

COOPERATIVE
FLUID-MILK
ASSOCIATIONS
IN IOWA.

By PAUL E. QUINTUS and
T. G. STITTS.

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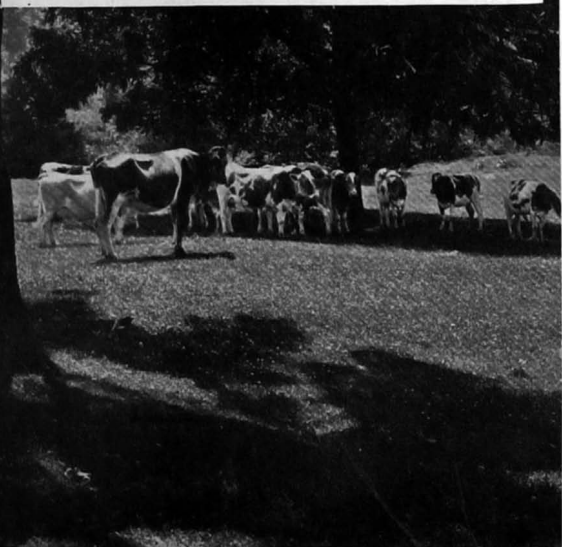


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COOPERATIVE FLUID-MILK ASSOCIATIONS IN IOWA

by PAUL E. QUINTUS
and T. G. STITTS



Iowa Agricultural Experiment Station
in cooperation with the *Cooperative Division*

FARM CREDIT ADMINISTRATION
WASHINGTON, D. C.

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APPENDIX

STANDARD MARKETING AGREEMENT OF THE DUBUQUE CO-OPERATIVE DAIRY MARKETING ASSOCIATION

THIS AGREEMENT, made and entered into on this _____ day of _____
19____, by and between the DUBUQUE CO-OPERATIVE DAIRY MARKETING ASSOCIATION,
party of the first part, and _____ of _____
(Name) (Address)
_____, party of the second part.

WITNESSETH: That in consideration of the mutual obligations of the parties hereinafter set forth, the parties do hereby agree as follows:

(1) That party of the second part shall consign unto party of the first part all the milk produced on the farm or farms occupied or controlled by him, except such as may be required for home or farm consumption, during the period from _____, 19____, to _____, 19____: *Provided, however,* That either party shall have the right to terminate this contract at the end of any calendar year during the foregoing period or any extension thereof by giving notice in writing of its or his intention so to do to the other party at any time between the 15th and 30th days of November of each year: *And provided further,* That this contract shall be extended after the period limited herein from year to year upon the same terms and conditions as are herein embodied, unless notice of intention to terminate is given by either party to the other in manner and form herein provided;

(2) That party of the second part shall deliver such milk to such shipping stations or other plants as party of the first part may from time to time direct, and to be of such test and quality, delivered at such hours and produced under such sanitary and hygienic regulations as may be the rules and regulations of party of the first part and the board of health, the city, and the law of the State where the milk is produced and is to be finally marketed. If the producer shall desire to retail milk and cream to residences, he shall make application to the association, which may grant him the right to so retail upon such terms and conditions as the association may see fit.

(3) That if party of the first part shall be unable to sell or otherwise dispose of the said milk during any portion of the contract period, party of the second part shall be so notified, and in such an emergency it shall be optional to party of the second part to manufacture said milk into milk products at home, or otherwise utilize it, and said inability of party of the first part to sell or dispose of said milk, when said notice thereof is given, shall in no event be considered a breach of or failure to perform this contract.

(4) That party of the first part shall sell and dispose of the milk consigned to it by party of the second part as the board of directors shall determine by either of the following methods:

- (a) It may be accepted for sale on consignment;
- (b) It may be accepted under the general conditions governing cooperative pools, or under such conditions as may be determined by the board of directors, along with other milk of like grade and character. Such pooled milk shall be disposed of as whole milk, or after further process of manufacture at the discretion of the directors, and pro-rata settlement shall be made at the same price for each grade, proper consideration being given to differentials due to handling and transportation costs.

