



Southwest Washington GRAIN PROJECT

*Case Study of the Direct Sale of Regionally Produced Wheat
to Talking Cedar Tribal Distillery and Brewery*



Abstract

A summary of one season of commerce between Chehalis Basin commodities wheat growers and a tribally owned distillery

Northwest Agriculture Business Center

October 2022

1. INTRODUCTION

1.1. Purpose: Guide the development of an Identity Preserved product marketing plan on behalf of the Southwest Washington Grain Project (Grain Project)

As consumer awareness of where and how food is grown continues to increase, many farms are finding success selling into their local and regional food system. Place based marketing is a proven method of adding value to crops, and the practice of producers selling directly to consumers is common in today's marketplace. This fact is made evident through the popularity of community CSA (Community Supported Agriculture) programs and farmers markets. Many small diverse row crop farms have also developed direct sales relationships with restaurants, bakeries, and other small businesses with an interest in purchasing locally produced farm products.

In Lewis County Washington alone, there are currently six farmers markets operating, and the nearby urban centers of Olympia and Vancouver offer more opportunities. Traveling a bit further, direct farm marketers can reach the high-density markets of Seattle, Tacoma, and Portland.

But what about commodity crops such as wheat; can this same strategy be applied to regional mid-size farms that are operating on a commodities sales model?

There are excellent examples of farms that have done just that by branching out into the production of landrace, heritage grain for specialty markets such as breweries, distilleries, and bakeries. These models are focused on increasing their revenue on a per/acre basis and consistently participate in multiple links in the supply chain in an attempt to capture value in areas with greater margins such as transportation and direct and intermediate sales.

Chehalis Basin growers have demonstrated interest in getting a higher return on their crops as well as gaining some control over their pricing in a volatile commodities market. As a result, research was undertaken to gauge the interest of regional bakeries, brewers, and distillers and during that research an opportunity presented itself to grow Alturas wheat for direct sale to a local distillery owned by the Chehalis Tribe.

1.2. Methods:

Data sources include notes from conversations, interviews, and presentations. Conversations took place between and among the parties participating in a pilot project which developed commerce directly between regional growers and a regional distillery. Data was also collected through financial recordkeeping specific to commerce which occurred between the Southwest Washington Growers Cooperative (Co-op) and Talking Cedar Brewing Co. This information includes producer agreements, financial projections, enterprise budgets, and information collected during the course of business such as invoices, and producer payments.

2. CASE STUDY

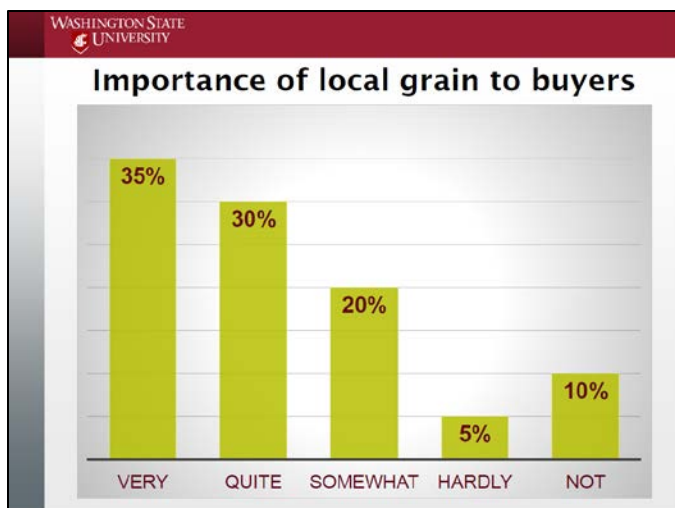
2.1 Background

The loss of processing facilities, flood events, lack of infrastructure, development pressure, and diminished competitive advantages are threatening agriculture in Southwest Washington at a time when the infrastructure necessary to develop alternative markets is not yet available.

In 2017 National Frozen Foods ceased issuing contracts to regional growers for processing crops. Symons Frozen Foods, located north of Centralia, WA declared bankruptcy in 2008. There are currently no contracts for processing crops available to Southwest Washington producers. The loss of this market, that was the foundation of several generational farming operations in southwest Washington, puts at risk a conservatively estimated 4000 acres of farmland in the Chehalis Basin.

As early as 2012, producers in Southwest Washington identified malting barley as a viable alternative to the commodities crops once grown in the region. At this time, growers had partnered with Valley Agronomics, a regional agronomy center, to conduct sales with Great Western Malting co. in Vancouver Washington. This program lasted two years before being discontinued as a result of then unsolvable logistics issues including labor, storage, and transportation.

In 2018, WSU Thurston County Extension published the results of surveys of southwest Washington grain producers and potential buyers. These surveys indicate strong interest on the part of regional producers to increase acreage already in grain, and to add malting barley to their crop plans. The survey indicates that if local producers could expect fair pricing and had access to storage and transload infrastructure to support marketing at peak market opportunity, producers would increase production by 223%. This translates into a rough estimated increase from the 4,145 acres currently in production, to 9,234 Acres.

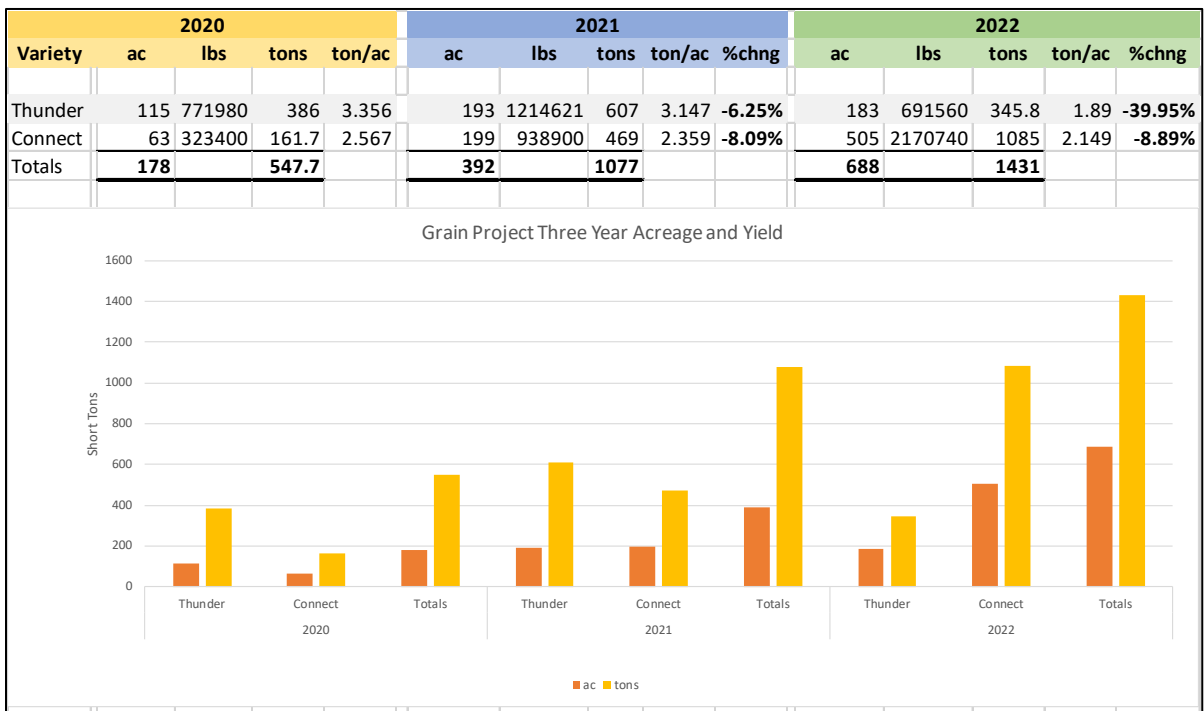


Buyers surveyed include Brewers, distillers, bakers, feed dealers, and maltsters. These surveys also indicate strong interest on the part of regional buyers to source local grains and indicate a willingness to pay a reasonable premium for local grain. Sixty five percent of buyers surveyed indicated that sourcing local grain is very to quite important.

