

## Analysis

### Item 26: Military Department

#### Camp Umatilla Biomass Heating System

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**Analyst:** Julie Neburka

**Request:** Establish a Federal Funds Capital Construction expenditure limitation of \$6,125,000 to convert boilers from propane fuel to wood pellet fuel at Camp Umatilla near Hermiston, Oregon.

**Recommendation:** The Legislative Fiscal Office recommends that the interim Joint Committee on Ways and Means recommend that a Federal Funds Capital Construction expenditure limitation of \$6,125,000 be established for the Oregon Military Department in a capital construction bill during the 2018 legislative session, for converting boilers from propane fuel to wood pellet fuel at Camp Umatilla.

**Analysis:** The Oregon Military Department is in the process of developing the Umatilla Training Center, a National Guard training facility located on the former Umatilla Chemical Depot site in Umatilla and Morrow counties. This site will serve as the new Army National Guard Regional Training Institute, formerly located in Monmouth, Oregon, and will require significant re-development to support both full-time staff and the training activities of up to 2,000 citizen soldiers at a time. A 2015 site plan recommends using existing facilities to support current training requirements until additional troop housing, dining, maintenance, educational, administrative, maneuvers areas, and small arms weapons ranges can be designed and constructed.

Buildings on the site were constructed between the early 1940s and the late 1980s, and the existing propane-fired steam boilers used for heating are inefficient and are at or beyond the end of their useful lives. The National Guard Bureau (NGB) has approved a project to install decentralized wood-pellet boiler heating systems in eleven buildings on the site, and has allocated \$6.1 million toward the project. The Military Department anticipates receiving formal design authority for the project from the NGB sometime in the next sixty days, after which it can initiate the project design process, if Federal Funds expenditure limitation is approved.

Oregon is one of seventeen U.S. Army *Net Zero Initiative* pilot installations, which seek to reduce the overall consumption of resources to an effective rate of zero by 2020. This project would take a significant step toward the Army's Net Zero goals by eliminating reliance on fossil fuels and using a locally-produced, renewable resource for heating; reducing the amount of energy and water required by increasing boiler and heating system efficiency; and implementing new technology to reduce particulate emissions. Energy and water savings are estimated to be 7,030 MMBTU per year, with annual operating cost savings estimated to be about 25% less than the \$50,000 per month it currently costs to heat the main buildings when fully occupied.

The Legislative Fiscal Office recommends that the interim Joint Committee on Ways and Means recommend that a Federal Funds Capital Construction expenditure limitation of \$6,125,000 be established for the Oregon Military Department in a capital construction bill during the 2018 legislative session.

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**Request:** The Oregon Military Department (OMD) is requesting \$6,125,000 Federal Funds Capital Construction expenditure limitation. This limitation will allow the agency to convert the existing boiler fuel supply from propane to wood pellets, at Camp Umatilla Training Center through the Energy Conservation Improvement Program administered by the National Guard Bureau.

**Recommendation:** Approve the request during the 2018 Legislative Session.

**Discussion:** The department is in the final stages of acquiring Camp Umatilla facilities from the U.S. Army as part of the Base Realignment and Closure process. As of December 1, 2017, the license to 7,500 acres and real property responsibility was transferred to OMD. Continuing efforts are underway to refine land, infrastructure, building use and project requirements for the Umatilla facility. OMD has received local support from the Umatilla County Board of County Commissioners.

The department worked with the Army Corps of Engineers to develop the 2015 Site Development Plans, which identified areas within the facility to improve. One identified area of improvement was energy performance. The focus of this request would convert existing propane boiler systems in eleven buildings to wood pellet fire systems. With this improvement, OMD is projecting a 25 percent reduction in overall energy consumption. As building boiler systems are converted and come online, the agency will be able to provide an energy consumption savings status report to the Chief Financial Office and the Legislative Fiscal Office. The National Guard Bureau has approved the project and is able to allocate Federal Funds in 2018.

The use of wood pellets is the recommended fuel source and is readily used and available in eastern Oregon; natural gas is not as readily available in that portion of the state. Local suppliers have been identified and OMD has been in communication with them regarding their potential need. OMD is planning to store approximately a two-month supply of pellets and use local vendors when possible. This plan will offer local vendors a stable and viable economic base and meet OMD's fuel source needs.

This request along with federal approval will serve OMD's mission for emergency response and reserve force readiness in the event of a natural disaster or interruption to a utility grid.

**Legal Reference:** Establishment of a Capital Construction Federal Funds expenditure limitation of \$6,125,000 for the Oregon Military Department, for payment of expenses from Federal Funds, collected or received for the biennium beginning, July 1, 2017 for the Camp Umatilla biomass conversion project.



**OREGON MILITARY DEPARTMENT**  
JOINT FORCE HEADQUARTERS, OREGON NATIONAL GUARD  
DEPUTY DIRECTOR STATE AFFAIRS  
1776 MILITIA WAY SE  
P.O. BOX 14350  
SALEM, OREGON 97309-5047

December 14, 2017

The Honorable Senator Richard Devlin, Co-Chair  
The Honorable Representative Nancy Nathanson, Co-Chair  
Interim Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301-4048

Dear Co-Chairpersons:

**Nature of the Request**

The Oregon Military Department (OMD) requests \$6,125,000 in Federal Funds Capital Construction limitation to convert boilers from propane fuel to wood pellet fuel at Camp Umatilla.

The Federal Funds limitation will allow OMD to significantly reduce the energy consumption of 11 buildings on Camp Umatilla. These funds will allow improvements to the building exterior as well as replace heating systems. The Federal Funds have been approved by National Guard Bureau (NGB) for this project and will be sent to OMD later this biennium.

NGB is expected to issue OMD a Design Authority letter within the next 60 days. The Design Authority letter will allow OMD to pursue Requests for Proposals (RFPs) and initiate the design process should the limitation be approved.

**Agency Action**

OMD is completing the process of acquiring the Camp Umatilla facility from the U.S. Army as part of the Base Realignment and Closure (BRAC) process. The facilities on the Camp currently use propane boilers, as there is no natural gas service. The agency conducted an analysis of the systems along with the Army Corps of Engineers. The study recommended the agency improve the energy performance of the facilities by making improvements to the buildings' insulation, glazing, and mechanical systems. The most significant recommendation was to convert the existing propane boiler systems to wood pellet boiler systems. OMD used the study to compete for federal funding for the project through the Energy Conservation Improvement Program administered by NGB. The project was approved by NGB and \$6,125,000 in Federal funds have been allocated to the project.

As the OMD assumes licensed operation and control of Camp Umatilla, there is an opportunity to significantly reduce energy costs associated with the facility. Propane currently used for heating will be replaced by less expensive woody biomass fuel. This project supports OMD's dual mission of emergency response and reserve force readiness by strengthening energy security and resilience in the event of natural disasters or interruptions to the utility grid. It also enables OMD to achieve progress toward Net Zero Energy goals by reducing site energy consumption to an estimated 25 percent.

Additional benefits to the State of Oregon include improved forest health and reduced fire hazards in dry, eastern Oregon forests, as well as support for local clean energy jobs to support the local biomass fuel supply chain.

**Action Requested**

Establish \$6,125,000 Federal Funds Capital Construction limitation for the project.

**Legislation Affected**

None.

Thank you for your consideration of this request.

Sincerely,



David A. Stuckey  
Deputy Director  
Oregon Military Department