

ANALYSIS

Item 43: Business Development Department Brownfields Cleanup Fund

Analyst: Matt Stayner

Request: Increase Federal Funds expenditure limitation by \$3.9 million and establish one position (0.38 FTE) for the Business Development Department to expend federal grant funds received from the U.S. Environmental Protection Agency for additional capitalization of the Brownfields Cleanup Fund.

Analysis: During the June 2022 Emergency Board meeting, the Oregon Business Development Department (OBDD) was granted permission to apply to the U.S. Environmental Protection Agency (EPA) for grant funding to capitalize the state's Brownfield Cleanup Fund from moneys made available through the Infrastructure Investment and Jobs Act. The grant application requested \$5 million in funding. OBDD was awarded \$3.9 million.

OBDD currently operates three funding programs related to brownfields. The Brownfields Cleanup Fund is capitalized entirely by Federal Funds and managed via a cooperative agreement between OBDD and EPA. The Brownfields Redevelopment Fund is a state program capitalized with lottery bond proceeds. HB 2518 (2021) established the new Brownfields Properties Revitalization Fund capitalized through a \$5 million General Fund appropriation. The bill also authorized two limited-duration positions for program implementation, one of which was filled as of September 2022.

Although its original request included the establishment of a new position with the funding, OBDD has since determined the position will not be needed at this time. The requested expenditure limitation will be used to capitalize the Brownfields Cleanup Fund.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board increase the Federal Funds expenditure limitation for the Business Development Department by \$3,900,000 to allow the agency to expend federal grant funds received from the U.S. Environmental Protection Agency for additional capitalization of the Brownfields Cleanup Fund.

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Oregon Business Development Department
Brickman

Request: Increase Federal Funds expenditure limitation by \$3.9 million and establish one position (0.38 FTE) to allow the agency to expend federal grant funds received from the U.S. Environmental Protection Agency (EPA) for additional capitalization of the Brownfield Cleanup Fund.

Recommendation: Approve the request with the following modification – Increase Federal Funds expenditure limitation by \$3.9 million for grant fund expenditures only. The establishment of one position (0.38 FTE) is not recommended.

Discussion: On March 1, 2022, the Oregon Business Development Department (Department) provided a 10-day notice letter of its intent to apply for a \$5.0 million Supplemental Funding grant from the EPA for additional capitalization of the Oregon Coalition Brownfields Cleanup Fund. The grant application was due on March 18, 2022. At the June 3, 2022 meeting of the Emergency Board, the Department received retroactive authorization to apply for the grant.

The Department manages the following two brownfield financing funds:

- The Oregon Brownfields Redevelopment Fund – Created by House Bill 2518 in the 2021 Legislative Session, is a direct loan and grant program to assist property owners conduct environmental actions and assessment cleanup of brownfields; and
- The Oregon Brownfields Cleanup Fund – a low-interest loan and grant option for cleanup projects on properties impacted by the existence of hazardous substances for which cleanup is necessary for development or redevelopment of the property.

The grant applied for and for which the Department recently received notification of the receipt of \$3.9 million from the EPA is for the Cleanup Fund. The cooperative agreement with the EPA for this grant is for five years and extendable beyond 2027. The receipt of these funds will support the Department’s mission and goals to assist Oregon’s communities with building capacity to retain, expand, and attract businesses through the redevelopment of vacant or underutilized industrial and commercial properties.

After the submission of its request, the Department provided follow up information that it did not wish to request a position at this time. The expenditure limitation associated with this request will be used solely to capitalize the Brownfields Cleanup Fund to be used as loans or grants for brownfield cleanup projects.

Legal Reference: Increase the Federal Funds expenditure limitation established by chapter 560, section 4(2), Oregon Laws 2021, for the Oregon Business Development Department Infrastructure, by \$3,900,000 for the 2021-23 biennium.



August 18, 2022

Senator Peter Courtney, Co-Chair
Representative Dan Rayfield, Co-Chair
Joint Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

Nature of the Request

The Oregon Business Development Department (Department) respectfully requests an increase in Federal Funds limitation in the amount of \$3.9M, and the addition of one permanent position (.38 FTE) to allow the Department to expend federal grant funds received from the U.S. Environmental Protection Agency (USEPA) for additional capitalization of the Department's Brownfields Cleanup Fund, which provides cleanup financing for sites contaminated by hazardous substances and petroleum.

Agency Action

Background

On February 15, 2022, the USEPA posted notification of the opportunity to apply for supplemental funding made available to eligible open Brownfields Revolving Loan Fund grants through the Bipartisan Infrastructure Law (BIL). This grant opportunity does not require cost share from grant recipients.

With legislative approval, the Department applied for \$5M in grant funding. The USEPA notified the Department that it is awarding \$3.9 million in supplemental grant funding through the BIL to the Department's existing Brownfield Cleanup Fund Program. Currently, one staff member is managing the Brownfield Cleanup Fund, the state-funded Brownfields Redevelopment Fund, and standing up the Brownfields Properties Revitalization Fund, which was capitalized at \$5M through HB 2518 in 2021. A limited duration position was authorized through HB 2518; that position is specific to HB 2518 and has not been filled to date.

Annually, between 20 to 25 projects receive financial assistance through the Department's Brownfields Program. Department is requesting one permanent Operations and Policy Analyst 3 position to administer Brownfields Cleanup Funds, which will allow existing staff to focus on the Department's other Brownfields programs. Department's current Cooperative Agreement with USEPA is for 5 years; it is extendable beyond 2027. In addition, as projects funded with Brownfields Cleanup loan funds pay off their loans, the repayments continue capitalizing the Fund for future projects.

Action Requested

The Department respectfully requests an increase in Federal Funds limitation in the amount of \$3.9M, and the addition of one permanent position (.38 FTE) to allow the Department to expend federal grant funds received from the U.S. Environmental Protection Agency.

Legislation Affected

Increase the Federal Funds expenditure limitation established by chapter 560, Section 4(2), Oregon Laws 2021 for the Oregon Business Development Department, Infrastructure by \$3.9M.

Sincerely,

A handwritten signature in black ink that reads "Chris" followed by a stylized, cursive flourish.

Chris Cummings
Deputy Director