

**EMERGENCY FIRE COST COMMITTEE  
MEETING**

**January 4, 2022  
10:00 a.m.**

**Zoom Video Conference**  
**<https://odf.zoom.us/j/93878067249>**  
**Meeting ID: 938 7806 7249**

**Committee Members:** Brennan Garrelts, Chair  
Steve Cafferata  
Chris Johnson  
Erik Lease

**Administrator:** Nancy Hirsch

## Agenda Topics

1. **Call to Order, Chair Comments and Introductions**
2. **Approval of the Minutes of the September 7, 2021 EFCC Meeting** [*Decision Item*]
3. **Financial Status of the Oregon Forest Land Protection Fund** [*Information Item*]
4. **Weather Update** [*Information Item*]
5. **Update on Status of Large Fire Cost Collection Efforts** [*Information Item*]
6. **Insurance Policy Update**
  - 2021-22 claim status [*Information Item*]
  - Insurance policy for 2022 fire season [*Decision Item*]
7. **Fiscal Year 2020 Audit Report** [*Decision Item*]
8. **Set District Deductible Rates for 2022-23 Fiscal Year** [*Decision Item*]
9. **Agency/Fire Division Report** [*Information Items*]
  - State Forester / Board of Forestry update
  - 2021 fire season wrap-up
  - Protection Division personnel changes
  - SB 762 implementation
  - ODF financial report
  - BLM Western Oregon Agreement
  - GeoBoard update
  - FEMA update
  - Severity update
10. **EFCC Administrator Report**
11. **Public Comment/Good of the Order**

*\*Meeting materials will be available at <https://www.oregon.gov/odf/board/pages/efcc.aspx> on day of meeting.*

## ODF Distribution

# EMERGENCY FIRE COST COMMITTEE

September 7, 2021

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, September 7, 2021.

### **Committee Members Present**

Brennan Garrelts, Chair  
Steve Cafferata  
Chris Johnson

### **Others Present**

Tim Keith, Interim EFCC Administrator  
Lorna Hobbs, EFCC Finance Coordinator  
Chrystal Bader, Executive Support, ODF  
Shauna Morris, Administrative Support, ODF  
James Short, Deputy Director for Administration, ODF  
Doug Grafe, Chief of Fire Protection, ODF  
Ron Graham, Deputy Chief, Operations, Fire Protection, ODF  
Tim Holschbach, Deputy Chief, Policy & Planning, Fire Protection, ODF  
Adam Meyer, Policy & Prevention Manager, ODF  
Blake Ellis, Fire Operations Manager, ODF  
Neal Miller, Fire Investigations, ODF  
Mike Cafferata, Northwest Oregon District Forester, ODF  
Joe Hessel, Northeast Oregon District Forester, ODF  
Tyler McCarty, Southwest Oregon District Forester, ODF  
Matt Thomas, Toledo Unit Forester, ODF  
Mark Hubbard, Finance, ODF  
Kathy Wells, Fire Finance, ODF  
Adam Meyer, Policy Analyst, ODF  
Nick Henneman, Public Affairs, ODF  
Todd Scharff, DAS Risk Management  
Lindsay Cunningham, Willis Towers Watson  
Renee Klein, DAS CFO  
Matt Stayner, LFO  
Kyle Williams, Director of Forest Protection, Oregon Forests & Industries Council (OFIC)  
Cindy Robert, Hancock Forest Management  
Betsy Earls, Weyerhaeuser  
Randy Hereford, Starker Forests  
Kylie Grunow, Meriwether  
Mike Dykzeul, Retired  
Erik Lease, Weyerhaeuser

### **ITEM 1: CALL TO ORDER**

Chair Garrelts called the meeting to order at 10:04 a.m. on Tuesday, September 7, 2021. All Committee members were present via Zoom video conference and there was a quorum.

Chair Garrelts took a moment to recognize the one-year anniversary of the 2020 Labor Day fires.

### **ITEM 2: APPROVAL OF THE MINUTES OF THE JUNE 8, 2021 EFCC MEETING [Decision Item]**

No comments were made by committee members or attendees on the June 8, 2021 Emergency Fire Cost Committee meeting minutes. A motion for approval was made by Chris Johnson and seconded by Steve Cafferata. The minutes of the Emergency Fire Cost Committee June 8, 2021 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 FY22.

The beginning balance of the fund on July 1, 2021 was **\$13,362,556**.

On the report under Estimated Revenue/Transfers In:

- Item #1: Estimated total assessments for FY22 are based on 2021 direct bill and county receivables, totaling \$8,910,202. These amounts will be adjusted in November when acreage numbers are updated.
- Item #2: Harvest Tax revenues are estimated at \$2,266,825. This is an increase from last year's estimate of \$1.8M.
- Item #3: Estimated interest earned for FY22 is \$54,725. The earnings interest rate has steadily gone down since the beginning of FY 21 – from 1% in July 2020 to the current rate of 0.55%.
- Item #4: Estimated adjustment for overpayment of FY21 operating expenses at \$6,400.

