

**CALIFORNIA ALTERNATIVE ENERGY AND
ADVANCED TRANSPORTATION FINANCING AUTHORITY**

Board Meeting Date: Tuesday, December 9, 2025

Request to Approve Project for a Sales and Use Tax Exclusion¹

**Sierra Institute for Community and Environment
Application No. 25-SM048**

Prepared By: *Jeannie Yu, Program Analyst*

SUMMARY

Applicant: Sierra Institute for Community and Environment

Location: Crescent Mills, Plumas County

Industry: Cross Laminated Timber Manufacturing

Project: New Cross Laminated Timber Manufacturing Facility
(Advanced Manufacturing)

Project Pool: General²

Value of Qualified Property	Estimated Sales and Use Tax Exclusion (“STE”) Amount ³
\$11,004,234	\$933,159

Estimated Net Benefit ⁴	Dollar Value	Points Earned
Estimated Fiscal Benefits	\$4,664,047	4,998
Estimated Environmental Benefits	N/A	125
Additional Benefits	N/A	186
Total	\$4,664,047	5,309
Estimated Quantifiable Net Benefit	\$3,730,888	N/A

¹ All capitalized terms not defined in this document are defined in the STE Program’s statutes and regulations.

² While general pool funding is designated for Projects with an STE amount over \$2 million and up to \$10 million, small sized projects that do not fall within that range may apply and qualify under the general pool if any remains. (California Code of Regulations Title 4, Division 13, Section 10032(a)(4))

³ This amount is calculated based on the average statewide sales tax rate of 8.48%.

⁴ Applications that earn a Total Score of at least 1,000 points and an Environmental Benefits Score of over 20 points may be recommended for approval. (California Code of Regulations Title 4, Division 13, Section 10033(c)(6))

Previous Awards and Status:

- Award 1: Application No.18-SM007, Award Year 2018, 95% Expended, Status Complete, Compliant on Required Reports

Competitive Criteria Score: 101

Staff Recommendation: Approval

THE APPLICANT

Sierra Institute for Community and Environment (the “Applicant”) formed in California as a non-profit organization in 1997. The Applicant is currently based in Taylorsville, California. The Applicant organization was established to promote healthy and sustainable forests.

The Applicant received two \$500,000 grants under the U.S. Environmental Protection Agency in July 2021 and January 2023 applicable to the manufacturing facility site remediation.

The Applicant received a grant under CalFire for \$2,000,000 on August 2024.

The Applicant received two grants under the U.S. Forest Service: one for \$1,000,000 on September 15, 2024, with the second for \$300,000 from the Forest Service on November 13, 2024.

The Applicant received a grant under the Tahoe Truckee Community Foundation for \$1,000,000 on August 2024.

The Applicant received a grant under the Sierra Nevada Conservancy for \$937,075 on May 8, 2020.

The Board of Directors of the Applicant are:

- Robert Doty, President
- Mary Davidge, Vice President
- Sheri Elliot, Treasurer
- Beth Rose Middleton, Secretary
- Mac Cloyes, Member
- Jeff Glover, Member
- Shelby Leung, Member
- Jonathan Kusel, Member

THE PROJECT

Sierra Institute for Community and Environment requests a sales and use tax exclusion (“STE”) award to build a new cross laminated timber manufacturing facility located in Crescent Mills, Plumas County (the “Project”). The Applicant is producing cross-laminated timber (CLT) that will be used to help rebuild the local wood utilization industry and aid in the reconstruction of homes that were severely impacted by the Dixie Fire. By sourcing timber from high-risk forests, the initiative not only enhances local forest health but also mitigates fire hazards. CLT is an engineered, bio-based structural material that transforms dimensional lumber into high-strength, fire-resistant building panels through precision layering and bonding. The process multiplies the value of sawn lumber by three to five times, converting commodity lumber into a highly durable mass timber product that can directly substitute steel and concrete in large buildings with considerable reduced embodied carbon. According to the Applicant, the CLT can be used to build homes and high-rise construction, or in commercial applications.

