



**Application to Sierra Nevada Conservancy
Proposition 84 Grant**

Plumas Community Energy Wood Processing Facility

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Plumas Community Energy Wood Processing Facility

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a. Project Description:

Ecological Background:

More than 80% of Plumas County is covered by forest, most of which is managed by the US Forest Service. This abundant natural resource is a valuable asset to the small communities spread across this region for a multitude of reasons, not the least of which are the direct jobs supplied through the forest products and tourism industries and the high quality of life associated with living amidst the forests, mountains and waterways. However, there is another side to the magnificent natural amenities that has long been known by forest managers and is becoming increasingly well understood by lawmakers and the general public. While to an untrained eye Plumas County's forests may appear to be a healthy, functioning ecosystem, the truth is that these forests are at significant risk of catastrophic wildfire.

Historically, these forests were kept relatively open by frequent, low-severity fire. However, as is the case in many places across the West, the forests in Plumas County are now overly dense due to more than a century of largely successful fire suppression and changing forest management. Today, many small-diameter trees crowd the landscape and compete for limited water, nutrients and sunlight. More importantly, these low-value trees create a continuous source of fuel from forest floor to crown, resulting in dramatically altered fire behavior. Low-severity fires have become a thing of the past and now, when fires do occur, the likelihood for a catastrophic event is significant. The 65,000-acre Moonlight Fire of 2007 and the 75,000-acre Chips Fire are testimony to this fact.

Not only does catastrophic wildfire result in vast swaths of dead trees, but it also has profound impact on soil structure and hydrologic processes. The intense heat generated by these types of fires vaporizes organic material in the soil and removes stored seed stocks, slowing natural regeneration pathways. This can lead to shifts in dominant cover types as slow-growing forests are replaced by more drought-tolerant shrub lands and grass savannas. Additionally, the extreme heat creates hydrophobic conditions on the surface of the soil, resulting in increased overland flow during precipitation events. This in turn leads to severe erosion in burned areas and causes damaging debris flows that impact areas of the watershed outside the fire perimeter.

It is difficult to predict exactly what impact climate change will have on fire regimes in the Sierra, but it is likely that warmer temperatures and altered precipitation patterns will cause fire events to become more frequent and burn with increased severity. A longer, more intense fire season will have significant ecological, economic and public health consequences for rural communities.

Economic Background:

Catastrophic wildfires are clearly ecologically destructive, but they also have a profound impact on local economies. A recent article in the New York Times highlighted some of the economic hardships caused by this summer's Rim Fire. The article, which reports on how a lack of summer visitors over critical periods directly resulted in layoffs, demonstrates just how dependent

mountain communities are on summer tourism dollars.¹ Plumas County is no exception. The two recent large fires here (Moonlight and Chips) hurt local businesses and their employees, particularly in the town of Chester, where the intense smoke choked the town and the entire Almanor Basin resulting in the tourism-based economy effectively losing the critical month of August.

The increasingly frequent impact of wildfire on the tourism industry in Plumas County is heightened by the area's growing reliance on this sector of the economy, as the economic influence of forest products sector shrinks. For much of the 1970s, 80s and early 90s, the timber industry was the primary economic driver in this rural part of northeastern California. However, beginning in the mid-1990s, a series of events began to unfold that lead to a decline in the timber industry. Increased environmental legislation made harvesting timber on public lands more difficult, a change in building materials decreased the demand for dimensional lumber, and most recently a sharp decline in the housing sector have all combined to reduce timber production in Plumas County from 177 million board feet (MMbf) in 1999 to 89 MMbf in 2011.

Until recently, the impacts of the declining timber industry were softened by a coinciding increase in tourism and construction of second homes in Plumas County. This steady shift from a resource based economy to one dependant on construction and service industry jobs occurred with little concern until the economic downturn and collapse of the housing market in 2007/8. The Great Recession, coupled with the decline in the timber industry, has caused the unemployment rate in Plumas County, which hovered around 8% from 2000 – 2006, to rise steadily and eventually reach a high point of 16.8% in 2010, with some communities experience rates of over 20%.²

As the economic downturn progressed and jobs became increasingly scarce, families began to pack up and move away from Plumas County. According to the 2000 and 2010 US census surveys, the county's population fell by 4% during this time period.³ More telling, and indicative of future challenges to the economy of this region, is the fact that the number of people under the age of 18 decreased dramatically while the number of persons over 65 grew.

High rates of unemployment and declining populations have an especially profound effect on public institutions that are critical to community wellbeing. As families move in search of new opportunities, schools face the harsh reality of declining enrollments and shrinking budgets. Too often this results in consolidation of two or more schools into one location and corresponding layoffs of teaching staff. Local hospitals, critical to community health, particularly as the county population ages, also face financial constraints as the number of patients dwindle. This is

¹ *Hit Twice by Hard Times, a Town Works to Rebound*, New York Time. Nov. 7th, 2013. <http://www.nytimes.com/2013/11/08/us/hit-twice-by-hard-times-a-town-works-to-rebound.html> (last accessed 11/14/2013)

² Plumas County Draft General Plan, 2013. Economic Element, page 102. <http://plumascounty.us/index.aspx?NID=2116> (last accessed 11/14/2013).

³ Plumas County Draft General Plan, 2013. Economic Element, page 99. <http://plumascounty.us/index.aspx?NID=2116> (last accessed 11/21/2013).

compounded by a decreasing ability to pay for services provided as families face increasing financial strain.

The result is that it becomes increasingly difficult for schools and hospitals to operate sustainably and calls into question their long-term stability in the community. The loss of these critical institutions only perpetuates the larger trend, and further drives the community into economic decline.

Project Goals:

Given the complex nature of the problem described above, it is clear there is a distinct need to create new employment opportunities and bolster existing timber jobs in Plumas County. It is equally apparent that efforts must be taken to reduce the risk of catastrophic wildfire and the ecological and economic impacts associated with these events. Taken together, these efforts will not only serve to keep families here, but will also encourage additional development in the county.

The non-profit Sierra Institute for Community and Environment (Sierra Institute), in tandem with local, state, and federal partners, has devoted a significant amount of time and resources over the past three years to develop and implement solutions to the challenges described above. These efforts have involved taking a holistic approach that has included in-depth social and economic analysis, thorough assessments of available resources and infrastructure, and most importantly significant outreach to local stakeholders and partner organizations. All of this work has resulted in a greater understanding of the interconnected nature of the environment, the economy and communities of Plumas County, and a deep-seated belief that it is crucial to address the symptoms of all three at the same time.

Accordingly, the Sierra Institute has partnered with Wisewood, Inc. – a Portland, Oregon based firm with extensive experience developing state of the art thermal systems and wood processing facilities – to develop and implement a multi-phase project that will produce triple bottom line benefits in Plumas County by creating a market for small-diameter trees and slash generated during timber harvesting operations. This waste material, often referred to as woody biomass, is one of Plumas County's most abundant natural resources. More importantly, removing it from the landscape presents a real opportunity to: 1) strengthen the forest products sector; 2) reduce the risk of catastrophic wildfire; and 3) to develop a renewable, less expensive source of fuel for critical institutions in Plumas County.

In order to help develop a market for biomass, our team proposes to develop a series of projects that will ultimately create a demand for approximately 35,000 bone dry tons (BDTs) of forest biomass annually. Phase one (1) of this project involves developing the infrastructure to support a network of biomass-fired thermal boilers throughout Plumas County. Phase two (2) will capitalize on the opportunity to develop a 3 megawatt (MW) combined heat and power (CHP) facility outlined under California Senate Bill 1122. Together, the biomass-fired boilers and the CHP facility will create enough of a demand to warrant biomass treatments on an additional 5,000 – 7,000 forested acres in Plumas County annually.

Step one in this process, and explicit purpose of this grant request, is to develop a facility that will provide a consistent supply of wood chips for thermal boilers. Participating institutions have repeatedly identified the lack of a consistent supply of high quality wood chips as a major obstacle to installation of biomass-fired boilers. We propose to build a wood chip processing facility capable of producing a “conditioned” wood chip to be burned in highly efficient biomass-fired boilers to provide heat to critical institutions in Plumas County.

Specifically, requested funds will be spent to engineer and build a processing wood processing yard. This includes contracting the services of civil, structural and electrical engineers, purchasing building material, hiring building contractors, purchasing heavy equipment capable of refining in-woods chipped biomass into a uniform, drier source of fuel.

Plumas County has historically been, and continues to be, heavily invested in the forestry sector. As was noted above, this industry is experiencing a decline for a variety of reasons. However, forests and the forest products sector remains a vital part of this region of California, and it is critical to pursue opportunities to diversify this industry so that logging contractors will continue to be a presence in Plumas County. A primary goal of this project is the diversification of the local forest economy and the corresponding opportunity to create new employment opportunities and bolster existing jobs within the forestry sector.

Creating a market for biomass will increase the number of forest acres thinned on an annual basis. Fire Safe Council projects that are currently on hold due to a lack of demand for biomass will be able to move forward. Similarly, timber sales on federal lands that are currently permitted but remain unsold due to the marginal value of the saw timber will likely become profitable with an increased demand for biomass. The result is that a second goal of the project is the reduced risk of catastrophic wildfire, particularly around vulnerable communities.

A final key consideration in this project is that biomass-generated heat will help stabilize essential public institutions by reducing heating costs and increasing utilization of renewable fuels from a local source. Biomass generated heat is significantly less expensive than heat generated from fuel oil, diesel fuel or propane – the three types of fossil fuel used in Plumas County. Utilization of a locally-based, renewable fuel will result in cost savings passed directly to the local institutions and communities, and contribute to local job creation.

Project Location:

The proposed woodchip processing facility will be located in Crescent Mills, California, on the former site of a Louisiana Pacific sawmill. The Sierra Institute has worked with the Plumas County Planning Director to ensure the project on this 30-acre parcel of land comports with existing zoning. Furthermore, the Sierra Institute has employed the services of an attorney to help perform necessary due diligence determine any issues limiting access, existing easements and/or encumbrances. Work to gain satisfactory control of the site is described in section C.

Scope of Work:

The proposed project will utilize grant funds to purchase equipment necessary for processing raw material (in-woods chipped biomass) into “conditioned” wood chips for use in highly efficient biomass-fired boilers located throughout Plumas County. A conditioned chip is a chip that is no

larger than 2 inches and has no more than 35% moisture content. The following narrative describes the process of taking forest biomass chipped in the woods at the site of a timber harvest and producing a refined fuel for state-of-the-art boilers.

- In-woods chipped material will be delivered to the processing facility in Crescent Mills by self-unloading chip vans. This material will come from numerous logging sites throughout Plumas County.
- The chips will be transported from load-out pile to a chip sorting facility by a front-end loader with a 5-yard bucket capacity.
- A system of conveyor belts will carry a steady stream of chips to a series of vibrating chip screens.
 - Material that is larger than 2 inches will be caught by the top screen and sent for reprocessing to achieve the desired size. Once reground in the hammer hog grinder, this material will rejoin the chip supply stream.
 - Material too small for utilization in the boilers will fall through a second screen and be removed from the processing site.
- The chips, now relatively uniform in size, will be transported to one of two large covered storage sheds to air dry until the desired moisture content is achieved.
- Conditioned chips are loaded into containers and transported via a hooklift truck to biomass thermal boilers located at public institutions in Plumas County. These containers are capable of holding 10 tons worth of conditioned chips and are self-unloading.

Implementation of the proposed project is heavily weighted towards the first few months of development. Once development is complete, very little oversight will be required from the Sierra Institute and Wisewood. When the chip processing facility is fully operational, it will be capable of generating a steady stream of revenue and thus be financially self-sufficient. Accordingly, it is critical to note that chip processing will continue beyond the grant-funded portion of the project. Long-term management sustainability of the proposed facility is addressed in section **1f**.

The project's goal is to produce 2,000 bone dry tons annually for a minimum of 25 years. This steady supply of conditioned chips will supply a network of biomass-fired boilers throughout Plumas County. Eventually this chip processing facility will fold into a larger biomass utilization project where a CHP facility will produce 3 MW of electricity and waste heat generated during the combustion process will be captured and used to help condition (dry) the chips. This is a truly unique model of biomass utilization because this integrated model nears complete energy efficiency and will provide significant returns to the local community.

b. Workplan and Schedule Narrative:

The work plan for the proposed chip processing facility is weighted towards the first few months of project development. 95% of requested grant funds will be spent during the summer of 2014 to prepare the site and to purchase equipment necessary for refining biomass chipped in the woods into a conditioned chip for combustion in biomass boilers. The remaining 5% of funds will be reserved for administrative costs associated with organizational overhead. Full implementation of the project is expected to take six months from the time funds become available. Assuming a June 2014 start date funds will be expended by December 31. The grant-funded portion of the project will terminate in December 2014 with the submission of a final report.

