred cubic feet of water
4. Flat-rate Customers. Residential Customers that are connected to the sanitary sewer system, but are not on a metered water system, shall pay for sanitary sewer service on a fixed monthly rate per living unit or account at the following rate:
- a. Residential - \$74.06 per living unit

- 5. Residential Septic Waste. Residential waste from septic tanks is hauled by commercial service providers and is discharged at the Water Reclamation Facility.
 - a. Residential Septic Waste- \$0.16 per gallon.
- 6. Franchise Fee. A franchise fee in the amount of six percent (6%) is assessed on all wastewater revenues generated from the user fees set forth in this resolution, which shall be transferred to the General Fund for appropriation by the City Council.

2. This resolution shall take effect July 1, 2026, at which time Resolution 2025-09 shall be repealed, and this resolution shall continue in full force and effect until modified, revoked, or replaced.

Adopted by the Council of the City of McMinnville at a regular meeting held the 26th day of May, 2026 by the following votes:

Ayes: _____

Nays: _____

Approved this 26th day of _____ 2026.

MAYOR

Approved as to form:

Attest:

City Attorney

City Recorder

RESOLUTION NO. 2026-31

A Resolution authorizing the sale of air easements affecting certain properties between NW 25th Street and Tice Park.

RECITALS:

WHEREAS, the City has determined, with Resolution 2026-24 on April 14, 2026, that sale of City-owned air easements between NW 25th Street and Tice Park to their underlying/adjacent property owners for potential development appropriate to applicable zoning is in the public interest; and

WHEREAS, the City considers it necessary or convenient to sell the easements as contractual obligations associated with the acquisition of Tice Park, including restrictions on the use of the property, have been fully satisfied; and

WHEREAS, the nature of the proposed sale and the general terms thereof, including an appraisal, attached hereto as **Exhibit A**, having been fully disclosed by the City Council at a public hearing on May 26, 2026.

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

1. Air easements may be released or sold to their underlying property owners at the request of those property owners for 10% of the appraisal value of the air easements. For 5 years from adoption of this Resolution, "appraisal value" shall be for the respective NW 25th Street addresses as reflected in **Exhibit A**:

245	227	209	151	149	131	123	115
\$76,768	\$76,768	\$57,582	\$83,764	\$83,764	\$41,882	\$83,764	\$83,764

2. After 5 years, "appraisal value" shall be determined following securing of a new appraisal by the City, the cost for which appraisal shall be added to the sale price to such requestor. Cost for appraisal may be shared among multiple requestors if possible.
3. Any such subsequent appraisal must appraise all remaining unsold air easements and may be relied on, for purposes of sale under this Resolution, for 5 years from the date of such subsequent appraisal.
4. This resolution shall take effect immediately upon passage and shall continue in full force and effect until modified, revoked, or replaced.

Adopted by the Council of the City of McMinnville at a regular meeting held the 26th day of May, 2026 by the following votes:

Ayes: _____

Nays: _____

Approved this 26th day of _____ 2026.

MAYOR

Approved as to form:

Attest:

City Attorney

City Recorder

EXHIBITS:

- A. Appraisal
- B. ORS 193.070 Proof of publication

APPRAISAL REPORT

Air Easement Determination of Value
115-245 NW 25th Street
McMinnville, Oregon 97128
February 10, 2026

PREPARED FOR

City of McMinnville
Attn: Mr. Adam Garvin, Interim City Manager
231 NE 5th Street
McMinnville, Oregon 97128

PREPARED BY

RSP & Associates LLC
Ryan S. Prusse, MAI
ryan@rspa-pdx.com
PO Box 365
Wilsonville, Oregon 97070
(503) 805-4059

AF#26004

RSP & Associates LLC
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 Wilsonville, Oregon 97070
 (503) 805-4059
 www.rspa-pdx.com

February 24, 2026

City of McMinnville
 Attn: Mr. Adam Garvin, Interim City Manager
 231 NE 5th Street
 McMinnville, Oregon 97128

Subject: Appraisal Report
 Air Easement Determination of Value
 115-245 NW 25th Street
 McMinnville, Oregon 97128

Dear Client:

At your request, we have prepared a before-after narrative appraisal of the eight tax lots at 115-245 NW 25th Street, in McMinnville, Oregon.

The purpose of this appraisal is to estimate the change in value of the (larger) eight residential parcels. The exception is Parcel III, a singular tax lot, similar to the surrounding lot pairings. The effective date of values is **February 10, 2026**. This report is prepared in compliance with current Uniform Standards of Professional Appraisal Practice (USPAP), as formulated by the Appraisal Foundation

After investigating all the pertinent data regarding the subject property, in our opinion, the change in value of the subject properties (eight larger parcels), estimated as of **February 10, 2026**, is summarized in the following table:

<i>Subject Properties</i>	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>
Address	245 NW 25th Street	227 NW 25th Street	209 NW 25th Street	151 NW 25th Street	149 NW 25th Street	131 NW 25th Street	123 NW 25th Street	115 NW 25th Street
City, ST	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR
County Assessor Map	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD
Tax Lot	190	290	300	490	590	690	790	890
County Parcel	343998	344069	137854	344167	344210	344443	344498	344568
Land Valuation (larger parcel)								
<i>"Before" With Air Easement</i>								
<i>Land Area (SF)</i>	19,192	19,192	19,194	20,941	20,941	20,941	20,941	20,941
<i>Valuation Basis</i>	H&B Use(s)	H&B Use(s)	Large lot w/restrictions	H&B Use(s)	H&B Use(s)	H&B Use(s)	H&B Use(s)	H&B Use(s)
<i>Unit Value (/SF)</i>	\$14.00	\$14.00	\$15.00	\$14.00	\$14.00	\$16.00	\$14.00	\$14.00
"Before" Value	\$268,688	\$268,688	\$287,910	\$293,174	\$293,174	\$335,056	\$293,174	\$293,174
<i>"After" Without Air Easement</i>								
<i>Land Area (SF)</i>	19,192	19,192	19,194	20,941	20,941	20,941	20,941	20,941
<i>Valuation Basis</i>	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.
<i>Unit Value (/SF)</i>	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00
"After" Value	\$345,456	\$345,456	\$345,492	\$376,938	\$376,938	\$376,938	\$376,938	\$376,938
Change in Value + / (-)	\$76,768	\$76,768	\$57,582	\$83,764	\$83,764	\$41,882	\$83,764	\$83,764
<i>(After - Before Values)</i>								

City of McMinnville
Attn: Mr. Adam Garvin, Interim City Manager
February 24, 2026
Page 2

A legal description of the subject properties is included in the body of the attached report. The difference in value is based solely on the hypothetical removal of a long-standing easement limiting rights of use. In this regard, we utilize larger parcel methodology based upon contiguity, unity of use and common ownership.

Reference to the Assumptions and Limiting Conditions section of the attached report is recommended for a complete understanding of the basis on which the value conclusion is predicated. A copy of the client's (City of McMinnville) engagement letter is included in the Addenda of the attached appraisal report. We have sufficient education and experience in valuing similar properties to satisfy the competency rule of the Uniform Standards. The reported value was not based upon a requested valuation or on specific loan approval.

Extraordinary Assumptions

None.

Hypothetical Conditions

- In the preparation of BEFORE AND AFTER appraisals, it is necessary to invoke a hypothetical condition that presumes alteration of BEFORE property ownership/rights as dictated by the easement document(s) reviewed. Specifically, the AFTER valuation involves analysis and quantification of the same land area, increased rights of use, elimination of height restrictions and/or reconsideration of expansion or redevelopment potential.

The above-detailed extraordinary assumptions and hypothetical conditions may have a material impact on the value conclusions.

The basis for these conclusions is explained in detail in the contents of the attached appraisal report.

Sincerely,

RSP & ASSOCIATES LLC



Ryan S. Prusse, MAI
Oregon Appraiser Certification No. C000498

TABLE OF CONTENTS

INTRODUCTION

Executive Summary	1
Purpose & Function of Appraisal	5
Appraisal Definitions	6
Assumptions & Limiting Conditions	8
Market Area Analysis – Portland MSA	10
Immediate Market Area Analysis.....	14

FACTUAL DATA

Location & Legal Reference	22
Property History	23
Tax & Assessment Data.....	25

PROPERTY DATA

Subject Photographs.....	26
Site Description	31

ANALYSIS & CONCLUSIONS

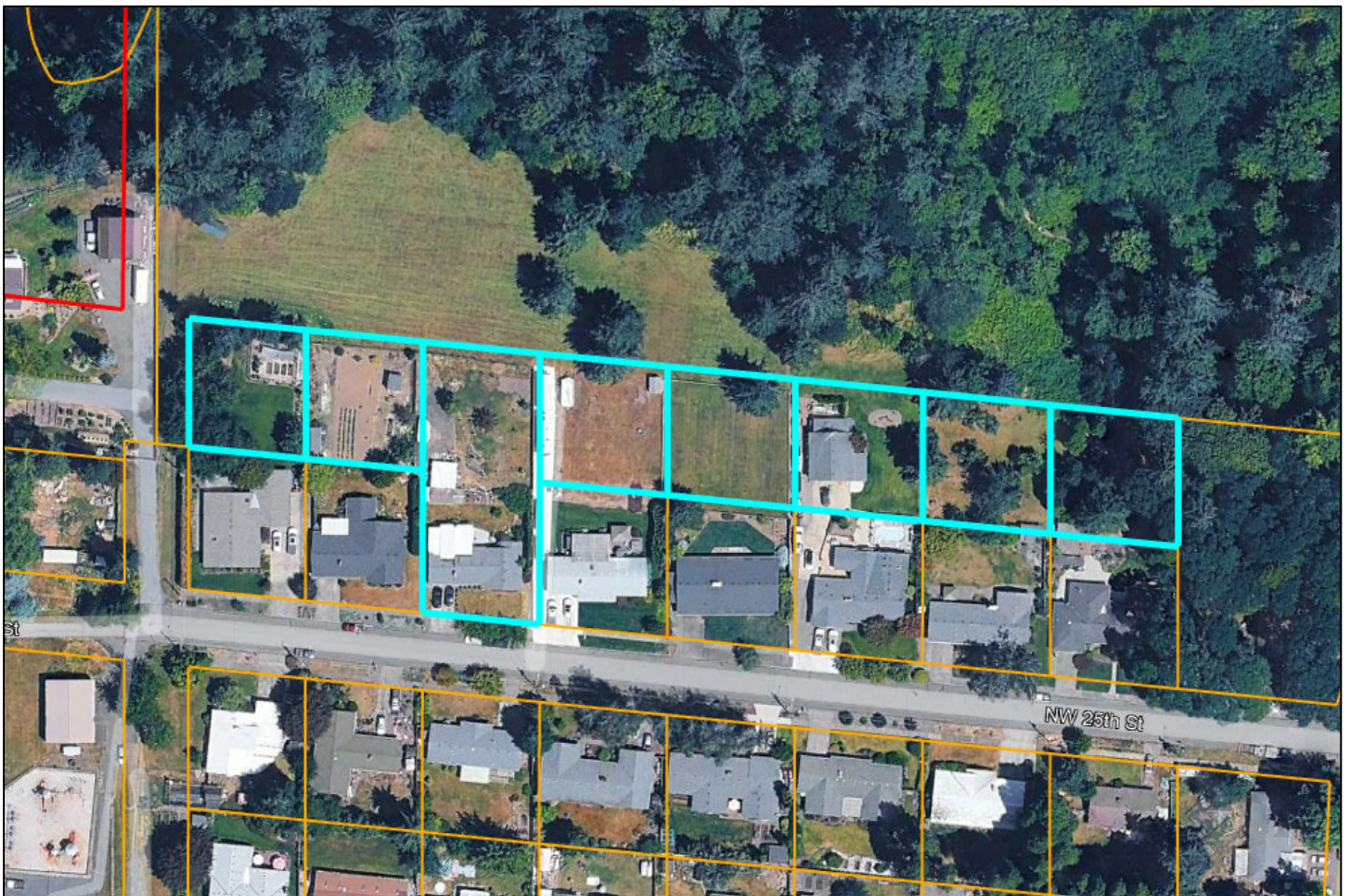
Highest & Best Use Analysis.....	37
Methodology & Scope of Appraisal.....	41
Site Analysis & Valuation.....	43
Appraiser Certification(s).....	51

ADDENDA

<i>I. Firm/ Appraiser Qualifications</i>	
<i>II. Engagement Letter</i>	
<i>III. Yamhill County Assessor Summaries</i>	
<i>IV. Zoning & Flood Data</i>	
<i>V. Portland MSA Labor Trends</i>	
<i>VI. 1-, 3-, 5-mile Demographics</i>	

EXECUTIVE SUMMARY

<i>Subject Properties</i>	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>
Address	245 NW 25th Street	227 NW 25th Street	209 NW 25th Street	151 NW 25th Street	149 NW 25th Street	131 NW 25th Street	123 NW 25th Street	115 NW 25th Street
City, ST	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR
County Assessor Map	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD
Tax Lot	190	290	300	490	590	690	790	890
County Parcel	343998	344069	137854	344167	344210	344443	344498	344568
Land Area (SF)	9,121	9,121	19,194	9,952	9,952	9,952	9,952	9,952
County RMV (land)	\$39,403	\$39,403	\$221,593	\$42,993	\$32,245	\$42,993	\$42,993	\$42,993
County RMV (land/SF)	\$4.32	\$4.32	\$11.54	\$4.32	\$3.24	\$4.32	\$4.32	\$4.32
Paired With (front Tax Lot)	100	200	Not applicable	400	500	600	700	800
County Parcel	137765	137827	Not applicable	137881	137934	137961	137989	138005
Land Area (SF)	10,071	10,071	Not applicable	10,989	10,989	10,989	10,989	10,989
RMV (land)	\$182,223	\$182,223	Not applicable	\$186,189	\$186,143	\$186,184	\$186,189	\$186,189
RMV (land/SF)	\$18.09	\$18.09	Not applicable	\$16.94	\$16.94	\$16.94	\$16.94	\$16.94
RMV (improvement)	\$232,524	\$259,965	\$240,421	\$204,536	\$236,430	\$282,872	\$229,696	\$310,375



EXECUTIVE SUMMARY (Cont.)

<i>Utilities:</i>	All public
<i>Zoning:</i>	R1 (Low-Density Residential) City of McMinnville, Oregon
<i>Flood Zone Designation:</i>	Zone X, areas of minimal flood hazard FIRM #41071C 0402D, 3/2/2010

Land Comments: Appraised property consists of eight (8) residentially zoned lots located backing to Tice Park, north of NW 25th Street. Seven of eight parcels were originally created as “Option Tracts” in connection with the city of McMinnville’s 1978 acquisition of Tice Park, and are generally rectangular in configuration, similar in size, and function as extended yard areas for the adjacent front lots/homes along NW 25th Street. The exception is TL 300, a singular (double) lot. Each lot is encumbered by a recorded “air easement” benefiting the City that prohibits development of structures that exceed 10 feet in height and also prohibits construction of new living space. Just one of the rear lots (TL 690) includes an approximate 1,400 SF shop/garage legally permitted/constructed around 2008. Despite legitimate Permit #569-07B0685, it is our understanding the shop was “inadvertently allowed.”

Larger Parcel Considerations: Seven of the eight subject property lots are paired with adjacent (front) lots that have been held under common ownership. Combined (or singular, in the case of III), the subject properties are improved as mid-grade residential improvements (size, quality, condition). Without the existing air rights easement, and assuming vacant, the combined two-lot pairs possess enhanced highest and best use(s). Therefore, each of the subject properties are analyzed herein on the basis of the larger parcel perspective.

EXECUTIVE SUMMARY (Cont.)

<i>Subject Properties</i>	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>
Larger Parcel Summary								
Total Land Area (SF)	19,192	19,192	19,194	20,941	20,941	20,941	20,941	20,941
Total RMV (land)	\$221,626	\$221,626	\$221,593	\$229,182	\$218,388	\$229,177	\$229,182	\$229,182
Total RMV (land/SF)	\$11.55	\$11.55	\$11.54	\$10.94	\$10.43	\$10.94	\$10.94	\$10.94
Current Use (larger parcel)	Double lot w/home in front	Double lot w/home in front	Double lot w/home in front	Double lot w/home in front & RV pad (cov.) at rear	Double lot w/home in front	Double lot w/home in front; pool & shop behind	Double lot w/home in front	Double lot w/home in front
Improvements (rear lot only)			<i>(already combined)</i>					
<i>Utilities</i>	None (irrigation)	None (irrigation)	Full (all)	Partial to RV pad	None	Power/water (irr.)	None	None
<i>Fencing</i>	Partial	Yes	Yes	Partial (sides)	Yes	Partial (sides)	Partial (sides)	Yes (full hog wire)
<i>Landscaping</i>	Lawn/plants/garden	Garden, plants	Front/rear (modest)	Limited (lawn)	Lawn/tree(s)	Lawn/plants/garden	Lawn/tree(s)	Lawn/tree(s)
<i>Road / Driveway</i>	None	None	Front only	Concrete (new)	None	Concrete/gravel	None	None
<i>Structures</i>	Small shed	Small sheds	Home & small shed	Non-permanent	None	Shop w/loft ('06)	None	Small shed(s)
Highest & Best Use (larger parcel)								
"Before" With Air Easement								
<i>SFR & Large Rear Yard</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Divisibility (2nd SFR)</i>	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home
<i>Assemblage w/side lot(s)</i>	Not likely	Not likely	Not likely	Not likely	Not likely	Not likely	Not likely	Not likely
<i>Outbuilding (10' tall)</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Outbuilding (> 10')</i>	No	No	No	No	No	Yes (permitted in error)	No	No
<i>Accessory Dwelling</i>	No, not w/o home on same lot	No, not w/o home on same lot	Yes, assuming suitable access & extension of utilities	No, not w/o home on same lot	No, not w/o home on same lot	No, not w/o home on same lot	No, not w/o home on same lot	No, not w/o home on same lot
<i>Cottage Cluster</i>	Not on the entirety	Not on the entirety	Not on the entirety	Not on the entirety	Not on the entirety	Not on the entirety	Not on the entirety	Not on the entirety
"After" Without Air Easement								
<i>SFR & Large Rear Yard</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Divisibility (2nd SFR)</i>	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home
<i>Assemblage w/side lot(s)</i>	Slightly more likely	Slightly more likely	Slightly more likely	Slightly more likely	Slightly more likely	Slightly more likely	Slightly more likely	Slightly more likely
<i>Outbuilding (10' tall)</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Outbuilding (> 10')</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Accessory Dwelling</i>	No, not w/o home on same lot	No, not w/o home on same lot	Yes, assuming suitable access & extension of utilities	No, not w/o home on same lot	No, not w/o home on same lot	No, not w/o home on same lot	No, not w/o home on same lot	No, not w/o home on same lot
<i>Cottage Cluster or 2, 4-plexes</i>	Yes w/front SFR demo	Yes w/front SFR demo	Yes w/front SFR demo	Yes w/front SFR demo	Yes w/front SFR demo	Yes w/front SFR demo	Yes w/front SFR demo	Yes w/front SFR demo

EXECUTIVE SUMMARY (Cont.)

<i>Subject Properties</i>	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>
Address	245 NW 25th Street	227 NW 25th Street	209 NW 25th Street	151 NW 25th Street	149 NW 25th Street	131 NW 25th Street	123 NW 25th Street	115 NW 25th Street
City, ST	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR
County Assessor Map	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD
Tax Lot	190	290	300	490	590	690	790	890
County Parcel	343998	344069	137854	344167	344210	344443	344498	344568
Land Valuation (larger parcel)								
<i>"Before" With Air Easement</i>								
<i>Land Area (SF)</i>	19,192	19,192	19,194	20,941	20,941	20,941	20,941	20,941
<i>Valuation Basis</i>	H&B Use(s)	H&B Use(s)	Large lot w/restrictions	H&B Use(s)	H&B Use(s)	H&B Use(s)	H&B Use(s)	H&B Use(s)
<i>Unit Value (/SF)</i>	\$14.00	\$14.00	\$14.00	\$14.00	\$14.00	\$16.00	\$14.00	\$14.00
<i>"Before" Value</i>	\$268,688	\$268,688	\$268,716	\$293,174	\$293,174	\$335,056	\$293,174	\$293,174
<i>"After" Without Air Easement</i>								
<i>Land Area (SF)</i>	19,192	19,192	19,194	20,941	20,941	20,941	20,941	20,941
<i>Valuation Basis</i>	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.
<i>Unit Value (/SF)</i>	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00
<i>"After" Value</i>	\$345,456	\$345,456	\$345,492	\$376,938	\$376,938	\$376,938	\$376,938	\$376,938
<i>Change in Value + / (-)</i>	\$76,768	\$76,768	\$76,776	\$83,764	\$83,764	\$41,882	\$83,764	\$83,764
<i>(After - Before Values)</i>								

Effective Date of Value:

February 10, 2026

Date of Inspection:

February 10, 2026

Interest Appraised:

Fee simple (with & without air easement)

Appraiser(s):

Ryan S. Prusse, MAI

PURPOSE OF APPRAISAL

The purpose of this appraisal is to estimate the before and after **market values** of the eight larger parcels, as of the **February 10, 2026**, inspection date. Based upon the hypothetical removal of the existing air rights easement, the difference is effectively wholly attributable to its existence.

