

Project Name: Yakama Forest Products – Mill Modernization Feasibility Assessment

Release Date: September 16th, 2024

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1. Background Information

Founded in 1995, Yakama Forest Products (YFP) is a Tribally—owned lumber mill, located on The Yakama Nation in White Swan, Washington. YFP built a Small Log Mill (SLM) in 1998 with used equipment, and a Large Log Mill (LLM) in 2000 with new equipment. These facilities are now more than 20 years old; they are no longer industry-competitive, and as such, this equipment must be updated if YFP is to remain a competitive going concern.

2. Primary elements to be included in this feasibility assessment may be summarized as follows:

- a. Modernize & automate the Small Log Line
- b. Modernize & automate the Tray Sorter
- c. Wood-fired boiler
- d. New Lumber Dry Kilns

The purpose of YFP's feasibility assessment is to fully define these four project pillars, plus create a roadmap for project implementation.

- a. Modernize & automate the Small Log Line

YFP will add a small log processing line to the current large log mill. This will increase productivity and reduce staffing. The new system will be able to process 16% more fiber than the current mill. The new system will be a twin-bandsaw. The gangsaw will be updated with an inline curve-sawing gangsaw that will also increase fiber recovery. To keep from bottlenecking, the bucksaw line will be upgraded with a new bucksaw.

- b. Modernize & automate the Tray Sorter

YFP will upgrade the bin sorter to a tray sorter with a new stacker at the planer. This step includes adding a random-width shear and upgrades to our packaging line. A lug loader and a multi-track fence will be installed at the planer. YFP must also install a drum chipper and redesign the current conveyor system and shaker screen. These upgrades will increase gross production and product recovery at YFP. These projects may also improve product quality and value.

- c. Wood-fired boiler

YFP currently burns between 3 and 4 million gallons of propane each year to dry lumber. YFP intends to reduce propane consumption by 80% by installing a wood-fired energy system that uses closed-loop thermal oil or hot water to dry lumber. As Yakama Power is unable to install additional transmission capacity before 2030, this will be a heat-only project; electricity will not be generated at YFP.

d. New Lumber Dry Kilns

YFP currently uses 7 aging traditional batch lumber dry kilns to dry lumber. These kilns use an average of 42 gallons of propane to dry 1,000 Board Feet (1 MBF) of lumber at YFP. With the above context in mind, YFP wants to source, design, permit, and construct new lumber-drying equipment that:

- i. Can dry as much as ninety million board feet (90 MMBF) of lumber annually, and
- ii. Reduces energy required to dry lumber at YFP.

3. RFP components include the following elements:

- a. Required Deliverables
- b. Timeframe for delivery of deliverables
- c. Request for applicants' approach to deliver Required Deliverables
- d. Request for applicants' qualifications
- e. Evaluation criteria
- f. Evaluation committee / process

a. Required Deliverables

To prepare the feasibility assessment, selected consultants and YFP staff will:

1. Evaluate the project's economic impact, as set forth – below.
2. Determine equipment requirements, available vendors, and elements associated with systems design, engineering, permitting, installation, and commissioning, as defined – below.

3. Determine capital expense (CAPEX) and operating expenses (OPEX) of selected equipment.
4. Prepare budgetary proformas for all YFP projects embedded in The Four Project Pillars.
5. Begin design & engineering work, as appropriate.
6. Identify sources of project funding, as set forth – below.
7. Estimate social impact of the project, as set forth – below.
8. Develop an actionable Project Implementation Plan that YFP employees & project supporters may use to implement YFP’s Mill Modernization Project once The Yakama Nation’s Forest Management Plan (FMP) has been approved. This is the end goal of the proposed feasibility assessment and represents an action plan and guide that YFP may use to quickly implement this project.

The feasibility assessment will address the following elements and include the following deliverables, benefitting the following groups:

- I. Economic Impact:
 - a. Impact on YFP (Primary Beneficiary = YFP)
 - b. Impact on The Yakama Nation (Primary Beneficiary = The Yakama Nation)
 - c. Regional Impact (Primary Beneficiary = Yakima County)

- II. Required Equipment, Including Engineering, Design & Installation:
 - a. Identify equipment needs for all projects within all Four Project Pillars, including identification of appropriate technology & associated OEMs. (Primary Beneficiary = YFP)
 - b. Engineering & permitting requirements for needed equipment. (Primary Beneficiary = YFP)
 - c. Equipment CAPEX & OPEX. (Primary Beneficiary = YFP)
 - d. Prepare budgetary proformas for all projects within YFP’s Four Project Pillars. (Primary Beneficiary = YFP)
 - e. Begin engineering & permitting work required prior to installation. (Primary Beneficiary = YFP)

