

25 April, 2023

**Joint Committee on Ways and Means
Public Meeting of 28 April, 2023 - Ontario, Oregon**

Public testimony in favor of funding of the Treasure Valley Reload Center

Co- chairs Elizabeth Steiner and Tawna Sanchez, Vice chairs Fred Girod, David Gomberd and Gregory Smith, committee members

Good evening and welcome to Malheur County. My name is Michael Walker and I am a local farmer located in Adrian, Oregon. Over the last three years , I have been involved in the Treasure Valley Reload Center (TVRC) as a public member attending numerous board meetings of the Malheur County Development Corporation (MCDC) as well as many of the weekly meetings held by the Malheur County Commissioners. As such, I feel I am well qualified to comment on this TVRC facility.

I am in favor of the legislative funding in the amount \$8.5 million to complete the buildout of the Treasure Valley Reload Center.

The primary reason for my support is that the project has spent well over \$30 million dollars to date of state and county tax funds to construct a project that is nearly to the finish line. The \$30 million is purely a sunk cost, it cannot be recovered by partially completed infrastructure and facilities. Therefore, it only makes economic sense for the state of Oregon to spend an additional \$8.5 million to complete the works.

This endorsement does not ignore the facts that the TVRC build out to date was poorly executed, that project management was weak and that the project timeline suffered years of delays. This last point is particularly troublesome as the local economy and the city of Nyssa has been unable to realize the economic 'multiplier effect' afforded by an operational reload center.

Considering the many issues and problems encountered to date, it is encouraging that the Malheur County Court, spearheaded by Commissioner Ron Jacobs has decided to take a much more active role in the TVRC project, rather than blindly rely on the MCDC development corporation to get the job done.

The first issue tackled by the Commission was to methodically review the budget numbers and make sure the funding request would meet the needs of the onion shippers and primary vendors – Americold and Union Pacific. I am confident based on what I've seen so far that this \$8.5 million, including a \$1 million contingency, will complete the project and there will not be a need to come back asking for further funding.

Secondly, the Commission has engaged an engineering firm to conduct an independent review of the budget, timeline and soil stability of the remaining works.

Thirdly, the Commission has approved the appointment of a new MCDC Executive Director, Shawna Peterson. Shawna is a seasoned executive with impressive organizational skills and years of boardroom experience.

Contingent upon legislative funding of the remainder of the works, I would recommend that the county commissioners retain an independent project manager to supplement the available resources during the remaining construction. Embedded in the funding request a \$1 million contingency, there is ample incentive and cost justification to do this.

Further, approval of the funding request should also provision a geotechnical engineering audit of the earthworks completed during 2022 including technical requirements, material specifications and commercial arrangements. The earthwork phase on this TVRC project went significantly over budget. Inflation and soft ground have been identified as root causes. However, certainly many of the events during this period were not in the normal course of business and merit rigorous and independent review.

Finally, the MCDC development corporation should go back and assess the business case and shipping forecasts for this reload center so that the legislature and the public have a clear picture of the road ahead. The last review was conducted in 2017 as part of the initial state funding. Since then project costs have increased by 50%, onion shipping volumes out of the Treasure Valley have been impacted by hot summer weather and the speed that Americold can complete receiving end infrastructure may be slower than originally evaluated.

Thank you for accepting my testimony and I am available for questions by the committee.

Sincerely

Michael Walker
Adrian, Oregon