FUNCTION OF APPRAISAL

The intended use of the appraisal report is to assist the client, City of McMinnville in evaluating the existing air rights easement(s). The intended users include the client, applicable legal venues and designated assignees.

This report is intended for no other use(s).

APPRAISAL DEFINITIONS

Larger Parcel

Property that has unity of ownership, contiguity, and unity of use; three conditions integral in the consideration of severance damages. Also known as the “parent parcel,” unity of use considers both the highest and best use and current use(s) of the property.

Market Value

This is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. Continual refinement is essential to the growth of the appraisal profession. The applicable definition for this report’s intended use is as follows:

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

Property Rights Appraised

Leased Fee Estate, is defined in *The Dictionary of Real Estate Appraisal*, Fifth Edition (2010), as:

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others: The rights of lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

Fee Simple Estate, is defined in *The Dictionary of Real Estate Appraisal*, Fifth Edition (2010), as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Leasehold Interest, is defined in *The Dictionary of Real Estate Appraisal*, Fifth Edition (2010), as:

The tenant’s possessory interest created by a lease.

Sandwich Leasehold Estate, is defined in *The Dictionary of Real Estate Appraisal*, Fifth Edition (2010), as:

The interest held by the original lessee when the property is subleased to another property; a type of leasehold estate.

Exposure Time/Marketing Period

Exposure time is defined within the *USPAP*, Statement 6, as:

The estimated length of the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.

APPRAISAL DEFINITIONS (Cont.)

Marketing period is very similar to exposure time, but reflects a projected time period to sell the property, rather than a retrospective estimate. As such, a similar time period of six to 12 months is supported for the subject property's marketing period. This conclusion is based upon the assumption that no soil contamination exists and deferred maintenance is cured to the satisfaction of typical investor parameters.

ASSUMPTIONS & LIMITING CONDITIONS

- The analysis assumes that the Yamhill County Assessor's office legal descriptions accurately represent the subject property. A survey has not been provided to RSP & Associates LLC. If further verification is required, a survey by a qualified surveyor is advised.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable.
- All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or land use violations existing in the subject property.
- The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless noted.
- Information presented in this report has been obtained from what are believed to be reliable sources. It is assumed that the information obtained from trusted third party sources is accurate.
- This report shall be used for its intended purpose only. Possession of the report does not include the right of publication.
- RSP & Associates LLC staff will not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made.
- The statements of value and all conclusions shall apply as of the dates shown herein. The appraisers have no present or contemplated future interest in the property which is not specifically disclosed in this report.
- Neither all, nor any part, of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the authors. This applies particularly to value conclusions and to the identity of RSP & Associates LLC and its employed staff.
- This report must be used in its entirety. Reliance on any portion of the report out of context may lead the reader to erroneous conclusions regarding the property and/or its value(s). No portion of the report is intended to stand alone without approval from RSP & Associates LLC.
- The valuation stated herein assumes professional management and operation of the building(s). Inherent in this assumption is an adequate maintenance and repair program.
- The valuation is based on the projection that the property will maintain stabilized occupancy as defined herein. Specific to this definition is the existence of tenants paying market level rents.
- The liability of RSP & Associates LLC and staff is limited to the client only. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions.
- Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute. The party for whom the appraisal report was prepared may distribute copies, in its entirety, to such third parties as may be selected.
- The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property. The appraisers assume that there are no hidden or non-apparent conditions of the property, subsoil, or structures which would render it more or less valuable.
- In the case of limited partnerships or syndication offerings or stock offerings in real estate, the client agrees that in case of lawsuit (brought by lender, partner, or part owner in any form of ownership, tenant, or any other party), any and all awards, settlements, or cost, regardless of outcome; the client will hold RSP & Associates LLC completely harmless.

ASSUMPTIONS & LIMITING CONDITIONS (Cont.)

- The appraisers are not qualified to detect the non-apparent presence of toxic or hazardous substances or materials that may influence or be associated with the property or any adjacent properties. No investigation or analysis as to the presence of such materials has been made. The duty to note the presence of such materials has been expressly disclaimed. Therefore, irrespective of any degree of fault, RSP & Associates LLC its principals, agents, and employees, shall not be liable for costs, expenses, damages, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids, or gases, waste materials or other irritants, contaminants, or pollutants.
- The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*, which prescribes specific building standards which may be applied based on factors such as building age, historical significance, amenability to improvement, and costs of renovation. RSP & Associates LLC its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties, or diminution in value resulting directly from non-compliance.
- Except as otherwise noted herein, this appraisal assumes that the subject complies with all ADA standards appropriate to the subject improvements; if the subject is not in compliance, the eventual renovation costs and/or penalties may negatively impact the present value of the property. If RSP & Associates LLC were advised of necessary renovation costs, time period needed for renovation, and penalties for non-compliance, appropriate adjustments would be made to the value conclusion(s) reported herein.
- This appraisal assumes the proposed construction (horizontal and vertical improvements) is completed based upon the costs/specifications provided by the owner, and in the timeline provided.

Extraordinary Assumptions

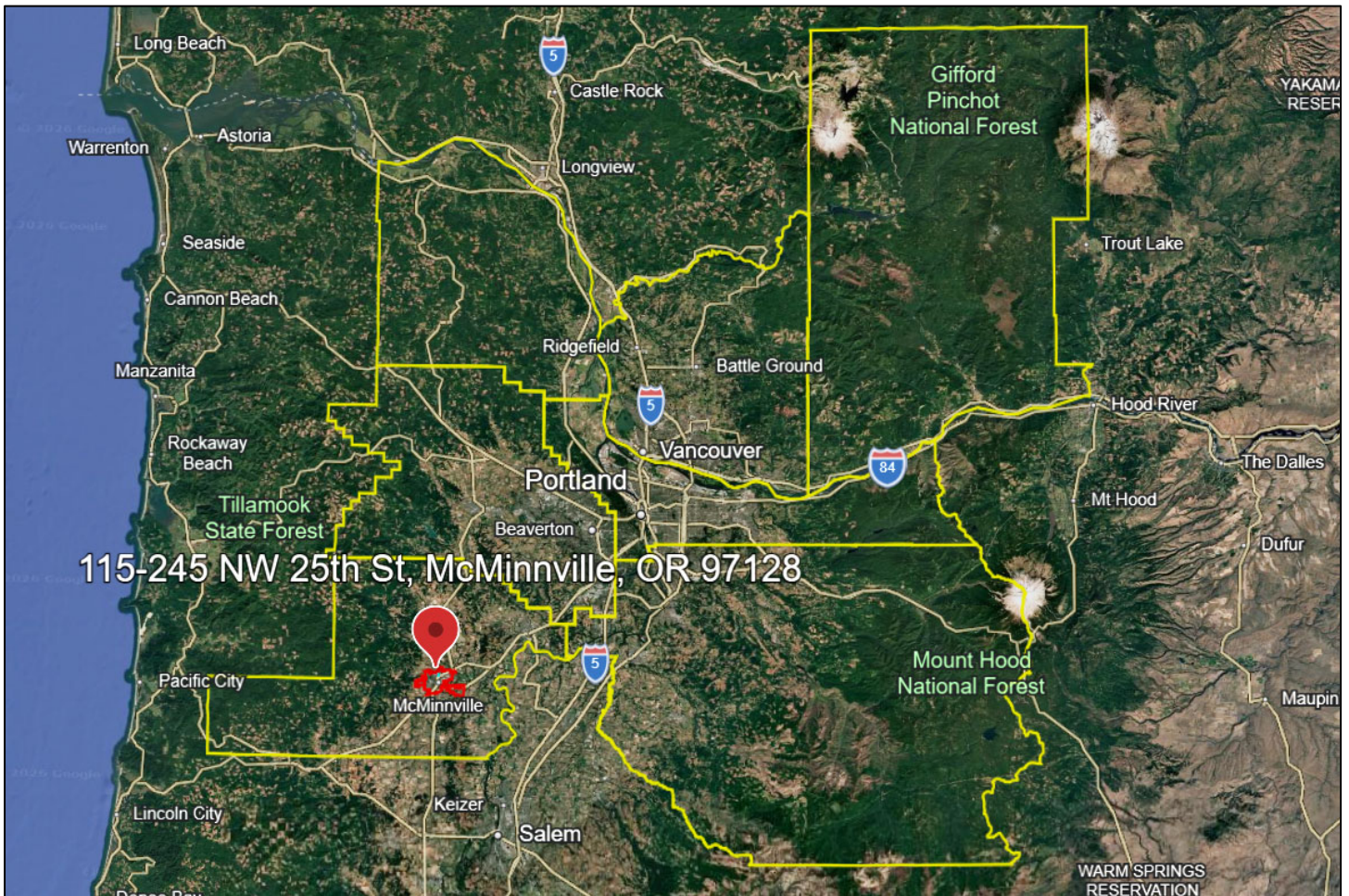
- We assume the eight lots are as described herein, including size/dimension, availability of utilities, buildability and navigable slope.

Hypothetical Conditions

- In the preparation of BEFORE AND AFTER appraisals, it is necessary to invoke a hypothetical condition that presumes alteration of BEFORE property ownership/rights as dictated by the easement document(s) reviewed. Specifically, the AFTER valuation involves analysis and quantification of the same land area, increased rights of use, elimination of height restrictions and/or reconsideration of expansion or redevelopment potential. No hypothetical conditions apply in this appraisal.

The above-detailed extraordinary assumptions and hypothetical conditions may have a material impact on the value conclusions.

MARKET AREA ANALYSIS – Portland MSA



The Portland-Vancouver-Hillsboro MSA is a group of seven contiguous counties surrounding Multnomah County and the Portland, Oregon city limits, which is positioned at the confluence of the Willamette and Columbia Rivers. It is a US top 25 metropolitan market with just a few Fortune 500 businesses headquartered. As of the 2020 census, the region had a population of 2,512,859, an increase of over 12 percent from 2010. Employment is skewed heavily toward technology, apparel design/marketing, manufacturing, transportation, healthcare and government. Historically, quality of life attributes has drawn residents and employers to the region's relative home affordability, recreation opportunities and cultural attractions.

The market area boasts strong demographic characteristics with above average income and educational attainment levels, while also providing a large pool of highly educated professionals and an overall skilled labor force. Corresponding with the region's higher levels of educational attainment, households in the Portland MSA have a cost of living approximately 16 percent higher than the national average. Despite this, the region's high quality of life, competitive wages, and variety of employment opportunities make it an attractive location for potential new residents, particularly in comparison to the West Coast's other major cities.

MARKET AREA ANALYSIS – Portland MSA (Cont.)

Over the past decade, the Portland–Vancouver–Hillsboro MSA has demonstrated moderate but consistent economic growth, supported by a diversified employment base and strong in-migration during much of the pre-COVID-19 pandemic period. From 2015 through early 2020, the region generally experienced expanding employment, rising household incomes, and sustained population growth, driven in part by domestic migration from higher-cost West Coast markets.

Beginning in early 2020, the global COVID-19 pandemic negatively-impacted many industries and led to spiked unemployment in select sectors. However, the region did benefit from some COVID-19-era population trends. Many employees in higher-priced coastal metros like the Bay Area and Puget Sound worked remotely during the pandemic, and those who were no longer required to commute to their jobs in expensive areas began relocating to more affordable options like Portland (and other smaller metros). The influx of well-paid new residents translated into increased retail sales. However, recent trends show that growth has slowed significantly since 2020, particularly in Multnomah County which has experienced a sizable population decline. The region’s overall population is now largely dependent on net in-migration, as natural population change has effectively flattened. Key drivers of these trends include housing affordability challenges, remote work flexibility, and rising local tax burdens.

The regional economy continues to adapt from the impacts of the COVID-19 pandemic and the unique economic crisis that followed, and the Portland MSA has shown mixed performance. According to a 2024 State of the Portland Economy report, comparing the GDP growth rate to peer regions, the Portland MSA economy grew by 14.1 percent from 2017-2022, placing it behind peer cities such as Austin, Texas (+37.2 percent) and Denver, Colorado (+23.5 percent). Despite, its home pricing and cost of living advantages, the Portland metropolitan region is significantly impaired by a combination of both objective and subjective adversities, that include the unhoused population, safety/crime rates, rates of taxation and effectiveness of local government(s). From the perspective of in-demand metropolitan regions, Portland ranks at the bottom among the top 80-plus US markets; two years running.

According to the Oregon Employment Department, total nonfarm payroll employment declined by approximately 9,000 to 12,000 jobs over the most recent 12-month period (roughly late 2024 through late 2025), translating to a contraction of about 0.7 percent to 1.0 percent (depending on the month of measurement). Job losses accelerated during the spring and summer of 2025 and were only partially offset by modest gains late in the year. As a result, employment levels remained below prior-year benchmarks for much of 2025, with downward revisions to prior estimates reinforcing the overall trend of declining employment levels relative to the previous year. Labor market conditions also softened, with the metro area’s unemployment rate increasing from roughly 4.0-4.1 percent in late 2024 to around 4.8-5.0 percent by late 2025. The number of unemployed residents rose by roughly 12,000 to 17,000 year over year, even as the labor force continued to expand modestly, indicating that job growth did not keep pace with labor force growth.

Performance varied sharply by industry during 2025. Manufacturing was the weakest major sector, shedding roughly 4,000–7,000 jobs year over year, with losses concentrated in durable goods and

MARKET AREA ANALYSIS – Portland MSA (Cont.)

semiconductor-related manufacturing. Construction also trended downward, losing approximately 3,000–4,000 jobs, reflecting higher interest rates, reduced residential construction activity, and softer commercial development. Professional and business services also declined, particularly within administrative and employment services.

By contrast, health care and social assistance have served as the primary stabilizing force, adding approximately 5,000–7,000 jobs over the year despite short-term volatility tied to labor disputes earlier in 2025. Transportation and warehousing also posted net gains, reflecting continued regional logistics activity, while leisure and hospitality recorded modest growth overall, though with notable month-to-month variability and weaker performance during parts of the summer. Government employment, particularly local education, contributed incremental gains.

The following table from the Oregon Employment Department’s monthly Labor Market Report summarizes the most recent (December 2025) industry employment levels for the Portland MSA.

Portland-Vancouver-Hillsboro, OR-WA MSA Current Labor Force and Industry Employment					
	December	November	December	--Change From--	
Labor Force Status	2025	2025	2024	November	December
				2025	2024
Civilian labor force	1,390,681	1,404,514	1,381,774	-13,833	8,907
Unemployed	67,939	66,461	56,981	1,478	10,958
Unemployment rate	4.9%	4.7%	4.1%	0.2	0.8
<i>Unemployment rate (seasonally adjusted)</i>	5.0%	5.0%	4.2%	0.0	0.8
Employed	1,322,742	1,338,053	1,324,793	-15,311	-2,051
 Nonfarm Payroll Employment					
Total nonfarm employment	1,238,600	1,241,300	1,250,800	-2,700	-12,200
<i>Total nonfarm employment (seasonally adjusted)</i>	1,230,900	1,231,300	1,242,300	-400	-11,400

Overall, recent data indicates that the Portland MSA has experienced slowing economic conditions over the past year, with employment declines across several major sectors and a rising unemployment rate. While growth persisted in health care, logistics, and parts of the public sector, these gains were not sufficient to offset broader employment losses

The region’s housing market continues to reflect a mix of stabilization and ongoing supply constraints. According to the most recent Market Action publications by RMLS (December 2025), average and median sale prices have remained relatively stable over the past year, following the volatility of 2022–2023. During 2025, the median home sale price generally ranged between approximately \$540,000 and \$570,000, with late-summer and early-fall figures near \$545,000 to \$550,000, while average sale price has remained near the low-\$600,000 range. Inventory has modestly improved compared to pandemic-era lows but remains short at less than three months, and total market time has increased to 81 days, indicating a slower but still competitive market environment. Affordability remains a significant concern; despite modest price stabilization, higher interest rates have pushed the RMLS Affordability Index into the high-80s to low-90s, indicating that a household earning the regional

MARKET AREA ANALYSIS – Portland MSA (Cont.)

median income of approximately \$124,100 cannot afford a full mortgage payment on a median-priced home under typical financing assumptions. Longer-term housing production continues to lag estimated regional needs, and this structural undersupply—combined with regulatory constraints and affordability pressures—is expected to continue limiting housing accessibility across much of the Portland MSA region.

Portland Metro Residential Highlights		New Listings	Pending Sales	Closed Sales	Average Sale Price	Median Sale Price	Total Market Time
2025	December	1,005	1,234	1,633	596,400	535,000	81
	November	1,437	1,628	1,520	599,700	535,000	72
	Year-To-Date	30,316	22,120	22,023	612,100	549,000	65
2024	December	1,068	1,326	1,534	578,300	525,000	74
	Year-To-Date	29,586	21,961	21,715	608,600	543,000	57
Change	December 2024	-5.9%	-6.9%	6.5%	3.1%	1.9%	9.8%
	Prev Mo 2025	-30.1%	-24.2%	7.4%	-0.6%	0.0%	12.5%
	Year-To-Date	2.5%	0.7%	1.4%	0.6%	1.1%	14.3%

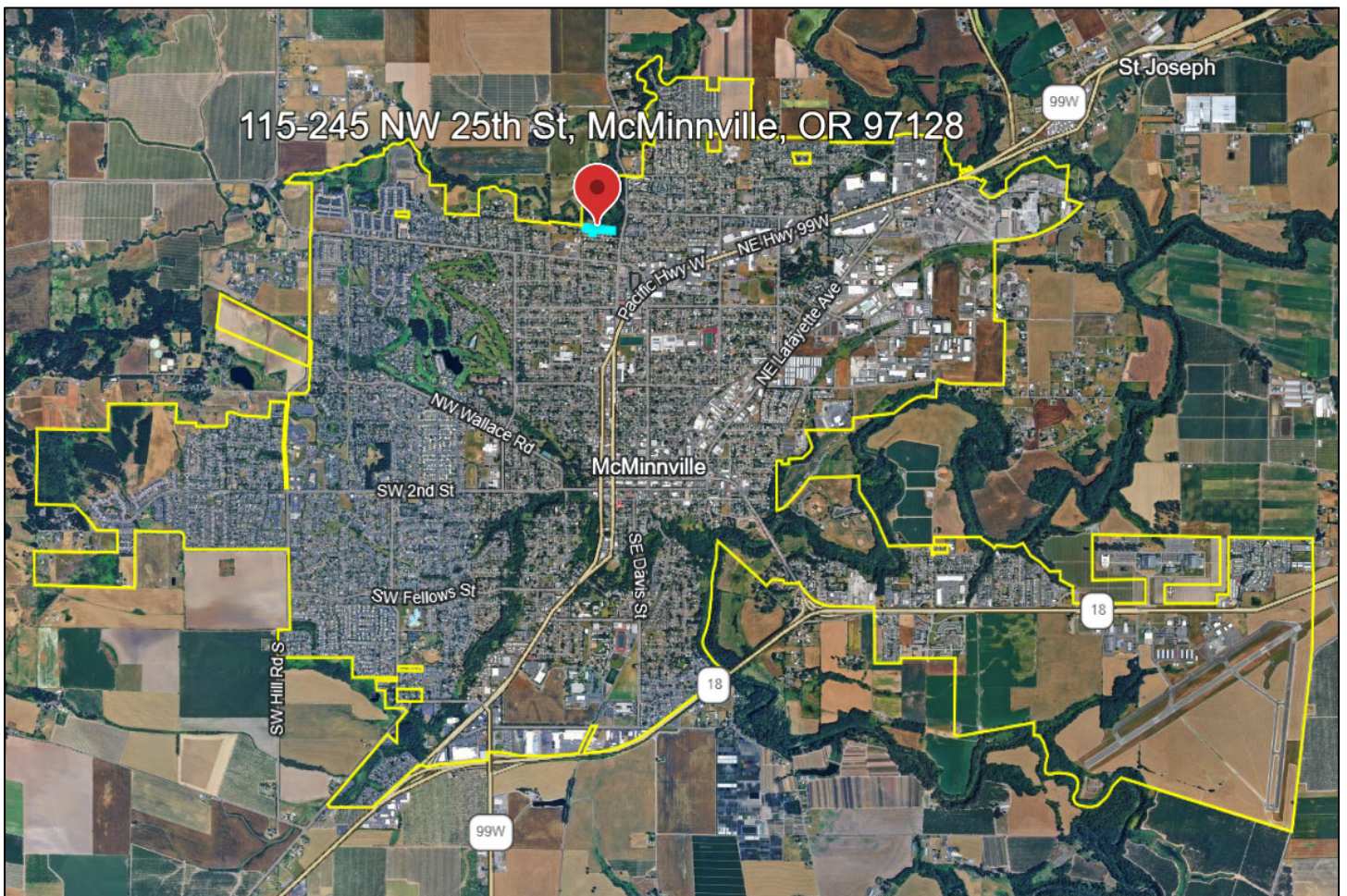
Overall, The Portland MSA is undergoing a period of economic recalibration marked by slowed population growth, uneven job recovery, and persistent housing affordability challenges. While the region’s GDP has rebounded from the pandemic and workforce participation remains high, job growth has lagged the national average in recent years, and key sectors like manufacturing and leisure and hospitality have yet to fully recover. Population declines in Multnomah County and reduced in-migration suggest a shift in the region’s long-standing growth patterns. Housing supply continues to fall short of demand, driving up prices and constraining affordability, while commercial real estate faces high vacancy rates, particularly in Portland’s CBD office/retail buildings. Despite these challenges, the region benefits from a well-educated labor force, a diversified economy, and ongoing public and private sector efforts aimed at promoting inclusive growth, revitalizing business districts, and supporting long-term economic resilience.