The estimated total for Estimated Revenues/Transfers In is **\$11,238,153**.

On the report under Expenditures/Transfers Out:

- Item #1: FY22 Payroll and Operating Expenses are estimated at \$185,000.
- Item #2: The Oregon Forest Land Protection Fund's contribution to the insurance premium for fire season 2021 will be \$318,000. The Department of Administrative Services has paid the premiums; however, the Oregon Department of Forestry is waiting for budget appropriation to reimburse DAS for the payments.
- Item #3: The Fund's contribution to the insurance premium for fire season 2022 is estimated at \$315,000.
- Item #4: Severity costs for fire season 2021 are estimated at \$3 million. Current severity costs are at \$6,481,088. Three-fifths is almost \$3.9 million – over the cap of \$3 million.

Total estimated Expenditures/Transfers Out for FY21 to date is **\$8,776,529**

For the 2021 fire season draft claims, the net amount for FY22 claims is currently estimated at \$46.18 million. Emergency fire claim advances are estimated at the \$10 million cap.

Total estimated Expenditures/Transfers Out, including expenditures not yet made for the previous fiscal year total **\$13,818,000**.

**Estimated Fund Balance for June 30, 2022 is \$10,782,709.**

Steve asked about borrowing money from the Treasury and changing the taxes to reimburse the full amount next fire season. Tim Keith confirmed this process but noted there are another 4 to 5 years before we are in that condition.

Brennan commented that it would be worthwhile to see when that time would be, recognizing past seasons; it would be good to look at the long-term viability of the fund. Tim added that there will be revenues returning to the fund via large fire cost collection, but a majority will go back to the General Fund. Tim will work on the projection for the next meeting.

Lorna said Tina Meyer started working on some forecasting before she left, and she and Tim can pick up that work.

#### **ITEM 4: PREVIOUS FISCAL CLAIMS UPDATE [Information Item]**

For fire season 2015 of the 8 claims, 4 have been finalized/closed and 4 claims are pending. Three of those pending claims are waiting for FEMA reimbursement and one is waiting for an invoice from the Forest Service.

For fire season 2016 of the 7 claims that year, 5 have been finalized/closed; 1 claim is ready to finalize (Western Lane) and 1 is waiting for FEMA reimbursement (SWO).

For fire season 2017 of the 10 claims, 3 have been finalized/closed. The others have outstanding costs remaining or are waiting for responsible party or FEMA reimbursement.

For fire season 2018, there were 8 claims; 2 have been finalized/closed and 1 is ready to finalize. One of the pending claims is waiting for FEMA reimbursement and has some outstanding costs to pay. The remaining claims have outstanding costs left to pay or are waiting for reimbursement of some kind.

For fire season 2019, there were only 4 claims in 2019, all of which are still pending. One is waiting for FEMA reimbursement and the others have outstanding costs.

For fire season 2020, there are 11 claims, all of which are still open pending outstanding costs and reimbursements or recoveries.

Steve asked how much is still outstanding from FEMA (estimated remaining amount to be collected). Lorna responded that for all years, there is around \$7M that will be directly reimbursed for costs paid by the OFLPPF.

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

Ron Graham provided the weather update for September 7, 2021 noting that the drought continues to build across the state. The significant fire potential outlook is a little relief to the far corner of southeast Oregon. The 8 to 14 day outlooks are showing slightly below normal temperatures in northwest Oregon, with other parts of the state at normal levels. The precipitation outlook shows an increased chance of above normal precipitation for most of the state. There is a slight chance of thunderstorms with possible lightning

in northwest Oregon with breezy winds this week into the weekend. Eastern Oregon will have a chance of thunderstorms later in the week. Temperatures will be cooling to normal or below normal later in the week. There is a fire weather watch in Central Oregon District (COD) today and a red flag warning in south-central Oregon. There will be a higher significant fire potential along the southern Oregon coast and more in the Klamath area later in the week.

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

Neil Miller provided an overview of the status of the Large Fire Cost Collection efforts. He noted that there are eight significant fires being investigated from the 2021 fire season, as well as work ongoing on 2020 fires, particularly the Labor Day fires. He highlighted some of the changes including North Applegate Rd 9244, Haystack, Union Gap, and Carpenterville Road. For the ongoing list of payments status, a few still need to be reviewed and updated. Those under \$10k will be pursued via small claims in local courts.

For closed claims, Neil highlighted School Craft, which settled for 50%. Regarding the Squally Point fire, ODF asked the responsible party for insurance documents to support the lack of negligence claims but noted it will not be cost-effective to continue to seek reimbursement. For the Hwy 20, MP 30 fire, ODF received full reimbursement; and for Rattle Tank, assets were nonexistent and the case subsequently closed.

