

# EMERGENCY FIRE COST COMMITTEE

March 5, 2024

In accordance with the provisions of ORS 477.455, a meeting of the Emergency Fire Cost Committee (EFCC) was held in the Tillamook Room of the Oregon Department of Forestry Headquarters in Salem and via Zoom Video Conferencing on March 5, 2024.

## **Committee Members Present**

Brennan Garrelts, Chair  
Kathryn VanNatta  
Erik Lease (via Zoom)  
Chris Johnson (via Zoom)

## **Others Present** (in person)

Nancy Hirsch, EFCC Administrator  
Lorna Hobbs, EFCC Finance Coordinator  
Chrystal Bader, Executive Support, ODF  
Kristine Klossen, Administrative Support, ODF  
Mike Shaw, Deputy State Forester, ODF  
James Short, Chief Financial Officer, ODF  
Chris Cline, Acting Chief of Fire Protection, ODF  
Kiel Nairns, Fire Cost Recovery Specialist, ODF  
Levi Hopkins, Prevention & Policy Manager, Fire Protection, ODF  
Eric Kranzush, Giustina  
Kyle Williams, OFIC  
Blake Ellis, Fire Operations Manager, ODF  
Sarah Prout, State Aviation Coordinator, ODF

## **Others Present** (via Zoom)

Pat Skrip, Association Manager, DFPA  
Renaey Meyer, SCAS District Business Manager, ODF  
Rob Pentzer, COD District Forester, ODF  
Gina Miner, COD District Business Manager, ODF  
Jamie Paul, Detection Camera Coordinator, ODF  
Sione Filimoehala, Legislative Fiscal Office  
Boone Zimmerlee, EOA Protection Policy Coordinator, ODF  
April Ehrlich, reporter, OPB  
Dominique Ray, Office Manager, CFPA  
April McDonald, Legislative Fiscal Office  
Jerilee Johnson, Area Accountant, ODF  
Justin Hallet, EOA Assistant Area Director, ODF  
Todd Scharff, DAS Risk Management  
Shelby Berry, Admin Asst., Fire Protection, ODF  
TJ Ramos, Assistant SOA Director, ODF  
Robbie Lefebvre, Assistant NWOA Director, ODF  
Dan Goody, Astoria District Forester, ODF  
Susan Byrd, Umatilla County  
Mike Dykzeul, retired  
Randy Hereford, retired  
Callie Baker, Admin Specialist, ODF

## **ITEM 1: CALL TO ORDER, CHAIR COMMENTS AND INTRODUCTIONS**

Chair Garrelts called the meeting to order at 10:00 a.m. on Tuesday, March 5, 2024. He and committee member Kathryn VanNatta were present in the room. Committee members Chris Johnson and Erik Lease were present via Zoom video conference and there was a quorum.

Chair Garrelts provided comments on his reappointment as Chair of the Emergency Fire Cost Committee by the Board of Forestry at their January 6 meeting.

He then highlighted [HB 4133](#) which is the wildfire funding fix bill that came out of Senator Steiner's Fire Funding Workgroup, however, language in the bill did not convey the scope of the workgroup as proposed. Chair Garrelts hopes the bill receives bipartisan support so that it passes. He also mentioned Governor Kotek's letter of support, and his hope for the bill to receive bipartisan support so it passes.

## **ITEM 2: APPROVAL OF THE MINUTES OF THE JANUARY 2, 2024 EFCC MEETING** *[Decision Item]*

Committee member Erik Lease motioned to approve the [January 2, 2024 Emergency Fire Cost Committee meeting minutes](#) as emailed to committee members. Minor changes were made to attendees. There were no changes in administrative content. Kathryn VanNatta seconded the motion. All were in favor and none opposed and the motion passed unanimously.

## **ITEM 3: FINANCIAL STATUS OF OREGON FOREST LAND PROTECTION FUND** *[Information Item]*

The [financial status of the Oregon Forestland Protection Fund](#) was reported by Lorna Hobbs, EFCC Finance Coordinator and reviewed by the committee. This report covers the current fiscal year actual revenues and expenditures through January 31, 2024, and projected revenues and expenditures through the end of the fiscal year.

