

EMERGENCY FIRE COST COMMITTEE

January 6, 2026

In accordance with the provisions of ORS 477.455, a meeting of the Emergency Fire Cost Committee (EFCC) was held virtually via TEAMS video conferencing on Tuesday, January 6, 2026.

Committee Members Present

Brennan Garrelts
Kathryn VanNatta
Bobby Corey
Eric Kranzush
John Davis
Heath Curtiss, non-voting BOF representative

Others Present

Nancy Hirsch, EFCC Administrator
Lorna Hobbs, EFCC Finance Coordinator
Michael Curran, Protection Division Chief, ODF
James Short, CFO, ODF
Jenn Kroon, Administrative Specialist, ODF
Elise Loewen, Administrative Support, ODF
Tracy Wrolson, Protection Finance Unit Manager, ODF
Ryan Miller, Sr. Policy Analyst, ODF
Derek Gasperini, Public Affairs Officer, ODF
Brian Pew, Area Director (EOA), ODF
Dan Quinones, District Forester (SWO), ODF
Teresa Williams, District Forester (KLD), ODF
Rob Pentzer, District Forester (COD), ODF
Pat Skrip, District Manager, DFPA
Jamie Paul, Senior Policy Analyst, ODF
Dave Helmricks, Wildfire Investigator, ODF
Kelsey Ramos, Direct Bill Coordinator, ODF
Kay Rinker, District Business Manager (NEO), ODF
Deanna Drinkwater, Incident Business Advisor, ODF
Megan Fair, Incident Billings Coordinator, ODF
Gina Miner, Assistant to the Area Director (EOA), ODF
Tyler Ramos, Assistant to the Area Director (SOA), ODF
Kiel Nairns, Cost Recovery Specialist, ODF
Aaron Whiteley, Central Unit Forester, DFPA
Sione Filimoehala, Policy & Budget Analyst, DAS
Chad Washington, OFIC
Randy Hereford, Starker Forests
Mike Cafferata

ITEM 1: Call to Order

Chair Garrelts called the meeting to order at 10:04 a.m. Chair Garrelts verified that all committee members were present and all attendees identified. He stated that all members received meeting materials in advance and are available on the Department of Forestry's website and any additional documents provided at the meeting will be posted to the website as soon as possible following the meeting.

ITEM 2: Approval of the Minutes of November 26, 2025 Meeting

Chair Garrelts asked for a motion to approve the minutes of the November 26, 2025, EFCC meeting. Committee member Bobby Corey made a motion to approve the minutes of the November 26, 2025, EFCC meeting. Committee member John Davis seconded the motion. The minutes were approved unanimously.

ITEM 3: Determine the unencumbered balance of the fund as of the end of the preceding calendar year (ORS 477.760)

EFCC Finance Coordinator Lorna Hobbs reported that under House Bill 3940 (HB 3940), Oregon Revised Statute (ORS) 477.760 requires the EFCC to annually determine the unencumbered balance of the Oregon Forestland Protection Fund (OFLPF) as of the end of the preceding year. Committee members were provided with a handout showing the cash balance on December 31, 2025, at \$11,162,296.76. A reduction of \$88,308.98 was taken from the cash balance for administrative expenses not yet paid through December 31st, which left an unencumbered balance on December 31st of \$11,173,987.78. Ms. Hobbs recommended the EFCC certify the unencumbered balance as presented to the committee.

Committee member John Davis made a motion to certify the unencumbered balance as presented. Committee member Kathryn VanNatta seconded the motion. The unencumbered balance of \$11,173,987.78 was certified by the committee unanimously.

Chair Garrelts commented on the importance of maintaining a healthy balance in the fund and that this was a critical part of the discussions in the development of HB 3940 to ensure the OFLPF would have the funds to distribute to district budgets. He noted that interest earned from the balance in the fund can cover administrative costs and help fund future strategic investments.

