

**MINUTES
EMERGENCY FIRE COST COMMITTEE
September 08, 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
Lee Fledderjohann

Others Present:

Tim Keith, EFCC Administrator
Doug Decker, State Forester
Nancy Hirsch, Deputy State Forester
Doug Grafe, Division Chief, Fire Protection Program
Ron Graham, Deputy Division Chief, Fire Protection Program
Travis Medema, Interim Division Chief, Fire Protection Program
Nick Yonker, Meteorology Manager, Fire Protection Program
Whitney Lanham, Administrative Support, Equipment Pool 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
Todd Scharff, DAS Risk Management
Karen Swearingen, Fire Operations Manager, Fire Protection Program
Mark Hubbard, Finance Director, Administrative Services
Satish Upadhyay, Division Chief, Administrative Services Division
Gary Springer, Board of Forestry
Randy Hereford, Starker Forests
Rod Campbell, Auditor, Secretary of State Audit Team
Amelia Eveland, Senior Auditor, Secretary of State Audit Team
Laurie Aunan, Governor's Office
Mike Totey, District Forester, West Oregon District
John Buckman, District Forester, Northeast Oregon District
Jim Carnegie, retired, 1989-1997 EFCC Finance Coordinator

ITEM 1: CALL TO ORDER

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

ITEM 2: APPROVAL OF THE MINUTES OF THE JUNE 02, 2015 COMMITTEE MEETING [Decision Item]

Changes to the minutes were suggested by Steve Cafferata and Mike Dykzeul. Steve asked that Item 6 on page 6 be reworded to capture the essence of the discussion regarding eligibility of State Forest personnel for emergency fire cost reimbursement. Mike clarified the correct bill number under Item 7, Legislative Update and corrected the spelling of Representative Holvey's name. Tim Keith agreed to make the changes and post the minutes once the committee approves the wording changes by email. The minutes of the June 02, 2015 meeting were approved unanimously by the committee, anticipating changes to items 6 and 7. [Administrator Note: the committee unanimously approved the changes to the minutes by email, and the minutes were subsequently distributed to interested parties and posted on the committee's web page.

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. For the purpose of this report, the current year's insurance premium was used as the estimated expense for the 2016-'17 policy year.

Balance as of 7/1/2015	\$ 21,307,368
Estimated revenue (including Balance)	\$ 32,590,980
Less estimated expenditures	\$ (14,856,941)
Projected Fund Ending Balance 6/30/2016	\$ 17,734,039

Colleen reported that August's harvest tax turnover was \$52,548 less than what had been estimated.

Central Oregon District's (COD) FY12 claim has just been finalized; in November 2011 \$1,350,000 was transferred to the district as an advance against their estimated claim. The final net claim of \$1,265,013 was less than what had been estimated – consequently \$84,987 will be returned to the fund.

Both COD and Southwest Oregon District have finalized all outstanding bills against their FY13 claims and Colleen is currently working to finalize those claims.

The FY16 draft claims have been prepared using estimated fire costs provided by each district on fires with estimated emergency cost expenditures greater than \$10,000. Colleen anticipates that eight district claims for 2015 fire season will be made. She concluded her report, noting that payroll and operating costs of the Emergency Fire Cost Committee for FY 2016 are estimated to be \$90,000.

ITEM 4: WEATHER UPDATE [Informational Item]

Nick Yonker, ODF Meteorologist, provided an overview of the weather conditions that impacted the current fire season. He showed statistics of how many fires have occurred on ODF-protected land (887) and the estimated acres burned (95,884), comparing it to the 10-year running average. He noted that the current number of acres burned is well above the 10-year average. His graphics show that temperatures from January through June were well above average and precipitation was well below average, with both the winter and summer having been the warmest on record for western Oregon. 2015 is on track to be the warmest year ever for western Oregon. The eastside did not set records like the westside. The winter and spring snowpack was much below normal – late spring snowpack is under 10 percent of normal in most areas. These weather conditions yielded the challenging 2015 fire season that Oregon experienced.

Nick then described the current situation showing the Energy Release Component (ERC) for all areas throughout the state. Recent rains and cooler weather had generally dropped ERCs to below average for the first week of September. This followed earlier season ERCs that were primarily above average for most of the summer. He reported that the expected temperatures for the remainder of the season will be likely above average and precipitation below or near average.

For 2016, El Niño will be strong through the winter leading to continued above-average winter temperatures. There is no clear signal whether precipitation will be above or below normal. However, Nick said that often spring precipitation is above normal when a strong El Niño occurs – above normal precipitation in the spring could mitigate next summer's 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. He reported that Deer Creek, Siskiyou, Brookside Blvd. and Oregon Bell Mine fires do not show payments received, but have been settled with payments forthcoming for each of them – the amounts are listed on the claims summary handout.

