

DF Distribution

**MINUTES
EMERGENCY FIRE COST COMMITTEE
June 02, 2015**

In accordance with the provisions of ORS 477.455, a meeting of the Emergency Fire Cost Committee (EFCC) was held at the State Forester's Headquarters, 2600 State Street, Salem, Oregon.

Committee Members Present:

Ken Cummings, Chair
Steve Cafferata
Pete Sikora

Others Present:

Tim Keith, EFCC Administrator
Nancy Hirsch, Deputy State Forester
Doug Grafe, Deputy Division Chief, Fire Protection Program
Travis Medema, Interim Division Chief, Fire Protection Program
Nick Yonker, Meteorology Manager, Fire Protection Program
Charlie Stone, Policy Analyst, Fire Protection Program
Tracy Guenther, Administrative Support, Fire Protection Program
Colleen Conlee, Emergency Fund Finance Coordinator
Jeff Bonebrake, Investigation & Cost Recovery Coordinator, Fire Protection Program
Jeff Friesen, Willis of Oregon
Mike Dykzeul, Oregon Forest Industries Council
Marlena Standley, DAS Risk Management
Todd Scharff, DAS Risk Management
Karen Swearingen, Fire Operations Manager, Fire Protection Program
Mark Hubbard, Finance Director, Administrative Services
Gary Springer, Board of Forestry
Mike Cafferata, District Forester, Forest Grove District
Dan Goody, District Forester, Astoria District

ITEM 1: CALL TO ORDER

Chair Cummings called the meeting to order at 10:02 a.m. Introductions were made around the table. He outlined the meeting agenda briefly, pointing out that additional time was being set-aside for discussion regarding procuring an insurance policy for the 2015-16 policy year.

ITEM 2: APPROVAL OF THE MINUTES OF THE MARCH 03, 2015 COMMITTEE MEETING [Decision Item]

Changes to the minutes were suggested by Steve Cafferata, Marlena Standley and Nancy Hirsch. Administrator Tim Keith agreed to make the changes; the revised minutes of the March 03, 2015 meeting were then approved unanimously by the committee. [Administrator's Note: the changes to the minutes of the March 03, 2015 meeting were made and posted to the EFCC's website]

ITEM 3: FINANCIAL STATUS OF THE OREGON FOREST LAND PROTECTION FUND [Informational Item]

Below is an updated summary of the financial status of the Oregon Forest Land Protection Fund (OFLPF) prepared and reported by Colleen Conlee:

Balance as of 7/1/2014	\$ 25,826,051
Estimated revenue (including Balance)	\$ 37,467,523
Less estimated expenditures	\$ (16,823,594)
Projected Fund Ending Balance 6/30/2015	\$ 20,643,929

Colleen reported that the May Harvest Tax turnover was greater than had been estimated, bringing increased revenue of \$89,060 to the fund.

Invoices for payment of the insurance premium for the 15-16 policy year have been received and submitted for payment.

DFPA's estimated claim for FY15 has been removed from the balance sheet. They have reported that they will be receiving revenue from two fire cost collections; with these recoveries it's not expected that they will exceed their deductibles and therefore will not have a FY15 claim.

FY14 and FY15 draft claims have been updated with estimated outstanding expenditures and anticipated recoveries identified – Tim and Colleen met with those districts during the 2014 fire season audit process this spring and reviewed those costs. These changes brought an overall decrease in expenditures of \$2,346,066; FY14 reduced by \$1,590,231 and FY15 by \$755,802.

COD recently finalized all outstanding bills for fire season 2011; their FY12 claim will now be finalized. In addition, they recently received the last bills expected from the USFS from the 2012 fire season; once payments are processed we will be finalizing that claim as well.

SWO district still expects bills from the USFS for the 2012 fire season. They have a meeting scheduled with the USFS this week to discuss the bills that the district believes to be outstanding.

Tim commented that the net cost balance reduction of over \$2.3 million for the 2014 fire season will be encouraging to underwriters; any cost recovery that ODF collects will contribute positively to their perception of the investment in the agency for the upcoming fire season.

Charlie Stone noted that on FEMA fires, any cost recovery that occurs must first go back to FEMA before any money can get refunded to insurance underwriters.

ITEM 4: WEATHER UPDATE [*Informational Item*]

Nick Yonker presented the fire season briefing, explaining that little had changed from previous forecasts. Nick highlighted that recent rains dropped over an inch of rain in many parts of northeast Oregon, the Cascades and the south coast. He explained if these rain events continue through June at regular-spaced intervals, fire season could be held off a while longer.