The beginning balance on July 1, 2023 was **\$12,029,626**.

On the report under estimated revenues/transfers in:

- Item #1: EFCC has been made aware of an issue with the department's direct bill system for county assessment revenues. A correction is being made and the correct assessment amounts will be reflected in the next report, in June. Lorna offered to send the committee an updated report once the corrections have been made.
- Item #2: Harvest tax revenues received to date total \$1,088,757. The two remaining payments for February and May will be reflected in the next report.
- Item #3: The current amount of interest received is \$256,528. The interest rate rose in February from 5% to 5.2%.

The total revenue as of January 31, 2024 is **\$10,651,192**.

On the report underestimated expenditures for FY24:

- Item #1: Payroll and operating expenses are still estimated at \$185,000 for FY24.
- Item #2: The OFLPF contribution of \$3M for FY24 severity costs was paid in January.
- Item #3: The reallocation of the \$100,873 received from Coos Forest Protective Association for the balance owed on their advance for fire season 2018.

For the 2023 fire season draft claims, the current estimated net claim total for FY24 is **\$35,705,177**.

\$10M was transferred to ODF for fire season 2023 in the form of advances or loans to Coos Forest Protective Association and Douglas Forest Protective Association.

Total expenditures to date total \$13,100,873, which includes the transfer of the payment from CFPA for FY19. Operating costs for the fiscal year will be transferred to the Department of Forestry in June.

***The fund balance as of January 31, 2024 was \$9,579,944 and the estimated balance on June 30, 2024 is \$10,691,859.***

There were no questions from committee members.

## **ITEM 4: INSURANCE POLICY** *[Discussion Item]*

Chair Garrelts opened this agenda item by providing some background on ORS 477.775 which requires an insurance policy recommendation to the State Forester. He then made a recommendation to not purchase the insurance policy for FY25 and then followed up by asking Todd Scharff, DAS Risk Manager, for his thoughts.

Todd explained that it is a tough insurance market; on top of that, Oregon lost the lead underwriter and there's no indication of a replacement. Regardless, there is no positive indication the insurance policy would not be able to get enough investors to cover the policy and the program. He added that nothing has changed since last year, but DAS has not reached out to Lloyd's to confirm that are no longer interested in insuring Oregon in a catastrophic wildfire policy.

Chair Garrelts mentioned the relationship between the agency, EFCC, and Lloyd's of London was wounded when the policy was not renewed last year and suggested DAS not reach out to Lloyd's right now.

Mike Shaw, Deputy State Forester, thanked the committee for the conversation on behalf of State Forester Mukumoto. He will take the committee's recommendation to not pursue the insurance policy back to the State Forester.

## **ITEM 5: WEATHER UPDATE** *[Information Item]*

Blake Ellis, Fire Operations Manager for ODF, provided the [weather update](#) noting the El Nino pattern weakens through the month of March then transitions to La Nina by early summer. Drought has decreased over western Oregon but increased in central and northeast Oregon. March is showing neutral temperatures and an increased chance of precipitation. March through May is showing a below-average chance of precipitation and above normal temperatures. Overall, fire season 2024 will be "normal" according to this data, however, Arizona, New Mexico, the Great Basin, and Texas are heating up.

Chair Garrelts commented on the seasonal temperature outlook for the Pacific Northwest being well above normal, combined with the potential lack of precipitation and expressed his concern for fire season, specifically related to fuels conditions.

Blake responded that May will be a more accurate indicator of what this fire season will look like. The agency is monitoring and preparing.

Chair Garrelts emphasized the importance of conveying this information to boots on the ground and the public prevention messaging this summer.

## **ITEM 6: UPDATE ON STATUS OF LARGE FIRE COST COLLECTION EFFORTS** *[Information Item]*

Kiel Nairns, Cost Collections Specialist for ODF, provided this update beginning with the first page of the [Fire Cost Collection Claim Status](#) sheet, which shows new cases added since the last report, which are highlighted in green.