It is critical to note that the chip processing facility will continue to operate well beyond the grant-funded portion of the project. Once the chip processing facility is fully operational, it should become financially self-sufficient and capable of generating a steady source of revenue. The potential for financial self-sufficiency makes this a truly unique project with the potential to provide significant returns to the local community. The Sierra Institute will continue to oversee facility operation beyond the December termination date as part of their work supported by a California Energy Commission grant and a USDA Forest Service Woody Biomass Utilization Grant.

A great deal of groundwork has already been laid leading up to this grant request and as a result this is a shovel-ready project. This work has been focused primarily on two distinct areas:

1. Securing assurances that no additional environmental permitting will be required to develop a chip processing facility; and
2. Conducting due diligence regarding ownership and physical control of the site. These efforts are described in greater detail in section **C**.

Additional efforts have focused on developing relationships with in-woods contractors to determine availability and sustainability of biomass. This outreach is addressed in greater detail in both sections **D** and **E**.

Development and implementation of the processing facility will commence immediately following funding support. The Sierra Institute will work with Wisewood, Inc. to finalize all site engineering requirements, taking into consideration both immediate needs and future plans to develop a combined heat and power (CHP) plant at the proposed location. Design and construction of the chip processing facility will occur simultaneously with engineering of the CHP facility, and as a result there is opportunity to combine resources to develop a truly integrated system. Site design and engineering for the chip processing facility will take less than three months to complete.

Grant funds will be used to prepare the site for use and to purchase equipment necessary for chip processing. Both deliverables will occur during the early stages of the project.

- Once site design has been finalized, the site will be cleared and graded. This will occur during the summer of 2014.

- Equipment necessary for processing chips will be purchased. All efforts will be made to find used equipment in good or excellent condition, allowing for funds to be most efficiently utilized. Purchases will occur during the summer of 2014 and will include:
 - Metering hopper
 - Drag chain conveyor system
 - Vibrating chip screen
 - Hammer hog wood grinder
 - Conditioned chip bin
 - Hooklift bins
- Chip storage facilities will be a drive through tensile structure called a “fabric structure.” These structures are commonly used in agriculture to store hay and crops, and are becoming increasingly common for biomass storage.¹ The proposed structure has a footprint of 3,600 square feet and sit on concrete “ecology blocks.” Ecology blocks are interlocking concrete blocks that can provide a temporary foundation for fabric structures.² Supplemental rafter kits will be included in the build-out process to account for the possibility for extreme weather in the Northern Sierra region. Construction of these structures will begin late summer 2014 and be complete by the termination of grant.

Delivery mechanisms for conditioned chips represent the final component of the development and implementation process. Conditioned chips will be delivered to institutions with biomass boilers in steel containers with 30-yard capacity. These containers will connect directly to the boiler systems and have a self-unloading mechanism, reducing direct labor demands on maintenance staff at participating institutions, and are transported by a hooklift truck.³

Chip processing and delivery to consumers is estimated to begin in October 2014 following completion of site preparation and construction of the chip screening mechanism. Processed chips will be stored in a 14-unit wood chip bin, ready to load into the hooklift bins, as needed (one “unit” is 2,400 pounds of bone dry wood).

It is anticipated that the US Forest Service will be the first institution to have an installed biomass boiler. The current proposed timeline anticipates that this boiler will come on line in late 2014 and will demand approximately 200 bone dry tons of wood chips annually. Accordingly, in the first year of operation the processing facility will convert 400 tons of green in-woods chipped material into 200 tons of conditioned chips.

While the grant-funded portion of the project will terminate in December 2014, what makes this project unique is that operational costs are directly linked to demand. As more institutions install biomass-fired boilers and demand for conditioned chips increases, work at the processing facility can scale up to meet this demand. Additional biomass-fired boilers are expected to come online in Portola, California, during the fall of 2015. Both Eastern Plumas Health Care and Plumas Unified School Board for Portola High School have demonstrated significant interest in

¹ See photos, section 2c. For more information see: <http://www.nlfabric.com/> (last accessed 11/19/13).

² See photos, section 2c. For more information see: http://www.precastssystemslc.com/precaster/products/ecology_blocks.php (last accessed 11/19/2013).

³ See photos, section 2c. For more information see: <http://www.stellarindustries.com/pages/hooklifts.htm> (last accessed 11/19/13).

switching their current fossil fuel boilers out for new biomass-fired boilers. Instead of each institution will having their own boiler, at this time it appears it will be more cost effective to build one central boiler capable of providing heat to both facilities. Whether one boiler or two, biomass-fired boilers in Portola are projected to more than double demand for conditioned chips. During the second year of operation it is projected that the processing facility will convert 1,000 tons of green in-woods chipped material into 500 tons of conditioned chips. This increased demand will result in the need to purchase additional delivery containers.

Several other institutions in Plumas County are also exploring the opportunity to install biomass-fired boilers. In Chester, Seneca Hospital and Wildwood Village (a retirement community) are located adjacent to each other and have expressed interest in converting to biomass-fired boilers. The proximity of these two institutions to each other provides an opportunity for one boiler to supply heat to both buildings. Quincy High School and Greenville High School are also working with the Sierra Institute to explore biomass-fired boilers.

Table 1.1: Detailed project deliverables and timeline of implementation

| Detailed Project Deliverables | Timeline |
|--|---------------------------|
| <i>Site Engineering and Build Out</i> | |
| <i>June – August 15</i> | |
| Mechanical engineering | June - July |
| Civil/structural engineering | July 15 – August 15 |
| Electrical engineering | July 15 – August 15 |
| <i>Purchasing</i> | |
| <i>June 15 – September 15</i> | |
| Equipment | July - August |
| Building materials | June 15 – August 15 |
| Electrical materials | August 15 – September 15 |
| <i>Construction</i> | |
| <i>August - October</i> | |
| Civil construction | August |
| Mechanical construction | September |
| Electrical construction | September 15 – October 15 |
| <i>Chip Delivery and Processing</i> | |
| <i>July 1, 2014 – April 30, 2015</i> | |
| 400 green tons delivered 20 truck loads delivered in self unloading chip vans | July 1 – September 30 |
| | |

| | |
|--|----------------------------------|
| Chips screened, reground and dried | October 1 – November 30 |
| Conditioned chip delivery <i>Delivered on an as-needed basis. On average 1 container lasts approximately 1 week. Initial sites include Plumas NF Supervisors Office.</i> | October 1, 2014 – April 30, 2015 |
| Final report and project termination <i>Final report addressing economic, environmental and social benefits provided by the grant. The report will include a thorough financial analysis and business plan to ensure the continued successful operation of the facility by third party operator.</i> | December 31 |

c. Restrictions, Technical/Environmental Documents and Agreements Narrative:

The proposed woodchip processing facility will be located in Crescent Mills, California, on the site of what used to be a Louisiana Pacific sawmill. The site is approximately 30 acres in size and is zoned for heavy industrial use. The property is accessed via a railroad crossing agreement with Burlington Northern Santa Fe (BNSF) Railway Company. There are currently no structures located on the property, but some existing infrastructure from previous use as a mill is present and a good portion of the site is covered with asphalt. Greg Lehman of Carson City, Nevada, and two family members are the current owners of the property.

Property Restrictions:

The Sierra Institute has worked with lead owner Greg Lehman to ensure there are no property restrictions that could derail project development and implementation. Mr. Lehman is extremely supportive of the Sierra Institute's efforts to create new employment opportunities in Plumas County, and recognizes the community and environmental benefits this project provides. He is also fully aware of the fact that the Sierra Institute is not currently in a position to purchase his property outright, and he understands that SNC funds do not support land acquisition.

Building on Mr. Lehman's desire to sell the property in the near future, and leveraging his desire to see it used for community betterment, the Sierra Institute is currently negotiating an agreement with Mr. Lehman and his legal council whereby the Sierra Institute has unrestricted access to the property for a period of 18 months and rights of first refusal for property purchase. The Sierra Institute and Mr. Lehman are concluding a lease-option agreement to ensure Sierra Institute control of the site. This agreement will be shared with the SNC upon completion in early December. The following bullet points highlight some of the specific discussion points between the Sierra Institute and Mr. Lehman:

- Sierra Institute and its partners have the ability to conduct actions consistent with the development and implementation of a woodchip processing facility capable of producing 2,000 BDTs annually.
- Mr. Lehman agrees not to sell the property for the up-to-18-month period for which the Sierra Institute has site access without first offering to sell the property to the Sierra Institute.
- Mr. Lehman will cooperate fully and provide all relevant information relating to the property to which he has access.
- For no-cost, unrestricted access, the Sierra Institute will share site analysis and engineering work with Mr. Lehman.

A placeholder for the copy of the agreement between Mr. Lehman and the Sierra Institute is included in section **2a** of this application.

The Sierra Institute employed the services of James Reichle, Esq. to assist with conducting due diligence regarding any access restrictions, existing easements or encumbrances restricting development on the property. Mr. Reichle did not find evidence of any easements or encumbrances on the property. Mr. Reichle contacted BNSF multiple times to determine the existence of any agreements or easements granting permission to access to the property via the

current road crossing the rail line. While neither BNSF nor Mr. Lehman were able to produce any written documents showing the existence of a deeded crossing, BNSF assures Mr. Reichle that there is a simple and standard process to establishing a road crossing agreement granting the Sierra Institute access to the property. A letter from Mr. Reichle describing the nature of his findings is provided in section **2a** of this application.

Environmental Restrictions:

Early on in the planning process, the Sierra Institute engaged with the Plumas County Planning Department to determine which, if any, permits would be required to develop a chip processing facility on the Crescent Mills site. The site is zoned for heavy industrial use and it was quickly determined that a chip processing facility is consistent with this use, and will require standard building permits. No environmental permits will be required for this project and the Plumas County Planning Director has provided a document stating that no CEQA review will be required. A copy of this letter is included in section **2a** of this application.

d. Organizational Capacity:

Expertise:

The Sierra Institute has been engaged in forest issues since it was launched in 1993, and actively focused on woody forest biomass as an integral issue to reduce risk of catastrophic wildfire, create local jobs, and improve the ecological condition of forests since 2007. The Sierra Institute is active in state and federal policy discussions, and works with multiple community organizations and businesses interested in the development of small-scale biomass utilization.

In early 2013 the Sierra Institute was awarded a \$300,000 California Energy Commission grant to work collaboratively with Plumas County, Plumas National Forest, Plumas Unified School District, local hospitals, and other community partners to integrate biomass into a countywide renewable energy plan. The project, the Plumas Energy Efficiency and Renewables Management Action Plan (PEER MAP), strives to capitalize on Plumas County's two most abundant natural resources: forest biomass and solar. Implementation of the PEER MAP will result in increased utilization of local biomass, reduced dependence on fossil fuels, a smaller carbon footprint countywide, positive financial returns for participating institutions, and additional employment opportunities for individuals working in the forest products sector.

The Sierra Institute and was also awarded a \$250,000 USDA Forest Service Woody Biomass Utilization Grant (WBUG) in July 2013 to develop a 3 MW combined heat and power facility. The Sierra Institute has contracted Wisewood, Inc. to design and engineer this facility.

Together, these grants have enabled the Sierra Institute and Wisewood to develop a deep understanding of biomass utilization in Plumas County. Through the PEER MAP process, the Sierra Institute and Wisewood worked with partner institutions to assess the available biomass resources, existing technology, and energy needs of candidate facilities. This information gathering resulted in feasibility studies, economic analyses, and a plan for implementation. The WBUG builds on this knowledge and is focused on increasing biomass utilization by providing funds to design and engineer a CHP facility.

Staff:

Dr. Jonathan Kusel, Project Coordinator

In addition to project oversight and management, Dr. Kusel will work with state and federal agency officials to advance policies to increase support for woody biomass utilization. Dr. Kusel will also lead the project's public outreach work to maintain community support for local biomass utilization, including addressing sustainability, economic, and environmental concerns.

Andrew Haden, Project Developer

Mr. Haden will have primary responsibility for oversight and management of engineering contractors and site development. Mr. Haden's role includes recruitment of engineering and contractor services.

Mikailah McKee, Project Manager

Mr. McKee will be responsible for day-to-day project management. This will include collaborating with Wisewood to provide on-the-ground oversight of contracting activities during

the design and build phase, and coordination of biomass supply, processing and delivery to customers once the facility is operational.

