

Wood Pellet Project

SEDCorp's "core" service area includes Sierra County, beautifully spanning the crest of the Sierra's with spectacular scenery, abundant wildlife and a rich history. Unfortunately, Sierra County's populace has suffered more than its fair share of economic challenges. With the vast majority of land in State or National Forest ownership, the County's revenues are limited. Many of the local jobs are dramatically affected by seasonal influences. When Sierra Pacific Industries (SPI) closed its Loyalton sawmill in 2001, it had a dire effect on the County's unemployment rate; as the County's largest employer, the mill had accounted for 16% of all jobs and 34% of all private-sector jobs in the County. The ripple effect through the rest of the economy of the loss of those jobs was a precursor to the similar effects being seen across the nation's economy today. By 2005, only four manufacturing establishments were left, and they employed only 3% of the workforce.

However, some see opportunity in such difficult times. A preliminary market analysis led SEDCorp staff to conclude that potential niches existed in the wood pellet and pellet stove markets that could be exploited by the creation of manufacturing capabilities at the former mill site. On behalf of the people of Sierra County, SEDCorp sought and won a grant from the U.S. Department of Agriculture to develop business plans for facilities to manufacture wood pellets and pellet stoves. SEDCorp was fortunate to contract with Kevin Whitlock of Under the Trees, a licensed Professional Forrester and experienced international consultant for forest-related businesses, to lead the effort to create the business plans.

Kevin's initial efforts were focused on validating the preliminary market analysis that was the basis for the project. His efforts quickly led to the conclusion that the market for pellet stoves is actually quite competitive and that there is a wide choice of stoves available to homeowners throughout the region and the country. However, the potential for successful manufacturing of wood pellets was verified, and Kevin began to assemble the information needed to complete the business plan. As of February 2009, that plan is in draft final form.

The plan describes a 50,000 ton per year manufacturing facility operating in the Loyalton Business Park on part of the former SPI mill site. The site has several beneficial characteristics including the availability of abundant electrical power from the adjacent electrical power co-generation plant, the potential for use of excess heat generated by the co-generation plant, the availability of well-qualified workers from the area's underemployed workforce, and being well situated between the source of raw materials and a transportation network well suited to rapidly reaching millions of potential customers.

SEDCorp welcomes the interest of potential investors who would be willing to pursue the potential of a wood pellet manufacturing facility in Sierra County. Leveraging our contacts with the National Forest Service and other public and private landowners, we will work with you to secure the plant's affordable and reliable stream of raw material. We will also assist with the development of potential public funding sources to offset part of the capital costs of the project. If you are interested in more information about this project or the potential for developing a wood pellet manufacturing capability in Sierra County, please contact Brent Smith at SEDCorp.