The CLT panels will be produced using advanced computer numeric control (CNC) machinery, which handles all routing, drilling, cutting for openings, connection details, and lifting points. This equipment operates directly from 3D Building Information Model or Computer Aided Design data, maintaining dimensional accuracy within 2 millimeters across the entire length of the panel. Such "digital-to-physical" precision facilitates quick on-site assembly and ensures a tight fit across multi-story structures. It also reduces on site wood construction waste to near zero,

The Applicant will also utilize a state-of-the-art High-Speed Finger-Jointing machine, featuring servo-controlled cutters and high-pressure clamps to seamlessly join short-length boards. Each joint is machined and glued with millimeter accuracy, allowing for the production of continuous laminations that can reach lengths of up to 46 feet. This advanced process not only eliminates defects but also maximizes yield, resulting in structural-grade feedstock that is comparable to solid timber.

Anticipated Costs of Qualified Property

Anticipated Qualified Property Purchases	Cost
Fabrication Computer Numeric Control Machine	\$1,600,638
Dust Collection Machine	\$923,960
Blow Pipe	\$400,000
Overhead Crane	\$350,000
Lamella Preparation/End Jointing System	\$2,687,124
Face Bonding Cross Laminated Timber Press	\$3,710,791
Complete Sander System	\$478,300
Combi lifts	\$326,500
Compressor and Tension Tester	\$310,000
Hand Tools, Saws, Quality Assurance/Quality Control Equipment	\$216,921
Total	<u>\$11,004,234</u>

Note: The Qualified Property purchases reported in the Application and shown here in staff's report are estimated costs. In accordance with the Regulatory Agreement, a finalized Project equipment list will be prepared detailing the value of the Project equipment actually acquired, and the estimated tax benefit realized pursuant to Revenue and Tax Code Section 6010.8. Variance from the costs shown in the Application and in this report may occur prior to the closing due to increased costs of certain components of the Project over original estimates, and other reasons. In addition, those costs may vary after closing due to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in statute or regulation, or for other reasons.

Timeline

The Applicant has acquired a 28-acre site designated for heavy industrial use. Construction is set to commence, with the entire building expected to be completed in the first and second quarters of 2026. According to the Applicant, the first shipment of equipment has arrived as of mid-November 2025, and the bulk of the equipment, including the CLT Press will be received in first half of 2026. Installation of the equipment will occur in the second and third quarters of 2026, with production slated to begin in the third quarter of 2026.

Status of Permits/Other Required Approvals

According to the Applicant, a grading permit and a comprehensive environmental analysis have been finalized for the remediation of brownfields, and site preparation is now complete. The Applicant has obtained a foundation-only permit as of November 2025, and will be securing a full building permit at the beginning of 2026. Additionally, the Applicant had secured its air permit, a CalTrans Encroachment permit, and a construction permit from the Regional Water Board as of August 2025.

COMPETITIVE CRITERIA SCORE

The Applicant received 101 Competitive Criteria points as follows:

1. **Environmental Benefits (0 of 100 points)**. The Application does not have a Recycled Resource Extraction Project or Project that produces an Advanced Transportation Technology or an Alternative Source product, component, or system. Therefore, no points are awarded.
2. **Unemployment (46 of 50 points)**. The Applicant's Project is located in Plumas County, which has an average annual unemployment rate of 7.7%.⁵ When compared to the statewide average annual unemployment rate of 5.3%, the Project location earned the Applicant 46 points.
3. **Job Creation (40 of 75 points)**. The Applicant anticipates the Project will support a total of 53 production-related jobs at its Facility. CAEATFA estimates that approximately 3.82 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 40 points.

⁵ Unemployment rates are based on data available in October 2024.

4. **California Headquarters (15 of 15 points)**. The Applicant maintains its Corporate Headquarters in Taylorsville, California, 15 points are awarded.
5. **Natural Disaster Relief (0 of 50 points)**. The Project is not to rebuild or relocate the Applicant's Facility due to a fire, flood, storm, or earthquake identified in a state of emergency proclaimed by the Governor within two years of the time of application, and, therefore, zero points are awarded.
6. **Eligibility for Manufacturing and Research and Development Equipment Exemption (0 of 50 points)**. The Applicant is eligible to use one or more of the exemptions established pursuant to Section 6377.1 of the Revenue and Taxation Code, and, therefore, zero points are awarded.
7. **Emerging Strategic Industry (0 of 75 points)**. The Project's industry is not in an Emerging Strategic Industry, as defined by CAEATFA, therefore, zero points are awarded.

