

TO: Meeting Attendees and Contacts

FROM: Jere Melo

SUBJECT: Meeting Summary, Potential Biomass Plant near Fort Bragg
Friday, March 28, 2008

DATE: April 4, 2008

The meeting was called to order just after 9:30 AM, and continued to just about 12:00 Noon. 21 persons attended, a few for part of the meeting due to other commitments. Entities represented were:

Mendocino Resource Conservation District: Craig Blencowe and Tom Schultz

County of Mendocino: Supervisor Kendall Smith and CEO Tom Mitchell

Mendocino Coast Parks and Recreation District: Dave Yeomans, Harold Sipila, Beth Pine and Jim Hurst

Mendocino County Planning Commission: Jim Little

Mendocino County Air Quality Management District: Chris Brown

Pacific Gas and Electric Company: Ian Caliendo

Jackson Demonstration State Forest: Lynn Webb

Noyo Headlands Uniform Design Group: George Reinhart

Forest Industry: Stephen Levesque (Campbell Timberland Mgt.), Jim Little (Harwood Products), Tom Schultz (The Mendocino Companies), Robert Simpson (potential sawmill owner), Chip Hillarides and Doug Heitmeyer (Georgia-Pacific), Jerry Garvey and Randy Vann (Redwood Empire Sawmills)

Fort Bragg City Council: Dan Gjerde and Jere Melo

Craig Blencowe made a short summary presentation about the process that led to completion of a feasibility analysis for a stand-alone biomass power plant near Fort Bragg. Most of the rest of the meeting was spent discussing the following questions: (This is a summary, not an exhaustive report of all comments.)

Is the site available? G-P indicated that the site is available. Campbell Timberland Management indicated that if the G-P site did not work, they were willing to offer a site to the immediate north as a location.

Can access be developed between the site(s) and state Highway 20? The discussion identified the best access from/to Highway 20 as the JDSF former truck scale location, about a mile east of Summers Lane. ***Lynn Webb was asked to investigate and report back about Board of Forestry policies for access across JDSF.*** MCRPD members indicated that Campbell Timberland Management had reserved rights-of-way across their property and that they were anxious to cooperate with plans for road or other utility development. There was general agreement that Summers Lane is the poorest access, due to potential conflict with residential traffic.

Is PG&E willing to consider purchase of power as a part of the California Renewable Portfolio Standards? The discussion centered on the feasibility study assumption of 9.6

cents per kwh plus various tax credits to make a plant financially stable. ***Ian Caliendo was asked to investigate the process and rates from PG&E and to report back.***

What are the benefits for a sawmill and power plant combination, as compared to the stand-alone power plant considered in the Carlson report? Generally, it was agreed that including a sawmill would be beneficial. However, Stephen Levesque indicated that a new mill would require about 40 to 60 MMBF of log scale per year. There was discussion about other fuel sources and the potential to locate other manufacturing or agricultural facilities to capture heat or power or waste water and/or to provide fuel. ***Jere Melo was asked to investigate the current zoning of both sites and report back as to the uses allowed under Mendocino County ordinances.***

Generally, what is the future availability of logs to the market and fuel for a power plant from forestry operations and local sawmills? JDSF reported that they will probably begin harvesting timber by summer 2008, and that harvest levels will be somewhat low during a 3-years review period. The management plan allows a 25-35 MMBF harvest per year. Other larger timberland owners were not specific (understandably), but they indicated that within a 5 to 10 years period, timber age classes will advance to allow harvest over current levels. Consistent with the Carlson report, there was interest in recovering fuel from some logging slash concentrations, but processing and haul costs limit available volumes. There was considerable concern that proposed large fees for timber harvest plan processing will take all the value out of timber sales for small landowners, and that source of logs and fuel could dry up.

How may potential investors and operators in a facility be identified? A number of names were offered, understanding that it is much too early to make contacts. They were: PG&E, for a turnkey plant, the Joint Powers Authority of local governments that includes Ukiah, Healdsburg and Redding electric utilities, Marubeni Energy (Farihaven), ReEnergy (San Diego), Dynamotive (State of Washington) and the unidentified company that has recently purchased biomass plants at Korbel and in Lassen County.

Could MCRPD use water from the power plant to irrigate at the proposed regional park and golf course? Yes, BUT, water quality needs to be investigated.

Other questions/comments? There was general agreement that a 15 MW plant is ideal for a feasibility study; a 5 MW plant is a minimum size and might not be feasible financially. A 15 MW plant would require a Title 5 air quality permit (I hope that number is correct), but smaller plants probably would not require a permit as complicated as this level. The location of the coastal solid waste transfer station could contribute to a biomass plant. The 9.6 cents per kwh is much higher than prior PG&E offers of 5 to 6 cents per kwh.

Should a group be formed to pursue the matter? Who/what are the members, contacts, leadership and meeting format and goals? It was agreed that a group should be formed. Members are: Craig Blencowe, Lynn Webb, Beth Pine, Robert Simpson, Paul Caylor,

George Reinhart, Stephen Levesque, Doug Heitmeyer, Ian Caliendo, Chris Brown, Dan Gjerde and Jere Melo.

Contacts are: Jim Little, Tom Schultz, Chip Hillarides, and Jerry Garvey.

The group leaned on Jere Melo to call meetings until the matter was either turned over to private landowners and investors or abandoned.

Meetings were set to be at the end of a month, on Friday mornings, Fort Bragg Police Department conference room.

THE NEXT MEETING WILL BE, FRIDAY MORNING, APRIL 25, 9:30 am TO ABOUT NOON, FORT BRAGG POLICE DEPARTMENT CONFERENCE ROOM