ITEM 4: Repeal OAR 629-165-0000 – 0320

Committee Administrator Nancy Hirsch provided a report on the rulemaking process to repeal Oregon Administrative Rules Chapter 629 Division 165. She explained that the repeal was prompted by statute changes made by HB 3940 in the 2025 Regular Legislative Session. Following the committee's decision to initiate rulemaking on November 26, 2025, notice of proposed rulemaking and a fiscal impact statement were sent to the Secretary of State to publish in the December bulletin, and legislators and interested parties were notified according to the committee's procedural rules.

Administrator Hirsch said the public comment period was open from December 15th through January 1st and a public hearing was held on December 18th. Two public comments were received, which were provided in the meeting packet. She noted that one comment appeared to be responding to the Oregon Department of Forestry's proposed rule changes to their forest management plan, which she shared with the department for their public record. The other comment supported the effort to remove outdated language and made two requests about future policy work and communication. There were no comments received at the public hearing and only one member of the public was present. The hearings officer report and the final rules with tracked changes and without were also included in the meeting materials.

Administrator Hirsch said there were no changes made as a result of the public comments and she recommended the committee proceed with the promulgation of the proposed rule repeal of OAR Chapter 629, Division 165 as presented.

Committee member Kathryn VanNatta made a motion to proceed with the promulgation of the proposed rules repeal as presented in the rule language of Chapter 629, Division 165 effective January 20, 2026. Committee member Bobby Corey seconded the motion. The item was approved unanimously.

ITEM 5: Fiscal year 27 – OFLPF distribution of payment to forest protection district budgets

Chair Garrelts explained that under ORS 477.445 the EFCC is required to oversee the distribution of funds from the OFLPF prior to the beginning of each fiscal year and distribute payments in their entirety as directed by the fiscal year budgets for Oregon Department of Forestry (ODF) protection districts. He said the committee needs to address this now to provide ODF and the associations direction on the dollar amounts that each district can expect to receive from the fund to begin establishing their budgets and rates for fiscal year 2027 (FY27). Decisions from the committee are needed regarding the amount and distribution methodology for each of the two revenue sources the fund receives: the harvest tax, and surcharges on minimum and improved lots. He noted that these decisions are for the interim only until administrative rules are in place.

Protection Division Chief Michael Curran reiterated the importance of the committee making decisions at today's meeting to provide districts enough time to develop their budgets.

Chief Curran provided tables showing prior year collection rates and five-year averages for minimum and improved lot revenues for calendar years 2017 through 2024 by district/association. He explained that ODF has historically used a ninety-seven percent collection rate to account for the three percent discount taxpayers receive for paying on time. He noted that the tables show several instances where the collection rate is over one hundred percent and explained some of the reasons for these. He said the three (3) main reasons are late payments, missed invoices sent out once the error is identified and coding errors that are corrected later. Additionally, he said there are nuances in how minimums are calculated which can show over or under collection rates in revenues. Chief Curran said the department has been fine-tuning how minimums are calculated and providing training for staff to decrease calculation errors moving forward.

Chief Curran told the committee that based on discussions from the 2025 legislative session and the Fire 35 Workgroup, the intent was that revenues from minimum and improved lot surcharges would go back to the districts they were received from. He noted that these lots tend to be in areas where there is a large Wildland Urban Interface (WUI) with higher risk to wildfire.

Committee Member Kathryn VanNatta asked if the slide being shown referred to fiscal or calendar years.

Tracy Wrolson, ODF Protection Finance Unit (PFU) Manager, replied that the tables reflect fiscal years (July through June). He added that the percentages are calculated based on projected revenues first and then updated once actual revenues are received. He pointed out that the one hundred eighteen percent showing for Southwest Oregon District's five-year average for grazing is due to the small number of grazing acres within the district where a small amount of revenue can increase or decrease the percentage by several points.

Committee member VanNatta thanked Mr. Wrolson for the clarification and added that the rates shown don't indicate that people aren't paying their taxes, but rather a matter of timing when the revenues are received and are based on the assumption that everybody will pay their taxes on time resulting in a three percent reduction in revenue.

