EMERGENCY FIRE COST COMMITTEE
June 2, 2020

In accordance with the provisions of ORS 477.455, a meeting of the Emergency Fire Cost Committee (EFCC) was held via Zoom Video Conferencing on Tuesday, June 2, 2020.

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

Others Present
Nancy Hirsch, EFCC Administrator
Tina Meyers, EFCC Finance Coordinator
Lena Tucker, Deputy Director for Operations, ODF
Bill Herber, Deputy Director for Administration, ODF
Doug Grafe, Chief of Fire Protection, ODF
Ron Graham, Deputy Chief of Fire Protection, ODF
Dave Lorenz, SOA Director
Jamie Paul, Assistant to the EOA Director, ODF
Dave Larson, SWO District Forester
Joe Hessel, NEO District Forester, ODF
Pat Skrip, DFPA District Manager, ODF
Mike Totey, West Oregon District Forester, ODF
Jacqueline Carter, Internal Auditor, ODF
Joy Krawczyk, Public Affairs Program Director, ODF
Neal Miller, Cost Recovery Specialist, ODF
Jeff Bonebrake, Fire Investigator, ODF
Tim Holschbach, Fire Prevention & Policy Manager, ODF
Marie Hansen-Wargnier, Oregon Department of Administrative Services (DAS) Risk
Todd Scharff, DAS Risk
Lindsay Cunningham, Willis Towers Watson
Beth Kennedy, Willis Towers Watson
Nick Yonker, Smoke Management Program Manager, ODF
Sarah Lathrop, Aviation Coordinator, ODF
Kathy Wells, Fire Finance, ODF
Stacy Miller, Fire Finance, ODF
Sharro Pyle, Fire Finance, ODF
Sherry Rose, Fire Finance, ODF
Sarah Longwell, Finance, ODF
Mark Hubbard, Finance Director, ODF
Chrystal Bader, Executive Support, ODF
Shauna Morris, Administrative Support, ODF
Matt Stayner, LFO
Renee Klein, CFO
Kyle Williams, Director of Forest Protection, Oregon Forests & Industries Council (OFIC)
Mike Eliasen, General Counsel, OFIC
Cindy Robert, Hancock Forest Management
Kylie Grunow, Lobbyist
Gary Springer, Retired
Randy Hereford, Starker Forests
Jim Carnegie, Retired, ODF

ITEM 1: CALL TO ORDER
Chair Cummings called the meeting to order at 10:00 a.m. on Tuesday, June 2, 2020. All Committee members were present via Zoom video and there was a quorum.

ITEM 2: APPROVAL OF THE MINUTES OF THE MARCH 3, 2020 COMMITTEE MEETING [Decision Item]
No comments were made by committee members or attendees on the March 3, 2020 EFCC meeting minutes. A motion for approval was made by Brennan Garrelts and seconded by Steve Cafferata. All were in favor and none opposed. The minutes of the March 3, 2020 Emergency Fire Cost Committee meeting were unanimously approved.

ITEM 3: FINANCIAL STATUS OF THE OREGON FOREST LAND PROTECTION FUND [Information Item]
The committee reviewed the Financial Status of the Oregon Forest Land Protection Fund (OFLPF) for FY20. The last report to the committee in March was based on January 31, 2020 financial reports. This report is based on April 30, 2020 financial reports.

Under Estimated Revenue or Transfer in referring to line on the report:

2. Actual assessments YTD received is $9,119,909.
3. Harvest Tax YTD received was $1,674,393.
4. Estimated interest revenue is down due to the decrease in interest rates and is now $337,398. Actual interested received YTD is $298,482.
5. For previous FY17, $79,057 is showing as estimated revenue due to an advance payment made that was more than the fund obligation.

Total actual revenue YTD is $26,092,785.

Under Estimated Expenditures/Transfers out:

2. Estimated FY20 payroll and operating expenses July 1, 2019 through June 30, 2020 increased to $150,000. YTD actual operating expenses are $123,197 with two months remaining in the fiscal year. The passing of SB 1049, effective January 1, 2020, caused an increase to payroll expenditures, with the agency paying the employer’s portion of the unfunded PERS liability. That portion is currently 27.3% of retiree’s subject salary.
4. Estimated OFLPF’s portion of the catastrophic insurance premium for fire season 2020 is $2,000,239.
5. Severity transfers for FY20 total $3,000,000.
6. Amount available for additional costs (large fires, operations, strategic investments) and within the expenditure cap is $1,423,841.