IMMEDIATE MARKET AREA ANALYSIS

Location

The subject property is located within the city of McMinnville, Oregon, which is situated in the northern Willamette Valley and the outer-Portland Metropolitan region. McMinnville is located in Yamhill County along Highway 99W approximately 30 miles southwest of downtown Portland. The subject property is situated less than one-half mile northwest of Highway 99W and immediately south of Tice Park near McMinnville's northern city limits.

The following map displays the subject property's location in relation to the McMinnville city limits (highlighted in yellow).



McMinnville originally developed as a small farming and trading community, and the arrival of the railroad in the late-19th century spurred further development. McMinnville was incorporated in 1876, and over time the city has expanded into a regional center for agriculture, education, and light industry. McMinnville generally serves as a bedroom community for the outer-Portland metropolitan area, and the city is also widely recognized for its role in Oregon's wine industry, with Yamhill County having the largest area of any Oregon county planted in vineyards which make McMinnville a major destination for wine tourism.

IMMEDIATE MARKET AREA ANALYSIS (Cont.)

Population & Growth

The city of McMinnville is the county seat and largest city in Yamhill County, and according to the US Census Bureau the city encompasses an area of 10.6 square miles and has a current population estimate of 34,319 (2020 census). The following table from the Portland State University (PSU) Population Research Center details the current and historic population growth for Yamhill County and its primary cities and towns.

County and cities	July 1 Population Estimates				April 1 Census Population		
	2024	2023rev	2022rev	2021rev	2020	2010	2000
OREGON	4,267,261	4,254,095	4,236,503	4,221,334	4,237,256	3,831,074	3,421,436
YAMHILL	109,682	108,866	108,009	107,702	107,722	99,193	84,992
Amity	1,835	1,833	1,833	1,832	1,757	1,614	1,478
Carlton	2,414	2,391	2,311	2,267	2,220	2,007	1,514
Dayton	2,665	2,695	2,694	2,689	2,678	2,534	2,119
Dundee	3,249	3,245	3,242	3,241	3,238	3,162	2,598
Gaston (part)*	6	6	6	6	6		
Lafayette	4,563	4,539	4,439	4,435	4,423	3,742	2,586
McMinnville	34,774	34,734	34,099	33,946	34,319	32,187	26,499
Newberg	26,249	25,731	25,514	25,340	25,138	22,068	18,064
Sheridan	6,277	6,018	6,156	6,277	4,639	6,127	5,561
Willamina (part)*	1,322	1,321	1,320	1,319	1,315	1,180	1,128
Yamhill	1,222	1,212	1,212	1,210	1,147	1,024	794
Unincorporated	25,106	25,141	25,183	25,140	25,052	23,548	22,651

According to forecasts from the PSU Population Research Center, Yamhill County’s population is projected to grow to approximately 145,500 by 2070, reflecting a long-term slowdown in growth compared to earlier decades. Short-term growth through the 2030s is expected to be modest, with annual net in-migration of just over 1,100 people helping offset declines from natural change as births decrease and deaths rise in an aging population. McMinnville and Newberg are projected to anchor most of the county’s growth, each surpassing 45,000 residents by 2074, while smaller cities such as Lafayette are expected to grow steadily but remain under 10,000. Overall, population increases will be driven largely by migration rather than natural growth, with the county’s pace of expansion slowing gradually over the 50-year forecast horizon.

Economic Trends

McMinnville benefits from its proximity to the Portland metropolitan core, and the diversified economy of Yamhill County and the broader Portland MSA help McMinnville to maintain a relatively stable economic position. Agriculture dominates economic activities outside McMinnville’s urban area, with an abundance of nurseries, vineyards, and wineries. The city also supports a strong manufacturing base, with firms producing everything from aerospace components to food products,

IMMEDIATE MARKET AREA ANALYSIS (Cont.)

and benefits from the presence of major employers such as Cascade Steel and Meggitt Polymers & Composites. Healthcare, education, and government provide additional stability, anchored by Willamette Valley Medical Center, Linfield University, and county government offices. In recent decades, McMinnville has expanded its role as a visitor destination, with attractions such as the Evergreen Aviation & Space Museum and a revitalized downtown contributing to a thriving hospitality sector.

The following table from the city’s most recent Comprehensive Annual Financial Report displays the largest employers in McMinnville as of 2024, as well as historical employment data from 2015.

City of McMinnville, Oregon							
Principal Employers							
Current Year and Nine Years Ago							
<u>Employer</u>	<u>Fiscal Year Ended June 30, 2024</u>			<u>Fiscal Year Ended June 30, 2015</u>			
	<u>Number of Employees</u>	<u>Percentage</u>	<u>Rank</u>	<u>Number of Employees</u>	<u>Percentage</u>	<u>Rank</u>	
McMinnville School District #40	841	5.51 %	1	712	5.07 %	1	
Yamhill County	690	4.52	2	447	3.18	4	
Linfield University (Previously Linfield College)	553	3.63	3	431	3.07	5	
Willamette Valley Medical Center, LLC	526	3.45	4	489	3.48	2	
Cascade Steel Rolling Mills, Inc.	380	2.49	5	462	3.29	3	
City of McMinnville (b)	284	1.86	6	203	1.44	9	
Express Professionals	278	1.82	7	300	2.13	6	
Parker-Meggitt (Previously Meggitt Polymer)	246	1.61	8	281	2.00	7	
EMPWR Nutrician (a)	218	1.43	9	250	1.78	8	
Wal-Mart Stores, Inc.	188	1.23	10	176	1.25		
Oregon Mutual Insurance Company	147	0.96		190	1.35	10	
Total principal employers	4,351	28.52		3,941	28.05		
All other employers (estimated)	10,903	71.48		10,111	71.95		
Total	15,254	100.00 %		14,052	100.00 %		

The broader region around McMinnville maintains a heavy reliance on agriculture (vineyards, orchards, and nurseries are especially prominent), although it is also heavily influenced by proximity to the Portland metropolitan area, which provides commuting opportunities and a steady flow of visitors that help sustain local businesses and services. A large number of McMinnville residents commute outside the city for work and services. According to the US Census Bureau, approximately 15,928 people are employed within the city limits of McMinnville, and nearly 65 percent of those workers commute into the city from other areas, most notably Salem (4.4 percent), Portland (3.1 percent), and Newberg (2.8 percent). By comparison, approximately 10,037 McMinnville residents commute outside of the city for work, with nearly 22 percent of the city’s labor force commuting to the cities of Portland (6.9 percent), Salem (6.2 percent), Newberg (5.4 percent), and Hillsboro (3.1 percent).

McMinnville is located in the heart of Oregon wine country, with an estimated 250+ wineries located within a 20-mile radius of the city. The strength of the wine industry in McMinnville and the

IMMEDIATE MARKET AREA ANALYSIS (Cont.)

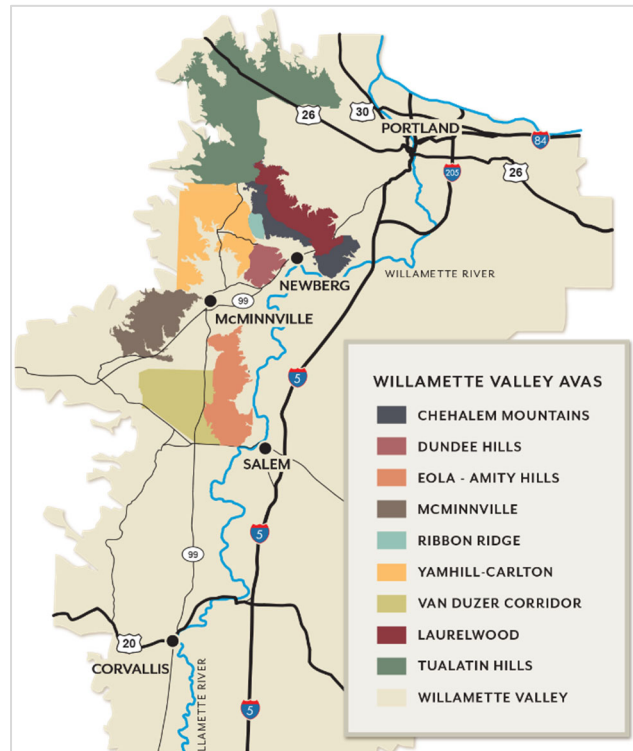
surrounding region has been a significant factor in growth of the local economy. Public wineries and tasting rooms are a natural draw for tourists, with many of the local wineries also hosting festivals, music performances, and picnics during the summer months. Each year in July, Linfield College (located in McMinnville) hosts the International Pinot Noir Celebration, which in the past has attracted participants from as far away as France, New Zealand and Australia. According to the Oregon Wine Board, the Oregon wine industry as a whole had a \$7.2 billion dollar per-year statewide economic impact.

The surrounding region is included as part of the larger Willamette Valley American Viticultural Area (AVA), which includes 11 nested AVAs and approximately 25,450 acres of vineyards. McMinnville is strategically located at the center of several Willamette Valley AVAs and is situated within the McMinnville AVA, which encompasses nearly 40,000 acres including several hundred acres planted in vineyards. A short distance east of McMinnville lies the Dundee Hills AVA, one of Oregon's oldest and most recognized wine regions, where vineyards planted in the late 1960s helped put Oregon Pinot Noir on the international stage. The Dundee Hills AVA covers roughly 12,500 acres, with more than 2,200 acres of planted vineyards and over 50 wineries, making it one of the most popular wine districts near McMinnville.

Beyond the wine industry, Yamhill County's agricultural economy is highly diverse and ranks among the state's leading producers in several other crop and livestock categories. According to the 2022 US Census of Agriculture (most recent available data), field and grass seed crops occupy the largest share of cropland in Yamhill County at more than 42,000 acres, while hazelnut orchards cover nearly 18,000 acres, making the county one of Oregon's top contributors to the state's dominance in nut production. Forage crops such as hay and haylage remain important for supporting the county's cattle inventory, while nursery and greenhouse operations represent another major agricultural sector, generating more than \$150 million in sales.

Land Use & Development

Land uses within the city of McMinnville consist of primarily single-family residential neighborhoods, which generally range from older single-family homes in the historic core to newer subdivisions on the city's periphery. Commercial uses are concentrated in and around the historic downtown along Third Street, which functions as the city's primary retail, dining, and cultural district,



IMMEDIATE MARKET AREA ANALYSIS (Cont.)

as well as along Highway 99W, where larger retailers, auto dealerships, and service businesses are located. Industrial land uses are primarily located in the southern and eastern parts of the city, including the McMinnville Industrial District near Highway 18 and the airport, where a mix of manufacturing, warehousing, and distribution facilities support the regional economy. Institutional uses are also significant, most notably Linfield University, McMinnville High School, and Willamette Valley Medical Center. Recent and ongoing development has included residential subdivisions on the city's edges to accommodate population growth, expansions within the industrial district to attract and retain employers, and reinvestment in the downtown core, including mixed-use redevelopment projects. The city has also seen development activity related to the wine and tourism industry, with new hospitality and tasting room projects complementing its established role as a hub for Yamhill County's viticulture.

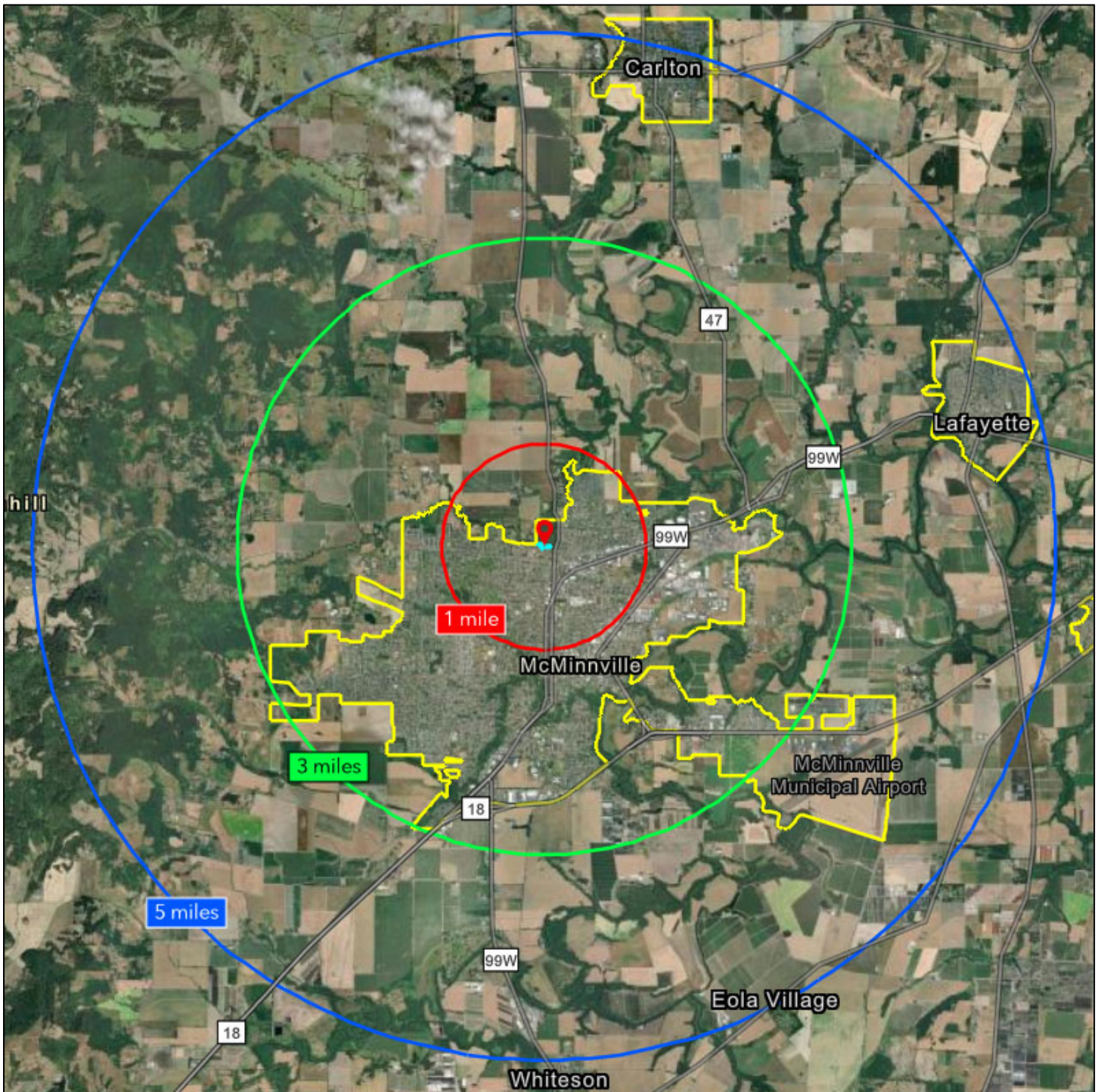


The subject property is immediately south of Tice Park, which encompasses approximately 33.4 acres just inside McMinnville's northern city limits. The property was acquired by the City in 1978 and developed as a nature-oriented park. Baker Creek meanders through the site and the park generally consists of wooded meadows, marshy areas, and steeply sloping topography near the park's southern boundary. The park also includes a modest walking trail and interpretive areas, although a majority of the park is undeveloped.

IMMEDIATE MARKET AREA ANALYSIS (Cont.)


Demographics

The following map identifies the one, three and five-mile radii from the subject property. Following the map is a tabulation of primary demographic characteristics of the concentric rings, including historic, current and projected figures.



IMMEDIATE MARKET AREA ANALYSIS (Cont.)

The submarket displays relative uniformity across the concentric demographic rings. In general, the one-mile ring encompasses a mixed residential and commercial core of northern-McMinnville, and also includes several agricultural properties just outside the northern city limits. The three-mile ring extends to include effectively the entire city limits of McMinnville, as well as numerous rural residential/agricultural properties just outside the city's urban growth boundaries. The five-mile ring encompasses many additional agricultural properties of Yamhill County, as well as the entire city of Lafayette to the east and a majority of the Carlton city limits to the north.

 Demographic and Income Comparison Profile				
115-245 NW 25th St, McMinnville, Oregon, 97218 151 NW 25th St, McMinnville, Oregon, 97128 Rings: 1, 3, 5 mile radii		Prepared by Esri Latitude: 45.22710 Longitude: -123.19939		
	1 mile	3 miles	5 miles	
Census 2020 Summary				
Population	10,065	35,473	43,986	
Households	3,881	12,864	15,837	
Average Household Size	2.53	2.62	2.66	
2025 Summary				
Population	9,985	36,215	45,269	
Households	3,931	13,505	16,741	
Families	2,511	8,904	11,349	
Average Household Size	2.47	2.55	2.59	
Owner Occupied Housing Units	2,311	8,495	11,167	
Renter Occupied Housing Units	1,620	5,010	5,574	
Median Age	41.7	40.1	39.8	
Median Household Income	\$75,939	\$78,499	\$81,924	
Average Household Income	\$101,507	\$97,678	\$100,633	
2030 Summary				
Population	10,289	36,811	46,208	
Households	4,114	13,945	17,346	
Families	2,612	9,135	11,693	
Average Household Size	2.44	2.51	2.56	
Owner Occupied Housing Units	2,465	8,971	11,811	
Renter Occupied Housing Units	1,649	4,975	5,535	
Median Age	42.7	40.9	40.7	
Median Household Income	\$88,298	\$89,907	\$93,732	
Average Household Income	\$114,899	\$109,786	\$113,086	
Trends: 2025-2030 Annual Rate				
Population	0.60%	0.33%	0.41%	
Households	0.91%	0.64%	0.71%	
Families	0.79%	0.51%	0.60%	
Owner Households	1.30%	1.10%	1.13%	
Median Household Income	3.06%	2.75%	2.73%	

Population within the one-mile ring exceeds 9,985 and 3,931 households for an average household size of 2.47 people. The one-mile ring is the most heavily populated in terms of density of the three concentric rings (3,178 people per square mile). Growth projections predict 0.60 percent annual population increases in the one-mile demographic ring through 2030. The broader three- and five-mile rings predict a slightly weaker growth rate between 0.33-0.41 percent, respectively. There is a

IMMEDIATE MARKET AREA ANALYSIS (Cont.)

predominance of both traditional single- and multi-family residential uses throughout the immediate area, with a majority of owner-occupied housing in the one-, three-, and five-mile demographic rings. Median household incomes increase slightly in the three- and five-mile rings; however, incomes are expected to grow at the highest rate within the one-mile demographic area.

Summary

McMinnville is well situated as an economic hub in eastern Yamhill County and the broader Portland MSA region. The city's economy benefits from its proximity to the Portland metropolitan area while maintaining its own employment base in manufacturing, healthcare, education, and local government. Surrounded by fertile farmland and situated in the heart of Oregon's wine country, the city attracts steady in-migration and a growing tourism market that supports its role as both a residential and economic hub for the region.

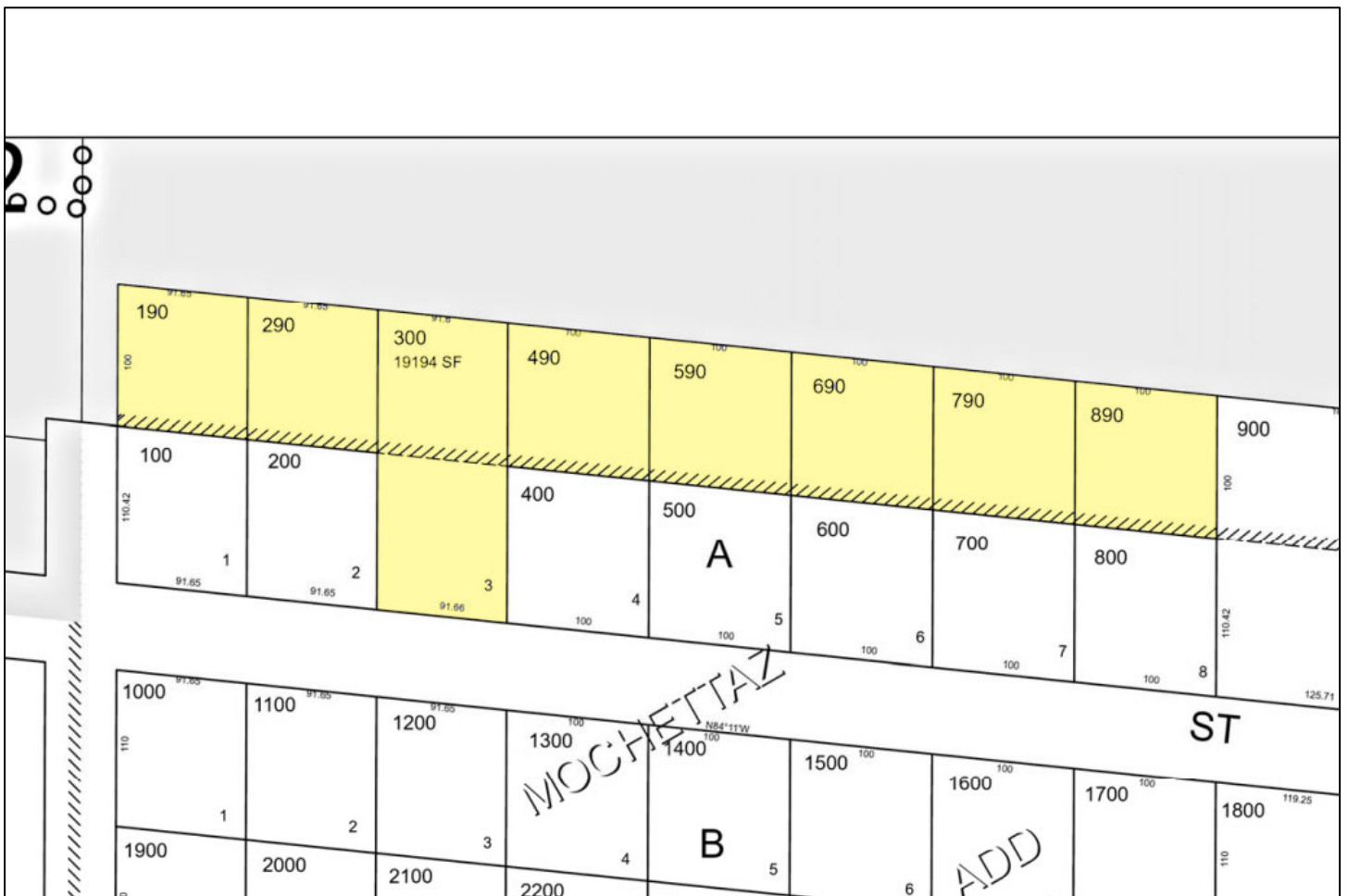
McMinnville is expected to experience gradual appreciation of property values in most segments, while demand will be dictated by specific supply/demand factors on a regional basis. Commercial property values are anticipated to be stable to increasing in the near-term in accordance with general trends for investment properties region-wide. The immediate submarket is well-positioned for future growth and development as a desirable location with excellent proximity to major interstate transportation routes.

