

EMERGENCY FIRE COST COMMITTEE

June 4, 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 June 4, 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
Emily Sorce, Executive Support, ODF
Mike Shaw, Deputy State Forester, ODF
Chris Cline, Acting Chief of Fire Protection, ODF
Kiel Nairns, Fire Cost Recovery Specialist, ODF
Eric Kranzush, Giustina
Kyle Williams, Deputy Director Fire Operations, ODF

Others Present (via Zoom)

Jacob Barnett, Assistant District Forester, Klamath Falls, ODF
Renaey Meyer, SCS District Business Manager, ODF
Rob Pentzer, COD District Forester, ODF
Jamie Paul, Detection Camera Coordinator, ODF
Tracy Wrolson, Protection Finance Unit Manager, ODF
Sione Filimoehala, CFO Analyst, DAS
April McDonald, Principle Legislative Analyst, Legislative Fiscal Office
Jerilee Johnson, Area Accountant, ODF
TJ Ramos, Assistant SOA Director, ODF
Levi Hopkins, Prevention & Policy Manager, Fire Protection, ODF
James Short, Chief Financial Officer, ODF
Peggy Lynch, Lobbyist, League of Women Voters
Anthony Texeira, EOA Accountant, ODF
Ann Walker Consulting
Don Everingham, Area Director, NWOA, ODF
Matt Hoehna, Unit Forester, ODF
Ron Graham, Deputy Chief, Fire Protection, ODF
Sarah Prout, Aviation Coordinator, ODF
Teresa Williams, District Forester, Klamath Falls, ODF
Katie Kiesel, Administrative Support, ODF
Kelsey Ramos, Administrative Support, ODF
Hailey Hughes, Interim District Business Manager, COD, ODF
Jim Carnegie
Kay Rinker, District Business Manager, ODF
Megan Fair, Fire Business Specialist, ODF
Cheri Law, Fiscal Support, ODF
Karen Jarrett, District Business Manager, SWO, ODF
Deanna Drinkwater, Incident Business Advisor, ODF
Matt Fumasi, District Staff Forester, ODF
Carrie Boss, Administrative Support, ODF

ITEM 1: CALL TO ORDER, CHAIR COMMENTS AND INTRODUCTIONS

Chair Garrelts called the meeting to order at 10:03 a.m. on Tuesday, June 4, 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.

ITEM 2: APPROVAL OF THE MINUTES OF THE MARCH 5, 2024, EFCC MEETING *[Decision Item]*

Committee member Erik Lease motioned to approve the March 5, 2024 [Emergency Fire Cost Committee Meeting Minutes](#) as emailed to committee members. Minor changes were made to the 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 Forest Land Protection Fund (OFLPF) was reported by Lorna Hobbs, EFCC Finance Coordinator and reviewed by the committee. Lorna noted that the report covers the current fiscal year actual revenues and expenditures through April 30, 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: At the March meeting Lorna reported that there was an issue with the department's direct bill system for county assessment revenues. Corrections have been made and an updated report reflecting the correct assessments revenues through the end of March was sent to committee members on April 23rd. Currently, assessment revenues through April 30th total \$9,058,984.
- Item #2: Harvest tax revenues received to date total \$1,503,685. The fund received the final disbursement in May and will be reflected in Lorna's year-end report that will be provided at the September meeting.
- Item #3: The current amount of interest received as of April 30th is 396,706.00. The interest rate remains at 5.2%.

The total revenue as of April 30, 2024, is **\$10,959,375**. This is 92% of the projected total for the fiscal year.

Expenditures for FY24:

- Item #1: Payroll and operating expenses are still estimated at \$185,000 but will likely be closer to 130,000 for FY24. These funds will be transferred to ODF before the end of June.
- 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 **\$34,357,325**.

\$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. CFPA is hopeful that they will be able to repay the loans within the next few months. These dollars will be transferred to ODF as part of the OFLPF's \$10 million contribution for the 2023 fire season.