Wisewood Organizational Capacity

Wisewood, Inc. develops state-of-the-art biomass energy projects for institutional, commercial, government and industrial clients to help shift their energy consumption away from fossil fuels towards renewable energy sources that build strong local economies, maintain healthy forest ecosystems, and lower energy costs. Wisewood's focus is heating, cooling, combined heat and power (CHP) and district energy applications. As a design/build project developer and General Contractor, Wisewood works with a variety of mechanical, electrical and structural engineering firms and subcontractors to complete complex biomass energy projects on time and on budget.

Andrew Haden is Founder and President of Wisewood, Inc. Andrew has lead the development and implementation of multiple biomass heating system projects through complete cycles of feasibility assessment, project engineering, construction management, commissioning and ongoing operations support. This full-cycle development experience has resulted in highly accurate renewable heating system cost estimates which in turn form the basis of feasibility assessments that can be counted on to reflect both real world construction costs and real world equipment performance.

Of particular relevance to the proposed project under the Sierra Nevada Conservancy grant program is Andrew's experience in wood fuel processing:

Malheur Pellet Mill – Andrew was the primary contributor (together with Ochoco Lumber Company) to the winning proposal awarded a \$4.9 Million American Recovery and Reinvestment Act grant to construct a pellet mill in Grant County, Oregon in the Fall of 2009. Andrew's role was to generate all technical aspects of the proposal, including selecting and managing the project engineering team and the generation of the preliminary project engineering documents and cost estimates, and generating pro forma financial projections for Ochoco Lumber Company (the mill owner) based on those cost estimates. After the grant was awarded, Andrew co-lead the management of the design and construction of the project through its substantial completion and commissioning in December 2010, the timeline of which was a federally-imposed hard deadline with fines and clawback provisions (Client: Ochoco Lumber Company – 2009/2010).

Aaron Berg is a Financial Accountant working with Wisewood to develop finance and ownership models for large-scale biomass projects. Aaron's previous work experience includes founding and running Blue Tree Strategies, a financial services company assisting clients with business planning, project finance, and program design. Notable clients have included Clean Energy Works of Oregon and MPower Oregon. Aaron has also worked in commercial lending and as a tax accountant.

Anthony Dickman is a Professional Engineer registered in California, Oregon, and Washington, and has been a member of the American Society of Mechanical Engineering since 1988. Anthony has over 25 years of experience in the engineering field, including multiple projects related to biomass and other alternative fuel sources. He works with Wisewood as Engineering Project Manager.

Nerissa Lindenfelser is a Project Manager with Wisewood. Nerissa has worked in construction management in Oregon for the past four years, and has experience with accounting through QuickBooks, grant management, and contracting processes.

e. Cooperation and Community Support:

Community Support:

The Sierra Institute has been working to promote economic viability, environmental integrity and healthy communities in rural Plumas County for over 20 years. Throughout that time we have developed a clear understanding of the multitude of challenges facing the Plumas area and built lasting relationships with many individuals and organizations in this region. Accordingly, conceptual development of this project came as a direct result of our understanding of the economic, environmental and social challenges facing local communities, and included multiple conversations with a vast array of stakeholders. The idea to promote woody biomass utilization, and more specifically the implementation of a chip processing facility, has truly been built from the ground up, and in doing so has garnered broad community support.

The Sierra Institute recognizes that finding a solution to the multi-dimensional problem facing Plumas County requires a truly interdisciplinary approach, as well as collaboration of a variety of institutions, organizations, elected officials and private businesses. Successful implementation rests on the ability to demonstrate the link between improved forest management that reduces risk of catastrophic wildfire, opportunities to stabilize and reduce heating costs at essential public institutions, and the need for new job opportunities in Plumas County.

The work completed to date through the organizational biomass work and the PEER MAP process has made great progress towards establishing the relationships and support necessary for success. The Sierra Institute and Wisewood have given multiple presentations on increased biomass utilization to the Plumas Unified School District, the Plumas County Board of Supervisors, as well as interested public at a Biomass Workshop in Chester, CA. We have engaged with the US Forest Service to explore installation of thermal boilers at two USFS facilities, and met with Plumas County Fire Safe Council and Forest Service to discuss how each organization would be better able to meet management objectives through increased biomass utilization. We have met with members of the County Planning Department and Community Development Commission, administrators at Feather River Community College, City Administrators in Portola (the only incorporated city in Plumas County), and administrators at Eastern Plumas Health Care to discuss opportunities for biomass-fired district heating facilities. Finally, we have conducted extensive outreach to local in-woods contractors to determine available supply and to discuss the on-the-ground economics and logistics of getting woody biomass from the forest to a centralized processing facility.

This community engagement effort has been extremely well-received and the support the Sierra Institute has received from the community has exceeded our expectations. Viewpoints range from those who see the need to harvest biomass as an ecological imperative, to those who see the financial benefits biomass provides in comparison to more expensive and price-volatile fossil fuels; but there is universal recognition that biomass is one of Plumas County's most abundant natural resources and that increased utilization will result in a myriad of benefits.

Partnerships:

The Sierra institute has actively sought to develop partnerships with all organizations and institutions critical to linking the different components of this project together.

- We have had numerous conversations with in-woods contractors who are not only incredibly supportive of our efforts to increase biomass utilization, but who have also repeatedly stated that there is a more than sufficient supply available. We have established relationships with foresters and contractors capable of meeting our projected demand.
- The Sierra Institute is working to develop a partnership with the Plumas County Fire Safe Council that will enable both organizations to advance their goals. Fire Safe thinning projects are an excellent source of biomass – the primary limiting factor is a lack of demand for this product.
- The Sierra Institute is working with the Plumas National Forest to actively promote timber harvests with fuel reduction and forest restoration objectives. A current example is the Sierra Institutes presence and support at a public meeting for the Wildcat Fuels Reduction and Vegetation Management Project.¹
- The Sierra Institute has worked with the Plumas Unified School District, the US Forest Service and Eastern Plumas Health Care to begin the process of designing biomass-fired boilers for these institutions. Feasibility studies assessing the cost of installation and interconnection have been conducted for all these institutions. These studies also describe the significant financial savings the institutions will realize when they switch from fossil fuel-generated heat to biomass-fired boilers.
- The Sierra Institute has engaged with City and County officials and publically voiced our support at public hearings for the new County General Plan, which directly calls for promoting economic opportunities that promote real wage jobs, particularly in the forest products sector, and to support biomass utilization as a pathway to more renewable energy.

The high level of community support and commitments from partner organizations are best represented by the letters of support included in section **2a** of this application packet.

¹ <http://www.fs.usda.gov/detail/plumas/news-events/?cid=STELPRDB5439952> (last accessed 11/20/13)

f. Long-Term Management and Sustainability:

Long-term Management:

The Sierra Institute and Wisewood are working together on multiple biomass utilization projects throughout Plumas County. Phase one of this work involves establishing a network of biomass-fired boilers at critical institutions with high heat demands. Developing a chip processing facility to supply conditioned chips to these boilers is step one in that process. Phase two involves capitalizing on opportunities for generating electricity from woody biomass, as laid out in California Senate Bill 1122, and developing 3MW combined heat and power facility located on the same site as the chip processing facility. The long-term vision is that the waste heat generated in the combustion process will be utilized to dry the chips. This component is critical because as more biomass-fired boilers are installed throughout the county, demand for conditioned chips will increase.

The Sierra Institute is has committed extensive time and resources to develop successful biomass utilization projects in Plumas County. As such, the organization will continue to assume responsibility for managing operations at the chip processing facility well after the funds provided by this grant are exhausted. Once the CHP facility comes on line in 2016, the opportunity to integrate the chip processing facility into the daily operations of that facility may be capitalized on. The Sierra Institute is also working with Wisewood and a contractor to explore diverse ownership models. The goal is to develop models that address diverse organizational needs and interests – both short-term and long-term –; 1) to assure long-term functionality and sustainability; and 2) inform work beyond Plumas County. One of the challenges of this county-wide project is ensuring that chip production precedes boiler operation, and that chip production can meet future demand. SNC support will provide critical project launch support, will help build confidence among partners that a chip supply will be available, and bridge the initial period of no to little product demand to build out and sustain operation.

Sustainability:

What makes this project unique is that once fully operational the revenue generated through chip sales should make the facility self-sufficient. This income will be sufficient to meet fixed costs including salary and insurance requirements for personnel, and variable costs such as equipment maintenance and chip transportation. A basic proforma of describing capital costs, operating costs and anticipate revenue is included in section **2b**.

Table 1.2: Projecting long-term facility operation:

The following table describes the expected future growth of the project beyond the period covered by this grant proposal. It shows how developing a chip processing facility will lead to additional biomass-boilers throughout Plumas County. Combining the chip processing facility with a combined heat and power facility in 2016 shows the integrated nature of this work and demonstrates the Sierra Institutes commitment to long-term management and success of this project.

| | |
|-------------------------------------|--------------------------------------|
| Chip Delivery and Processing | June 1, 2015 – April 30, 2016 |
|-------------------------------------|--------------------------------------|

| | |
|---|----------------------------------|
| 1,000 green tons delivered <i>50 truck loads, delivered in self unloading chip vans</i> | June 1 – September 30 |
| Chips screened, reground and dried | July 1 – October 1 |
| Conditioned chip delivery <i>Delivered on an as-needed basis. Delivery sites in year 2 include Plumas NF Supervisor's Office and Portola district heating facility</i> | October 1, 2015 – April 30, 2016 |

| <i>Facility Build Out</i> | <i>April 1 – December 31, 2016</i> |
|---|---|
| Purchase steel delivery containers (4) ¹ <i>New, 30-yard capacity with self unloading capabilities</i> | May - August |
| Build out capacity to utilize waste heat <i>Phase 2 of the project, the combined heat and power facility, is scheduled to come on line at the end of the 3rd quarter 2016. This will increase production capabilities, particularly drying speed.</i> | April 1 – December 31, 2016 |
| <i>Chip Delivery and Processing</i> | <i>June 1, 2016 – April 30, 2017</i> |
| 1,500 green tons delivered <i>75 truck loads, delivered in self-unloading chip vans</i> | June 1 – September 30 |
| Final report and project termination <i>Final report addressing economic, environmental and social benefits provided by the grant. The report will include a thorough financial analysis and business plan to ensure the continued successful operation of the facility by third party operator.</i> | July 1, 2016 |
| Chips screened, reground and dried | July 1 – October 1 |
| Conditioned chip delivery <i>Delivered on an as-needed basis. Additional delivery sites include Quincy High School, Mt. Hough Ranger District, Chester district heating facility</i> | October 1, 2016 – April 30, 2017 |

¹ Purchased with revenue generated from previous years chip sales.

Financial Forms

Project Name: Plumas Community Energy Wood Processing Facility
Applicant Organization: Sierra Institute for Community and Environment

| SECTION ONE DIRECT COSTS | Year One | Year Two | Year Three | Total |
|--|-----------------|-----------------|-------------------|--------------|
| <i>Construction Costs</i> | \$119,290.00 | | | \$119,290.00 |
| <i>Mechanical Installation</i> | \$ 116,269.00 | | | \$116,269.00 |
| <i>Electical</i> | \$49,600.00 | | | \$49,600.00 |
| <i>Permitting</i> | \$1,500.00 | | | \$1,500.00 |
| <i>Contractor Costs (installation)</i> | \$8,000.00 | | | \$8,000.00 |
| <i>Engineering and Construction mgmt</i> | \$38,341.00 | | | \$38,341.00 |
| | | | | \$0.00 |
| | | | | \$0.00 |
| | | | | \$0.00 |
| DIRECT COSTS SUBTOTAL: | \$333,000.00 | \$0.00 | \$0.00 | \$333,000.00 |

| SECTION TWO INDIRECT COSTS | Year One | Year Two | Year Three | Total |
|---|-----------------|-----------------|-------------------|--------------|
| <i>Monitoring</i> | | | | \$0.00 |
| <i>Project materials & supplies purchased</i> | | | | \$0.00 |
| <i>Publications, Printing, Public Relations</i> | | | | \$0.00 |
| | | | | \$0.00 |
| INDIRECT COSTS SUBTOTAL: | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| PROJECT TOTAL: | \$333,000.00 | \$0.00 | \$0.00 | \$333,000.00 |

| SECTION THREE | | | | |
|---|--------------|--------|--------|--------------|
| Total | | | | |
| <i>Sierra Institute Administravie Costs</i> | \$17,000.00 | | | \$17,000.00 |
| | | | | \$0.00 |
| | | | | \$0.00 |
| | | | | \$0.00 |
| | | | | \$0.00 |
| ADMINISTRATIVE TOTAL: | \$17,000.00 | \$0.00 | \$0.00 | \$17,000.00 |
| SNC TOTAL GRANT REQUEST: | \$350,000.00 | \$0.00 | \$0.00 | \$350,000.00 |

| SECTION FOUR OTHER PROJECT CONTRIBUTIONS | Year One | Year Two | Year Three | Total |
|---|-----------------|-----------------|-------------------|--------------|
| <i>List other funding or in-kind contibutors to project</i> | | | | |
| | | | | \$0.00 |
| | | | | \$0.00 |
| | | | | \$0.00 |
| | | | | \$0.00 |
| | | | | \$0.00 |
| Total Other Contributions: | \$0.00 | \$0.00 | \$0.00 | \$0.00 |

Budget Narrative:

Direct Costs

Because this is an implementation grant nearly all requested funds will go toward Sierra Institute contractor costs. No SNC dollars will go towards direct labor costs of Sierra Institute staff. This includes:

- Construction Costs: Site preparation, excavation, and concrete work as well as building construction and associated subcontractor labor. \$119,290
- Mechanical Installation: Purchase of and labor associated with installation of mechanical equipment. This includes a metering hopper, chip screen, wood hog, chip bin, conveyor system and conveyor motors. \$116,269
- Electrical: Cost associated with control wiring and power distribution to the site. \$49,600
- Permitting: Obtain electrical and building permits as necessary. \$1,500
- Contractor Costs (installation): Direct labor at site. \$8,000
- Engineering and Construction Costs: Cost associated with site engineering and design including civil mechanical and structural engineering, building design, electrical hookup and subcontractor management. \$38,341

Indirect Costs:

Sierra institute administrative costs. \$17,000 (administrative expenses if 5.1%). The Sierra Institute has an approved federal administrative/indirect cost rate of 18.9%. We are charging less to ensure necessary equipment is purchased and due to the short period of grant funds.