As of the date of this appraisal, the area does not appear to suffer any significant adverse influences that would negatively impact property values in the long term. The future demand and economic viability of the immediate area appear positive. With steady population increase, demand for housing and retail/commercial services in the area is expected to be strong. The overall outlook for the area is considered positive, with typical suburban characteristics, few externalities and low- to medium-density land uses.

LOCATION & LEGAL REFERENCE

The subject property includes the eight parcels located immediately south of Tice Park and north of the adjacent residential lots/properties addressed as 115-245 NW 25th Street, McMinnville, Oregon 97128. The subject parcels were originally created as “Option Tracts” in connection with the city of McMinnville’s 1978 acquisition/establishment of Tice Park, and are generally rectangular in configuration, similar in size, and function as extended yard areas for the adjacent homes along NW 25th Street. The exception is TL 300, which has already been combined with the fronting lot; accessible from NW 25th Street.

The map below illustrates the subject property’s shape and boundaries in greater detail. A brief legal description of the site is included in the Addenda of this report.



PROPERTY HISTORY

The historic use of the subject properties has been single-family residential. The following table displays the subject properties' recent ownership histories in greater detail.

<i>Tax Lot</i>	<i>Account</i>	<i>Owner</i>	<i>Sale Date</i>	<i>Sale Price</i>
190	343998	Steven A Rex & Judith G Rex	No Sales History	
290	344069	Willis Survivors Trust; Wayne H Willis, Trustee	1/25/2013	\$0
490	344167	Rena Langlitz; Jason Atkinson	10/1/2021	\$465,000
590	344210	Speece Family Trust; Celia M Speece; Andrea L Murray	12/2/2010	\$0
690	344443	Wayne M Dykes; Virginia M Dykes	5/18/2006	\$310,000
790	344498	Norman L Van Fleet; Janice B Van Fleet	No Sales History	
890	344568	John Lynch ; Kathryn Lynch	No Sales History	
300	137854	Heather Franks; Daniel J Franks	11/12/2024	\$0

The city of McMinnville acquired the land for the adjacent Tice Park property in 1978 and created a series of buffer lots commonly referred to as the "option tracts" (subject properties) along the south edge. Each tract adjoined the lots/homes fronting NW 25th Street. According to city documents, owners of the properties fronting NW 25th Street at that time were concerned about the Tice property becoming a public park "in their backyard," so they requested that the option tracts be made available as a buffer.

At the same time, the city recorded an "air easement" over the subject lots, which was a stipulation of the Tice family as part of the park's origin. The easement limits usage of airspace above 10 feet and above ground level over each of the designated option tracts, and was established with the intent of preventing "any development which would be detrimental to the future park." The restriction remains in effect so long as the park tract (Tice Park) continues to be held and used for park purposes.

The following graphic displays an example of the recorded air easement for TL 790, which is said to be same/similar to the other seven parcels.

SUBJECT TO THE CONDITION that the City of McMinnville retains an air easement for all of the air space ten (10) feet and above the level of ground on each respective tract as established by the City of McMinnville aerial contour maps dated February 11, 1968, as compiled by David C. Smith, program-
 rist, Portland, Oregon, and on file in the office of the City Engineer. In the event that the "Park Tract" ceases to be held or used for park purposes, then this air easement shall automatically terminate.

The true and actual consideration for this transfer is One Thousand Eight

PROPERTY HISTORY (Cont.)

In recent years, property owners along NW 25th Street have raised questions about the continued applicability of the 1978 air easement affecting the option tracts behind homes. The issue was brought to the City's attention in 2021 by the owners of 151 NW 25th Street, prompting City planning staff, the Parks and Recreation Director, and legal counsel to research the original purchase documents and easement language. That review confirmed that the 10-foot air easement had been enacted by City Council action at the time of the Tice Park acquisition and that, because it was established as a policy action, any removal would likewise require formal action by the Council.

Following that research and continued inquiries from affected property owners, the City Council adopted Resolution No. 2026-04 in early-2026, which authorizes the Interim City Manager to begin taking steps necessary to release the City's air easements affecting the subject properties.

The information presented above is all the information available regarding the recent sale history of the subject property.

TAX & ASSESSMENT DATA

The subject property is liable for annual real estate taxes levied by the Yamhill County Assessor's Office. The following table summarizes the applicable tax account(s), the real market assessed value, the maximum assessed tax value, and 2025-26 tax liability.

<i>Tax Lot</i>	<i>Account</i>	<u>Real Market Value (RMV)</u>			<i>Maximum Assessed Value</i>	<i>2025-26 Taxes</i>
		<i>Land</i>	<i>Improvement</i>	<i>Total RMV</i>		
190	343998	\$39,403	\$0	\$39,403	\$4,330	\$77.10
290	344069	\$39,403	\$0	\$39,403	\$4,330	\$77.10
490	344167	\$42,993	\$0	\$42,993	\$5,149	\$91.69
590	344210	\$32,245	\$0	\$32,245	\$5,149	\$91.69
690	344443	\$42,993	\$30,192	\$73,185	\$27,531	\$490.24
790	344498	\$42,993	\$0	\$42,993	\$5,149	\$91.69
890	344568	\$42,993	\$0	\$42,993	\$5,149	\$91.69
300	137854	\$221,593	\$240,421	\$462,014	\$270,483	\$4,816.41
Subject Total		\$504,616	\$270,613	\$775,229	\$327,270	\$5,827.61

The 2025-26 total millage rate is about \$17.8067 per \$1,000 of assessed value for the real property components (land and improvements).

SUBJECT PHOTOGRAPHS



Photo #1
NW Birch St & Tice Park entrance from NW 25th St, facing north



Photo #2
NW Birch St & Tice Park entrance from NW 25th St, facing south



Photo #3
Tice Park and northern subject property boundary facing east



Photo #4
TL 190 facing south



Photo #5
NW corner TL 290, facing southwest



Photo #6
Northern property boundary (TL 290) facing east

SUBJECT PHOTOGRAPHS (Cont.)



Photo #7
TL 290 facing south



Photo #8
TL 300 facing southeast



Photo #9
Northern property boundary (TL 300) facing west



Photo #10
NW corner TL 490, facing southeast



Photo #11
TL 490 facing south



Photo #12
NW corner TL 590, facing southeast

SUBJECT PHOTOGRAPHS (Cont.)



Photo #13
Northern property boundary (TL 590) facing west



Photo #14
NW corner TL 690, facing southeast



Photo #15
TL 690 facing south



Photo #16
Permitted Shop/ADU on TL 690, facing northwest



Photo #17
TL 790 facing southeast



Photo #18
Boundary between TL 790 & 890 facing southeast

SUBJECT PHOTOGRAPHS (Cont.)



Photo #19
NW corner TL 890, facing southeast



Photo #20
NE corner TL 890, facing south



Photo #21
View between 115-123 NW 25th St, facing north



Photo #22
View between 123-131 NW 25th St, facing north



Photo #23
View between 131-149 NW 25th St, facing north



Photo #24
View between 149-151 NW 25th St, facing north

SUBJECT PHOTOGRAPHS (Cont.)



Photo #25
View between 151-209 NW 25th St, facing north



Photo #26
View between 209-227 NW 25th St, facing north



Photo #27
View between 227-245 NW 25th St, facing north



Photo #28
View along NW 25th St facing west

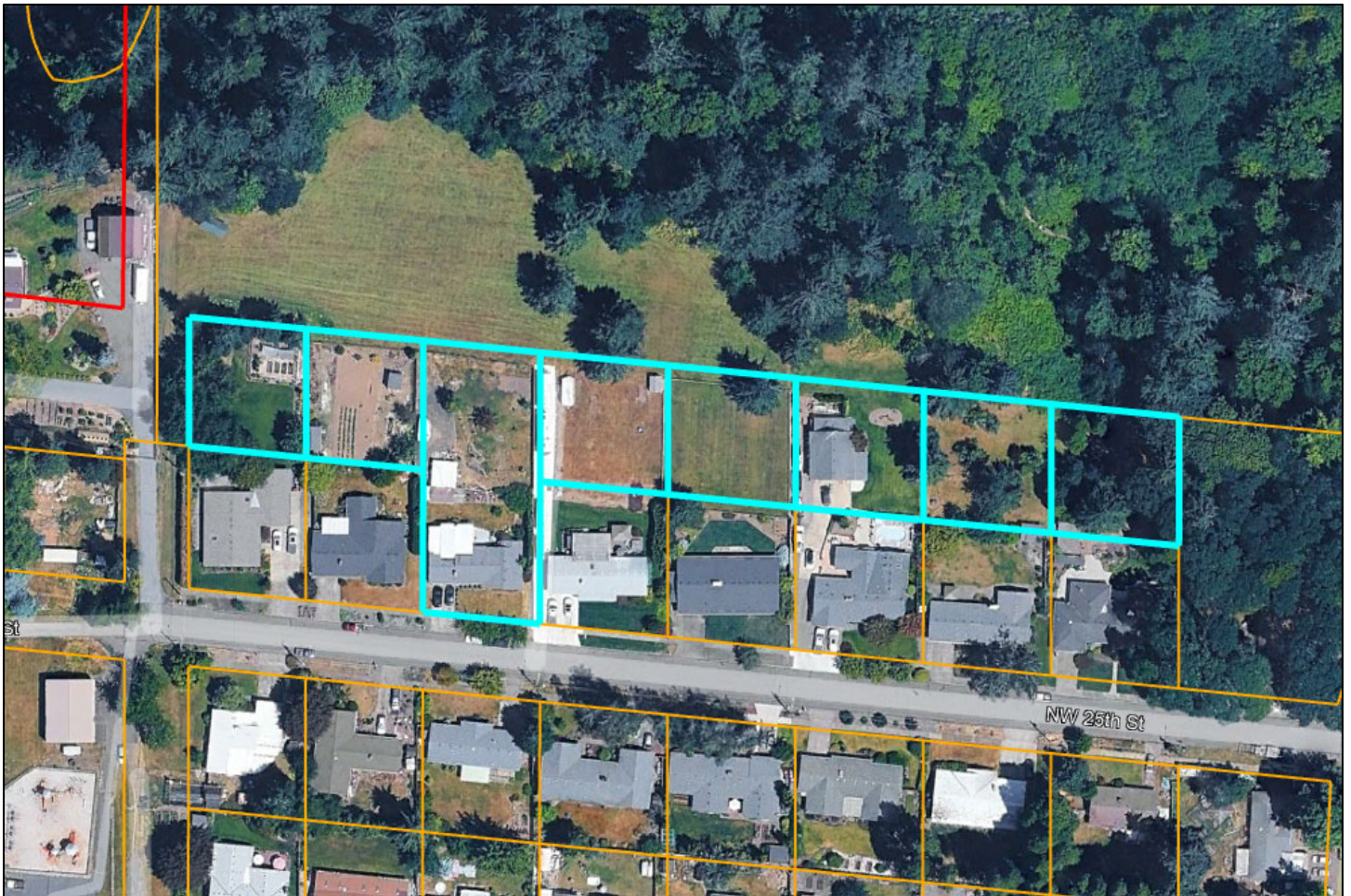
PROPERTY DESCRIPTION – Site

Location

The subject property is comprised of the eight parcels located immediately south of Tice Park and north of the adjacent residential properties addressed as 115-245 NW 25th Street, McMinnville, Oregon 97128. A legal description of the site is included in the Addenda of this report.

Size/Shape

According to the Yamhill County Plat Map (see prior page), the subject property consists of eight legal parcels totaling **87,196 SF**. Each lot ranges from 9,121 to 9,952 SF, except for TL 300 – the combined double lot shown below. For the purposes of this report the area outlined on the County Assessor’s Tax Plat Map is assumed to be correct. For a more detailed depiction of the site, a copy of the Plat Map is included on a prior page of this report.



Larger Parcel

The following table describes the eight larger parcels applicable to the valuation of the subject properties. Larger parcel theory prevails based upon unity of title, unity of use and contiguity.

PROPERTY DESCRIPTION - Site (Cont.)

<i>Subject Properties</i>	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>
Address	245 NW 25th Street	227 NW 25th Street	209 NW 25th Street	151 NW 25th Street	149 NW 25th Street	131 NW 25th Street	123 NW 25th Street	115 NW 25th Street
City, ST	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR
County Assessor Map	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD
Tax Lot	190	290	300	490	590	690	790	890
County Parcel	343998	344069	137854	344167	344210	344443	344498	344568
Land Area (SF)	9,121	9,121	19,194	9,952	9,952	9,952	9,952	9,952
County RMV (land)	\$39,403	\$39,403	\$221,593	\$42,993	\$32,245	\$42,993	\$42,993	\$42,993
County RMV (land/SF)	\$4.32	\$4.32	\$11.54	\$4.32	\$3.24	\$4.32	\$4.32	\$4.32
Paired With (front Tax Lot)	100	200	Not applicable	400	500	600	700	800
County Parcel	137765	137827	Not applicable	137881	137934	137961	137989	138005
Land Area (SF)	10,071	10,071	Not applicable	10,989	10,989	10,989	10,989	10,989
RMV (land)	\$182,223	\$182,223	Not applicable	\$186,189	\$186,143	\$186,184	\$186,189	\$186,189
RMV (land/SF)	\$18.09	\$18.09	Not applicable	\$16.94	\$16.94	\$16.94	\$16.94	\$16.94
RMV (improvement)	\$232,524	\$259,965	\$240,421	\$204,536	\$236,430	\$282,872	\$229,696	\$310,375
Larger Parcel Summary								
Total Land Area (SF)	19,192	19,192	19,194	20,941	20,941	20,941	20,941	20,941
Total RMV (land)	\$221,626	\$221,626	\$221,593	\$229,182	\$218,388	\$229,177	\$229,182	\$229,182
Total RMV (land/SF)	\$11.55	\$11.55	\$11.54	\$10.94	\$10.43	\$10.94	\$10.94	\$10.94

Access

General access to the subject property and the city of McMinnville is gained via Highway 99W, which serves as the primary north/south arterial through eastern Yamhill County. The subject property is located approximately one half-mile northwest of Highway 99W near the northern McMinnville city limits, and is indirectly accessible via NE Baker Street, which extends north from Highway 99W a short distance to the south. NW 25th Street extends west from NE Baker Street, and the subject lots are situated immediately south of Tice Park and behind (north of) the residential properties addressed as 115-245 NW 25th Street. Average daily traffic totals approximately 7,500 vehicles per day along NE Baker Street, although exposure to the subject lots is relatively low due to their current accessibility.

Direct access to the subject lots is currently gained via the adjacent residential properties along NW 25th Street. The lots are also accessible via Tice Park from the north, which is itself accessible via an approximately 25-foot wide grass strip along the western boundary of the subject site and TL 190. None of these access strips are suitable for vehicles or satisfy city development requirements.

Overall, access to the site is good within the city of McMinnville and the greater Portland metropolitan region.

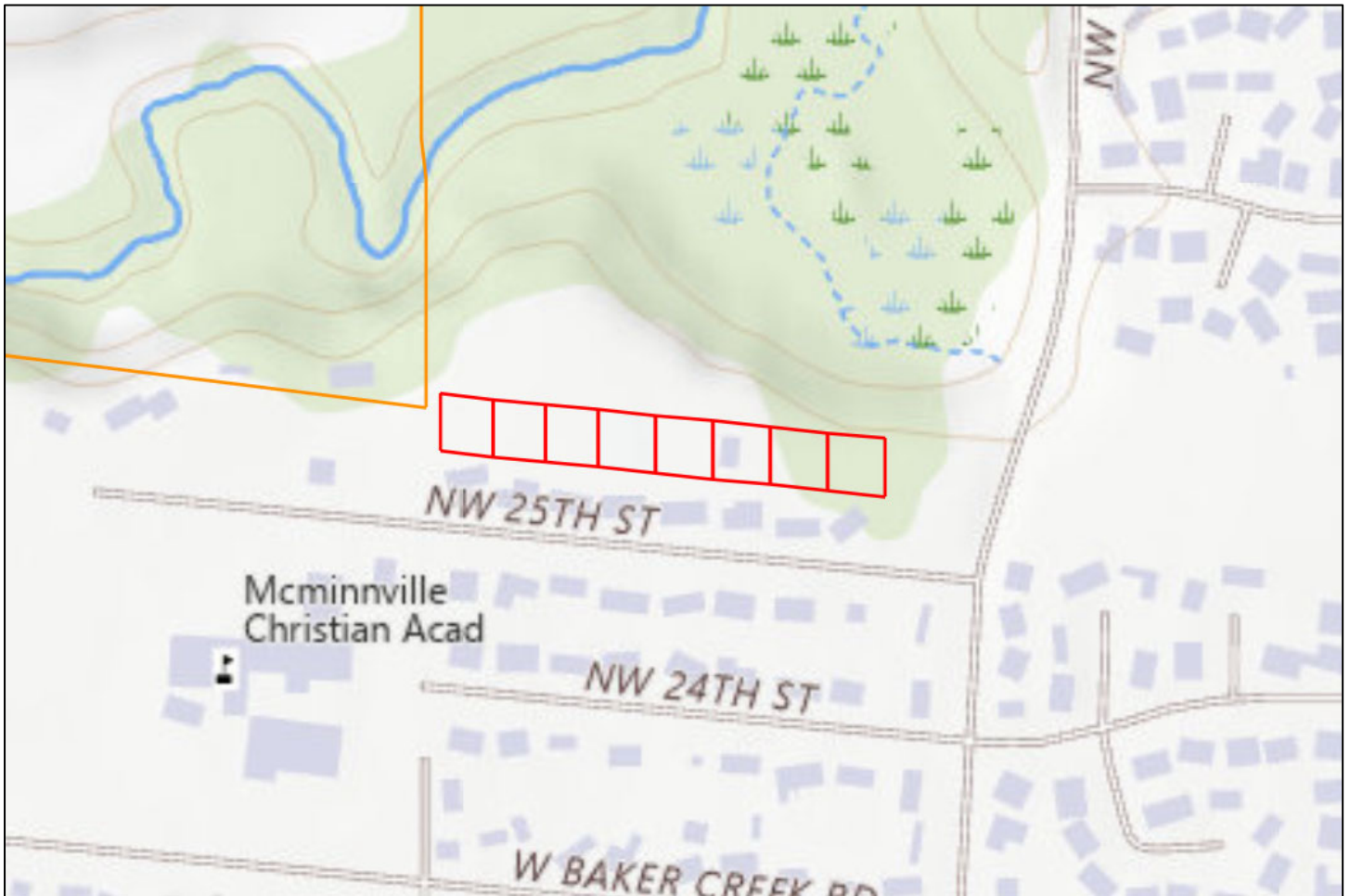
Soil & Subsoil Conditions

No apparent drainage problems exist on the site. Soil and subsoil conditions appear stable and suitable for development compatible with other properties in the area. **This appraisal assumes that the site is free of contamination.**

PROPERTY DESCRIPTION - Site (Cont.)