In an effort to address the challenges facing agriculture in southwest Washington, Chehalis Basin farmers came together in late 2018, and in early 2019 formed the Southwest Washington Growers Cooperative (SWWGC). The Cooperative was formed “to increase the viability of Southwest Washington family farms through collaborative opportunities in marketing, logistics, and stewardship”. The Co-op provides aggregation, distribution, and marketing services to its members.

The Southwest Washington Grain Project (SWWGP) operates as a pool within the Southwest Washington Growers Cooperative and is focused on the development of a vibrant regional small grain economy. The Co-op filed articles of incorporation in late 2019, conducts regular meetings, and has an active and effective Board of Directors in place.

Sales to Great Western are the result of work done earlier during the trials that took place in 2012-2014. In 2019, the Northwest Agriculture Business Center (NABC) provided executive level business management staff on loan to the project, and the relationship with Great Western was re-established. With Great Western’s partnership, the establishment of a western Washington malting barley program is well underway (*att 1*), and the Southwest Washington Grain Project has sold over 3000 tons of malting barley to Great Western Malting Co. since 2020.



This is a comfortable model and familiar way of conducting business for the commodities growers represented by the Grain Project who are accustomed to contract growing for large volumes with prices dictated by the buyer based on projections of global grain economies.

2.2 Opportunity

Southwest Washington is a prime agricultural region with ample rainfall and cool, dry summers, and grain production is an important part of the region's agricultural heritage. The brewing, baking, and distilling markets of nearby urban centers like Olympia, Portland, and Seattle provide an ideal market for locally produced "specialty" grains such as malting barley and heritage varieties of flour grains like wheat and spelt.

The project has always acknowledged the possibility of entering these markets and has recognized that precedent exists, such as the relationship between Skagit Valley Malt and Skagit Valley growers, in which Skagit Valley Malt purchases regionally produced grain at a premium to be malted and sold to the brewing and distilling industries.

The first confirmed case of COVID 19 in the United States was announced in Washington State on January 21, 2020. On February 29th of 2020 Governor Inslee declared a state of emergency, and this began a series of stay-at-home orders and shutdowns that had an unprecedented effect on global commodities prices and availability, and crippled global supply chains.

Russia's invasion of Ukraine added to the woes of global supply chains. Combined with the China-U.S. trade war and other pandemic and climate-related disruptions, it accelerated the movement by Western companies to develop more localized regional sourcing strategies. Supply chain disruptions generated by the pandemic and climate-related events caused the pace of supply-chain localization to rise significantly, and with oil and gas prices soaring due to the war, transportation costs followed suit.

Russia and Ukraine are major exporters of grains such as corn, barley, and wheat as well as fertilizer. Russia is the world's largest exporter of wheat, accounting for more than 18 percent of international exports. In 2019, Russia and Ukraine together exported more than a quarter (25.4 percent) of the world's wheat, according to the Observatory of Economic Complexity ([OEC](#)). While the war's full impact on global food supplies is not yet clear, prices have skyrocketed. These factors boosted interest in local supply chain strategies.

Bill Lundeen at Talking Cedar, a tribally owned brewery and distillery located in Grand Mound WA, is quick to confirm that disruptions in the supply chain motivated him to reach out directly to the Southwest Washington Growers Cooperative in an effort to source wheat for distilling. Bill was introduced to the project when he and regional grain producers met as part of a panel representing opportunities in local supply chain development at an event hosted by the Thurston Economic Development Council. "This [supply chain disruption] really drove home the fact that there are local resources available and motivated me to pursue strategies that had been discussed, but not acted upon. I saw this as a timely opportunity to source a portion of our grain locally. It motivated me to try and determine how to implement these ideas and utilize these local resources to everyone's benefit."

2.3. Direct Sales Pilot Project Development

Bill contacted the Cooperative and began the process of establishing a local source of wheat for distilling. The Cooperative responded by working with Talking Cedar to develop producer agreements, specifications of quality, and pricing, and setting strategies to identify and work through the logistics of harvest, storage, and transportation.

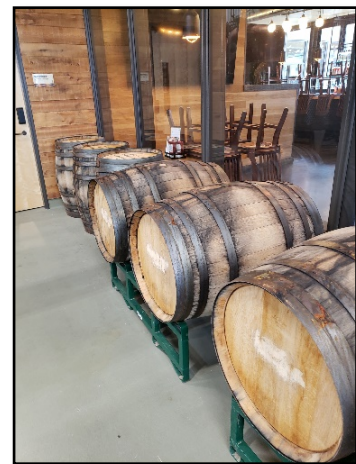
An initial in-person meeting took place in early 2022 between Bill Lundeen and regional growers David Fenn and Zach Zucati. Dave hosted the meeting at his farm located in the Boistfort Valley, and he and Bill met along with a representative from the Northwest Agriculture Business Center. The topic of conversation focused on availability and quality of regionally produced wheat and the logistics of transportation and storage. Bill visited with growers, asked questions, and was provided with samples and the opportunity to inspect wheat in storage.

Talking Cedar was willing to commit to the purchase of 200,000 lbs. of Alturas soft white spring wheat and 50,000 lbs. of Connect spring barley. It is worth noting that this grain was intended to be used to distill neutral grain spirits and as a primary ingredient in blended whiskeys, and as such did not require malting or any other additional post-harvest processing.

The fact that no additional labor and/or cash intensive post-harvest processing was necessary is of critical importance. In early research it was determined that the current market rate for “toll malting” is approximately sixty cents/pound. Early estimates indicate that if a grower chose to transport raw material to and from a malting facility, pay for malting and bagging, and market the material as a branded malted product, that finished malted barley would be priced at roughly \$1.20/lb. for a break-even; this compared to roughly fifty cents/lb. from traditional suppliers like Country Malt Group, and roughly eighty-five cents/lb. for craft malt from independent suppliers such as Skagit Valley Malting in Burlington WA, and LINC Malt in Spokane.

Bill Lundeen worked directly with tribal representatives to broker the deal while NABC staff on loan to the project worked to develop a producer agreement. A combination of research and interview was used to collect data including USDA publications and industry examples of existing contracts (*att 2*).

NABC staff worked with regional growers to develop an enterprise budget (*att 3*) specific to the direct sale of wheat to Talking Cedar. The enterprise budget indicates that there is the potential for nearly 50% increase in gross profit per acre on 40 acres of wheat produced for direct sale to Talking Cedar, compared to that sold to the elevator in Portland for export.



On September 23, 2022, an agreement was signed (*att 4*) between Talking Cedar Brewing Company and the Southwest Washington Growers Cooperative. The agreement is for up to 200,000 lbs. of Alturas soft white spring wheat, and up to 50,000lbs of Connect spring barley.