Committee member Bobby Corey asked if the collection rate was trending down or staying the same over the years. Chief Curran said he thought they were trending down slightly and PFU Manager Tracy Wrolson agreed, adding that the system for assessment collections is complex. He said the districts work with the counties to identify issues that may be causing under collection. Chief Curran added that the counties have different processes and systems which add to the complexity. He said the department needs to adjust to accommodate these differences because the counties do a lot of work on behalf of ODF to collect the revenue generated through property taxes.

Chief Curran discussed the first decisions needed from the committee, which is to determine the amount of assessment revenue to distribute from the Fund and how much to allocate to each district. He noted a possible option would be to distribute the ninety-seven percent that is used for the projected assessment amount.

Committee member Eric Kranzush asked if the EFCC is mandated to define a percentage for disbursement. Chair Garrelts commented that a percentage should be selected to ensure funds are not allocated over what is expected to be collected. Also, the entire amount of revenue that is determined to be distributed to district budgets needs to be distributed and cannot be retained in the Fund. If money is received over the amount determined to be distributed to district budgets, those dollars can be retained and used for other purposes related to fire preparedness at the district level. He added that district budgets need to be developed before all the revenue is received, so a prediction will need to be made each year. Chief Curran said the agency has historically used ninety-seven percent to project assessment revenues and it has been a good target, but there is no mandate to use that number.

Committee member Heath Curtis asked if there would be more discussion related to the third bullet showing on the slide: *Disbursements of OFLPF revenues: back to the district they were received from*

or other? He asked what other options there are. Chair Garrelts said this would be addressed separately from the decision on the amount of money to distribute to district budgets.

Committee member Kathryn VanNatta commented that the EFCC has a strong belief in fiduciary responsibility and makes decisions based on metrics and noted that the budgets are on a fiscal year cycle while the revenues are on a calendar year cycle. She said the committee should consider allocating assessment revenue, for the interim, based on the amount of protected forestland in each district rather than equally across the districts since some districts have more land to protect than others. Tracy Wrolson noted that the agency has metrics for acreages and lot numbers by district that is available to anyone. Committee member VanNatta added that with Oregon's complete and coordinated system, districts help each other out, therefore using the funds where it is most needed.

Chief Curran said another option is to distribute the money based on the number of protected acres within each district. Committee member Curtiss asked if the funds have always been dispersed back to the district where they were received from. Chair Garrelts explained that with the passage of HB 3940, this is a new process and that revenue went to large fire costs in the past and was distributed to wherever large fires occurred. PFU Manager Tracy Wrolson added that the minimum assessments were split in the past with about three quarters (3/4) going to district budgets and that was distributed based on where the money came from. In addition, he said that with the creation of the Large Wildfire Fund, there is very little suppression dollars remaining in district budgets now.

Committee member John Davis said he believed that distributing the money back to the district that it was received from seemed appropriate. He said some districts, such as Southwest Oregon, require a higher level of preparedness than others.

Chair Garrelts asked for a motion regarding the percentage of OFLPF revenues to allocate to district budgets. Committee member Kathryn VanNatta made a motion that in the interim, until the next state fiscal year starts, that the Emergency Fire Cost Committee use ninety-seven (97) percent as a percentage of the OFLPF revenues to allocate to district budgets. Committee member John Davis seconded the motion. The motion was approved unanimously.

Chair Garrelts asked for a motion regarding the method to use for the allocation of revenues received from minimum and surcharges. Committee member John Davis made a motion that the revenues received go back to the districts where they originated. Committee member Bobby Corey seconded the motion.

Committee member Kathryn VanNatta asked that the motion be amended with the words, "in the interim time period before the next state fiscal year" preceding the motion presented. Chair Garrelts recited the amended motion to be, "In the interim time period before the next fiscal year, all OFLPF revenues from minimums and surcharges are allocated back to the districts from which they were received."

Committee member VanNatta asked ODF staff for confirmation that the department has the collection metrics available to make the allocation. Chief Curran confirmed that it does.

Chair Garrelts asked for a vote on the motion. The committee approved it unanimously.