Topography

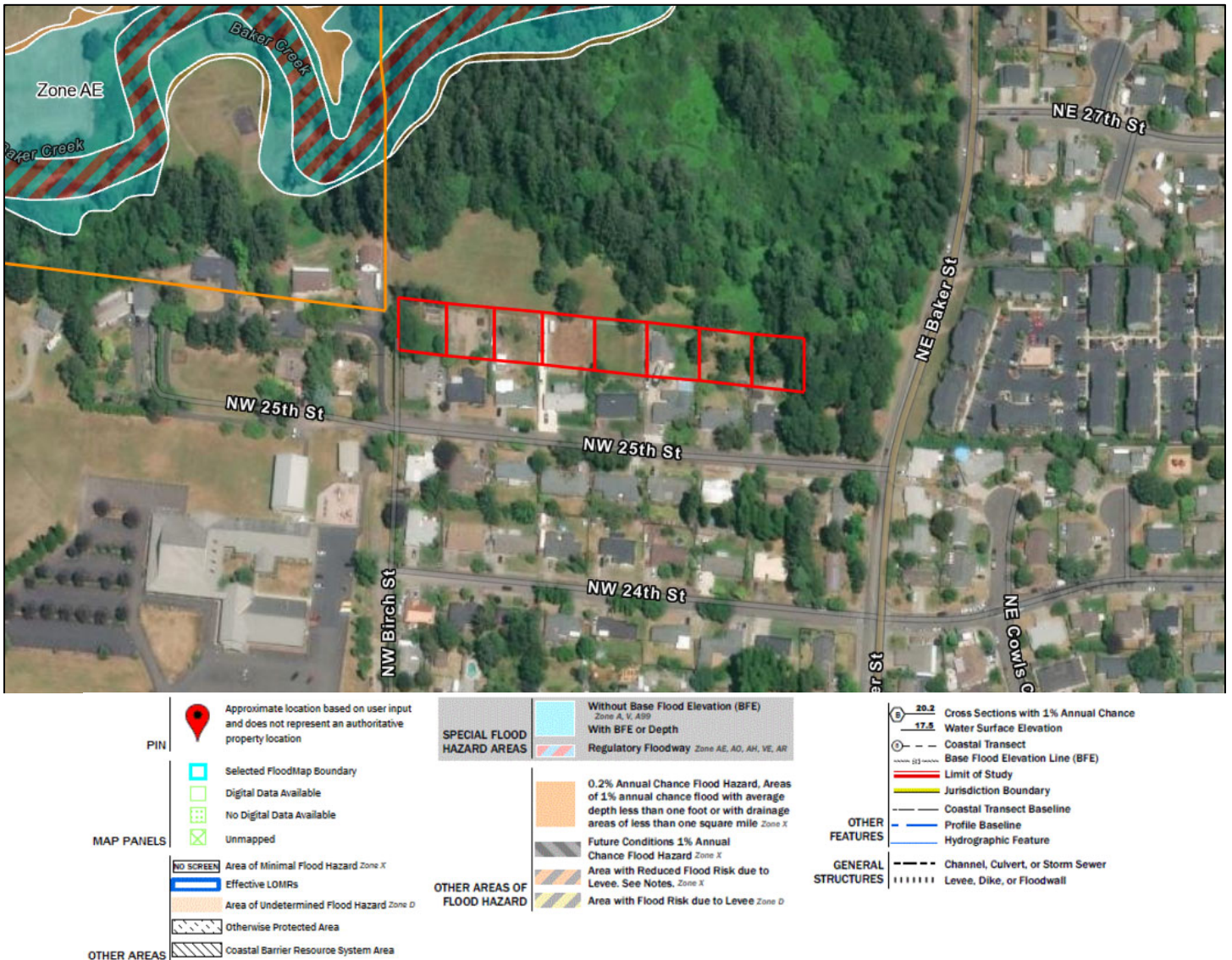
The subject property exhibits generally level topography, with an overall downward slope to the northeast of the subject lots towards Tice Park. No apparent topographic problems are noted which would hinder development of the subject lots. The following map displays the surrounding area's topography in greater detail, with contour lines measured at 10-foot increments.



Flood & Other Hazards

According to Flood Insurance Rate Map 41071C 0402D, effective March 2, 2010, the site is located entirely in Zone X, which corresponds to areas of minimal flood hazard. Due to the proximity of Baker Creek, a flood zone boundary (Zone AE) lies immediately northwest of the subject property. The following Flood Map image identifies the surrounding area's flood plain status in greater detail.

PROPERTY DESCRIPTION - Site (Cont.)



Zoning

The subject site is zoned R1 (Low-Density Residential) by the City of McMinnville. The R1 zone permits single-detached dwellings, Class A manufactured homes, and a range of middle housing types including duplexes, triplexes, quadplexes, townhouses, cottage clusters, and accessory dwelling units, along with certain residential care, child care, and home occupation uses. The zone requires a minimum lot size of 9,000 SF with minimum yard setbacks of 20 feet in the front and rear, 10 feet on interior side yards, and 20 feet on exterior side yards for corner lots. Buildings in the R1 zone are restricted to a maximum height of 35 feet, and the maximum allowable density is four dwelling units per 9,000 SF.

A copy of the applicable city of McMinnville zoning ordinance is included in the Addenda of this report. The following map displays the subject property's layout within the R1 zone.

PROPERTY DESCRIPTION - Site (Cont.)

widely in the existence of improvements, historic usage and accessibility. The subject properties' location, access and physical characteristics make them well-suited for a wide variety of residential uses, though the existence of residential improvements is a limiting factor for divisibility and/or redevelopment options. Public utility services are currently available to the front of each larger parcel.

<i>Subject Properties</i>	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>
Larger Parcel Summary								
Total Land Area (SF)	19,192	19,192	19,194	20,941	20,941	20,941	20,941	20,941
Total RMV (land)	\$221,626	\$221,626	\$221,593	\$229,182	\$218,388	\$229,177	\$229,182	\$229,182
Total RMV (land/SF)	\$11.55	\$11.55	\$11.54	\$10.94	\$10.43	\$10.94	\$10.94	\$10.94
Current Use (larger parcel)	Double lot w/home in front	Double lot w/home in front	Double lot w/home in front	Double lot w/home in front & RV pad (cov.) at rear	Double lot w/home in front	Double lot w/home in front; pool & shop behind	Double lot w/home in front	Double lot w/home in front
Improvements (rear lot only)			<i>(already combined)</i>					
<i>Utilities</i>	None (irrigation)	None (irrigation)	Full (all)	Partial to RV pad	None	Power/water (irr.)	None	None
<i>Fencing</i>	Partial	Yes	Yes	Partial (sides)	Yes	Partial (sides)	Partial (sides)	Yes (full hog wire)
<i>Landscaping</i>	Lawn/plants/garden	Garden, plants	Front/rear (modest)	Limited (lawn)	Lawn/tree(s)	Lawn/plants/garden	Lawn/tree(s)	Lawn/tree(s)
<i>Road / Driveway</i>	None	None	Front only	Concrete (new)	None	Concrete/gravel	None	None
<i>Structures</i>	Small shed	Small sheds	Home & small shed	Non-permanent	None	Shop w/loft ('06)	None	Small shed(s)

HIGHEST & BEST USE ANALYSIS

Introduction

Highest and best use is a market-driven concept that identifies the most profitable and competitive use to which a property can be put. It is further defined as follows:

The reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity¹

The concept of highest and best use is fundamental to real property value. In one application of the concept, a site is valued as though vacant and available for development to its highest and best use. In another application, the highest and best use of the property as improved is estimated. A site may have one highest and best use as though vacant, while the improved site may have another optimal use.²

Highest and best use is essentially a market driven concept that identifies the ideal use(s) of a property which follows logical market criteria. It attempts to mirror the thinking of a buyer in the marketplace. Analysis pertaining to the legal, physical, financial and most productive uses of the site, both as though vacant and as improved narrows, development options to those best fitting the demand for the property. Once highest and best use is established, the appraisal process focuses on the identified sub-market, selecting parameters for meaningful analyses.

The highest and best use of the subject land and improvements has been tested separately against the four criteria in the following analysis.

Before/After – Larger Parcels

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.³

Legally Permissible

The subject sites are zoned R1 (Low-Density Residential), which allows a range of medium density residential development, including a complementary ADU for single family residences. As such, the typical historical subdivision density of three to six units to the acre is doubled per state-wide mandates. The minimum lot size for R1 is 9,000 SF. Based on the range of larger parcel sizes from 19,192 to 20,941 SF, there is the potential for two lots of record, combining as a single lot or plex/cottage development under new Middle Housing standards. A copy of the City of McMinnville zoning code (R1) is included in the Addenda of this report.

¹ The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010. Page 93.

² The Appraisal of Real Estate, 14th Edition. Chicago: Appraisal Institute, 2013. Page 337.

³ The Dictionary of Real Estate Appraisal, Fifth Edition. Chicago: Appraisal Institute, 2010. Page 93.

HIGHEST & BEST USE ANALYSIS (Cont.)

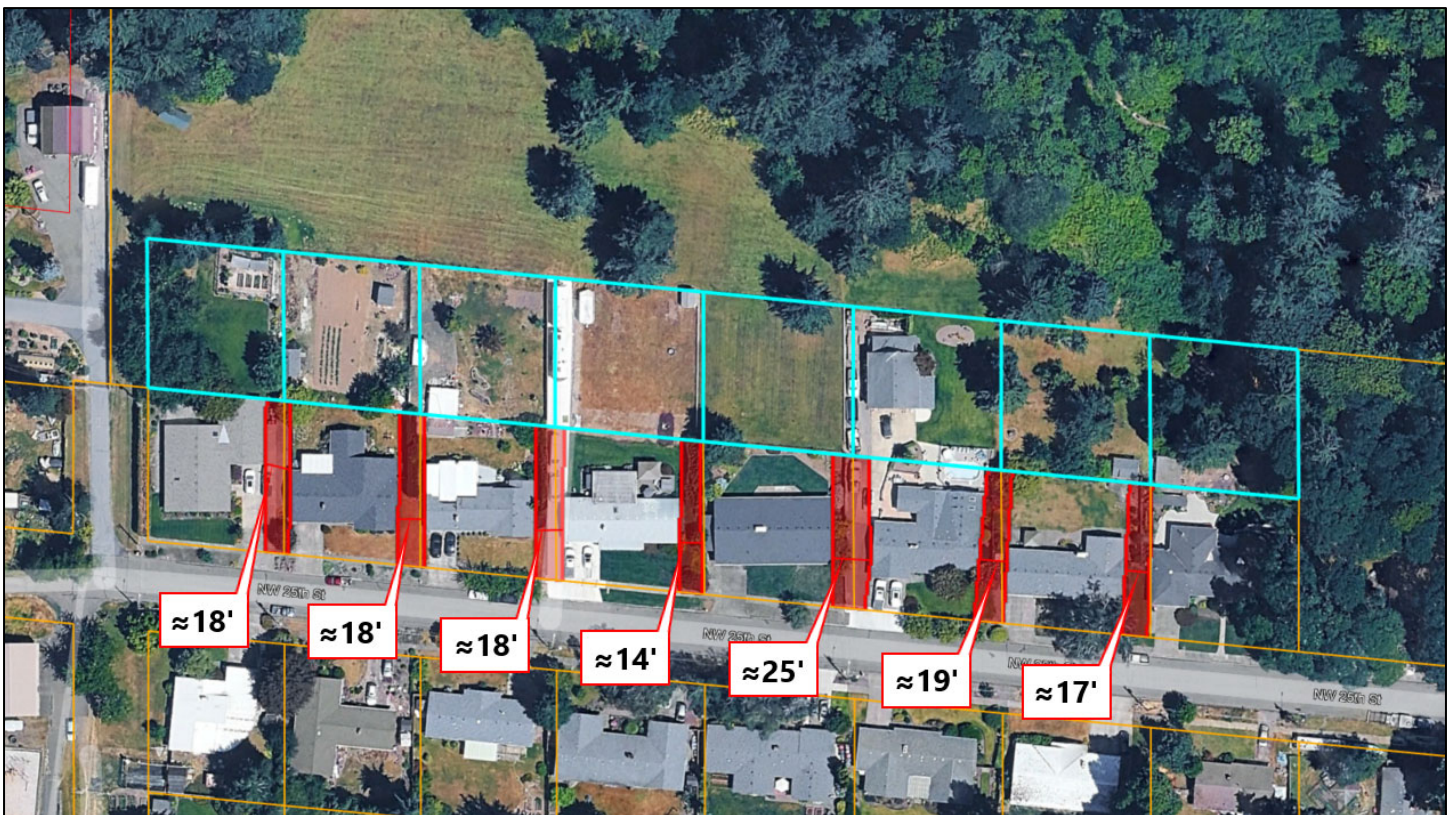
On a before basis, only the front portions of the larger parcels can be developed as structures of significance. The rear sections of the larger parcels would be restricted excess yard area, small sheds/shelters and/or storage.

Physically Possible

Topography is mostly level and the lot dimensions are generally near 100 feet wide by 200 feet deep for the larger parcels described herein. Soil conditions do not offer any impediments to development. The sites have sufficient size, frontage and topography to allow a variety of residential development possibilities.

The potential to develop each of the applicable lot pairs as single family homes is reduced/eliminated with the presence of the front homes. Creating new access strips from NW 25th Street to the rear lots is unlikely due to the narrow space between the existing homes combined with setback requirements imposed by R1 zoning (10 feet minimum interior side yards). To preserve the 10-foot required side lot setbacks and establish a 12 to 14-foot minimum width driveway, the distance between homes would need to be at least 32 feet, and likely more.

The following graphic displays the approximate distances between the existing homes on the larger parcels accessed via NW 25th Street.



Specifically, none of the measurements is near the 32-foot threshold described.

HIGHEST & BEST USE ANALYSIS (Cont.)

Financially Feasible

The Yamhill County area experienced significant activity in all areas of residential development from the market expansion that occurred during the economic downturn in the mid-2000s. Specifically, the collapse of some mortgage sources that led to the Great Recession hindered home buyer demand in the midst of significant supply build-up (lots and homes). Interest rates and mortgage availability/affordability improved to the point of record-high affordability (about three percent) during and through the COVID-19 pandemic. Home prices began an unprecedented spike in direct response to lock-downs and work-from-home changes. In response to Federal Reserve monetary tightening during Spring 2022, mortgage interest rates began rising to a current level above six percent. As a result, home affordability has declined market-wide and home prices have stabilized during 2025-26. To date, year-over-year home prices show only modest appreciation, likely at or below the pace of inflation. Rental rates have also stabilized where supply additions were significant; however, the foreseeable new supply is only modest.

The market has continued to adjust to higher interest rates and affordability constraints while maintaining modest price growth. Within the city of McMinnville, year-to-date closed sales declined across most subareas in 2025 relative to 2024, and both prices and market times varied minimally by submarket. Yamhill County's multifamily (rental) residential markets remain highly active, with scattered new construction activity. Per Costar, vacancy rates have fallen to all-time lows and rents continue to rise. Strong employment has allowed tenants to afford increased rents, and the costs of new development have pushed up threshold rents for Class A units.

New construction rents are at levels nearing the threshold point for commitment of development capital to acquire multifamily land, pursue entitlements and commence construction of market units. Some of the recent years' scattered new construction has been aided by public subsidy in the form of tax credits, revenue bonds, grants and other public leverage.

On a vacant lot basis, the most financially-feasible endeavor is to develop maximum residential occupancy in the near term. This conclusion applies to only the "after" condition; after removal of the air rights easement.

In both the before and after condition, on an improved basis, the larger parcels are restricted from full-scale redevelopment. Razing the existing homes would result in considerable lost value (waste); likely eclipsing any land value gain from the prospects of two-lot split, cluster project or plex option.

Maximally Productive

Developers attempt to maximize the unit density to improve the site's utility and take advantage of the lowering incremental unit construction costs. Density tends to increase until the cost to build an additional unit exceeds the proportionate value created. It appears that increases in household incomes have not kept pace with increases in land and development costs. The steadily rising costs of labor, materials and site development have constrained development incentives.

HIGHEST & BEST USE ANALYSIS (Cont.)

Homes or evolving multifamily rental units allow mixed density and productivity to the land. Current zoning for the site allows development of two to four units per lot of record (without air easement). On an encumbered basis (before), and in light of improvements, the maximal uses for the larger parcels is little more than the current observed use(s).

It is notable that TLs 600 and 690 possess enhanced rights based upon the existing shop structure (permitted in error). It is also noted that TL 300 is a combined double lot with the potential for a rear ADU based on the presence of a qualifying single family residence on the same lot.

Conclusion

The following table describes the highest and best use(s) applicable to the larger parcels.

<i>Subject Properties</i>	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>
Larger Parcel Summary								
Total Land Area (SF)	19,192	19,192	19,194	20,941	20,941	20,941	20,941	20,941
Total RMV (land)	\$221,626	\$221,626	\$221,593	\$229,182	\$218,388	\$229,177	\$229,182	\$229,182
Total RMV (land/SF)	\$11.55	\$11.55	\$11.54	\$10.94	\$10.43	\$10.94	\$10.94	\$10.94
Current Use (larger parcel)	Double lot w/home in front	Double lot w/home in front	Double lot w/home in front	Double lot w/home in front & RV pad (cov.) at rear	Double lot w/home in front	Double lot w/home in front; pool & shop behind	Double lot w/home in front	Double lot w/home in front
Improvements (rear lot only)			<i>(already combined)</i>					
<i>Utilities</i>	None (irrigation)	None (irrigation)	Full (all)	Partial to RV pad	None	Power/water (irr.)	None	None
<i>Fencing</i>	Partial	Yes	Yes	Partial (sides)	Yes	Partial (sides)	Partial (sides)	Yes (full hog wire)
<i>Landscaping</i>	Lawn/plants/garden	Garden, plants	Front/rear (modest)	Limited (lawn)	Lawn/tree(s)	Lawn/plants/garden	Lawn/tree(s)	Lawn/tree(s)
<i>Road / Driveway</i>	None	None	Front only	Concrete (new)	None	Concrete/gravel	None	None
<i>Structures</i>	Small shed	Small sheds	Home & small shed	Non-permanent	None	Shop w/loft ('06)	None	Small shed(s)
Highest & Best Use (larger parcel)								
"Before" With Air Easement								
<i>SFR & Large Rear Yard</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Divisibility (2nd SFR)</i>	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home
<i>Assemblage w/side lot(s)</i>	Not likely	Not likely	Not likely	Not likely	Not likely	Not likely	Not likely	Not likely
<i>Outbuilding (10' tall)</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Outbuilding (> 10')</i>	No	No	No	No	No	Yes (permitted in error)	No	No
<i>Accessory Dwelling</i>	No, not w/o home on same lot	No, not w/o home on same lot	Yes, assuming suitable access & extension of utilities	No, not w/o home on same lot	No, not w/o home on same lot	No, not w/o home on same lot	No, not w/o home on same lot	No, not w/o home on same lot
<i>Cottage Cluster</i>	Not on the entirety	Not on the entirety	Not on the entirety	Not on the entirety	Not on the entirety	Not on the entirety	Not on the entirety	Not on the entirety
"After" Without Air Easement								
<i>SFR & Large Rear Yard</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Divisibility (2nd SFR)</i>	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home	No rear access w/existing front home
<i>Assemblage w/side lot(s)</i>	Slightly more likely	Slightly more likely	Slightly more likely	Slightly more likely	Slightly more likely	Slightly more likely	Slightly more likely	Slightly more likely
<i>Outbuilding (10' tall)</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Outbuilding (> 10')</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Accessory Dwelling</i>	No, not w/o home on same lot	No, not w/o home on same lot	Yes, assuming suitable access & extension of utilities	No, not w/o home on same lot	No, not w/o home on same lot	No, not w/o home on same lot	No, not w/o home on same lot	No, not w/o home on same lot
<i>Cottage Cluster or 2, 4-plexes</i>	Yes w/front SFR demo	Yes w/front SFR demo	Yes w/front SFR demo	Yes w/front SFR demo	Yes w/front SFR demo	Yes w/front SFR demo	Yes w/front SFR demo	Yes w/front SFR demo

APPRAISAL METHODOLOGY

There are three basic approaches that may be used to estimate market value.

The **Cost Approach** involves deducting accrued depreciation from the cost new of the improvements. Cost new is estimated on the basis of current prices for the components of the improvements. Depreciation is computed after analyzing the disadvantages or deficiencies of the improvements. Land value and entrepreneurial profit are added to the cost new of the improvements. Land value is developed using sales of similar sites. Entrepreneurial profit is the difference between the market value of the subject and the cost to develop (cost of the improvements plus land value).

The **Income Capitalization Approach** is predicated on the assumption that there is a definite relationship between the income a property will earn and its value. Net income is the income generated before payment of any debt service. The process of converting net income into value is called capitalization. Net income is divided by a capitalization rate. Factors such as risk, time, interest on the capital investment, and recapture of the depreciating asset are considered in the rate. Applying a capitalization rate based on indications from comparable sales reflects expectations of buyers and sellers in the market.

The **Sales Comparison Approach** analyzes sales of comparable properties with regard to the nature and condition of each sale. Logical adjustments and/or comparisons are made for varying physical characteristics. For land value, a common denominator is a price per SF or price per acre; for improved properties, it may be the price per SF, price per unit, or a gross income multiplier. This approach develops a good indication of value when sales of similar properties have occurred.

Reconciliation is the process by which the individual approach indications are weighed based on validity and applicability to the subject market. The indications often result in different values. After factors influencing each approach are carefully considered (i.e. quality and quantity of data, sophistication of the market, etc.), a final estimate of value is concluded.

All three approaches to value have been considered in determining the market value of the subject project. Due to the project's new/proposed age, a conventional Cost Approach was fully developed. Further, the Income Capitalization and Sales Comparison Approaches are developed herein as the primary valuation techniques.

