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 on Tuesday, March 3, 2020.

**Committee Members Present**
Ken Cummings, Chair  
Steve Cafferata  
Chris Johnson  
Brennan Garrelts

**Others Present**
Nancy Hirsch, EFCC Administrator  
Tina Meyers, EFCC Finance Coordinator  
Peter Daugherty, State Forester  
Doug Grafe, Chief of Fire Protection, ODF  
Dave Larson, SWO District Forester  
Cindy Robert, Lobbyist  
Jim Carnegie, Retired, ODF  
Steve Wilson, North Cascade District Forester  
Dylan Sanders, Oregon Firefighting Contracting Association  
Neal Miller, Cost Recovery Specialist, ODF  
Jay Morey, Acting Fire Operations Manager, ODF  
Blake Ellis, Fire Operations Manager, ODF  
Dan McCarron, Chief Pilot, ODF  
Robert LeFebvre, Interim Assistant to NWO Area Director  
Jeff Bonebrake, Fire Investigator, ODF  
Joy Krawczyk, Public Affairs Program Manager, ODF  
Ron Graham, Deputy Chief of Fire Protection, ODF  
Tim Holschbach, Fire Prevention & Policy Manager, ODF  
Lee Lockrem, Willis Towers Watson  
Marie Hansen-Wargnier, Oregon Department of Administrative Services (DAS) Risk  
Beth Kennedy, Willis Towers Watson  
Nick Yonker, Smoke Management Program Manager, ODF  
Neal Laugle, Aviation Unit Manager, ODF  
Kyle Williams, Director of Forest Protection, Oregon Forests & Industries Council (OFIC)  
Gary Springer, Retired  
Randy Hereford, Starker Forests  
Kathy Wells, Fire Finance, ODF  
Bobbi Doan, Public Affairs, ODF  
Constantine Severe, Governor’s Office Policy Advisor  
Chrystal Bader, Executive Support, ODF

**ITEM 1: CALL TO ORDER**
Chair Cummings called the meeting to order at 10:01 a.m. on Tuesday, March 3, 2020. Introductions were made around the table and the room. Chair Cummings reminded the committee and attendees that Brennan Garrelts’ appointment to the Emergency Fire Cost Committee was approved by the Board of Forestry at the January 8, 2020 meeting. Additionally, Chair Cummings reapppointment to the committee for another four years is up for approval at the Board of Forestry meeting tomorrow.

**ITEM 2: APPROVAL OF THE MINUTES OF THE JANUARY 7, 2020 COMMITTEE MEETING [Decision Item]**
No comments were made by committee members or attendees on the January 7, 2020 EFCC meeting minutes. A motion for approval was made by Steve Cafferata and seconded by Brennan Garrelts. All were in favor and none opposed. The minutes of the January 7, 2020 Emergency Fire Cost Committee meeting were unanimously approved.

State Forester Daugherty provided comments on the following topics:
- **Fire Finance Update** - The Oregon Department of Forestry (ODF) has entered a new phase in fire finance. The Governor’s Office and Legislature are now aware that the agency is carrying large fire costs as a debt while recovering costs from other agencies. They are also aware that cost will vary and could easily exceed $100M. The department is essentially acting like a bank for partner agencies, which is not likely to change in the near future. ODF will be expected to have financial oversight and accountability as a bank moving forward and will be subjected to major scrutiny. Governor Brown’s Financial Oversight
Team is monitoring the current financial situation and has hired a financial consultant, Macias Gini & O’Connell (MGO). MGO has prepared a plan of work for the agency with deliverables to be completed by June 30, 2020 and will ultimately provide a report to the legislature. MGO has found a lack of oversight and control by headquarters, noting specifically, the decentralization and inability to accurately forecast cash flows. MGO found that a lack of resources (personnel, etc.), training, and standardized processes, along with inconsistencies and inefficiencies in IT systems to all be contributing factors of the current financial issues and suggested greater utilization of the procurement system, Oregon Buys. MGO did notice improvements in cost share settlements and processing of claims and will review cost accounting in more detail to ensure standards are met. With regard to outstanding receivables, MGO noted that most of the hang-ups were around cost shares but that process is improving. ODF asked MGO to look more into corrections to receivables to see how the agency can receive reimbursements quicker.

- **Legislative Funding Requests** - There may be upcoming policy changes and the legislature expects ODF to have an implementation plan. There will be a request for additional capacity and there has been a funding request made for current cash flow. The agency is currently at 24% left of the General Fund (GF) appropriation for the remainder of the biennium and is expected to run out of the GF appropriation by mid-May. ODF has made a request for $31M for base budget to maintain core business as well as $700k for the MGO contract, and an additional $20M to the base budget to get through the 2020 fire season, assuming a mild fire season. There is an overall understanding with the legislature that ODF needs funding and this remains a high priority for the Governor. However, there is concern with the ability to access emergency fund dollars and there has been discussion in cost share settlements and processing of claims and will review cost accounting in more detail to ensure standards are met. With regard to outstanding receivables, MGO noted that most of the hang-ups were around cost shares but that process is improving. ODF asked MGO to look more into corrections to receivables to see how the agency can receive reimbursements quicker.

- **Wildfire Council** - The 2020 legislative session started with many bills, however, only the Governor’s wildfire bill has moved forward with a GF appropriation of $24.5M to ODF for additional positions and $21M for contracted work to reduce fire risk across all lands in Oregon. There is another bill related to the Memorandum of Understanding between timber and environmental groups that has moved through Ways and Means (W&M). This bill has funding for ODF work to implement some parts, including pesticide reporting. However, the request for additional funding for suppression capacity ($20M of GF), which includes all additional capacity identified through the Wildfire Council and other programs, remains to be seen. There is no funding for that in the Governor’s Wildfire bill, but, there’s still a lot of work left to be done this session.

Chair Cummings asked about the development of a white paper by ODF and the Oregon State Fire Marshal (OSFM) for briefing federal teams when helping with firefighting on ODF protected lands. Doug replied that the intent is to work with the Pacific Northwest Coordinating Group (PNWCG) on an in-briefing with external teams, when the time comes. Peter noted the continued work between Agency Administrators on both the state and federal level.

Steve Cafferata asked about ODF having to carry interest for the federal government on the Treasury loan. Peter replied that the GF has been paying that interest.

The committee reviewed the Financial Status of the Oregon Forest Land Protection Fund (OFLPF) for FY20. The report was based on January 31, 2020 financial reports.

- **Revenue**
  1. Total assessment increased about $7.28M from the last report; year to date collected assessments are $7,766,475, about 87% of total estimated assessments.
  2. The third quarter harvest tax payment was received in early February and was $647,037; YTD the collected harvest tax is $1,674,393, about 73% of the estimated amount.
  3. The estimated interest income has increased about $11K from the last report. Total interest earned is $213,219, about 54% of the estimated interest income.
  4. In addition there is an estimated FY17 reimbursement of overpayment of claims of about $79,057. The OFLPF obligation from FY17 is estimated at $5,720,943. There was an advanced of $5.8M so the estimated reimbursement to the fund is $79,057.

Total revenue YTD is $24,654,086. This includes the $15,000,000 repayment of the bridge loan made last June, 2019.

- **Expenditures**
1. The FY20 Payroll and Operating expense July 1, 2019 through June 30, 2020 is estimated at $120K. YTD actual total is approximately $80k with 58% of the year elapsed.
2. For FY20, the estimated insurance premium for fire season 2020 is $1.9M, half of the premium estimate total of $3.8M.
3. Severity transfers out of the fund for FY19 occurred in July, August and September and totaled $3M.
4. The estimated FY20 uncommitted amount for additional costs for large fires, operations, the insurance premium or strategic investments, are yet to be determined. The amount available before reaching the expenditure $13.5M cap is estimated to be a little over $1.5M.

Claims for FY 2020 (2019 fire season) are currently showing $13,782,864, which does not include advances that were made. That is up about $470k from the last report in January due to claim updates and review. OFLPF’s half of that amount is $6,891,432. Of that, $6.5M was advanced to DFPA leaving an estimate of approximately $400K as the balance of the FY20 claims.

The estimated fund balance on January 31, 2020 was $16,225,236. The estimated fund balance on June 30, 2020 is $14,272,753, based on the assumption that the expenditure cap of $13.5M will be spent from the fund and estimated revenue will be received.

Current Fund Balance

$16,225,236

ITEM 4: WEATHER UPDATE [Information Item]

Nick Yonker provided the weather update for March 3, 2020. Bottom line: Oregon is currently in a weak El Niño but will shift to neutral throughout the winter with a wide variety of conditions. Equal chances of precipitation with weak signal toward above normal temperatures through summer. Signals are generally not clear but snowpack has improved. Nick forecasts a normal to possibly above normal fire season for 2020.

ITEM 5: UPDATE ON STATUS OF LARGE FIRE COST COLLECTION EFFORTS [Information Item]

Tim Holschbach welcomed Neal Miller as Cost Recovery Specialist to assist with cost collections. Tim also noted that this document has changed a bit after discussion with DOJ in that open investigations are not subject to the public records law. Tim asked if this format was useful and beneficial to the committee. No comment from committee members.

Jeff Bonebrake provided the report on the status of Large Fire Cost Collections to date. The agency continues to make progress on cost collection for smaller fires. Of special note, the 2500 Road fire has been unique, bouncing back and forth from investigation to litigation status. Negotiations are ongoing and it is likely to go to mediation in the near future. Rogue River Trailer will be closed as the responsible party is deceased.

Brennan Garrelts asked about the partnership with BLM with regard to cost collections. Jeff responded that BLM has been responsive with regard to cost collections, however, the new agreement is causing extra work.

Steve Cafferata asked about limited assets and minimum required property damage on vehicle insurance. Jeff replied that all that can be recovered currently is the minimum $25k policy limits. This also includes home insurance. Steve suggested a change to the minimum required liability limits should be sought.

ITEM 6: INSURANCE POLICY FOR 2020 FIRE SEASON [Decision Item]

Marie Hansen-Wargnier opened this discussion noting conversations have occurred with 13 underwriters in London over two days in early February. General market indications are that there’s still a lot of hardening that is happening. Market conditions are affecting the policy rates.

Lee Lockrem noted that right now, the policy is completed up to 88.1% in the London market for a $25M policy with a $50 M retention. They are also working to secure in the US market with 3% in Swiss Re and are still working on Bermuda. The worst case scenario is a premium of $3.975M. However, there is much negotiation still to occur prior to April 15, 2020. The maximum increase to the premium would be 8%. The new BLM agreement helped in reducing ODF’s financial risk as well as time spent on subrogation. If the policy limit is reduced to $20M, keeping the $50M retention, the premium would be reduced to $3.5M. For a $25M policy with an increased $55M retention, the premium is $3.55M. For an increased $60M retention with a $25M policy limit, the premium is $3.2M. Lee noted that it is still too close to loss years but as time goes on, we will see improvement. However, overall, this is still way below the current market trend.

Nancy asked about taxes and fees. Lee responded that Swiss Re has no taxes or fees. Bermuda has a separate insurance premium tax. Lee will include these in the formal proposal with no changes in coverages.

Ken noted there is a clear understanding that the rates will go up with the legislature/Tri-Chairs. The committee agreed to reassess the approval of the policy if the final numbers come back over $4M, not including taxes.
A motion to recommend approval to purchase the insurance policy for the 2020 fire season as long as it is at or below $4m excluding taxes was made by Brennan Garrelts and seconded by Steve Cafferata. All approved, none opposed.

ITEM 7: DETERMINE UNENCUMBERED BALANCE OF OREGON FOREST LAND PROTECTION FUND AS OF FEBRUARY 16, 2020 [Decision Item]

Nancy noted that this committee is required by statute to certify the unencumbered balance of the OFLPF which triggers either the Department of Revenue to continue to collect revenue sources into the fund at the current rates or to reduce rates if the fund balance gets to $22.5M, the rates are cut in half. Rates would be shut off the following calendar year if the fund gets to $30M. As of February 16, 2020, the unencumbered balance is $16,962,775.20. Consistent with the fund balance report on operating costs to date, including estimates through February 16, there is an administration reduction of $86,212.50. For claims, there is an additional $79,057 anticipated from the FY17 (2016 fire season claim). These numbers are still fluid until claims are closed. For the 2019 fire season, costs went up slightly – expect to transfer $391,432 owed, and the reports reflect a new revenue balance of $17M. This requires a certification by the committee of the fund balance as of February 16, 2020 in the amount of $16,564,187.70.

A motion was made by Steve Cafferata and seconded by Brennan Garrelts. All were in favor, none opposed and the motion passed to certify the fund balance in the amount of $16,564,187.70.

ITEM 8: FIRE DIVISION REPORT [Information Items]

- Status of legislature funding requests and plan for funding 2020 fire season
  See State Forester comments above.

- Wildfire Council and legislative session
  See State Forester comments above.

- BLM Western Oregon Agreement
  Doug Grafe noted that the BLM has received letters from the intertribal timber council, the congressional delegation, and the Governor’s office to maintain the longstanding relationship with ODF in fire protection and to pay outstanding invoices and halt removal of acres from the protection system (base-level, not large fire). ODF proposed an appropriation of $10M for base funding for BLM, outside of their existing budgets. Long-term, ODF and others continue to raise awareness on this topic. This will continue to be long road in sustaining this effort. ODF is in a good place with BLM now and moving forward.

- Fire season severity plan (Ron)
  Ron Graham provided this report stating that ODF will continue to move the resources we have but is not contracting a Type 2 helicopter for NWOA, though we can add a Call-When-Needed (CWN) contract if needed for certain areas. Therefore, the Division is taking a status quo approach to the severity plan for the 2020 fire season. Doug Grafe added that the 2019 fire season ended in September so some expense was saved there. The current funding for severity is $4M for the biennium. ODF has met with the Tri-Chairs of Ways and Means who agreed that funding should not be reduced for severity resources.

  Neal Laugle reported that longtime vendors will be returning for the 2020 fire season. This year is the last year for the large air tanker. There is currently a request out for Next Generation (Next Gen) air tankers (beginning in 2021). There is still access to the USFS large air tanker. BLM is using SEATS but have taken a large reduction in funding. There has been continued success with testing of night time flying of SEATS with new infrared technology and night vision goggles. Currently, ODF is looking at opportunities for night flying with helicopters, but that will depend upon funding. The partnership with USFS in John Day for a SEAT was cancelled and the USFS will not continue staffing that base. ODF is currently working with local agencies to develop new partnerships to continue use of that base.

- Strategic Investments financial and status reports
  Tina provided the Strategic Investments financial report, based on January 31, 2020 financial reports noting no big change in the balance. The Klamath-Lake District amount reported as an expenditure on the last report should have been $41k. With regard to the aerial IR project, there was an increase in the amount of $36k spent in January. The projected balance is $4k less than from the last report. The total amount spent for strategic investments since the 2017 transfer of OFLPF funds is $1,072,882.86, with a remaining balance of $427,117.14 for completion of approved projects.

  Ron Graham reported on the status of the strategic investment projects as follows:

  o Five of the six requested EOA detection cameras have been completed with the sixth camera for Walker Range completed, however, no strategic investment funds were needed or used for that project. This is something that will need to be reviewed by the committee for next time – what to do with unused SI funds. Steve Cafferata asked about the reallocation of money-what is the timing, if approved could an additional camera be deployed in COD before fire season? Ron said depending on timing that could be an option but we will need to discuss the process with the committee.
South Cascade fire communications project had more expenditures and more parts needed to be purchased. This should be reflected in the next report. The district is working with radio communications but due to limited staffing, this may not be fully implemented until the 2021 fire season.

Neal Laugle presented pictures of the current progress on the Partenavia with regard to infrared technology. Installation is on track to be completed in March. Flight testing will begin at the end of March or early April and the system will be ready to deploy for the 2020 fire season.

**FEMA update**

Ron Graham provided the FEMA report noting that he and Nancy will review a new format. Since the last EFCC meeting, the Milepost 97 cost share has been reconciled with BLM and BLM has been invoiced and ODF is moving forward with FEMA. Two-thirds of the FEMA cost shares since 2013 are with other agencies, which makes them more complicated. FEMA money that is received in prepositioning claims is tied to severity resources. The $5M claim on the Stouts fire is completed and ODF is currently waiting on payment of five suppression claims. Ron also mentioned how the relationship between ODF and FEMA has improved.

Nancy Hirsch noted that relating to severity resources, the Fire Finance Unit has been diligent in reconciling severity costs. She commended Stacy Miller and her team for their work. A severity resource financial plan will be added to the Fire Division report at the June EFCC meeting.

Brennan Garrelts asked about the streamline approach being national. Ron replied that FEMA is interested in streamlining nationally but recognizes the uniqueness of the states.

**ODF Incident Management Teams (IMTs)**

Ron Graham reported that the ODF Geoboard report was provided, with recommendations, to Chief Grafe, who will be sending out broad communication this week. The goal of the review was to determine the future of ODF IMTs. ODF wants to continue the current model with three ODF IMTs. Throughout this review, there was a lot of stakeholder/landowner input. The challenge is that the agency will have to modify its approach to sustain three IMTs and to determine where to get IMT members. The preference is to stay ODF-centric, but there will be a need to look outside to other fire service partners for non-fire operation roles on the teams. Doug will ensure EFCC involvement.

Chair Cummings asked about the finance team conversation, whether that occurred. Doug replied that it had not.

**ITEM 11: EFCC ADMINISTRATOR REPORT [Information Item]**

Nancy provided the EFCC Administrator report highlighting the following:

- Review of the Guidelines for eligibility for large fires – current plan is to bring this forward at the June meeting but she has discussed with Chair Cummings calling a special meeting to consider the proposed changes in early May by phone. A review and update of these guidelines will help minimize audit corrections. Nancy would like to convene a full review group in June. It will be important to have one committee member on the review group. This review would be comprised of four meetings starting late June through the end of the year. The committee was supportive in moving forward with a May meeting.
- Reminder that Incident finance training is coming up in May.
- Nancy has also been working on refreshing the committee orientation notebook for new members.

**ITEM 10: PUBLIC COMMENT / GOOD OF THE ORDER**

There being no further business before the committee, Chair Cummings adjourned the meeting at 12:27 p.m. The next regular meeting of the committee will be held at 10:00 a.m. on **Tuesday, June 2, 2020** in the Santiam Room of the State Forester’s Headquarters in Salem.

Minutes drafted by: Chrystal Bader
Minutes reviewed by: Nancy Hirsch & Steve Cafferata