Recommendation #1: Develop a Trust Fund to Pay for Large Fire Costs

1. Security – How to assure that funds are available when needed
   a. Constitutionally created
   b. Statutorily created
   i) “Color of money” - GF revenue may be less secure
   ii) Clear legislative intent
   iii) Super majority requirement to reallocate funds
   iv) Flexibility could be a trade off

2. Purpose/uses of Trust Fund
   a. Narrow purpose – fund limited to ODF large fire funding system
      i) Option A: Costs between the first $20 million shared deductible and the insurance policy (from $20 million to $50 million)
      ii) Option B: Option A plus the costs beyond all the planned funding levels
      iii) Option C: Include the $10 million GF for the shared level (add-on to either Option A or B)
   b. Broader purposes for which the fund could be constructed
      i) Other fire-related work
         • Mitigation and/or fuel reduction work
         • Strategic investments – potentially as a cost share with OFLPF
      ii) Other agency fire costs
         • OSFM Mobilizations
         • Others (ODOT, OEM, OMD, etc.)
      iii) Other natural disasters – beyond fire

3. Revenue Sources
   a. General Fund funding options
      i) GF share of fire cost collections
      ii) Unexpended GF “appropriations”
         • Unutilized portion of severity (SPA) ($2 million)
         • Unutilized portion of shared large fire costs ($10 million)
      iii) Direct appropriations of GF to the Trust Fund
   b. Other funding options
      i) Lottery funds
      ii) Parametric insurance
      iii) Federal funds
         • BLM Contract modification to contribute an appropriate amount (case could be made that this contribution go to OFPLF)
         • Funds from other federal agencies or programs
iv) State lodging tax – some portion of available funds as this is re-structured
v) Fire insurance policy surcharge – additional research with OSFM suggested
vi) Higher hazard assessment (wildfire policy group is lead)
c. Other funding ideas discussed:
i) Watershed value
ii) Excess harvest & tax balance (beyond biennial projection)
iii) Gas tax as opportunity arises
iv) ATV fees
v) Other fees or surcharges (fire cause related)

4. **Fund Governance and Management** – Need to describe the structure and standards for administration of the Trust Fund
   a. Level of control
      i) State (Legislature or Emergency Board allocates)
      ii) Agency
      iii) Advisory Committee (such as EFCC)
   b. Criteria and standards for claims, audits and accessing funds
      i) Defer to EFCC claim and audit process for consistency and to reduce redundancy
      ii) Criteria or standards need to address the timeliness/urgency of funding need, i.e., ability to tap funds quickly to avoid cash flow issues, and avoid the need for loans and interest expense
   c. Fund Cap or Limits
      i) Consider a trigger level where funds become available for other uses, i.e., mitigation or strategic investments
      ii) Consider payout forecast process that can be used to determine availability of funds for other uses, or to adjust revenue flow into the fund
   d. Other fund governance considerations
      i) Constructed and administered in a way that doesn’t compromise FEMA eligibility
      ii) Flexibility to realize insurance product benefits (parametrics and catastrophic insurance)

**Recommendation #2: Continue to use Insurance as a Tool in Large Fire Funding**
1. Continue to purchase a catastrophic fire insurance policy
2. Continue to explore the feasibility of purchasing parametric insurance
   a. To pay for large fires directly or via the trust fund
   b. Severity

**Recommendation #3: Western OR BLM Protection Study equity of BLM contributions to large fire funding and costs expended on BLM lands and present alternatives to agency leaders**
1. EFCC and ODF jointly oversee study to review
   a. Equity of BLM contributions to large fire funding system
   b. Large fire suppression costs expended on BLM lands
2. Develop alternatives for review and consideration by agency leaders

Fire Program Review Committee, Large Fire Funding Work Group - May 13, 2016