(5) The deductions made by the association for its services shall be governed at all times by the bylaws which are made a part of this contract as fully as though specifically set forth herein, and any savings shall be prorated to all producers in proportion to the business done and in accordance with the articles of incorporation.

(6) That in case of failure of party of the second part to deliver his milk to party of the first part, as provided herein, he shall pay as liquidated damages, and in consideration of the difficulty of ascertainment of the precise damages suffered by party of the first part, and by members thereof who shall have entered into contracts similar to these presents, the specific sum of twenty-five dollars (\$25.00) for each and every such failure and breach of this contract, and in addition thereto a sum equivalent to the amount of the deductions which would have been payable had party of the second part delivered his milk as herein provided. All deductions and damages shall be payable at the office of party of the first part at Dubuque, Iowa.

(7) That in the event that party of the second part is offered a price for his milk in excess of the price obtainable by party of the first part, he shall tender said offer to party of the first part, and if said offer is accepted by party of the first part and the said milk is sold and delivered thereunder, it shall be deemed to have been sold by party of the first part subject to all the terms and conditions of this contract.

(8) That party of the second part shall furnish any and all statistical data with respect to milk produced by him upon forms provided by party of the first part.

In witness whereof the parties hereto have set their hands the day and date first above written.

DUBUQUE CO-OPERATIVE DAIRY MARKETING ASSOCIATION,

By

(Party of the first part (association))

By

(Party of the second part (producer))

MILK MARKETING CONTRACT OF THE OTTUMWA CO-OPERATIVE DAIRY MARKETING ASSOCIATION, INC.

THIS CONTRACT made and entered into this day of 19.... between the OTTUMWA CO-OPERATIVE DAIRY MARKETING ASSOCIATION, INC., a corporation incorporated under the provisions of chapter 1, title IX, of the Code of Iowa and acts amendatory thereto, as agent, party of the first part, hereinafter known as the ASSOCIATION, and of, party of the second part, hereinafter known as BUYER, witnesseth:

The parties hereto in consideration of the premises herein and the sum of \$1 by each to the other in hand paid, the receipt whereof is hereby acknowledged, do hereby agree as follows:

THE ASSOCIATION

1. The party of the first part agrees to sell and deliver to the party of the second part at its receiving plant in in accordance with the terms of this contract, all of the milk consigned to it for sale by the parties named in exhibit A at the points therein designated as "place of delivery." said exhibit constituting a part of this agreement. It is understood that all milk sold under this agreement shall be pure,

unadulterated and of good quality suitable for sale in the State of Iowa, and the city of ----- as may be regulated by the State and municipal authorities.

THE BUYER

2. The party of the second part agrees to pay the party of the first part at its office in -----, Iowa, or at its option and by its authorization to the parties and places named in exhibit A from whom milk is received f. o. b. the place of delivery named in exhibit A, the sum of ----- dollars per hundred pounds of milk testing ----- percent butterfat, and on each hundred pounds of milk testing above said ----- percent butterfat, 5 cents less per point, shall be accordingly added or taken from above rate and paid as above provided.

The party of the second part further agrees, out of the purchase price aforesaid, to pay the sum of 5 cents per hundred pounds, on said milk so delivered, to the Ottumwa Co-operative Dairy Marketing Association, Inc., at its office in -----.

3. The party of the second part hereby agrees to make tests daily or periodically on the written order of the Association, said tests to be made carefully and accurately and in accordance with such methods of sampling and testing of milk as conform to the laws of Iowa pertaining thereto and approved by the State dairy and food commissioner of Iowa. The party of the second part further agrees to furnish weekly, or as often as required, for testing purposes, to the party of the first part when requested, a set of duplicate samples of milk of any party named in exhibit A, the same to be taken under the eye of authorized representatives of first party.

