

DF Distribution

EMERGENCY FIRE COST COMMITTEE January 2, 2018

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
Lee Fledderjohann (via conference line)

Others Present:

Tim Keith, EFCC Administrator
Jeff Friesen, Willis Tower Watson
Marie Hansen-Wargnier, DAS Risk Management
Peter Daugherty, State Forester
Nancy Hirsch, Deputy State Forester
Ron Graham, Interim Chief, Fire Protection Program
Nick Yonker, Meteorologist, Fire Protection Program
Jeff Bonebrake, Fire Investigator, Fire Protection Program
Randy Hereford, Starker Forests
Chrystal Bader, Executive Support, ODF
Travis Medema, Eastern Oregon Area Director
Doug Grafe, Chief, Fire Protection Program
James Short, Acting CFO and Director of Administrative Services Division, ODF
Jamee Myers, Office Manager, West Oregon District
Tonya Halsey, Smoke Management Coordinator, Fire Protection Program
Spence Ellis, Fiscal Systems Analyst, Fire Protection Program
Whitney Padilla, Senator Johnson's office
Jacqueline Carter, Internal Auditor, ODF
Matt Stayner, Legislative Fiscal Office
Melvin Thornton, retired Douglas Forest Protective Association District Manager
Mike Totey, West Oregon District Forester
Jake Gibbs, Starker Forests
Ali Webb, CFO, Department of Administrative Services

ITEM 1: CALL TO ORDER

Chair Cummings called the meeting to order at 10:01 a.m. Introductions were made around the table.

Chair Cummings asked State Forester Daugherty if he would like to address the committee. State Forester Daugherty commented that he is looking forward to this New Year with hope and optimism given the extremely challenging 2017 fire season. He said that the agency did a real good job this past season and were able to help neighbors by sending assistance to the California wildfires; all agency personnel were home by Christmas. The reason for his optimism is the executive management team that is in place. OR Department of Forestry (ODF) has some real challenges to address in order to remain successful, but the right people and the right skills with the knowledge needed are in place to begin to get the job done. ODF has endured several severe fire seasons since 2013 and those seasons' impact on the agency was identified by the Secretary of State's audit. At the Board of Forestry meeting tomorrow, the Strategic Initiative concept will be introduced that addresses these concerns. State Forester Daugherty stated that he appreciates the work the EFCC (committee) does. He is committed to moving forward this year and ensuring that we maintain Oregon's fire insurance policy. There are concerns about the ability to keep insurance premiums at their current level with Lloyd's of London given the other natural disasters – hurricanes and wildfires – in the world and their impact on the catastrophic insurance industry. Chair Cummings thanked State Forester Daugherty for attending the meeting and addressing the committee.

ITEM 2: APPROVAL OF THE MINUTES OF THE September 05, 2017 COMMITTEE MEETING [Decision Item]

Chair Cummings asked Tim Keith to review the minutes and propose any changes. Tim reported that Steve Cafferata identified some grammatical corrections on pages 2 and 5 – the draft minutes handed out today reflect those changes. He said that Julie Tacchini noted a mistake in the estimated revenue numbers on the first page ('estimated revenue including balance'). That change was also made and highlighted in the draft minutes. Tim thanked Steve for his careful review and proposed edits. A motion to approve the edited minutes of the June 6, 2017 meeting of the Emergency Fire Cost Committee was made and unanimously approved.

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

Chair Cummings noted that Colleen Conlee was unable to be at today's meeting -- Tim Keith then provided a report of the financial status of the Oregon Forest Land Protection Fund (OFLPF). Below is a summary:

<i>Beginning Balance as of FY18</i>	<i>\$ 3,568,679</i>
<i>Estimated revenue (including Balance)</i>	<i>\$ 35,109,156</i>
<i>Less estimated expenditures</i>	<i>\$ (15,897,389)</i>
<i>Projected Fund Ending Balance for FY18</i>	<i>\$ 19,211,767</i>

Tim noted that a bridge loan of \$20M had been made to ODF and has since been paid, with interest – that is the reason for the low beginning balance amount. With regard to revenues, given the increase in acreage and assessment changes due to forestland classification work by districts, there is an increase in \$24K in private and other public acreage assessments, \$8K in minimum lot assessments, and \$65K in improved lot assessments. Harvest taxes are down somewhat from projections. Interest income is up approximately \$30K, with total projected resources (including the beginning balance and revenues) of \$35.1M.