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 April 30, 2024 was \$9,888,127 and the estimated balance on June 30, 2024, is \$10,708,994.

Chair Garrelts asked to be reminded of the time period under Harvest Tax.

Lorna responded that payment has been received but there is no final number to report yet.

Chair Garrelts responded that it is not instrumental in final fund balance, given market conditions, less likely to see the total estimate this year.

No further questions from committee members.

ITEM 4: WEATHER UPDATE *[Information Item]*

Teresa Alcock, TzA. 2024 Fire Season Outlook presented:

Snowpack and snow water equivalent:

As of June 3, 2024, we are above average on snowpack and show encouraging drought recovery. Northeast was drier, but conditions have improved with recent rains, and we will continue to monitor conditions. It is looking better than last year as we have recovered from previous drought in comparison to 2022. Washinton and Idaho are looking drier than normal, but Oregon has recovered nicely. Klamath and DFPA are at moderate conditions for large fuel moistures. Tracking is similar to last year and the forecast shows potential for more recovery. Smaller fuels are running average to normal and green up is continuing.

We are tracking a rapid transition out of El Nino into neutral conditions, but effects may linger. The forecast is to go into rapid La Nina with the jetstream moving up north. Residual impacts of the waning EL Nino may moderate jet stream amplitudes and reduce potential for strong heat waves. Split jet stream from El Nino could cause southerly flow, bringing potential for instability and thunderstorms.

Delayed monsoon forecasted and drier than normal conditions are expected despite residual effects of the monsoon.

The forecasts is a warmer and drier than normal fire season as forecasted temperatures are predicted to be above normal and below normal precipitation. National significant fire potential forecast accounts for fire history from similar El Nino transition years

There were no questions from committee members.

Chair Garrelts thanked TzA for the detailed report.

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

Kiel Nairns presented:

Fire Cost Collection Claims

Greater than \$5,000

- Ponina – A new demand issued and waiting for response from responsible party (RP).
- Green Peter Peninsula – A new demand issued and waiting for response from RP.
- Carney Butte – A new demand issued and waiting for response from RP.
- Days Creek – A new demand issued but already paid.
- We are in communication with responsible parties, lawyers, and insurance companies about several fires. Working to identify the best path forward.

Payment Plans:

Fires in this section show total payments received for fires that are under payment plan or restitution. For the months of March through May, we received \$3,812.93. We are working with revenue to continue to identify default plans and work to get them back on track or move to the next steps. Numbers are through the end of May.

Closed Fire Cost Collections:

- Grizzly Fire – Removed from litigation and closed.
- Medco B – Settled and payment received.
- Days Creek – Full payment received.
- Hwy 38 MM 16 – CFPA negotiated settlement and payment received.
- Transpacific Parkway 2 – Full payment received back on 4/20/2023.
- Rice Creek - Settled and payment received.
- Griffin Creek Road 4442 – Partial collection but closed since RP is deceased.
- Sterling Ditch, Grabhorn, Drews, Holaday Road #1 – Write off.

YTD collections are just over 1.6M

Significant Fire Investigations in progress or under DOJ Review:

Since the last meeting,

- Jones Butte and Grossman fires have been added to the list. DOJ help has been significant as they have added more attorneys.

General status updates have been provided next to each fire.

Chair Garrelts thanked Kiel for the report.

There were no questions from committee members.

