

ANALYSIS

Item 31: Department of Forestry Forest Legacy Tualatin Hills Acquisition

Analyst: April McDonald

Request: Approve, retroactively, the submission of a federal grant application to the U.S. Department of Agriculture (USDA) Forest Service's State and Private Forests Forest Legacy Program, in the amount of \$10,245,000, for the acquisition of an 1,858-acre portion of the Tualatin Hills project.

Analysis: The Forest Legacy Program (FLP), established in 1990, is a conservation program administered by the U.S. Forest Service in partnership with state agencies to encourage the protection of privately owned forest lands through conservation easements or land purchases. The FLP has received supplemental funding through the 2022 Inflation Reduction Act. Subsequently, federal partners reached out to the Oregon Department of Forestry (ODF) in late July 2023 to notify the agency of potential funding opportunities. Eligible projects include the Tualatin Mountain Forest Project which would acquire a total of 3,111 acres to establish a working research forest owned by Oregon State University. Phase 1, which would be funded by this grant opportunity, includes the purchase of 1,858 acres of this project. The research forest is intended to serve as a national model for an actively managed forest that balances the needs of financial productivity, carbon sequestration, healthy watersheds, and diverse plant and wildlife communities, including rare oak woodlands.

The total cost of the Phase 1 acquisition is \$13.7 million, including a grant amount of \$10.2 million and a match requirement of \$3.4 million, or 25%, which has been committed by METRO. The application deadline for the grant was August 31, 2023, and ODF supplied a 10-day notification of the Department's intent to apply in accordance with the prescribed interim process. No additional positions or FTE are necessary to utilize the grant funding. If awarded, ODF may submit a subsequent request for an increase in Federal Funds expenditure limitation.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means approve the request.

Request: Retroactive authorization to apply for a grant of \$10,245,000 from the U.S. Department of Agriculture Forest Service State and Private Forest Legacy Program for land acquisition of the Tualatin Mountain Forest.

Recommendation: Approve the request.

Discussion: The Department of Forestry is seeking authorization to apply for a grant of \$10,245,000 from the U.S. Department of Agriculture Forest Service State and Private Forest Legacy Program for program administration. The Forest Legacy Program is a conservation program administered by the U.S. Forest Service in partnership with state agencies to encourage the protection of privately owned forest lands through conservation easements or land purchases. Protection of private forests through the Forest Legacy Program maintains a multitude of public benefits including, opportunities to hunt, fish, and camp, clean and abundant drinking water, habitat for fish and wildlife, and timber, fuel wood, and other forest products. The Department became aware of the grant in July of 2023, the Department provided notification of the grant application on August 18, 2023, and submitted the grant application on August 31, 2023.

If awarded, grant funding will be used to acquire 1,858 acres of working research forest, which would be owned by Oregon State University who will act as a beneficiary of the grant and will manage the acquired forestland within the requirements of the Forest Legacy Program. The land acquisition from this grant is the first in a planned two-phase acquisition plan, with the goal of creating a 3,111-acre working research forest. The second phase of the grant is currently planned for fiscal year 2025 and would consist of a statewide competitive process between potential partners prior to application to an upcoming federal grant. A 25 percent match of \$3,415,000 is required, which will be provided by Metro. If awarded, the department will return during the 2024 Legislative Session to request Federal Funds expenditure limitation associated with the grant request.



Oregon

Tina Kotek, Governor

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August 16, 2023

Senator Elizabeth Steiner, Co-Chair
Representative Tawna Sanchez, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Dear Co-Chairs:

Nature of the Request

The Oregon Department of Forestry (ODF) respectfully requests retroactive approval to apply for federal funding through the USDA Forest Service's State & Private Forests Forest Legacy Program (FLP) for the simple fee acquisition of the Tualatin Hills Project.

Agency Action

The USDA FS S&PF Forest Legacy program received supplemental FLP funding for FLP projects in OR through the Inflation Reduction Act which resulted in a lengthy due diligence process inside the FS to develop the funding and packaging of IRA funds into the process to formalize the final amounts and application vehicle that ODF's FLP program can apply for. Due to the announcement being made close to the end of the Fed FY, the FS has requested a speedy turnaround on the application, so that the award can be finalized prior to the end of the FFY. Unfortunately, the combination of lead time from the FS, and due date requested, impinges on the 10-day pre-submission timeline.

Summary of Grant Application Information

Purpose of grant: Acquisition of the Tualatin Mountain Forest Project (Phase 1 of 2) will establish a 3,111-acre working research forest to be owned by Oregon State University just 17 miles from Portland. Phase 1 will fund 1,858 acres of this project. The project can serve as a national model for an actively managed forest that balances the needs of financial productivity, carbon sequestration, healthy watersheds, and diverse plant and wildlife communities, including rare oak woodlands. The forest helps mitigate climate change by providing cold water refugia and sequestering carbon. Cold-water creeks benefit federally threatened Chinook, coho, and steelhead downstream in the Multnomah Channel, a sub-tributary of the Columbia River, the Pacific Northwest's largest river.

Application deadline: The USFS application deadline for the Forest Legacy project applications is August 31, 2023.

Description of match and source of funding to satisfy match: \$3,415,000 match (25% match) from METRO.

Does grant create a new program or does grant impact existing program? This grant is under the Forest Legacy Program. Oregon obtains annual grants from the USFS under Forest Legacy Administration Funds and grants for project acquisitions when they are awarded.

Additional positions: No additional positions, FTE, or expenditure limitations will be necessary to utilize this grant funding.

How does the grant impact equity and anti-racism efforts? By creating public access to 20 miles of trails, project will benefit both locally underserved residents and the Portland Metropolitan Area's outdoor recreation economy.

What happens when grant funding is exhausted? This is a passthrough grant, which will go directly to the Simple Fee Title purchase of the 1,858-acre portion of the larger 3,111-acre project and will be held by Oregon State University.

Action Requested

The department requests retroactive approval to apply for federal funding in the amount of \$10,245,000 through the USDA Forest Service's State & Private Forests Forest Legacy Program for the simple fee acquisition of the Tualatin Hills Project. If approved, the department may submit a subsequent request for an increase in Federal Fund limitation.

Legislation Affected

No legislation affected.

Sincerely,



Cal Mukumoto
Oregon State Forester

c: Legislative Fiscal Office
Chief Financial Office
Board of Forestry
Governor's Office