Expenditures included \$95K for payroll and operating expenses, and \$3K for bringing Mike Dykzeul back to update the Western OR BLM Study. With suppression costs over \$10M and \$3M in severity costs to the fund, that leaves only \$402K to purchase the OFLPF share of a catastrophic fire insurance policy for the 2018-19 insurance fiscal year. Steve Cafferata commented that if severity cost is less than \$3M, that difference would have to go to the insurance policy purchase; Tim concurred. The \$10M in suppression costs was advanced to Douglas Forest Protective Association (\$8.0M) – for the Horse Prairie fire – and Coos Forest Protection Association (\$2.0M) – for the Chetco Bar fire.

Unpaid claim balances are included in these numbers. The Central Oregon District (COD) 2013 fiscal year claim is yet to be finalized with an anticipated payment to them of \$220,255. In addition, \$486,477 is due back from Southwest Oregon District for fiscal year 2017 because the district was advanced more money than their net suppression cost. Total expenditures for the fiscal year are estimated at \$15.9M, with a final projected balance on June 30, 2018 of \$19,211,767.

Pete Sikora asked where Strategic Investments will be reflected. Tim Keith answered that the committee made the decision in June of 2017 to set aside \$1.5M – which was done before July 1st; as such, that money is not reflected in the Balance Sheet handed out today. A separate ledger has been set-up for the Strategic Investment money. He will provide an update of spending on approved projects at a later time. Only Southwest Oregon District has expended money on their Strategic Investment project. We are not budgeting anything for Strategic Investments this fiscal year as there are no available funds to allocate to it this year since the \$13.5M expenditure ceiling is projected to be reached. Steve Cafferata asked if the co-op fund where the Strategic Investment money was deposited is protected from being swept by the Legislature. Tim responded that it isn't protected but that it was very unlikely to be raided. James Short will investigate the cash account it was put into and its limitations. Tim said that Mark Hubbard reported at the July 2017 Special Meeting of the EFCC that it is not protected completely but it is highly unlikely that the Legislature will sweep the funds in the account.

Chief Grafe explained that the allocated Strategic Investment projects are part of the agency budget, and not in a fund where it can be swept. It's allocated and dedicated funding. Nancy Hirsch added that ODF has had good communication and coordination with the Legislature during the biennial budget process and has been asked what the plan for fund expenditures is. These have always been honored in the past. Chair Cummings agrees that our relationship is strong with the Legislature.

ITEM 4: WEATHER UPDATE [Informational Item]

Nick Yonker opened the weather briefing reporting that Oregon is under a La Niña pattern which is projected to go to neutral in the spring. Snow pack looked good last year (2017) but we are below 50% of normal this year (2018). The next couple of weeks don't look good either for accumulation of snow in the mountains.

During the next 90 days, it is predicted to be below normal temperatures, primarily north in Washington. There is an equal chance of normal precipitation and an equal chance of normal temperatures in Oregon. The question will be how much snow will Oregon receive the remainder of this winter.

Early snow melt is unlikely, however a long-term drought is not anticipated.

As for the summer outlook, meteorologists tend to look at persistence. As such another warm summer is predicted but that is not necessarily scientifically supported. Northeast Oregon is projected to have below normal precipitation with below normal June rainfall leading to a dry July and August. Nick reported that it's too early to forecast dry lightning episodes for this coming summer.

He said that the La Niña pattern is not behaving like normal. Mixed signals give low confidence for the 2018 fire season forecast. If there continues to be a below normal snowpack, then there may be a higher than normal fire season forecast.

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

Jeff Bonebrake informed the group that there have been 13 new claims below \$5K since September 2017 for a total of \$6.6K; \$1,145 has been collected in this group. There has been one fire closed, collecting just \$1,500 on the North Fork Salmonberry fire due to limited financial resources of the responsible party. There is one new claim greater than \$5K – Coos Forest Protective Association's Eckley Ridge fire totaling \$23,649.