Several claims over \$5,000 were settled over the past quarter with payments totaling a little over \$1.5 million, bringing the total cost collections for the last quarter to a little over \$3.4 million. Jeff expects to see full payment of these cost recovery settlements soon.

Jeff noted that the Corn Creek fire is a cost collection fire of interest because it was being settled while boots were still on the ground suppressing the fire. He gave credit to the defendant's attorney; his level of knowledge of wildland fire and his research of statutes, laws and liabilities led him to the table to negotiate an early settlement for his client.

The El Dorado fire was determined to be lightning-caused, thus there is no collection potential there. The Willamina Creek fire does not currently have a responsible party identified. The Niagra has good promise for cost collection. The Cable Crossing fire has no identified responsible party, thus no likelihood for cost recovery at this time. The Stouts Creek fire has a strong case, but very low likelihood of significant cost recovery due to the responsible party's limited financial means. Jerry's Draw fire has an active investigation ongoing with prospective responsible parties identified. There is a parallel criminal investigation on this fire. Both the August and Cove fires have potential responsible parties identified.

Jeff reported that there was a string of arson fires in the Oakridge area this season. A task force is at work on those fires. 17 fires were identified to be arson there.

Tim Keith mentioned the Elephant Rock fire was settled. It had been a long process – with counter-suits and very difficult, contentious negotiations. This settlement prevented a likely court fight.

Steve Cafferata asked how cost collection monies are distributed between FEMA, insurance, the General Fund and the Oregon Forest Land Protection Fund. Tim responded that a recent opinion from the agency's Attorney General legal counsel agreed with the agency's intent to reimburse the 'last dollar out' with cost collection proceeds. He noted that Doug Grafe wrote a good letter to FEMA stating that ODF intends to split fire cost recovery receipts between FEMA and the other source(s) of money based on the percent of FEMA reimbursement received on each recovered fire. FEMA has not yet responded to that memo. Doug Grafe noted that the letter was a common sense, firm approach to distribution of receipts – and one that legal counsel could support. Counsel did find that there are conflicting court cases concerning FEMA reimbursement – in some cases cost recoveries were shared, in other cases all recoveries went to FEMA until they were fully reimbursed. Doug stated that he will follow-up to confirm that FEMA received the letter and concurs with ODF's proposal. Tim Keith was asked and agreed to display how cost collection receipts are reallocated between FEMA, General Fund, the insurance policy, and the OFLPPF.

ITEM 6: 2015 FIRE SEASON UPDATE (To Date) [Informational Item]

Doug Grafe provided handouts and presented a PowerPoint outlining significant fire activity that occurred in the Pacific Northwest. There was a lack of significant fire starts during the month of July – Cable Crossing and Stouts Creek fires were the only significant fires in Oregon for much of that time. This relatively quiet month greatly aided ODF's fire readiness for the month of August, which saw a significant increase in fire starts. August 25th was the peak of activity due to extreme fire behavior that occurred across the region at that time – the Region was at Planning Level 5 meaning that no other resources were available from outside the two states. At the peak, two cold fronts had moved fire across the landscape, resulting in 1500 miles of unchecked/open fire perimeter across OR and WA – the majority in WA. The growing fires in Washington burned a number of structures and threatened entire communities, leading to significant pressure on Oregon to release resources to the north. Particularly targeted was the theatre of operations in southwest Oregon – where Stouts Creek, National Complex and Collier Butte (which burned in the fire scar of the old Biscuit fire) were still uncontrolled. With the threats to structures and communities in northeast Oregon – particularly the Canyon Creek and Grizzly Bear complexes, that theatre of operations was not pressed for resource releases as was the southwest corner of the state. The priority in Oregon was to keep the footprint of the existing fires from growing significantly.

Doug pointed out that both lightning and human-caused fires were trending near average. There were three groupings of large lightning-caused fires during the season: mid-July, the first week of August and the latter part of August. The last storm had moisture with it and gave the state some reprieve. All three ODF incident management teams were deployed more than once each during the season. Human-caused fires did see a small downward trend in numbers, the acres burned were near average. Overall costs of fires have increased. He said that ODF's net costs have been trending down over the last three seasons; this season primarily due to many of the fires burning on multijurisdictional land and the majority of the largest fires receiving FEMA support. As a result, the agency probably will not be into the insurance policy this year.

