Appendix B - Full Application Checklist

SNC Reference#: _____

Project Name: Burney Bioenergy Project Development

Applicant: Fall River Resource Conservation District

Please mark each box if item is included in the application. Please consult with SNC staff prior to submission if you have any questions about the applicability to your project of any items on the checklist. All applications must include a CD including an electronic file of each checklist item, if applicable. The naming convention for each electronic file is listed after each item on the checklist. (Electronic File Name = EFN:
"naming convention". file extension choices)

Submission requirements for all Category One and Category Two Grant Applications

1. ☒ Completed Application Checklist *(EFN: Checklist.doc,.docx,.or .pdf)*
2. ☒ Table of Contents *(EFN: TOC.doc,.docx, or .pdf)*
3. ☒ Full Application Project Information Form *(EFN: SIform.doc, .docx, or .pdf)*
4. ☐ CCC/Local Conservation Corps Document *(EFN: CCC.pdf)*
5. ☒ Authorization to Apply or Resolution *(EFN: authorization.doc, .docx, or .pdf)*
6. ☒ Narrative Descriptions *(EFN: Narrative.doc or .docx)*
   a. ☒ Detailed Project Description (5,000 character maximum for section 6a only)
      Project Description including Goals/Results, Scope of Work, Location, Purpose, etc.
   b. ☒ Workplan and Schedule
   c. ☒ Restrictions, Technical/Environmental Documents and Agreements
      ☐ Restrictions / Agreements *(EFN: RestAgree.pdf)*
      ☐ Regulatory Requirements / Permits *(EFN: RegPermit.pdf)*
   d. ☒ Organizational Capacity
   e. ☒ Cooperation and Community Support
      ☒ Letters of Support *(EFN: LOS.pdf)*
   f. ☒ Tribal Consultation Narrative *(EFN: tribal.doc, docx)*
   g. ☐ Long Term Management and Sustainability
      ☐ Long-Term Management Plan *(EFN: LTMP.pdf)*
   h. ☒ Performance Measures
7. Budget documents
   a. ☒ Detailed Budget Form (EFN: Budget.xls, .xlsx)
8. Supplementary Documents
   a. Environmental Documentation
      ☐ California Environmental Quality Act (CEQA) documentation *(EFN: CEQA.pdf)*
      ☐ National Environmental Policy Act (NEPA) documentation *(EFN: NEPA.pdf)*
   b. Maps and Photos
      ☒ Project Location Map *(EFN: LocMap.pdf)*
      ☒ Parcel Map showing County Assessor's Parcel Number(s) *(EFN: ParcelMap.pdf)*

- ☒ Topographic Map *(EFN: Topo.pdf)*
- ☒ Photos of the Project Site *(10 maximum) (EFN: Photo.jpg, .gif)*

c. Additional submission requirements <u>for Fee Title Acquisition applications only</u>
- ☐ Acquisition Schedule *(EFN: acqSched.doc,.docx or .pdf)*
- ☐ Willing Seller Letter *(EFN: WillSell.pdf)*
- ☐ Real Estate Appraisal *(EFN: Appraisal.pdf)*

d. Additional submission requirements <u>for Site Improvement / Restoration Project applications only</u>
- ☐ Land Tenure Documents *(EFN: Tenure.pdf)*
- ☐ Site Plan *(EFN: SitePlan.pdf)*
- ☐ Leases or Agreements *(EFN: LeaseAgmnt.pdf)*

I certify that the information contained in the Application, including required attachments, is accurate, and that I have been authorized to apply for this grant.

_____ _____

Signed *(Authorized Representative)* Date

Mike Millington

Name and Title *(print or type)*

BURNEY BIOEGENRY PROJECT DEVELOPMENT

FALL RIVER RESOURCE CONSERVATION DISTRICT

SNC CAT 2 PROPOSAL

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SIERRA NEVADA CONSERVANCY
PROPOSITION 1 – Watershed Improvement Program Project Information Form

SNC REFERENCE #

PROJECT NAME Burney Bioenergy Project Development

APPLICANT NAME *(Legal name, address, and zip code)*
FAll River Resource Conservation District, PO Box 83, McArthur, CA 96056

AMOUNT OF GRANT REQUEST $39,200.00

TOTAL PROJECT COST $119,000.00

PROJECT LOCATION *(County with approx. lat/long, center of project area)*
The project is located in Shasta County. Latitude 040 59' 29.65' N; Longitude 121 37' 24.99' W; NAD 27 Datum

SENATE DISTRICT NUMBER	**ASSEMBLY DISTRICT NUMBER**
01	01

PERSON WITH MANAGEMENT RESPONSIBILITY FOR GRANT CONTRACT

Name and title	*Phone*	*Email Address*
☒ Mr. Mike Millington	530.336.6591	FRRCD@citlink.net
☐ Ms.		