4. It is further agreed by the parties hereto that in case of dispute in regard to correctness of tests and resultant grading of milk consigned by any person named in exhibit A that samples thereof, or of consignments made in following week, shall be taken under supervision of representatives of both parties hereto and submitted for testing to the State dairy and food commissioner of Iowa, and the average of four tests made by him shall be the standard for payment for the milk so consigned for the 2-weeks period in which tests are made.

5. The party of the second part hereby agrees to pay in full on or before the ----- and ----- day of each month, for all milk delivered to it under this contract during the immediately preceding half month beginning with the 1st and ending with the 15th and beginning with the 16th and ending with the last day of the month.

6. The party of the second part agrees to properly sterilize and return to the parties whose names appear on exhibit A from which milk is received, all cans within 24 hours after receiving same, in accordance with the laws and regulations of the State and ordinances of the city of ----- relative to sterilization of milk bottles, milk cans, and dairy utensile.

7. It is further agreed by the parties hereto that the failure on the part of the Buyer to comply with the foregoing provisions when and in the manner agreed upon, shall be sufficient warrant for the Association to discontinue further delivery of milk under this contract and the Buyer agrees that all sums for milk delivered shall at once become due and payable and in case of suit to enforce collection of same to pay a reasonable attorney fee in addition.

8. It is further agreed by the parties hereto that should either party be unable to carry out the terms or conditions of this contract because of the action of legal authorities, adverse legislation, interruption of railroad transportation

facilities, conditions caused by floods, fire, accidents, or any other cause not under his, her or their control, the one being unable to carry out the conditions herein imposed shall at once give the other written notice of his, her or their inability to do so, and upon receipt of said notice this contract shall from that time terminate. However, after said inability has ceased, the terms of this contract may be renewed by mutual consent (the shipping of milk and the accepting of the same shall be considered "mutual consent") and its terms shall then be binding the same as though no interruption had taken place.

9. It is further understood and agreed that this contract is to begin and take effect on the _____ day of _____ 19____, and to continue for a period of _____ therefrom.

In witness whereof the parties of these presents have hereunto set their hand and seals the day and year first above written. Signed, sealed and delivered in the presence of,

OTTUMWA CO-OPERATIVE DAIRY
MARKETING ASSOCIATION, INC.

By _____
(President)

(Sec'y-Treas.)

(Party of the second part)

AGREEMENT USED BY THE DES MOINES COOPERATIVE DAIRY MARKETING ASSOCIATION

THIS AGREEMENT, made this _____ day of _____ 19____, between DES MOINES COOPERATIVE DAIRY MARKETING ASSOCIATION, a corporation, of Des Moines, Iowa, hereafter called the "Association," and _____ of _____, Iowa, hereafter called the "Hauler,"

WITNESSETH:

WHEREAS, the Hauler has been for some time past hauling milk from the farms of milk producers (members of the Association) the plant or plants of distributors of milk, or other milk market or customers of the Association within the corporate limits of Des Moines or in its vicinity, and

WHEREAS, said hauling of milk has been by contract, by which such Association reserved the right to discontinue at any time the purchase of the milk of any or all of the producers which the Hauler may be hauling, and to engage at any time any other hauler or haulers to haul any or all of any such milk;

NOW THEREFORE, for the purpose of making a written record of the arrangement hereafter to be in effect, and in consideration of the mutual promises and agreements hereinafter set out, the parties hereto mutually agree that from and after this date the hauling of the milk to any plant of any such distributor or other customer shall be done for the Association under the terms and conditions herein set out:

1. The Hauler agrees to provide, maintain, and operate the trucks used in the hauling of milk by him and assumes complete responsibility for the operation thereof; to comply with all laws and regulations now or hereafter applicable thereto, and to cover and keep covered with a canvas cover each container of milk while the same is being hauled to comply with the requirements of the health department of the city of Des Moines; to comply, if he becomes an Employer within the meaning of the workmen's compensation laws, with the provisions

thereof with respect to obtaining workmen's compensation insurance without expense to, or liability on the part of the Association, and to comply with all other requirements of the Workmen's Compensation Act and all other statutes and ordinances now or hereafter in effect in said vicinity.