There are several significant fire investigations in progress. Jeff is still watching the Eagle Creek fire; there is a claim on the fire but he is unsure what the potential for collection is. Until the criminal case is resolved, no action will be taken on Eagle. The Oregon State Police (OSP) are still working on the Ana fire and there is a potential claim there – there are other claims on this fire and ODF's portion is small, so the agency is not making a large investment in the case. The Grizzly fire evidence has been collected and ODF is working to set up testing protocols for analyzing evidence in order to determine what started the fire; at this time it is still undetermined. The Indian Lake fire cost recovery is not looking promising. ODF is currently waiting to see what other jurisdictions came up with for fire cause – it started in a cabin and the cause has yet to be determined. The Kirk Road fire will likely be closed due to no responsible party identified.

Jeff reported on activity associated with the 2500 Road, Cleveland Ridge, Niagara, Stouts Creek, Owen, Moccasin and Modoc fires. The Willamina Creek fire still has no responsible party identified. One fire not included on the list is the 2014 Yellow Point fire in West Lane – there may be a new lead in the investigation.

ODF has had good success in arson fire investigations. An example is the Stratton Creek fire where an arrest was made in Southwest Oregon District. ODF is asking for restitution on that fire, as well as for the McKay fire in Central Oregon District.

Chair Cummings asked if the agency becomes a part of the legal process with the arson cases – Jeff responded yes, but ODF is not limited to restitution in criminal cases. Ken also asked about Southwest Oregon District – were they limited by people availability. Jeff said yes, they have been, but they're striving to get back on top of their cases after a very busy season.

ITEM 6: INSURANCE POLICY FOR 2018 FIRE SEASON [Decision Item]

Jeff Friesen noted that it has been a tough year for the insurance industry, particularly on the property side. They have experienced a number of named storms [hurricanes], two North American earthquakes in Mexico, and the large fires across the country – particularly the two large fire storms in California. All this has led to an extremely unprofitable year for the London markets. As a result, starting in November, they have been asking for 25% increases on certain classes of business (e.g. catastrophic business such as those in wind-prone or earthquake areas). Unfortunately for Oregon, this is the same marketplace that the State goes to for their coverage. The 25% is an 'ask' and not necessarily where policy increases are ending up. Jeff said that Oregon needs to go to London, be present and in front of them in order to explain why Oregon should be on the low end of the increases – accepting the fact that an increase is inevitable. Jeff is looking forward to the meetings in London and a positive outcome. It's not an issue of capacity, it's an issue of cost and Oregon's job is to demonstrate that the state should be a preferred customer.

Chair Cummings noted that Oregon has learned over the years that face-to-face, personal relationships are important, including hosting underwriters in the fall of 2016. The Lloyd's insurance policy is not about insuring an asset but is about the cost of fire protection and the importance of putting a fire out at less than 10 acres. Oregon's program is unique and envied by other states. As such, ODF shouldn't just let go of this unique resource without a fight to keep it in place and affordable. Marie Hansen-Wargnier agreed and stated that Oregon's umbrella insurance policy was in the same boat – facing potentially a large increase. Chair Cummings pointed out to the committee that the decision to pursue a policy is a recommendation and not a mandate since the OFLPF funds only up to 50% of the premium cost. A motion was made to proceed to procure an insurance policy for the 2018 fire season. The motion was approved unanimously.

ITEM 7: SET DISTRICT DEDUCTIBLE RATES FOR 2018-19 FY [Decision Item]

Tim Keith reported that the current deductible rates are \$.10/acre for timber and \$.05/acre for grazing, and that the January meeting is when, by administrative rule, the committee is to set the rates for the succeeding fiscal year. He pointed out that the agency is in the middle of a biennial budget cycle so no monies have been allocated to ODF to pay for any increase in deductibles. Tim recommends maintaining the rates of \$.10 and \$.05 for the 2018-2019 fiscal year. A motion was made to maintain rates at the current levels. All committee members approved the motion, none were opposed.

ITEM 8: BLM WESTERN OREGON PROTECTION STUDY AND AGREEMENT UPDATE [Informational Item]

Chair Cummings asked Deputy Chief Ron Graham to give the committee an update on the BLM Study and the proposed new BLM agreement. Ron reported that former Douglas Forest Protective Association District Manager – now retired – Melvin Thornton worked with Mike Dykzeul to update the BLM Protection Study through the 2017 season. He asked Melvin to give an update on the progress toward a new Agreement.