TRIBAL CONTACT(S) INFORMATION

Name: Charles White, Tribal Administrator
Phone Number: 530.335.5705
Email address: administrator@pitrivertribe.org

COUNTY ADMINISTRATOR OR PLANNING DIRECTOR CONTACT INFORMATION

Name: Rick Simon, Director
Phone Number: 530.225.5532
Email address: rsimon@shastacounty.org

NEAREST PUBLIC WATER AGENCY CONTACT INFORMATION

Name: Willie Rodriquez
Phone Number: 530.335.3583
Email address: info@burneywater.org

Please identify the appropriate project category below and provide the associated details *(Choose One)*	
☐ Category One Site Improvement ☐ Category One Acquisition	☒ Category Two Pre-Project Activities
Site Improvement/ Acquisition Project Area (for Category One Projects Only) Total Acres: SNC Portion (if different): **Acquisition Projects Only For Acquisitions Only** ☐ Appraisal Included	**Select one deliverable (for Category Two Projects Only)** ☐ Permit ☐ CEQA/NEPA Compliance ☐ Appraisal ☐ Condition Assessment ☐ Biological Survey ☐ Environmental Site Assessment ☒ Plan

Fall River Resource Conservation District

Post Office Box 83
McArthur, CA 96056

Telephone/Fax: (530) 336-6591/336-5618
e-mail fallriverrcd@citlink.net

BEFORE THE BOARD OF DIRECTORS OF THE FALL RIVER RESOURCE CONSERVATION DISTRICT
COUNTY OF SHASTA, STATE OF CALIFORNIA

IN THE MATTER OF: Grant application to the Sierra Nevada Conservancy for the Burney Bioenergy Project Development

RESOLUTION NO: DR-201601

BE IT RESOLVED: by the Board of Directors of the Fall River Resource Conservation District that said Board does hereby approve submitting a grant application in the amount of $39,200 to the Sierra Nevada Conservancy for the purpose of Burney Bioenergy Development.

BE IT FURTHER RESOLVED: that the Board President of said Board be and hereby is authorized to sign and execute said agreement on behalf of the Fall River Resource Conservation District.

The foregoing resolution was duly passed and adopted by the Board of Directors of the Fall River Resource Conservation District at the regularly scheduled board meeting on the 17th day of February in the year of 2016 by the following vote.

AYES: 5
NOES: 0
ABSENT: 1

SIGNATURE, BOARD OF DIRECTORS MEMBER: Michael J. Millington

PRINT NAME AND TITLE: MICHAEL J. MILLINGTON, DIRECTOR

Narrative Descriptions

Description of Project: This project consists of conducting pre-development site work for a 3 megawatt (MW) community-scale bioenergy project located at a former sawmill site in the Burney region of Shasta County. The proposed project will advance the project readiness of the bioenergy facility by building upon existing CEQA and interconnection efforts to develop fuel supply agreements.

Connection of Project with Watershed Health: A common theme with degraded terrestrial and aquatic resources in the region is poor forest health. Degraded forest conditions negatively affect species living within the forest as well as species living "downstream" of them. In the worst case scenarios, as was observed with the recent drought, the region experienced two large scale catastrophic wildfires in fall of 2014. These fires caused direct mortality of listed species, sent an unknown number of "black carbon" tons into the atmosphere, sterilized soil in some locations, contributed to high erosion rates and poor water quality of receiving waters, and resulted in millions of State dollars spent fighting these fires and rehabilitating the landscape. Why? The answer is not simple, but for certain, an obstacle to managing forest health is having facilities(s) who offer a price for biomass that will allow the biomass to be removed from the forest. Currently, there is one entity in the region who will purchase biomass feedstock (i.e. Burney Forest Power). This facility has a sawmill linked to its operation, which creates a large proportion of their feedstock supply. This facility is also retrofitted to run on natural gas, which has become very cost effective due to the out of balance supply and demand of from recent fracking technology. These above factors has resulted in most of the biomass in the region being left in the "woods," and land managers hesitant to put projects on the market for treatments because they know there is no place to take the biomass. Appendix A provides more detail.

Project Background: Considerable progress has been made for establishing a future 3 megawatt (MW) gasification system at the historic Louisiana-Pacific sawmill site. The site is now owned by Hat Creek Construction and Materials, Inc. (HCC) where operate the business, store and repair equipment, crush rock, process asphalt, and make beer. HCC has been working with the Fall River RCD to learn more about the potential for biomass utilization and have decided upon the future installation and operation of a gasification system.

Several steps have been made by HCC and the RCD to advance a future facility at the historic sawmill site. First, HCC met with the RCD and Sierra Institute for Community and Environment (SI) to discuss the range of possibilities of biomass utilization and whether or not they would have an interest. After this initial meeting, HCC put a solar installation project they were considering on hold so that they could explore the feasibility of a biomass facility, in part from recognition of the community benefits they could provide compared to solar power. The RCD and SI submitted a Rule 21 Pre-application, funded through the Statewide Energy Team (SWET) to Pacific Gas & Electric Company (PG&E) to determine the initial feasibility of the location to convey electricity to PG&E. The report suggested a project was feasible, so HCC initiated conversations and negotiations with West Biofuels, a site developer and system integrator.

During this same time, the RCD, through an agreement with the Sierra Nevada Conservancy (SNC), started work on their bioenergy project by assessing sites and conducting a community outreach meeting. The RCD and HCC also contacted their local Shasta County Board of Supervisor representative and held a meeting with Shasta County's Natural Resource Director. Both the BOS and Natural Resource Director encouraged HCC and the RCD to pursue a project and identified that Shasta County would serve as the Lead Agency for environmental compliance.

HCC has *already* funded a System Impact Study (SIS) and the development of an Initial Study. These studies and documents are currently being reviewed by Shasta County and PG&E, respectively, and are expected to be completed by June. HCC also negotiated an agreement with West Biofuels to provide their new gasification system. Additional steps necessary to advance the site are listed in the below Workplan. The RCD submitted a Wood Innovations Grant (WIG) in January to fund many of these task items (e.g. site design, utility design, etc.). The grant award decision will be announced in April of 2016. This SNC grant assumes that the WIG will be successful, and is therefore requesting funds from SNC to conduct the next step - development of fuel supply agreements. If the WIG is not successful, the project will move forward and still need fuel supply agreements.