- East Evans – missing from prior reports but agency is now receiving restitution payments.
- West Campbell – a new demand letter was sent; currently waiting on a response from the responsible party.
- Longview – a new demand letter was sent; currently waiting for a response from the responsible party.

Kiel noted that ODF is in communication with registered parties, lawyers, and insurance companies on several fires, and are working to identify the best path forward.

Also on the first page are fires in which the partial payments have been received through a payment plan or restitution. Over the last quarter, the agency has received \$3,581.60 in restitution payments and will be working with Revenue to identify default plans strive to get back on track or move to next steps.

### Closed fire cost collections:

- Twelvemile Road – paid (in full) in the amount of \$300k
- Days Coffee – paid (in full) in the amount of \$300k
- Fielder Creek – paid (in full) in the amount of \$300k.
- Kerby Ave, Dead Indian Memorial #3, Thompson Creek, and Hemlock fires were all written off.

### Significant fire investigations in progress or under DOJ review:

- Since the last EFCC meeting, only the Days Creek fire has been added to this list and is almost ready for a demand to be sent.

Kiel noted that general status updates have been provided next to each fire on the report.

There were no questions from committee members.

## **ITEM 7: DETERMINE UNENCUMBERED BALANCE OF OFLPF AS OF FEBRUARY 16, 2024** *[Decision Item]*

Nancy Hirsch opened this agenda item by reminding the committee that ORS 477.760 requires the Emergency Fire Cost Committee to determine if the [unencumbered balance of the Oregon Forestland Protection Fund](#) exceeds the reserve base of \$22.5M. The cash balance on February 16, 2024 was \$9,738,820.51 which is a reduction of \$93,888.61 in admin expenses not yet paid through February 16. No other adjustments were necessary which resulted in an unencumbered fund balance of \$9,644,931.90, which is well below \$22.5M reserve base. OFLPF assessments will continue consistent with law and recommended to the committee to certify the balance as presented.

Chris Johnson made a motion to approve the unencumbered balance as of February 16, 2024 as presented to the committee. Erik Lease seconded. All were in favor and none opposed and the motion passed unanimously.

## **ITEM 8: AGENCY / BUSINESS SERVICES REPORT** *[Information Item]*

Mike Shaw, Deputy State Forester, opened this agenda item noting he would be covering for State Forester Mukumoto who was unable to attend today due to a conflict. He then provided a few updates from the State Forester's Cabinet.

- HB 4133 (wildfire funding fix) continues to evolve rapidly.
  - This bill will affect some aspects of EFCC, however, the agency continues its commitment to maintain a relationship with the committee.
- Staff is currently working to prepare for the upcoming fire season.
- [ODF Financial Report](#)

James Short, Chief Financial Officer for ODF, provided the financial report for the agency noting the data he is reporting on is current as of February 14, 2024. He is covering this report for Tracy Wrolson who is attending a training today.

### *Account Balances:*

- ODF main cash account balance is \$33.1M.
- OFLPF cash account balance is \$9.7M.
- ODF's total cash balance is \$43.5M.
- General Fund availability of \$12M and total operating reserves of \$55M.

### *Accounts Receivable:*

Total outstanding amount is \$12M, which includes:

- \$12M outstanding in FEMA residential claims due from Oregon Department of Emergency Management (ODEM). Tracy Wrolson and finance staff are working with ODEM to receive the reimbursement by the end of the first quarter, however ODEM is going through some staff changes which is creating some delays. \$10M should be received within next month or two.
- \$461k in outstanding FEMA Management Assistance Grant (FMAG) claims have been invoiced with more expected as the agency processes additional claims.

### *Accounts Payable (AP) & Short-term liabilities:*

- \$2.2M total overall due
  - \$10M paid to DAS in January for risk charges and state government service charges for agency operations.

### *Short-term estimated cash revenue in through first quarter 2024:*

- \$12M from ODEM, as mentioned above.
- \$3M from the OFLPF portion of the severity claim.
- \$12M advance from fire season 2021 insurance claim to Lloyd's of London has been received. Waiting until cost shares and cost collections are complete and will revisit after the 2024 fire season.

