

MAY 28 2014

TASSI O'NEIL  
COUNTY CLERK

320p

THE BOARD OF COUNTY COMMISSIONERS  
FOR THE COUNTY OF TILLAMOOK IN THE STATE OF OREGON  
SITTING AS THE BOARD OF THE SOLID WASTE SERVICE DISTRICT

In the Matter of Adopting a Addendum )  
to the Solid Waste Disposal Site Franchise )  
for the Operations of the Pacific City )  
Transfer Station )

ORDER  
#14 - 033  
SWSD #14 - 003

This matter coming on to be heard this 28<sup>th</sup> day of May, 2014, at a regular meeting of the Board of Commissioners, sitting as the governing body of the Solid Waste Service District (SWSD). Being fully apprized of the records and files herein, the Board finds as follows:

1. In accordance with Ordinance #4, Section 5.01 B. c., the Board may by ordinance or order establish rates for disposal sites that are uniform throughout the county or different rates for each site or class of sites;
2. The Franchise for the operation of the Pacific City Transfer Station was renewed with Nestucca Valley Recycling Garbage Service, Inc. dba: Nestucca Valley Sanitary Service on January 10, 2007, by Order # 07-008, SWSD Order #07-001;
3. In accordance with a one-year trial designed to better harmonize waste disposal services at Tillamook County transfer stations, as outlined in a presentation by David McCall, Solid Waste Program Manager, changes will be implemented in the funding structure of the transfer stations, which results in the Board setting rates and collecting revenues for the disposal of trash, yard debris and asphalt roofing waste at the Tillamook, Pacific City, and Manzanita transfer stations beginning July 1, 2014;
4. The Tillamook County Solid Waste Administrator has recommended that the Pacific City Transfer Station Solid Waste Disposal Solid Waste Agreement addendum attached hereto as "Exhibit B" be adopted in the interest of enabling this trial in alternate operations at that transfer station for one year beginning July 1, 2014;
5. The Tillamook County Solid Waste Advisory Committee (SWAC) at its May 13, 2014, meeting voted to recommend the implementation of this trial in alternate transfer station operations for one year beginning July 1, 2014;
6. The Tillamook County Board of Commissioners finds that the proposal is just, fair, reasonable and sufficient to provide proper service to the public.

NOW THEREFORE, IT IS HEREBY ORDERED that:

7. Effective for one year beginning July 1, 2014 and ending June 30, 2015, the Pacific City Transfer Station Solid Waste Disposal Franchise Agreement shall be amended as set forth on Exhibit "B":

DATED THIS 28<sup>th</sup> DAY OF May, 2014.

BOARD OF COUNTY COMMISSIONERS  
FOR TILLAMOOK COUNTY, OREGON

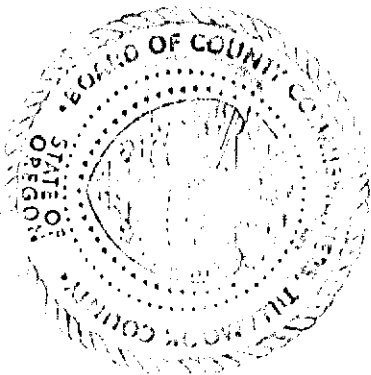
	Aye	Nay	Abstain/Absent
<u>Bill Baertlein</u> Bill Baertlein, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Tim Josi</u> Tim Josi, Vice Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Mark Labhart</u> Mark Labhart, Commissioner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

ATTEST: Tassi O'Neil  
County Clerk

By: Susan L. Bennett  
Special Deputy

APPROVED AS TO FORM:

William K. Sargent  
William K. Sargent, County Counsel



Addendum  
Pacific City Transfer Station Solid Waste Disposal Solid Waste Agreement

"EXHIBIT B"

Transfer Station Operations

The Franchisee shall direct public dumping into transfer boxes and collect all disposal fees for Solid Waste Materials on behalf of the County. For the purpose of this Addendum, Solid Waste Materials should be defined as: garbage and yard debris. The Board of Commissioners, acting as the Board of the Tillamook County Solid Waste Service District, shall establish disposal rates for Solid Waste Materials under a separate Board Order. The Franchisee shall deposit all revenues from County disposal fees into the account designated by the County within two banking days of collection.

The County shall pay Franchisee a monthly fee for operation of the Pacific City Transfer Station for materials management and handling costs of Solid Waste Materials not to exceed \$19,500 during the period of this addendum. The list of reimbursable costs is attached to this addendum.