ITEM 6: GUIDELINES FOR ELIGIBILITY OF FIREFIGHTING COSTS *[Information/Decision Item]*

Chair Garrelts commented that the Guidelines for Eligibility of Firefighting Costs are an important piece of policy that the EFCC has been the lead on for many decades. This committee has a fiduciary responsibility for prudent expenditures of the OFLPF and General Fund (GF) for eligible district costs associated with large fires. Through this past decade, it has become apparent that modernizing this is important to our staff, ODF, and committee members. I have worked with Nancy to initiate this work, and we have met with ODF leadership to ensure a collaborative effort in this process. With the increase of large fires our annual audits of these large fires across the state have made it apparent that modernization of eligibility requirements are necessary in order to bring them into alignment with complexity and frequency of large fires in the state. In addition, the 2019 MGO directives to ODF showed a clear need to decomplexify and streamline cashflow processes within the department; something that is important to EFCC and ODF staff. Given this, Nancy and I spoke over a year ago and agreed that a preliminary inquiry into improvements was valuable use of time. She and Lorna did some digging, including initial consultation with ODF finance and accounting staff and came back with a recommendation that improvements were possible and worth the time investment. To ensure strong support ahead of this heavy lift, we have met with ODF's legislative Fiscal Officer and their DAS, Chief Financial Officer and a portion of ODF executive leadership to explain the situation and the opportunity had to make improvements. Thus far, they all indicated their support to continue.

Nancy Hirsch will provide a report and recommendation on this topic:

Overall, the department's fire protection system has two tiers: the base where we talk about the fire suppression cost paid for by districts or associations; and then the costs that are defined as Emergency Fire Costs, which go against either both GF or the OFLPF, then GF if in excess of \$20M. The committee has authority in both Oregon revised statute and administrative rules which are included in the staff report, Attachment A. The key is the need for changes to decomplex and improve efficiency and effectiveness across all elements of work collectively performed by ODF fiscal staff, field offices, associations and EFCC. This work reinforces the great work ODF has done to implement MGO recommendations and will continue to build on that. The proposal will bring together a collaborative group between the department and EFCC and utilize subject matter experts. The plan is to present a draft policy in September for the

committee to consider and initiate a rule making process if necessary. Any policy wouldn't go into effect until FY26. Nancy's recommended that the committee initiate an eligibility workgroup to draft the eligibility policy for EFCC to consider in September.

ODF/committee comments:

Motion to approve the recommendation was presented by Kathryn VanNatta for the EFCC to initiate the eligibility for Emergency Fire Suppression Cost Reimbursement work group as outlined in the report and develop a new draft eligibility policy consistent with steps outlined in the report for EFCC to consider and propose draft rule changes for EFCC to move forward with rule making.

Second motion presented by Eric Lease and unanimously approved.

Chris Cline question: Being in the throes of wildfire funding work, and going through all this work and not knowing the legislative outcome, will the process look different depending on these parallel tracks?

Chair Garrelts: As it relates to the cost committee (EFCC), it does have some direct influence, and we need to continue to pursue and implement the MGO recommendations. As it relates to the legislative Sustainable Fire Funding, we do not have a lot of control of that. As much as I would like to delay it and see where it ends up, there are no guarantees and there is risk, but the committee and staff continue to work hard, and we believe it is well worth the effort keeping in mind any legislative fix will likely not be an entire fix. This will take effort as well as ODF and OSFM sustained funding. Both will require significant effort from staff but despite that, we should not pass on the opportunity.

Nancy Hirsch: I do not see the EFCC doing away with something that is in statute at the highest level for districts and associations. That is not the work we are touching on. Whatever we bring together will improve efficiencies and benefit internal processes and reporting accuracy of fire financials, ensuring transparency whether to the Board of Forestry (BOF), Legislature or the public. These are things we have been collectively thinking about.

Kathryn VanNatta: We have a fiduciary responsibility to do this work. The Legislature is its own branch and has been doing its own thing.

Chris Cline: Just trying to gain intel and appreciate the education.

There were no other questions. Close Item #6 and move to item #7.

ITEM 7: ADMINISTRATIVE BRANCH REPORT *[Information Item]*

Kyle Williams, ODF Deputy Director of Fire Operations, stated that the State Forester's vision for cabinet and leadership is in place. All seats are filled as follows, Shauneen Scott, HR Director, Wendy Heckman, Deputy Director Agency Administration and Mike Shaw, Deputy State Forester. With leadership in place, we feel we are finally able to provide continuity within the agency's shared vision and shared mission across the board. Leadership remains committed to the agency. Chris Cline is in the Protection Division Chief role through the end of the year. The BLM agreement is front and center Along with the Sustainable Wildfire Funding work group meeting in Bend to kick off that effort. The Forest Resources and State Forests Divisions are a huge focus as there has been significant change. We are looking forward to change in where the agency is heading with new leadership in place.