The agreement includes:

- Terms for contract development and production
- Specifications of product & dockage schedule
- Pricing details
- Storage and interest
- Language regarding the provision of advance samplers
- Language regarding shipping and receiving
- Dispute resolution
- Rights of buyer to cancel for cause

2.4. Harvest and Delivery

Two Southwest Washington farms took advantage of the program in 2022. Zach Zucati and partner Brennan John of South Valley Farm grew Alturas on three fields located southwest of Chehalis Washington and totaling approximately 77 acres. Zach and Brennan started harvesting in early September and realized an approximate yield of two tons/acre. Zach stated that the crop was late to mature, and he felt that the yield was low relative to average expected yields. Zach offered that a yield of three tons/acre is not a stretch and added that for planning purposes he routinely estimates conservatively at 2.5 tons/acre.

Zach and Brennan will typically harvest with a combine and utilize borrowed equipment such as hoppers and trucks equipped with augers from a regional agronomy center to store enough wheat to fill a semi or set of doubles for delivery to Portland. In some cases, they are able to fill trailers directly from the combine, but Zach stated that this is the exception.

In the case of sales to Talking Cedar; growers are required to fill 1-ton sacks with wheat and place these on pallets. The sacks and pallets, along with filling sacks and handling the loaded pallets, creates additional expenses that are outside the normal course of business for these farms. Zach and Brennan loaded bags directly from the combine at a rate of 8-10 per hour once the system was in place. These bags were loaded on pallets and the pallets were then moved to flat storage using a tractor with forks or forklift. This additional handling is unique to direct sales as well.



To date in December 2022, Zach and Brennan have delivered 48 tons of Alturas to Talking Cedar and have an additional 22 tons in storage. The remaining 30-tons are being provided by Jay Gordon of Gordon Farms located in Grays Harbor County. Zach and Brennan deliver wheat to Talking Cedar using a flatbed truck with the capacity to haul 8-tons. Talking Cedar receives the wheat and loads it into storage containers using a fork-lift and pallet jack. Talking Cedar currently has the capacity to store 32 tons of material.

Zach estimates they will harvest 40 small square bales of wheat straw per acre after the grain. These are sold to a local Farm Store as well as being sold to private individuals. These sales represent 20% of the gross profit per acre and are an important part of the farm's overall wheat income.

2.5 Talking Cedar Direct Sales Program Benefits

Premium pricing is one benefit of the program for regional producers. Talking Cedar worked with NABC representatives to develop a pricing schedule that reflected the value of developing a local grain economy. Developing the pricing was a relatively complex process which reflected current commodities pricing and specifications of quality, assigned a premium, and considered those fixed costs associated with bagging and transportation. In the final assessment, Talking Cedar appeared satisfied with a pricing schedule that significantly increased producer payments per ton compared to spot pricing at the elevator in Portland.

Growers involved in the process also shared that they enjoyed working directly with a regional buyer. Growers met with Talking Cedar staff prior to harvest and throughout the process. Both Zach and Jay stated that they enjoyed making the connection with Talking cedar staff and building a relationship with a local buyer.

Flexibility in delivery was noted by growers as a benefit to this program as well. The Portland terminal receives grain from 6am-4pm Monday through Friday. Because growers are contracting this trucking, it is difficult to coordinate transportation and delivery while considering changing daily weather conditions which may or may not be conducive to harvesting. Growers were able to work with Talking Cedar staff and create a delivery schedule that better fit their schedule and allowed them to prioritize harvest based on favorable weather conditions and other farm activities.

From the buyer's perspective, Bill Lundeen's priority was building the program, taking thoughts and words and putting them on the ground. Bill is passionate about his work and has a noticeable sense of pride for having worked with local producers to make this happen.

From a financial perspective the buyer feels confident that the program can work and, though hesitant to go into any detail, has alluded to the fact that the pricing is certainly fair. Though the buyer does not assert that there is a noticeable difference in the quality of regional grains versus those acquired through more conventional channels, they are vocal about the need to develop supply chain security and support a local economy.

2.6 Talking Cedar Direct Sales Program Challenges

2.6.1 Storage

Regional growers and Talking Cedar staff agree that access to storage is the greatest challenge. On-farm storage is limited, and there is additional liability that comes with on-farm flat storage in terms of maintaining low moisture and monitoring for and repelling rodents. Talking Cedar's upright storage is also limited and often dedicated to high value malted products.

2.6.2 Handling

Growers are currently bagging wheat into one-ton sacks and storing and transporting these sacks on pallets. This creates additional labor and slows other farm activities. Wheat is harvested with a combine then either bagged directly out of the combine or transferred into hoppers with augers. If transferred into hoppers, the wheat is then augered into sacks and moved to barns for storage. Because capacity in these hoppers is limited, harvest activities cease when the hoppers are full, and the farm team begins the process of bagging until they are empty. This slows the harvest process considerably. This process also increases the cost of production with the purchase of bags and pallets.



The cost of these activities is figured into the price of the wheat, but they still draw resources away from the focus of the farm which is growing, harvesting, and selling crops. It is difficult to quantify the cost of reductions in efficiency caused by the current practices.

This is an important factor when considering the transition into a direct market model for more traditional farms. Many of these farms have limited experience with any type of vertical integration which might require additional handling or specialized packaging and are accustomed to harvesting into bulk containers or trucks for delivery.

In the case of the Southwest Washington Grain Project one of the motivating factors in forming the Cooperative was to establish a producer owned entity focused on developing the resources necessary to provide these services.



The same loss of efficiency is experienced by the buyer. Talking Cedar commonly purchases grain from Great Western Malting and other large distributors that deliver in pneumatic tanker trucks. These trucks are outfitted with the equipment necessary to “blow” grain from the truck into upright storage. Without access to pneumatic conveyance, Talking Cedar is offloading with a forklift and loading pallets into storage containers using pallet jacks. These pallets are then transported into the facility and dumped into hoppers which feed the fermenting equipment.

2.6.3 Quality

There were some minor issues with the quality of the wheat delivered to Talking Cedar that were not anticipated. Because the wheat is harvested “standing” and not cleaned before delivery, Talking Cedar experienced some difficulty while processing the grain in its column stills. Chaff from the wheat floats to the top

of the vessel and creates a crust. This crust then gums up the smaller passages and creates an issue in the distilling process.

2.6.4 Communication

Additional communication is necessary to coordinate these direct sales. In the process of developing the program with Talking Cedar this became one of the greatest benefits of the program, and growers and buyers alike enjoyed meeting one another and learning more about each other’s respective businesses. Still, it is worth noting that good communication is key and that there is a heightened degree of expectation around communication with these direct sales. This communication is often personality specific, and it would appear important to make certain that a good communication plan is in place to build and maintain the relationship between the buyer and the producers.

2.7 Talking Cedar Direct Sales Program Solutions

2.7.1 Storage

Storage challenges shared by producers and buyers alike could be mitigated by access to aggregate storage. Increased access to storage would allow producers to store product before bagging and would eliminate the issues associated with limited storage and the need to cease harvesting activities to transfer grain from hoppers into bags; allowing grain to be stored until the distillery is ready for delivery, then augered into bags without interrupting harvest or any other farming activities.



There is a project underway at the Port of Chehalis that will provide an initial 600 tons of aggregate storage. The Grain Project is already utilizing Port property for transloading grain for rail delivery to Great Western, and the proposed facility would provide much needed aggregate storage. Talking Cedar is also in conversation about how they might increase their upright storage capacity with the addition of more silos.

2.7.2 Handling

The issue of increased handling can be addressed in part through access to increased storage. The ability to store grain in aggregate would eliminate the need to bag grain before placing it in storage. Once in storage it is well within the Co-op's scope to provide the service of bagging the grain for delivery, loading trucks, and delivering.