Melvin reported that a final update on the BLM Protection Study had been provided to EFCC committee members prior to this meeting. Contract negotiations between ODF and BLM were originally to begin last August but due to personnel changes at BLM and the busy 2017 fire season, they were postponed. Melvin said their first meeting was in December 2017. It was a good meeting with a positive atmosphere. There was agreement on both sides that the current contract doesn't work well for ODF and all agreed there needs to be a change. Also discussed at that meeting was the type of contract (if any), the need to allocate large fire costs differently, and the base level of protection. He hopes to come up with an agreement that is based on actual costs where each landowner pays their share of whatever those costs are. It was also discussed whether or not BLM severity cost should be included in the contract.

Doug Grafe noted that without having the data on the front end of the BLM Protection Study, ODF would not be able to have the conversations that are now ongoing – reiterating the critical value of the Study. The leadership at BLM is willing to have a conversation on the Agreement and as such Peter has connected with BLM State Director Jamie Connell. Doug agrees that there appears to be a willing partner at the table negotiating with ODF. Additionally, times have changed since the contract was put in place – both parties are exploring the current realities and all options to make it right for all. He is pleased with the progress to date and for Melvin's willingness to come back and do this important work.

Chair Cummings said that for those not following this conversation, it took more effort to make the data more current and ensure that it completely aligns with the 5-year contract time frames. This update ensures that there is no misrepresentation, these are just the facts. Pete Sikora commented that the updated Study conclusion is very similar to the original findings – BLM lands represent approximately 3% of the income and 57% of the cost over the two 5-year contract periods.

Chair Cummings asked if the contract is renewable; if we get to July 1, 2018 can both parties agree to continue with the current contract? Doug Grafe responded that is not a barrier, but certainly isn't the target. Steve Cafferata asked if the contract is renewed, would there still will be unlimited access to suppression funds? Chair Cummings responded that it was possible, continuing the burden on both the OFLPF and on General Fund dollars.

Steve Cafferata then asked if they are still looking at a firm, fixed price contract. Melvin replied that they are working to steer away from that, although a sole-source contract would be acceptable. ODF should find out more next week. BLM had to go back to their legal staff to see if an agreement without a firm, fixed price was achievable. They all agreed the contract was a good price. Steve said he believed that the existing contract was not a legal contract because it gave unlimited access to the General Fund of Oregon.

Melvin Thornton noted that if a new contract or agreement could not be negotiated, Oregon will still need to maintain a complete and coordinated system on the landscape.

Chair Cummings asked Melvin and Ron Graham to keep the committee current on the status of the negotiations, reporting more than once a quarter with an update if possible.

Tim Keith commended Doug Grafe and Ron Graham for hiring Melvin Thornton to help with the contract negotiations/update, and for the decision to update the BLM Study numbers to match those of the 5-year contract periods.

ITEM 9: REVIEW AND APPROVE FY 2015 (Fire Season 2014) AUDIT REPORT [Decision Item]

Tim Keith started the report by stating that 2014 was the second of two very busy fire seasons. The EFCC staff didn't feel comfortable coming back with an audit report earlier because of the number of loose ends. Colleen had drafted a report for the June 2017 EFCC meeting but due to her illness that report was postponed until September, and then again to this January 2018 due to Tim's 2017 fire season commitments. Because the audit reports are running behind schedule, he reported that his goal moving forward is to review the fire season 2015 audit at the March 2018 EFCC meeting, the fire season 2016 audit at the June 2018 meeting, and the 2017 fire season audit at the September 2018 meeting. Dianna Sandoval Jarman conducted the financial portion of the 2017 season district audits and will assist drafting the 2017 audit report. Hopefully by doing this the EFCC staff can get caught up – with a goal of reviewing the 2018 season audit sometime in early 2019.

Tim reported that he and Colleen Conlee – EFCC Finance Coordinator – conducted the district audits with assistance from Dave Horton – at the time Dave was the office manager for Klamath-Lake District. The 2014 fire season – insurance year 2014-15 – was the last year ODF had a claim against Oregon's catastrophic insurance policy. Policy underwriters secured David Logan, Executive General Adjuster with McLarens who was assisted by Katharyn Thompson with RGL Forensic Accountants and her assistant Samantha Duncan. They attended every audit. On a sidebar, Tim commented that he, Colleen Conlee and Dianna Jarman met with David Logan and Katharyn Thompson the day after the September 2017 EFCC meeting, working to complete the insurance adjuster update to underwriters on the status of the claim. The 2014 fire season cost accounting is not yet completed: the large Oregon Gulch fire in southern Oregon (Southwest Oregon (SWO) and Klamath-Lake Districts) and the 36 Pit fire (North Cascade District (NCAS)) still need to be finished. Dianna is working directly with SWO and Lee Hullinger's FEMA crew on the Oregon Gulch fire, and working with NCAS on the 36 Pit fire. She is confident that these fires can be wrapped up this spring, but they still need to meet with the USFS on both the Oregon Gulch and 36 Pit fires.

Steve Cafferata asked if the insurance claim will change for the year if the totals are different. Tim responded that yes it will. He said that originally the claim was expected to be a full \$25 million policy limits claim; the estimated net cost for the 2014 season were \$46 - \$47M after FEMA reimbursements. Now it appears that the insurance claim will pencil out to approximately \$21M, perhaps slightly less. The exact amount isn't yet known because the federal bills haven't been negotiated and closed yet, but ODF usually pays less than the amount USFS bills for. Advances from that fiscal year's insurance policy total \$19M. David Logan has reported to the underwriters that the final claim cost estimate is \$21M. Steve suggested that it might be important to the London delegation to know that the claim is less than anticipated for the 2014-15 policy year. Chair Cummings agreed – he would like to have the estimated numbers. Chief Grafe noted that ODF is close to finishing the insurance year claim but there still needs to be closure with federal billings and FEMA reimbursement. He agreed that when meeting with Lloyd's of London, underwriters should be made aware that it's not the full \$25M claim.

Tim explained that a claim is not final until each claim is audited and the audit is approved by the committee. Tim and Colleen analyze all expenditures to ensure they meet fiscal requirements of the agency (ODF) and the State of Oregon. All aircraft costs are reviewed as well as a sampling of all crew, faller, engine, tender, and dozer costs as well as other personnel assigned. If problems are found, they dig in deeper to make sure all requirements were met.

Tim reviewed the audit findings, which were as follows:

- Eligibility of Personnel with Protection Funding – no reversal, procedural
- Protection-Funded District Hand Crews – total reversal statewide: \$2,060.12
- Contract Crew Payments – total reversal statewide: \$470.00
- Incident Resource Agreement (IRA) Payments – total reversal statewide: \$5,624.24
- AD Wage Rate Payments – total reversal statewide: \$16.50
- Equipment Payments – total reversal statewide: \$331.22
- Shift Tickets – it is critical that these are approved by supervisor and signed – no reversal, procedural
- Federal Equipment Shift Ticket (accepted but only for time worked for equipment, not personnel) – no reversal, procedural
- Fire Investigation Costs – total reversal statewide: \$5,276.90
- Fixed Wing Aircraft Payments – total reversal statewide: \$2,730.00

- Helicopter Payments – total reversal statewide: \$13,554.80
- Purchase of Non-Consumable Items and Field Supplies – total reversal statewide: \$176.42
- Equipment Maintenance and Repair Costs – total reversal statewide: \$491.78
- Fuel Costs – total reversal statewide: \$956.46
- Payment for Camp Services – no reversal, procedural
- Miscellaneous Costs – Bottle Deposit Fees – total reversal statewide: \$323.35
- Incomplete Backup Documentation for Processed Payments – total reversal statewide: \$5,588.69
- Deductions from Payments or Invoices Processed to Vendors (ineligible costs should be processed as district transaction) – no reversal, procedural

Tim summarized that some of the audit findings were procedural and great work was done by the districts given the tough fire season. The passage of the Wildfire Protection Act increased availability of severity resources, supplementing Oregon's Complete and Coordinated fire protection system, making the great results possible. Tim worked with Doug Grafe and Ron Graham to implement corrective action for the audit findings. Tim pointed out that the summary of reversed charges revealed a statewide total of \$44,605.31 in reversals – as a percentage of cost, it was only .09%.