The County shall pay for hauling Solid Waste Materials from the Pacific City Transfer Station to the Tillamook Transfer Station and shall also pay for all disposal/processing costs of Solid Waste Materials accepted at the Pacific City Transfer Station under this agreement. Franchisee continues to be responsible for all other materials accepted at the transfer station, either for fees or free-of-charge, the fees for which approval have been obtained from the Board of Commissioners. Revenues derived from such other materials belong to the Franchisee.

In the interest of ensuring sustainable recycling opportunities for the citizens residing in the franchise territory, and acknowledging that not all materials are equally viable on the market, the County will pay Franchisee a recycling support incentive of \$16.00 per ton of recyclable materials delivered to an authorized recycling facility. Documentation for such shall be submitted with an invoice for payment quarterly, in addition to required annual reporting.

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In the interest of transparency, the Franchisee agrees to submit monthly reports and documents to support any and all claims for cost recovery on Solid Waste Materials to the County's designated representative in a professional and comprehensive manner as referenced in the Cost Procedure section of the attached document.

Dated this 20 day of May, 2014.

FRANCHISEE: NESTUCCA VALLEY RECYCLING GARBAGE SERVICE, INC.

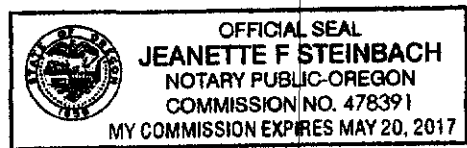
Paul B Carbaugh

By: Paul Carbaugh, Corporate Secretary  
Nestucca Valley Garbage-Recycling Service, Inc.  
Drawer A  
Hebo, OR 97122

STATE OF OREGON )  
County of Tillamook )

On this 20 day of MAY, 2014, the above named personally appeared before me and acknowledged the foregoing instrument to be a voluntary act.

Jeanette Steinbach  
Notary Public – State of Oregon



**Information regarding reimbursable costs for operation of the Pacific City Transfer Station, according to the trial July 1, 2014 – June 30, 2015.**

**REVENUE FROM OTHER ACTIVITIES**

For purposes of this section the revenues reported shall include all monies collected by Franchisee for the services provided under this franchise, including, but not limited to, charges for collection of certain solid waste materials and recyclable materials not considered county revenue materials (i.e. not trash, yard debris, asphalt roofing), revenue from the sale of recycled material, disposal charges, surcharges, fees and taxes. Revenue shall also include any other monies received by Franchisee from any other entity as compensation for the services provided hereunder, allocated fairly and reasonably to the jurisdiction and customers receiving said services.

Revenue data should be provided not only as a whole, but as it relates to the areas covered under this county franchise agreement.

**ALLOWABLE EXPENSES ELIGIBLE FOR REIMBURSEMENT UNDER THIS AGREEMENT:**

For purposes of this section, expenses shall be allowable to the extent they are known and measurable, calculated in accordance with Generally Accepted Accounting Principles (GAAP), do not exceed the fair market value of like services, and are reasonably and prudently incurred by the Franchisee in the course of performing its obligations under this Franchise.

In the interest of transparency, the Franchisee agrees to submit monthly reports and documents to support any and all claims for cost recovery on Solid Waste Materials to the County's designated representative in a professional and comprehensive manner as referenced in the Cost Procedure section of the attached document.

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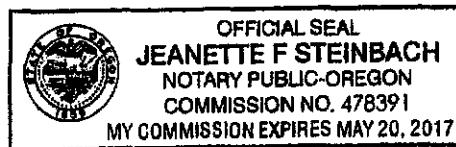
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a) Allowable expenses shall include but not be limited to the following:

- 1) The costs of complying with all laws, regulations or orders applicable to the obligations of Franchisee hereunder, as now or hereafter amended.
- 2) Labor costs, including supervisory labor, associated with provision of services under the Franchise, including workers compensation insurance and benefits and third party transportation costs.
- 3) All expenses of maintaining and replacing capital equipment, and assets, including straight-line depreciation, registration fees, fuel, oil, tires, repair and maintenance. Capital equipment includes sufficient "back-up" equipment as required to ensure the Franchisee's ability to meet operational requirements.
- 4) Performance bonds and insurance, at a minimum, in the amounts and coverage required by the county.
- 5) Administrative costs including officer salaries, administrative staff, data processing, postage, billing and supplies.
- 6) Utilities.
- 7) Training and worker safety.
- 8) Marketing, promotion and public education costs.
- 9) Property or facility depreciation, rental or lease costs necessary to the provision of services required by the franchise agreement.
- 10) Professional fees and costs.
- 11) Interest expenses other than any interest expenses associated with purchases of franchises or business purchases.
- 12) All surcharges, taxes or fees, other than state or federal income taxes or franchise fees, which are imposed upon Franchisee or levied by federal, state or local governments in connection with Franchisee's provision of Solid Waste collection, transportation, disposal and resource recovery services.
- 13) Any other expense determined in advance by the County and Franchisee to be reasonable and necessary to the provision of the services required under the franchise agreement.

