

ANALYSIS

Item 47: Business Development Department Opal Creek Area Economic Development

Analyst: Matt Stayner

Request: Increase the Federal Funds expenditure limitation for the Business Development Department by \$2 million for the expenditure of grant funds from the U.S. Department of Agriculture, Forest Services, to provide grants and loans for economic development projects that benefit communities in the vicinity of the Opal Creek Wilderness area.

Analysis: In 1996, 37,500 acres of federal forestlands were transferred to the Opal Creek Wilderness area. In conjunction with the land transfer, \$15 million in federal funding was authorized to address economic development for communities near the wilderness area to mitigate the potential loss of timber revenues for those communities. Of the original authorization, \$2 million was appropriated in federal fiscal year 2022 and provided to the Oregon Business Development Department (OBDD) via Congressionally Directed Spending. OBDD will use the funding in partnership with Marion County to support the Beachie Creek Trail project connecting downtown Gates with the Maples Rest Area. The remaining \$13 million is anticipated to be made available in the 2023 federal fiscal year.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board increase the Federal Funds expenditure limitation for the Business Development Department by \$2,000,000 for the expenditure of grant funds from the U.S. Department of Agriculture, Forest Services, to provide grants and loans for economic development projects that benefit communities in the vicinity of the Opal Creek Wilderness area.

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Oregon Business Development Department
Brickman

Request: Increase Federal Funds expenditure limitation by \$2.0 million for economic development opportunities for communities in the vicinity of the Opal Creek Wilderness Area.

Recommendation: Approve the request.

Discussion: The Omnibus Parks and Public Lands Management Act of 1996 authorized \$15.0 million to support the Economic Development Plan for the Opal Creek Wilderness and Scenic Recreation Area. However, funds to implement the plan were never delivered. Subsequently, wildfires decimated residences and infrastructure throughout the Canyon in 2020, intensifying the need for federal support. Members of the Oregon Congressional delegation were successful in receiving \$2.0 million for the Opal Creek Wilderness Economic Development project in the funding bill for the United States Department of Interior and the United States Forest Services for Fiscal Year 2022.

The Oregon Business Development Department (OBDD) received recent notification of an award of \$2.0 million for the Beachie Creek Trail project, which will create a 1.5-mile path from the trailhead in downtown Gates to the Maples Rest Area. This project will provide economic development by attracting new recreational users into the Gates city center area and aid in attracting relevant businesses. The goal of the project will be to provide Santiam Canyon residents and visitors with opportunities to redevelop quality of life in the community, increase recreation opportunities and promote economic vitality and stability for the area devastated by the recent wildfires. There is \$13.0 million remaining to be appropriated. The Department applied for those funds. Award decisions are expected later this year pending Congressional spending decisions.

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 \$2,000,000 for the 2021-23 biennium.



August 25, 2022

The Honorable Senator Peter Courtney, Co-Chair
The Honorable 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) requests an increase in Federal Funds limitation in the amount of \$2M to allow the Department to expend grant funds from the United States Department of Agriculture Forest Services (USDA FS) for the purpose of providing loans and grants for economic development projects that benefit the local communities in the vicinity of the Opal Creek Wilderness area.

Federal Grant Information

In the late 1990's, Congress authorized a \$15M economic development fund, the State and Private Forestry Account, that was never fully appropriated. The Department was recently notified it was awarded \$2M for the Beachie Creek Trail project which will create a 1.5-mile path from the trailhead in downtown Gates to The Maples Rest Area, providing economic development by drawing new recreational users into the Gates city center and attracting relevant businesses. The goal of the project will be to provide Santiam Canyon residents and visitors with opportunities to redevelop community quality of life, increase recreation opportunities and promote economic vitality and stability for the area devastated by the recent wildfires. There is \$13M remaining to be appropriated. The Department has submitted an application for those funds and award decisions are expected later this year pending Congressional spending decisions.

No matching funds are required, and no additional FTE will be required to administer these grant funds.

This funding opportunity supports the Departments mission and goals to assist Oregon communities with community and economic development opportunities. Funds will be allocated to Marion County to achieve the goal of building economic development opportunities in the Opal Creek Wilderness communities as outlined above.

Action Requested

The Oregon Business Development Department (Department) requests an increase in Federal Funds limitation in the amount of \$2M to allow the Department to expend grant funds from USDA FS for the purpose of providing loans and grants for economic development projects that benefit the local communities in the vicinity of the Opal Creek Wilderness area

Legislation Affected

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

Sincerely,

A handwritten signature in black ink that reads "Sophorn Cheang". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Sophorn Cheang
Director