- Legislative Session & ODF Agency Request Budget Status  
Agency Request Budget (ARB)

- Currently waiting to present ODF's Policy Option Packages (POP) and Legislative Concepts (LC) to the Board of Forestry (BOF)
- POPS have been submitted to the Department of Administrative Services (DAS) and the Governor's Office, however, the department is waiting to hear back, which hopefully will occur near the end of March.
- Unfortunately, the department is unable to share information on the LCs with the committee at this time.
- The new ARB process, implemented by the Governor's Office, rushes the agency's internal process and moves up the timeline for submission of the ARB to September 1, however, Board approval is needed prior to that time.

Chair Garrelts asked what the ramifications are of the new process for the agency relative to the scope of this committee.

James explained that generally, the process sets alignment between the ARB and Governor's Requested Budget (GRB), but it also creates challenges between Governor's Office and CFO as all programs agency-wide are affected, not just fire.

Chair Garrelts then asked if the new process would affect preparedness heading into fire season this year.

James responded no, because the agency is fully funded for this fire season and the new process doesn't apply until the 2025-27 biennium budget cycle.

Committee member Kathryn Van Natta asked to be kept updated on the status due to the new process and time crunch. She would also like to view the Policy Option Packages as they are made available to the public. Chair Garrelts asked James Short to share updates through Nancy Hirsch, EFCC Administrator.

Nancy provided an update on behalf of the EOA Assistant Area Director, Justin Hallet, on the status of the Strategic Investment projects noting the area is close to completion of the communications trailers. She offered to share additional information at the June EFCC meeting.

Chair Garrelts then commented that it is good to see SI funds being utilized. He then requested a more thorough update on implementation of these projects on the ground. He also noted that any progress updates are also appreciated.

Deputy State Forester, Mike Shaw provided additional comments on the new budget process stating all state agencies with a board or commission are affected by this. It will require more work up front with the Governor's Office to ensure alignment, but also creates issues with stakeholders who want to be involved development of the agency POPs.

- [Strategic Investments Financial Report](#)

James Short provided this report on behalf of ODF Fire Finance Unit Manager, Tracy Wrolson. He noted that this information is also available in the meeting handouts and the report is through February 14, 2024. The agency is close to completing fire season 2022.

The remaining project balance tied to the [2017 strategic investments](#) has been spent. This wraps up the 2017 SI project funds and this will be the last report on those dollars. The [2020 investment status reports](#) from the field are located at the bottom of that page in the report.

- [FEMA Update](#)

This update is based on numbers through February 14, 2024 since there has been little movement of dollars since that time. The agency is close to completion of processing claims through fire season 2022, besides last fire season's Golden incident.

*Open fire protection claims for fire seasons 2018 through 2023:*

- The balance of claims left to reconcile and send to FEMA totals approximately \$1.5M of which \$1.2M is tied to two cost shares for the Beachie Creek and Holiday Farm fires. Invoices were just received for these two fires from USFS and paid by ODF.
- Amanda Ogden is wrapping up these claims which will mean all suppression claims from past fire seasons have been sent to FEMA/ODEM for further processing.
- The remaining amount of \$300k is tied to administrative claims but suppression claims need to be submitted before the admin claims can be finalized.

- ODEM is on pace to send over \$10M to ODF in the next month or two which will put the agency in a really good place moving forward.
- Severity
  - \$3M from last fire season is tied to OFLPF allotment
  - Approximately \$400k GF allotment was carried over into this coming fire season
  - Finance Unit continues to work on a new budgeting process for Severity that is more transparent and accurate as well as more efficiencies and exact ways to track fire season estimates and expenditures.

## ITEM 9: PROTECTION DIVISION REPORT *[Information Item]*

Chris Cline, Interim Chief of Fire Protection, provided the Fire Protection Division report on behalf of Deputy Chief Ron Graham.

