Sustainable Large Wildfire Funding Work Group

March 1, 2016

Co-Chairs’ Recommendations

- **Create a trust fund:**
  - Create a trust fund for the purpose of paying for the General Fund portion of emergency fire suppression cost: 50 percent of the statutorily defined $20 million, and the portion between $20 million and the $50 million of the insurance policy retention (deductible)
    - The trust fund would be constitutionally protected in order to prevent use of funds for other purposes
    - The trust fund balance would be limited to 150 percent of the total annual exposure of General Fund expenditures on emergency fire suppression costs
  - Payments to the fund could include:
    - General Fund portion of fire cost recovery on emergency fires – exclusive of receipts payable to FEMA and/or insurance underwriters
    - General Fund
    - Other funding sources:
      - Small portion of lottery receipts (one percent?)

- **Insurance:**
  - Continue purchase of catastrophic firefighting funding policy:
    - Seek to lower the $50 million retention (deductible) and policy premiums
      - Fund the gap between statutorily defined $20 million and the deductible total – currently $50 million – with trust fund monies
      - If trust fund monies are not available, the remainder would be the responsibility of the state (General Fund)
    - Consider raising the policy amount over $25 million
  - Consider weather parametric coverage:
    - Help fund the $20 to $50 million gap with a weather parametric policy
    - Severity – potential funding for Sustainable Fire Organization group recommendation to increase severity spending

- **OFLPF:**
  - Annual Expenditure Limit:
    - Remove insurance premium, strategic investments and administrative costs from the $13.5 million annual expenditure limit
    - Limit annual expenditure limit to $13 million: $10 million for suppression, $3 million for severity
      (NOTE: build-in flexibility for periodically increasing severity limits during severe drought periods, funded by weather parametric insurance)

- **Fund Limits:**
  - Adjust upper thresholds to prevent revenue to the fund shutting off at the current levels:
    - Recommend eliminating 50 percent/$22.5 million threshold
    - Consider adjusting 100 percent/$30 million threshold – potentially $40 million

Other Miscellaneous concepts co-chairs recommend be considered:

- Disconnect west side BLM lands from the OFLPF
- Increase assessments on unmanaged lands