In the briefing he showed that El Niño is now forecasted to become stronger this summer and fall, and likely to lead to another dry and mild winter. For this season he showed that the snowpack was melted and gone early this year. Drought continues over the western United States and ranges from moderate to extreme throughout most of Oregon. The Governor has issued drought declarations for seven counties, with another seven counties to be declared soon; most of these counties are east of the Cascades. This summer's forecast shows that temperatures will likely be above normal with no clear signal of above or below normal precipitation; in other words, normal and dry weather. Potential lightning events are difficult to forecast, but Nick mentioned that during an El Niño, the summer monsoon generally moves further north, bringing the possibility of getting closer to Oregon and producing more lightning.

Overall, the bottom line is that with no snowpack and continued drought, the state is looking at a third above normal fire season.

ITEM 5: UPDATE ON STATUS OF LARGE FIRE COST COLLECTION EFFORTS [*Informational Item*]

Jeff Bonebrake, ODF Investigation and Cost Recovery Coordinator, presented the committee with a brief overview and status update for on-going fire cost recovery cases, focusing on significant fire cost collections.

Jeff reported that the Bryant fire has been settled for \$300,000, and the Pacifica Fire settled for 85% of its cost, or approximately \$596,000. There are currently six active negotiations in progress. The Deer Creek Fire has a total cost of \$4.3 mil, but due to limited assets he expects to receive \$1 million or less. The Microwave and Siskiyou Fires have both received offers, and ODF has made counters on both at this time. The Elephant Rock Fire is seeing slow progress, with ODF continuing to hold their line on expectations. The Mt. Harris Fire has seen the insurance company admit some liability and make an offer already, before the investigation wrapping up. A counter-offer has been made for that fire. Finally, ODF is pushing for full cost recovery at this time with the Euchre Creek fire.

The significant investigations' list has gotten smaller, but there were some new additions. SWO district had three fires during the 2014 and another two this spring that have cost collection potential. Two appear to have resulted from active operations – there is still some follow up to be done. The Sandy Fire was related to burning; the insurance company is ready to make an offer on it already.

Pete Sikora asked for any updates on the Two Bulls Fire. Jeff reported that currently they are preparing for some depositions and have smoothed out law enforcement issues related to the potential arson designation. There have been issues with party fires in the area recently – Jeff will be heading to Sisters to strategize with the district. Doug Grafe clarified that with the designation of the fire as being arson related, that it can make it difficult for individuals to be willing to give statements for fear of incriminating themselves. Jeff acknowledged that this can be a significant

drawback, but felt that they were improving the environment enough that it was starting to foster depositions being willingly given.

ITEM 6: REVIEW AND APPROVAL OF RECOMMENDED CHANGES TO THE DIRECTIVE “GUIDELINES FOR ELIGIBILITY OF FIREFIGHTING COSTS FOR THE OREGON FOREST LAND PROTECTION FUND” [Decision Item]

Tim Keith outlined four suggestions for changes to the eligibility guidelines for the committee’s consideration for changing the eligibility guidelines. The first and fourth suggestions on the handout are significant and deal with State Forest personnel and bottle deposit fees respectively.

Discussion began with recommendation two: a wording change to clarify eligible payment team costs. The addition of the word ‘host’ before “district personnel” helps clarify what personnel are being referenced, since most ODF field personnel work out of a district.

Recommendation three involves removing the list of timekeeping forms from a paragraph in the policy section. Many different versions, or types, of forms can be used and rather than attempt to list every form available for use, it was thought to be more beneficial to use generic wording for the use of timekeeping forms. Responding to Pete Sikora’s question as to whether it is clear what the ‘established methods of timekeeping’ are, Tim referenced the department’s administrative manual as a place where individuals can look for further clarification.

