

DF Distribution

MINUTES EMERGENCY FIRE COST COMMITTEE SPECIAL MEETING July 17, 2017

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 Participating on the Conference Line:

Ken Cummings, Chair
Steve Cafferata
Pete Sikora
Lee Fledderjohann

Others Attending:

Tim Keith, EFCC Administrator
Peter Daugherty, State Forester
Doug Grafe, Division Chief, Fire Protection Program
Mark Hubbard, Finance Director, Administrative Services
Jacqueline Carter, Internal Auditor, Executive Team
Tracy Guenther, Administrative Support, Fire Protection Program
Dave Lorenz, Area Director, Southern Oregon Area

Others Joining on the Conference Line:

Colleen Conlee, Emergency Fund Finance Coordinator
Jamie Paul, Assistant to the Area Director, Eastern Oregon Area
Marie Hansen-Wagnier, DAS Risk Management
Jeff Friesen, Willis of Oregon
Randy Hereford, Starker Forests

ITEM 1: CALL TO ORDER

Chair Cummings called the meeting to order at 10:00 a.m. Introductions were made around the table and ON THE conference line.

ITEM 2: SELECTION OF STRATEGIC INVESTMENT PROJECTS TO BE FUNDED FROM THE OREGON FOREST LAND PROTECTION FUND *[Decision Item]*

Chair Cummings opened the discussion, apologizing for the length of the approval process but he noted that 'this was the first time around the block'. This is the first time that funding has been available, and the first time that projects are being considered for funding under the Strategic Investment authority. He added that as of July 1st, Oregon is in the first biennium of a full sharing of firefighting costs dollar for dollar between the Oregon Forest Land Protection Fund (OFLPF) and the General Fund [up to \$20 million total]. He said that there is a good plan in place – and they will strive to build on and improve that plan going forward.

Tim Keith reported that the project proposal summaries were available to meeting attendees, and were sent to people that indicated they would participate by phone. Chair Cummings noted that Pete Sikora spent considerable time building tenets that underscore the process and focus on the intent of Strategic Investments. Other products have been developed including an evaluation scoring guide that helps define some of the analytical criteria, and an evaluation worksheet with the projects and respective scoring. Chair Cummings expressed appreciation for the work done by staff to assemble the project proposals and for their patience as the committee came together regarding how to rate the projects.

Pete Sikora stated that the committee is trying to provide structure for the process to help project proposers understand how those projects will be evaluated and the key considerations for project proposals to be successful. The goal is to make intelligent choices on projects that will reduce exposure to the fund and reduce risk to protected resources, e.g. forestland. Data and information that supports a project helps the committee evaluate its relative value. It's important that the committee have an understanding of the real impact of a proposal to the protection system and the fund. He noted that the evaluation products: tenets, evaluation scoring guide and summary adds rigor to that evaluation process that the committee needs as fiduciaries managing the fund.

Steve Cafferata said that from the beginning, it was clear that these are investments, not grants. How does the committee get a return on those investments, and for how long? The scoring guide mirrors the tenets – they were developed simultaneously. The guide attempts to provide objectivity in evaluating project proposals. Districts have a dilemma: should a district fund a project which is funded jointly by the landowner and the General Fund, or should

the project be a Strategic Investment which is funded 100% by landowners. Matching funds are important – they demonstrate that a variety of people are committed enough to a project to provide financial support. New technology and its implementation was one of the original concepts behind designing the Strategic Investment authority. Steve said that statewide application of a concept is also an important consideration. These factors are reflected in the weighting of the criteria. He noted that this won't be the last iteration of the process – it will likely be tweaked as needed in the future. Steve stated that not all of the money set aside is required to be allocated today – money can be set aside for earlier consideration of project proposals after fire season.

Lee Fledderjohann complimented the work of Pete and Steve helping the committee evaluate investments. Chair Cummings reminded the audience that \$1.5 million was earmarked and set aside at the June 6th EFCC meeting with Mark Hubbard's assistance. The intent is not to spend every dollar, but to recognize that the money is available and any uncommitted money after today's approvals can be available in the future. Chair Cummings noted the value in approving future projects early enough in the fiscal year that projects may possibly be implemented before the succeeding fire season.

Chair Cummings then reviewed the process, noting out that the committee reviewed the projects using the scoring guide, applying their own judgement and scoring individually, recognizing that each person had a fiduciary responsibility to the fund. Their individual votes were sent to Tim Keith who compiled them and developed an average composite score. He pointed out that with the weighting, the maximum score would be 60; the top quartile would be 46-60 points, 3rd quartile 31-45 points, 2nd quartile 16-30 points and the 1st quartile 1-15 points.

Tim Keith asked if State Forester Peter Daugherty or Division Chief Doug Grafe had any comments to make prior to discussing the scoring. State Forester Daugherty addressed the committee, thanking them for their service. He noted that this is the first time that Strategic Investment opportunities are being considered for funding. He is impressed with the thought process that went into development of the basic tenets and rigor in reviewing the proposals. State Forester Daugherty noted that this was surprisingly mature for the first time around – the process doesn't need to be perfect the first time through, but that this well-conceived and documented process will help it evolve effectively over time.

Division Chief Doug Grafe added that the agency's responsibility and respect for landowner dollars is paramount in the process. He reported that the financial transfer was done appropriately with all the 'T's' crossed and wanted to ensure the audience that the financial aspects are solid. Doug noted that the timeline is something to strive for, but that it can and should be adjusted to ensure that the next process isn't too hurried. Chair Cummings agreed that the committee will be part of the quest to improve and expedite the next application and approval process. Doug reiterated that including local budget committees the next time around is important, so the timeline may need to be adjusted to address the need to involve them.

Chair Cummings asked Tim Keith for a brief summary of project scoring. Tim directed the audience to the Strategic Investment Proposal Evaluation Worksheet and the bottom block, where the projects were ranked by average score. The first five projects came in at scores of 30 or above. Tim asked Ron Graham if the target shooting fire prevention project was going to be covered by the program's State Fire Assistance (SFA) funds – Ron said that it would be funded by SFA. That left four projects above 30 points. Tim added that some of the lower-scoring projects were questionable whether they would lower risk to landowner resources, one of Pete Sikora's tenets.

Chair Cummings opened it up to committee discussion and input. Steve Cafferata suggested that the potential for 'challenge grants' be explored. Those would be grants that the committee feels have potential but that should receive significant other support and funding before being implemented as a Strategic Investment. For example if it was a \$100K project and the committee felt that 20-30% of that project had the potential to help the OFLPPF, then the committee put up a portion of the money allowing the sponsor to seek other sources of funding and support to implement it. Chair Cummings asked if a challenge grant would be a problem to track financially. Tim Keith answered that he didn't think it would be an issue – it would need tracking but it was doable. Pete Sikora asked Steve if he had a particular project in mind. He responded that the radio projects in either West Oregon or South Cascade Districts might be ones that would qualify – they have a great potential to add value for the respective district and lesser value for the OFLPPF. Pete asked what percentage was Steve considering – he responded 10-20%. Pete clarified that if the committee offered 10-20%, the recipient would need to come up with the remainder in order to secure payment of those funds.

Pete proposed that the top four projects -- exclusive of the target shooting grant – that scored 30 or more be fully funded, putting the total at roughly \$450,000. He added that challenge opportunities could be discussed for some of the other proposals. Lee Fledderjohann agreed with Pete. Steve concurred and seconded the proposal/motion. Chair Cummings asked that the motion be tabled in order to discuss challenge grants. He noted that if 20% of the West Oregon and South Cascade projects were approved for funding, that would put the total slightly over \$500K, approximately 1/3 of available funds. Lee asked how long the challenge grant will be eligible for matching. Chair Cummings asked if one year should be the limit. Steve suggested that the grant be available through the next budget cycle – allowing the district to budget for the funds.

Dave Lorenz asked if a district couldn't come up with the full amount in one year, could the money be accumulated over two years. Chair Cummings asked Tim Keith and Mark Hubbard if this was doable. Mark answered that the money will essentially be there an unlimited amount of time, until either spent or sent back to the OFLPP. Tim pointed out that when these monies are laying idle, they are no longer earning interest; interest rates are currently at less than 2%, but they do add up – it didn't bother him, but is something for the committee to consider. Mark stated that if these funds are part of the larger Protection funds' picture, although he had never seen it, he has heard of fund sweeps in other agencies that wiped out these types of funds. Chair Cummings agreed – the committee isn't running a bank. Dave Lorenz offered that one or two years be the standard; one year being the standard with an opportunity to extend if needed. Pete asked Dave if two years would be a more appropriate timeframe for funding the two radio proposals. Dave said that he believed it would.

Pete commented that using 1/3 of the \$1.5 million would obligate \$500K. If an excellent proposal comes in next year – in January – they still will have \$1 million available to make high value investments before next fire season. Pete moved to accept priority project #'s 1, 2, 3 and 5, and set aside 20% of the two communication system proposals within a two-year timeframe. Dave asked if that is 20% of the amount requested or 20% of the total project costs. Chair Cummings answered 'amount requested'. This totals \$502,520. The committee unanimously approved Pete's motion. Chair Cummings thanked the agency and districts for their work in bringing forward the project proposals for consideration as Strategic Investments. Doug Grafe clarified that the challenge grants applied to project proposals #1 and #2.

Dave Lorenz asked for feedback on the proposals – were they incomplete or lacked specificity, or will they never rise to the level at which they might be considered for funding? He said knowing this would preclude the committee looking at the same projects again if they would never rise to serious consideration. Chair Cummings responded that the challenge of technical innovation is daunting – if proposals gain enough support to rise to the level of a statewide initiative that benefits the entire system, then they likely would receive more consideration. Proposals on a district-only basis are hard to rank against other district-only projects. More information would be helpful, but broader support is the key. The early use and growth of the camera system illustrates a burgeoning technology that now has statewide acceptance and benefits the entire system.

Steve Cafferata offered another example – the aerially-mounted infrared camera. The committee needs a better sense of the broad support for implementing this technology from districts, incident commanders, as well as fire staff. What use will be made of this technology? He noted that he couldn't get there without knowing how much support there is and exactly how it would be utilized/implemented. Pete Sikora added that in consideration of all proposals, the more associations, plus the statewide protection committee and the statewide services committee that support a proposal, the more the committee will be inclined to give that proposal serious consideration. Doug Grafe pointed out that the timeline of project consideration is important in order to potentially gain landowner support. Chair Cummings noted that Amy [Patrick] can help put proposals in front of landowners at fall association meetings, the protection committee meeting, and the statewide services committee. Pete said that the eastern Oregon guard station proposals were able to provide the detail needed to illustrate need for placement of resources in those locations. It's data that supports a proposal/concept that is important to the committee deliberating on projects.

.ITEM 3: PUBLIC COMMENT/ GOOD OF THE ORDER

There being no further business before the committee, Chair Cummings thanked the meeting participants for their time and efforts, noting that the process will undoubtedly improve moving forward.

Chair Cummings adjourned the meeting at 10:55 a.m. The next regular meeting of the committee will be held at 10:00 a.m. on Tuesday, September 5, 2017 in the Santiam Room of the State Forester's Headquarters in Salem.