

ARCADIA RELOAD CENTER

NYSSA, OREGON

STAGE ONE REPORT

January 10, 2024

Prepared for: Malheur County Development Corporation

40 South Oregon Street, Ontario, OR 97914

Stage One Report

This report documents the first stage in the following process, as outlined in the Axiom Project Development Services (Axiom PDS) Scope of Services for Stage One dated October 12, 2023:

STAGE ONE Discovery and Plan of Action	STAGE TWO Development Strategy	STAGE THREE Design Development and Procurement	STAGE FOUR Construction and Commissioning	STAGE FIVE Handover and Operation
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Executive Summary

Discovery and reflection were the focus of the team at this stage. Through discovery we wanted to learn about the status, organization, stakeholders, the business plan, and history of the project. With reflection we wanted to execute an agile management approach that encourages a team to capture strengths and opportunities, identify where there is value in the project, and gain clarity to use in moving the project forward more efficiently.

While a number of points of value were captured there is one overriding priority: the original business plan’s intent needs to be revised, diversified, updated, and used to align all actions and direction.

The results targeted by the MCDC board, County, community, Union Pacific Railroad, the State of Oregon, and the facility operator have not been achieved due to misalignment of agendas, lack of clarity on business plan directives, and challenges like site conditions and inflation.



Strengths and Opportunities Analysis

- In **2** weeks, we’ve held **8** Meetings with **19** people
 - Malheur County Development Corporation (MCDC) Board Members
 - Malheur County Commissioners
 - Malheur County Officials
 - RailPros designers
- Meeting Outcomes
 - Learn, understand, and explore aspects of the business plan and the project



Summary of Strengths and Opportunities Analysis meetings from December 2023 presentation to ODOT

The input during this process painted a clear picture.



Word cloud based on stakeholder responses during Strengths and Opportunities Analysis meetings

This report outlines a plan to move forward, a timeline to achieve this plan, and a budget to fund the actions outlined in this report and executed in the next stage.

Strengths and Opportunities Analysis (SOA)

Business Plan – There is a consensus from the MCDC board and community leaders that components of the original business plan are still viable. There is a need to better define, diversify, and document the business plan and its objectives. This plan needs to provide clarity on fundamental factors that will drive the success of this development. Then the leadership can champion these fundamentals throughout the remaining delivery of the development.

Originally the business plan was for the loading of onions onto rail cars for transport to distant markets. This overcomes the rising cost of long-distance trucking. In addition, a facility located closer to the growers within Eastern Oregon eliminates the redundancy of trucking onions westward to Washington State and then shipping, by rail, eastward past where the onions originated.

A new operator needs to be explored to execute and support the vision of the business plan.

Volume, pricing targets, and logistics also need to be confirmed to ensure ongoing operational viability.

Design and Construction – Construction is on hold and should stay on hold until the outcomes listed in this report are achieved to better guide the details of the design. The design is not in alignment with the business plan. The design is incomplete. With clear business objectives and an efficient design, target budgets, timelines, and construction can be achieved.



The business plan first needs to capture the identified opportunities, such as diversifying the products being shipped. Once this update is completed, a basis of design can be created. This basis of design will communicate clearly the fundamental requirements needed to drive the size, layout, and details of the building design.

There are also opportunities to explore the location of the reload building and rail spurs within the Arcadia Industrial Park more holistically. Refer to Appendix B for questions inspired by findings of the Strengths and Opportunities Analysis.

Management – Adjustments in key positions have yielded increased transparency, efficiency, and confidence. Specific actions are outlined below to help continue this momentum, adjust project organization chart, and seek to gain the most value out of the MCDC board and County.

In addition, the team needs to be rebuilt. Design, construction, and operations expertise must be brought on board to drive aspects of the development forward in alignment with the business directives.

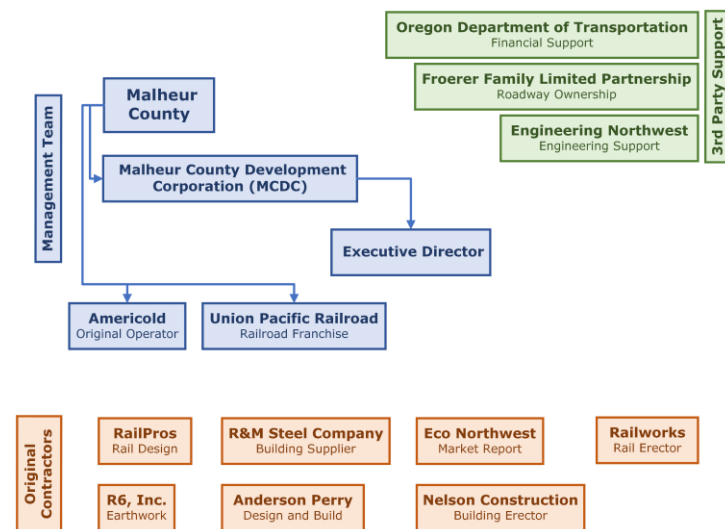
Financial Management and Governance – We are proposing actions to create a process that will ensure leadership is fully informed, able to make informed decisions, document direction and approvals, and facilitate an efficient decision-making process.

In stage 3, communication protocols need to be put in place that support the reporting of progress, issues, and resolutions back to the stakeholders during the delivery process.

This will achieve trust and clarity, and ensure the project is in compliance with the business objectives.