Recommendation one suggests language for eligibility of State Forest personnel assigned during initial and extended attack. Traditionally, firefighting costs borne by district have been ‘all hands on deck’ for initial and extended attack. When an incident becomes a type 3 fire or larger, then State Forest personnel become fully eligible for emergency funding. At Scoggins Creek there were a lot of State Forest employees working alongside Stimson Lumber Co. employees, but they were not eligible for emergency funding as were the Stimson employees. The financial situation that State Forest is currently facing has been a major catalyst in program managers taking a look at why they are paying more than their counterparts on incidents. Tim supports the reconsideration of State Forest’s eligibility, particularly considering that we do not want to end up creating a disincentive for the State Forest Program to participate aggressively in the Fire Protection Program. Mike Cafferata voiced concern regarding sensitivity to costs for the fire program, since the private landowner extra cost compensation is not necessarily budgeted for, and currently neither would be State Forest compensation. Dan Goody brought up that this was the first audit for the Northwest Oregon District, it made light of the fact that if State Forest were EFCC eligible it would increase the district’s budget costs, which would eventually increase all landowner’s costs. Tim clarified that this was not a new concept, in that it is ‘all hands on deck’ for initial and extended attack. In so he acknowledged that this change would go against a long standing tradition, but that he felt it was the right thing to do. The change proposes eligibility for State Forest personnel when the fire has escaped initial attack efforts. Tim further clarified that if the fire originated on State Forest property then they would not be relieved of their responsibility as a landowner for every reasonable effort. Charlie Stone asked whether, if this recommendation was approved, would Tim go back and look at rectifying last year’s fires? Tim answered that, if approved, he would recommend that this take effect July 1st, 2015.

Chair Cummings asked how much extra costs would have been incurred on Scoggins Creek had State Forest personnel been eligible; the answer was approximately \$5,000. Chair Cummings noted that the concept provides labor that augments the protection program, and therefore is worth doing. The concept is that State Forests pay full protection assessments as public landowners and should therefore be treated as other landowners are for reimbursement. Pete Sikora voiced his support for the concept, but was wondering how it was determined whether or not a fire has escaped. Dan Goody answered that it would still follow the current model used, which is when a fire goes into the second operational period, or takes off at an unusual pace. Tim mentioned that he looks at fire size and the effort it took to stop it, admitting that it is somewhat subjective. Chair Cummings mentioned that if this did not work or created disincentives for aggressive initial attack, then the committee could consider changing language back next year. Nancy Hirsch wanted to reinforce the idea that fire suppression is the number one priority for the agency during fire season, and voiced that she feels confident that even with this eligibility change, the aggressive nature of all of ODF’s qualified fire personnel would not be reduced.

Recommendation four deals with bottle deposits. The proposal is to make bottle deposit fees reimbursable. Collecting and returning bottles has not been found to be cost effective. Some districts/fire teams have been creative in getting the bottles collected. When inmate labor is not available some districts have invited Boy Scout troops to come collect bottles and in exchange for that service the troops are allowed to return the bottles and keep the deposits. The proposed language encourages bottle collection, but would allow for the donation of those bottles. Mark Hubbard brought up concern that an employee could potentially take a large number of bottles home and return them for their own profit. This would go against State rules that prohibit state employees from benefiting unfairly, in a financial manner, due to the state having been the purchaser of the bottles. This could be an ethical issue. After discussions, the committee decided that it would be beneficial for Tim Keith and Colleen Conlee to work further with Mark Hubbard to clear up the wording to preclude the potential for State employee personal gain from collecting bottles

Pete made a motion to approve the recommended directive changes, anticipating revised language on bottle deposits as noted previously. The motion passed unanimously; Tim will email the committee with the recommended language for their consideration and approval. [Administrator's Note: the recommended wording changes were made and unanimously approved by the committee via email correspondence]

ITEM 7: PROTECTION DIVISION REPORT:

a. Legislative Update [Information Item]

Doug Grafe reported on bills of significance starting with HB 2132 which was introduced by county assessors and HB 3213 by rural fire protection districts, reporting that both of these bills essentially 'died on the vine'. Doug noted that the session is ongoing and that ODF will discuss next steps with affected partners if talks resume on these bills. He next moved on to discuss HB 2501, which involves expanding reporting requirements on fires greater than 1,000 acres. Currently ODF is not required to report on the full cost of fire suppression, but this bill would require a total fire cost be reported which would include such items as fences lost, structures lost, and timber resources lost; to name a few. The bill is still 'on the floor' and will be heard this week. Nancy Hirsch reported that there have been positive conversations regarding this bill, and that those involved feel that this reporting expectation could be managed with no fiscal impact.

