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ABBREVIATED CONSENT CALENDAR FORMAT

Memorandum Date: November 28, 2007
Order Date: December 12, 2007

TO: Board of County Commissioners

DEPARTMENT: County Administration- Community & Economic Development

PRESENTED BY: Mike McKenzie-Bahr

AGENDA ITEM TITLE: IN THE MATTER OF REQUESTING \$250,000 IN FUNDING FROM THE FIELD BURNING RESEARCH FUND TO IDENTIFY OPTIONS FOR ENERGY PRODUCTION FROM GRASS SEED STRAW.

I. MOTION

Move to apply for grant funds from the Field Burning Research Fund and authorize the County Administrator to sign the grant application.

II. DISCUSSION

A. Background / Analysis

The Lane County Board of Commissioners has been looking for ways to decrease the amount of grass straw burned each year. Approximately 90% of the 50,000 acres of grass straw burned each year is from ryegrass.

Grass straw from other types of grass is used in a variety of value added products, which for economic reasons has eliminated that straw being burned.

The seed industry has looked at other uses for the ryegrass straw, but none have proved to have enough economic value that it makes financial sense for the growers to do anything but plow it under for several years and burn it every third year or so to add nutrients to the ground.

Commissioner Sorenson and the County Economic Community and Economic Development Coordinator met with Katy Coba, Director of the Oregon Department of Agriculture and Dave Nelson of the Oregon Seed Council on October 18, 2007 to identify a win-win solution to add value to the ryegrass

straw. The opportunity presented by using the grass straw for energy production was the focus of the meeting. That meeting was followed up by additional meetings to identify specific short term, mid-term and long term projects to research and discuss potential pilot projects.

Both the Oregon Department of Agriculture and the Oregon Seed Council have indicated support for using funding for the research and pilot project from the Field Burning Research Fund. The Field Burning Research Fund is a state fund administered by the Department of Agriculture. The money is derived from fees that grass seed growers pay to burn their fields. (There are no County funds being requested as match for these funds).

On November 27, 2007, the Oregon Seed Council approved a companion resolution to the Board Order attached to this report, supporting the County's request for funding. The Seed Council has committed to assisting with elements of the project and identification of seed growers who are interested in immediately working on this project.

One of the things that has earned the County this support is that Lane County, through the Forest Service Partnership Grant, has put together a biomass working group, including representatives of Lane Microbusiness; Resource Innovations, Institute for a Sustainable Environment, University of Oregon; Northwest Cooperative Development Center; Oregon Environmental Council; Trillium FiberFuels; Novus Group; Sylvatex, Lane Council Of Governments; the Good Company, and Lane County Community and Economic Development. The group is working with the community to identify economic uses for local biomass. The initial biomass the group is looking at opportunities for is woody biomass waste products, like slash. But those efforts have grown to include other waste products including grass straw.

The group has identified opportunities presented by using the grass straw for energy production ranging from short term opportunities like anaerobic digestion to electricity, through long term use for ethanol production.

The \$250,000 from the Field Burning Research Fund would be used to research short-term, mid-term and long-term options for adding value to grass straw through renewable energy and fuel production, with the goal that implementation of the options would build economic alternatives for grass straw that would supplant current practice and development of a pilot project/s using grass straw as a bioenergy source.

The pilot projects would occur in Lane County. Among the project research and pilot project partners will include the Metropolitan Waste Management Commission which currently uses anaerobic digestion for electricity production.

The research steps include:

- 1) Development of financial model for each option. The goal of the financial models will be grass straw use that is revenue neutral and/or revenue positive for

growers.

Financial models will include revenue and expenses for each step of the process

- a) Harvesting
- b) Nutrient replenishment/Pest control
- c) Bailing
- d) Hauling
- e) Storage
- f) End Use - including location, capacity of existing and planned facilities (including siting and permitting with regards to grass straw), energy production, and value of feedstock for following options:
 - Anaerobic Digestion
 - Pyrolysis
 - Cellulosic Ethanol
 - Boilers
- g) Tax and Energy Credits (including Carbon Credits) for each step of process
- h) Life cycle sustainability audit to include value of straw as a product compared to burning it.