Project total: \$350,000

Performance Measures:

The Project Description of this grant application describes in great detail the net economic, environmental and social benefits the Sierra Institute believes this project will yield Plumas County. However, given the unique nature of this project, and the relatively short implementation period, the Sierra Institute will provide post-project reports to the Sierra Nevada Conservancy in December and December 2017, 1 and 2 years after the project has terminated. We believe this is the most appropriate way to truly measure the performance of this project considering that all three of the performance measures identified below will increase as the demand for processed wood chips grows.

Acres of Land Improved or Restored

Increased utilization of woody biomass will result in greater opportunities to conduct forest management targeted at hazardous fuel reduction, vegetative management, forest restoration, meadow improvements, and watershed restoration.

At full capacity, we expect the Plumas Community Energy Wood Processing Facility will process approximately 4,000 green tons of biomass annually. At an average of 10 green tons per acre, our project is expected purchase biomass generated on 400 acres of treated land. When compounded by a 12-year fire return interval that equates to 48,000 continually treated acres in Plumas County.

As this project develops the Sierra Institute will track the number of additional acres treated as a result of increased demand for biomass as well as the type and location of treatments the biomass originated. We will also track tons of biomass delivered to critical institutions.

Kilowatts of Renewable Energy Production Capacity Maintained or Created

The Sierra Institute will measure the kilowatts of renewable energy created as a result of this project. This will be measured in KWth (thermal kilowatts) and will include an assessment of fossil fuels avoided by converting to biomass-fired boilers.

When fully operational, Plumas Community Energy Wood Processing Facility is expecting to supply biomass to boilers in 8 critical institutions throughout the county. The facilities we have identified to date consume between 10,745 and 37,000 gallons of heating oil or diesel fuel annually. Replacing these fossil fuel fired boilers out for biomass-fired boilers is a significant step towards developing more renewable energy capacity.

Number and Type of Jobs Created

The Plumas Community Energy Wood Processing Facility will, when fully operational, result in additional employment opportunities in the County. The chip processing facility will also serve to strengthen existing jobs in the forest products industry. In the short-term facility construction will employ local building contractors and construction material suppliers.

As the project develops the Sierra Institute will work to identify the number of natural resource and construction jobs created, length of employment and hours worked.



Board of Directors Resolution No:

The following RESOLUTION was duly passed by the Board of Directors of the Sierra Institute for Community and Environment on November 22, 2013.

Ayes: 5, four not present

Signed and approved by:

Vice-Chair, Board of Directors

WHEREAS, the Legislature and Governor of the State of California have provided Funds for the program shown above; and

WHEREAS, the Sierra Nevada Conservancy (SNC) has been delegated the responsibility for the administration of a portion of these funds through a local assistance grants program, establishing necessary procedures; and

WHEREAS, said procedures established by the Sierra Nevada Conservancy require a resolution certifying the approval of application(s) by the Applicant's governing board before submission of said application(s) to the SNC; and

WHEREAS, the Applicant, if selected, will enter into an agreement with the SNC to carry out the project; and

WHEREAS, the Sierra Institute for Community and Environment has identified the "Plumas County Energy Wood Processing Facility" as valuable toward meeting its mission and goals.

BE IT HEREBY RESOLVED by the Board of Directors of the Sierra Institute for Community and Environment that this Board:

- Approves the submittal of an application for "Plumas Community Energy Wood Processing Facility" project; and
- Certifies that Applicant understands the assurances and certification requirements in the application; and
- Certifies that Applicant or title holder will have sufficient funds to operate and maintain the resource(s) consistent with the long-term benefits described in support of the application; or will secure the resources to do so; and
- Certifies that Applicant will comply with all legal requirements as determined during the application process; and
- Appoints Jonathan Kusel to conduct all negotiations, execute and submit all documents, including but not limited to: applications, agreements, payment requests, and so on, which may be necessary for the completion of the aforementioned project(s).

PASSED AND ADOPTED by the Sierra Institute for Community and Environment on the 22nd day of November 2013.

A0625262

**CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION**

ENDORSED - FILED
In the office of the Secretary of State
of the State of California

JAN 31 2005

The undersigned certify that:

1. They are the **president** and the **secretary**, respectively, of Forest Community Research, a California corporation.

2. Article I of the Articles of Incorporation of this corporation is amended to read as follows:

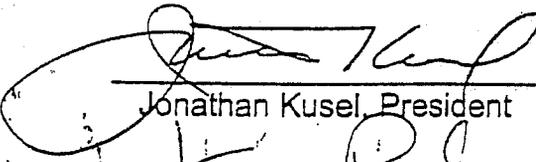
The name of this corporation is **Sierra Institute for Community and Environment**.

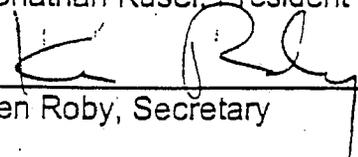
3. The foregoing amendment of Articles of Incorporation has been duly approved by the board of directors.

4. The corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: 1-25-05


Jonathan Kusel, President


Ken Roby, Secretary



ENDORSED
FILED

In the office of the Secretary of State
of the State of California

OCT 27 1997

Bill Jones
BILL JONES, Secretary of State

ARTICLES OF INCORPORATION

I

The name of this corporation is Forest Community Research.

II

A. This corporation is a nonprofit **PUBLIC BENEFIT CORPORATION** and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public purpose.

B. The specific purpose of this corporation is to advance education and science.

III

The name and address in the State of California of this corporation's initial agent for service of process is:

Jonathan Kusel
1657 Diamond Mountain Road
Greenville, CA. 95947

IV

A. This corporation is organized and operated exclusively for public purposes within the meaning of Section 501(c)(3), Internal Revenue Code.

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

V

The property of this corporation is irrevocably dedicated to public benefit purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for public benefit purposes and which has established its tax exempt status under Section 501(c)(3), Internal Revenue Code.



Jonathan Kusel

Jonathan Kusel, Incorporator

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **AUG 23 2002**

Employer Identification Number:
91-1818166

DLN:

17053096779052

Contact Person:

MICHAEL A LUDWIG

ID# 31470

Contact Telephone Number:

(877) 829-5500

Our Letter Dated:

January 1998

Addendum Applies:

No

FOREST COMMUNITY RESEARCH
PO BOX 11
TAYLORSVILLE, CA 95983

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

You are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

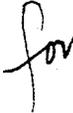
Letter 1050 (DO/CG)

FOREST COMMUNITY RESEARCH

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

 Lois G. Lerner
Director, Exempt Organizations

Return of Organization Exempt From Income Tax

2012

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2012 calendar year, or tax year beginning 2012, and ending

B Check if applicable: Address change, Name change, Initial return, Terminated, Amended return, Application pending. C SIERRA INSTITUTE FOR COMMUNITY AND ENVIRONMENT, 4438 MAIN STREET/POB 11, TAYLORSVILLE, CA 95983-0011. D Employer Identification Number 91-1818166. E Telephone number 530-284-1022. G Gross receipts \$ 472,581.

F Name and address of principal officer: Same As C Above. H(a) Is this a group return for affiliates? Yes No. H(b) Are all affiliates included? If 'No,' attach a list. (see instructions) Yes No.

I Tax-exempt status: X 501(c)(3), 501(c) () (insert no.), 4947(a)(1) or 527. J Website: http://www.sierrainstitute.us. H(c) Group exemption number

K Form of organization: X Corporation, Trust, Association, Other. L Year of Formation: 1999. M State of legal domicile: CA

Part I Summary

1 Briefly describe the organization's mission or most significant activities: The Sierra Institute works to build thriving rural communities while promoting resilient and productive forests that are valued for the full suite of services they provide. The Institute strives to promote social, environmental, and economic approaches that are sustainable from. 2 Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets. 3 Number of voting members of the governing body (Part VI, line 1a) 3 9. 4 Number of independent voting members of the governing body (Part VI, line 1b) 4 8. 5 Total number of individuals employed in calendar year 2012 (Part V, line 2a) 5 9. 6 Total number of volunteers (estimate if necessary) 6 111. 7a Total unrelated business revenue from Part VIII, column (C), line 12 7a 78. 7b Net unrelated business taxable income from Form 990-T, line 34 7b 0.

Table with 3 columns: Revenue, Prior Year, Current Year. Rows 8-12: Contributions and grants, Program service revenue, Investment income, Other revenue, Total revenue.

Table with 3 columns: Expenses, Prior Year, Current Year. Rows 13-19: Grants and similar amounts paid, Benefits paid, Salaries, Professional fundraising fees, Total fundraising expenses, Other expenses, Total expenses, Revenue less expenses.

Table with 3 columns: Net Assets or Fund Balances, Beginning of Current Year, End of Year. Rows 20-22: Total assets, Total liabilities, Net assets or fund balances.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here: Signature of officer, Date, Type or print name and title.

Paid Preparer Use Only: Print/Type preparer's name, Preparer's signature, Date, Check self-employed if PTIN, Firm's name, Firm's address, Firm's EIN, Phone no.

May the IRS discuss this return with the preparer shown above? (see instructions) X Yes No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III [X]

1 Briefly describe the organization's mission:

See Schedule O

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [] Yes [X] No

If 'Yes,' describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [] Yes [X] No

If 'Yes,' describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 186,580. including grants of \$) (Revenue \$ 182,369.)

Biomass Project: Sierra Institute is attempting to link fire prevention, job creation in Plumas County and healthy forests through production of biomass in the Feather River Canyon and adjacent areas of the Plumas National Forest. Sierra Institute is seeking to identify issues that stymie biomass removal and attempt to help lift those roadblocks to allow more projects to go through.

4b (Code:) (Expenses \$ 93,774. including grants of \$) (Revenue \$ 94,487.)

Networked health care access project in Plumas County: Reducing health disparities in Plumas County by improving access to the health care system for residents is a major goal of this program which is being implemented in Plumas County Schools in 2010-2011. The Networked health care access project explores how networked and coordinated health services can most effectively meet identified health care needs of children, improve student performance, and improve quality of life. The project has partnered with County Public Health Agency, local hospitals, and schools to improve the access to necessary health care for those who need it. Another important piece of this project is developing more use of telemedicine and making it more available for the rural communities.

4c (Code:) (Expenses \$ 91,040. including grants of \$) (Revenue \$ 96,360.)

WORKING TO ADVANCE THE COMMUNITY WELL-BEING. PARTICIPATORY COMMUNITY DEVELOPMENT AND HEALTHY, SUSTAINABLE ECOSYSTEMS THROUGH RESEARCH, EDUCATION AND DIALOGUE. The Sierra Institute understands that the sustainability of forests and watersheds is inextricably tied to the economic health and well-being of rural communities. Furthermore rural communities require a continued relationship with the land. List of current projects completed or ongoing this year is Economic analysis of Critical Habitat designation for the No. spotted owl, center of Forestry tours, Mountain Bounty project, Greenville High School Natural Resource Academy, etc.

4d Other program services. (Describe in Schedule O.) See Schedule O

(Expenses \$ 55,912. including grants of \$) (Revenue \$)

4e Total program service expenses ▶ 427,306.

Part IV Checklist of Required Schedules

| | Yes | No |
|--|-----|----|
| 1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If 'Yes,' complete Schedule A..... | X | |
| 2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?..... | | X |
| 3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I..... | | X |
| 4 Section 501(c)(3) organizations Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If 'Yes,' complete Schedule C, Part II..... | | X |
| 5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If 'Yes,' complete Schedule C, Part III..... | | X |
| 6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If 'Yes,' complete Schedule D, Part I..... | X | |
| 7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If 'Yes,' complete Schedule D, Part II..... | | X |
| 8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If 'Yes,' complete Schedule D, Part III..... | | X |
| 9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management credit repair, or debt negotiation services? If 'Yes,' complete Schedule D, Part IV..... | | X |
| 10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If 'Yes,' complete Schedule D, Part V..... | | X |
| 11 If the organization's answer to any of the following questions is 'Yes', then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable. | | |
| a Did the organization report an amount for land, buildings and equipment in Part X, line 10? If 'Yes,' complete Schedule D, Part VI..... | X | |
| b Did the organization report an amount for investments – other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VII..... | | X |
| c Did the organization report an amount for investments – program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VIII..... | | X |
| d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part IX..... | | X |
| e Did the organization report an amount for other liabilities in Part X, line 25? If 'Yes,' complete Schedule D, Part X..... | | X |
| f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If 'Yes,' complete Schedule D, Part X..... | | X |
| 12 a Did the organization obtain separate, independent audited financial statements for the tax year? If 'Yes,' complete Schedule D, Parts XI, and XII..... | | X |
| b Was the organization included in consolidated, independent audited financial statements for the tax year? If 'Yes,' and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI and XII is optional..... | | X |
| 13 Is the organization a school described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E..... | | X |
| 14 a Did the organization maintain an office, employees, or agents outside of the United States?..... | | X |
| b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If 'Yes,' complete Schedule F, Parts I and IV..... | | X |
| 15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If 'Yes,' complete Schedule F, Parts II and IV..... | | X |
| 16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If 'Yes,' complete Schedule F, Parts III and IV..... | | X |
| 17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If 'Yes,' complete Schedule G, Part I (see instructions)..... | | X |
| 18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If 'Yes,' complete Schedule G, Part II..... | | X |
| 19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If 'Yes,' complete Schedule G, Part III..... | | X |
| 20 a Did the organization operate one or more hospital facilities? If 'Yes,' complete Schedule H..... | | X |
| b If 'Yes' to line 20a, did the organization attach a copy of its audited financial statements to this return?..... | | |

Part IV Checklist of Required Schedules (continued)

| | Yes | No |
|--|-----|----|
| 21 Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If 'Yes,' complete Schedule I, Parts I and II.</i> | | X |
| 22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If 'Yes,' complete Schedule I, Parts I and III.</i> | X | |
| 23 Did the organization answer 'Yes' to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If 'Yes,' complete Schedule J.</i> | | X |
| 24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, and that was issued after December 31, 2002? <i>If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,' go to line 25.</i> | | X |
| b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | | |
| c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | | |
| d Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year? | | |
| 25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If 'Yes,' complete Schedule L, Part I.</i> | | X |
| b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If 'Yes,' complete Schedule L, Part I.</i> | | X |
| 26 Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If 'Yes,' complete Schedule L, Part II.</i> | | X |
| 27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If 'Yes,' complete Schedule L, Part III.</i> | | X |
| 28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions): | | |
| a A current or former officer, director, trustee, or key employee? <i>If 'Yes,' complete Schedule L, Part IV.</i> | | X |
| b A family member of a current or former officer, director, trustee, or key employee? <i>If 'Yes,' complete Schedule L, Part IV.</i> | | X |
| c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If 'Yes,' complete Schedule L, Part IV.</i> | | X |
| 29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If 'Yes,' complete Schedule M.</i> | | X |
| 30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If 'Yes,' complete Schedule M.</i> | | X |
| 31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If 'Yes,' complete Schedule N, Part I.</i> | | X |
| 32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If 'Yes,' complete Schedule N, Part II.</i> | | X |
| 33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If 'Yes,' complete Schedule R, Part I.</i> | | X |
| 34 Was the organization related to any tax-exempt or taxable entity? <i>If 'Yes,' complete Schedule R, Parts II, III, IV, and V, line 1.</i> | | X |
| 35a Did the organization have a controlled entity within the meaning of section 512(b)(13)? | | X |
| b If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If 'Yes,' complete Schedule R, Part V, line 2.</i> | | |
| 36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If 'Yes,' complete Schedule R, Part V, line 2.</i> | | X |
| 37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If 'Yes,' complete Schedule R, Part VI.</i> | | X |
| 38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O. | X | |

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Form 990 (2012)

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V. []

Table with columns for question number, description, and Yes/No boxes. Includes questions 1a-14b regarding Form 1096, Form W-2G, Form W-3, Form 990-T, Form 8886-T, Form 8282, Form 8899, Form 1098-C, Form 4966, Form 4947(a)(1), and Form 720.

Part VI Governance, Management and Disclosure For each 'Yes' response to lines 2 through 7b below, and for a 'No' response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI: X

Section A. Governing Body and Management

| | | Yes | No |
|-----|--|-----|----|
| 1 a | Enter the number of voting members of the governing body at the end of the tax year. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O. | | |
| 1 b | Enter the number of voting members included in line 1a, above, who are independent. | | |
| 2 | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee or key employee? | | X |
| 3 | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? | | X |
| 4 | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | | X |
| 5 | Did the organization become aware during the year of a significant diversion of the organization's assets? | | X |
| 6 | Did the organization have members or stockholders? | | X |
| 7 a | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? | | X |
| 7 b | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or other persons other than the governing body? | | X |
| 8 | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: | | |
| 8 a | The governing body? | X | |
| 8 b | Each committee with authority to act on behalf of the governing body? | X | |
| 9 | Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If 'Yes,' provide the names and addresses in Schedule O. | | X |

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

| | | Yes | No |
|------|---|-----|----|
| 10 a | Did the organization have local chapters, branches, or affiliates? | | X |
| 10 b | If 'Yes,' did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? | | |
| 11 a | Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? | X | |
| 11 b | Describe in Schedule O the process, if any, used by the organization to review this Form 990. See Schedule O | | |
| 12 a | Did the organization have a written conflict of interest policy? If 'No,' go to line 13 | X | |
| 12 b | Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? | X | |
| 12 c | Did the organization regularly and consistently monitor and enforce compliance with the policy? If 'Yes,' describe in Schedule O how this is done. See Schedule O | X | |
| 13 | Did the organization have a written whistleblower policy? | | X |
| 14 | Did the organization have a written document retention and destruction policy? | | X |
| 15 | Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? | | |
| 15 a | The organization's CEO, Executive Director, or top management official. See Schedule O. | X | |
| 15 b | Other officers of key employees of the organization. See Schedule O. | X | |
| | If 'Yes' to line 15a or 15b, describe the process in Schedule O. (See instructions.) | | |
| 16 a | Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? | | X |
| 16 b | If 'Yes,' did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? | | |

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed None
- 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19 Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public during the tax year. See Schedule O
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization:
JONATHAN KUSEL 4338 MAIN STREET/POB 11 TAYLORSVILLE CA 95983-0011 530-284-1022

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1 a. Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of 'key employee.'
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

| (A) Name and Title | (B) Average hours per week (list any hours for related organizations below dotted line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---------------------------------------|--|---|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
| | | Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (1) JOHN NICKERSON Director | 0 0 | X | | | | | | 0. | 0. | 0. |
| (2) GERRY GRAY Secretary | 0 0 | X | | | | | | 0. | 0. | 0. |
| (3) HANK FOLEY Director | 0 0 | X | | | | | | 0. | 0. | 0. |
| (4) SUZANNE PLOPPER Director | 0 0 | X | | | | | | 0. | 0. | 0. |
| (5) KEN ROBY President | 0 0 | X | | | | | | 0. | 0. | 0. |
| (6) TERRY COLLINS Vice President | 0 0 | X | | | | | | 0. | 0. | 0. |
| (7) GARY NAKAMARA Director | 0 0 | X | | | | | | 0. | 0. | 0. |
| (8) ARTHUR WOODS Treasurer | 0 0 | X | | | | | | 0. | 0. | 0. |
| (9) JONATHAN KUSEL Executive Direc | 50 0 | | | X | | | | 101,920. | 0. | 0. |
| (10) | | | | | | | | | | |
| (11) | | | | | | | | | | |
| (12) | | | | | | | | | | |
| (13) | | | | | | | | | | |
| (14) | | | | | | | | | | |

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (cont)

| (A) Name and title | (B) Average hours per week (list any hours for related organizations below dotted line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|--|--|---|-----------------------|---------|--------------|------------------------------|--|---|---|
| | | Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | | | |
| (15) ----- | | | | | | | | | |
| (16) ----- | | | | | | | | | |
| (17) ----- | | | | | | | | | |
| (18) ----- | | | | | | | | | |
| (19) ----- | | | | | | | | | |
| (20) ----- | | | | | | | | | |
| (21) ----- | | | | | | | | | |
| (22) ----- | | | | | | | | | |
| (23) ----- | | | | | | | | | |
| (24) ----- | | | | | | | | | |
| (25) ----- | | | | | | | | | |
| 1 b Sub-total | | | | | | 101,920. | 0. | 0. | |
| c Total from continuation sheets to Part VII, Section A | | | | | | 0. | 0. | 0. | |
| d Total (add lines 1b and 1c) | | | | | | 101,920. | 0. | 0. | |

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **▶ 1**

| | Yes | No |
|---|-----|----|
| 3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If 'Yes,' complete Schedule J for such individual.</i> | | X |
| 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If 'Yes,' complete Schedule J for such individual.</i> | | X |
| 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If 'Yes,' complete Schedule J for such person.</i> | | X |

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

| (A) Name and business address | (B) Description of services | (C) Compensation |
|----------------------------------|--------------------------------|---------------------|
| | | |
| | | |
| | | |
| | | |

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **▶ 0**

Part VIII Statement of Revenue

Check if Schedule O contains a response to any question in this Part VIII

| | | (A) Total revenue | (B) Related or exempt function revenue | (C) Unrelated business revenue | (D) Revenue excluded from tax under sections 512, 513, or 514 |
|---|--|----------------------|--|---|---|
| CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS | 1 a Federated campaigns..... | 1 a | | | |
| | b Membership dues..... | 1 b | | | |
| | c Fundraising events..... | 1 c | | | |
| | d Related organizations..... | 1 d | | | |
| | e Government grants (contributions).... | 1 e | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above.... | 1 f | 8,775. | | |
| | g Noncash contributions included in lns 1a-1f: \$ | | | | |
| h Total. Add lines 1a-1f..... | | 8,775. | | | |
| PROGRAM SERVICE REVENUE | Business Code | | | | |
| | 2 a <u>USDA FOREST BIOMASS PROJ</u> | | 182,369. | 182,369. | |
| | b <u>COMMUNITY COLLAB COALITN</u> | | 96,360. | 96,360. | |
| | c <u>HEALTHCARE COLLABORATION</u> | | 94,487. | 94,487. | |
| | d <u>MISC PROGRAM REVENUE</u> | | 75,716. | 75,716. | |
| | e <u>TOUR FEES</u> | | 6,365. | 6,365. | |
| | f All other program service revenue.... | | | | |
| g Total. Add lines 2a-2f..... | | 455,297. | | | |
| 3 Investment income (including dividends, interest and other similar amounts)..... | | 124. | 124. | | |
| 4 Income from investment of tax-exempt bond proceeds...▶ | | | | | |
| 5 Royalties.....▶ | | | | | |
| RENTAL INCOME | 6 a Gross rents..... | (i) Real | | | |
| | | (ii) Personal | | | |
| | b Less: rental expenses..... | | 8,385. | | |
| | c Net rental income or (loss).... | | 8,307. | | |
| d Net rental income or (loss).....▶ | | 78. | | 78. | |
| SALES OF ASSETS | 7 a Gross amount from sales of assets other than inventory. | (i) Securities | | | |
| | | (ii) Other | | | |
| | b Less: cost or other basis and sales expenses..... | | | | |
| | c Gain or (loss)..... | | | | |
| d Net gain or (loss).....▶ | | | | | |
| FUNDRAISING | 8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18..... | a | | | |
| | b Less: direct expenses..... | b | | | |
| | c Net income or (loss) from fundraising events.....▶ | | | | |
| GAMING | 9 a Gross income from gaming activities. See Part IV, line 19..... | a | | | |
| | b Less: direct expenses..... | b | | | |
| | c Net income or (loss) from gaming activities.....▶ | | | | |
| SALES OF INVENTORY | 10 a Gross sales of inventory, less returns and allowances..... | a | | | |
| | b Less: cost of goods sold..... | b | | | |
| | c Net income or (loss) from sales of inventory.....▶ | | | | |
| OTHER REVENUE | Miscellaneous Revenue | | Business Code | | |
| | 11 a | | | | |
| | b | | | | |
| | c | | | | |
| | d All other revenue..... | | | | |
| e Total. Add lines 11a-11d.....▶ | | | | | |
| 12 Total revenue. See instructions.....▶ | | 464,274. | 455,421. | 78. | 0. |

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response to any question in this Part IX.

| Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII. | (A) Total expenses | (B) Program service expenses | (C) Management and general expenses | (D) Fundraising expenses |
|--|-----------------------|---------------------------------|--|-----------------------------|
| 1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21. | | | | |
| 2 Grants and other assistance to individuals in the United States. See Part IV, line 22. | 10,833. | 10,833. | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16. | | | | |
| 4 Benefits paid to or for members. | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees. | 101,920. | 84,594. | 17,326. | 0. |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). | 0. | 0. | 0. | 0. |
| 7 Other salaries and wages. | 160,946. | 130,602. | 30,344. | |
| 8 Pension plan accruals and contributions (include section 401(k) and section 403(b) employer contributions). | 10,144. | 10,144. | | |
| 9 Other employee benefits. | 31,709. | 28,623. | 3,086. | |
| 10 Payroll taxes. | 23,340. | 18,975. | 4,365. | |
| 11 Fees for services (non-employees): | | | | |
| a Management | | | | |
| b Legal | | | | |
| c Accounting | 3,576. | | 3,576. | |
| d Lobbying | | | | |
| e Professional fundraising services. See Part IV, line 17. | | | | |
| f Investment management fees. | | | | |
| g Other. (If line 11g amt exceeds 10% of line 25, column (A) amt, list line 11g expenses on Sch O). | | | | |
| 12 Advertising and promotion. | | | | |
| 13 Office expenses. | 10,390. | 6,482. | 3,908. | |
| 14 Information technology. | | | | |
| 15 Royalties. | | | | |
| 16 Occupancy. | 7,485. | 5,652. | 1,833. | |
| 17 Travel. | 17,034. | 13,627. | 3,407. | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials. | | | | |
| 19 Conferences, conventions, and meetings. | 11,538. | 11,538. | | |
| 20 Interest. | | | | |
| 21 Payments to affiliates. | | | | |
| 22 Depreciation, depletion, and amortization. | 2,436. | 1,314. | 1,122. | |
| 23 Insurance. | 1,898. | 588. | 1,310. | |
| 24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O). | | | | |
| a CONTRACT LABOR | 100,817. | 100,817. | | |
| b BOARD EXPENSES | 4,585. | | 4,585. | |
| c MISCELLANEOUS | 3,517. | 3,517. | | |
| d | | | | |
| e All other expenses. | | | | |
| 25 Total functional expenses. Add lines 1 through 24e. | 502,168. | 427,306. | 74,862. | 0. |
| 26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720). | | | | |

Part X Balance Sheet

Check if Schedule O contains a response to any question in this Part X

| | | (A) Beginning of year | | (B) End of year |
|---|---|--------------------------|-----|--------------------|
| 1 | Cash — non-interest-bearing | -473. | 1 | 8,600. |
| 2 | Savings and temporary cash investments | 115,467. | 2 | 66,464. |
| 3 | Pledges and grants receivable, net | | 3 | |
| 4 | Accounts receivable, net | 5,769. | 4 | 1,769. |
| 5 | Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L | | 5 | |
| 6 | Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L | | 6 | |
| 7 | Notes and loans receivable, net | | 7 | |
| 8 | Inventories for sale or use | | 8 | |
| 9 | Prepaid expenses and deferred charges | | 9 | 1,822. |
| 10a | Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D | 10a 148,850. | | |
| b | Less: accumulated depreciation | 10b 48,427. | | |
| | | 99,068. | 10c | 100,423. |
| 11 | Investments — publicly traded securities | | 11 | |
| 12 | Investments — other securities. See Part IV, line 11 | | 12 | |
| 13 | Investments — program-related. See Part IV, line 11 | | 13 | |
| 14 | Intangible assets | | 14 | |
| 15 | Other assets. See Part IV, line 11 | | 15 | 1. |
| 16 | Total assets. Add lines 1 through 15 (must equal line 34) | 219,831. | 16 | 179,079. |
| 17 | Accounts payable and accrued expenses | 41,671. | 17 | 38,813. |
| 18 | Grants payable | | 18 | |
| 19 | Deferred revenue | | 19 | |
| 20 | Tax-exempt bond liabilities | | 20 | |
| 21 | Escrow or custodial account liability. Complete Part IV of Schedule D | | 21 | |
| 22 | Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L | | 22 | |
| 23 | Secured mortgages and notes payable to unrelated third parties | | 23 | |
| 24 | Unsecured notes and loans payable to unrelated third parties | | 24 | |
| 25 | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D | | 25 | |
| 26 | Total liabilities. Add lines 17 through 25 | 41,671. | 26 | 38,813. |
| Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. | | | | |
| 27 | Unrestricted net assets | 111,063. | 27 | 128,707. |
| 28 | Temporarily restricted net assets | 67,097. | 28 | 11,559. |
| Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34. | | | | |
| 30 | Capital stock or trust principal, or current funds | | 30 | |
| 31 | Paid-in or capital surplus, or land, building, or equipment fund | | 31 | |
| 32 | Retained earnings, endowment, accumulated income, or other funds | | 32 | |
| 33 | Total net assets or fund balances | 178,160. | 33 | 140,266. |
| 34 | Total liabilities and net assets/fund balances | 219,831. | 34 | 179,079. |

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Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI.

| | | | |
|----|--|----|----------|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 464,274. |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 502,168. |
| 3 | Revenue less expenses. Subtract line 2 from line 1 | 3 | -37,894. |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 178,160. |
| 5 | Net unrealized gains (losses) on investments | 5 | |
| 6 | Donated services and use of facilities | 6 | |
| 7 | Investment expenses | 7 | |
| 8 | Prior period adjustments | 8 | |
| 9 | Other changes in net assets or fund balances (explain in Schedule O) | 9 | 0. |
| 10 | Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 140,266. |

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII.

| | | Yes | No |
|---|--|-----|----|
| 1 | Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ | | |
| If the organization changed its method of accounting from a prior year or checked 'Other,' explain in Schedule O. | | | |
| 2 a | Were the organization's financial statements compiled or reviewed by an independent accountant? | X | |
| If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: | | | |
| | <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis | | |
| 2 b | Were the organization's financial statements audited by an independent accountant? | | X |
| If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: | | | |
| | <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis | | |
| 2 c | If 'Yes' to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? | | X |
| If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O. | | | |
| 3 a | As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? | | X |
| 3 b | If 'Yes,' did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits | | |

Form 990 (2012)

BAA

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2012

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

Open to Public Inspection

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

| | |
|---|---|
| Name of the organization SIERRA INSTITUTE FOR COMMUNITY AND ENVIRONMENT | Employer identification number 91-1818166 |
|---|---|

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches or association of churches described in section 170(b)(1)(A)(i).
- 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions – subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.

a Type I b Type II c Type III – Functionally integrated d Type III – Non-functionally integrated

e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).

f If the organization received a written determination from the IRS that is a Type I, Type II or Type III supporting organization, check this box

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

| | Yes | No |
|--|------------|----|
| (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? | 11 g (i) | |
| (ii) A family member of a person described in (i) above? | 11 g (ii) | |
| (iii) A 35% controlled entity of a person described in (i) or (ii) above? | 11 g (iii) | |

h Provide the following information about the supported organization(s).

| | (i) Name of supported organization | (ii) EIN | (iii) Type of organization (described on lines 1-9 above or IRC section (see instructions)) | (iv) Is the organization in column (i) listed in your governing document? | | (v) Did you notify the organization in column (i) of your support? | | (vi) Is the organization in column (i) organized in the U.S.? | | (vii) Amount of monetary support |
|--------------|------------------------------------|----------|---|---|----|--|----|---|----|----------------------------------|
| | | | | Yes | No | Yes | No | Yes | No | |
| (A) | | | | | | | | | | |
| (B) | | | | | | | | | | |
| (C) | | | | | | | | | | |
| (D) | | | | | | | | | | |
| (E) | | | | | | | | | | |
| Total | | | | | | | | | | |

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2012

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 2008 | (b) 2009 | (c) 2010 | (d) 2011 | (e) 2012 | (f) Total |
|--|----------|----------|----------|----------|----------|-----------|
| 1 Gifts, grants, contributions, and membership fees received. (Do not include any 'unusual grants'.) | | | | | | |
| 2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf. | | | | | | |
| 3 The value of services or facilities furnished by a governmental unit to the organization without charge. | | | | | | |
| 4 Total. Add lines 1 through 3. | | | | | | |
| 5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f). | | | | | | |
| 6 Public support. Subtract line 5 from line 4. | | | | | | |

Section B. Total Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 2008 | (b) 2009 | (c) 2010 | (d) 2011 | (e) 2012 | (f) Total |
|---|----------|----------|----------|----------|----------|-----------|
| 7 Amounts from line 4. | | | | | | |
| 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources. | | | | | | |
| 9 Net income from unrelated business activities, whether or not the business is regularly carried on. | | | | | | |
| 10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) | | | | | | |
| 11 Total support. Add lines 7 through 10. | | | | | | |
| 12 Gross receipts from related activities, etc (see instructions). | | | | | 12 | |

13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

Section C. Computation of Public Support Percentage

| | | |
|--|----|---|
| 14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)). | 14 | % |
| 15 Public support percentage from 2011 Schedule A, Part II, line 14. | 15 | % |

16a 33-1/3% support test – 2012. If the organization did not check the box on line 13, and the line 14 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization.

b 33-1/3% support test – 2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization.

17a 10%-facts-and-circumstances test – 2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization.

b 10%-facts-and-circumstances test – 2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization.

18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions.

Part III Support Schedule for Organizations Described in Section 509(a)(2)
 (Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

| Section A. Public Support | (a) 2008 | (b) 2009 | (c) 2010 | (d) 2011 | (e) 2012 | (f) Total |
|---|----------|----------|----------|----------|----------|------------|
| 1 Gifts, grants, contributions and membership fees received. (Do not include any 'unusual grants'.) | 238,024. | 435,685. | 472,708. | 548,283. | 464,072. | 2,158,772. |
| 2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose. | | | | | | 0. |
| 3 Gross receipts from activities that are not an unrelated trade or business under section 513. | | | | | | 0. |
| 4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf. | | | | | | 0. |
| 5 The value of services or facilities furnished by a governmental unit to the organization without charge. | | | | | | 0. |
| 6 Total. Add lines 1 through 5. | 238,024. | 435,685. | 472,708. | 548,283. | 464,072. | 2,158,772. |
| 7a Amounts included on lines 1, 2, and 3 received from disqualified persons. | 0. | 0. | 0. | 0. | 0. | 0. |
| b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year. | 0. | 0. | 0. | 0. | 0. | 0. |
| c Add lines 7a and 7b. | 0. | 0. | 0. | 0. | 0. | 0. |
| 8 Public support (Subtract line 7c from line 6.) | | | | | | 2,158,772. |

| Section B. Total Support | (a) 2008 | (b) 2009 | (c) 2010 | (d) 2011 | (e) 2012 | (f) Total |
|---|----------|----------|----------|----------|----------|------------|
| 9 Amounts from line 6. | 238,024. | 435,685. | 472,708. | 548,283. | 464,072. | 2,158,772. |
| 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources. | 356. | 327. | -183. | 198. | 124. | 822. |
| b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975. | | | | | | 0. |
| c Add lines 10a and 10b. | 356. | 327. | -183. | 198. | 124. | 822. |
| 11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on. | | 4,960. | 3,129. | -927. | 78. | 7,240. |
| 12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) | | | | | | 0. |
| 13 Total support. (Add lines 9, 10c, 11, and 12.) | 238,380. | 440,972. | 475,654. | 547,554. | 464,274. | 2,166,834. |

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

| Section C. Computation of Public Support Percentage | | |
|--|----|---------|
| 15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f)). | 15 | 99.63 % |
| 16 Public support percentage from 2011 Schedule A, Part III, line 15. | 16 | 99.52 % |

| Section D. Computation of Investment Income Percentage | | |
|---|----|--------|
| 17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f)). | 17 | 0.04 % |
| 18 Investment income percentage from 2011 Schedule A, Part III, line 17. | 18 | 0.07 % |

19a 33-1/3% support tests - 2012. If the organization did not check the box on line 14, and line 15 is more than 33-1/3%, and line 17 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization.

b 33-1/3% support tests - 2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33-1/3%, and line 18 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization.

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions.

Part IV

Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Area with horizontal dashed lines for supplemental information.

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

Complete if the organization answered 'Yes' to Form 990, Part IV, lines 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990. See separate instructions.

OMB No. 1545-0047

2012

Open to Public Inspection

Name of the organization: SIERRA INSTITUTE FOR COMMUNITY AND ENVIRONMENT; Employer identification number: 91-1818166

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered 'Yes' to Form 990, Part IV, line 6.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include total number at end of year, aggregate contributions, aggregate grants, aggregate value, and questions about donor informed consent.

Part II Conservation Easements. Complete if the organization answered 'Yes' to Form 990, Part IV, line 7.

Form for Part II containing checkboxes for preservation purposes, a table for conservation easement details (2a-2d), and questions about monitoring and reporting.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered 'Yes' to Form 990, Part IV, line 8.

Form for Part III containing questions about reporting art and historical treasures, including amounts for revenues and assets.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a Public exhibition
- b Scholarly research
- c Preservation for future generations
- d Loan or exchange programs
- e Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered 'Yes' to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1 a Is the organization an agent, trustee, custodian, or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If 'Yes,' explain the arrangement in Part XIII and complete the following table:

| | Amount |
|---------------------------------|--------|
| c Beginning balance | 1 c |
| d Additions during the year | 1 d |
| e Distributions during the year | 1 e |
| f Ending balance | 1 f |

2 a Did the organization include an amount on Form 990, Part X, line 21? Yes No

b If 'Yes,' explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII.

Part V Endowment Funds. Complete if the organization answered 'Yes' to Form 990, Part IV, line 10.

| | (a) Current | (b) Prior year | (c) Two years | (d) Three years | (e) Four years |
|--|-------------|----------------|---------------|-----------------|----------------|
| 1 a Beginning of year balance | | | | | |
| b Contributions | | | | | |
| c Net investment earnings, gains, and losses | | | | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | | | |
| f Administrative expenses | | | | | |
| g End of year balance | | | | | |

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment %
 - b Permanent endowment %
 - c Temporarily restricted endowment %
- The percentages in lines 2a, 2b, and 2c should equal 100%.

3 a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

| | Yes | No |
|---|--------|----|
| (i) unrelated organizations | 3a(i) | |
| (ii) related organizations | 3a(ii) | |
| b If 'Yes' to 3a(ii), are the related organizations listed as required on Schedule R? | 3b | |

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

| Description of property | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|--------------------------------------|---------------------------------|------------------------------|----------------|
| 1 a Land | | 30,000. | | 30,000. |
| b Buildings | | 91,948. | 26,911. | 65,037. |
| c Leasehold improvements | | | | |
| d Equipment | | 23,328. | 19,107. | 4,221. |
| e Other | | 3,574. | 2,409. | 1,165. |
| Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) | | | | 100,423. |

Part VII Investments – Other Securities. See Form 990, Part X, line 12. N/A

| (a) Description of security or category (including name of security) | (b) Book value | (c) Method of valuation: Cost or end-of-year market value |
|--|----------------|---|
| (1) Financial derivatives | | |
| (2) Closely-held equity interests | | |
| (3) Other | | |
| (A) ----- | | |
| (B) ----- | | |
| (C) ----- | | |
| (D) ----- | | |
| (E) ----- | | |
| (F) ----- | | |
| (G) ----- | | |
| (H) ----- | | |
| (I) ----- | | |
| Total. (Column (b) must equal Form 990, Part X, column (B) line 12.) | | |

Part VIII Investments – Program Related. See Form 990, Part X, line 13. N/A

| (a) Description of investment type | (b) Book value | (c) Method of valuation: Cost or end-of-year market value |
|--|----------------|---|
| (1) | | |
| (2) | | |
| (3) | | |
| (4) | | |
| (5) | | |
| (6) | | |
| (7) | | |
| (8) | | |
| (9) | | |
| (10) | | |
| Total. (Column (b) must equal Form 990, Part X, column (B) line 13.) | | |

Part IX Other Assets. See Form 990, Part X, line 15. N/A

| (a) Description | (b) Book value |
|---|----------------|
| (1) | |
| (2) | |
| (3) | |
| (4) | |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| (10) | |
| Total. (Column (b) must equal Form 990, Part X, column (B), line 15.) | |

Part X Other Liabilities. See Form 990, Part X, line 25.

| (a) Description of liability | (b) Book value |
|--|----------------|
| (1) Federal income taxes | |
| (2) | |
| (3) | |
| (4) | |
| (5) | |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| (10) | |
| (11) | |
| Total. (Column (b) must equal Form 990, Part X, column (B) line 25.) | |

2. FIN 48 (ASC 740) Footnote. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII.

SCHEDULE I
(Form 990)

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States

OMB No. 1545-0047

2012

Department of the Treasury
Internal Revenue Service

Complete if the organization answered 'Yes' to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990.

Open to Public Inspection

Name of the organization

SIERRA INSTITUTE FOR COMMUNITY AND

Part I General Information on Grants and Assistance

Employer identification number

91-1818166

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered 'Yes' to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

| 1 (a) Name and address of organization or government | (b) EIN | (c) IRC section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|--|---------|-------------------------------|--------------------------|-----------------------------------|---|--|------------------------------------|
| (1) ----- | | | | | | | |
| (2) ----- | | | | | | | |
| (3) ----- | | | | | | | |
| (4) ----- | | | | | | | |
| (5) ----- | | | | | | | |
| (6) ----- | | | | | | | |
| (7) ----- | | | | | | | |
| (8) ----- | | | | | | | |

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table. 0

3 Enter total number of other organizations listed in the line 1 table. 0

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

TEEA3901L 11/30/12

Schedule I (Form 990) (2012)

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No. 1545-0047

2012

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 990 or 990-EZ.

Name of the organization **SIERRA INSTITUTE FOR COMMUNITY AND ENVIRONMENT**

Employer identification number
91-1818166

Form 990, Part III, Line 1 - Organization Mission

The Sierra Institute works to build thriving rural communities while promoting resilient and productive forests that are valued for the full suite of services they provide. The Institute strives to promote social, environmental, and economic approaches that are sustainable from human and ecological perspectives. Specific areas of work include social and environmental research, facilitation and capacity building of rural communities and collaborative groups, and education and policy development at state and federal levels.

The Sierra Institute promotes healthy and sustainable forests and watersheds by investing in the well-being of rural communities and strengthening their participation in natural resource decisions and programs.

Form 990, Part III, Line 4d - Other Program Services Description

Various projects including consulting related to community development and ecosystem research for rural areas.

Form 990, Part VI, Line 11b - Form 990 Review Process

Preliminary tax return is reviewed by a director and Executive Director before filing.

Form 990, Part VI, Line 12c - Explanation of Monitoring and Enforcement of Conflicts

Any conflicts of interest must be reported to a director.

Form 990, Part VI, Line 15a - Compensation Review & Approval Process - CEO, Top Management

Discussed during the normal course of conducting business. Board reviews and approves executive directors salary annually. Due to the economy there was no salary change from prior year.

Name of the organization SIERRA INSTITUTE FOR COMMUNITY AND ENVIRONMENT

Employer identification number 91-1818166

Form 990, Part VI, Line 15b - Compensation Review & Approval Process - Officers & Key Employees

Office is very small so that compensation review for other employees is done by the executive director with the approval of the board through the budget and hiring process.

Form 990, Part VI, Line 19 - Other Organization Documents Publicly Available

Documents, forms, and statements available upon request.

Supplemental Documentation

PLUMAS COUNTY PLANNING & BUILDING SERVICES

555 Main Street
Quincy, CA 95971-9366
(530) 283-7011

www.plumascounty.us



November 18, 2013

Dr. Jonathon Kusel Jonathan Kusel
Sierra Institute for Community and Environment
P.O. Box 11
4438 Main Street
Taylorsville, CA 95983

Dear Jonathan:

I am writing to express my support for the Sierra Institute's proposed Chip Processing Facility located at the old Louisiana Pacific Mill site in Crescent Mills, California. As Planning Director for Plumas County I am distinctly aware of the multiple ways in which your project will benefit this community.

I understand that the proposed biomass processing facility will aggregate, produce and supply conditioned wood chips to wood-fired boilers on a site that has approximately 30 acres of land available with direct highway and train access. I also understand that the proposed project will occupy three to four acres of the site for a processing facility that includes a simple roofed structure capable of storing 1000 bone-dry tons of ground wood and forestry residuals. Finally, I understand that the initial build out of this facility will include a concrete slab for raw material receiving and truck load out and storage, an asphalt-based area to be used for stockpiling wood chips and storage, and on-site equipment that will include a whole log chipper, a two-deck vibrating screen, a hammer hog with screens, and drag chain conveyers to move material on the site.

The Sierra Institute for Community and Environment has been in consultation with me on this project. Development of the woodchip processing facility at the Crescent Mills location is consistent with current site zoning for heavy industrial use and therefore will not require CEQA analysis. However, should this project expand in scope, building and other permits will likely have to be sought at a future date, which may trigger future CEQA analysis.

The economy in this region of northern California has long been dependent on the timber industry and tourism dollars. Fewer housing starts and a shift in construction materials have had a direct impact on the timber industry, and tourism dollars are not what they used to be. As a public official, I am strongly supportive of opportunities to bring well-paying jobs back to Plumas County. A biomass processing facility is a good fit for our community given this region's historical ties to the timber industry. It has my strong support.

Sincerely,

A handwritten signature in cursive script that reads "Randy Wilson".

Randy Wilson
Plumas County Planning Director

JAMES REICHLE, ESQ.

California Certified Criminal Law Specialist (1985-2010)
Mediation, Arbitration, Resolving Disputes with Government Agencies

Mail: 661 Red Knoll Road
Greenville CA 95947

Phone: 284-1944 or 283-3250

October 31, 2013

Re: DOT rail crossing 833613E Crescent Mills

Mik KcKee
Sierra Institute
P.O. Box 11
Taylorsille, CA 95983

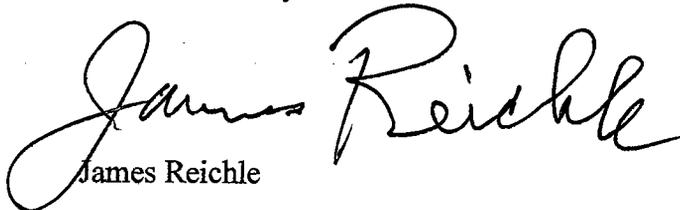
Dear Mik:

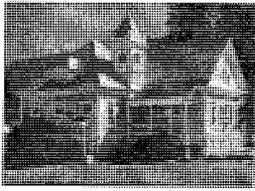
The exact location for the original rail crossing easement appurtenant to the then greater parcel described in a 1931 deed at Book 63 Page 478 of Plumas County Deeds is uncertain. If it is the storage crossing you might have the right to use it but it appears to be unworkable on the ground. BNSF is still examining their records but it could require at least a ground survey if not a thorough title search beyond the typical title report to be certain which, if either, of the two existing mill property crossings is in fact a deeded easement crossing.

My contact at BNSF, William "Gene" Biddle, assures me there is no problem establishing a standard road crossing agreement that would provide access over crossing 833613E.

Either way, access over the tracks to the Lehman property is available. BNSF indicates they would waive the \$600 application fee for the non-profit Sierra Institute. If BNSF can't find out where the easement is from the deed description, location on the ground is an unknown expense.

Let me know if you need more info.


James Reichle



**Plumas County Office of Education
Plumas Unified School District
50 Church St., Quincy, California 95971-6009
Telephone: (530) 283-6500 ~ FAX: (530) 283-6509
Website: www.pcoe.k12.ca.us**

Micheline G. Miglis, Superintendent

Yvonne Bales
PCOE Deputy Superintendent
Director Business Services

Edward Thompson, Psy.D.
PCOE Director, Student Performance
Assessment, Instructional Services

Aurora Westwood
PCOE Program Coordinator

Tori Willits
PUSD Director
Pupil Services/SELPA

Terry Oestreich
PUSD Assistant Superintendent
Human Resources and Personnel

Dr. Jonathan Kusel
Sierra Institute for Community and Environment
P.O. Box 11
4438 Main Street
Taylorsville, CA 95983

4 November, 2013

Dear Dr. Kusel,

Jonathan

The Plumas Unified School District (PUSD) hereby supports the Sierra Institute's application to the Sierra Nevada Conservancy Proposition 84 Grant Program and their proposal to develop a woody biomass processing facility capable of producing a consistent supply of conditioned wood chips.

Plumas Unified School District appreciates the work that the Sierra Institute is doing to identify renewable resources that can benefit our communities and environment. PUSD supports the Sierra Institute's work that explores cost-effective biomass thermal infrastructure that will result in more local jobs and help reduce the risk of catastrophic wildfires in our forests.

This past year the Plumas Unified School District has worked very closely and collaboratively with the Sierra Institute to explore the feasibility of utilizing woody biomass-fired thermal boilers to heat schools across the district. Through this work PUSD and the Sierra Institute have identified opportunities to reduce and/or stabilize heating costs across the District. Given ever tightening budgets, there is urgent need to reduce operating costs across the District; such savings can provide direct benefit to students and communities.

Switching from fossil fuel-fired boilers to biomass-fired boilers represents a major change to our infrastructure. Plumas Unified School District recognizes that development of a chip processing facility that will provide high-quality wood chips to biomass-powered boilers is an essential step that will not only allow us to consider this technology, but will speed adoption of this across the county.

We look forward to continuing to work with the Sierra Institute for Community and Environment to advance opportunities to utilize woody biomass-fired thermal boilers throughout Plumas County and urge your support of this important proposal.

Sincerely,

Micheline G. Miglis
Superintendent of Schools

Board of Trustees

Sonja Anderson

Bret Cook

Leslie Edlund

Christopher Russell, President

Robert Tuerck, Clerk

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United States
Department of
Agriculture

Forest
Service

Plumas
National
Forest

159 Lawrence Street
P. O. Box 11500
Quincy, CA 95971-6025
(530) 283-2050 Voice
(530) 534-7984 Text (TDD)

File Code: 1390

Date: November 21, 2013

Dr. Jonathan Kusel
Sierra Institute for Community and Environment
P.O. Box 11
Taylorsville, CA 95983

Dear Mr. Kusel:

We strongly support Sierra Institute's application to the Sierra Nevada Conservancy Proposition 84 Grant Program to develop a centralized forest biomass processing facility.

The Plumas National Forest and the Sierra Institute have collaborated to evaluate the available supply of woody biomass and to assess transportation feasibility and market readiness. Building on this success, we will continue to work with Sierra Institute to develop innovative strategies increasing the economic viability of removing biomass from the forest. We are committed to ensuring a steady supply of woody biomass is available and support the development of a central biomass processing facility that can leverage other opportunities.

Through this project, we see great potential to provide positive community outcomes including greater employment opportunities, stabilized and/or reduced heating bills at critical public facilities and reduced risk of catastrophic wildfire through increased biomass utilization in Plumas County.

As Forest Supervisor, I am working closely with my staff to explore opportunities, including pursuing Department of Energy funding, to install biomass-fired thermal boilers at the Supervisor's Office and Mt. Hough Ranger Station in Quincy, CA. There is strong desire among staff on the Plumas to demonstrate how locally sourced forest biomass can be used to provide both heating and cooling capabilities to Forest Service facilities throughout the nation. These efforts are supported at the regional and national levels.

The Plumas National Forests recognizes that one of the key factors necessary for increasing biomass utilization across the county is establishing a consistent supply of high-quality conditioned wood chips required by efficient boilers. We see the opportunity to develop a chip processing facility in Crescent Mills as means to address this bottleneck. Accordingly, we reiterate our strong support for Sierra Institute's application for Proposition 84 Funding and urge the Sierra Nevada Conservancy to do the same.

Sincerely,

EARL W. FORD
Forest Supervisor





Eastern Plumas Health Care

"People Helping People."

EASTERN PLUMAS HOSPITAL

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Diversified Resources

October 19, 2013

Dr. Jonathan Kusel
Sierra Institute for Community and Environment
PO Box 11, 4438 Main St.
Taylorsville, CA 95983

Dear Jonathan,

I wanted to write a letter expressing my support for your proposed chip processing facility. As owner of Diversified Resources, Inc., I see a great need to develop opportunities to remove small diameter trees and slash generated during logging operations from the forest. Overly dense forests increase the risk of catastrophic wildfire and likelihood of pest and pathogen outbreaks. This is certainly the case in Northern California forests, as the devastating Rim Fire showed us this summer.

As a logging contractor in Plumas County, I am supportive of opportunities to increase markets for biomass. Three regional biomass-powered electrical plants have shut down, and there are no longer enough facilities willing to take chips made from small diameter trees and tops. The result is that much of this material is left piled on the landing and burned during the winter. Currently there is an ample supply of biomass available for a project of this size.

Often Timber Harvest Plans require contractors to remove small diameter trees during harvesting operations. This additional work increases operating costs, and currently there are too few opportunities to recoup this cost. In some cases, this requirement prevents contracts, particularly on federal lands, from being sold because the value of the timber cannot carry the sale alone. The result is that acres that need treatment are left unmanaged. Developing a local market for biomass would help carry sales with the net result being more acres treated, more profit for loggers, and a stronger forest products industry in Plumas County.

Finally, transportation costs are what ultimately make harvesting biomass so cost prohibitive. A centrally located chip processing facility would represent a significant cost-savings opportunity for contractors and potentially lead to increased willingness to purchase marginal sales.

Ultimately this project would be great opportunity for logging contractors, would result in much needed forest management, and would help keep vital jobs in Plumas County.

Sincerely,

Kelly Holt

Place holder for real estate agreement between Sierra Institute for Community and Environment
and Greg Lehman

2b. Sustainability Plumas Community Energy Wood Processing Yard

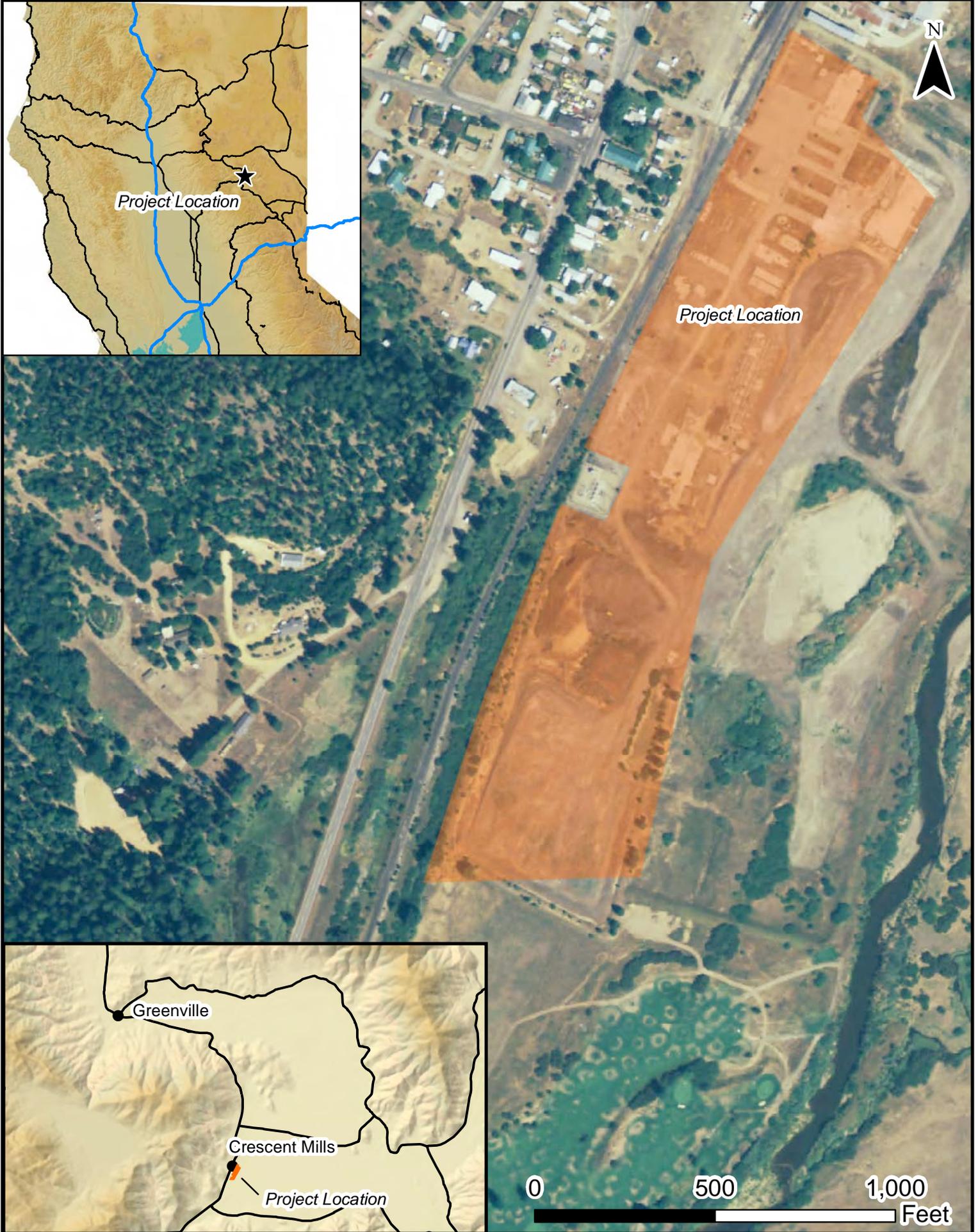
| Capital Costs: | | Operating costs | |
|----------------|-----------------|----------------------|----------------|
| Construction | \$ (119,290.00) | Green ton | \$ (35.00) |
| Mechanical | \$ (116,269.00) | labor/hr | \$ (50.00) |
| Electrical | \$ (49,600.00) | insurance | \$ (10,000.00) |
| Permitting | \$ (1,500.00) | transportation | \$ (10.00) |
| Contractor | \$ (8,000.00) | green tons converse. | 2.00 |
| Engineering | \$ (38,341.00) | | |
| Admin | \$ (17,000.00) | | |
| | \$ (350,000.00) | | |

| Bone Dry Tons | 0 | 200 | 600 | 800 | 1000 |
|-----------------|-----------------|----------------|----------------|----------------|-----------------|
| Year | 0 | 1 | 2 | 3 | 4 |
| Operating Costs | | | | | |
| Material | \$ - | \$ (14,000.00) | \$ (42,000.00) | \$ (56,000.00) | \$ (70,000.00) |
| labor | \$ - | \$ (2,000.00) | \$ (6,000.00) | \$ (8,000.00) | \$ (10,000.00) |
| insurance | \$ - | \$ (10,000.00) | \$ (10,000.00) | \$ (10,000.00) | \$ (10,000.00) |
| transportation | \$ - | \$ (2,000.00) | \$ (6,000.00) | \$ (8,000.00) | \$ (10,000.00) |
| Total | \$ - | \$ (28,000.00) | \$ (64,000.00) | \$ (82,000.00) | \$ (100,000.00) |
| Revenue | 0 | \$ 25,000.00 | \$ 75,000.00 | \$ 100,000.00 | \$ 125,000.00 |
| Profit | \$ (350,000.00) | \$ (3,000.00) | \$ 11,000.00 | \$ 18,000.00 | \$ 25,000.00 |

| Assumptions | | |
|-------------------|----|--------|
| Discount rate | | 6% |
| inflation | | 4% |
| fuel escalation | | 2% |
| tons processed/hr | | 5 |
| Price per BDT | \$ | 125.00 |

| | 1200 5 | 1400 6 | 1600 7 | 1800 8 | 2000 9 | 2000 10 |
|----|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ | (84,000.00) | (98,000.00) | (112,000.00) | (126,000.00) | (140,000.00) | (140,000.00) |
| \$ | (12,000.00) | (14,000.00) | (16,000.00) | (18,000.00) | (20,000.00) | (20,000.00) |
| \$ | (10,000.00) | (10,000.00) | (10,000.00) | (10,000.00) | (10,000.00) | (10,000.00) |
| \$ | (12,000.00) | (14,000.00) | (16,000.00) | (18,000.00) | (20,000.00) | (20,000.00) |
| \$ | (118,000.00) | (136,000.00) | (154,000.00) | (172,000.00) | (190,000.00) | (190,000.00) |
| \$ | 150,000.00 | 175,000.00 | 200,000.00 | 225,000.00 | 250,000.00 | 250,000.00 |
| \$ | 32,000.00 | 39,000.00 | 46,000.00 | 53,000.00 | 60,000.00 | 60,000.00 |

Map 1. Project Site Location - Crescent Mills, CA



Map 2. Parcel Map



Map 3. Topographic Map - Project Location