Description of Project Workplan and Schedule: The project workplan, deliverables, and schedule are presented in the below table. Several workplan tasks are shown that are key steps of predevelopment activities, and the last step is the primary element of this grant request.

Workplan Task	Deliverable(s)	Schedule	Funding Source
1. Project Administration and Management	Agreements are executed; progress reports and completed; draft and final reports are completed; project is well coordinated	Life of grant	**SNC funds are requested**
2. CEQA	ISMND or Supplemental EIR	Expected to be completed by summer 2016	Match Funding
3. Interconnection Study	System Impact Study Report	Expected to be completed by March 2016	Match Funding
4. Site Design	Engineered Site Schematics	Estimated completion date of spring 2017	Wood Innovations Grant – submitted in January; also private matching funds
5. Utility Design	Engineered Site Schematics	Estimated completion date of spring 2017	Wood Innovations Grant – submitted

			in January; also private matching funds
6. Building Design	Engineered Site Schematics	Estimated completion date of spring 2017	Wood Innovations Grant – submitted in January; also private matching funds
7. Facility Design	Engineered Site Schematics	Estimated completion date of spring 2017	Wood Innovations Grant – submitted in January; also private matching funds
8. Development Cost Estimate	Detailed Project Cost Estimate	Estimated completion date of spring 2017	Matching funds from West Biofuels
9. Secure Feedstock Agreements and track project workplan elements	Signed Agreements and Development of Stewardship Contract with the USFS	Agreements completed by summer of 2017	Statewide Energy Team (SWET) has partially funded; **SNC funds are needed to complete**

The principal activity associated with the grant request is the development of feedstock/fuel supply agreements. This work entails meeting with a variety of project partners in the forest products industry and with staff from the USFS. Development of agreements takes considerable amounts of time because numerous meetings are required, particularly those with the USFS, to negotiate various agreement information including descriptions and specifications, measurement, delivery, terms, quantity, price, payments, bindings, notices, defaults and remedies, and general provisions. The Watershed Coordinator will seek to develop three agreements with private entities and one Master Stewardship Contact with the USFS. In addition, the Coordinator will seek to develop two agreements with private timber companies in the region. During all times, the Coordinator will work closely with Hat Creek Construction and Materials to discuss the various aspects of the agreements. The specifics of what the final agreements look like are unknown at this time. They may end up being two-party or three-party agreements as the goal is to ensure flexibility of sustainable feedstock at favorable pricing for the purchaser and seller.

Additional activities for this task includes tracking other workplan elements. There are many meetings associated with advancing the project that are interrelated with securing feedstock and forming agreements. The Coordinator will attend meetings and report this information back to the RCD and HCC. The RCD currently shares information with several other stakeholder groups who are also trying to advance bioenergy facilities, and all of these entities are working

closely so that individual lessons can be utilized by everyone to increase the likelihood of establishing new infrastructure throughout the SNC jurisdiction.

Description of Regulatory Requirements/Permits Needed: There are no regulatory permits or requirements associated with the development of fuel supply agreements. However, other aspects of project development such as CEQA compliance are discussed below so that SNC understands the most recent components of this project.

There have been numerous meetings with Shasta County Planning Department and the project proponent (HCC) has submitted an Initial Study for their review. Christa Darlington with CLERE, Inc. has been assisting with these meetings as she has successfully assisted other entities with similar projects through the CEQA process. Shasta County is very supportive of the community-scale project and has worked closely with the team to ensure compliance will be assessed in a manner similar to other comparable projects in the region. While the Initial Study has not yet been drafted by the County, the County and HCC have conceptually agreed that a supplement to an existing EIR on the property is likely. HCC construction completed an EIR for the construction and operation of their asphalt plant. HCC is likely to see a draft supplement circulated late spring and a hearing on the permit amendment and associated Supplemental EIR in the summer.

Other permits needed in the future will consist of an air quality permit from the California Air Resources Board, and a grading and building permit from Shasta County. As mentioned, HCC has been utilizing legal services of CLERE, who also has expertise with air quality permits. Christa has been consulting with the Air Resources Board to ensure compliance and support of this project will be met.

The capital investment provided by HCC to conduct the SIS and prepare the Initial Study demonstrates their readiness to proceed for building a facility. In addition, West Biofuels has been conducted research and development on their gasification system for eight years, and have concluded the design and “test runs” demonstrate that it is ready to deploy.

Finally, the current location of HCC and their existing operations has already completed all the necessary site remediation steps for construction during the acquisition of the sit and previous project development efforts on it (e.g. asphalt plant and micro-brewery establishment).

Description of Restrictions/Agreements Needed/In Place: The most important agreement that is in place is between HCC and West Biofuels. The companies have signed a Non-disclosure Agreement (NDA) to construct the facility “at cost’ so that it has the greatest chance to be successful. In addition, the companies are negotiating a term of agreement for financing. West Biofuels has agreed to finance the equipment, estimated between 10-12M for at least one year and possibly as long as two. This would allow HCC to secure a loan from a bank providing the facility runs as expected for this time period and proves operational viability.