The second issue is handling on the part of the buyer. Talking Cedar does not currently have the capacity to blow material into silos, but if it did, regional producers could deliver in trucks and dump into a pan or pit. Grain could then be augered to a device which would blow it into existing silos. Talking Cedar is currently exploring the option of providing this equipment.

Another option is for producers to purchase, lease, or employ the services of a pneumatic tanker. The project has explored employing the services of a food grade carrier (*att 5*) offering this service. One additional issue is that the carrier will not transfer grain into the truck unless the process takes place under cover. The logistics of aggregating grain in a facility with the capacity for flat storage and space enough to accommodate a truck and trailer are challenging.

2.7.3 Quality

The Co-op is working on solutions to address the issue of cleaning grain after harvest. There is a third party located in Woodland, WA approximately 65 miles from the Chehalis Basin. This facility has the capacity to clean producers' wheat at a cost of \$60 per ton. There are additional considerations with this including scheduling; wheat is harvested at the same time as grass seed and the facility is often too busy with this high value crop to consider cleaning wheat. Storage before and after the cleaning, and the cost of trucking to and from the cleaning facility are also considerations.

The fact that chaff gummed up the works in the distilling process was a surprise and limited to the distillery's more complex pre-filtration columns. The wheat was visually inspected prior to processing, but this proved an insufficient means of determining how well it would flow through the process. It is critical moving forward that grain is cleaned after harvest, and the Co-op is researching the purchase of cleaning equipment.



The Co-op also has access to existing cleaning equipment. However, this equipment is outdated and operates at a rate of approximately two tons per hour. Use of this equipment would also add a step to post-harvest handling, exacerbate existing challenges, and add an estimated \$100 per ton to post-harvest handling expenses. This is not deemed a satisfactory solution and the Co-op will continue to explore options for purchase of mobile equipment capable of quickly and efficiently cleaning grain after harvest.

Co-op staff has identified several options for the purchase of new equipment capable of quickly and efficiently cleaning grain. These options range in price from \$45k to

\$125k depending on installation and options. The range in price is largely a matter of whether the equipment is stationary or mobile, the volume of grain it can handle, and the ability to fine tune the process.

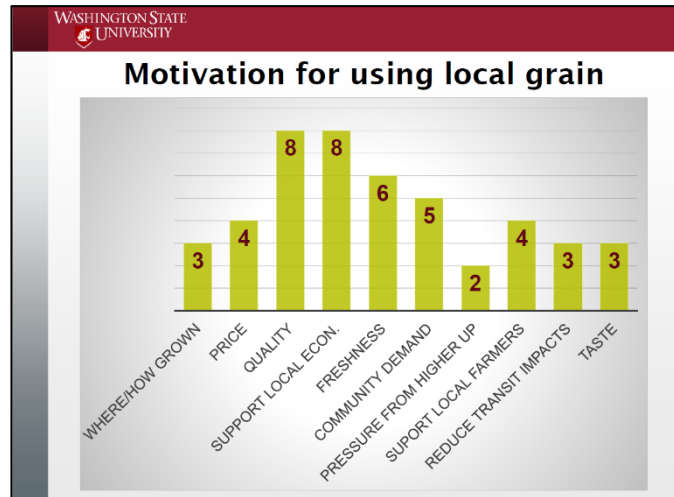
2.7.4 Communication

The mission of the Southwest Washington Growers Cooperative is ‘to increase the viability of Southwest Washington family farms through collaborative opportunities in marketing, logistics, and stewardship’. Co-op staff will continue to provide the additional communication necessary to ensure the success of projects and programs that support the Co-op’s mission and provide valuable services to its members.

3. Conclusions

Opportunity exists to develop an intermediate market for the sales of regionally produced small grains into the brewing, distilling, and baking industries. There is ample supply and interest on the part of producers in the Chehalis Basin and compelling evidence of ample interest on behalf of buyers who are able to purchase a volume of regionally produced small grains at a price that will make the program financially viable.

The single most important factor motivating the participants in this project is the shared vision of creating a regional grain economy to provide greater opportunity for the regional agricultural community and address concerns about the fragile nature of global supply chains. This is reinforced by the survey results provided by WSU.



The success of this venture is supported by the efforts of regional universities, economic development agencies, ports, and non-profits, all of whom are mission aligned with the development of a regional grain economy. This support is bolstered by the continued enthusiasm of an engaged group of producers and processors who routinely come together to share information and resources.

The biggest challenges identified with bringing this product to market are related to access to infrastructure including:

- Aggregate storage
- Pneumatic conveyance
- Grain cleaning equipment
- Transportation
- Marketing

Thunder 2022		Stated				ACT			
Name	Acreage	ac planted	date	ac planted	date	TOTAL	COMP	NOTES	
Dave Fenn	135	44	1-Oct			44	-91	44ac clean; rest weed pressure	
South Valley Farms	33	35	27-Sep			35	2	in a little early: looks great	
Newaukum Valley Harvest	40	20	5-Oct			20	-20	Planted 50 acres: 30ac weed pressure	
Chuck Hayes	60	60	10-Oct			60		Looks Good	
Bill Reisinger	20	10	21-Oct			10	-10	10 acres at 3 ton+; other 10ac weed pressure	
<i>subtotal</i>		169		0					
<i>Estimated at 3st</i>		507 st						CHEHALIS: Late July	
Todd Johnson	60	45	10-Oct			45	-15	Planted 60 & lost 15 to flooding; Looks really good	
<i>Estimated at 3st</i>		135 st						SKAGIT: Mid-late July	
total	348	214				214	-134		
Agreement	900 M								
Estimated at 3st	584 M	642 st							
DIFFERENCE	-316 M								

Connect 2022		Stated				ACT			
Name	Acreage	ac planted	date	ac planted	date	TOTAL	COMP	NOTES	
Olympic View	75	27	4-May			27	-48	looks quite good	
Gordon Farms	80			80	25-May	80	0	Looks good	
WB Farm LLC	130	33	4-May	98	22-May	131	1	Looks quite good	
Marcus Graves Enterprises	140	100	11-May	20	26-May	120	-20	Looks really good	
Newaukum Valley Harvest	50	9	17-May	28	24-May	37	-13	Looks about the same as last year	
South Valley Farms	81			65	21-May	65	-16	looks good	
<i>subtotal</i>		169		291					
<i>Estimated at 2.5st</i>		422.5 st		727.5 st				CHEHALIS: Last week August & first week September	
Todd W Johnson Farms	90	60	25-Apr			60	-30	Looks great	
<i>Estimated at 2.5st</i>		150 st		0 st				SKAGIT: Late August-ish	
total	646	229		291		520	-126		
Agreement	1600 M								
Estimated at 2.5st	1182 M	1300 st							
DIFFERENCE	-418 M								

Alturas		Stated				ACT			
Name	Short Tons	ac planted	date	ac planted	date	TOTAL	COMP	NOTES	
Gordon Farms	50	25	25-May			25	-25		
Cowlitz Prairie Farms	100	94	7-May	41	23-May	135	35		
Marcus Graves Enterprises		X						Sea Hawk in ground: 100 +/-	
South Valley Farms	100	77	26-May			77	-23		
total	250	196				237			

GRADES AND GRADES REQUIREMENT CHART

WHEAT										
Grade	Minimum Limits of -		Maximum Limits of -							
	Test Weight per bushel		Damaged Kernels			Foreign material (percent)	Shrunken and broken kernels (percent)	Defects ¹ (percent)	Wheat of other classes ²	
	Hard Red Spring Wheat or White Club Wheat (pounds)	All other classes and subclasses (pounds)	Heat damage (part of total) (percent)	Total (percent)	Contrasting classes (percent)				Total ³ (percent)	
U.S. No. 1	58.0	60.0	0.2	2.0	0.4	3.0	3.0	1.0	3.0	
U.S. No. 2	57.0	58.0	0.2	4.0	0.7	5.0	5.0	2.0	5.0	
U.S. No. 3	55.0	56.0	0.5	7.0	1.3	8.0	8.0	3.0	10.0	
U.S. No. 4	53.0	54.0	1.0	10.0	3.0	12.0	12.0	10.0	10.0	
U.S. No. 5	50.0	51.0	3.0	15.0	5.0	20.0	20.0	10.0	10.0	

¹ Defects include damaged kernels (total), foreign material, and shrunken and broken kernels. The sum of these three factors may not exceed the limit for defects for each numerical grade.