Chair Garrelts commented: Landowners are encouraged as you have responded well to the challenge.

- ODF Financial report:

James Short, ODF Chief Financial Officer gave the agency financial report:

The main cash balance is \$53.2M. The OFLPF cash balance is \$10.5M, pending deposits at Treasury, \$431,000 = Total cash & deposits at \$64M. This is up \$10M in cash from last year. Agency is at \$74.2 General Fund; Fire Protection at \$28.1M & Forest Resources at \$46.1M. In 2023 we were at \$12.5M vs \$72M currently.

Agency is looking good going into fire season. \$13M for State Forest Division coming in with total outstanding A/R at \$31.9M due to come in mid-May; \$5M due from ODEM, and other outstanding A/R approximately \$27M.

There were no questions from committee members.

- James Short continued:

The BOF will receive the Department's policy option package (POP) at their meeting Thursday. The Budget bill projected \$2M increase for POP's. Materials are posted on the BOF website. The executive team met on strategic initiatives. Cal's vision for organization includes employee safety, establishing safety managers, building out the agency's communication system, hiring community manager position and cost systems analysis to upgrade communication network. The agency request provides \$16M for Severity resources. On May 1, 2024, ODF transferred Payroll over to DAS. The agency has capitol construction on bonding to break ground this summer on North Cascade District office and the Klamath-Lake District Fire Cache remodel.

There were no questions from committee members.

- Strategic Investments:

Tracy Wrolson, ODF Protection Unit Finance Manager reported the previous fund carry over, previous investments, and current investments at \$1.5M and budgeted through April 30, 2024. Current spending is at \$558,000.00 and the remaining project balance is \$903,678.10. Currently there is \$57,376 of undistributed funds. Further details are provided in the package.

We have some projects completed already such as Chiloquin Guard Station, SW Detection Center, CFPA Microwave, COD Grapple Dozer. There are progress reports located at bottom of the report which includes current in-depth field activity.

There were no questions from committee members.

- FEMA Update:

The claim status is provided in the meeting material showing outstanding totals. Approximately \$10.5M is still outstanding due to ODF. FEMA coordinator Amanda Ogden has worked diligently, and we have the balance down to approximately \$4.8M to invoice out for FEMA claims, and this includes new business of \$4.2M from the Golden Fire currently in progress of audit. The remainder is primarily admin claims that need to be completed after the suppression claims are processed. Compared to a few years ago we have \$10M remaining to bill out and \$4M tied to new business of last fire season. Tremendous work by the agency as a whole.

There were no questions from committee members.

- Severity Update:

We are wrapping up final reconciliation of fire season 2023 on dollars spent and dollars brought in, allocation balance of \$3M that is OFLPF funding towards the severity program and \$7M GF brings us to \$10M. We are anticipating between \$500-600k carryover as part of the severity program carry over on the GF side of things. Bottom line, OFLPF last season had \$3M fully invested in Severity program, matched by GF as well as \$4.3M covered by GF which was put in by an

Emergency Board request last fall. One amendment to the document, fire season 2024 projected budget, actual projected budget will be between \$13.8M to \$14M this coming season for severity.

There were no questions from committee members.

ITEM 8: PROTECTION DIVISION REPORT *[Information Item]*

Ron Graham Deputy Chief of Operations and Fire protection

- BLM Western Oregon Operating Plan (WOOP)

Ron Graham Deputy Chief of Operations and Fire protection presented:

The BLM agreement is expiring at the end of the month. Kyle has been taking the lead working on the new WOOP, joined by district managers of CFP and DFPA. We are optimistic of a new perspective and vision that will lead to a good place in the WOOP. There are minor changes in how the field implements the WOOP. We are glad to see that technology is playing a role in helping to solve problems. How long BLM will be authorized to see this agreement take place is still in question but very optimistic.