Doug highlighted the large amount of landowner operational support that was provided for several fires. On Stouts Creek fire, 15 private sector mid-level trained overhead and 40 pieces of equipment were used during suppression. They built 28 miles of fireline on the east flank of the fire, protecting more than 150 homes and keeping the fire in check on that side. He pointed out that this illustrates what private landowners bring to the table in Oregon's complete and coordinated system. This type of effort is not seen across the other western states. In addition, when the Grizzly Bear Complex blew up and burned to and around the town of Troy, the structural resources and incident management team leadership provided by the Oregon State Fire Marshal were integral in minimizing structural losses. Throughout the season, the State Fire Marshal's office deployed their teams six times. Doug emphasized that Oregon's system isn't just the agency – landowners and key partners like the State Fire Marshal make the system work. Travis Medema noted that for the first time in 15 years, 375 Oregon National Guard troops were mobilized, trained and deployed on firelines in Oregon.

Tim Keith seconded the value of Oregon's complete and coordinated system – providing the example of the Carpenter Road fire in northeast Washington where landowners are not engaged, and the incident management team is still currently struggling to obtain heavy equipment bosses, whereas in Oregon this need is often filled by local landowners. Travis underscored that the number of structures lost in Oregon this past season doesn't happen often – it was humbling and sobering what wildfire can do to communities.

Pete Sikora asked if this past season will be used to create proposals that reflect Strategic Investment opportunities to help in future situations like what was experienced. He mentioned areas such as John Day that have seen a cluster of activity in the last couple years, and asked whether there may be actions that could help reduce that area's fire risk, as well as other similar areas. Doug agreed, pointing out that requests had been sought for projects, but that funding will once again not be available from the OFLPPF. Whether the funding is available or not, the review of those proposals is important for the future. He mentioned the Protection Standards Review process, in which one or two districts are reviewed annually. These reviews discuss whether prevention, detection and suppression standards are being met for those locations, and what can be done to improve. This process is an important component of continuous improvement.

Lee Fledderjohann provided positive feedback on the level of communication that was relayed to landowners and the general public this past fire season. This information helped them determine what they did in the woods as a company to prevent additional fires. They shut down operations for a week and half during the peak activity because of the concern that there were few resources left to suppress a new fire. The information from the agency was important for them to make informed decisions. Lee asked if arson fire numbers were also on a downward trend in relation to human caused fires. Is it an absolute trend or a percentage of total number of fires? That could give a different picture of the trend. Doug responded that the man-caused trend was an absolute trend; Jeff Bonebrake said that he would have to research the arson fire number trend. Steve Cafferata asked what steps were being taken to debrief fire actions with other agencies and partners. Doug Grafe noted that After Action Reviews (AARs) are conducted primarily internally with teams, but after the last two seasons, it's been noted that increased communication with outside agencies could greatly benefit ODF and will be sought in future AAR's. Nancy Hirsch responded that these are conducted as incident management teams are demobilized, both with the team and with landowners that are involved in the suppression effort – the agency insists that these occur even with interagency teams when they have worked on ODF-protected lands. Travis Medema said that this spring's incident management team training will be held jointly with the Oregon State Fire Marshal's teams – providing good opportunities for continuous improvement.

Chair Cummings would like to see a breakdown of acres burned, dollars spent in suppression and where the dollars came from in California, Idaho and Washington, in comparison to Oregon. This information will be an important component of the discussions that need to take place this winter and beyond.

ITEM 7: STAFF UPDATE:

Acting Chief of Fire Travis Medema said that he and Doug Grafe will flip-flop their reports, starting with Severity and ending with Division work.

b. Preliminary Fire Severity Update [Informational Item]

Doug Grafe handed out the projected 2015 severity cost breakdown, but noted that how the season ends will have a big impact on the final numbers; these numbers are a snapshot of where the severity program is at currently. He mentioned that many of the listed resources were brought on early, which leads to the probability that many will end up getting extended; particularly given Nick Yonker's dry September forecast. It is strongly felt that the increased air resources have been key in keeping new starts small and manageable. This led to a general discussion of Fire Ice use as a retardant alternative, with its apparent high level of effectiveness in various terrain and fuels this season at a cost half that of conventional aerial retardant. It is important to note that Fire Ice is not a retardant, but a suppressant and that direct comparisons with retardant should be done cautiously. The product is being reviewed and a post-season review of its use will be done internally. Travis noted that this product is highly mobile, allowing the agency to have eight reloading bases strategically placed around the state, including Salem where single engine airtankers (SEAT's) were used in northwest Oregon. This utility is important to the protection system. Pete Sikora asked how the agency is reflecting on dropping one large air tanker (LAT) and adding additional SEAT's. Travis responded that the feedback so far is that field managers are very comfortable with this decision. He said that their federal counterparts have increased their LAT fleet, which has allowed ODF to feel even more comfortable with the agency's decision to reduce its fleet by one large airtanker, and bring on 3 additional SEAT's. In addition, nationally the existing federal LAT's were supplemented by MAFF's (Mobile Aerial Fire Fighting units), bringing the national fleet to approximately 40 – numbers that hadn't been seen since the large drop in airtankers in the early 2000's.