Additional agreements needed to advance the bioenergy facility include fuel supply agreements with private logging companies, industrial timberland owners, and the United States Forest Service. The RCD received a small grant from the Statewide Energy Team (SWET) to initiate these but more funds are needed to complete them. There are many complexities associated with these types of agreements as described within the Workplan. They need to be prepared to be flexible while also demonstrating supply is consistent and prices favorably for both the seller and purchaser. Developing these agreements with the USFS will take time as there are three different forests to work with (i.e. Lassen, Shasta-Trinity, and Modoc National Forests) and four different Ranger Districts that can potentially provide feedstock to the facility. In addition, there are several types of agreements that can be developed with the USFS. The most likely that will be pursued is an Integrated Resource Services Contract, a form of Stewardship Contracting. The goal would be to have a ten year agreement in place and by the spring of 2017. The banking industry is much more likely to provide loans to emerging businesses if long-term agreements are in place, and therefore, this is a critical step for the Burney-Hat Creek Bioenergy project as West Biofuels will only carry the capital to run the facility for one to two years.

Description of Organizational Capacity: Fall River RCD has successfully secured, managed, and implemented numerous natural resource planning and implementation projects in the last ten years. Several of these projects included agreements with SNC. All this work has been accomplished with a small core team consisting of an Administrative Assistant, two part-time employees, and a Watershed Coordinator. In addition to this staff, the RCD Board of Directors are actively involved with projects and spend many hours in planning meetings to ensure projects goals and objectives are met. This project intends to use the Administrative help of Sharmie Stevenson, Business Manager for the Pit RCD, administrative help from President Mike Millington, and management/coordination from Todd Sloat, Watershed Coordinator. Mrs. Stevenson has been managing grants for the Pit RCD for over 15 years. Mike Millington has served as a director and President for ten years, and Todd Sloat has served as the RCDs Watershed Coordinator for 12 years. This project team has implemented an estimated 34 grants in the last seven years between the two RCDs (Pit and Fall River) totaling over 15 million dollars. Every project awarded to the RCD's has been successfully completed on time and under budget. This is particularly impressive given that a few of these projects received unexpected opposition once they were awarded, but the staff, consultants, and community members and stakeholders were able to resolve those conflicts and find agreeable solutions.

Although this project is unlike others (e.g. stream restoration projects) on private land, the RCD considers the process and approach similar to them. For example, when the RCD assists private landowners improve meadow health for a working ranch, they do not take on any "ownership" or special partnership whereby they are compensated in some form for the project, even though the investment improves the resource and economic value. The RCD merely tries to assist the landowner with whatever their capacity need may be. This project would be similar in that the RCD will to develop the agreements and utilize the most effective structure that enables the project to be successful. In the end, the RCD recognizes the multiple benefits of this project and will be focused to ensure the private business can be sustained.

Finally, the RCD currently has three other small grants they are managing. Two of these are idle and require additional project elements to occur before they will become active.

Cooperation and Community Support: The primary reason to advance a bioenergy project from the community's perspective is not about producing power, it's about processing waste wood to promote forest health. Sustaining and improving forest health and upland vegetation conditions are identified as goals within the Upper Pit River Watershed Management Strategy and Upper Pit River Integrated Regional Water Management Program (IRWMP) Plans. In fact, the stakeholders within the IRWMP voted to include a bioenergy project that requested funds to conduct a system impact study and site plan and engineering through the 2015 IRWMP Request for Proposals. However, the project proponent felt the time period of review, award, and utilizing the funds was too slow of a process. There was also concern that this type of project was not a strong fit for the IRWM guidelines.

In addition to these region broader plans, other efforts demonstrate community support for bioenergy projects. These efforts include the Pit Resource Conservation Districts Conceptual Business Model that was developed to reestablish a sawmill and bioenergy facility at the historic Big Valley Lumber Company site near Bieber CA. Multiple stakeholders assisted with developing the business model. The most recent effort that demonstrated community support was exhibited at an outreach meeting held near Burney in June 2015. Fifteen community members attended and provided input and asked questions during the information meeting. The RCD has solicited those who attended and also other community members to be part of a Leadership Team that would help further advance biomass utilization projects and inform community members and groups regarding their community benefits.

The Leadership Team will assist with ensuring a future bioenergy site can be sustainable. There is certainly more than enough feedstock available as past and recent studies have demonstrated. The most recent estimated there are 350,000 bone dry tons (BDT) available from sustainable forest management within a 50-mile radius (a standard distance used) of the proposed project. Past facility closures have complex issues regarding viability, and it's very difficult to know the exact cause (s) as they were private entities. However, the most common reasons reported by them to stakeholders were that the entities could not renegotiate a viable Power Purchase Agreement (PPA) with Pacific Gas & Electric Company. Previous entities were getting paid roughly $100/kilowatt hour, but only offered $60-70/kilowatt hour during the renegotiation process. This proposed project is different as the new BioMATT program is estimated to result in PPA that range between $120-$190/kilowatt hour <u>and</u> up to a twenty year agreement. Previous PPA agreements with companies that have closed were only ten years. Performa's by site developers and technology vendors agree that these range of PPA values and agreement terms are favorable for building and sustaining new facilities.

Fortunately, the new BioMatt program protects new site developers from investing too much capital and not being able to build a future facility. This process includes a reverse auction for

the PPA, which essential allows the site developer to "pick" their PPA price. Once that price is picked and the PPA is signed, HCC has two years to build the facility and get it operational.