PROJECT EVALUATION

Project Benefits

The Project received a Total Score of 5,309 points, which exceeds the required 1,000-point threshold, and a total Environmental Benefits Score of 125 points, which exceeds the 20-point threshold.

1. **Fiscal Benefits (4,998 points)**. The net present value of the total fiscal benefits over the lifetime of the Qualified Property is derived from the Applicant's sales and use taxes, personal income taxes paid by the firm's employees, firm taxes on profits, property taxes, and other indirect fiscal benefits of the Applicant. The total fiscal benefits amount to \$4,664,047, resulting in a Fiscal Benefits score of 4,998.
2. **Environmental Benefits (125 points)**.
The Project earned an Environmental Benefits Score of 125. The Applicant received points in the following categories:
 - A. **Environmental Sustainability Plan (5 of 5 points)**. The Applicant has an environmental sustainability plan that tracks and reports on water use, energy consumption, solid and hazardous waste generation, and air emissions.
 - B. **Energy Consumption (30 of 30 points)**. The Applicant anticipates the Project will result in a 97% reduction in energy consumption compared to the industry standard manufacturing process on processing steel or concrete.
 - C. **Water Use (30 of 30 points)**. The Applicant anticipates the Project will result in a 97% reduction in water use relative to the industry standard manufacturing process. Mosaic Timber's CLT production process is a dry manufacturing system

and does not use water for panel fabrication, adhesive cleanup, or CNC machining.

- D. Solid Waste (30 of 30 points).** The Applicant anticipates the Project will result in a 100% reduction in solid waste produced relative to the industry standard manufacturing process. All wood machining residuals, including sawdust, shavings, and trim cut-offs, will be captured and either reused on site as biomass boiler fuel or sold to other heating operations.
 - E. Hazardous Waste (30 of 30 points).** The Applicant anticipates the Project will result in a 100% reduction in the hazardous waste produced relative to the industry standard manufacturing process. The PUR adhesive used in panel production cures to an inert solid and does not require hazardous waste handling.
- 3. Additional Benefits (186 points).** Applicants may earn “Additional Benefits” points in the categories listed below. The Applicant received 186 Additional Benefits points.
- A. Production Jobs (40 of 75 points).** The Applicant anticipates the Project will support a total of 53 production-related jobs at its Facility. CAEATFA estimates that approximately 3.82 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned 40 points.
 - B. Construction Jobs (0 of 75 points).** The Applicant anticipates the Project will support a total of nine construction jobs at its Facility. CAEATFA estimates that approximately 0.61 of these jobs will be attributable to a marginal increase in jobs created due to the STE. Based on the amount of STE per estimated number of jobs created, the Applicant earned zero points.
 - C. Unemployment (46 of 50 points).** The Applicant’s Project is located in Plumas County, which has an average annual unemployment rate of 7.7%. When compared to the statewide average annual unemployment rate of 5.3%, the Project location earned the Applicant 46 points.
 - D. Research and Development Facilities (25 of 25 points).** The Applicant has verified that it has a facility located in California that performs research and development functions related to cross laminated timber.
 - E. Workforce Partnerships (25 of 25 points).** The Applicant has a partnership with Chico State University and Shasta College for the purpose of assisting in the training of potential future workers.
 - F. Industry Cluster (25 of 25 points).** The industry associated with this Application has been identified by State of California as a bioeconomy industry cluster of the region of the Project’s location.

G. Benefits and Fringe Benefits (25 of 25 points). The Applicant states it provides medical, health, dental & vision benefits, bonuses, pension plans, retirement contributions, profit sharing, education reimbursement, employee discounts and paid leave to its employees, earning the Applicant 25 points.

LEGAL STATUS QUESTIONNAIRE

The Applicant had nothing to report for the questions contained in the Legal Status portion of the Application.

CAEATFA FEES

In accordance with STE Program regulations,⁶ the Applicant paid CAEATFA an Application Fee of \$5,502.22 and will pay CAEATFA an Administrative Fee of up to \$44,016.94 should the Applicant be approved for an award.

RECOMMENDATION

Staff recommends the approval of Resolution No. 25-SM048-01 for Sierra Institute for Community and Environment's purchase of qualifying tangible personal property in an amount not to exceed \$11,004,234 anticipated to result in an approximate STE value of \$933,159. The initial term of the Regulatory Agreement will be for a period of three years, until December 9, 2028, and the full term shall be for a period of 10 years until December 9, 2035, for providing annual compliance reports.

