



# Oregon

Tina Kotek, Governor

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Shawna Peterson  
44 S Oregon Street  
Ontario, OR 97914

Dear Ms. Peterson,

This letter is in response to the most recent submittals by MCDC including the updated business plan from February 19, 2024, the next steps document from March 7, 2024, and the draft schedule from March 28, 2024. ODOT is very appreciative of MCDC preparing these documents and for the continued coordination as we work together to address the requirements outlined in our August 2023 letter.

As ODOT outlined in the August 2023 letter, ODOT's goal is to work in partnership with MCDC to jointly assess the viability of the Treasure Valley Reload Center project before spending more of the public's limited funding to complete the planned facility. The materials prepared by MCDC are important elements to help make that determination. However, there are still some additional items needed from MCDC. As a reminder, ODOT specified three elements as needed to support completion of the project. This included an updated business plan (to help show the viability of the facility for moving goods – which MCDC has completed), developing a financing plan for how to cover any anticipated funding shortfalls beyond the funding remaining from the state, and finally establishing an agreement with a facility operator. With the materials submitted by MCDC, it is clear there is good progress in addressing these items, however, there is still more to be done.

### **Updated Business Plan:**

The updated business plan submitted on Feb. 19, 2024, outlines key updated expectations for the Treasure Valley Reload facility. In summary, the updated expectations, specifically around shipping onions, show that the facility will expect to move approximately 1/3 of the volume of onions versus the original business plan. The updated expected volume of 600 rail cars per season equates to about 2,400 trucks. This is a substantial change from what was originally expected. However, ODOT acknowledges that removing this number of truck trips from the highway system is a good step that helps support the climate goals of the state as well as improvements to safety, both of which are primary goals of the new Oregon Transportation Plan.

ODOT does believe that the proposed business plan shows a reasonable value to the state for completing the facility. However, the benefit is less clear and convincing given the reduction in carload volumes, therefore, ODOT strongly supports the recommendations from the updated business plan to work with shippers, Union Pacific Railroad, and other freight logistics experts to

explore and promote expansion of the commodities that could be exported from the Treasure Valley Reload center. We also support MCDC looking for opportunities for using this facility for potential goods importing and distribution, though ODOT acknowledges there are very real logistical challenges with importing and opportunities will be limited.

In summary, we do agree with the updated business plan that there is value to the region and state to work with MCDC to complete the construction of this facility as long as the other two requirements can be met.

### **Financing Plan:**

The size of the funding gap to complete the facility continues to be a question. ODOT understands that MCDC is in the process of re-evaluating the layout and design of the proposed facility to potentially reduce the expected costs. Therefore, we acknowledge that MCDC is not yet in a position to fully develop a cost estimate, budget and financing strategy. However, ODOT wants to reaffirm that this is a very important element that must be completed for ODOT to release the remaining funds. What ODOT believes are important in this financing plan includes:

- A clear amount of the gap that is based upon professional estimates and which assume reasonable contingencies based on market conditions as much as possible.
- A plan for how MCDC will make up that shortfall such as loans, grants, private funding contributions, etc. ODOT is not asking for proprietary financial information, but we would like to know the planned sources for grants along with your plan if those grants are unsuccessful.

The goal from this effort is to demonstrate that MCDC has a plan that ensures the proposed facility can be completed within the available funding.

### **Facility Operator:**

The third item that needs to be completed is MCDC bringing on an operator for the facility who has knowledge and experience running other such facilities. A facility operator must have experience with similar facilities, as well as experience working effectively with potential shippers, railroads, and distribution operators who will connect shipments to their final destinations. The current Connect Oregon agreement describes this as an Operator Agreement. ODOT understands that bringing a facility operator on board is a multi-phase effort and that any potential facility operator likely won't sign a contract until the facility is fully funded with a planned opening date that is not too far in the future. What ODOT is looking for is some level of agreement between MCDC and a facility operator that demonstrates to the extent possible there is a commitment to operate the planned facility. We are happy to continue to work with you through this process but want to reaffirm the importance of demonstrating there is an experienced operator committed to managing this facility when opened.

**Summary:**

ODOT wants to acknowledge the progress that MCDC has made to date in addressing the conditions outlined in ODOT's August 2023 letter. Having an updated business plan that more accurately calculates the expected usage of this facility is important and demonstrates that there is value to shippers in the area as well as to general transportation benefits to the region, state, and beyond. We look forward to MCDC making additional progress on the financing plan and operator agreement. We also want to encourage MCDC to complete work on these items as soon as possible as it is important to make a final decision soon. ODOT will not support releasing funds for new work in support of this facility until these other two items are completed.

Sincerely,

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Statewide Policy and Planning Manager

Cc: Travis Brouwer  
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