Other examples of cooperation and community support include a recent submittal of a Wood Innovations Grant to the USDA. The grant proposal is titled "Northeastern CA Community Biomass Energy Cluster" and will attempt to advance three separate community-scale bioenergy projects. The proposed project would complete civil, mechanical, structural, and electrical engineering design and cost analysis along with acquiring the appropriate air permits to address local building code, fire code, and infrastructure requirements for Burney-Hat Creek Bioenergy (i.e. the formal name for the site described herein), which serves as the flagship facility in the cluster. The proposed project would bring Burney-Hat Creek Bioenergy to build-ready pending a power purchase agreement through the Biomass Market Adjusting Tariff (BioMAT)—a feed in tariff program offered by California Investor Owned Utilities. The resulting engineering and cost estimates will be generally applicable to the regional community biomass energy cluster by substantially reducing future pre-development costs for these projects. In addition, the proposed project will bring the Tubit Enterprise and McArthur project to BioMAT-eligible status, allowing these projects to participate in the feed in tariff program (critical to project financing). Support letters for this grant application are attached and demonstrate the general support for bioenergy development in the region.

Status of Tribal Involvement and Contact Information: The Fall River RCD sent a letter to the Pit River Tribe (PRT) Chairman and Administrator on January 25, 2016 (see attached letter Appendix B). This initiated consultation with the PRT. As of February 28th, the final date preparing this application, the PRT has not responded and requested consultation.

Description of Long-Term Management Plan: The project requests funds to support site development and does not require a long-term management plan.

Performance Measures: Performance Measures used to track the progress of the proposed project include: 1) number of people reached; 2) resources leveraged for the Sierra Nevada; 3) number and type of jobs created; 4) number and value of new, improved, or preserved economic activities.

Budget Narrative: The required Budget sheet is attached as Appendix C. Project management and fuel supply agreement work will be conducted by Todd Sloat. Mr. Sloat serves as the RCD's Watershed Coordinator and is Project Manager for several RCD projects. The RCD contracts with Mr. Sloat as a consultant and pays a rate of $100/hr. for services such as those included within this application. Mr. Sloat will also be responsible for monitoring, outreach, and reporting to the RCD. Invoicing and billing will be performed by either Sharmie Stevenson with the Pit RCD or a potential new hire (Administrative Assistant) by the Fall River RCD. The RCD annual administrative/overhead is approximately $1,500/month.

Supplementary Documents: Maps and Photographs are attached as Appendix D.

Fall River Resource Conservation District

Post Office Box 83
McArthur, CA 96056

Telephone/Fax: (530) 336-6591/336-5618
ail fallriverrcd@citlink.net

January 25, 2016

Mickey Gemmill Jr.
Tribal Chair
36970 Park Ave.
Burney, CA 96013

Dear Mr. Gemmill, Jr.

The Purpose of this letter is to notify the Pit River Tribe, in compliance with AB 52, that the Fall River Resource Conservation District intends to submit a grant proposal to the Sierra Nevada Conservancy (SNC) on March 1, 2016.

The grant request to SNC will seek funds to assist with planning a future small scale bioenergy project proposed to be located at the former Louisiana-Pacific mill site, now owned by Hat Creek Construction & Materials, Inc. If granted, the planning funds would be used to pay for pre-development costs such as design and engineering services and project coordination. The overall objective of the bioenergy facility is to provide and sustain local jobs, utilize waste-wood from sustainable forest management practices, and promote renewable energy production.

Please feel free to contact us if you need further information on the project. Receipt of this letter starts the 30 day period during which you may request consultation, should you think it necessary for this project.

Sincerely,
Michael J. Millington
Michael J. Millington
President
Fall River Resource Conservation District

Cc: Kristy Hoffman, Sierra Nevada Conservancy

United States Department of Agriculture
Forest Service
Lassen National Forest
Hat Creek Ranger District
P.O. Box 220
43225 East Highway 299
Fall River Mills, CA 96028
530 336-5521
TDD: 530 336-5521
FAX: 530 336-5758

File Code: 2400
Date: January 6, 2016

U. S. Forest Service
Wood Education and Resource Center
301 Hardwood Land
Princeton, WV 24740

To Whom It May Concern:

The Hat Creek Ranger District within the Lassen National Forest (LNF) is pleased to support the application submitted by the Fall River Resource Conservation District titled "Northeastern California Biomass Energy Cluster" to the US Forest Service under USDA-FS-WERC-2016.

The proposed project will advance three community-scale biomass energy projects within northeastern California that will provide additional markets for the productive utilization of forest biomass residuals from sustainable forest management practices. The Lassen National Forest manages approximately 930,254 acres of forestlands within economic haul distance (i.e. 50 mile radius) of the Burney-Hat Creek Bioenergy facility and other proposed locations of which 426,290 acres is on the Hat Creek Ranger District.

The Northeastern California Biomass Energy Cluster project is located in the best area for industry and infrastructure support and capacity in California. The project area encompasses the town of Burney which currently contains two large operating sawmills and their bioenergy facilities. These facilities in combination can require more than a hundred truckloads of saw logs and biomass daily. Currently the existing operating infrastructure within the region does not offer a sufficient market to remove all of the available biomass. This commonly leads to the need for disposal via pile and burn and onsite decomposition.