Doug next moved on to talk about HB 2588, which hit ODF's radar late the previous week with a fiscal impact. Travis Medema reported that the bill, sponsored by Representative Holvey, deals with the severance tax on timber that would be amended to impose a tax of \$12. This money would get split 50/50 between the Oregon Forest Land Protection Fund (OFLPF) and counties. This bill essentially came about as an attempt to bridge the \$30 million gap that exists with the insurance policy deductible. Holvey's opinion is that the General Fund alone shouldn't bridge that gap, that forest landowners should cover a share of it. The bill is currently sitting in the House Revenue Committee. Travis mentioned that there have been discussions as to whether the bill is premature with an upcoming effort to address long-term funding of emergency fire suppression. Committee members voiced concern about the proposed bill, noting that it fails to support the development of a more holistic and long-lasting method by which to cover such costs. Travis iterated that ODF would present a neutral stance on the issue if required to testify, but that they have shared concerns with legislators. The question was asked whether the proposed version had a cap on OFLPF funds. Travis answered that the bill essentially created new OFLPF dollars and a new timber reserve account, and he acknowledged that the Representative understands the challenges surrounding this.

Chair Cummings asked if there was any forecast as to ODF's protection's budget? Travis answered that currently they were working on POPs, with a budget work session planned for a couple weeks out. Key POPs being tracked are the federal forest package, Special Purpose Appropriation, two rangeland association POPs; a capacity and personnel POP and a General Fund POP. On the budget side Travis reported that he is not sure if it will be a budget note or direction from the Governor's Office and Legislative leadership, but a study of fire protection funding will occur this fall. The workgroup is seen as a high priority by all involved. Travis sees it as a two-step approach; the first step being an eye towards the February session insurance piece, and the second step will follow after a decision has been made and taking a larger look at the base level of the severity program. Nancy reiterated that the fleshing out of details will continue throughout the summer. Travis agreed, stating that the timeline goal would be to have it framed for an inaugural October meeting, producing a report by December or January this winter.

b. Protection Division Chief Comments/Update [Informational Item]

Doug then talked about fire season readiness. He started out by discussing how ODF is tracking, in comparison with the previous two fire seasons, especially considering the indices and predictions regarding the 2015 fire season potential. He passed out a handout that showed ODF not being on pace for the number of acres burned (2014 had greater) and number of fires (2013 had greater), but he did point out that 2015 was still above the 10 year average so far. The rain that was received at the end of May helped some districts make the decision to not enter fire season early, with a few districts considering starting season on May 15th originally. The rain aided a normal start to fire season for the agency. He noted that ODF is not trending in relation to fire seasons 2013 and 2014, but the landscape and weather predictions are there for the trend to change out of ODF's favor. Travis pointed out that the little amount of rain that had been received so far has done nothing to relieve Oregon's drought situation, and that a lot will depend on the type of lightning events that the state receives; whether they are wet or dry.

Pete Sikora asked Karen Swearingen about the Lightning Tracker program, noting that it has been down for private landowners the last couple of weeks. He stressed the need to have as many bugs

worked out of it as possible well before the advent of fire season. Karen responded that she was not aware of the issue. Pete said that once the Tracker program is up and running, it works consistently and flawlessly. It is the initial getting it out of the blocks where the hurdles seem to arise. He was not sure where these problems were stemming from, whether from software needing updates or platforms not functioning seamlessly. He noted that normally it only takes a couple days to fix the bugs, but that this year it was taking much longer.

ITEM 8: EFCC ADMINISTRATOR REPORT *[Informational Item]*

Tim Keith reported that the insurance costs came in \$34.95 less. A conference call with London is tentatively set up for the last week of June to discuss insurance derivatives. He said that he and Jeff Friesen will meet with Dave Logan later in the day to discuss where ODF stands with audits and claim costs to date. ODF is a little 'north of \$10 million' in net audited claim costs and may be eligible for a partial payment.

Tim reported that eight districts have been audited, and that these audits went well for the most part. He also reviewed the OFLPF balances. Concerns were raised regarding how confident ODF felt about the FEMA payment piece, and whether actual reimbursement was likely to occur from FEMA. Travis Medema said that recent experience with FEMA indicated that reimbursement is highly likely – ODF has worked out the issues that occurred with FEMA five years ago that backlogged the system. Actual payments from FEMA have been very close to estimates and all of the claims submitted have been accepted and paid.

ITEM 9: PUBLIC COMMENT/GOOD OF THE ORDER

There being no further business before the committee, Chair Cummings adjourned the meeting at 11:46 a.m.

The next regular meeting of the committee will be held on Tuesday, September 8, 2015, at 10:00 a.m. in the Santiam Room of the State Forester's Headquarters in Salem.

TRK.