² Unclassed wheat of any grade may contain not more than 10.0 percent of wheat of other classes.

³ Includes contrasting classes.

Typical specs on a contract to CHS/Portland are:

- Test Weight (TW): For Soft white wheat min is 60 after which there is dockage; min 58
- Moisture (MT): Typically maximum 13.5% - 15%
- Shrunken and Broken (SB): maximum 3% grade ; 5% grade 2
- Protein (PR): ???



SPRING WHEAT DISCOUNT SCHEDULE
Effective: July 20, 2021

Test Weight

See Below

Moisture

0.75% shrink each 1/2% of moisture over 13.5

Damage

See Below

Protein

Market Price
(subject to change)

<u>Test Weight</u>	<u>Discount</u>	<u>Moisture</u>	<u>Shrink</u>	<u>Drying</u>	<u>Damage</u>	<u>Discount</u>	<u>Additional Discounts</u>	
58.0 and above	\$.00	13.50%	0%	\$.00	0.9% and less	\$.00	Musty -.15	
57.5 to 57.99	.02	13.60 to 14.00	0.75%	.06	1.0 to 1.9	.04	Sour -.25	
57.0 to 57.49	.08	14.10 to 14.50	1.50%	.06	2.0 to 2.9	.10	COFO -.30	
56.5 to 56.99	.12	14.60 to 15.00	2.25%	.06	3.0 to 3.9	.15	Infested -.20	
56.0 to 56.49	.16	15.10 to 15.50	3.00%	.09	4.0 to 4.9	.20	Ergot -.25	
55.5 to 55.99	.20	15.60 to 16.00	3.75%	.12	5.0 to 5.9	.25	Stones -.10	
55.0 to 55.49	.24	16.10 to 16.50	4.50%	.15	6.0 to 6.9	.30	Animal Filth -.50	
54.5 to 54.99	.28	16.60 to 17.00	5.25%	.18	7.0 to 7.9	.35	Heating -.10	
54.0 to 54.49	.32	17.10 to 17.50	6.00%	.21	8.0 to 8.9	.40	IDK/per 100g -.40	
53.5 to 53.99	.36	17.60 to 18.00	6.75%	.24	9.0 to 9.9	.45	For up to 32 IDK per 100g	
53.0 to 53.49	.40	18.10 to 18.50	7.50%	.27	10.0 to 10.9	.50	Over 32 IDK per 100g is sample grade	
52.5 to 52.99	.44	Moisture over 18.60– subject to rejection		*Damage over 10.9% subject to rejection				
52.0 to 52.49	.48							
51.5 to 51.99	.52							
51.0 to 51.49	.56	<u>Vomotoxin Discounts</u>			<u>Falling Numbers Discount</u>		<u>Discounts by Grade</u>	
50.5 to 50.99	.60	2.1-2.5 ppm = \$.10			299 - 275 = \$.25	US No 1 No Discount		
50.0 to 50.49	.64	2.6 - 3.0 = .20			274 - 250 = .45	US No 2 0.10		
*under 50.0lbs– subject to rejection.		3.1 - 3.5 = .30			249 - 0 = .60	US No 3 0.20		
		3.6 - 4.0 = .40			(subject to change)	US No 4 0.30		
		4.1 - 4.5 = .60				US No 5 0.40		
		4.6 - 5.0 = .80				Sample Grade Feed Price		
		Over 5ppm subject to rejection (subject to change)			<u>Dockage Discount Scale</u>			
					0.0% - 1.0% = \$.00			
					1.1% - 1.5% = .05			
					1.6% - 2.0% = .10			
					2.1% - 2.5% = .15			
					2.6% - 3.0% = .20			
					*Max Discount .20			

Grades and grade requirements for Wheat

Minimum limits of:

Hard Red
Spr Wht or
White Club
Wheat

Maximum limits of:

Grade	All other classes and subclasses	Heat damage	Total Damage	Foreign Material	Shrunken/ Broken	Defects	Contrasting Classes	Total
US No. 1	58.0 lb	60.0 lb	0.2%	2.0%	0.4%	3.0%	3.0%	3.0%
US No. 2	57.0 lb	58.0 lb	0.2	4.0	0.7	5.0	5.0	5.0
US No. 3	55.0 lb	56.0 lb	0.5	7.0	1.3	8.0	8.0	10.0
US No. 4	53.0 lb	54.0 lb	1.0	10.0	3.0	12.0	12.0	10.0
US No. 5	50.0 lb	51.0 lb	3.0	15.0	5.0	20.0	20.0	10.0

US Sample Grade:

- Does not meet the requirements for the grades US Nos. 1, 2, 3, 4, or 5; or
- Contains 32 or more insect-damaged kernels per 100 grams of wheat.

MILLING QUALITY WHEAT STANDARDS:

1.0% dock and damage or less, 58 lbs or better and #1 on all other factors, and less than 2ppm vomotoxin. Greater than 300 falling number.

There are various discounts for each grain that is not included in this sheet, but are still applicable when determining grain values. Wheaton-Dumont Coop Elevator reserves the right to reject loads of distinctly low quality or that have not been loaded uniformly.

These discounts are subject to change at any time.



DISCOUNT SCHEDULE: SOFT WHITE & CLUB WHEAT
EFFECTIVE: JULY 1, 2018

DOCKAGE: -1 CENTS/BUSHEL AT 0.3%
ADDITIONAL -2 CENTS/BUSHEL EACH 0.1% STARTING AT 0.4%
OVER 1.5% NOT APPLICABLE ON CONTRACT
*ALL DOCKAGE IS DEDUCTIBLE
*ALL DOCKAGE ON A PER CAR BASIS

TEST WEIGHT: SW: -2 CENT EACH ½ LB 59.9 TO 58.0
BELOW 58 SUBJECT TO MERCHANT APPROVAL
-5 CENTS EACH ½ LB 57.9 TO 57.0

CLUB: -2 CENT EACH ½ LB 57.9 TO 57.0
BELOW 56 SUBJECT TO MERCHANT APPROVAL
-5 CENTS ½ LB UNDER 57.0
*THIS IS IN ADDITION TO GRADE FACTORS.

MOISTURE: - 2 CENTS EACH 1/2% OVER 13.5% TO 15.0%, IF ACCEPTED BY BUYER.
CCL: -2 CENTS EACH 1/2% (OR FRACTION THEREOF) OVER 1% TO MAXIMUM 10%.
WOCL: -2 CENTS EACH 1/2% (OR FRACTION THEREOF) OVER 1% TO MAXIMUM 10%.