2. Any price for transportation of milk will be understood to be fixed on the basis of delivery thereof at the plant of a distributor or other market designated by the Association and subject to inspection and acceptance by the Association's customer. Out of the price agreed to be paid to each respective producer by any such customer of the Association, it is agreed between the Hauler and the Association that such customer shall have the absolute right and duty to withhold the agreed compensation to be paid by such customer to the producer and the Hauler, and each of them, for the transportation of such milk as the Hauler may haul, and shall pay such compensation to the Association. Settlement will be made for each period ending with the 15th and last days of each month within 5 days after the receipt of such money from such customer. The Hauler shall give notice in writing to the Association of any objection to, or error in, the settlement of any such period within 10 days after receiving payment therefor. After expiration of such period of 10 days without any such notice, the settlement shall be conclusive in every respect between the Hauler and the Association.

3. THE AGREED PRICE:

- (a) to be paid by the producer to the Hauler,
- (b) to be deducted from money received by the Association for each producer's milk and
- (c) to be paid, when deducted, to the Hauler,

FOR THE TRANSPORTATION OF SUCH MILK SHALL BE THE DIFFERENCE BETWEEN:

- (1) The pooled price (i. e., the price after deducting the Association's fee) of all classes of milk marketed through the Association, on the one hand, and
- (2) The amount payable to the producer under such Association's schedules as issued from time to time, on the other hand.

In making such deduction, the Association does not become personally liable beyond the amount actually deducted for the benefit of the Hauler.

For such agreed price, the Hauler agrees to transport and deliver each producer's milk at such plant or to such other market or customer of the Association in Des Moines or vicinity, as the Association may designate, and at such time as the Association may require and return to the producer all empty cans required to transport the producer's milk. Between the Hauler and the Association, the Hauler assumes full responsibility for, and agrees to hold the Association harmless, concerning the safety, care, and protection of such milk from the time it is received by him until it is delivered to and accepted by the distributor (or other purchaser) designated by the Association, and agrees to receive from any such purchaser and, without charge for hauling, return to the respective producers (1) any milk refused by such customer, and (2) such cans as may be required to contain such producer's milk.

4. The Hauler will give the Association 30 days' written notice of his intention to discontinue entirely or partially the hauling of milk for the Association to any of its customers. The Association will likewise give the Hauler 30 days' written notice of its intention to discontinue entirely or partially the services of the Hauler except as herein provided:

- (a) The Hauler shall haul to the plant of any such distributor or other market or customer of the Association, the milk (and only the milk) of such producer as the Association may designate. Also, the Hauler shall refrain from saying or doing anything detrimental (or considered by the Association through its board as detrimental) to the interests of the Association.

(b) The Association reserves the right to discontinue at any time the purchase of the milk of any or all of the producers which the Hauler may be hauling.

(c) Before discontinuing the services of the Hauler for any reason other than that set out in subsection (b) above, the board shall allow the Hauler to have a hearing before a committee composed of the board, three haulers from among the haulers for the Association, and three route chairmen from the routes nearest the route affected. If following such hearing, the board shall determine to discontinue the services of the Hauler, the Hauler shall be entitled to the compensation provided for in section 7 hereof.

(d) It is expressly agreed that the Hauler will not haul, or permit any trucks operated under his direction or control to haul, without the consent of the Association, any milk except from the territory described as follows: The land and only the land occupied by the milk producers on route no. ----- of the Des Moines Cooperative Dairy Marketing Association, a list of said producers being set out in exhibit A attached hereto and by this reference made a part hereof, and additions or subtractions thereto hereafter made by and with the consent of the Association. Such additions and subtractions to be noted on said exhibit A as they occur.

5. If a producer served by the Hauler under this contract shall move on to another route, then the Hauler for such route shall serve such producer, providing said Hauler has been theretofore collecting milk from the farm on which said producer moved, but if said producer moves on a farm not thus previously served, the Hauler on the nearest route shall be entitled to serve him. In case of a dispute between two or more haulers, the route chairman of such routes and a committee of three from the board of the Association shall constitute a board of arbitrators and shall settle such dispute.