The goal of the Pacific Southwest Region is to retain and restore ecological resilience of the National Forest lands to achieve sustainable ecosystems that provide a broad range of services to humans and other organisms. Ecosystem services are the goods and services that flow from wildlands and forests that are valued and used by the people, and that directly or indirectly support human wellbeing. Our commitment to restoration-based management includes a commitment to a renewed focus on the sustainable delivery of ecosystem services. The Hat Creek Ranger District has legislative support for removing some of these products through the Collaborative Forest Restoration Act and the Healthy Forest Restoration Act. As such the Hat Creek Ranger District will continue to provide approximately 20-25 CCF of saw logs and 50 to 60 thousand dry tons of biomass per year from ecological restoration treatments.

Once the plants are constructed, the Forest along with other stakeholders will help ensure these facilities stay running and producing valuable energy outputs as well as maintaining and creating jobs in this rural area, and jobs to support the industry and employees.

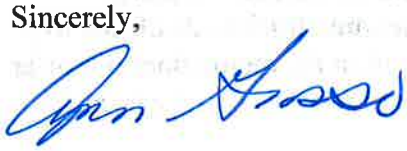
In addition to sawmills and biomass cogeneration plants, the Hat Creek Ranger District has an extensive road system and haul routes for moving products are well established and maintained. The ability to reach treatment units and the cost of maintaining the roads to the units is relatively low compared to other areas. The ground within the District is almost entirely tractor accessible ground. Wheeled and tracked equipment are adequate for almost every planned treatment acre. This keeps the cost of operation low and the ability to achieve the treatment goals high. The existing road system also greatly reduces road construction or improvements needed during ecological restoration activities, and provide excellent access for monitoring results.

Over 9,000 people live in communities within or adjacent to the Northeastern California Biomass Energy Cluster. The economy of the area is closely tied to the landscape either through recreation and tourism services, the timber and wood products industry, power production associated with cogeneration facilities, and the service and government sectors serving the people living in the area. This project will improve employment not only in the forest products and timber industry, but also in the service sector and government services that are dependent on the forest industry and associated service employment, critical to the economic health of the area.

The Hat Creek Ranger District supports the proposed project, and specifically the Burney-Hat Creek Bioenergy facility, and intends to be a source of feedstock for the project.

If you have any questions or need further information, please contact either Greg Mayer, Timber Management Officer at (530) 336-3380 or myself at (530) 336-3310.

Sincerely,



ANN GRASSO
District Ranger

Pit Resource Conservation District

P.O. Box 301
Bieber, CA 96009
Phone (530) 299-3405 ~ Fax (530) 299-9410
E-mail: pitrcd@frontiernet.net

January 8, 2016

Attn: U.S. Forest Service
Wood Education and Resource Center
301 Hardwood Land
Princeton, WV 24740

Subject: Letter of Support for the Northeastern California Bioenergy Cluster

The Pit Resource Conservation District is pleased to support the application submitted by the Fall River Resource Conservation District titled "Northeastern California Biomass Energy Cluster" to the US Forest Service under USDA-FS-WERC-2016.

The proposed project that will advance three community-scale biomass energy projects within Shasta County that will provide additional markets for the productive utilization of forest biomass residuals from sustainable forest management practices and reduce catastrophic wildfire. The development of community-scale bioenergy projects consistent with California's Investor-Owned Utility Biomass Market Adjusting Tariff (BioMAT) will directly help promote sustainable forest management practices that are critical to managing the county's overstocked forests.

The Pit RCD has been advocating and trying for the last several years to revive the former Big Valley Mill and associated cogeneration facility by working with NexBank, the entity who has fee title for the property. We have been unsuccessful but will keep trying. The closure of this mill has greatly affected the socioeconomics in our area, and the excessive biomass that is now left in the woods or pile burned is being wasted. We are still very interested in this site, or any other sites within the region. We believe this grant opportunity can assist our effort to revive this important infrastructure void by further estimating costs associated with establishing a community scale bioenergy facility and eventually leading to one or more new facilities. Regardless of whether the future facility is located within the Pit RCD boundary, any new facility in this region will help landowners utilize biomass as we are well within hauling distances considered cost effective for the three locations within the proposed project.

Sincerely,

Andy Albaugh, Chairman

FORESTLAND
MANAGEMENT

W. M. BEATY &
ASSOCIATES, INC.

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REDDING, CALIFORNIA 96099-0898
530-243-2783 / FAX 530-243-2900
www.wmbeaty.com

January 6, 2016

Attn: U.S. Forest Service
WOOD EDUCATION AND RESOURCE CENTER
301 Hardwood Ln
Princeton, WV 24740-7513

Re: Letter of Support
Northeastern California Biomass Energy Cluster

W. M. Beaty & Associates, Inc. is pleased to support the application submitted by the Fall River Resource Conservation District titled "Northeastern California Biomass Energy Cluster" to the U.S. Forest Service under USDA-FS-WERC-2016.

The proposed project will advance three community-scale biomass energy projects (Burney-Hat Creek Bioenergy, Tubit Enterprise Bioenergy, and McArthur Bioenergy) within Shasta County. This project will provide additional markets for the productive utilization of forest biomass residuals from sustainable forest management practices. Currently the very limited and unstable existing operating infrastructure does not offer a viable market to process much of the available forest biomass. This situation results in the continued buildup of excessive fuel loading and resulting fire hazard in the forestlands within the vicinity of the project. Forest biomass is often disposed of via pile and burn and onsite decomposition, both of which contribute to greenhouse gas emissions.