2) Task list for implementation of each option listed above

3) Interviews with relevant partners and their commitment to a given option.

The grants funds will be used by the County to accomplish the above by contracting out project elements. We will use an RFP process to choose contractors.

The grant application is still being worked on at this time, so it is not attached to this report.

There is no match required from the County for this grant. The grant will fully pay for expenditures for Material and Services by the County and the grant will pay for the administrative work of the grant.

The accounting, auditing and evaluation obligations imposed by the grant do not exceed what we are already doing to track project funds and elements. We will use a portion of these grant funds, if awarded, to cover the accounting, auditing and evaluation obligations of the County, both for Economic & Community Development and Fiscal. The grant allows rules allow 10% of the costs to be used for grant administration so that will be enough to cover these obligations at the county full cost indirect charge.

I reviewed the grant application and I see no unique or unusual conditions that trigger additional county work effort, or liability, i.e., maintenance of effort requirements or supplanting prohibitions or indemnity obligations.

This grant does not involve any technology issues that require Information Services department review.

The time period of the grant will be for one year from award of the grant.

B. Recommendation

There is a lot of discussion regarding the opportunity for biofuels in Oregon based on local non-food resources. This grant will help determine if there is an opportunity to identify economic uses for grass straw as a value added product for renewable energy production.

The Lane County Community & Economic Development Coordinator recommends the Board of Commissioners approve the motion to apply for the grant to do research and development on grass straw opportunities.

As stated previously, no County funding is being committed at this time as match to the grant application. This is a non-construction project

III. ATTACHMENTS

Board Order

IN THE BOARD OF COUNTY COMMISSIONERS
OF LANE COUNTY, OREGON

ORDER NO.

) IN THE MATTER OF REQUESTING
) \$250,000 IN FUNDING FROM THE
) FIELD BURNING RESEARCH FUND
) TO IDENTIFY OPTIONS FOR ENERGY
) PRODUCTION FROM GRASS SEED
) STRAW.

WHEREAS, Oregon's Grass Seed industry produces more than \$450 million in annual sales and is known across America for its quality grass and seed; and

WHEREAS, the grass seed industry is very important to the State, Willamette Valley and Lane County, where we benefit from seed production revenue and an industry multiplier effect that creates jobs in other industries; and

WHEREAS, a grass seed by-product, known as grass straw, is used in a variety of value added products currently, and

WHEREAS, some of the grass straw from annual ryegrass is burned each year and controversy exists about the effect of the smoke; and

WHEREAS, representatives of Lane County have met with Katy Coba, Director of the Oregon Department of Agriculture and Dave Nelson of the Oregon Seed Council to find a win-win solution to add value to the ryegrass straw, and

WHEREAS, the Oregon Department of Agriculture and the Oregon Seed Council administer the Field Burning Research Fund, and


WHEREAS, Lane County has put together a biomass working group, including representatives of Lane Microbusiness; Resource Innovations, Institute for a Sustainable Environment, University of Oregon; Northwest Cooperative Development Center; Oregon Environmental Council; Trillium FiberFuels; Novus Group; Lane Council Of Governments; the Good Company, and Lane County Community and Economic Development to identify economic uses for local biomass, including grass straw as a value added product for renewable energy production, and said group will be working in collaboration with the Oregon Seed Council to identify and develop alternatives for use of grass straw, and

NOW THEREFORE IT IS HEREBY RESOLVED AND ORDERED, Lane County requests \$250,000 from the Field Burning Research Fund in order to help 1) identify short-term, mid-term and long-term options for adding value to grass straw through renewable energy and fuel production, with the goal that implementation of the options would build economic alternatives for grass straw that would supplant current practice and 2) initiate a pilot project in Lane County using grass straw as a bioenergy source, and

IT IS FURTHER ORDERED that the County Administrator is authorized to sign grant application.

DATED this 12th day of December, 2007.

Faye Stewart Chair,
Lane County Board of Commissioners

APPROVED AS TO FORM
Date 12/3/07 Lane County

OFFICE OF LEGAL COUNSEL