- Geoboard

The board tasked incident commander, Matt Howard, with a succession management project to expand all team members and work with training coordinators to create a training program. Matt did a great job leading the group and the work has concluded. We are working on a presentation and report to the Executive Team. The plan identifies positions on the roster and bench strength needed to sustain them. We look forward to reporting the results at a future meeting. The Geoboard will likely not be meeting within the next few months due to conflicts with BOF and peak of fire season in August.

- Severity Resource Plan

Sarah Prout, State Aviation Coordinator for ODF, reviewed the Severity Resource Plan. Planning for fire season started earlier than usual. The reality of budget and rising aviation costs are hurdles. The solicitation for large airtanker contract to replace the old one was unsuccessful in securing a contract so we decided not to pursue due to financial limitations. The air tanker fleet had issues, tankers grounded, contract protests, etc. The past five years, there has been an ample number of airtankers in the region which can be successfully managed and utilized and executed. We also have a new state agreement with CalFire. The Kmax is the smallest of type 1's that the budget allows. Another type 1 would exceed budget. We are seeing a reduction in single engine air tankers, and we would exceed the budget to get another one. There will not be any SEATs in Roseburg and we are looking at SEATS in John Day going away due to non-renewal of contracts, selling off to other countries, and heavy competition with BLM., ODF is adding 2 Type 1 helicopters in Medford and Southern Oregon area. In times of need we will shift aircraft and utilize resources from Washington to bridge the gap. The Severity POP is there, but costs are rising at a rate above standard inflation.

Chris Cline, ODF Chief of Fire Protection

Chris commented on the BLM, excellent work to Ron's credit; he deserves recognition for the hard work he has completed. The Geoboard's' good work is imperative to keep teams active and running. The interagency teams currently run largely on retirees. Going forward it's imperative we maintain those teams and try to combat exposure time, as finding employees with rising workload becomes increasingly challenging. We are over budget (39%) in the Severity program but likely we can recoup our costs, and we must have those resources. All staff need to work hard to bring the program to a more sustainable place. We have a well-established base, and our recovery rate is 20-40%.

Chair Garrelts commended ODF for seeing around the challenges of severity contracts and shifting markets. It would be good to see what the resources are in other states and establish a time period for when to call. He stated that this is not a request at this time but knowing that we can fill that gap and what the extended time period is would be helpful.

Chris Cline responded that he spoke with area director Dave Larson, and we have a well-established retardant base at Medford that can be utilized. There is new leadership in Portland at the regional level and hopefully communication can continue, and we can leverage our relationships to ensure there is something relatively local to utilize. Our recovery rate on retardant is in the 20% range vs 40% on rotorcraft. Rotor craft is more desirable to partners.

Chair Garrelts responded, I am hearing the message that changes are needed to realign with where the market is at so we, as a state, can be competitive in the resources we are needing. The weather forecast creates optimism.

Kathryn VanNatta, NWO Association President, stated that they have not had as many fires as other parts of the state, and helicopters seem to work better for this area.

- Forestland Classification status report

Levi Hopkins, Wildfire Prevention and Policy Manager gave report:

- 1100 additional acres classified for timber in Jefferson Co.
- Increase of over 40,000 acres classified as grazing
- A total of 1300 new landowners to be added to the Forest Patrol Assessment for Jefferson Co.
- Forest classification is on pause until budget work group completes work after upcoming legislative session.

- WUI Hazard Map Update

- The rulemaking advisory committee is drafting rules to present to BOF. Pending that outcome, we would go into public comment this July and August for those rules and revisit in September.
- Public engagement has begun statewide with open houses for members of the public to attend. Agencies involved in the hazard map are attending these including OSDF, OSFM, OSU, and DCBS.