Establishment of the Northeastern California Biomass Energy Cluster will have positive social, economic, and environmental benefits in these rural communities and forests. W. M. Beaty & Associates, Inc. manages approximately 100,000 acres of private forestlands within economic haul distance of the proposed biomass energy projects. If built, private forestlands managed by W. M. Beaty & Associates, Inc. could provide forest biomass residues to these local renewable energy facilities.

W. M. Beaty & Associates, Inc. supports the proposed project, and specifically the Burney-Hat Creek Bioenergy facility, and intends to be a source of feedstock for the project.

Sincerely,

W. M. BEATY & ASSOCIATES, INC.

Scott P. Carnegie
Manager, Projects Department
RPF No. 2540
(530) 524-9071
scottc@wmbeaty.com

SPC:klh

W. M. Beaty & Associates, Inc., established in 1969, provides forestland management, timber inventories, and wildlife assessments to landowners to facilitate the maintenance of healthy, well-managed forests.

Shasta County

BOARD OF SUPERVISORS

Pam Giacomini, District 3

1450 Court Street, Suite 308B
Redding, CA 96001-1680
(530) 225-5557
(800) 479-8009
(530) 225-5189-FAX

January 5, 2016

Attn: U.S. Forest Service
Wood Education and Resource Center
301 Hardwood Lane
Princeton, WV 24740

Subject: Letter of Support for Fall River Resource Conservation District Biomass Energy Cluster

Representing District 3, Shasta County Board of Supervisors I am pleased to support the application submitted by the Pit Resource Conservation District titled "Fall River RCD Biomass Energy Cluster" to the US Forest Service under USDA-FS-WERC-2016.

The proposed project that will advance three community-scale biomass energy projects within Shasta County that will provide additional markets for the productive utilization of forest biomass residuals from sustainable forest management practices and reduce catastrophic wildfire. The development of community-scale bioenergy projects consistent with California's Investor-Owned Utility Biomass Market Adjusting Tariff (BioMAT) will directly help promote sustainable forest management practices that are critical to managing the county's overstocked forests.

By advancing the engineering design documentation for the Burney-Hat Creek Bioenergy facility and preparing two additional projects for BioMAT eligibility (each up to 3MW), the proposed project will support the county's goals for forest management and complement the county's existing biomass infrastructure by creating important distributed markets for the productive use of excess biomass.

Sincerely,

Pam Giacomini

SIERRA NEVADA CONSERVANCY
SNC Watershed Improvement Program - DETAILED BUDGET FORM

Project Name: _Burney Bioenergy Project Development

Applicant: _Fall River Resource Conservation District

SECTION ONE **DIRECT COSTS**	**Year One**	**Year Two**	**Year Three**	**Year Four**	**Year Five**	**Total**
Project Management Costs	$5,000.00					$5,000.00
Fuel Supply Agreements	$27,000.00					$27,000.00
						$0.00
						$0.00
						$0.00
DIRECT COSTS SUBTOTAL:	$32,000.00	$0.00	$0.00	$0.00	$0.00	$32,000.00

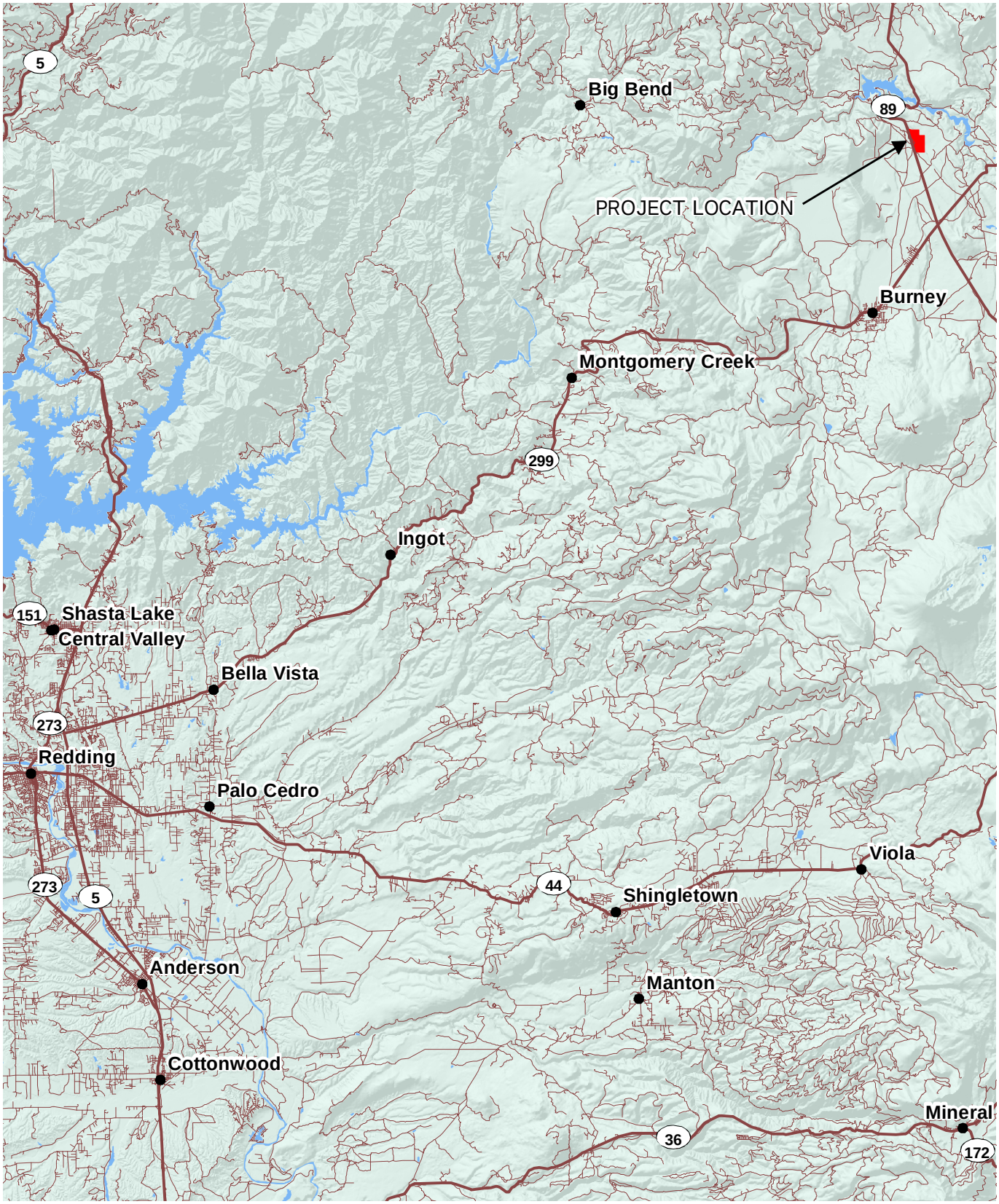
SECTION TWO **PARTIAL INDIRECT COSTS**	**Year One**	**Year Two**	**Year Three**	**Year Four**	**Year Five**	**Total**
Monitoring, - Perfomrance Measures	$1,000.00					$1,000.00
Publications, Printing, Public Relations	$500.00					$500.00
Reporting, Communications, Invoice-Billings	$3,000.00					$3,000.00
						$0.00
INDIRECT COSTS SUBTOTAL:	$4,500.00	$0.00	$0.00	$0.00	$0.00	$4,500.00
PROJECT TOTAL:	$36,500.00	$0.00	$0.00	$0.00	$0.00	$36,500.00

