

Biomass processor prevails in fire insurance dispute

By MATEUSZ PERKOWSKI
Capital Press

WALLOWA, Ore. — A federal judge has ruled that an Oregon woody biomass processor is entitled to insurance compensation for business income lost due to a fire.

In 2019, a fire caused extensive damage to buildings and machinery owned by Integrated Biomass Resources, a company in Wallowa, Ore., that makes heat logs, campfire wood, poles and electricity from forest project byproducts.

The biomass company filed a lawsuit against the Delaware-based AIX Insurance Co. for refusing to pay for income lost due to suspended business operations in the fire's aftermath.

The complaint sought at least \$670,000 in damages for the insurance company's alleged breach of contract.

AIX claimed the damaged equipment was covered under a portion of the insurance policy that did not provide compensation for lost business income, but a federal magistrate judge disagreed with that interpretation of the contract earlier this year.



A portion of the Integrated Biomass operation in Wallowa, Ore. It is now owned by Heartwood Biomass LLC.

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"The court finds no ambiguity in the terms of the policy — business income coverage

is provided for losses to those buildings, which includes permanently installed machin-

ery and equipment, and to personal property located within 100 feet of the buildings," said

U.S. Magistrate Judge Patricia Sullivan.

The insurance company

objected to the magistrate judge's findings and recommendations, arguing it had already paid for destroyed property under the policy but that its coverage didn't extend to lost business income from damaged "out in the open" machinery.

U.S. District Judge Michael Mosman has now rejected the insurance company's objections, ruling that he agrees with the magistrate judge's "well-reasoned opinion" and adopts it as his own.

Though Integrated Biomass Resources has prevailed in the dispute over insurance coverage, the ruling does not decide the amount of damages owed to the company.

Integrated Biomass Resources was started in 2009 with the goal of processing small-diameter logs after larger timber became unavailable in the region due to stricter environmental regulations.

The company largely relies on woody biomass from wildfire mitigation and forest health projects on federal lands in Northeast Oregon. Last year, it was bought for an undisclosed sum by Heartwood Biomass LLC.

Treasure Valley Reload Center groundbreaking set

By BRAD CARLSON
Capital Press

NYSSA, Ore.— Construction of a rail reload center that will benefit the area's onion shippers will get underway next month near Nyssa, Ore.

The state-funded Treasure Valley Reload Center will move onions and other commodities from trucks to railcars for shipment east.

Greg Smith, of the Malheur County Development Corp., said he and the board in mid-September signed a 20-year operator lease with Americold Logistics LLC.

The board also finalized an industrial track agreement with Union Pacific Railroad. In it, Union Pacific agrees to service a rail spur and provide construction and long-term

maintenance of the rail crossing on Gem Avenue.

The board advised Steve Lindley Contracting, of Union, Ore., to start site work following a groundbreaking ceremony at 11:30 a.m. Oct. 1 at the site, east of Highway 201.

Lindley in late August was selected from among four bidders. The company's base bid was \$5.2 million. Its "additive-alternative" bid was \$3.4 million.

Smith said the first amount covers immediate needs; the second covers future work that will be approved and funded as demand warrants.

Both bids were below engineers' estimates.

Earlier, the 14 area companies that are part of the Treasure Valley Onion Shippers LLC reached an agreement

with Americold on volumes and costs.

Smith said rail, shipper and lease agreements "had to be completed sequentially in order to make it work."

Excavation "will be the first of four segments of development, with the goal to be ready to ship onions by the end of next summer," he said.

Other construction steps include laying gravel and aggregate, installing water and wastewater systems, placing rock ballasts to support track and trains, and preparing the building site and completing the approximately 60,000-square-foot structure.

"In year one, we anticipate more than 900 railcar movements out of the Reload Center," Smith said. About 4.3 truckloads of onions fit into a

railcar.

For the project, the 2017 Legislature approved a \$26 million Connect Oregon grant from the state lottery. The Oregon Transportation Commission early this year approved it and started releasing funds.

Smith said the 2021 Legislature approved an additional \$3 million for a water line from Nyssa to the building. The line will go through the industrial park, which will also benefit.

The cost estimates include about \$10 million to \$12 million for rail spur development, \$6 million to \$8 million for the building, \$6 million for excavation and \$1.5 million to \$2 million for professional services including design and permitting.

The lease calls for Ameri-



Courtesy of Anderson Perry/Capital Press

An artist's rendering of the Treasure Valley Reload Center, which will be built near Nyssa, Ore.

cold to pay Malheur County Development Corp. \$2,500 a month and take ownership after 20 years. The county can charge additional fees if needed to cover costs such as depreciation or maintenance.

Meanwhile, Americold is upgrading one facility each in the Midwest, on the East Coast and in the South to han-

dle onions and store them. He said these investments, to cost around the same as the Reload Center building, mean new markets can open where trains may not stop otherwise.

Southeastern Oregon and southwestern Idaho produce more than one-third of the country's fall-winter storage onion crop.

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