Chair Garrelts asked if he had a reference to prior classification and how acres shifted?

Levi responded that the increase in timber numbers is newly added.

- Strategic Investment Status Report

Matt Hoehna, ODF Unit Forester, provided the update on EOA Strategic Investment – EOA Trailers. These are stand-alone trailers that will provide permanently mounted Starlink satellites, that provide high speed internet and cellular connections to a large area, even in remote locations. The system is built into 6x10 trailers that can be towed by small SUVs and other vehicles. The costs was \$150k total at \$50k per trailer. Internet devices are the biggest purchase. Propane tanks and generators are included. Estimated completion, June 30, 2024.

Chair Garrelts thanked Matt for the report and stated that the trailers look like a good addition and use of Strategic Investments.

Gina Miner, Area Assistant Manager, gave an update for Teresa Williams. The Bly Guard Station landowner has moved forward. The pad is ready, and building staked out. They are continuing to work with facilities to follow ODF, DAS, and DOJ requirements. They remain hopeful that the contract will be done soon and expressed gratitude for all the hard work of the team.

ITEM 9: EFCC ADMINISTRATOR REPORT *[Information Item]*

Nancy Hirsch, EFCC Administrator, reported that Fiscal Year 2024 (fire season 2023) audits were completed last week. There were 11 of 12 districts/associations audited. The district/association staff attendance is appreciated. In the six years auditing in this role, this year stood out.

Districts/associations have been through a ton of changes from new business systems, hard copies to all electronic, virtual support on large fires and even audits – and the end result reflected was a sincere commitment to fiscal accountability and the organization of documentation was amazing. There were excellent discussions around the topics of successful fire stops, strategic investments, fire investigations and fire cost recoveries, and general discussions on lessons learned and broader trends occurring in the fire environment. Photos will be forwarded along with highlights of a few trends, concerns or ideas heard throughout the audits.

Nancy gave recognition to Tracy Wrolson and his team for their excellent work at the Annual ODF Incident Finance Workshop that she and Lorna attended and presented on the topic of EFCC (who, what, etc.), and early observations from the recent audits completed.

As to the fire season 2021 Insurance Claim, Nancy reported that it is close to closing and she admires the level of commitment from districts to get this finalized and closed. Final status TBD.

Nancy thanked Lorna for her commitment, hard work and support. It has been a very demanding few months with the magnitude of audit preparation, audits and follow-up, coordination on the 21-insurance claim, and FY 2024-year end transactions. She expressed how fortunate they are to have her on the team.

Chris Cline commented on Letsom Mountain fire in Western Lane with an estimated cost of \$500,000 with a potential cost recovery.

Kathryn VanNatta commented that she participated in multiple audits and appreciates agency attention to details, discrepancies low and honored to work with you all.

Chair Garrelts reiterated thanks to Lorna Hobbs as she provided the committee with an updated fund balance report. He continued to say that this committee has a fiduciary responsibility for both the landowner's contributions to large fires, and the general public's contributions and we take those responsibilities seriously. The proven commitment of the work Nancy and Lorna do and the dedication

and attention to detail is apparent from the district leadership and it is recognized and sincerely appreciated.

ITEM 10: PUBLIC COMMENT / GOOD OF THE ORDER

Eric Kranzush commented that we all play a large role in fire protection in Oregon. Thank you to the staff and committee for all the work supporting and addressing the myriads of financial and operational challenges the department is facing across the state regarding fire protection. Keep up the good work.

There being no further business before the committee, Chair Garrelts adjourned the meeting at 12:07 p.m. The next regular meeting of the Emergency Fire Cost Committee will be held at **10:00 a.m.** on **Tuesday, September 3, 2024**, at the Oregon Department of Forestry Headquarters in Salem and via Zoom Video Conferencing.

Minutes drafted by: Kris Klossen
Minutes reviewed by: Nancy Hirsch, and Lorna Hobbs