6. In the event that a producer shall change from one hauler to another either on his own initiative, or through solicitation, the compensation for hauling his milk shall be paid to the hauler previously hauling until an amicable agreement is made between the two haulers and the Association.

7. In the event of the discharge of the Hauler as provided in section 4 hereof, or of the sale of the route covered hereby to a buying hauler approved by the Association, the Association agrees to pay the selling hauler or the discharged hauler for such route, the sum of twenty-five dollars (\$25.00) for each hundred pounds of the average daily weight, determined as hereafter provided, of the milk that has theretofore been hauled by the selling hauler for each producer. Such weight shall be determined by ascertaining the daily average weight of milk hauled for the year immediately preceding the date of selling, or if such producer shall have been supplying the selling hauler with milk for less than a year, then the daily average shall be that of such portion of a year next preceding the date of such sale.

It is expressly understood that the price herein fixed which the selling hauler shall receive is the minimum price and that if such route can be sold for a higher price, that the selling hauler shall receive in addition to the sum herein stipulated, the difference between said sum and such selling price.

Executed this the day and date first above written.

DES MOINES COOPERATIVE DAIRY
MARKETING ASSOCIATION, A CORPORATION.

(Manager)

(Hauler)

Other Publications Available

In addition to this circular, the following publications on farmers' cooperative organizations are published by the Farm Credit Administration:

Cooperative Purchasing of Farm Supplies

Bulletin No. 1, *Joseph G. Knapp and John H. Lister*

Accounting Principles for Cooperative Cotton Gin Associations

Bulletin No. 2, *Otis T. Weaver*

Cooperative Marketing of Agricultural Products

Bulletin No. 3, *Ward W. Fetrow*

Cooperation in Agriculture, a Selected and Annotated Bibliography

Bulletin No. 4, *Chastina Gardner*

Organization and Operation of the Illinois Livestock Marketing Association

Bulletin No. 5, *H. H. Hulbert*

Statistics of Farmers' Cooperative Business Organizations, 1920-1935

Bulletin No. 6, *R. H. Elsworth*

Cooperative Marketing of Range Livestock

Bulletin No. 7, *L. B. Mann*

Mutual Irrigation Companies in California and Utah

Bulletin No. 8, *Wells A. Hutchins*

Membership Relations of Cooperative Associations

Bulletin No. 9, *J. W. Jones*

Marketing Policies of the California Walnut Growers Association

Bulletin No. 10, *Harry C. Hensley and Neil H. Borden*

Organization and Operating Problems of Nebraska Cooperative Creameries

Bulletin No. 11, *T. G. Stitts and Gordon C. Laughlin*

Analysis of the Business Operations of Cooperative Cotton Gins in Oklahoma, 1933-34, Bulletin No. 12, Otis T. Weaver and Omer W. Herrmann

Transportation of Milk in the Philadelphia Milkshed

Bulletin No. 13, *John J. Scanlan*

Cooperative Organization of Iowa Farmers' Creameries

Bulletin No. 14, *Frank Robotka and Gordon C. Laughlin*

Contract Feeding and Pasturing of Lambs and Cattle

Bulletin No. 15, *C. G. Randell*

Milk Cooperatives in Four Ohio Markets

Bulletin No. 16, *Wm. C. Welden and T. G. Stitts*

Loans to Farmers' Cooperatives, Circular No. 6

Early Developments in Cooperative Cotton Marketing

Circular No. C-101, *O. W. Herrmann and Chastina Gardner*

Organization and Operation of Cooperative Irrigation Companies

Circular No. C-102, *Wells A. Hutchins*

Western Cattle and Sheep Areas, Circular No. C-103, L. B. Mann

Economic Analysis of Bargaining Problems of Milk Cooperatives

Circular C-104, *T. G. Stitts and Wm. C. Welden*

These may be obtained free of charge as long as a supply is available from the

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Washington, D. C.**