a. Future Fire Protection Division Work [Informational Item]

Travis Medema, Acting Chief of Fire, and Doug Decker, State Forester, presented the next agenda item. Travis said that a key topic that had moved through the 2015 legislative session was the idea of the 'new normal' in fire seasons. There was a strong commitment from the Governor's office and Legislative leadership to examine the system: does ODF have enough resources to meet the changing landscape of fire suppression? Creating a sustainable fire organization is becoming a key concern, and a topic that needs to be further vetted in the near future.

State Forester Doug Decker discussed timing of addressing the issues. There are near-term issues, particularly with regard to the insurance policy, as well as long-term business to determine what is a sustainable fire organization. At tomorrow's Board of Forestry meeting, he has asked Satish Upadhyay, Liz Dent and Peter Daugherty to discuss the impacts this past season (as well as 2013 and 2014) have had on their respective divisions. This last month has been very challenging for everyone in the agency. There has been a significant focus on the fire program's needs during the past three fire seasons, but there has been a failure to capture the needs of other divisions within the agency. State Forester Decker said that this recognition will help set the table for discussion, but that it will take a long time to resolve this issue. He pointed out the presence of the Secretary of State's audit's division who

has been doing performance audits and can perhaps help the agency identify opportunities to limit fire season impacts on the organization. He stated that 'the agency must get their arms around this [issue of sustainability]'. People are tired, both physically and emotionally, throughout the agency.

State Forester Decker noted that attention also needs to be paid to financial issues. By the close of the Legislative session, there was good alignment from Legislators including Senator Devlin and Representative Rayfield on a path forward looking at something other than just the state's ending balance to manage the financial challenges posed by expensive fire seasons – to look for a funding backstop that might include an array of insurance products, with an eye to landowner equity. There was no Legislative note or bill on fire funding, but there was agreement that after fire season ends the financial backstop issue would be picked up. Since then, there have been key changes: Rep. Rayfield was asked to co-chair a different committee – he took on the public safety committee as a Ways and Means sub-committee chair. He retains interest in the fire funding issue but won't lead that discussion. State Forester Decker noted that the agency wants to lead this discussion, but that there will need to be Legislative anchor points when policy and legal framework change discussions occur. He emphasized that ODF and the Board of Forestry has to own this process. State Forester Decker has meetings set-up with Speaker Kotek and Senator Devlin to talk through the process and leadership role with them. It's important that the right balance is found between Legislative and ODF roles in the process. The Governor's office has offered strong support of the process. The agency has been working on scope of work: what are the key questions that need to be addressed. He has talked with Chair Cummings about the EFCC role, and will visit with the Board of Forestry tomorrow regarding their role. This is being done with an eye towards the February 2016 Legislative session, in case there are short-term solutions developed.

Chair Cummings said that the EFCC is in firm agreement for developing a funding backstop, and will remain engaged throughout the process. He stated that he has asked Pete Sikora to help him stay engaged in this process as it goes forward. He expressed his appreciation of the work of the agency in 2015 throughout the state – in his 38-year career he has never seen so much effort by the agency working on behalf of forest landowners as he did this past season. Chair Cummings also mentioned there may be a gap between both the public and landowners' knowledge of how involved ODF is on the landowner's behalf and what ODF has been doing to make improvements to various processes. He personally recognizes the active steps that ODF has been taking. Chair Cummings pointed out the importance that landowners stay at the table and are recognized by the Legislature for their role and their investments. Their input must be taken seriously and validated as much as possible by the Legislature. State Forester Decker agreed – the system is not broken, but is remarkably effective. How can we build on that to make it sustainable? Pete Sikora agreed, noting that this is a great message with which to begin. People reading the headlines might think that fire funding is broken, but that those by-lines refer to federal lands – the message is 180 degrees different for state and private forestland in Oregon. State Forester Decker hopes that ODF is recognized as a partner that honors the value of landowners in the system.

Mike Dykzeul brought up HB 2501, which beginning in 2016 requires documentation of losses on 1,000 acres and larger fires. He noted that the OFIC Forest Management Policy Committee, currently chaired by Jake Gibbs, has asked him to provide input on the process, ensuring that the message of fire losses isn't overshadowed by discussion of the cost of fire suppression to ensure that information on losses due to fire are adequately captured. Mike has drafted a form that he will share that provides that information.