### NOT ALLOWABLE EXPENSES

- b) Under no circumstances will the following expenses be counted as Allowable Expenses:
- 1) Interest and amortization on the purchase of the franchise routes or other franchise routes, buyout of partners, redemption of shares, or other financial transactions not directly related to the operation of the collection company.
  - 2) Political and charitable cash contributions.
  - 3) Federal, state, and local income taxes.
  - 4) Loss on sale of assets.
  - 5) Officers' life insurance premiums.
  - 6) Board of Director fees.
  - 7) Interest on the purchase of equipment or facilities to the extent that the purchase price exceeds the fair market value of the asset at the time of purchase.
  - 8) Penalties and fines.
  - 9) Any expense incurred in the handling, processing, storing, transporting, marketing, or sale or other disposition of recyclable materials. (These expenses are allowed as part of reporting on Recycling, but not as part of this disposal franchise reporting.)

### ALLOCATION OF SHARED MANAGEMENT & ADMINISTRATIVE EXPENSES

- a) The Franchisee and its affiliates may use common resources (equipment, fuel, labor, insurance, etc.) to service the County and other nearby jurisdictions. In such cases, it will be necessary to allocate the costs of such resources among the jurisdictions they serve. Franchisee and the County shall mutually agree upon an allocation formula. Such allocation formula may be amended upon the mutual consent of the Franchisee and the County and shall be applied, as amended, to determine Allowable Expenses throughout the term of the Franchise.
- b) Where the Franchisee shares management and general and administrative resources with its affiliates, in lieu of the Allocation Method, the Franchisee and the county agree that the charges for such services shall be determined as a percentage of gross revenues which may be adjusted by mutual agreement between the county and the Franchisee. Charges for these services shall be

equal to or less than eighty percent (80%) of the cost of procuring such services from third party service providers.

REIMBURSEMENT OF COSTS PROCEDURE

The Franchisee will be required to compile a summary of operating expenses and costs for reimbursement using a standardized county format. Such reports should be made on a quarterly basis, within 20 days following the quarter, and payment shall be made within 30 days following receipt of the reimbursement summary, assuming approval of the report can be completed within 15 days of receipt.

If any sustaining documentation is requested by the County, the Franchisee shall provide such supply such documentation as quickly as possible so that the approval of the report can be concluded within the allotted 15 days. If the approval is not completed within 15 days due to the fault of the Franchisee not supplying ample support documentation, then payment of questioned expenses may be delayed.

The County reserves the right to subject all reimbursement claims to auditing procedures at any time within three (3) years following the fiscal year.

A sample summary report is attached.



**Tillamook County Franchise Transfer Station Cost Reimbursement Summary**

*edited April 2014*

Time period:

REVENUE (for County)	Tillamook County materials			Allocation method/comments	Other materials		Total	Allocation method/comments
	Trash	Yard Debris	Asphalt Roofing		Recycling	Other Materials/Activities		
Solid Waste acceptance (i.e. Tipping Fee revenue)							\$ -	
Solid Waste tonnage							\$ -	
Sum paid to County							\$ -	
Recycling/Recovery revenues							\$ -	
Remainder	-	-	-		-	-	-	
<b>EXPENSES</b>								
<b>Operational expenses</b>								
Disposal expense							\$ -	
Disposal hauling expense							\$ -	
Disposal labor expense							\$ -	
Recycling sales expense							\$ -	
Recycling processing expense							\$ -	
Recycling hauling expense							\$ -	
Recycling labor expense							\$ -	
Taxes, insurance							\$ -	
Other labor-related expense							\$ -	
Fuel							\$ -	
Repairs and Maintenance							\$ -	
Depreciation and Amortization							\$ -	
Equipment expense							\$ -	
Other operational expense							\$ -	
Total operational expenses	-	-	-		-	-	-	
<b>Administrative expense</b>								
Management services							\$ -	
Administrative services							\$ -	
Postage, phones, office supplies, utilities, etc.							\$ -	
Advertising and outreach expenses							\$ -	
Education, Training, Publications, dues							\$ -	
Bad debts							\$ -	
Other admin. Expenses							\$ -	
Total administrative expenses	-	-	-		-	-	-	
Return on income before taxes (revenue - allowable costs)	-	-	-		-	-	-	
Operating margin	#DIV/0!	#DIV/0!	#DIV/0!		#DIV/0!	#DIV/0!	#DIV/0!	

Person responsible for completing this form:

Date submitted:

