



# Staff Report

**TO:** Board of Directors  
**FROM:** Greg Jones, Assistant General Manager  
**DATE:** March 23, 2022  
**SUBJECT:** Rio Bravo Purchase & Sale Agreement (Consent)

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## *ADMINISTRATION*

### **RECOMMENDATION:**

Approve the High Hazard Zone Fuel Purchase and Sale Agreement with Rio Bravo and authorize the General Manager, or designee, to execute the appropriate documents.

### **BACKGROUND:**

In an effort to combat wildfire emergency concerns faced throughout California, the Governor and legislature have directed the California Public Utilities Commission to take actions resulting in the execution of Biomass Renewable Auction Mechanism (BioRAM) Power Purchase Agreements between Utilities and biomass electrical generating facilities in the state. The BioRAM agreements are specific to biomass consumption of forest fuel from California's designated High Hazard Zone areas. Nearly all of the forest fuels reduction projects NID engages in are directly within CAL FIRE High Hazard Zone designation and qualify under this BioRAM program.

The Rio Bravo biomass facility, a 24.4MW biomass facility located near Rocklin, has initiated contact with NID for a wood chip purchase and sale agreement. The agreement specifies that NID would deliver a maximum of 7,500 Bone Dry Tons of wood chip fuel annually for a purchase value not to exceed \$225,000 (or \$30 per Bone Dry Ton). Of note, this agreement does not require NID to deliver a minimum amount of wood chips. Rather, it gives staff an additional option for disposal of woody material and slash when determining how to best manage the forested lands in our care.

Once signed, staff will coordinate internally and with outside bidding contractors to determine a chip, haul and delivery cost per Bone Dry Ton from centralized locations throughout the District. NID has a number of sites where hazard tree removal activities completed by District contractors or activities of PG&E's contractors have resulted in "decked" or piled logs and sometimes other woody

debris. Over time, accumulated logs and woody debris create a potential fuel for wildfire rather than removing the fuel load from within our forest. Some of the locations staff anticipates removing logs and fuel from include: 300 acres of NID-owned land contained within the River Fire burn scar; hazard trees within campgrounds at Scotts Flat and Rollins; pending CFIP fuels reduction project on 125 acres at Parker Ranch/Magnolia Road; and various other NID facility forest-hardening projects including tree removal at E. George Water Treatment Plant.

In the absence of a biomass facility to dispose of the woody material, NID has struggled with disposal of trees and vegetation due to the dense forests we operate in. Rapid regeneration of vegetation and tree mortality around our water system infrastructure, watershed lands and campgrounds continue to be sources of accumulated woody debris. Often the District has to fell hazard trees and cut slash, leaving whole or chipped logs and small diameter material in place. Piles of slash and logs can contribute to an increase in fuel loads and often maintenance activities have had to resort to bucking up logs and paying for delivery of the wood to the local land fill.

Creating this third option to deliver wood chips to the Rio Bravo biomass facility has direct benefits to NID and the community, including removing piles of logs, accumulated fuel from the forest floor and reducing fire fuels at our facilities, while helping California meet a portion of its biomass renewable energy goals.

**BUDGETARY IMPACT:**

The fiscal impact associated with this action is unknown at this time. If Rio Bravo is utilized to process tree waste, Rio Bravo will pay the district \$30 per dry ton. The District would then be required to pay for chipping and hauling the debris from NID's location to the Rio Bravo Facility in Rocklin. To determine whether or not this course of action is economical for the District, the District will conduct a bidding process for chipping and hauling from one or more locations to the Rio Bravo plant near Rocklin. If a project is defined, and once bids are received, staff will return to the Board with a budget amendment, increasing projected 2022 revenue and expense, at a future Board meeting when those amounts are better understood and if necessary.

Attachment: (2)

- High Hazard Zone Fuel Purchase and Sale Agreement
- CAL FIRE Fire Hazard Severity Zone Map

# **HIGH HAZARD ZONE FUEL PURCHASE AND SALE AGREEMENT**

**BUYER: RIO BRAVO ROCKLIN**

**SELLER: NEVADA IRRIGATION DISTRICT**

**SUPPLIER JOB #: 937**

## **TYPE OF FUEL**

Sawmill  Whole Tree Chip/Slash

## **MISSION STATEMENT**

In order to meet emergency situations faced by the State of California, the Governor and legislature have directed the California Public Utilities Commission to take actions resulting in the execution of BioRAM Power Purchase Agreements between the Investor Owned Utilities and biomass electrical generating facilities where certain minimum levels of forest-derived fuel from designated High Hazard Zones is consumed in the generating process. This Agreement between Buyer and Seller (or Transporter and Recipient) is intended to help meet the compliance requirements for minimum levels of High Hazard Zone Fuel.”

## **SOURCE OF FUEL**

All Fuel shall be derived from High Hazard Material originating from within the California Department of Forestry/Cal Fire designated Tier 1 and Tier 2 High Hazard Zones meeting the specifications listed below.

## **SPECIFICATIONS FOR FUEL**

All fuel delivered by Seller to the Buyer's Facility must comply with EPA Rule 40 CFR Part 241 as a designated “traditional” fuel and Non-Hazardous Secondary Materials that are legitimately used as fuels and Are Not considered as “Solid Waste” When Used in Combustion Units. High Hazard Zone Fuel is defined as fuel which originates from within the High Hazard Zone as defied by the California Department of Forestry (CDF). Furthermore, the material is being removed because it is dead or dying. This also includes material removed to reduce the risk of fire.

Seller shall grant Buyer access to Sellers site(s) for the purpose of environmental and process inspection, and sampling. Buyer shall provide timely feedback to Seller of any observed condition or laboratory test result that could materially impact Sellers ability to comply with Specifications.

## **TERM OF AGREEMENT**

The effective date of the agreement shall be on March 3<sup>rd</sup>, 2022. This agreement will terminate the earliest of midnight on December 31<sup>st</sup>, 2022, or if deliveries of HHZ material from all suppliers, including Seller, will result in failure of Buyer to meet the minimum compliance requirements of the BioRAM PPA, Buyer will have the right to terminate this Agreement upon 30 Days to Seller.

## **BASE PRICE and QUANTITY**

Buyer agrees to purchase and accept, and Seller agrees to sell and tender up to:

1. 7500 Bone Dry Tons of fuel annually; or fuel deliveries the sum total of which equals a value of \$225,000 annually (Two Hundred Twenty Five Thousand Dollars).
2. The base price for Wood Fuel purchased under this Agreement has been set at \$30.00 per Bone Dry Ton Delivered to Buyers Facility.

The purchase price shall be a delivered price that includes all transportation costs, taxes, and fees related to the sale and delivery of the Wood Fuel.

Maximum ash content (as received basis) not to exceed 5% or a deduction shall be applied.

Total alkali shall not exceed 0.6 lb./MMBtu

Shall have an as received Green Ton higher heating value (HHV) of 4200 Btu/lb. or greater as determined by applicable ASTM test methods.

The actual prices paid by buyer may be adjusted for excess ash levels should it be determined, in the sole discretion of the Buyer, that excess ash results in a reduction of fuel value. Ash content will be based on bi-monthly fuel analysis comprised of composite samples obtained from each load of delivered fuel. See Quality Adjustment Calculation below.

Size: 100% of each fuel delivery must be of pieces less than 6 inches in any dimension. 90% of pieces must be 3 inches or less in any dimension. 85% of pieces must be greater than 1/4" in their smallest dimension.

Excluded Materials: Fuel shall not contain any free ash, soil, cinder, or residual of palm, and shall be free of foreign material, including but not limited to, sand, stone, metal, glass, rubber, plastics, pressure-treated or lead-based painted wood, chemicals, and any hazardous or toxic substances as defined under law. Fuel shall be substantially free of landscape residues such as grass, leaves and non-wood fiber materials. Fuel ash shall not exceed State of California Title 22, Article 11 Total and Soluble Threshold Limit Concentration Levels.

Unacceptable Fuel: Fuel not meeting these Specifications or deemed harmful by Buyer to the operation of the power plant may be designated Unacceptable Fuel by Buyer and will not be accepted for delivery, or, if delivered, will not be paid for. Further, at Buyer's sole option, Unacceptable Fuel will be promptly removed from Buyer's Facility by Seller at Seller's expense or by Buyer at Seller's expense. Buyer's acceptance of any fuel delivery shall not constitute a waiver of default or of any of Buyer's rights herein.

Quantity Adjustment for Ash:

Ash - The quantity of fuel delivered by Seller and paid for by Buyer may be reduced to account for non-combustibles (ash) content exceeding that which is indicated on the Fuel Purchase Confirmation Sheet expressed as Max Ash Content %.

Example: Max Ash Content 10%. Actual ash content for loads delivered during period = 15%. Excess Ash =  $(15\% - 10\%) = 5\%$ . Ash Adjustment Factor for period =  $(100\% - 5\%) = 95\%$ . Ash Adjustment Factor (95%) x Tons delivered in period = Net Quantities after excess ash deduction.

Measurement: The unit of measure shall be that quantity of biomass fuel ("Fuel") which contains two thousand (2,000) pounds. Measurement shall be made to the nearest hundredth (1/100). Buyer shall

determine the net weight in pounds of each truckload of Fuel at Buyer's Facility by weighing the loaded vehicle and deducting the tare weight. The delivered Fuel shall be divided by (2,000) to determine the number of tons contained in the delivery. Buyer agrees to maintain scales and related equipment in good order. Buyer's records with respect to determination of weight and fiber content shall be available for inspection by Seller at Buyer's Facility at any reasonable time. If error is discovered, Buyer shall make appropriate corrective adjustments to its equipment and/or procedures.

## **BILLING PERIODS**

There shall be two (2) billing periods (each, a "Billing Period") in each calendar month, the first Billing Period to be the 1<sup>st</sup> through the 15<sup>th</sup> of the month; and the second Billing Period to be the 16<sup>th</sup> through the last day of the month.

## **PAYMENT**

On or before the 25<sup>th</sup> day of each month during the Term, Buyer shall pay Seller for the Fuel actually delivered during the first Billing Period of the month, subject to any adjustments or credits to which Buyer is entitled hereunder. On or before the 10<sup>th</sup> day of each month during the Term, Buyer shall pay Seller for the Fuel actually delivered during the second Billing Period of the prior month, subject to any adjustments or credits to which Buyer is entitled hereunder.

## **REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER**

During the Term, Seller shall obtain and maintain in full force and effect all Governmental Approvals required for the performance of its obligations under this Agreement.

## **TITLE TO FUEL**

Seller has, and all times shall have, good and valid title to all Fuel delivered to Buyer under this Agreement and title thereto shall pass to Buyer free and clear of all liens, claims, security interests or encumbrances. When requested by Buyer, Seller shall collect and provide Buyer landowner source information.

## **COMPLIANCE WITH ALL GOVERNMENTAL REQUIREMENTS**

All boiler fuel delivered under this Agreement shall be produced at facilities properly permitted to conduct material recycling and or processing to up-cycle discarded wood fiber materials to be used as a valuable commodity (boiler fuel). Upon request, Seller shall furnish to Buyer evidence satisfactory to Buyer of its compliance with all such Governmental Requirements.

## **SOURCE OF FUEL; DELIVERY; TITLE; AND RISK OF LOSS**

Fuel supplied under this agreement shall consist of clean woody biomass materials originating from areas determined by California Department of Forestry (CDF) as being a High Hazard Zone located within the state of California, which has been up-scaled to be suitable for use as boiler fuel.

## **RECORDKEEPING**

Seller agrees to keep appropriate records for attestation, to demonstrate sufficiently that fuel delivered to Buyer was derived from within the "High Hazard Zone" as determined by the California Department of Forestry. Both buyer and seller will agree as to the acceptable method and process for the recordkeeping. Seller agrees to make available to Buyer or his designee, with reasonable notice, these records for inspection and verification.

## **FUEL DELIVERY**

The Point of Delivery for all Fuel delivered to Buyer hereunder shall be at the hopper bin or at such other area designated at the Buyer's Facility by Buyer from time to time.

## **TITLE AND RISK**

Title and risk of loss to all Fuel delivered hereunder shall pass from Seller to Buyer upon completion of the unloading of Seller's truck at the Point of Delivery.

## **DELIVERY TIMES**

Seller may deliver Fuel to Buyer at Buyer's Facility between the hours of 5:00 a.m. and 5:00 p.m. Monday through Friday other than a holiday. Additional delivery times can be arranged at the Buyers discretion.

## **RATE OF DELIVERY**

Notwithstanding anything contained herein to the contrary, Seller shall make reasonable efforts to deliver Wood Fuel in even monthly increments.

## **NET WEIGHT**

Buyer shall determine the net weight in tons of each load of Fuel by weighing the loaded vehicle at the entrance to the Buyer's Facility. The aggregate net weights that are determined during any Billing Period shall be accepted by the Parties as the quantity of Fuel sold and purchased during such period.

For the purpose of this Agreement, two thousand (2,000) pounds of bone-dry weight of wood, as determined by Buyer, shall constitute one (1) unit of Fuel and shall be referred to as a Bone Dry Ton (BDT). Buyer shall determine the weight of each delivery and by representative sampling, determine the percentage of moisture content of Fuel by customary laboratory procedures. Buyer's weight records and its methods of measurement and of testing for moisture content shall be subject to review by Seller at all reasonable times. Seller may make check measurements and tests for the purpose of reviewing the accuracy of Buyer's measurements and if any error is found therein, Buyer shall make appropriate changes in its measurement practices. No error shall be grounds for adjustment with respect to Fuel measured prior to the discovery of any such error.

## **DELIVERY SCHEDULE**

Seller is aware that Buyer is receiving deliveries of wood fuel from one or more other suppliers. Seller and Buyer shall endeavor to work out a delivery schedule for the deliveries of Fuel by Seller to minimize the waiting time for the trucks of Seller and all the other suppliers and to help facilitate the smooth operation of Buyer's Facility. Seller shall use reasonable efforts to adhere to the delivery schedule. Buyer may, from

time to time, request Seller to vary the delivery schedule so far as practical to: (i) comply with the operating schedule of Buyer's Facility; (ii) the cessation of operations at the Buyer's Facility which are scheduled in advance for maintenance and inventory adjustments; (iii) unfavorable weather conditions such as high winds that prevent the operation of truck dumpers; or (iv) labor disputes.

## **SAFETY**

Seller's trucks and those of its agents shall be maintained at all times in a safe and legal condition. Whenever such trucks are on the site of the Buyer's Facility, they shall comply with all of the Buyer's on-site requirements regarding safety, access, unloading, the behavior of truck drivers and driving discipline. Upon request, Seller shall provide evidence to Buyer that all of Seller's trucks and truck drivers are insured at least to the minimum standards required by applicable Governmental Requirements law or the requirements set forth in Section 13, whichever is greater.

## **INSURANCE**

Seller shall provide Buyer with following Certificates of Insurance with limits not less than those set forth below and designating Rio Bravo Rocklin as an additional insured:

- (A) Workman`s compensation Insurance with limits not less than \$1,000,000.00 per occurrence.
- (B) Comprehensive General Liability Insurance with limits not less than \$1,000,000.00 per occurrence

## **NOTICES**

All notices, consents, waivers and other communications to be given under this Agreement must be in writing and will be deemed to have been duly given when (i) delivered by hand (with written confirmation of receipt), (ii) sent by telecopier (with written confirmation of receipt), provided that a copy is mailed by registered mail, return receipt requested, or (iii) when received by the addressee, if sent by an internationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and telecopier numbers set forth below (or to such other addresses and telecopier numbers as a party may designate by notice to the other parties):

### If to Seller:

#### **NEVADA IRRIGATION DISTRICT**

Attention: Neysa King  
Phone:  
Email: kingn@nidwater.com

### If to Buyer:

**RIO BRAVO ROCKLIN**  
3100 Thunder Valley Ct.  
Lincoln, CA 95648  
Attention: Scott Pedersen  
Phone: 916-645-3383  
Fax: 916-645-9209  
Email: spedersen@rbrocklin.com

Either Party may, from time to time, by written notice sent or delivered in the manner provided above, specify additional parties and/or a different address for notices to it, and any such additional parties and changes of address shall take effect upon the other Party's receipt of said notice. All notices shall be deemed given upon the date delivered, in the event sent by personal delivery or overnight delivery, on the date shown on the return receipt, in the event sent by registered or certified mail, or on the date of refusal to accept delivery.

## **FORCE MAJEURE**

### Force Majeure

If either Party (the "Claiming Party") is unable to perform, in whole or in part, any of its obligations under this agreement because of a Force Majeure affecting such Party, the Claiming Party shall be excused from whatever performance is affected by such Force Majeure. The excuse from performance will be of no greater scope and of no longer duration than is reasonably required by the Force Majeure.

### Force Majeure Obligations

If a Force Majeure affects the performance by a Party of any of its obligations under this Agreement:

- (A) The Claiming Party will, as soon as practical after the force Majeure occurs, give the other Party notice that the Force Majeure has occurred and a description of the likely impact on the Claiming Party's performance of its obligations;
- (B) The Claiming Party will use commercially reasonable efforts to remedy its inability to perform, but the Claiming Party will not be required to settle any strike, work stoppage, a walkout, lockout or other labor difficulty on terms that the Claiming Party does not consider to be in its own best interest;
- (C) The Claiming Party will provide the other Party with periodic written reports on the status of the Claiming Party's efforts to remedy its inability to perform and a good faith estimate of when the Claiming Party will be able to resume performance of its obligations;
- (D) When the Claiming Party is able to resume performance, it will notify the other Party.



## SIGNATURE PAGE

### ENTIRE AGREEMENT

This Agreement is the Parties' complete and final expression of agreement on the matters addressed in this Agreement including:

1. ATTACHMENT "A" HHZ OFFSET CERT.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

**NEVADA IRRIGATION DISTRICT**

**RIO BRAVO ROCKLIN**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

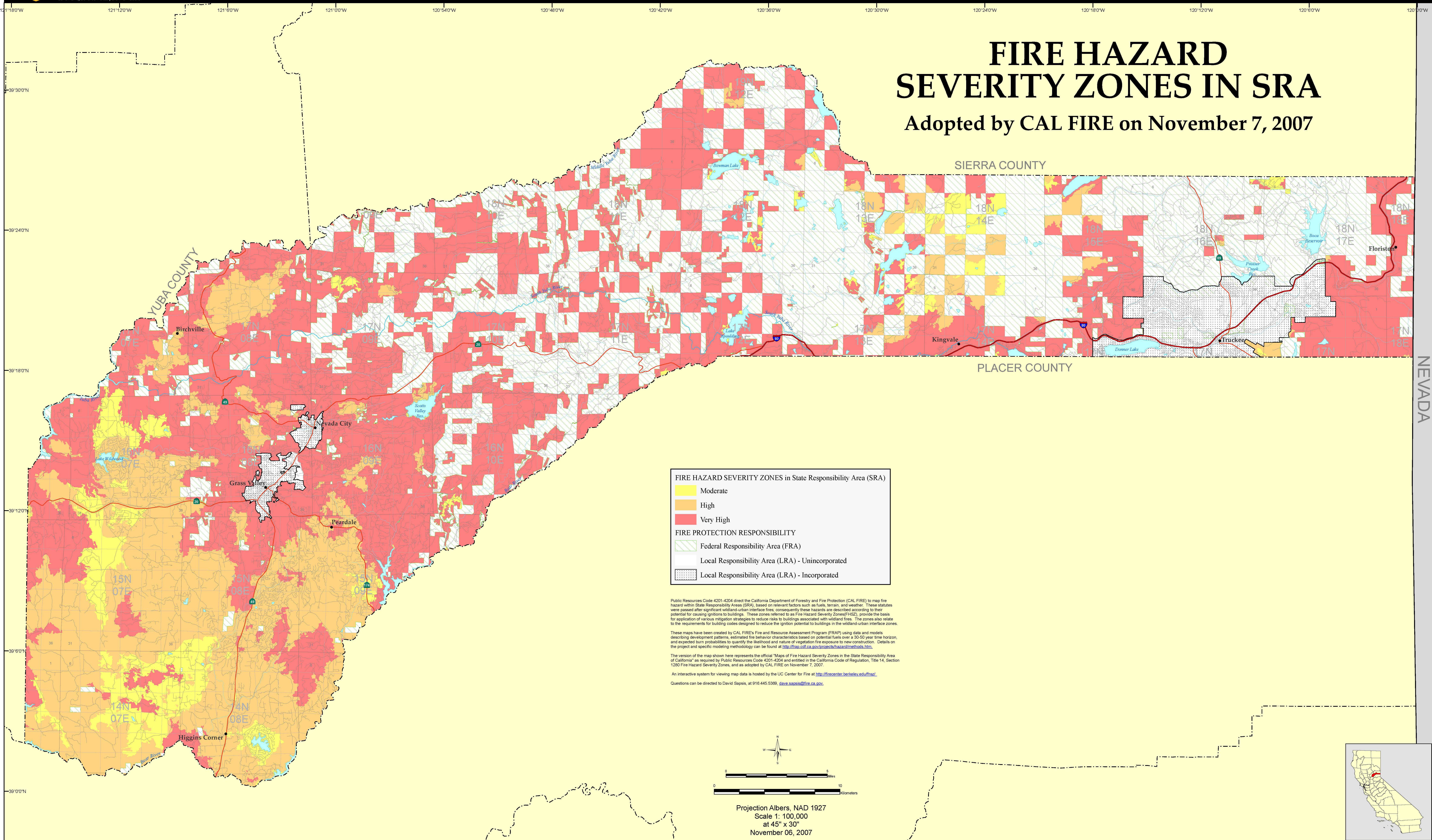
# ATTACHMENT A

## HIGH HAZARD FUEL OFFSET CERTIFICATION

Facility Name: Rio Bravo Rocklin Facility Address: 3100 Thunder Valley Ct. Lincoln, CA 95648  Phone: 916-645-3383 Facsimile: 916-645-9209		New Job # 937 Date: 3/2/22 Fuel Supplier Name: Nevada Irrigation District Address: City:                      State: CA    Zip: Phone: Fax:	
HIGH HAZARD FUEL INFORMATION		Certificate Completed By:	
TIMBER HARVEST NUMBER/PROJECT	Start Date:	Hauler:	
	Finish Date:		
Job Location: (Complete either 1 or 2)	Job Size (Acres):	UTILITY 1 PLACER COUNTY AIR POLLUTION CONTROL DISTRICT INFORMATION	
	1    Township                  Range  Section                  Subsection		Estimated Tons:
	2    Nearest Crossroads:  Ranch/Property Name or Number:		
<b>CERTIFICATION:</b> I certify that the above information is true and correct		1. Is the origin of the forest product (fuel) from within the identified High Hazard Zone?  2. Is the origin of the forest product (fuel) from within a fifteen (15) mile radius of the biomass facility?  3. Does the forest product from this location present a known fire hazard if left in place?	
Supplier Representative	Date		

## FIRE HAZARD SEVERITY ZONES IN SRA

Adopted by CAL FIRE on November 7, 2007



**FIRE HAZARD SEVERITY ZONES in State Responsibility Area (SRA)**

- Moderate
- High
- Very High

**FIRE PROTECTION RESPONSIBILITY**

- Federal Responsibility Area (FRA)
- Local Responsibility Area (LRA) - Unincorporated
- Local Responsibility Area (LRA) - Incorporated

Public Resources Code 4201-4204 direct the California Department of Forestry and Fire Protection (CAL FIRE) to map fire hazard within State Responsibility Areas (SRA), based on relevant factors such as fuels, terrain, and weather. These statutes were passed after significant wildland-urban interface fires, consequently these hazards are described according to their potential for causing ignitions to buildings. These zones referred to as Fire Hazard Severity Zones (FHSZ), provide the basis for application of various mitigation strategies to reduce risks to buildings associated with wildland fires. The zones also relate to the requirements for building codes designed to reduce the ignition potential to buildings in the wildland-urban interface zones.

These maps have been created by CAL FIRE's Fire and Resource Assessment Program (FRAP) using data and models describing development patterns, estimated fire behavior characteristics based on potential fuels over a 30-50 year time horizon, and expected burn probabilities to quantify the likelihood and nature of vegetation fire exposure to new construction. Details on the project and specific modeling methodology can be found at <http://fire.ca.gov/projects/assess/methods.htm>.

The version of the map shown here represents the official "Maps of Fire Hazard Severity Zones in the State Responsibility Area of California" as required by Public Resources Code 4201-4204 and entitled in the California Code of Regulation, Title 14, Section 1280 Fire Hazard Severity Zones, and as adopted by CAL FIRE on November 7, 2007.

An interactive system for viewing map data is hosted by the UC Center for Fire at <http://firecenter.berkeley.edu/fhsz/>.

Questions can be directed to David Sapsis, at 916.445.5369, [dave.sapsis@fire.ca.gov](mailto:dave.sapsis@fire.ca.gov).

Projection Albers, NAD 1927  
 Scale 1: 100,000  
 at 45" x 30"  
 November 06, 2007



The State of California and the Department of Forestry and Fire Protection make no representations or warranties regarding the accuracy of data or maps. Neither the State nor the Department shall be liable under any circumstances for any direct, special, incidental, or consequential damages with respect to any claim by any user or third party on account of, or arising from, the use of data or maps.

Obtain FRAP maps, data, metadata and publications on the Internet at <http://frap.cdf.ca.gov>.  
 For more information, contact CAL FIRE-FRAP, PO Box 944246, Sacramento, CA 94244-2460, (916) 327-3939.

Arnold Schwarzenegger, Governor,  
 State of California  
 Mike Chrisman, Secretary for Resources,  
 The Resources Agency  
 Ruben Grijalva, Director,  
 Department of Forestry and Fire Protection

MAP ID: FHSZS\_MAP  
 DATA SOURCES  
 CAL FIRE Fire Hazard Severity Zones (FHSZS06\_3)  
 CAL FIRE State Responsibility Areas (SRA05\_5)  
 CAL FIRE Incorporated Cities (Incorp07\_3)  
 PLSS (1:100,000 USGS, Land Grants with CAL FIRE grid)