ITEM 8: 2013 FIRE SEASON (FY 2014) AUDIT REPORT [*Decision Item*]

Tim Keith presented the audit report for fiscal year 2014 (fire season 2013). He noted that not all fires and bills are paid yet – primarily on Southwest Oregon's Big Windy and Central Oregon's Government Flats and GC Complex fires – but that the end is in sight. The total claim to the OFLPF was \$126,489,430.17, with an expected reimbursement from FEMA of \$43,316,069. The districts audited were Central Oregon, Douglas FPA, Klamath-Lake, Northeast Oregon, and Southwest Oregon.

Tim reported that the audits were done concurrently with representatives of the insurance policy underwriters: David Logan, General Adjuster with McLaren's, and Katharyn Thompson or Samantha Duncan, forensic accountants with RGL. All in all, he reported that the audits were good, despite the costly fire season. He then briefly worked through the statewide payment reversals that occurred; in general they were due to poor initial documentation, inaccurate/inconsistent interpretation of rules, and/or various other reasons. The audit report lists the incorrect deductions, why the costs were reversed back to the districts, and suggestions on how to avoid similar future mistakes.

Lee Fledderjohann asked for clarification on what happens once EFCC reverses a cost back to the district. Tim answered that once the cost goes back to the district, it is up to the district to either pursue cost recovery actions from

responsible parties, or decide to 'eat the cost'. Lee stated that the audit seems to provide a good opportunity for districts to avoid future mistakes/issues. Tim agreed: pointing out that all district protection personnel are encouraged to attend the audits to provide a forum for better understanding the large fire funding system.

Below is the audit summary table:

District	Identified Issue	Deduction	Total Reversed Charges
COD	Personnel Charges	\$9,969.17	\$10,519.48
	Support Costs	\$76.30	
	Contract Crews Overpayment	\$390.00	
	Bottle Deposit Fees	\$84.01	
DFPA	Personnel Charges	\$1,650.04	\$3,505.61
	Equipment Charges	\$153.90	
	Non-Consumable Supplies	\$1,701.67	
K-L	No Audit Findings Identified	\$0.0	\$0.00
NEO	No Audit Findings Identified	\$0.0	\$0.00
SWO	Personnel Charges	\$1,179.25	\$2,945.21
	Equipment Charges	\$816.20	
	Support Costs	\$239.22	
	Helicopter Deductible Cost	\$422.50	
	Non-Consumable	\$158.44	
	Bottle Deposit Fees	\$129.60	
Statewide Total of Reversed Charges			\$16,970.30

Tim pointed out that the Wildfire Protection Act is truly making a difference in the field – suppressing a number of fires at a small size and preventing additional suppression costs. In addition, the value of Oregon's complete and coordinated system – particularly the contributions of Oregon's landowners – is apparent when he worked in another state where that participation is non-existent. Tim concluded the audit report pointing out that the total statewide reversed charges -- \$16,970.30 – is remarkably low considering that gross suppression costs exceeded \$126 million. He recommended that the committee approve the audit for FY 2014 – fire season 2013. The committee unanimously approved the audit report.

Travis Medema reported the next steps for implementing the audit findings. He pointed out that the agency's fire finance committee will emphasize the issues, trainings at district levels will occur, and break-out sessions at incident management team training all will provide excellent venues for educating financial personnel to minimize future mistakes. The agency takes these findings very seriously – it's an important aspect of continuous improvement. Chair Cummings added that David Logan, the insurance adjuster, told him on a fire tour of Stouts Creek that he would tell anybody that there is nobody that does it better than ODF. He said that this is the kind of thing people need to hear.

ITEM 9: EFCC ADMINISTRATOR REPORT

Tim Keith said he had nothing additional to report at this time.

ITEM 10: PUBLIC COMMENT/GOOD OF THE ORDER

Chair Cummings shared a copy of an editorial from the Oregon Fish and Wildlife Journal on page 5 that had erroneous information about Oregon's fire protection system. He has been trying to catch up with the editor for a couple of weeks to correct the impression she has. He requested that if anyone comes across publications that deal with information involving ODF and topics that the committee handles, please let Ken know, particularly if the information is not accurate. He will then follow-up as needed.

There being no further business before the committee, Chair Cummings adjourned the meeting at 12:00 p.m.

The next regular meeting of the committee will be held on Tuesday, January 05, 2016, at 10:00 a.m. in the Santiam Room of the State Forester's Headquarters in Salem.