

**Military Department
Hazardous Fuels Woody Biomass Utilization Grant**

(Reported out of Subcommittee on 4/15/2013)

The Public Safety Subcommittee recommends that the Joint Committee on Ways and Means approve the submission of a grant application by the Military Department for a U.S. Department of Agriculture – Forest Service Hazardous Fuels Woody Biomass Utilization grant in the amount of \$250,000.

Grant funding would be used to contract with an engineering consulting firm to design a large scale biomass heating system at the former U.S. Army Umatilla Chemical Depot. OMD operates the Depot under a caretaker agreement and plans to expand its existing use of the site into a major training facility.

An estimated \$78,607 from a previously approved biomass grant would also be used to complete the design work after which federal funding provided by the National Guard Bureau would be needed to purchase and install the biomass heating system.

The grant requires state matching funds of \$62,500 that would come initially from armory rental revenue, but then be reimbursed from Energy Trust of Oregon incentive payments.

The USFS announced the grant opportunity on February 19, 2013. OMD submitted a placeholder grant application on April 8th contingent upon legislative approval of the application. The anticipated award date for the grant is July of 2013.

The Public Safety Subcommittee recommends approval of the request.

Federal Grant Application Request

Military Department

Hazardous Fuels Woody Biomass Utilization Grant

Analyst: John Borden

Request: Approve the submission of a federal grant application to the U.S. Department of Agriculture – Forest Service (USFS) for a Hazardous Fuels Woody Biomass Utilization grant.

Recommendation: Approve the request.

Analysis: The Military Department (OMD) is seeking approval for a federal U.S. Department of Agriculture – Forest Service (USFS) Hazardous Fuels Woody Biomass Utilization grant in the amount of \$250,000 with a state matching fund requirement of \$62,500.

The combined \$312,500 in funding would be used to contract with an engineering consulting firm to design a large scale biomass heating system at the former U.S. Army Umatilla Chemical Depot Facility near Hermiston, Oregon.

The Umatilla Depot has been withdrawn from federal inventory as a result of a Defense Base Realignment and Closure Commission review. As part of the closure, a “Local Re-use Authority” plan was approved by the U.S. Department of Defense that will transfer approximately 18,000 acres of Depot property from the federal government to state and local entities. Congress has already conveyed 7,500 acres of the Depot’s real property to OMD. Since 1980, OMD has had access to 2,060 acres of property on the Depot for military training. OMD now operates the Depot as part of a multi-year caretaker agreement. OMD plans to expand its existing use of the site into a major training facility, whose expenses would be entirely federally reimbursable.

An estimated \$78,607 from a previously approved USFS biomass grant would be used for energy modeling and State Energy Efficiency Design analysis to support the design of the biomass system (Emergency Board Item #21 September 2012).

Once the design work has been completed, federal funding provided by the National Guard Bureau would be needed to purchase and install the biomass heating system.

The grant requires state matching funds of \$62,500 that would come initially from armory rental revenue, but then be reimbursed from Energy Trust of Oregon incentive payments that OMD is scheduled to receive from unrelated projects.

The USFS announced the grant opportunity on February 19, 2013. OMD submitted a placeholder grant application on April 8th contingent upon legislative approval of the application. The USFS will accept the placeholder application until April 22, 2013. The placeholder application will be withdrawn if approval for the grant application is denied by the Legislature. The anticipated award date for the grant is July of 2013.

The Legislative Fiscal Office recommends approval of the request.