SECTION THREE **Administrative Costs (Costs may n*ot exceed 15% of the above listed Project costs*) :**						**Total**
**Organization operating/overhead costs*						$0.00
Administration	$1,500.00					$1,500.00
audit, telephone, utility	$1,200.00					$1,200.00
						$0.00
						$0.00
ADMINISTRATIVE TOTAL:	$2,700.00	$0.00	$0.00	$0.00	$0.00	$2,700.00
SNC TOTAL GRANT REQUEST:	$39,200.00	$0.00	$0.00	$0.00	$0.00	$39,200.00

SECTION FOUR[1] **OTHER PROJECT CONTRIBUTIONS**	**Year One**	**Year Two**	**Year Three**	**Year Four**	**Year Five**	**Total**
List other funding or in-kind contibutors to project (i.e. Sierra Business Council, Department of Water Resources, etc.)						
CEQA; Todd Sloat Biological Consulting, Inc., Vestra Resources, Inc, HCC	$25,000.00					$32,000.00
Interconnection Study; Hat Creek Construction and Materials, Inc. (HCC)	$30,000.00					$30,000.00
Facility Desgin; West Biofuels,	$40,000.00					$40,000.00
Development Cost Estimate; HCC, West Biofuels	$7,000.00					$7,000.00
CEQA Legal Council; HCC	$10,000.00					$10,000.00
						$0.00
Total Other Contributions:	$112,000.00	$0.00	$0.00	$0.00	$0.00	$119,000.00

NOTE: The categories listed on this form are examples and may or may not be an expense related to the project. Rows may be added or deleted on the form as needed. Applicants should contact the SNC if questions arise.

[1] Values for Other Project Contributions are a mix of in-kind services (CEQA, Facility Design, and Development Cost Estimate) and cash paid by HCC to consultants (Interconnection Study, CEQA Legal Council). In addition, the RCD has submitted a grant to the USDA requesting $249,350.00, of which a large portion of this request would pay for engineering services for this proposed project. This value was not included within the "other contributions" because the proposal has not been awarded.



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VESTRA

FIGURE 1
GENERAL SITE LOCATION
BURNEY-HAT CREEK BIOENERGY FACILITY
SHASTA COUNTY, CALIFORNIA

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Truck Access Road
Auxiliary Long/Feedstock Storage
Feedstock Storage (4-5 Months)
Biochar Storage
Employee Parking (Gravel)
Gasification System
Paved Area
Pole Barn

VESTRA

0 75 150 300 Feet

FIGURE 3
PROPOSED SITE LAYOUT
BURNEY-HAT CREEK BIOENERGY FACILITY
SHASTA COUNTY, CALIFORNIA

SOURCE: NAIP 2010 AERIAL PHOTOGRAPH

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Proposed Bioenergy Facility Location

Approximate Parcel Boundary

VESTRA

0 500 1,000 2,000 Feet

SOURCE: NAIP 2014 AERIAL PHOTOGRAPH

FIGURE 2
GENERAL SITE LAYOUT
BURNEY-HAT CREEK BIOENERGY FACILITY
SHASTA COUNTY, CALIFORNIA

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Photo 1 - Entrance to the Hat Creek Construction and Materials site

Photo 2 - Planned location of gasification equipment

Photo 3 - Planned location of feedstock storage

Photo 4 - Planned location of auxiliary log storage

Photo 5 - Planned location of biochar storage

Photo 6 - Forested buffer between the project site and SR 89

Photo 7 - View of project site from SR 89