- BLM Western Oregon Agreement

There are four months remaining in the current 5- year BLM Agreement. The department met with BLM last week for an after action review (AAR) of the current Western Oregon Operating Plan (WOOP). With CFPA and DFPA now parties to the WOOP, they bring value to the process. Amiable discussions continue and Chris is optimistic both agencies can work through the process. ODF has submitted its requests for updates to the future agreement and hope to have a new, approved, and signed contract by the end of June. In his current role, Chris hopes to bring field experience and diplomacy to this process and will strive to strengthen the agency's relationship with BLM into the future.

Mike Shaw noted the current challenges with the cost of fire protection in Oregon. The passage of HB 4133 would be recognition that the Headquarter Services budget, including what is provided through Salem and the Admin Pro Rate to landowners, would be a General Fund reduction of costs to BLM and other public landowners. The services provided at the statewide level versus district base rate will be beneficial in maintaining ODF's longstanding relationship with BLM.

Chair Garrelts added that he has been involved in this process for the last 7 years and agrees with the challenges of fire protection to landowners, but said it will take away a talking point for BLM that culture and perspectives between federal and state firefighting exist and more conversations will need to be had in the future. He supports ODF on its requests to BLM for the new WOOP.

- Geoboard

Chris provided a brief background on the Geoboard that its purpose is to maintain continuity of support to ODF IMTs. The current work of the Geoboard is a succession management process to look for what is needed. It found that the strength and depth of the IMTs needs to increase in the future. With regional IMTs dwindling and wildfires increasing in intensity, there is a definite need for this work.

- Severity Resource Plan

Sarah Prout, State Aviation Coordinator for ODF, provided an update on the Severity Resource Plan.

*Severity changes in 2024:*

- Industry change in SEATs is causing instability in ODF's exclusive use SEAT contracts. The following locations will not have SEATs in 2024:
  - No SEATS in Roseburg
  - No SEAT in John Day
- No exclusive use fixed-wing detection aircraft in Klamath Falls due to low utilization. Instead, will utilize a call-when-needed (CWN) agreement.
- Large Airtanker contract for Medford has expired. The department is currently soliciting for a Type 2 Airtanker.

*New aircraft solicitations for 2024:*

- Fixed wing detection in LaGrande is complete
- Type 3 helicopter in John Day
- Type 2 airtanker in Medford



- SEATs in LaGrande and Prineville

The ODF Aviation Unit has encountered unusual changes within the single engine airtanker industry this year due to a mass sale of aircraft both nationally and internationally, which will directly impact ODF's severity program in 2024. It's expected that some of the agency's existing contractors will not renew due to selling of their aircraft as well as significant increases in rates.

The severity budget will also be limited due to increased costs of the new aircraft contracts and inflationary factors. One decision made by the severity planning group was to solicit for a Type 2 airtanker to replace the Type 1 airtanker previously prepositioned in Medford as that contract expired. The Aviation Unit continues to work hard to procure the necessary aircraft and hopes to have a suite of aircraft confirmed by May 2024.

Sarah then shared statistics for the existing MMA, funded with EFCC Strategic Investment dollars. Since 2020, the MMA has detected 135 fires (not previously reported) and conducted 5 operational support and 10 mapping missions. A large percentage of detected fires were found when fire danger levels were categorized as extreme, meaning fires have the potential to start and spread rapidly, have erratic behavior, and the potential to become large fires. In 2022, following a lightning event, the crew detected 21 new fires in a single flight mission. In 2023, ODF was one of the first in the nation to test an onboard Starlink antenna which made it possible for observers to livestream video of the fire. The demand for this resource continues to grow year after year and the agency is very proud of its accomplishments and lessons learned year to date.

*Multi-mission aircraft acquisition and hangar (bond sale):*

- Potential for \$12M for aircraft purchase and \$2M for hangar.
- Currently waiting for outcome of the submitted bond language from the legislature for purchase of aircraft and a resolution on the debt service plan, a request for solely GF dollars.
- If ODF decides to move forward, the Aviation Unit has determined a Twin Otter meets the bond language requirements and needed all-hazard mission profile. The unit is currently conducting research and project planning for a sale of bonds in May and anticipates having an operational aircraft in 2026. The hangar timeline is to be determined by an architectural study on viable options, one of which is consideration of retrofitting the current hangar in Salem and building a basic hangar to house the new aircraft.