Tim recommended that these audits of fiscal year 2014-15 fires be approved and that fire suppression cost claims against the OFLPF be authorized for payment when claims are finalized. Steve Cafferata made that motion and said that he stands in awe of the amount of work that goes into the process by districts and EFCC staff having participated in one large audit. The committee approved the 2014-15 fiscal year audit unanimously.

Chair Cummings noted that it takes a lot of horsepower to build a fire suppression team overnight to come together to fight these fires. Historically, these audit reversal numbers used to be in excess of 10% -- now it's only .09%. The process is working and it is critical to maintain this process – to build and maintain systems and procedures that reduce audit issues – and that is occurring. Chair Cummings also noted that David Logan, Executive General Adjustor, is well known in the insurance industry. David commented a couple years ago that ODF is the best in the world. That goes a long way as to the credibility, integrity and capacity of this agency to put out fires and save resources. Steve Cafferata noted that what isn't here in the audit report is the stories that accompany many of the fires that were audited – the tremendous efforts that were put forth by people on-the-ground. It would be good to publish and distribute more of those stories. Chair Cummings thanked Tim Keith, Colleen Conlee and Dianna Jarman for their work auditing and working to close fiscal year claims.

ITEM 10: PROTECTION DIVISION REPORT *[Informational Item]*

A. Fire Protection Initiative

Doug Grafe elaborated on the agency Strategic Initiative which State Forester Daugherty had referenced in his opening comments. Doug stated that ODF is well into planning mode for the next biennium (2019-21), despite only being seven months into the new biennium. Given the realities of recent fire seasons, previous work done by Fire Program Review, as well as the recent Secretary of State assessments, Doug was asked by State Forester Daugherty and Deputy State Forester Nancy Hirsch to lead and coordinate consideration of a strategic initiative for ODF moving into the next biennium.

With recent fire seasons, all aspects of ODF's organization have been challenged. Doug will be working with State Forests, Private Forests, and Administrative Services Divisions as well as the Protection Division on how ODF is prepared and how recommendations stemming from the Fire Program Review and Secretary of State can be implemented. His charge is to prepare an agency initiative that addresses these for the 2019-21 biennium.

Consequently, Deputy Chief Ron Graham is now the Interim Chief of Fire Protection and has relocated to Doug's old office downstairs, Russ Lane (Fire Operations Manager) is now Interim Deputy Chief and relocated to Ron's old office in Building D, and Doug has moved to another office in Building B to focus solely on this endeavor. The Fire Operations Manager position will be a developmental assignment to be filled ASAP.

Today is the first discussion of this Strategic Initiative. State Forester Daugherty will highlight the Initiative at the Board of Forestry meeting tomorrow. The timeline is to have draft concepts for the Board of Forestry's review

and input at their April meeting, a refined concept for their review at the June Board meeting, and final consideration of the Initiative at the July Board of Forestry meeting. Doug noted that initial work was delayed due to the 2017 fire season but after the July 2018 Board of Forestry meeting, if the Initiative is approved, it will move to the September 2018 Agency Request Budget for Governor Brown's consideration. In December 2018 or January 2019, the Governor's Request Budget will be presented to the incoming Legislature if supported. Doug noted the critical importance of engaging all partners (Legislators, Governor's office, stakeholders/landowners in this Initiative. Outreach to those partners begins this week.

Doug briefly described the challenges that resulted in the creation of this Initiative: maintaining incident management teams and sustaining that effort. Large fire management has been a challenge and the Secretary of State's assessment points to the whole agency needing to address these issues.

Deputy State Forester Hirsch emphasized that the system at the base level works well but the workload and the demands of this workload (acres burned, costs, and processing fire bills during this current decade) is not sustainable. She said Doug will be looking at solutions to address these issues so ODF has the capacity to appropriately address over time both extended attack of large fires and suppression of fires while they are still small. ODF wants to have this conversation with all stakeholders, recognizing that the timeframe is accelerated.

A question was asked as to whether federal partners are thinking about this kind of work. Doug replied yes, a conversation with ODF's federal partners is a part of this Initiative effort. Following the 2017 fire season, the federal agencies recognize that there are some challenges. ODF is also working closely with them for input into the Chief's letter on the federal approach to the 2018 fire season as well as their land management policies.

