ODF Large Fire Funding Information

Large Fire Funding Work Group
January 7, 2016
Evolution of Funding

1930 – EFC Fund created
1946 – EFC Fund created (administered by OFFA)
1953 – Forest EFC Account (authorized by Board)
1959 – Eastside EFC Account
1969 – OFLPF
1989 – Significant changes (result of 1986-88 fire seasons)
2005 – HB 2327 (result of 2001-02 seasons)
2013 – WPA passed

Large Fire Funding Timeline
Large-Fire Funding Summary

**EFCC:**
- Provides oversight and direction for OFLPF
- Administrative rule promulgation authority
- Establishes guidelines for eligibility of firefighting costs
- Approves district audits

**Insurance:**
- Insurance first purchased by OFFA from 1936 - 1945
- OFLPF insured fund all but two years since 1973
- Consecutive full loss claims for 2013 and 2014 seasons
- Result:
  - $25 million policy
  - $50 million deductible (up from $20 million)
  - $3.75 million premium (+ taxes & fees)
Number of Fires and Acres Burned

Oregon Department of Forestry
Number of Fires and Agency-Protected Acres Burned 1955-2015
ODF Fire Intel 11/24/2015
Insurance Policy

Wildfire Funding Framework

$25 M
Insurance Policy

$30 M
State of Oregon

$20 M
Shared
GF & OFLPF

GF- 1.85M
OFLPF- 1.85 M

Insurance Deductible
$50 Million total

Statewide Severity

Severity $5 million
GF and OFLPF

Base
$48 Million

Base Level of Fire Protection
“The Fire Department”
GF / Private Landowner and Public Lands Assessments

* OFLPF- Oregon Forest Land Protection Fund
30-Year Averages

Oregon Department of Forestry
Number of Fires and Agency-Protected Acres Burned 1955-2015

1955-1985 Avg: 13,285 acres burned
1986-2015 Avg: 27,351 acres burned
ODF Large-Fire Costs

Large Fire Costs
Actual Gross Costs
ODF Fire Intel & EPCC 9/23/2015. Values are by Calendar Year, 10 Yr Avg from 2005-2014

Gross Costs
10-Yr Gross Costs Average

Millions


2013 Net: $74.3M
2014 Net: $47.2M
2015 YTD Net: $29.5M

*includes draft claims figures
U.S. Seasonal Drought Outlook
Drought Tendency During the Valid Period
Valid for June 7 - August 31, 2012
Released June 7, 2012

KEY:
- Drought to persist or intensify
- Drought ongoing, some improvement
- Drought likely to improve, impacts ease
- Drought development likely

Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Short-term events — such as individual storms — cannot be accurately forecast more than a few days in advance. Use caution for applications — such as crops — that can be affected by such events.

“Ongoing” drought areas are approximated from the Drought Monitor (D1 to D4 intensity). For weekly drought updates, see the latest U.S. Drought Monitor. NOTE: the green improvement areas imply at least a 1-category improvement in the Drought Monitor intensity levels, but do not necessarily imply drought elimination.
U.S. Seasonal Drought Outlook
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Drought Monitor
September 2015


Oregon’s Drought Council*
Drought Declaration Status
September 2015

Intensity:
- D0 - Abnormally Dry
- D1 - Moderate Drought
- D2 - Severe Drought
- D3 - Extreme Drought
- D4 - Exceptional Drought

Oregon Water Resources Dept.
Drought Map Sept 18, 2015
Wildfire Risk 2013-2015

Significant Wildland Fire Potential Outlook
July & August 2013

Significant Wildland Fire Potential Outlook
July & August 2014

Significant Wildland Fire Potential Outlook
July & August 2015

Above-normal significant wildland fire potential indicates a higher than usual likelihood that wildland fires will occur and/or become significant events. Wildland fires are likely expected to occur during forecasted normal conditions during the outlook period. Significant wildland fires are still possible but less likely than usual.
Oregon’s Wildfire Risk
**State of Oregon**
Fire Fighting Expense
Illustrative Examples for a Derivative / Parametric Policy*

*Examples do not represent actual options being pursued. Models presented are used only for obtaining initial availability and cost information. Interest in pursuing a derivative/parametric policy and actual options to be determined after obtaining initial availability and cost information.*

<table>
<thead>
<tr>
<th>Current</th>
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<th>Example 3</th>
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<td>Build Higher CAT Limit</td>
<td>Severity Funding**</td>
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**Assumptions**
- $50,000,000 deductible before CAT funding applies (Lloyd’s policy or derivative/parametric cover)
- Using Drought Index
- Other options and measurements/indexes can be considered after discovery of availability and cost

**Severity Funding** – Funds for early pre-staging of firefighting resources toward effort of reducing fire severity
Thank You