Chief Curran discussed the next decision needed by the committee regarding the distribution of harvest tax revenues. He explained that the rate increase to \$1.00 does not go into effect until January 2026. The revenues shown on the slide are for calendar year 2025 with the rate still at sixty-two and a half cents. In addition, the amount shown for quarter four is still an estimate and will be received in February. He noted that the revenue for quarters one and two is within fiscal year 2025 when the EFCC was still paying for large fire costs. There is \$332,968 remaining from the \$13.5 million EFCC expenditure limitation for FY25. Beginning July 1, 2025, large fire costs shifted to being 100% covered by the General Fund. Quarters three and four on the slide are revenues received after July 1 and will be distributed to district budgets under HB 3940.

Chief Curran said the first decision needed by the committee was whether to include the remaining \$332,968 from FY25 in the distribution or leave it in the Fund.

Committee member Heath Curtiss asked how the remaining FY25 funds would be utilized. Chief Curran said that including it in the distribution to district budgets would lower landowner rates and if it remains in the fund, it could be used for whatever the committee decided to use it for such as strategic investments.

Chief Curran said the second decision needed was the allocation method. The funds have been historically allocated based on the number of timbered acres within each district. He noted that there may be other viable options to explore, but there is not enough time to do the research before FY27 budgets need to be developed.

Chief Curran continued with the third decision needed regarding whether to use harvest tax revenues from a calendar year or a fiscal year. He said that using a calendar year utilizes actual revenues received and avoids the need for reconciliation. Chief Curran said that using a fiscal year would align with the fiscal budgets and, for this first year, the first and second quarter revenues from FY26 would be included in FY27 budgets and would further lower landowner rates. However, the first two quarters would be estimates and reconciliation would need to be done. This could result in the OFLPF owing more money for district budgets. PFU Manager Tracy Wrolson added that landowner rates could also change considerably if the estimates are not close to actuals.

Committee member Kathryn VanNatta asked if the committee's interim decision will impact future decisions. Chief Curran responded that, if the interim decision is changed in the future, it could have an impact on the next budget cycle with the possibility of less harvest tax revenue being dispersed for that following fiscal year.

Chief Curran said another positive for using a calendar year aligns with the Consumer Price Index (CPI) which, with the passage of HB 3940, will be applied annually to the harvest tax and assessments moving forward. He noted that by using a fiscal year, the estimates made for two quarters would be based on speculation of the log market.

PFU Manger Tracy Wrolson added that the harvest tax is a new revenue source for district budgets. This revenue was previously used for emergency fire costs. Chair Garrelts also noted that the overall impact of a decision on the harvest tax is small relative to the minimum and surcharges, which are the primary revenue sources being distributed from the Fund.

Committee member Bobby Corey moved to approve that, for calendar year 2025 harvest tax revenues, the current known available amount of \$332,968 from quarter one and quarter two, plus the full amount of revenue received for quarter three and quarter four be distributed to fiscal year 2027 district budgets. Committee member John Davis seconded the motion.

Committee member Kathryn VanNatta expressed her concern about making decisions based on estimates. Chair Garrelts said he shared her apprehension but noted that ODF will know the actual amount before the committee allocates the money to district budgets.

Chair Garrelts asked for a vote on the motion. The motion was approved unanimously.

Chair Garrelts moved to the next decision needed by the committee which is to determine how to allocate the harvest tax revenue. He noted one method would be to distribute it pro rata per acre which ODF has good data on. He said another option would be to split the revenue equally by one-twelfth across all districts. He added that he didn't believe this option was necessarily a good idea because not all districts are the same in terms of available timber harvest. He asked ODF staff how difficult it would be to implement this option. PFU manager Tracy Wrolson said it can be done as it is just math.

Committee member Heath Curtiss asked how the pro rata option would work. Chief Curran said it is calculated based on the amount of timbered acres within the district compared to the overall statewide total. Committee member Curtiss asked why it wouldn't be based on the amount of harvest tax received from within the district. Chair Garrelts explained that there is no system in place to determine where the harvest occurred. Available data is based on the location of the mill where the logs were processed instead.