B. Closing out 2017 Fire Season Finances

Ron Graham reported that a letter and accompanying 2017 fire season report to the Legislative Emergency Board in October was combined with four other agencies: OR Parks and Recreation Department (OPRD), OR Military Department (OMD), OR State Fire Marshal (OSFM) and OR Department of Transportation (ODOT). OPRD and ODOT did not have a specific financial request at the time because they were still putting their costs together. ODF had best estimates of what fire suppression and severity costs were. The subcommittee recommended to the Interim Committee on Joint Ways and Means that the following financial requests be included in a budget reconciliation bill to be considered in the regular 2018 session:

1. An allocation for severity resources – \$2M for the special purpose appropriation,
2. \$24,194,224 in GF allocated for severity, net emergency fire costs, interest expense on lines of credit, and district deductibles match, and
3. An increase in Other Funds limitation of \$22,743,921, allowing processing of payments for the 2017 fire season.

C. 2018 Strategic Investment Process

Ron Graham reported that only minimal expenditures had been made to date on the Southwest District Oregon detection camera project.

He gave an update on the Columbia City prevention sign project:

- Draft sign designs have been completed
- All utility locating work was done in the area – identifying no issues
- Preliminary work with city planners is continuing to verify sign design and meet city codes
- Next step is to hire sign design engineer
- There is no specific timeline for completion but Ron estimates it to be soon

With regard to guard stations in eastern Oregon, specifically Central Oregon and Northeast Oregon Districts, no construction has been done yet. Cost-share agreements have been developed with the other agency partners on the two sites. Planning documents are under review but some items need updating as it has been an ongoing process for a period of time. They will start on design and move through the bid process in the next few months. Both projects are expected to be in full use for spring 2019.

With regard to what is left, \$1M is remaining in the co-op fund. Ron emailed out the process to districts so that they could prepare strategic investment proposals for the remaining money – these are due March 31, 2018. Following receipt of the proposals, an internal prioritization will be completed followed by interaction with the EFCC for alignment. The goal is for an ultimate recommendation for the committee's June 2018 meeting. Ron Graham and Russ Lane highlighted this process at the fall 2017 forest protective association meetings and the need for the local protective association involvement in the process.

Matt Stayner, Legislative Fiscal Office, asked what the total allocation for the initial projects was. Ron Graham responded that it is just over \$500K for the projects. The total amount set aside for Strategic Investment projects was \$1.5M.

Chair Cummings noted the need to coordinate the process for strategic investment proposals; not every proposal will be approved and funded. Steve Cafferata asked if there were any constraints finishing projects by the end of this fiscal year. Tim Keith responded that there were none – any time constraints would be those established by the committee.

Doug Grafe highlighted a few items for the committee's awareness entering the 2018 January Legislative Days and the 2018 February Legislative Session:

- ODF has been asked to present follow-up with the House Agriculture and Natural Resources Committee regarding the 2017 fire season and the challenges stemming from the season
- ODF has not been asked to engage yet with the Federal Fire Caucus that was initiated following the 2017 fire season but will do so if requested

ITEM 11: ADMINISTRATOR REPORT/UPDATE

EFCC Administrator Tim Keith reported that Doug Grafe has recommended the Board of Forestry appoint Jake Gibbs to replace Pete Sikora on the Emergency Fire Cost Committee. This is on the Board's January 3, 2018 meeting consent agenda.

ITEM 12: PUBLIC COMMENT / GOOD OF THE ORDER

Chair Cummings spoke on Pete Sikora's departure from the EFCC and presented him with a distinguished leadership award from his committee peers for his work and leadership on the committee and to Oregon's Complete and Coordinated System. Pete thanked the people in attendance and emphasized the important work that the committee does on behalf of forest landowners.

Tim Keith noted that Barte Starker, longtime EFCC member and former chair of the committee, and former executive vice president & secretary of Starker Forests, passed away recently. His memorial service is this Saturday, January 6th. Mike Totey has more information on the service.

There being no further business before the committee, Chair Cummings adjourned the meeting at 11:50 a.m. The next regular meeting of the committee will be held at 10:00 a.m. on Tuesday, March 6, 2018 in the Santiam Room of the State Forester's Headquarters in Salem.