⁶ California Code of Regulations Title 4, Division 13, Section 10036

**RESOLUTION APPROVING AND AUTHORIZING EXECUTION OF A REGULATORY
AGREEMENT WITH SIERRA INSTITUTE FOR COMMUNITY AND ENVIRONMENT**

December 9, 2025

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority”) has received the Application of **Sierra Institute for Community and Environment** (the “Applicant”) for financial assistance under the Sales and Use Tax Exclusion Program, as established in Public Resources Code Section 26011.8; and

WHEREAS, the Applicant qualifies as a Participating Party under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8; and

WHEREAS, the Applicant’s qualifying tangible personal property meets the requirements of a Project under Public Resources Code Section 26011.8 and Revenue and Taxation Code Section 6010.8 (the “Project”); and

WHEREAS, after the Authority approves an Application, the Authority enters into a Regulatory Agreement, as described in Authority Regulations Section 10035(a), with the Applicant for the Project; and

WHEREAS, the Applicant has stated the Project has an estimated cost not to exceed \$11,004,234 over a period of three (3) years; and

WHEREAS, the Applicant asserts that this form of financial assistance will enable it to avail itself of the benefits of an exclusion from sales and use taxes relative to the Project pursuant to Revenue and Taxation Code Section 6010.8; and

WHEREAS, the approval of the terms of the Regulatory Agreement and authority for the Executive Director or Chair of the Authority to execute the necessary documents to effectuate the Regulatory Agreement is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority, as follows:

Section 1. The Regulatory Agreement includes a Project within the meaning of Public Resources Code Section 26003(a)(8)(B).

Section 2. The Regulatory Agreement constitutes financial assistance within the meaning of Public Resources Code Section 26003(a)(6).

Section 3. The Applicant is a participating party within the meaning of Public Resources Code Section 26003(a)(7).

Section 4. The Executive Director or Chair of the Authority (the “Authorized Signatories”) are hereby authorized for and on behalf of the Authority to approve any changes to the Project as the Authorized Signatories deem appropriate, provided that the amount of the qualifying tangible personal property to be purchased for the Project may not be increased above the amount approved by the Authority.

Section 5. The proposed form of the Regulatory Agreement between the Applicant and the Authority, as filed with the Authority prior to this public meeting, is hereby approved. For, on behalf and in the name of the Authority, the Authorized Signatories are hereby authorized and directed to execute, acknowledge, and deliver to the Applicant the Regulatory Agreement in substantially the form filed with or approved by the Authority.

The Regulatory Agreement may contain insertions, deletions or changes as the Authorized Signatories executing the Regulatory Agreement may require or approve, including particular information inserted in substantial conformance with the staff summary and in the Application to the Authority. The approval of the Regulatory Agreement will be conclusively evidenced by the execution and delivery of the final Regulatory Agreement.

The Authority understands and agrees that, pursuant to the terms of the Regulatory Agreement, the obligations of the Applicant, under some circumstances, may be carried out or assumed by a successor or assignee entity, or by an affiliate of the Applicant.

Section 6. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to do any and all ministerial acts, including, without limitation, the execution and delivery of any and all documents and certificates they may deem necessary or advisable to consummate the Regulatory Agreement and otherwise effectuate the purposes of this Resolution.

Section 7. The Applicant shall ensure that all of the qualifying tangible personal property acquired as part of the Project that is listed in the semi-annual reports provided to the Authority pursuant to the Regulatory Agreement will be installed, maintained and operated in compliance with all applicable local, state and federal laws.

Section 8. The Regulatory Agreement shall only apply to qualifying tangible personal property acquired as part of the Project that the Applicant certifies will be installed, maintained and operated at facilities physically located within the State of California.

Section 9. Neither the adoption by the Authority of this Resolution for the Applicant nor the Regulatory Agreement may be referred to in any application before any governmental agency as evidence of the feasibility, practicality or suitability of the Project and may not be referred to in any application for any required permission or authority to acquire, construct or operate the Project.

Agenda Item – 4.A.5
Resolution No. 25-SM048-01

Section 10. This Resolution is effective immediately and will remain in full force and effect unless the Regulatory Agreement is not executed within thirty (30) days of the date of this Resolution. The Executive Director may extend the thirty (30) days if necessary.