Committee member Heath Curtiss said he felt that the equitable way to allocate would be to return the dollars back to the district from where the harvest occurred. Chief Curran said he understands the concern but there is not enough time to do the research to get the data needed to distribute using that method for FY27. Chair Garrelts said the OFLFP disbursements work group needs to delve into potential options.

Committee member John Davis made a motion to approve the distribution of timber harvest tax revenue for FY27 district budgets be allocated based on the pro rata of protected timbered acres within each district. Committee member Bobby Corey seconded the motion.

After the motion there was further discussion regarding whether to include BLM (WOOP) and/or other federal acres (BIA, USCOE) protected by ODF in the calculation given there are only WOOP acres on the west side of the state. There are approximately 2.3 million BLM acres on the westside which would add a large number of acres to the westside for the distribution. In addition, Committee Administrator Nancy Hirsch mentioned that she believes BLM timber harvests contribute a small amount of revenue via the harvest tax, but it is paid by their contractors not the BLM.

Committee member Kathryn VanNatta asked what the total amount of the harvest tax was to be distributed for FY27. Chief Curran said with the previous decision to include the remaining funds from FY25, the total would be about \$1.2 million.

Committee member Heath Curtiss suggested the decision be delayed and the committee provide direction to staff to provide information on where the funds are coming from and provide a recommended motion at a special meeting given the decision needs to be made in a timely manner. Chair Garrelts said he would support this and asked if other committee members agreed. He asked ODF staff for a deadline when a decision would need to be made. PFU Manager Tracy Wrolson said they would need a decision by early March. Committee Administrator Nancy Hirsch noted that the EFCC has a meeting currently scheduled for March 3rd when a decision can be made. Chair Garrelts moved the decision to the March 3, 2026, EFCC meeting.

Chief Curran noted that he was not sure of what data is readily available, but staff would look into it and keep in communication with Chair Garrelts in the meantime. Chair Garrelts asked committee members to send any questions or information they have that will help inform the decision to Administrator Hirsch by the end of the January.

Committee member Kathryn VanNatta said she supports delaying the decision but wanted to acknowledge that districts are beginning to work on their budgets and delaying the decision adds extra stress on them given all the changes this year. Committee member Curtiss noted that districts can focus on costs first rather than revenues.

Chair Garrelts asked ODF staff when the actual fourth quarter harvest tax revenue amount would be known. PFU Manager Tracy Wrolson said it would be received by February 15th.

Chair Garrelts closed the agenda item.

ITEM 6: EFCC | State Forester consult regarding the purchase of emergency suppression costs insurance

Protection Division Chief Michael Curran reported that ODF has met with the Department of Administrative Services (DAS) to discuss the possibility of purchasing insurance for emergency suppression costs. DAS staff contacted Willis Towers Watson regarding the insurance market and the potential for this type of insurance. Chief Curran noted that the type of policy that ODF previously held is no longer available, however, there are options to pursue such as structured programs called parametric solutions. More effort and analysis would need to be done if ODF decides to explore this more, but there would not be enough time to have something in place for the 2026 fire season.

Chair Garrelts added that this agenda item is informational only and the committee's responsibility is to have a discussion and provide a private landowner perspective to the state forester on whether it's prudent to purchase insurance.

ITEM 7: Administrator Report

Committee Administrator Nancy Hirsch discussed the workgroups created to bring forth information and options to the EFCC to consider for rulemaking. Committee members provided their areas of interest and prioritization of the rulemaking efforts needed. Five (5) workgroups have been formed and will include ODF staff. Opportunity for public input will be available when the workgroups bring their work to the full committee and again during the formal rulemaking process. She said she will be contacting EFCC members soon to schedule workgroup meetings. The first meeting of one of the workgroups has been scheduled for the following week.

ITEM: 8 Public Comment / Good of the Order

There was no public comment provided at the meeting.

Chair Garrelts noted that the next regular meeting is scheduled for Tuesday, March 3, 2026. He adjourned the meeting at 12:19 p.m.

*Minutes drafted by: Lorna Hobbs
Minutes reviewed by: Nancy Hirsch*