STANDARD GRADE DISCOUNT OTHER THAN ABOVE:
-2 CENTS FOR NO. 2 GRADE.
GRADE 3 OR LOWER IS SUBJECT TO MERCHANT APPROVAL
-4 CENTS FOR NO. 3 GRADE IF ACCEPTED BY BUYER.
-7 CENTS FOR NO. 4 GRADE IF ACCEPTED BY BUYER.
-10 CENTS FOR NO. 5 GRADE IF ACCEPTED BY BUYER.
*SAMPLE GRADE SUBJECT TO REJECTION.

DAMAGE/DEFECTS

SPROUT: MAXIMUM TO APPLY ON CONTRACT 0.2%, ABOVE 0.2% AT BUYERS DISCRETION
-2 CENTS FROM 0.1%-0.2%
-2 CENTS FROM 0.3%-0.5%
-4 CENTS EACH ½ % OVER 0.5% MAX 1.5%

GERM DAMAGE: -2 CENTS EACH 1% OVER 1%.
HEAT DAMAGE: -2 CENTS EACH .1% OVER .0%, ABOVE 0.5% AT BUYERS DISCRETION
BLACK TIP: -2 CENT EACH 1% OVER 1%
FROST: -2 CENTS EACH ½ % FROM ZERO
MOLD: -2 CENTS EACH ½ % OVER 1%.

FM BARLEY/RYE: #2 -3 CENTS
#3 -5 CENTS

SOUR, MUSTY, GARLICKY, ERGOTY: SUBJECT TO MERCHANT APPROVAL, MINIMUM 25 CENTS
STONES: 4-10 STONES, -10 CENTS. OVER 10 STONES, -1 CENT /STONE MAXIMUM 20 STONES.
SMUT: LIGHTLY: -5 CENTS/BU SMUTTY: SUBJECT TO MERCHANT APPROVAL, MINIMUM 25 CENTS
INFESTED: SUBJECT TO MERCHANT APPROVAL, MINIMUM 15 CENTS
IDK: -10 CENTS AT 10 IDK/100 GRAMS.
-1 CENT EACH 1 IDK OVER 10 UP TO 31. SAMPLE GRADE IDK NOT APPLICABLE
VOMITOXIN: MAX 0.5 PPM TO APPLY ON CONTRACT
FALLING NUMBER: GUARANTEED 300 OR BETTER BELOW 300 APPLICABLE AT BUYERS' DISCRETION
-25 CENTS EACH 25 BELOW 300

ANY AND ALL DISCOUNTS ARE SUBJECT TO CHANGE WITHOUT NOTICE AND PERTAIN ONLY TO GRAIN UNLOADED AT UNITED GRAIN ELEVATORS OR PUT THROUGH TERMINALS FOR THE ACCOUNT OF UNITED GRAIN

Glossary of Terms:

CCL: Contrasting Classes

CL: Class

DHV: Dark Hard and Vitreous Kernels

DKG: Dockage

FM: Foreign Material

FN: Falling Number

HT: Heat Damage

HVAC: Hard and Vitreous Kernels of Amber Color

IDK: Insect Damaged Kernels

MT: Moisture

ODOR: Odor

PR: Protein

SB/SHBN: Shrunken & Broken

TD: Total Defects

TW: Test Weight

VRI: Visual Reference Images

WOCL: Wheat of Other Classes

Grain Elevator Fees

Service Offered	Fee	Description and Terms
Truck Scale	\$8.00/ weight service	Leveled against outside use and not for the tenant of a dedicated bin
Load In	\$5.00/ton	Billed with the first month of storage for inbound material
Load Out	\$5.00/ton	Settled with monthly bills Billed in addition to load in
Carryover	\$10/ton	Assessed on grain stored longer than 365 days. Fee assessed in full on 366 th day. Negotiable by terms: long term rental
Standard (comingled) Storage	\$0.045/bu/month	Calculated daily and billed monthly.
Identity Preserved (segregated) Storage	\$0.035 x (total bin bu capacity) x (9 month storage period)	Assessment billed over 9-month period.
Rail Loading (Unloading) Through the house	\$250.00/car	Fee for handling only – not assessed if grain is going into storage. Fee assessed if loaded from rail to truck or vice versa.
Truck Loading Through the house	\$5.00/ton	Fee for loading only – not assessed if grain is going in or out of storage. Fee assessed if loaded into trucks directly from rail. Charged in addition to rail leg activity.

Grain Elevator Fees

Quality Measurement	Fee	Description and Terms
Foreign Material 3%	\$0.02/bu/ % point over 3%	Loads over 5% subject to rejection
Vomitoxin Presence	NA	Loads over 2.0ppm subject to rejection
Aflatoxin Presence	NA	Loads over 20ppb subject to rejection
Moisture	\$0.05/bu / %point over 13% for small grains	We reserve the right to reject loads over 13.5% if we are unable to blend
Moisture	\$0.05/bu / % point over 14% for corn	We reserve the right to reject loads over 14.5% if we are unable to blend
Test Weight - Barley	\$0.02/bu per lb under min test weight	45lb minimum – loads under 43lbs subject to rejection
Test Weight – Wheat	\$0.02/bu per lb under min test weight	58lb minimum – loads under 55lbs subject to rejection
Test Weight – Oats	\$0.02/bu per lb under min test weight	34lb minimum – loads under 32lbs subject to rejection
Test Weight – Corn	\$0.02/bu per lb under min test weight	54lb minimum – loads under 52lbs subject to rejection.

Enterprise Budget

Alturas Spring Wheat Trucked to PDX

		Unit	Cost	Unit	acres	Total	Expenses	
Land*						\$ 3,400.00		
			\$ 85.00	acre/year	40	\$ 3,400.00		
Equipment**						\$ 2,720.00		
	Disc	2	event	\$ 17.00	acre	40	\$ 1,360.00	
	Planting	1		\$ 18.00	acre	40	\$ 720.00	
	Spraying	2	applications	\$ 8.00	acre	40	\$ 640.00	
Seed						\$ 2,064.00		
		120	lbs/acre	\$ 0.43	lb	40	\$ 2,064.00	
Materials***						\$ 14,332.42		
	Lime**** Lime + Application			\$ 100.00	acre	40	\$ 4,000.00	
	Fertilizer 40-0-0	270	lbs/acre	\$ 833.00	ton	40	\$ 4,498.20	
	11-52-0	100	lbs/acre	\$ 1,004.00	ton	40	\$ 2,008.00	
	Potash	60	lbs/acre	\$ 917.00	ton	40	\$ 1,100.40	
	Herbicide Timing Axial Star	16.4	oz/acre	\$ 122.00	gal	40	\$ 625.25	Herbicide
	Affinity Broadspec	0.4	oz/acre	\$ 12.05	oz	40	\$ 192.80	Herbicide
	Quilt Xcel	7	oz/acre	\$ 96.66	gal	40	\$ 211.44	Fungicide
	UAN 32	3	gal/acre	\$ 4.35	gal	40	\$ 522.00	
	Interlock	4	oz/acre	\$ 65.06	gal	40	\$ 81.33	Drift Agent/Canopy Penetrant
	Flag Leaf Timing Trivapro	13	oz/acre	\$ 156.04	gal	40	\$ 633.91	Fungicide
	Moddus	4	oz/acre	\$ 282.17	gal	40	\$ 352.71	Growth Regulator
	Preference	2.5	oz/acre	\$ 32.07	gal	40	\$ 25.05	Surfactant
	Interlock	4	oz/acre	\$ 65.06	gal	40	\$ 81.33	Drift Agent/Canopy Penetrant
Harvest						\$ 3,280.00		
				\$ 32.00	acre	40	\$ 1,280.00	
				\$ 1.25	bale	1600	\$ 2,000.00	
Trucking						\$ 2,804.98		
				\$ 4.15	loaded mile	90	\$ 1,098.53	
				34				
				\$ 4.21	loaded mile	38	\$ 1,706.45	
				150				
TOTAL						\$ 28,601.41		