Under Fire Season 2019 claims updates, the OFLPF fund obligation is now estimated at $6,925,920. The estimated fund balance on April 30, 2020 was $17,663,935. The estimated fund balance on June 30, 2020 is $14,218,016, based on the assumption that the expenditure cap of $13.5M will be expended from the fund.

| Current Fund Balance | $17,663,935 |

**ITEM 4: WEATHER UPDATE [Information Item]**

Nick Yonker provided the weather update for June 2, 2020. Bottom line: Oregon is currently in a weak El Niño but will shift to neutral starting this summer and into the fall. Drought and early snowmelt are leading to drier summer conditions in most areas. Nick expects a likely above-normal fire season for most of the state with the possible exception of Northeast Oregon.

**Insurance update**

Chair Cummings moved to the topic of insurance on the meeting agenda as Department of Administrative Services (DAS) Risk Consultants and Willis Towers Watson representatives were attending the meeting. Marie Hansen-Wargnier reported that the Lloyd’s of London Fire Fighting Expense policy has been signed for the 2020 fire season. That being said, some fallouts in the insurance marketplace are to be expected, however there is uncertainty on what effect, if any, it will have on the policy.

Todd Scharff will be taking over for Marie at DAS Risk and will be looking for other plans and options for next year.

Lindsay Cunningham, Willis Towers Watson, added that there are unprecedented conditions in the market place, not specific to the fire insurance policy and it will be critical to stay in constant communication with DAS Risk.

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

Jeff Bonebrake provided the report on the status of Large Fire Cost Collections to date noting there are currently many negotiations in progress. Recently settled claims include Ramsey Canyon for $3M (of our $4M claim). Jeff added that there has been a good partnership with the federal government on this cost collection. ODF opted for less money for mitigation measures and stuck to a cash settlement. The 2500 Road fire settled through mediation for $700k, a little over 50%. This claim also includes a piece for DAS in the amount of $5k.

Steve Cafferata asked about the money received on closed fires, whether any of that money is coming to the OFLPF. Jeff replied that most recovered costs are General Fund dollars. Doug Grafe explained that it depends on where the net costs fall, based upon final cost reconciliation. There is still work to do on the 2015 fire season forward. There was one new FEMA claim for 2014 discovered this year and it will be recovered eventually.

Chair Cummings asked if once settled whether the payments are on a set schedule. Jeff noted that most are on a payment schedule but some are also restitution. Chair Cummings suggested reframing the report to show the total amount outstanding to be received.
Nancy Hirsch added that Ramsey Canyon reimbursements would go 100% to the General Fund. The 2500 Road fire cost recovery will return to the Oregon Forest Land Protection Fund.

**ITEM 6: FORESTLAND CLASSIFICATION STATUS REPORT [Informational Item]**

Tim Holschbach provided some background on forestland classification in Oregon in that it begins with the counties and much of the work ODF does is in tandem with the counties. Recent updates include Lane (2016), Yamhill (2018), and Deschutes (2019) Counties. Jackson and Josephine Counties are currently in progress. ODF and those counties are working together with a joint classification committee. Douglas County is also in process, however it is hard to determine when a classification review was last completed for the entire county as it is portioned out. Tillamook County was completed in spring 2020 and will be reflected in the NW Oregon Forest Patrol Assessment in FY21. Covid-19 has delayed work in Wasco and Hood River County. They will be resuming when they are able to meet in person again. Many adjustments to the baseline budgets are reflected most accurately in the fiscal budgets.

Steve asked about the status of Linn County. Tim replied that it is also currently in process.

Chair Cummings noted, looking at the map, it appears there is approximately 75% forestland classification completed in the state. He asked if there was any update on full completion. Tim replied that since it’s a county-led process, they have to be educated first. It’s also resource-driven. Northwest Oregon is especially difficult due to the size of some of the counties within that area.

Nancy and Tim are working to get a more detailed report to more precisely reflect where changes are occurring.

**ITEM 7: ELIGIBILITY DIRECTIVE REVIEW [Decision Item]**

Nancy reported that all EFCC members, ODF, CFO and LFO have reviewed the eligibility directive. There are some necessary minor changes that need to be made. Changes include improvements to efficiencies and business processes. Nancy worked very closely with Tina Meyer and Stacy Miller, ODF Fire Business Manager, and her staff to determine recommendations made that could be implemented on July 1.

Nancy explained that the proposed edits are shown in track changes. Some of these edits include a refresh of the name of the new BLM Operating Plan as well as references to name changes and positions in ODF. More edits include aligning what is currently being done in practice including cost share reconciliation and infrared technology. If changes are approved, the updated directive would take effect July 1, 2020. Nancy recommended that the committee approve the proposed changes in Attachment 1 along with adding a reference to the BLM Operating Plan.

Chair Cummings noted that it is important to review and refresh the directive to provide clarity around changes. Brennan noted that the changes proposed are prudent to help manage the Fund with the best interests for the fund, landowners and general public who pay into it.

Steve asked if the General Fund and Emergency Fund portions will be addressed. Doug Grafe noted that is what prompted outreach to CFO and LFO relative to consistent protocols as to what is eligible. Work to date had little implications but if it did have impacts, ODF will be closely aligned with CFO and LFO. Basically, the only changes were housekeeping with limited financial impacts.

Steve Cafferata made a motion to approve the proposed changes/edits to the EFCC Eligibility Directive. Brennan Garrelts seconded and the motion was approved. All were in favor, none opposed.

Nancy explained that after the approved changes are made, she will send a memo which will include reference to the newly adopted eligibility guidelines. District deductibles for a helicopter going into the next fiscal year will also be affirmed. There will also be a new matrix tool related to the directive which will be posted on ODF’s intranet.

**ITEM 9: FIRE DIVISION REPORT [Information Items]**

- **ODF Financial Report**

  Bill Herber, Deputy Director for Administration, ODF, provided the status of the finances within the department noting the consistent low cash reserves and the department is continually triaging expenditures to maintain some reserve. There is currently $30M of cash as we enter fire season but that’s with DAS currently assisting with employee payroll. The current model shows the agency will be struggling to meet minimal fire season obligations. The department will also struggle to pay timber harvest to counties in the fall. With regard to receivables, there is currently $58M outstanding with $56M in large fire costs to be received. The Emergency Fire Cost Committee is a valuable part of the mitigation strategy and ODF may be forced to request another loan, with more advanced notice this time, to pay for the 2020 fire season.
Chair Cummings asked if there was a date for the Treasury review. Bill replied that conversations are ongoing. Covid is of course providing a hindrance in meeting, and that there is no official date for the review. He added that it is extremely helpful to educate external parties on the complexity of fire finance in Oregon.

- **Wildfire Council, Legislative Session & E-board**

  Lena Tucker, Deputy Director for Operations at ODF reported on the June 2020 economic forecast related to the budget reduction exercise for state agencies. There is a projected $2.7 billion less in state revenues for this biennium, however, it is also projected that as Covid restrictions are lifted, the economy will have a strong initial rebound but may flatten after some time. Slower economic growth over the next year is also projected due to the general uncertainty of the virus.

  For ODF’s budget, there are General Fund shortfalls. The Governor’s office has asked agencies to prepare a 17% across-the-board allotment reduction. Lena added that the Legislature could convene a special session to address the budgetary issues and that they, unlike the Governor, have power to look at specific agencies. Legislative leadership and the Governor’s office are currently in discussions to address budgetary shortfall. If a special session is called, it would likely occur the third week of June, however there is no confirmation yet. For the next biennium, the department anticipates opportunity to adjust if something comes up in the next two months. The agency will also be presenting Policy Option Packages (POPs) at the Board of Forestry meeting tomorrow with the final budget to be brought before the Board in July. District fire protection budgets also go before the Board tomorrow.

  Doug Grafe provided an update on the Emergency Board which met a couple weeks ago. That committee allocated $1.6M towards fire season readiness for fire season 2020 in the context of Covid to ensure personal protective equipment (PPE) is procured. The agency’s POPs are consistent with the Wildfire Council’s work moving towards biennial budget development over the next few months.

- **BLM Western Oregon Agreement**

  Doug noted there is interest among both ODF and BLM to seek an updated agreement as we enter into the second year of the current plan. Specifically, BLM would like to review finances and cost recovery.

- **Fire Season Preparedness and Response Plan in Current Environment**

  Ron Graham thanked division staff, EFCC and the field on the work done on the fire season response plans related to Covid-19. For the last couple months, the division has been determining how to mitigate Covid-19 in the fire environment and keep our people safe. An Oregon plan has been created, based upon national plans, and will be changing as more information comes in. Local plans have also been completed. There is a separate plan for interagency teams and ODF IMTs. A Fire Camp Committee has also been formed with OSFM and OHA representation to determine best practices.

  Brennan asked if there are any specific lessons learned from SWO to date with regard to Covid response and initial attack. Ron reported that early guidance pushed towards less people in vehicles, generally. Cloth facemasks also caused some issues. The use of a module concept and keeping some folks together and others away to lessen spread, along with the need to clean and disinfect more. The division has reached a point of saturation with information so key points have been provided.

- **Fire Season Severity Plan**

  Sarah Lathrop, Aviation Coordinator at ODF, provided the severity plan update for the 2020 fire season noting exclusive use contracts have executed for fire season with one less Type 2 helicopter in Salem. This was not renewed due to budgetary constraints. This will also be the last year for the DC-7 air tanker in Medford.

- **Strategic Investments financial and status reports**

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

  - **Current status**
    - SWO & COD camera installation completed
    - Guard station in Troy completed
    - Remainder of approved projects are near completion
    - Infrared technology on ODF’s Partenavia has been impacted by Covid but is still on track to be available for fire season 2020. Sarah added that the FLIR sensor was installed last week and was tested. Interior cosmetic work and continued flight training with pilots will be conducted this week. During the first two weeks of June, there will be a remote joint training with FLIR. During the last two weeks of June, there will be a night vision goggles training refresher for pilots which will continue through summer.
    - An overview of the funds status and completed tasks since last the last update is also available online.
The Walker Range camera was completed with grant funds so the strategic investment funds for that project are still available and the department would like to reallocate those funds to a detection camera in Northeast Oregon, with approval from the Committee.

- Potential new projects, if money becomes available for strategic investments in the future: [Decision Item]
  - West Oregon District Toledo facility;
  - Eastern Oregon additional camera detection;
  - Eastern Oregon proposal for Type 3 incident support;
- Other proposals to be finalized include:
  - A Common Operating Plan (COP)/platform - Intterra Situation Analyst build-out and availability for field use, including stakeholders and landowners and tying in cameras to this system;
  - Update to West Oregon dispatch centers relative to technology;
  - Fire finance upgrades to tools and technology in collecting financial data for incidents to make audits easier.

The goal for the division is to have all proposals completed and provided to the committee for review at the September EFCC meeting.

The committee members discussed the reapportion of money to strategic investments and what the reasonable amount would be. Steve Cafferata recommended further review by committee members but supported the NEO reallocation. He also cautioned on the need for a potential loan to ODF. Eastern Oregon camera funds are already in the system. The committee discussed the potential to approve additional funds but as a placeholder now and then wait until the last date of June, with a motion to allocate up to a certain dollar amount for potential strategic investments.

Brennan Garrelts asked what the benefits are to determining the amount to earmark versus deferring to later. Nancy replied that it needs to be in this fiscal year and there needs to be a quorum of the committee which means a special public meeting.

Steve asked about using the money for a potential loan to ODF. Bill confirmed that ODF could access the cash in those accounts and the loan would be repaid on the same terms and conditions as the last loan to the department.

A motion was made by Steve Cafferata to reallocate funds from the Walker Range strategic investment project to the Mahogany Mountain camera detection system in Northeast Oregon. This motion was seconded by Brennan Garrelts. All approved; none opposed and the motion passed.

For FY20 a motion was made by Steve Cafferata, and modified by Ken Cummings: the EFCC directs the EFCC Administrator to move up to fifty percent (50%) of the remaining FY20 unencumbered OFLPF balance, within the $13.5 million cap, to the ODF cooperative fund on June 26, 2020. Consideration and approval of any new strategic investments will occur in a future EFCC regular or special meeting.

Brennan Garrelts seconded. All were in favor and none opposed and the motion was approved.

The Strategic Investments financial report is based on April 30, 2020 financials.

- **FEMA update** - deferred

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

Nancy provided the EFCC Administrator report highlighting the following:

- Audits were completed for the DFPA MP97 fire.
- There is a need to start releasing fire season cost estimates soon given the spring fire in SWO that has met the emergency fire cost criteria.
- Incident finance training was delivered virtually in May – good work by all.
- She is looking to September on how to do a more comprehensive review of the eligibility directive.

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

Cindy Roberts asked for confirmation on Strategic Investments decisions. It was confirmed that strategic investments decisions were made.

There being no further business before the committee, Chair Cummings adjourned the meeting at 12:30 p.m. The next regular meeting of the committee will be held at 10:00 a.m. on Tuesday, September 8, 2020 in the Santiam Room of the State Forester’s Headquarters in Salem.