

ANALYSIS

Item 39: Department of Forestry Forest Restoration Byproduct Commercialization

Analyst: Matt Stayner

Request: Increase Federal Funds expenditure limitation for the Oregon Department of Forestry by \$810,094 for the anticipated current biennium expenditure of awarded grant funds from the Economic Development Administration for forest restoration byproduct commercialization.

Analysis: The Oregon Department of Forestry (ODF) received authorization to apply for federal funding under the Build Back Better grant program from the U.S. Economic Development Administration in conjunction with a consortium of partners known as the Oregon Mass Timber Coalition. The coalition includes the University of Oregon, Oregon State University, and the Port of Portland.

The grant award of \$3,240,378 will be used over the next two years to accelerate the pace of federal forest restoration work, providing fiber for mass timber manufacturing through the planning and implementation of forest restoration projects. Additionally, funding will be used for contractual services to track and trace products through the forest products supply chain, and to provide communication and public outreach. The requested additional expenditure limitation covers planned project expenditures through the end of the 2021-23 biennium.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board increase Federal Funds expenditure limitation for the Oregon Department of Forestry by \$810,094 for the expenditure of awarded grant funds for forest restoration byproduct commercialization.

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Department of Forestry
Filimoehala

Request: Increase Federal Funds expenditure limitation by \$810,094 for the Economic Development Administration Build Back Better Regional Challenge grant award.

Recommendation: Approve the request.

Discussion: The grant application to the Economic Development Administration was submitted as part of the Oregon Mass Timber Coalition, which submitted a proposal to use small diameter trees from forest restoration projects to produce mass timber for affordable housing. The department will receive \$3,240,378 Federal Funds over the course of the grant, which requires a 20 percent match. The grant is expected to last for five years. The department will use existing resources and contributions from partner organizations to satisfy match requirements. The department will ask for additional Federal Funds expenditure limitation in future biennia that will total the full \$3,240,378 Federal Funds awarded to the department over the course of the grant.

Legal Reference: Increase the Federal Funds expenditure limitation established by chapter 605, section 4(5), Oregon Law 2021, for the Oregon Department of Forestry, Private Forests, by \$810,094 for the 2021-23 biennium.



Oregon

Kate Brown, Governor

Department of Forestry

State Forester's Office

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October 24, 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

RE: Request for Federal Funds Limitation Increase: EDA Build Back Better Regional Challenge

Dear Co-Chairs:

Nature of the Request

The Oregon Department of Forestry (ODF) is seeking an increase of \$810,094 in Federal Funds limitation for anticipated expenditures during the 2021-23 biennium related to the Economic Development Administration's Build Back Better Regional Challenge grant award.

Agency Action

At the June 2022 Emergency Board meeting, the department received approval to apply for the Economic Development Administration's Build Back Better Regional Challenge grant as part of the Oregon Mass Timber Coalition. The coalition proposed a project that would use small diameter trees from forest restoration projects to produce mass timber for affordable housing, which would address three significant issues in Oregon: the worsening housing crisis, increasing threat of catastrophic wildfires and the need for good-paying jobs as communities recover from the pandemic. On June 2, 2022, the project was one of 21 selected from a nationwide pool of 529 applicants to receive grant funding. The coalition was awarded \$41.4 million, of which the department will receive \$3,240,378. The total estimated project cost is \$4,580,928. The grant's matching funds requirement will be satisfied using existing department resources and contributions from partner organizations.

Action Required

ODF respectfully requests an increase of \$810,094 in Federal Funds limitation for anticipated expenditures during the 2021-23 biennium related to the Economic Development Administration's Build Back Better Regional Challenge grant award.

Legislation Affected

SB 5518, Chapter 605, Section 4(5), Oregon Laws 2021

Sincerely,



Cal Mukumoto
Oregon State Forester
(503) 945-7211

c: Jason Miner, Governor's Office
Oregon Board of Forestry
Matt Stayner, Legislative Fiscal Office
Sione Filimoehala, Chief Financial Office