		Unit	Total
Yield			
	Wheat	2.5 tons/acre	40
	Straw	40 bales/acre	40
			100
			1600
			bales
Income			
<i>Price</i>			
	Wheat	3300 bushels	\$ 9.00
	Straw	1600 bales	\$ 5.00
			per bushel
			per bale
			\$ 29,700.00
			\$ 8,000.00
TOTAL \$ 37,700.00			
			NET \$ 9,098.59
			net/acre \$ 227.46

*\$70-\$100/year

** Equipment costs were assigned custom rates as per 2022 Iowa State University Extension and Outreach, no depreciation was assigned, <https://www.extension.iastate.edu/agdm/crops/pdf/a3-10.pdf>

***You can place a zero in the column for any material you do not anticipate using.

****prorated/ammeterized - cost is for 1 ton to the acre, need depends on soil sample

*****Complete Straw Harvest: baled and stacked

***** This is highly subjective and depends on trucking company, some charge by mile and some by ton. It also depends on if there is a back haul involved.

***** Estimated at 33 bushels per ton

Enterprise Budget

Alturas Spring Wheat to Talking Cedar

		Unit	Cost	Unit	acres/units	Total	Expenses
Land*						\$ 3,400.00	
	acre		\$ 85.00	acre/year	40	\$ 3,400.00	
Equipment**						\$ 2,720.00	
	Disc	2 event	\$ 17.00	acre	40	\$ 1,360.00	
	Planting	1 event	\$ 18.00	acre	40	\$ 720.00	
	Spraying	2 applications	\$ 8.00	acre	40	\$ 640.00	
Seed						\$ 2,064.00	
		120 lbs/acre	\$ 0.43	lb	40	\$ 2,064.00	
Materials***						\$ 14,317.57	
Lime****	Lime + Application		\$ 100.00	acre	40	\$ 4,000.00	
Fertilizer	40-0-0	270 lbs/acre	\$ 833.00	ton	40	\$ 4,498.20	
	11-52-0	100 lbs/acre	\$ 1,004.00	ton	40	\$ 2,008.00	
	Potash	60 lbs/acre	\$ 917.00	ton	40	\$ 1,100.40	
Herbicide Timing	Axial Star	16.4 oz/acre	\$ 122.00	gal	40	\$ 625.25	Herbicide
	Affinity Broadspec	0.4 oz/acre	\$ 12.05	oz	40	\$ 192.80	Herbicide
	Quilt Xcel	7 oz/acre	\$ 96.66	gal	40	\$ 211.44	Fungicide
	UAN 32	3 gal/acre	\$ 4.35	gal	40	\$ 522.00	
Flag Leaf Timing	Interlock	4 oz/acre	\$ 59.12	gal	40	\$ 73.90	Drift Agent/Canopy Penetrant
	Trivapro	13 oz/acre	\$ 156.04	gal	40	\$ 633.91	Fungicide
	Moddus	4 oz/acre	\$ 282.17	gal	40	\$ 352.71	Growth Regulator
	Preference	2.5 oz/acre	\$ 32.07	gal	40	\$ 25.05	Surfactant
	Interlock	4 oz/acre	\$ 59.12	gal	40	\$ 73.90	Drift Agent/Canopy Penetrant
Harvest						\$ 3,280.00	
	Combine		\$ 32.00	acre	40	\$ 1,280.00	
	Square Bales*****		\$ 1.25	bale	1600	\$ 2,000.00	
Post-Harvest Handling						\$ 3,915.00	
	Tote Bags	1 per ton	\$ 20.00	ton	100	\$ 2,000.00	
	Pallets	1 per ton	\$ 10.00	ton	100	\$ 1,000.00	
	Bagging	1 per ton	\$ 3.65	ton	100	\$ 365.00	
	Loading/Handling	1 per ton	\$ 5.50	ton	100	\$ 550.00	
Trucking						\$ 3,452.20	
	Grain: Farm to Mkt *****		\$ 4.21	loaded mile	50	\$ 2,105.00	
	tons/load		10				
	Straw: Farm to Mkt		\$ 4.21	loaded mile	30	\$ 1,347.20	
	bales/load		150				
TOTAL						\$ 33,148.77	

		Unit	Total
Yield			
Wheat	2.5 tons/acre	40	100 tons
Straw	40 bales/acre	40	1600 bales
Income			
Price			
Wheat	100 tons	\$ 384.93 per ton	\$ 38,493.00
Tote Bags	100	\$ 12.50 per ton	\$ 1,250.00
Pallets	100	\$ 10.00 per ton	\$ 1,000.00
Bagging Fee	100 tons	\$ 12.50 per bag	\$ 1,250.00
Straw	1600 bales	\$ 5.00 per bale	\$ 8,000.00
TOTAL			\$ 49,993.00

*\$70-\$100/year

NET \$ 16,844.23
net/acre \$ 421.11

** Equipment costs were assigned custom rates as per 2022 Iowa State University Extension and Outreach, no depreciation was assigned, <https://www.extension.iastate.edu/agdm/crops/pdf/a3-10.pdf>

***prorated/ammeterized - cost is for 1 ton to the acre, need depends on soil sample

****You can place a zero in the column for any material you do not anticipate using.

*****Complete Straw Harvest: baled and stacked

*****estimated at 33 bushels per ton

2022 CROP YEAR PRODUCTION AGREEMENT

This agreement is made and entered into by and between **Southwest Washington Growers Co-op**, hereinafter called the "Supplier" and **XXXXXXXXXX**, hereinafter called the "Purchaser".

1. Production and Contracts: Supplier agrees to contract with Growers in the supplier's area on Purchaser's behalf. Purchaser agrees to purchase up to **XXX** lbs. of Alturas variety wheat, and up to **XXX** lbs. of Connect 2 row barley. Crops are to be field harvested in standing condition. The Supplier agrees to obtain signed production agreements from each Grower for all acreage needed to produce above mentioned products and the Purchaser reserves the right to inspect those contracts upon request. The Supplier agrees to structure the contract with its Growers to reflect the same price and specifications to the Grower. Contracted acres will be planted to certified or registered seed stock unless the Purchaser grants express written consent otherwise. All harvested products in this agreement are subject to Electrophoresis or HPLC testing to determine varietal purity. Alturas wheat and Connect Barley for this agreement is produced in Western Washington, USA. Title shall pass upon delivery to and acceptance by Purchaser. Destination weights and grades to govern.