SCOPE OF APPRAISAL - Extent of Data Collection/Verification

During the course of this appraisal assignment, a number of steps were taken to arrive at the final value conclusions.

Inspections of the property were performed by Ryan S. Prusse, MAI, on and after February 10, 2026. The inspection included location of the boundaries and photographs of the subject property and surrounding area.

A thorough search of all available resources including area real estate brokers, appraisers, office files, county records, and other property owners/managers was made to determine market trends, data, and other significant factors affecting the subject property.

Market data including lot and home sales were verified, photographed and inspected.

Prior Appraisal Activity

Neither Ryan S. Prusse, MAI, nor RSP & Associates LLC, have provided appraisal of consulting services involving the subject property in recent years.

LOT ANALYSIS & VALUATION – Larger Parcels

General

The Sales Comparison Approach is most useful when a number of comparable properties have recently been sold or are currently for sale in the subject property’s market. Using this approach, a value indication is produced by comparing the subject property with similar properties. Included on the following table is information on wide-ranging lot sales city-wide.

Lot Sale Data

We searched for sales of residential lots in Yamhill County, which represents the entirety of McMinnville. A finite number of relevant sales comparable to the subject property in location were identified. The table below identifies each of the comparable lot sales and the comparison features applicable to the analysis/valuation of the eight larger parcels.

<i>Comp.</i>	<i>Address / Lot / Parcel</i>	<i>Location</i>	<i>Sale Date</i>	<i>Lot Area (SF)</i>	<i>Sale Price</i>	<i>Price / SF</i>	<i>Comments - Slope / View</i>
1	SE Naomi Way (167116)	McMinnville, OR	2/9/2024	7,405	\$200,000	\$27.01	Duplex or 4-plex potential, 124 days on market
2	702 NW Morning View Court	McMinnville, OR	10/9/2024	10,454	\$245,000	\$23.44	Interior lot on looped cul de sac - 6 day close
3	789 NW Allen Court	McMinnville, OR	11/18/2024	10,446	\$210,000	\$20.10	Horizon Heights, nearly level, sold w/only 10 days exposure & 2-week close
4	Koch Street (129827)	McMinnville, OR	1/22/2025	12,641	\$250,000	\$19.78	Last lot in Koch's Addition, fully-buildable
5	SE Naomi Way (167116)	McMinnville, OR	2/19/2025	7,405	\$215,000	\$29.03	Duplex or 4-plex potential, 19 days on market @ \$225k
6	1495 NW Cato Court	McMinnville, OR	3/12/2025	9,912	\$249,900	\$25.21	Oak Ridge Meadows (new), cul de sac
7	525 NW Mt. Bachelor Street	McMinnville, OR	5/15/2025	11,326	\$265,000	\$23.40	Mt Hood & Coast Range views
8	2242 NW Victoria Drive	McMinnville, OR	8/29/2025	9,148	\$337,500	\$36.89	Golf course fronting lot (Michelbrook), level, interior
9	2233 NW Mahala Way	McMinnville, OR	9/25/2025	19,166	\$330,000	\$17.22	Last cul de sac lot in upscale neighborhood
10	1420 NW Cato Court	McMinnville, OR	1/5/2026	8,580	\$249,900	\$29.13	Oak Ridge Meadows (new), cul de sac
11	2166 NW Homer Ross Loop	McMinnville, OR	8/27/2024	30,056	\$293,000	\$9.75	West Wind Country Estates (mixed-use zoned), no public sewer (septic required) & interior fire sprinklers. Builder is Metro Homes for each
12	2156 NW Homer Ross Loop	McMinnville, OR	4/4/2025	29,621	\$295,000	\$9.96	
13	2166 NW Homer Ross Loop	McMinnville, OR	9/26/2025	30,056	\$305,000	\$10.15	
14	2150 NW Homer Ross Loop	McMinnville, OR	1/2/2025	21,780	\$296,000	\$13.59	
15	724 SW Edmunston Street	McMinnville, OR	Pending (1/2026)	9,583	\$225,000	\$23.48	Buyer to pay costs of approved division
16	Between 1506 & 1512 3rd Street (543838)	Newberg, OR	Current listing	17,424	\$189,000	\$10.85	Flag lot sloping down to creek
17	Between 1506 & 1512 3rd Street (543841)	Newberg, OR	Current listing	16,553	\$189,900	\$11.47	Flag lot sloping down to creek
18	NE 27th Street NE (481204)	McMinnville, OR	Current listing	22,216	\$395,000	\$17.78	Cleared w/easement access
			<i>Averages of Data Array</i>	<i>15,765</i>	<i>\$263,344</i>	<i>\$19.90</i>	
Subject - 8 larger parcels	McMinnville, OR	As of 2/10/2026		20,941 - high			
	115-245 NW 25th Street (odds)			20,285 - average			
				19,192 - low			

LOT ANALYSIS & VALUATION – Larger Parcels (Cont.)



Comp #1
SE Naomi Way (167116)
McMinnville, OR



Comp #2
702 NW Morning View Court
McMinnville, OR



Comp #3
789 NW Allen Court
McMinnville, OR



Comp #4
Koch Street (129827)
McMinnville, OR



Comp #5
SE Naomi Way (167116)
McMinnville, OR



Comp #6
1495 NW Cato Court
McMinnville, OR

LOT ANALYSIS & VALUATION – Larger Parcels (Cont.)



Comp #7
525 NW Mt. Bachelor Street
McMinnville, OR



Comp #8
2242 NW Victoria Drive
McMinnville, OR



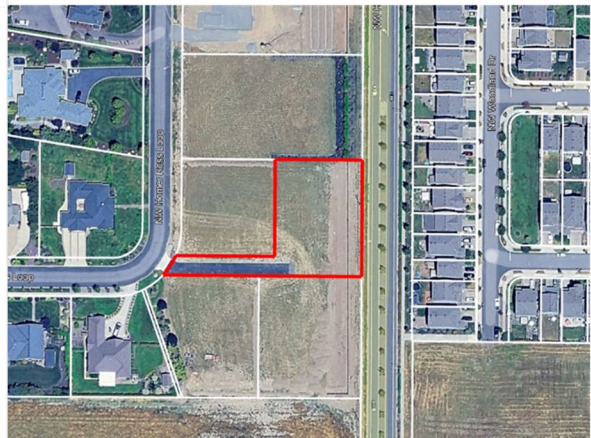
Comp #9
2233 NW Mahala Way
McMinnville, OR



Comp #10
1420 NW Cato Court
McMinnville, OR



Comp #11
2166 NW Homer Ross Loop
McMinnville, OR

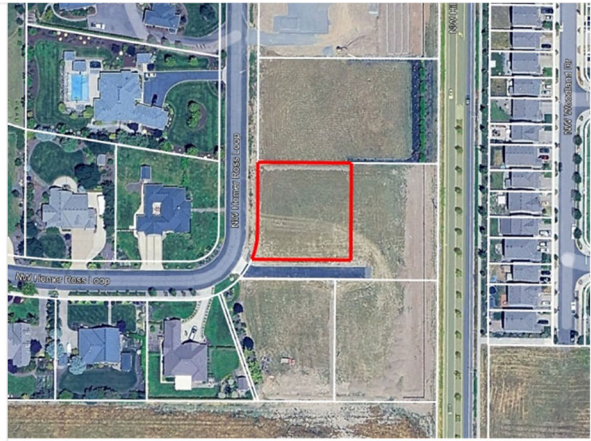


Comp #12
2156 NW Homer Ross Loop
McMinnville, OR

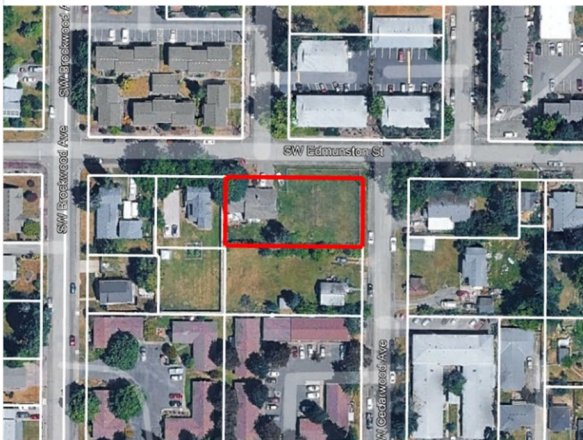
LOT ANALYSIS & VALUATION – Larger Parcels (Cont.)



Comp #13
2166 NW Homer Ross Loop
McMinnville, OR



Comp #14
2150 NW Homer Ross Loop
McMinnville, OR



Comp #15
724 SW Edmundston Street
McMinnville, OR



Comp #16
Between 1506 & 1512 3rd Street (543838)
Newberg, OR

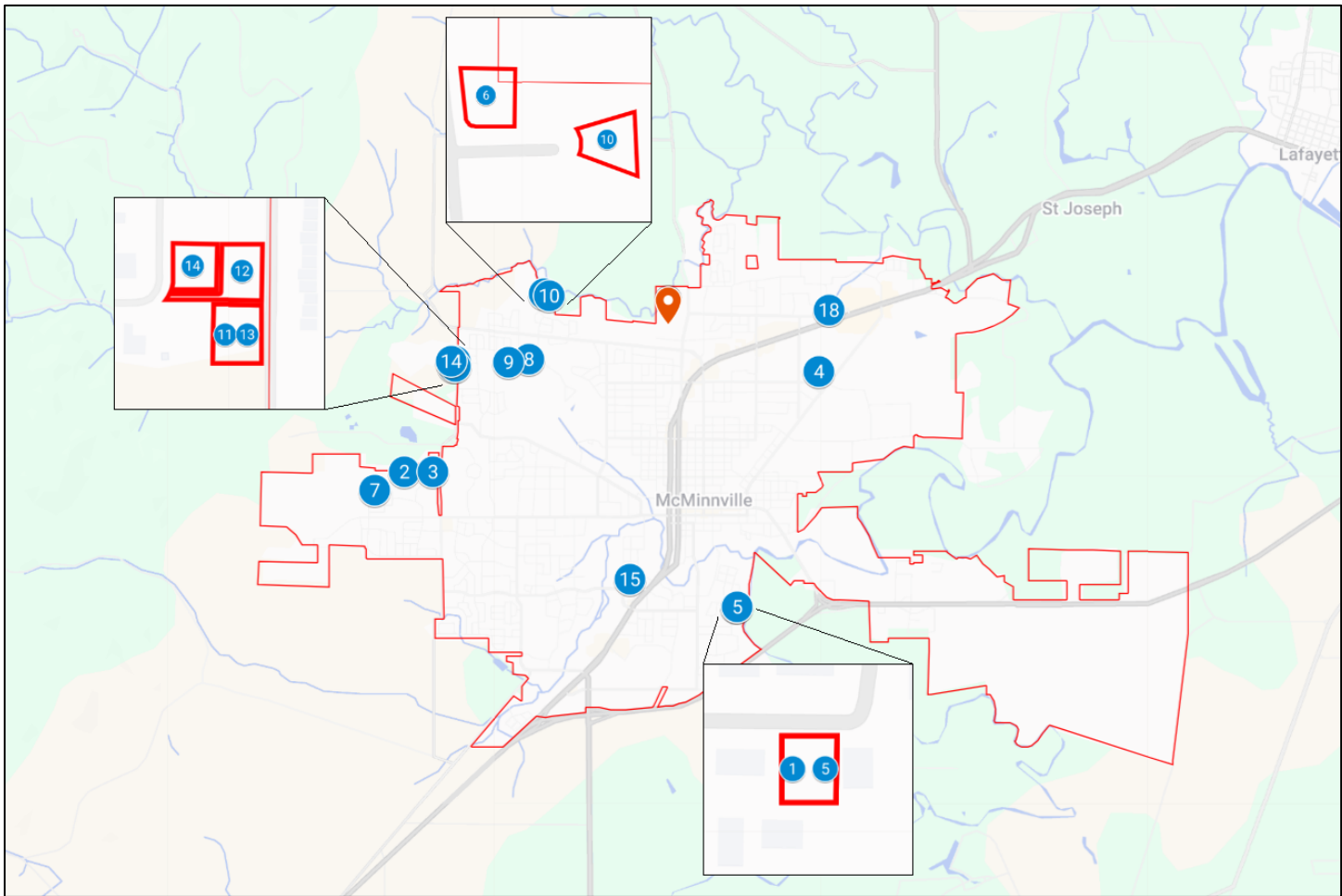


Comp #17
Between 1506 & 1512 3rd Street (543841)
Newberg, OR

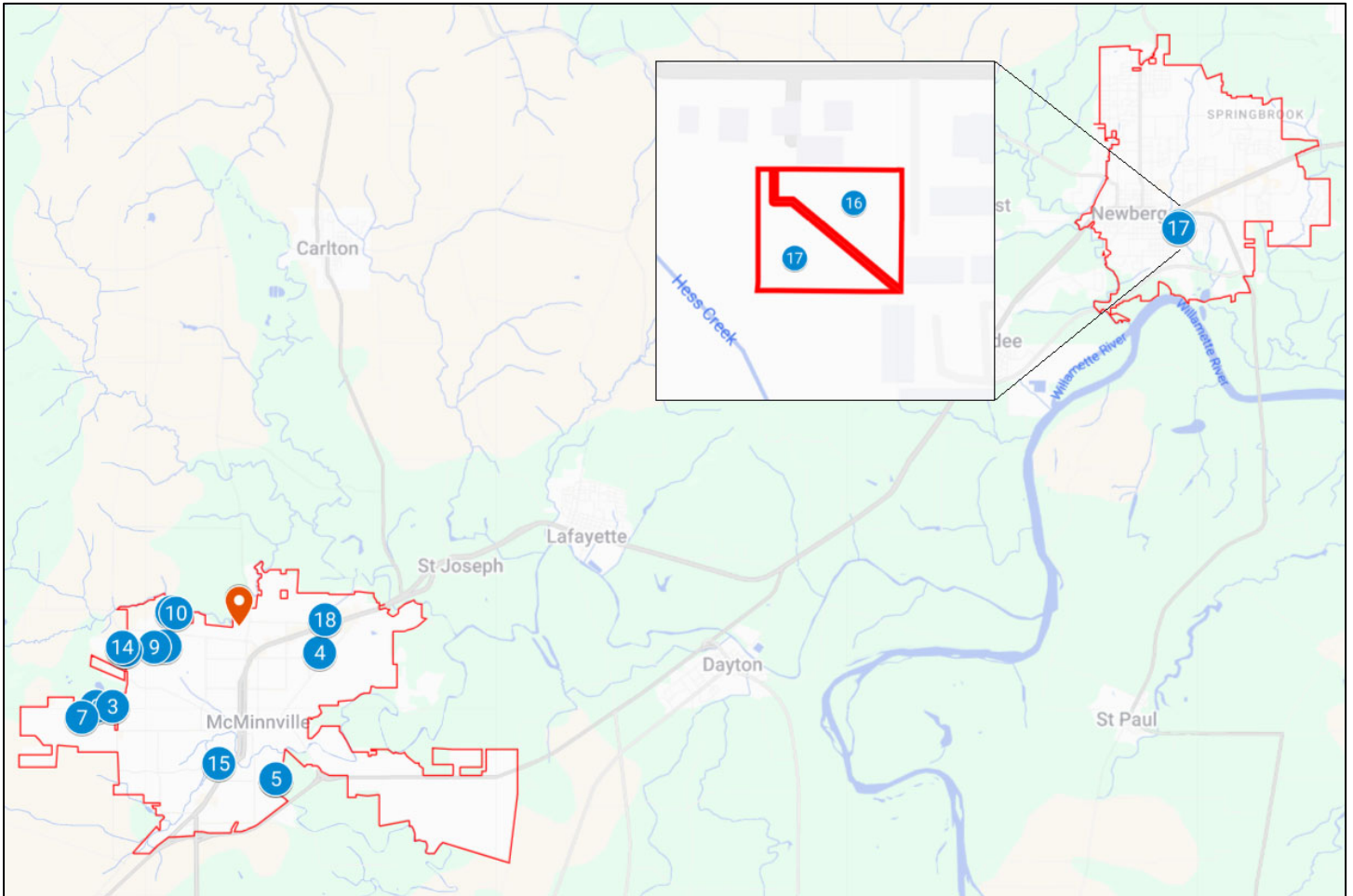


Comp #18
NE 27th Street NE (481204)
McMinnville, OR

LOT ANALYSIS & VALUATION – Larger Parcels (Cont.)



LOT ANALYSIS & VALUATION – Larger Parcels (Cont.)



Before Value – Encumbered by Air Rights Easement

A significant number of local/regional lot sales are presented above. Based on the eight subject properties (larger parcels), with combined lot areas from 19,192 to 20,941 SF (20,285 SF – average), the most relevant lot sales are the largest and those with reduced effective/buildable land area. The latter characteristic is intended to partially mirror the existence of the air rights easement at the rear halves of the eight appraised parcels.

Pricing since early 2024 suggests \$189,000 to over \$300,000 for 7,405 to 30,056 SF lots. The averages for the 18-point array are 15,763 SF and \$263,344 (\$19.90 per SF). On a “before” basis, the eight larger parcels suggest below average valuations due to the larger land areas and restrictive air rights easement. The appraised parcels range from restricted (III, VI) to very restricted (I, II, IV, V, VII, VIII).

One measure of lot/parcel value is derived from the Yamhill County Assessor, which shows current RMV land assessments from \$10.43 to \$11.55 per SF. The bulk of the land assessment (RMV) is on the front lots; developed as single family residences (\$16.94 to \$18.09 per SF). The marginal land assessments based on only the rear lots show much lower figures - \$3.24 to \$4.32 per SF.

LOT ANALYSIS & VALUATION – Larger Parcels (Cont.)

For the “before” analysis, we apply a sliding-scale of \$14.00 per SF for the most restricted larger parcels, up to \$15.00/\$16.00 per SF for the lots rated slightly superior on the basis of property rights. Specifically, Property III is rated slightly superior based upon the combined/singular lot configuration. As a single lot, it is possible to add an accessory dwelling unit (ADU) to the rear excess yard area; assuming a height below the 10-foot threshold. Therefore, a marginally-higher larger parcel value of \$15.00 per SF is concluded. Property VI is also rated slightly superior based upon the existence of a 1,400 SF shop structure that was permitted in error, despite the air rights easement restriction. The grandfathered shop “right” is rated slightly superior to the ADU potential. Therefore, a marginally-higher larger parcel value of \$16.00 per SF is concluded.

After Value – Unencumbered

Based on the same 18-point data set, and assuming removal of the air rights easement, the array of eight larger parcels warrants enhanced valuations within the established market range. The eight subject properties (larger parcels), with combined lot areas from 19,192 to 20,941 SF (20,285 SF – average), are near the top of the lot sales and about 5,000 SF greater than the mean. Pricing since early 2024 suggests \$189,000 to over \$300,000 for 7,405 to 30,056 SF lots. The averages for the 18-point array are 15,763 SF and \$263,344 (\$19.90 per SF). Therefore, a value basis below the \$19.90 per SF average is suggested.

On an “after” basis, the eight larger parcels suggest slightly below average valuations based on large land areas and general market scarcity. As noted, current RMV land assessments from \$16.94 to \$18.09 per SF are applied by the County for the front halves (unrestricted). For the “after” analysis, we apply a uniform \$18.00 per SF to all eight larger parcels.

Value Differences (“After” minus “Before”)

The following summary table describes the two valuation scenarios for the applicable larger parcels. The bottom line figures (in bold and underlined) reflect the mathematical difference between the two scenarios.

LOT ANALYSIS & VALUATION – Larger Parcels (Cont.)

<i>Subject Properties</i>	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>	<i>VI</i>	<i>VII</i>	<i>VIII</i>
Address	245 NW 25th Street	227 NW 25th Street	209 NW 25th Street	151 NW 25th Street	149 NW 25th Street	131 NW 25th Street	123 NW 25th Street	115 NW 25th Street
City, ST	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR	McMinnville, OR
County Assessor Map	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD	4S-4W-17AD
Tax Lot	190	290	300	490	590	690	790	890
County Parcel	343998	344069	137854	344167	344210	344443	344498	344568
Land Valuation (larger parcel)								
"Before" With Air Easement								
<i>Land Area (SF)</i>	19,192	19,192	19,194	20,941	20,941	20,941	20,941	20,941
<i>Valuation Basis</i>	H&B Use(s)	H&B Use(s)	Large lot w/restrictions	H&B Use(s)	H&B Use(s)	H&B Use(s)	H&B Use(s)	H&B Use(s)
<i>Unit Value (/SF)</i>	\$14.00	\$14.00	\$15.00	\$14.00	\$14.00	\$16.00	\$14.00	\$14.00
"Before" Value	\$268,688	\$268,688	\$287,910	\$293,174	\$293,174	\$335,056	\$293,174	\$293,174
"After" Without Air Easement								
<i>Land Area (SF)</i>	19,192	19,192	19,194	20,941	20,941	20,941	20,941	20,941
<i>Valuation Basis</i>	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.	Large lot w/home, plus shop, ADU, etc.
<i>Unit Value (/SF)</i>	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00
"After" Value	\$345,456	\$345,456	\$345,492	\$376,938	\$376,938	\$376,938	\$376,938	\$376,938
Change in Value + / (-)	<u>\$76,768</u>	<u>\$76,768</u>	<u>\$57,582</u>	<u>\$83,764</u>	<u>\$83,764</u>	<u>\$41,882</u>	<u>\$83,764</u>	<u>\$83,764</u>
<i>(After - Before Values)</i>								

As shown, value enhancement is evident for all eight larger parcels after the hypothetical extinguishment of the air rights easement. The spread is least for those that possess restricted improvements (shop) or already combined as a singular lot of record (ADU potential).

APPRAISER CERTIFICATION - Ryan S. Prusse, MAI

The undersigned does hereby certify that, except as otherwise noted in this report:

- 1) The statements of fact contained in this report are true and correct.
- 2) The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, unbiased professional analyses, opinions, and conclusions.
- 3) I have no present or prospective interest in the property that is the subject property of this report, and I have no personal interest or bias with respect to the parties involved.
- 4) I have performed no prior services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- 5) My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of this report.
- 6) My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
- 7) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 8) As of the date of this report, I, Ryan S. Prusse, have completed the requirements under the continuing education program of the Appraisal Institute.
- 9) I have personally inspected the subject property. I have not inspected all comparable properties identified in this report.
- 10) No one provided significant professional assistance beyond the signatories of this report.
- 11) I do not authorize the out-of-context quoting from or partial reprinting of this report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of media for public communication without my prior written consent.
- 12) This report is prepared in conformance with the Uniform Standards of Professional Appraisal Practice ("USPAP") as promulgated by the Appraisal Standards Board of the Appraisal Foundation.
- 13) My employment was not conditioned upon the consultation producing a specific price or a price within a given range. Future employment is not dependent upon reporting a specified price. Neither employment nor compensation is dependent upon the approval of a loan application.
- 14) I have acquired through study and practice the necessary knowledge and experience to complete this assignment competently.



Ryan S. Prusse, MAI

Oregon Appraiser Certification #C000498

FIRM QUALIFICATIONS

RSP & Associates LLC has been serving the Pacific Northwest since formation in 1998. Our firm concentrates on complex commercial, industrial and multi-family valuation assignments for mortgage lenders, government agencies and municipalities, corporations and individuals. Work has been performed on a national scale. A sample of clients served by Mr. Prusse while a principal of RSP & Associates LLC and prior employment is included below.

Financial:

Advanced Mortgage Resources
Albina Community Bank
American Pacific Bank
Apartment Lending Corporation
AT&T Capital Credit
Baker Mortgage, Inc.
Bank of America
Union Bank of California
Bank of the Cascades
Bank of Clark County
Bank of Portland
Bank of Salem
Bank of the West
Bank of Vancouver
Centennial Bank
Centennial Mortgage
Citizens Bank
Clackamas County Bank
Columbia River Bank
Commercial Mortgage Corporation
Continental Savings Bank
Countrywide Home Loans
Eagle Home Mortgage

Eykis Financial Services
First Mutual Bank
First Tennessee Bank
First Security Bank
First Security Leasing Company
First Union Small Business Lending
GE Capital Access
GMAC Commercial Mortgage
Hood River Bank
Imperial Capital
Interwest Mortgage & Investment
Interwest Mortgage
Juniper Banking Company
Key Bank of Oregon
LaSalle Bank (ABN AMRO)
Lexington Funding
LibertyBank
Linn-Benton Bank
The Money Store
M&T Bank
National Mortgage Company
Norris, Beggs & Simpson
Northern Bank of Commerce

Northwest Mortgage Group
Pacific Continental Bank
Pacific Crest Bank
Pacific Mortgage & Investment Co.
Pacific One Bank
Pioneer Trust Bank, N.A.
Prudential Mortgage Capital Company
Rainier Bank
Riverview Community Bank
Seafirst Real Estate Advisory
Southern Pacific Bank
Sterling Savings Bank
Umpqua Bank
U.S. National Bank of Oregon
Valley of the Rogue Bank
Van Wijnen Canada
Ward Cook Inc.
Washington Federal Savings
Washington Mutual Bank
Wells Fargo Bank
West Coast Bank
Willamette Valley Bank
Yakima Valley Bank

Governmental:

Albany School District
Benton County
Bonneville Power Administration
City of Albany
City of Astoria
City of Hillsboro
City of Salem
City of Silverton
City of Woodburn
Clatsop County
Dallas School District

FDIC
Housing Authority of Portland
Marion County
METRO Open Spaces Division
Oregon Dept. of Transportation
Oregon Division of State Lands
Oregon Dept. of General Services
Network Oregon Affordable Housing
Port of Astoria
Port of Portland
Resolution Trust Corporation

Salem/Keizer School District
Tualatin Hills Parks & Recreation District
U.S. Army Corps of Engineers
U.S. Bureau of Land Management
U.S. Forest Service
Washington Dept. of Fish & Wildlife
Yamhill County Housing Authority

Insurance/Medical:

Mutual of Enumclaw
Mid-Valley Healthcare
Harvard Medical Northwest Life Assurance
GAB Robins North America, Inc.

Nationwide Insurance
Safeco Insurance
Salem Hospital
Corvallis Clinic
Good Samaritan Hospital (Corvallis)

MetLife Capital Insurance Company
Equitable of Iowa
Viking Insurance Company

General:

Agripac, Inc.
Aldrich Kilbride & Tatone
Archdiocese of Oregon
Atlantic Richfield Corporation
Boys & Girls Club of Albany
Boys & Girls Club of Salem
Brand "S" Corporation
Brown & Shay Partners
Bullivant Houser Bailey
Chevron, USA
Chrysler Realty
Colson & Colson Construction
Cushman & Wakefield
DAVII Investments
George Suniga Enterprises
First American Title

First Princeton Corporation
First Virtual Properties LLC
Hanna Kerns & Strader
International Business Machines
McDonalds Corporation
Mennonite Mutual Aid Association
Morrow Crane Inc.
Mountain West Development
Neilsen Manufacturing
Nonpareil, Inc.
Oregon Glass Company
Pacific Conference Center
Portland General Electric
Portland Investments
Rite Aid Corporation
River Network

Saafeld, Griggs & Gorsuch
Sycan Development
Texaco Lubricants
3-H Construction

QUALIFICATIONS – Ryan S. Prusse, MAI

Ryan S. Prusse, MAI is the director of RSP & Associates, LLC. He has been engaged in complex valuation assignments since 1991. Appraisal assignments include a broad range of property types: multi-family, industrial, office, wetlands, wildlife habitat, agricultural, church, food processing, box retail, subsidized housing, aqua-culture and contaminated properties.

Professional Affiliations

State of Oregon Certified General Appraiser (#C000498)
State of Washington Certified General Appraiser (#1100869)
Member of the Appraisal Institute (#10667)
Appraisal Institute Young Advisory Council, 1994-1996
Environmental Assessment Association - Certified Environmental Specialist (CES)
Appraisal Journal Review Committee (Appraisal Institute) – 1996 - 1999
Director (AI - Greater Oregon Chapter) – 2004-2012
Chapter President (AI - Greater Oregon Chapter) – 2013

Community

Young Executive Board, Salem Boys & Girls Club
Finance Committee, Salem Boys & Girls Club
Assistant Varsity football coach, Regis High School
Youth Sports Coach, Salem Boys & Girls Club
Youth Sports Coach, Clackamas Little League
Youth Sports Coach, Wilsonville Parks & Recreation

Education

Willamette University, Salem, Oregon:
Bachelor of Science, Major Economics, Minor Mathematics
Appraisal Institute, Chicago, Illinois:
Course SPPA, Standards of Professional Practice, Part A
Course SPPB, Standards of Professional Practice, Part B
Course 1A1, Real Estate Appraisal Principles (challenged)
Course 1A2, Basic Valuation Procedures (challenged)
Course 1BA, Capitalization Theory and Techniques, Part A
Course 1BB, Capitalization Theory and Techniques, Part B (challenged)
Course II540, Report Writing and Valuation Analysis
Course II550, Advanced Applications
American Society of Farm Managers & Rural Appraisers, Denver, Colorado:
A-30, Advanced Rural Appraisal
Rural Residential Appraisal
Chemeketa Community College, Salem, Oregon:
Applied Residential Appraisal
Appraisal I

Experience

Various positions from intern to owner at C. Spencer Powell & Associates (1990 – 1998)
Founder/Director – RSP & Associates, LLC (1998 – present).

The seal of the State of Oregon is centered in the background. It features an eagle with wings spread, perched on a shield. The shield contains a plow, a sheaf of wheat, and a ship. The words "STATE OF OREGON" are written in a circular border around the eagle, and the year "1859" is at the bottom. The seal is rendered in a light gray color.

Appraiser Certification and Licensure Board

State Certified General Appraiser

28 hours of continuing education required

**RYAN S PRUSSE
RSP & ASSOCIATES LLC
PO BOX 365
WILSONVILLE, OR 97070**

License No.: C000498
Issue Date: July 01, 2024
Expiration Date: June 30, 2026

A handwritten signature in blue ink, appearing to read "Chad Koch", is positioned above a horizontal line.

Chad Koch, Administrator



February 5, 2026

Ryan S Prusse MAI
RSP & Associates LLC
PO Box 365
Wilsonville, OR 97070

RE: Engagement Letter – Air Easement Determination of Value

Dear Ryan,

The City of McMinnville (“City”) is pleased to engage RSP & Associates LLC (“Appraiser”) to prepare an independent appraisal related to an existing air easement affecting certain properties within the City, subject to the terms outlined below.

1. Scope of Engagement

The Appraiser shall prepare an independent appraisal to determine the market value of an air easement interest affecting eight (8) residentially zoned parcels within the City of McMinnville. The appraisals shall analyze the difference, if any, between the market value of each parcel as encumbered by the air easement and the market value of each parcel as if unencumbered by the air easement, under stated assumptions and conditions.

The parcels subject to this engagement are identified as:

- R4417AD 00190
- R4417AD 00290
- R4417AD 00490
- R4417AD 00590
- R4417AD 00690
- R4417AD 00790
- R4417AD 00890
- R4417AD 00300

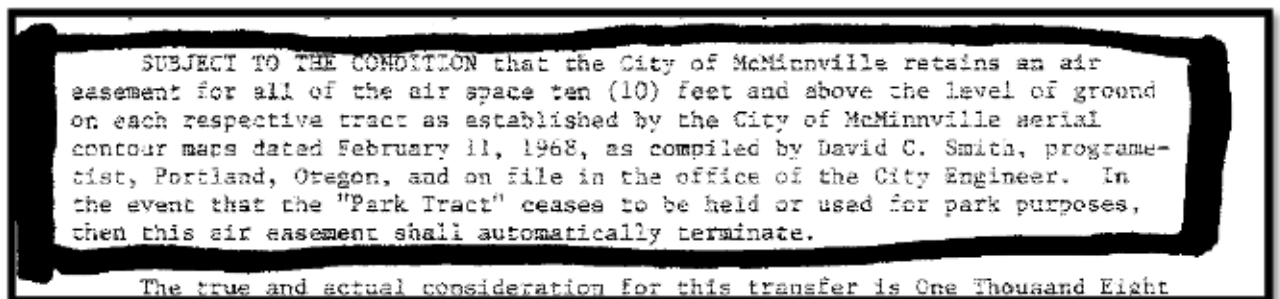
All parcels are similar in size, zoned R-1, and do not have street frontage.

2. Air Easement Background

The air easement was created in 1978–1979 and recorded as part of the warranty deeds for the affected parcels in connection with the City's acquisition of Tice Park. The easement requires the City to retain an air easement for all airspace ten (10) feet and above ground level, as established by City of McMinnville aerial contour maps dated February 11, 1968, on file with the City Engineer. The easement terminates automatically if the park tract ceases to be held or used for park purposes.

The appraisals shall rely on the recorded easement language and publicly available information. The Appraiser is not expected to provide legal interpretation of the easement.

Please see snapshot of the easement language below.



SUBJECT TO THE CONDTION that the City of McMinnville retains an air easement for all of the air space ten (10) feet and above the level of ground on each respective tract as established by the City of McMinnville aerial contour maps dated February 11, 1968, as compiled by David C. Smith, programmetist, Portland, Oregon, and on file in the office of the City Engineer. In the event that the "Park Tract" ceases to be held or used for park purposes, then this air easement shall automatically terminate. (Adopted December 8, 1978).

3. Appraisal Standards and Requirements

The appraisals shall be prepared in full compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) and shall clearly identify, at a minimum:

- Intended use of the appraisal
- Intended user(s) (the City of McMinnville)
- Effective date of value
- Property rights appraised
- Scope of work
- Any extraordinary assumptions or hypothetical conditions

The Appraiser may apply appropriate valuation approaches and comparable market data relevant to residential lots in the McMinnville R-1 zone.

4. Intended Use and Reliance

The intended use of the appraisals is to assist the City in evaluating the value implications of the existing air easement. The appraisal is intended solely for use by the City of McMinnville. No other party may rely on the appraisal without the prior written consent of the Appraiser and the City.

5. Independence

The Appraiser shall perform the assignment as an independent appraiser, without bias or advocacy, and shall have no present or prospective interest in the subject properties.

6. Compensation

The City shall compensate RSP & Associates LLC a not-to-exceed amount of \$4,900, inclusive of all costs and expenses. Payment shall be made upon delivery and acceptance of the final appraisal report.

7. Deliverables and Schedule

A signed final appraisal report for each property shall be delivered to the City in PDF format no later than March 6, 2026, unless otherwise agreed to in writing.


8. Public Records


The Appraiser acknowledges that the City is subject to Oregon public records laws and that the appraisal and related materials may be subject to public disclosure.

9. Acceptance

This letter constitutes the full agreement between the City and the Appraiser regarding this engagement. Any modification must be made in writing and signed by both parties.

If these terms are acceptable, please sign below.


Adam Garvin, Interim City Manager
City of McMinnville


Ryan S Prusse
RSP & Associated LLC

Date: 02.06.2026

Date: 2-6-2026

STAFF REPORT

DATE: May 26, 2026
TO: Adam Garvin, City Manager
SUBMITTED BY: Geoff Hunsaker, Public Works Director
WRITTEN BY: Kevin Wood, Engineering Program Manager - Utilities
SUBJECT: Contract for Wastewater Reclamation Facility Headworks Influent Screens Rebuild

1. Resolution No. 2026-30, Adopting findings and exempting from public bidding requirements and authorizing the City Manager to enter into a Construction Contract for the WRF Headworks Influent Fine Screen Rebuild, Project 2026-4, with the Parkson Corporation

Report in Brief:

This project proposes to rebuild the existing influent fine screens at the Water Reclamation Facilities (WRF) Headworks using Original Equipment Manufacturer (OEM) (i.e. Parkson Corporation) parts and factory-authorized service technicians, extending the service life of the existing screens by approximately 10 years. Due to the magnitude of the cost (i.e. greater than \$100,000) and the project being designated as a Public Improvement Project, the project would be subject to competitive bidding requirements according to ORS 279C.335. However, staff proposes to exempt this project from competitive bidding based on the findings presented below.

Background:

The influent fine screens have been in continuous service since the wastewater treatment plant went online in 1996. These influent fine screens have performed exceptionally well, and through diligent preventative maintenance practices, staff has extended their service life approximately 10 years beyond their originally expected lifespan.

During the most recent high-flow event, the influent fine screens successfully passed in excess of 35 MGD while maintaining approximately two feet of freeboard, confirming both hydraulic adequacy (i.e. the units are not undersized for current flows) and mechanical reliability (i.e. the units as a whole are still

operating satisfactorily). However, the inner components of the influent fine screens are showing significant wear and need repair.

In addition, our engineering consultant, Jacobs, has been working on an update of the WRF Facilities Plan. The WRF Facilities Plan update identifies the influent fine screens as the top priority capital project at the facility.

The existing influent fine screens were provided by the Parkson Corporation. Due to the high priority and need to address the influent fine screens quickly in the short term, we propose to have Parkson Corporation mobilize to the WRF site to rebuild the existing influent fine screens by replacing all wear components using OEM parts and factory-trained technicians. Rebuilding the influent fine screens will effectively restore the units to near-new condition and provide an estimated 10 additional years of service life. This approach not only extends the life of the existing units, but also provides additional time to evaluate/implement other more costly alternatives identified in the WRF Facilities Plan update.

In addition, this approach avoids the need for:

- Engineering design services
- Channel modifications
- Electrical and controls redesign

Discussion:

Exemption from Competitive Bidding:

This project qualifies as a Public Improvement Project that would be subject to competitive bidding requirements according to ORS 279C.300, unless the project is formally exempted from such competitive bidding requirements.

Under ORS 279C.335(2), a local contract review board may exempt a public improvement contract from competitive bidding requirements after the local contract review board approves findings supportive of the exemption. Findings in support of the proposed exemption are presented below:

1. The exemption is unlikely to encourage favoritism in awarding public improvement contracts or substantially diminish competition for public improvement contracts because:
 - a. The work involves specialized rehabilitation of proprietary equipment, and;
 - b. The specification of OEM parts is based on compatibility and performance requirements, not vendor preference.

2. Awarding a public improvement contract under the exemption will likely result in substantial cost savings and public benefits to the City of McMinnville, including:
 - a. Avoidance of costly system modifications required for non-OEM alternatives;
 - b. Reduced risk of equipment failures and unplanned outages;
 - c. Lower lifecycle costs through compatibility with existing infrastructure;
 - d. Improved reliability of wastewater treatment operations, and;
 - e. Minimization of operational downtime during construction.
3. The use of OEM parts from Parkson Corporation is necessary because:
 - a. The existing screening system is proprietary;
 - b. OEM components ensure proper fit, function, and performance, and;
 - c. Non-OEM alternatives may compromise system reliability and increase maintenance costs.
4. Approval of the exemption promotes the public interest by ensuring efficient, reliable, and cost-effective operation of critical wastewater infrastructure.

Attached is a letter prepared by the Parkson Corporation, which indicates that they are the sole provider of the required OEM parts.

Notice and Public Hearing:

ORS 279C.335(5) requires notifications of a proposed exemption to be published in at least one trade newspaper of general statewide circulation a minimum of 14 days prior to the date on which the City intends to take action to approve or disapprove the exemption. Further, the City may hold a public hearing on the exemption, but is only required to in response to a written request.

Notice of the proposed exemption was published in the Daily Journal of Commerce on April 29, 2026. No comments or requests for public hearings were made after the minimum 14 days.

Attachments:

1. Parkson Corporation Sole Source Letter
2. Parkson Corporation Quotation
3. Resolution No. 2026-30
 - a. ORS 279C.335 Findings

Fiscal Impact:

The estimated fee of \$267,634 is currently within the budgeted amount included in the FY27 Wastewater Capital Fund account number 77.8710.

Alternatives:

Alternative 1 [Staff Recommendation]: Adopt resolution 2026-30 and its findings, exempting this project from public bidding requirements and authorizing a contract with Parkson Corporation to rebuild the existing influent fine screens. Rebuilding the influent fine screens is the most cost-effective, lowest-risk, and fastest method to address the highest priority capital need identified in the WRF Master Plan update.

Alternative 2: Reject the attached resolution and authorize City staff to pursue the traditional competitive bidding process. This will require more time to prepare procurement documents during which the influent fine screens will continue to deteriorate and may experience failures especially during high flow events. Failures of the influent fine screens will have significant impact to the downstream processes that will accelerate the deterioration of the downstream treatment facilities.

Alternative 3: The Council may consider any other alternative not presented by staff.



CORPORATE OFFICE

1401 W. Cypress Creek Rd., Ste. 100
Fort Lauderdale, FL 33309
Phone 954.974.6610
Fax 954.974.6182



Sole Source Letter

To: Kevin Wood, P.E. **Date:** 2/10/2026
Company: City of McMinnville, OR **From:** Marty Unger
Tel: 971.387.1125 **Tel:** 943-383-1757
Email: Kevin.Wood@mcminnvilleoregon.gov **Email:** munger@parkson.com
Pages: 1 **Cc:**
Product: Parkson Aqua Guard®

This document is to confirm that Parkson Corporation is the sole source provider for parts for the subject product. Parkson Corporation is the original manufacturer/supplier of the subject product and is the only source for OEM replacement parts.

Please note that this letter is valid as of the date of the letter. Reconfirmation should be obtained after a period of six (6) months from the date hereof.

If I can be of further assistance or should you have any questions, please feel free to contact me.

Sincerely,

Parkson Corporation
munger@parkson.com
954-383-1757

AQUA GUARD® REBUILD

Aqua Guard® Screen Rebuild Quotation

Dear **Mr. Grimstad**,

Thank you for placing your trust in our technology once again. We are honored by your continued confidence in Parkson and our solutions.

We hope this quotation meets your expectations and your final decision would be to move forward with the Aqua Guard® rebuild. This proactive step will not only extend the life of your equipment but also ensure continued reliability and performance for years to come. We're excited to support you through this next phase and are confident the rebuilt unit will align seamlessly with your operational goals.

Should you have any questions or need further assistance as we move through the process, please don't hesitate to contact us.

Sincerely,

PARKSON CORPORATION

An Axel Johnson, Inc. Company

Marty Unger

Regional Sales Manager

954-383-1757

munger@parkson.com



Aqua Guard[®] Rebuild



Self-Cleaning Wastewater Screen

Table of Contents

Contacts	Page 3
Equipment.....	Page 4
Offerings.....	Page 5
Payment Terms.....	Page 8
Patents	Page 9
Clarification and Exception.....	Page 9
Buyer/Owner Responsibility	Page 10
Warranty.....	Page 12
Terms and Conditions	Page 12
Acceptance	Page 13

Contacts

CUSTOMER:

City of McMinnville
3500 NE Clearwater Drive
McMinnville, OR 97128
Attn: Erik Grimstad
Tel: 503-583-5435
Email: Erik.Grimstad@mcminnvilleoregon.gov

Regional Manager:

Marty Unger - West (Muni) and SE (AFM) USA
Ph. 954-383-1757 Marty
Email: munger@parkson.com

Inside Sales / Application Engineer:

Carlos Robaina
Ph. 954-935-6215 Carlos
Email: crobaina@parkson.com

Product / Technical Manager:

Nilesh Nikar
Ph. 847-837-4944 Nilesh
Email: nnikar@parkson.com

Local Representative:

Coombs-Hopkins
Drew Hess
drew@chcwater.com
610-533-5086

Quotation Number: B02010608 Rev 5

Date : 5/10/2026

Parkson Corporation proposes the reconditioning of your existing Aqua Guard® Continuous Self-Cleaning Bar/Filter Screen and is pleased to provide this **Rebuild/Retrofit Quotation** for the following:

Equipment

ITEM 1 **AQUA GUARD SELF-CLEANING BAR/FILTER SCREEN**

# Existing Units:	2
Unit #:	AG-1492
Model:	AG-MN-A

1.A Existing Equipment:

Description:

Screen Width:	2 ft. 10.5 in.
Solids Discharge Height:	12 ft.
<i>[as measured from the bottom of the channel to the discharge point]</i>	
Screen Angle:	75 °
Screen Opening:	6 mm.
Application / Industry:	Municipal

Materials of Construction:

Elements:	high impact polycarbonate alloy
Frame:	304 SS
Conveyor Chain:	304/410
Filter Element Shafts:	304 SS
Side Plate:	high impact phenolic

1.B The following parts are recommended for replacement on one (1) unit:

AG-1492	B02010608
McMinnville, OR	
AG-MN-A 2' 10 1/2" x 12' DH, 75°,304SS, 6mm	
<u>Item Description</u>	<u>Quantity</u>
Complete Screen Assembly	1
Front Seal Brush Assembly, 304ss	1
Rotating Brush Assembly	1
Upper Guide Rails, AS/OH	2
Upper Guide Rail Mtg. Spacers	6
Guide Rails, AS/OH	2
Lower Guide Rails	2

Lower Guide Rail Mtg. Spacers	4
Filler Plates	2
Discharge Pan Seal, Neoprene	1
Side Seal, Neoprene/Brush	2
Flange Bearing, Brush	2
Pillow Block, Take-up	2
Flange Bearing, Drive shaft	1
Bushing,	1
Bushing,	1
Sprocket, Brush	1
Sprocket, Drive shaft	1
#40 Chain with Master Link	1
Chain Tightener	1
Nameplates & Labels Set	1
<u>Front Seal Brush Assembly</u>	
Brush, 2" x 28.25"	1
Brush, 3" x 28.25"	1
<u>Screen Assembly, 6mm</u>	
Chain Link Assy., 304/410	204
Filter Shaft, 304, solid	102
Snap Ring, PH 15-7 Mo	204
Filter Element, 6mm, Plastic	4182
Side Plate, Phenolic	408
Washer, Delrin	204

Offerings

ITEM 2 OFFERINGS - PURCHASE PRICE

2.A Parkson Certified On-site Rebuild with OEM Parts & Technicians..... \$133,817.00 USD (Per Unit)

1. To ensure work site safety, customer/owner is responsible for tilting unit from the channel, thoroughly cleaning, pressure washing, disinfecting the unit, and reinstalling unit in channel once rebuild is completed.
2. All parts listed in [1B] above.
3. Parts will be shipped F.O.B. **Factory**, freight **included** to jobsite.
4. Removal and reinstallation of the unit in the channel is **excluded**.
5. Work performed by Parkson authorized field technicians, who will test run equipment at completion of rebuild.
6. **Taxes excluded**

Rebuild / Start-Up Assistance - Included

Parkson will furnish one certified crew as required to rebuild unit, provide start-up and operator training. Dates of service to be scheduled upon receipt of Buyer’s written request.

Additional start-up service can be purchased for **\$1,860.00** per day plus travel and living expenses.

2.B Options:

- a) RP-200 Compactor upgrade to RP-350..... **ADD \$46,817.00 USD**
 (a) not including motor, gearbox, Discharge Pipe and Inlet Chute

Commercial Items

ITEM 3 SCHEDULE, VALIDITY, PAYMENT TERMS

3.A Schedule

- Submittal Phase **not required** on this project.
- Parts availability: 14-16 weeks following receipt of acceptable written Purchase Order.
- Field/on-site rebuild is expected to occur approximately 4-6 weeks after all replacement parts are delivered to the jobsite, subject to mutually approved scheduling. (Prior commitments may dictate schedule variations). However, in no event shall Parkson be the sole cause of delaying the scheduled start of the rebuild more than 90 days after parts delivery.

3.B Validity:

Price is valid for **Sixty (60)** calendar days from Quotation date, for shipment of Equipment within the timetable stated above.

3.C Payment Terms:

25% with order, 65% upon shipment of parts; 10% upon rebuild completion, NTE 90-days after shipment should rebuild be delayed by other than Parkson. All payments are NET 30 days.

Patents

ITEM 4 PATENTS:

The Equipment and/or process quoted herein may operate under one or more U.S. patents. The Purchase Price includes a one-time royalty payment (if any), which provides the Buyer with immunity to operate the Equipment specified in the Quotation under any applicable patents.

Clarifications and Exceptions

ITEM 5 CLARIFICATIONS AND EXCEPTIONS:

Parkson **is not** in receipt of any plans and specifications. The equipment quoted above is based upon Parkson's current standards and may or may not comply with any specification that may exist.

Parkson reserves the right to revise this quotation upon receipt of any plans and specifications.

CLARIFICATIONS AND EXCEPTIONS:

Section:

Buyer/Owner Responsibility

ITEM 6 BUYER / OWNER RESPONSIBILITY UNLESS OTHERWISE STATED:

Getting the Unit ready for the Rebuild/Retrofit

- Upon disassembly on-site, if any unforeseen parts or structural repairs are discovered, Parkson Corporation will notify the customer prior to commencement of any repairs which will be beyond the originally quoted scope. The costs for these items and any time extension will be added to the scope of work.
- Removal and installation of Aqua Guard unit in channel, includes and is not limited to:
 1. High pressure washing of the unit / removal of all solids. Additional charges and delays will occur if it is necessary for our crew / factory to send equipment out for cleaning and solids disposal.
 2. Disassembling from adjoining equipment / electrical / controls.
 3. Disconnecting shower water connections and water supply.
 4. Disconnecting controls / electrical connection and interconnecting wiring removal (including any of the following, but not limited to: E-stop button, solenoids, motors, interlock switches, wiring and conduit from each unit-mounted electrical device to a terminal box or control panel).
 5. Removing piping connections, platforms, gratings and railings unless stated otherwise.
 6. Removing any other auxiliary equipment or service not detailed above.
- Readiness of the equipment before requesting [rebuild or start-up] service. Non-readiness may result in additional charges.

Getting the Site ready for the Rebuild/Retrofit (Personnel Safety is of utmost importance)

- Provide a safe work area around the equipment.
 1. If the rebuild is performed with the unit in the channel; customer/owner to cover the channel with minimum ¾” plywood and ensure it is properly secured.
 2. If unit is tilted out of the channel customer/owner to supply a brace (spanning the channel) sufficient enough to support the weight of the unit while it is being rebuilt.
 3. Whenever possible, unit should be staged away a safe distance away from any currently utilized equipment and/or work areas.
- Provide proper ventilation inside the building
- Care and storage of rebuild components upon receipt at customer site.
- Unloading replacement parts when they arrive on site.
- Delivered material needs to be stored at the same elevation and within 10 feet of the screen (if applicable)
- Redirect channel flow.
- Provide clean, dry channel.
- Old parts weighing 50 lbs or more should be loaded on a customer supplied forklift (or equal) in order to place them in a customer supplied dumpster.

Customer must Provide:

- At a minimum a forklift and possibly a crane / hoist.
- Manlift, ladders
- Dumpster for all old parts [on-site rebuild only].

Warranty

ITEM 7 WARRANTY, DRAWINGS & MANUALS

7.A Mechanical Warranty:

1. As defined in Section XVI (see attached link under terms and conditions) Standard Conditions of Sale, Parkson offers a one (1) year mechanical warranty for all new parts installed on the Aqua Guard screen by an on-site certified rebuild.
2. Installation labor of parts or parts not ordered as part of a rebuild package have a 90-day warranty.

7.B Drawings and Installation, Operation and Maintenance (IO&M) Manuals:

- | | |
|------------------------|---------------------|
| a) Approval Drawings: | Not required |
| b) Certified Drawings: | Not required |
| c) IO&M Manuals: | Not required |

Terms and Conditions

ITEM 8 TERMS AND CONDITIONS:

This Quotation is governed by and subject to Parkson's Standard Conditions of Sale, which are incorporated by reference and accessible at: <http://www.parkson.com/files/documents/Sales-conditions.pdf>

This Quote expressly limits acceptance to the exact terms and conditions stated herein. Any additional or different terms proposed by the offeree in its PO, acceptance, or any other response are hereby objected to and rejected and will not become part of any contract resulting from this quoted offer unless expressly agreed to in writing by Parkson Corporation.

NOTE REGARDING PREVAILING WAGES: Parkson, as the original equipment manufacturer, will be servicing/reconditioning its own proprietary equipment, which service may contain our proprietary trade secrets and knowhow. No craft or trade would be appropriate for apprentices related to this work. If the awarding body requires apprenticeship coverage, then Parkson would need to amend its quoted pricing and completion time.

NOTE REGARDING USA TARIFFS AND CURRENT TRADE LAWS: All prices are based on current USA and North America tariffs and trade laws/agreements at time of bid. Any changes in costs due to USA Tariffs and trade laws agreements after the bid, will be passed through to the purchaser at cost.

Acceptance

ITEM 9 ACCEPTANCE

Issued By:

PARKSON CORPORATION
1401 West Cypress Creek Road, Fort Lauderdale, FL 33309-1969

Marty Unger

Name: **Marty Unger**

Title: AFM Reg Sales Mgr.

Date: 5/10/2026

Accepted By: (Herein called the Buyer)

Type Name or Print/Sign

Name

Title

5/10/2026

Enclosures:

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RESOLUTION NO. 2026-30

A Resolution adopting findings and exempting from public bidding requirements and authorizing the City Manager to enter into a Construction Contract for the WRF Headworks Influent Fine Screen Rebuild, Project 2026-4, with the Parkson Corporation.

RECITALS:

WHEREAS, the influent fine screens at the Water Reclamation Facilities (WRF) Headworks are at the end of their useful life and repair of the influent fine screens is a high priority identified in the current Master Plan update; and

WHEREAS, the cost of the proposed repair amounts to a Public Improvement Contract subject to competitive bidding requirements under ORS 279C.300; and

WHEREAS, a local contract review board may exempt a public improvement contract from competitive bidding requirements after approving findings required by ORS 279C.335; and

WHEREAS, a Notice of Proposed Exemption from Competitive Bidding was published in the Daily Journal of Commerce on April 29, 2026 and no comments or requests for public hearing were made after the minimum 14 days required by ORS 279C.335(5); and

WHEREAS, Parkson Corporation is the Original Equipment Manufacturer (OEM), sole source for the replacement parts and will provide authorized field technicians to perform the work on-site; and

WHEREAS, the estimated fee for this scope of work is \$267,634; and

WHEREAS, the project funding is included in the FY27 Wastewater Capital Fund budget (account number 77-8710).

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF McMinnville, Oregon, as follows:

1. That the following findings are made and approved, as further detailed in Exhibit A, attached hereto:
 - i. The exemption is unlikely to encourage favoritism in awarding public improvement contracts or substantially diminish competition for public improvement contracts;

- ii. Awarding a public improvement contract under the exemption will likely result in substantial cost savings and public benefits to the City of McMinnville;
- 2. That the project is exempt from the competitive bidding requirements of ORS 279C.300 and the City Manager is authorized to enter into a Construction Contract with the Parkson Corporation, in a form acceptable to the City Attorney, in the amount of \$267,634 for the rebuild of the existing influent fine screens at the WRF Headworks, Project 2026-4.
- 3. This resolution shall take effect immediately upon passage and shall continue in full force and effect until modified, revoked, or replaced.

Adopted by the Council of the City of McMinnville at a regular meeting held the 26th day of May, 2026 by the following votes:

Ayes: _____

Nays: _____

Approved this 26th day of May, 2026.

MAYOR

Approved as to form:

Attest:

City Attorney

City Recorder

EXHIBITS:

- A. ORS 279C.335 Findings

Exhibit A
To Resolution 2026-30

ORS 279C.335 Findings

Under ORS 279C.335(2), a local contract review board may exempt a public improvement contract from competitive bidding requirements after the local contract review board approves findings supportive of the exemption. Findings in support of the proposed exemption are presented below:

1. The exemption is unlikely to encourage favoritism in awarding public improvement contracts or substantially diminish competition for public improvement contracts.

Supporting Factors:

- a. The work involves specialized rehabilitation of proprietary equipment, and;
 - b. The specification of OEM parts is based on compatibility and performance requirements, not vendor preference.
2. Awarding a public improvement contract under the exemption will likely result in substantial cost savings and public benefits to the City of McMinnville.

Supporting Factors:

- a. The following factors from ORS 279C.335(2)(b)(A)-(N) must be considered to the extent applicable:

(A) How many persons are available to bid;

The equipment is proprietary to Parkson Corporation, and specialized knowledge of the Aqua Guard screening system, including its mechanical components and OEM replacement parts, is necessary to properly complete the work. While general contractors may be capable of incidental installation work, the number of firms with demonstrated experience rebuilding this specific equipment is limited. The City understands that the manufacturer does not rely on third-party subcontractors and is the only entity capable of providing a fully warranted rebuild using OEM components.

(B) The construction budget and the projected operating costs for the completed public improvement;

The project budget is anticipated to be substantially lower than full replacement of the screening systems and is intended to extend the useful life of the existing equipment while minimizing capital expenditures. Rebuilding the existing screens is expected to reduce long-term operating costs by restoring reliability, reducing unplanned maintenance, and improving screening performance. Maintaining compatibility with existing equipment and controls will also minimize future training, spare parts inventory, and operational costs.

(C) Public benefits that may result from granting the exemption;

Granting the exemption is expected to provide several public benefits, including:

- *Reduced project delivery time;*
- *Improved reliability of critical wastewater treatment infrastructure;*
- *Reduced risk of equipment failure and unplanned bypass events;*
- *Minimization of operational disruptions at the wastewater treatment facility;*
- *Improved coordination with the original equipment manufacturer; and*
- *Cost savings associated with avoiding full equipment replacement or extensive redesign.*

The exemption will also allow the City to directly procure specialized services from the entity most familiar with the equipment, thereby increasing the likelihood of successful project completion.

(D) Whether value engineering techniques may decrease the cost of the public improvement;

Traditional value engineering opportunities are limited because the project involves rehabilitation of proprietary existing equipment rather than new facility construction. The proposed rebuild approach itself constitutes a value-engineering strategy because it extends the service life of the existing screening systems at a substantially lower cost than replacement of the entire units and associated facility modifications.

(E) The cost and availability of specialized expertise that is necessary for the public improvement;

Specialized expertise is required to evaluate, disassemble, rebuild, reassemble, align, and recommission the Aqua Guard Screens. Such expertise is limited primarily to the manufacturer and qualified authorized representatives familiar with the proprietary design and OEM tolerances. Procuring these services through a competitive low-bid process may not result in qualified or experienced firms capable of properly completing the work and could increase the likelihood of operational failures or warranty disputes.

(F) Any likely increases in public safety;

The rebuild of the screening systems is anticipated to improve public and worker safety by restoring proper mechanical operation and reducing the potential for equipment malfunctions, emergency maintenance activities, or screening failures that could adversely impact wastewater treatment operations. Reliable screening equipment also reduces the likelihood of downstream equipment damage and associated hazardous maintenance conditions.

(G) Whether granting the exemption may reduce risks to the contracting agency, the state agency or the public that are related to the public improvement;

Granting the exemption is expected to reduce project risks by:

- *Utilizing OEM expertise and components;*
- *Minimizing compatibility and integration issues;*
- *Reducing the risk of improper installation or reconstruction;*
- *Preserving manufacturer support and warranty coverage; and*
- *Reducing the likelihood of extended facility downtime or treatment disruptions.*

Because the project involves rehabilitation of existing proprietary equipment within an operating wastewater treatment facility, reducing technical and operational risks is a significant consideration.

(H) Whether granting the exemption will affect the sources of funding for the public improvement;

Granting the exemption is not anticipated to adversely affect the project funding source. The project is being funded through existing wastewater utility funds. Use of the exemption may improve cost certainty and help the City manage available funding more effectively.

(I) Whether granting the exemption will better enable the contracting agency to control the impact that market conditions may have on the cost of and time necessary to complete the public improvement;

Granting the exemption may reduce schedule uncertainty and procurement delays associated with a traditional competitive bidding process. Due to the specialized nature of the work and limited number of qualified providers, the exemption may allow the City to secure scheduling commitments, coordinate procurement of OEM parts, and complete the work more efficiently during favorable operational windows. This may help minimize exposure to future labor, material, and equipment cost escalation.

(J) Whether granting the exemption will better enable the contracting agency to address the size and technical complexity of the public improvement;

The exemption will better enable the City to address the technical complexity of rebuilding proprietary screening equipment integrated into an active wastewater treatment process. The project requires specialized knowledge of the Aqua Guard systems, sequencing constraints, operational bypass considerations, and coordination with existing plant operations. Direct procurement from the manufacturer will improve the City's ability to manage these technical complexities.

(K) Whether the public improvement involves new construction or renovates or remodels an existing structure;

The project primarily involves rehabilitation and rebuilding of existing wastewater treatment equipment and does not constitute new construction. The work is limited to restoration and refurbishment of existing screening systems within an existing facility.

(L) Whether the public improvement will be occupied or unoccupied during construction;

The wastewater treatment facility will remain occupied and operational during construction. The work must therefore be carefully coordinated to maintain continuous treatment operations and minimize disruption to plant processes.

(M) Whether the public improvement will require a single phase of construction work or multiple phases of construction work to address specific project conditions; and

The project will likely be completed in a single phase, but with staggered equipment shutdowns, and coordination with WRF operational requirements.

(N) Whether the contracting agency or state agency has, or has retained under contract, and will use contracting agency or state agency personnel, consultants and legal counsel that have necessary expertise and substantial experience in alternative contracting methods to assist in developing the alternative contracting method that the contracting agency or state agency will use to award the public improvement contract and to help negotiate, administer and enforce the terms of the public improvement contract.

N/A



City of McMinnville

April 2026

CASH AND INVESTMENT BY FUND

FUND #	FUND NAME	GENERAL OPERATING		TOTAL
		CASH IN BANK	INVESTMENT	
01	General	\$2,567,622.96	\$12,971,659.85	\$15,539,282.81
05	Grants & Special Assessment	\$19.79	\$749,057.52	\$749,077.31
07	Transient Lodging Tax	\$505.06	\$117,000.00	\$117,505.06
08	Affordable Housing	\$863.58	\$1,756,304.00	\$1,757,167.58
10	Telecommunications	\$286.92	\$2,030.00	\$2,316.92
15	Emergency Communications	\$614.61	\$166,094.81	\$166,709.42
20	Street (State Tax)	\$893.06	\$1,653,584.65	\$1,654,477.71
25	Airport Maintenance	\$199.38	\$982,749.03	\$982,948.41
45	Transportation	\$764.04	\$6,838,494.92	\$6,839,258.96
50	Park Development	\$6.47	\$4,141,441.49	\$4,141,447.96
58	Urban Renewal	\$630.78	\$9,000.00	\$9,630.78
59	Urban Renewal Debt Service	\$268.86	\$1,725,176.06	\$1,725,444.92
60	Debt Service	\$977.24	\$69,784.89	\$70,762.13
70	Building	\$340.92	\$2,592,240.37	\$2,592,581.29
71	Stormwater Operations	\$0.00	\$0.00	\$0.00
72	Stormwater Capital	\$70.00	\$10,000.00	\$10,070.00
75	Wastewater Services	\$537.96	\$1,522,705.71	\$1,523,243.67
77	Wastewater Capital	\$337.56	\$33,833,103.65	\$33,833,441.21
80	Information Systems & Services	\$1.39	\$217,742.38	\$217,743.77
85	Insurance Reserve	\$448.98	\$308,290.54	\$308,739.52
CITY TOTALS		<u>2,575,389.56</u>	<u>69,666,459.87</u>	<u>72,241,849.43</u>

MATURITY

DATE	INSTITUTION	TYPE OF INVESTMENT	INTEREST RATE	CASH VALUE
N/A	Key Bank of Oregon	Checking & Repurchase Sweep Account	0.50%	\$2,575,389.56
N/A	State of Oregon	Local Government Investment Pool (LGIP)	4.00%	\$58,255,505.94
N/A	Umpqua Bank	Money Market Savings Account	3.71%	\$11,410,953.93
				<u>\$72,241,849.43</u>