

Plumas County Board of Supervisors

Resolution No. 17- 8276

**A RESOLUTION MAKING FINDINGS UNDER GOVERNMENT CODE SECTION 4217.10 ET SEQ. AND APPROVING CONTRACTS FOR THE DESIGN, CONSTRUCTION AND OPERATION OF A BIOMASS-FIRED COMBINED HEAT AND ELECTRIC POWER SYSTEM ON PREMISES SUBJECT TO A GROUND LEASE**

WHEREAS, Plumas County has a failing geothermal heating system in place at its Health and Human Services Center (“Center”) that is energy inefficient, expensive to operate, and is in need of replacement; and

WHEREAS, California Government Code Section 4217.10 et seq. authorizes local government to enter into an energy service contract and facility ground lease without conducting a formal bid process if the determination is made at a regularly scheduled public hearing with public notice given at least two weeks in advance, and if the governing body finds that the cost to the county for thermal energy will be less than the anticipated marginal cost to the county of thermal energy that would have been consumed by the county in the absence of the energy service contract and finds that the difference between the fair rental value for the real property subject to the facility ground lease and the agreed rent, is anticipated to be offset by below-market energy purchases or other benefits provided under the energy service contract.; and

WHEREAS, the organization Sierra Institute for Community and Environment (Sierra Institute) received a certain California Energy Commission grant (Grant) number EPC-14-082 for \$2.6 million to design and construct a biomass-fired combined heat and electric power system at the Center; and

WHEREAS, the Sierra Institute will design, build, and for the first year own and operate the biomass heating system, pursuant to requirements in the Grant, and then transfer ownership to the county after one year of operations pursuant to the “Ownership Transfer Agreement;” and

WHEREAS, Plumas County has committed a \$400,000 match to the Grant for materials and construction costs associated with development of a building on County-owned real property to house the biomass heating system, pursuant to the “Match Funding Agreement;” and

WHEREAS, the biomass heating system will generate thermal energy savings to the county and address the inefficient and failing system; and

WHEREAS, Sierra Institute has executed a certain “Ground Lease and Thermal Energy Sales Agreement” between with Plumas County for that first year of ownership and operations of the biomass facility; and

WHEREAS, in accordance with Government Code section 421710 et seq., the County published a notice of public hearing in the Feather River Bulletin, a newspaper of general circulation, on July 12<sup>th</sup> and 19<sup>th</sup>, 2017.

NOW, THEREFORE, BE IT RESOLVED, that the Plumas County Board of Supervisors finds and determines:

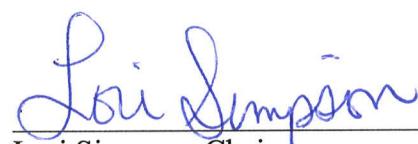
1. That all of the recitals set forth above are true and correct.
2. That pursuant to California Government Code §4217, this Resolution is adopted following a public hearing at a regularly scheduled meeting of the Board for which a minimum of two week's public notice has been given;
3. That based on all available information, the Board finds and determines that the cost of the biomass heating system to the county will be less than the anticipated marginal cost to the County of continuing business as usual while paying for the cost of replacing heat pumps, or compared to alternative systems such as solar or other energy that would have been consumed by the county if this project was not completed;
4. That the County finds that it is in the best interest of the County to award this energy service contract to the Sierra Institute, and the Sierra Institute will be responsible for procurement, construction, installation, training, monitoring, and maintenance and operations for one (1) year pursuant to the Ownership Transfer Agreement;
5. That the County finds that one year of fair rental value of the real property subject is anticipated to be offset by below-market energy purchase based on the reduction of the costs needed to run the current failing system;
6. That the Sierra Institute will design and construct the facility, and receive grant match payments from the county during construction;
7. That the Facility Services Director is authorized to do all things necessary to give effect to and comply with terms and intent of this resolution, and to take any actions deemed necessary to protect the interest of the county.

The foregoing Resolution is duly passed and adopted by the Board of Supervisors of the County of Plumas, State of California, at a regular meeting of said Board held on the 1<sup>st</sup> day of August, 2017, by the following vote:

AYES: SUPERVISORS ENGEL, GOSS, SANCHEZ, SIMPSON

NOES: SUPERVISOR THRALL

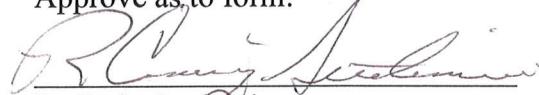
ABSENT: NONE

  
\_\_\_\_\_  
Lori Simpson

ATTEST:

  
\_\_\_\_\_  
Clerk of the Board

Approve as to form:

  
\_\_\_\_\_  
R. Craig Settlemire  
Plumas County Counsel

Attachment A:

Energy Savings Over 25 Years for Biomass System

Year	Current Operating and Maintenance Costs*	Biomass Operating and Maintenance Costs	Revenue/ Savings from ORC and TESA	Biomass Energy Savings	Cumulative Cash Savings
1	<b>\$62,981</b>	\$84,234	\$51,704	<b>\$30,451</b>	<b>\$30,451</b>
2	<b>\$64,265</b>	\$85,623	\$52,841	<b>\$31,483</b>	<b>\$61,934</b>
3	<b>\$65,576</b>	\$87,039	\$54,004	<b>\$32,540</b>	<b>\$94,474</b>
4	<b>\$66,914</b>	\$88,484	\$55,192	<b>\$33,622</b>	<b>\$128,096</b>
5	<b>\$68,280</b>	\$89,958	\$56,406	<b>\$34,728</b>	<b>\$162,824</b>
6	<b>\$69,674</b>	\$91,462	\$57,647	<b>\$35,859</b>	<b>\$196,683</b>
7	<b>\$71,098</b>	\$92,997	\$58,915	<b>\$37,016</b>	<b>\$235,699</b>
8	<b>\$72,551</b>	\$94,564	\$60,211	<b>\$38,199</b>	<b>\$273,896</b>
9	<b>\$74,034</b>	\$96,163	\$61,536	<b>\$39,408</b>	<b>\$313,305</b>
10	<b>\$75,549</b>	\$97,196	\$62,890	<b>\$40,643</b>	<b>\$353,948</b>
15	<b>\$83,608</b>	\$106,507	\$70,119	<b>\$47,221</b>	<b>\$576,625</b>
20	<b>\$92,546</b>	\$116,242	\$78,179	<b>\$54,483</b>	<b>\$834,241</b>
25	<b>\$102,460</b>	\$127,194	\$87,166	<b>\$62,431</b>	<b>\$1,130,230</b>

\*These projections do not consider heat pump failures and subsequent replacement costs, which can be high. Facility Services Director is confident that if the current heating system continues to operate as usual, the heat pumps will begin to fail as they are being overworked at full capacity due to the inefficient geofield.

Market Value Rent for a non-conditioned storage type structure is valued between \$2.25 and \$9.60 per square foot per year. Facility ground lease and the agreed rent, will be offset by below-market energy purchases or other benefits provided under the energy service contract.