2. Specifications:

Purchaser agrees to accept Alturas Wheat meeting the following specifications:

Maximum limits:

Moisture	13.5%-15%
Heat Damage	0.2%
Total Damage	4.0%
Foreign Material	0.7%
Shrunken/Broken	5.0%
Defects	5.0%
Contrasting Classes	2.0%
Total Contrasting Classes	5.0%

Minimum limits:

Bushel Weight	57.0 lb.
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Purchaser agrees to accept Connect Barley meeting the following specifications:

Maximum limits:

Skinned and Broken	7.0%
Moisture	12.5%
Protein (dry basis)	12.5%
Thin Barley (5/64)	5.0%
Wheat	1.0%
Wild Oats	1.0%
Other Barley Varieties	1.0%
Peas	0.5%
Lentils	0.1%
Foreign Material	1.0%

Minimum limits:

Sound Barley	98%
Plump Barley (6/64)	80%

In case any Crop under this agreement does not meet the above standards, the Purchaser reserves the right to accept the entire quantity or any portions thereof at a discount mutually agreed upon between the Purchaser and Supplier, or reject the entire lot.

Crop Failure or rejection of any or all of this relieves the Supplier of any liability for replacement thereof.

Dockage, and or foreign material in excess of 0.5% shall be deducted as Total Dockage. Any trace of heat, mold, frost, smut, blight, ergot, grain boring insects, sprout damage, garlic or bleached kernels can be cause for rejection. Crops must be cool and sweet upon arrival and must be free of live insects as well as insect damage and free of any oils, grain additives, and post-harvest insecticides such as Reldan or Malathion. All chemicals used in the production of crops for this agreement must be used consistent with the manufacturer's instructions and specified application rates. The only acceptable fumigants are the phosphine gas types (Weevil Cide, Fumitoxin and Phostoxin). Crops must pass requirements of the Federal Food & Drug Administration and must be suitable for human consumption.

3. Pricing and Contracting fee: Crops for the agreement are priced to the Grower as follows:

- A Alturas Wheat: **\$XXX** per short ton loaded on truck for Purchaser.
- Connect Barley: **\$XXX** per short ton loaded on truck for Purchaser.

The Purchaser agrees to pay Supplier the following contracting fee to contract the crops on The Purchaser's behalf:

Alturas Wheat: **\$XXX** per short ton for a final price to the Supplier of **\$XXX** per short ton

Connect Barley: **\$XXX** per short ton for a final price to the Supplier **\$XXX** per short ton

Purchaser will be charged for totes and pallets at a rate of **\$XXX**/tote and **\$XXX**/pallet.

Purchaser will be charged a bagging fee of **\$XXX**/short ton.

Purchaser is responsible for transportation to Grand Mound, WA.

4. Storage, Interest, and Final Payment: Purchaser agrees to pay Supplier **\$XXX** per pallet per month carry (storage and interest) starting when crop is placed in storage. Storage and interest fees will end on the bill of lading date or ten days after the scheduled shipping date, whichever comes first. Contracting fee, storage & interest and final payment shall be made in full 30 days from date of unload at the Purchaser's location, based on destination and weights.

Purchaser shall have access to the storage facility with a minimum of 72 hours notice.

5. Terms of agreement: This agreement is for the 2022 crop year.

6. Samples and approval: Supplier will obtain representative samples from the designated Growers upon delivery and supply the Purchaser with crop samples as requested. Advanced samples shall be provided upon Purchaser's request.

7. Shipping and Receiving: Supplier will provide necessary space for inbound deliveries and will segregate crops as per Purchaser's instructions within specific physical limitations. The Supplier will provide facilities for loading and Shipping. Crops produced for this agreement are a Purchaser's Call and will be available to ship as requested by the Purchaser.

8. Arbitration: Supplier and Purchaser both agree that the sole remedy for resolution of all disagreements or disputes arising between all parties involved in this agreement shall be by a pre-agreed upon arbitrator.

9. Purchaser has the right to cancel this agreement at any time for any reasons of nonperformance of services as stated above or by nonperformance of sanitation or housekeeping requirements of the Federal food and drug Administration. This agreement is subject to Force Majeure, acts of God or war, labor Strikes, Government action or any other cause beyond the Purchaser's or Suppliers control.

The following addresses will be used in any formal written notices:

Purchaser Name and Address

XXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX
XXXXXX, XXXXX

By: _____

Date: _____

Supplier Name and Address:

Southwest Washington Growers Cooperative
PO Box 130
Curtis, WA 98538

By: _____

Date: _____



**QUALITY
THROUGH
TEAM WORK**

CORPORATE OFFICE • 45051 INDUSTRIAL DR. • FREMONT, CA 94538-6436 • (510) 657-4267 • CSR-(FAX) (510) 657-5083 • ADM-(FAX) (510) 354-3941

May 5, 2022

Mike Peroni
Assistant Director
NW Agriculture Business Center
Phone: 360-336-3727
Mobile: 360-880-1785
Email: mike@agbizcenter.org

Rate quote for transportation charges on loads of Wheat at your facility in Chehalis, WA or Montesano, WA and delivery to Cedar Brewery in Rochester, WA, the following rates and rules will apply:

Transportation Charges

Chehalis, WA to Rochester, WA	\$ 962.00 per bulk truckload (empty from Tacoma WA)
Montesano, WA to Rochester, WA	\$1,094.50 per bulk truckload (empty from Tacoma, WA)
Transfer fee (if vacuum loading)	\$ 120.00 per bulk truckload
Scale fee	\$ 24.00 per bulk truckload (Based on truck scale being within 5 miles of loading location)
Tank cleaning	\$ 199.00 per truckload

Rate includes two (2) free hours for loading and two (2) free hours for unloading time, border cross time counts as unloading time.. Additional time will be charged at \$28.25 per quarter hour or fraction thereof. Detention time is Skagit Valley Malting's responsibility unless other arrangement other written approval from Quality Transport Inc. had been made prior to shipment. Additional charges for generating multiple invoices will apply.

A fuel surcharge will be assessed to all freight rates based on the DOE fuel price index published weekly. Fuel price can be obtained by calling (202) 586-6966. This week's fuel surcharge is **currently 37%** and is subject to a weekly change.

Offsite Scale Charge. If location of the scale facilities is outside loading and/or unloading site or more than 5 miles from loading/unloading site, a charge of \$7.46 per mile will be assessed for all miles travelled. All time required to provide such service will be included as loading or unloading time and will be subject to detention charges, if applicable.

Rates are subject to credit approval, if credit is not approved a deposit will apply.

Payment of Charges

The resending or re-transmitting of billing information shall be charged at \$73.13 per person-hour plus supplies, postal fees, fax charges and other accessorial charges advanced. Minimum charge \$73.13 for labor

Thank you for considering Truck-Rail Handling, Inc. and Quality Transport, Inc. If there are any questions, please contact me at (510) 657-4267 ext. 101.

TRUCK-RAIL HANDLING, INC.
QUALITY TRANSPORT, INC.

The above rates apply only if signed by shipper
before work is performed. The signer is an
Authorized representative of the shipper
Please sign and email to adelfino@qatp-trh.com

Amy Delfino
Rating and Billing Supervisor
adelfino@qatp-trh.com

Date _____

RATES BASED ON PAYMENT TERMS NET 30 DAYS. ALL CHARGES ARE TO BE PAID IN US DOLLARS ONLY PAYABLE ON A US BANK.
The above contains information that is confidential and is intended only for the use of the addressee. Any disclosure, copying, distribution or use of this information by anyone else is strictly prohibited. An administrative surcharge will apply if funds are paid on a non-US bank. These rates will expire in 60 days if service is not provided. Rates will be modified upon 30 days written notice if terms or conditions are not met. Rates are subject to change based upon shipper contractual requirements. Above rates are valid for one (1) year only if service is provided. Rates will be increased annually based upon, at a minimum, the CPI.