Erik Lease then asked about the SEATs being decommissioned and Sarah replied that is due to increased costs. Chair Garrelts noted the increase in supply and demand for air assets and asked if there were any other reason for the increased costs.

Sarah said that ODF's Aviation Program doesn't adjust for the Consumer Price Index (CPI) every year so the Severity budget remains stagnant, while more of the base budget is eaten away at due to increased costs. The insurance market continues to be complex and expensive for firefighting – sometimes 100% premium increases. Chair Garrelts stated he received indication from contractors that manufacturers will increase production due to demand. Sarah expects manufacturing to be low for a while, and while ODF will be able to procure aircraft in the future, it will be more than the agency can afford. The east side of the state will have helicopters and the west side will shift from SEATS to helicopters.

Sarah then explained that the Severity budget is submitted every biennium in the form of a POP. In the past, CPI has not been a part of that, and was denied for the current biennium. Moving forward, the agency will add in the CPI adjustment with the next POP submission in order to keep its aircraft budget, but it still won't cover all aviation costs.

Sarah noted the annual increase was based on CPI in the past, but has now moved to a flat increase of 2%. Since 2021, the agency has lost \$1.6M in inflationary costs.

Chair Garrelts emphasized the importance of aircraft as a firefighting tool. With Oregon experiencing a continual increase (and worsening) in wildfires since 2013.

Chris added that ODF is also working to broaden relationships with other states to leverage resources, however, there are contractual legalities across state borders.

Kathryn Van Natta asked when the agency will know what contracted resources are available for this fire season. Sarah responded that solicitations should be complete around May, unless there is a failed solicitation in which case the agency will extend the time period and ODF has authority to move forward with emergency contracts if necessary.

If all goes well, the department will have new aircraft up and running in 2026 and the retrofit and construction of a new hangar will be needed for the new platform.

Chair Garrelts asked for a status update on the procurement decision and outcome of the legislative session at the June EFCC meeting.

Chris Cline then closed by highlighting the strike team of engines which ODF sent to Texas noting they arrived Sunday and are fully engaged currently. He added that this is the worst fire season in history for the state of Texas and the particular fire that the strike team is on started in February.

#### **ITEM 10: EFCC ADMINISTRATOR REPORT *[Information Item]***

Nancy Hirsch provided the [audit schedule](#) for fire season 2023. She then extended an invite to committee members to join any of the audits they would like, either in person or virtually.

Nancy then offered her concerns with the passage of HB 4133 in that if it passes, there will be a lot of transitional work to implement and execute multiple components, including EFCC performing more policy work than it has done in the last few years. Nancy will provide regular and ongoing updates to the committee on the status of this bill.

Kathryn Van Natta asked if the bill language would provide ODF with additional resources or if that is something the agency has to fund with its current budget.

Mike Shaw replied that ODF submitted its fiscal impact statement (FIS) but did not include additional capacity in at this time. There was language added that allows the agency to add capacity in the future if necessary. If this language passes, the department will be leaning to EFCC to help determine what that would look like.

Chair Garrelts added that this bill would allow EFCC to bring additional staff (temporary or long term) on to help with the transition if the bill passes.

Kathryn stated her concern with the passage of this bill and asked ODF to stay in contact with the committee on resource needs going into fire season.

Mike responded that ODF shares that concern too, then noted that communication will be critical to the agency's success if the bill passes.

#### **ITEM 11: PUBLIC COMMENT / GOOD OF THE ORDER**

There being no further business before the committee, Chair Garrelts adjourned the meeting at 11:20 am. The next regular meeting of the Emergency Fire Cost Committee will be held at **10:00 a.m. on Tuesday, June 4, 2024** at the Oregon Department of Forestry Headquarters in Salem and via Zoom Video Conferencing.

**Minutes drafted by:** Chrystal Bader

**Minutes reviewed by:** Nancy Hirsch and Erik Lease