Existing Conditions

Contractual Relationships – The organizational chart below outlines the previous structure of the project team. Further refinement of the organizational structure will be needed to accomplish the Courses of Action described below.



Previous project organizational chart

Inventory of Current Assets –We recommend that an inventory list of materials on site, e.g., building materials, concrete reinforcing bars, etc., are captured within this list.

This list will provide value going forward by:

1. Supplying a comprehensive list of assets for accounting purposes.
2. Identifying whether materials have been received and paid for, or if not, requires further action.
3. Informing the team for future actions related to progressing the project.

Courses of Action

The following course of action is recommended. These actions will provide the clarity needed to prepare development options and determine a “go or no go” direction.

People

Identify personnel, either within the MCDC board or outside supporters, to fill the following primary roles:

1. **Business Development Lead** – A board member with knowledge (subject matter expertise) of current and potential end users.
2. **Operations Planning Lead** – A board member with knowledge (subject matter expertise) of the shipping industry and operational requirements.
3. **Press Secretary** – A board member or board staff with knowledge (subject matter expertise) of communication channels and confidence in interfacing with media.
4. **Advisory Work Group** - Identify key subject matter experts outside the board who have knowledge of and network connections to regional industries.

Process

5. Refine organization chart, roles, responsibilities.
6. Establish collaboration, communication, and approval processes for all major decisions going forward.
7. Create action committees to support each of the primary roles identified.
8. Create a communications plan (e.g., website updates) to inform the community.
9. Establish the desired level of community engagement.

Products

10. Study the operational potential of the facility to expand to other uses, e.g., agricultural products, frozen goods, shipping containers, mined commodities, etc.
11. Seek revised input from onion growers’ association (representing 30 shippers in the area).

Property

12. Explore re-alignment of rail spur(s) to better serve other plots within the industrial park and reduce initial building costs.
13. Explore reducing the size of the warehouse and office portions of the reload building and/or phasing construction.
14. Clarify type and capacity of utility services to the facility.



Plan

15. Revisit and update market study.
16. Reconnect with past knowledge that contributed to the original vision.
17. Align project plan with the County's economic development plan.

Key Stage 2 Target Outcomes:

- a. Development budget
- b. Master plan
- c. Exit strategy
- d. Procurement strategy
- e. Funding strategy
- f. Schedule with key milestones.
- g. Business plan
- h. Legal structure
- i. Exit structure

Development Schedule

A schedule is included in appendix A. This schedule captures the actions outlined in this report. A more detailed development schedule will be developed when more clarity is achieved through the stage 2 process.

Target Budget for Stage Two

In alignment with the actions recommended above, we recommend establishing the following Stage Two budget:

1. People – (Executive Director paid by County)	
2. Process – Axiom PDS	\$20,750
3. Products – (The board's valuable time contribution)	
4. Property – Design feasibility	\$ 7,000
5. Plan – Market research	\$10,000
6. <u>Miscellaneous costs – For unforeseen expenses</u>	<u>\$20,000</u>
Total Budget for Approval	\$57,750

Conclusion

We recommend the MCDC board:

1. Agree on the Recommended course of action.
2. Review and approve the schedule.
3. Approve the budget for Stage Two.

With a response on these three topics the leadership can communicate these actions to the State of Oregon to ensure support. Then the project team will have clarity to take immediate action.



Appendices

A – Gantt Schedule for Stage Two

B – Site Plan Comments

Arcadia Reload Center Draft Schedule for owner approval

ID	Task Name	Duration	Start	Finish	Predecessors	7, '24 M T W T F S S Jan 14, '24 S M T W T F S S Jan 21, '24 S M T W T F S S Jan 28, '24 S M T W T F S S Feb 4, '24 S M T W T F S S Feb 11, '24 S M T W T F S S Feb 18, '24 S M T W T F S S Feb 25, '24 S M T																											
1	Arcadia Reload Center Stage 2 schedule	26 days?	Mon 1/22/24	Mon 2/26/24																													
2	Start Stage 2 activities	1 day?	Mon 1/22/24	Mon 1/22/24																													
3	Study operational diversity	10 days	Tue 1/23/24	Mon 2/5/24	2																												
4	Draft business plan	5 days	Tue 1/30/24	Mon 2/5/24	3SS,5SS+5 days																												
5	Engage experts	10 days	Tue 1/23/24	Mon 2/5/24	3SS																												
6	Procure updated market study	5 days	Tue 1/23/24	Mon 1/29/24	3SS																												
7	Complete updated market study	10 days	Tue 1/30/24	Mon 2/12/24	6																												
8	Design review for alignment with business plan	5 days	Tue 2/6/24	Mon 2/12/24	4																												
9	Create Industrial master plan	5 days	Tue 2/6/24	Mon 2/12/24	4																												
10	Create a development budget	5 days	Tue 2/6/24	Mon 2/12/24	9FF																												
11	Document the exist, procurement, funding strategies	5 days	Tue 2/6/24	Mon 2/12/24	4																												
12	Create a 6 month development sche	5 days	Tue 2/13/24	Mon 2/19/24	8																												
13	Establish the legal structure and exit strategy	10 days	Tue 2/6/24	Mon 2/19/24	4																												
14	Finalize Stage 2 report with recommended options	10 days	Tue 2/13/24	Mon 2/26/24	13SS+5 days																												