- III. Identify Sources of Project Funding, Including:
 - a. YFP Cash
 - b. Contributions from The Yakama Nation
 - c. Bank Loans
 - d. New Markets Tax Credits
 - e. Investment Tax Credits
 - f. Grants, including:
 - i. USDA REAP
 - ii. USFS Community Wood Energy Grant
 - iii. USFS Wood Products Infrastructure Grant
 - iv USFS Wood Innovation Grant
 - v. Grants identified by the USFS’ National Bioenergy Team
 - v. Other grant opportunities
 - g. Environmental Credits, Including:
 - i. Energy Efficiency Incentives through the Bonneville Power Administration with support from Cascade Energy
 - ii. Renewable Thermal Certificates associated with production of renewable heat.
 - iii. Climate Commitment Act (CCA) -compliant carbon offsets associated with afforestation / reforestation.

- IV. Social Impact of YFP's Mill Modernization & Improved Forest Management Project, including:
 - a. Financial & Other Benefits to families on The Yakama Nation (Primary Beneficiary = Yakama Native families)
 - b. Community benefits associated with reduced fire risk (Primary Beneficiary = The Yakama Nation Community)
 - c. Benefits associated with reduced GHG emissions (Primary Beneficiary = World Environment)

- V. Develop an actionable Project Implementation Plan that YFP employees & project supporters may use to implement YFP's Mill Modernization Project once The Yakama Nation's Forest Management Plan (FMP) has been approved. This is the end goal of the proposed feasibility assessment and represents an action plan and guide that YFP may use to quickly implement this project.

b. Timeframe for delivery of deliverables

Once consultants have been selected & contracted, a kick-off meeting will be called to get this feasibility assessment off to a good start. Once the project kick-off meeting has been held, selected consultants will have 23 weeks to evaluate items #1 through #8, as set forth in Section A – above. Once items #1 through #8 have been fully analyzed, consultants will have an additional 6 weeks to prepare an actionable Project Implementation Plan that YFP employees & project supporters may use to implement YFP's Mill Modernization project. The final week of this feasibility assignment will include a meeting to discuss lessons learned and define next steps. Expect the project kick-off meeting to take place during Q1 of 2025.

c. Request for applicants' approach to deliver Required Deliverables

As noted above, the purpose of this feasibility work is to prepare a roadmap that enables YFP staff and project supporters, including equipment suppliers, permitting specialists, and others, to quickly implement YFP's Mill Modernization Project once The Yakama Nation adopts its new Forest Management Plan (FMP). Adoption of the new FMP is expected in early 2025. To that end, proposals will be evaluated, in large degree, with a view toward determining which consultants' approach is most likely to offer the most concrete path forward.

Importantly, YFP seeks comprehensive, turnkey proposals that encompass all aspects of this project, including required project components set forth in Section 2, Items a through d, as well as RFP-related requirements, set forth throughout Section 3 of this RFP.

d. Request for applicants' qualifications

To support item C – above – we will ask all consultants to summarize relevant qualifications and experience that will enable them to successfully complete this feasibility assessment.

e. Evaluation criteria

Responses to this RFP will be based on the following elements:

- Applicants' suggested approach = 65 points
- Applicants' relevant qualifications & experience = 20 points
- Applicants' familiarity with The Yakama Nation & YFP = 10 points
- Applications from companies & organizations that have either a Tribal affiliation, or a recognized disability, will receive an additional 5 points
- Total possible points = 100

f. Evaluation committee / process

YFP staff will appoint a committee to evaluate responses to this RFP. Members of this evaluation committee may include:

- i. YFP Staff,
- ii. YFP Board Members,
- iii. Representatives from The Yakama Nation's Economic Development Department, and/or
- iv. People from The Yakama Nation's Tribal Employment Rights Office (TERO).

4. Project timeline

Weeks #1 - #8: Issue RFP.

Weeks #9 – 16: Review proposals; select consultants.

Weeks #17 - #20: Complete contracting; project kick-off meeting.

Weeks #21 - #44: Evaluate Items #1 through #7, as set forth in Section 3a – above.

Weeks #45 - #51: Develop an actionable Project Implementation Plan that YFP employees & project supporters may use to implement YFP's Mill Modernization & Improved Forest Management Project once the FMP has been approved. This is the end goal of the proposed feasibility assessment and represents an action plan and guide that YFP may use to quickly implement this project.

Week #52: Final meeting associated with assessment of project feasibility. Discuss lessons learned; define next steps.

Responses to this RFP are due by 5:00 PM Pacific time on Tuesday, October 15th. Please send responses to Vanessa Patchpe at: accountrep@yakama-forest.com.