Jeff Bonebrake is continuing to work with ODF on contract through December 2021, and potentially longer on some of the major fires that he was working on when he retired.

For investigations in progress, some are getting closer to being closed but most still have negotiations and documents to be acquired by ODF and Department of Justice (DOJ). Brennan asked how resources are being prioritized to clear up some of the older outstanding fires. Neil replied that Jeff Bonebrake is still working on those. Neil is prioritizing by costs for the time being. He is trying to get every fire cost collected as expeditiously as possible.

Steve asked if power companies are resisting investigation of the 2020 Labor Day Fires. Neil replied that good discussions are occurring with power companies but many of the documents they have provided are lengthy and reviewing them is taking a lot of time. However, the Hwy 20 MP 30 fire which is listed as paid was a utility-caused fire.

Steve also asked about long-term cost recovery – fires dating back as far as 2001. Neil replied that many of the older fires' responsible parties have been making payments. Where payments are not being made, some have statutes of limitations and are unavailable for collection; others may involve juveniles, and in some cases the suspected responsible parties have pleaded the Fifth Amendment. These are some of the fire cost cases that are being re-examined to ensure that cost collection efforts are still ongoing or if not, should the case(s) be closed.

#### **ITEM 7: INSURANCE POLICY UPDATE – NEXT STEPS [Information Item]**

Todd Scharff and Lindsay Cunningham (via phone) provided a brief overview noting two main updates to the insurance policy - current year policy and policy renewal.

For the current fire season, ultimate net costs rose quickly and flattened out at \$50M. When costs started escalating, they started conversations with underwriters to keep them updated on the status of a potential claim. Costs have recently exceeded the \$50M retention threshold and with the help of Willis Towers Watson, a claim has been made with the underwriters involved in the policy. At this point in time, net costs (large fires, after cost share agreements and anticipated FEMA reimbursements) are \$58M. Underwriters have assigned claim adjustment to Crawford – Trevor Arnold will be the lead adjuster; and Baker Tilly (forensic accountants) – Katharyn Thompson will be the lead accountant. Trevor mentored with David Logan, the previous adjuster that worked the 2013 and 2014 fire season claims. Tim Keith and other ODF folks who are knowledgeable about prior year claims are also involved and a meeting has been scheduled with ODF, EFCC, DAS Risk and Crawford for September 14. Timing on the final numbers will determine when auditing can start. Investments (detection, infrared) made played a large role in keeping costs at \$58M this year.

There will be a need to look at adjusting the overall program. Long term partnerships will adjust things for us – how do we present to them is key - always reminding underwriters that they do not insure land, economic loss, structures, but instead insure firefighting net expenses. Todd expects to receive terms, but it will be a strategic process with a market approach.

#### **ITEM 8: AGENCY / FIRE DIVISION REPORT [Information Items / Possible Decision]**

- **State Forester / Board of Forestry Update**

Acting State Forester Nancy Hirsch thanked the Committee for their work and provided an update on the outcome of the Legislative Session, noting that ODF received the largest overall investment in their budget to date – 26% increase overall; with 189 positions added, some of which will be seasonal. While there is new money and new personnel, ODF will not be able to hit the ground running. It will take some time to fill all those positions and access the funds allocated to the agency by the Legislature. She looks forward to continuing to build capacity to provide a better, more sustainable future. Nancy then discussed the budget summary for the 21-23 biennium and offered a handout if the committee had not yet received one. Regarding the Board of Forestry, they have been operating as a Board of six members – one short – however, last week the Governor announced the appointment of a seventh Board member, Liz Agpaoa. Liz's background includes a career with the US Forest Service. Confirmation of her appointment will occur during the upcoming September Legislative Days on September 22. Nancy also provided an update on the continuing recruitment for the next State Forester. The recruitment

closes September 15 and then the Board of Forestry will be going through the normal process of scoring, interviewing, etc. After that process, there will be an employee panel and a stakeholder forum with a final selection to be made towards the end of October.

- **Ongoing Fire Policy Updates**

Doug Grafe provided more specific details on the significant investments in the fire protection system. This involves the policy section which has been as busy as the operations section. There is a fundamental change of priorities to advance policies necessary to mitigate the catastrophic risk of wildfire. Tim Holschbach's current workload has revolved around the required implementation of three rules advisory committees (RAC). The first committee is defining and mapping the Wildland Urban Interface (WUI). ODF was given a 100-day timeline and the agency is currently on pace to meet the timeline in partnership with the Board of Forestry and under the guidance of the RAC. The second RAC is risk classification, which is also currently underway. The two RACs will come together within a year to ensure the state has clear intent in law to have a completed wildfire risk map and identification of wildfire risk. The third RAC is the prescribed fire program. This RAC will be supported by additional capacity received in the budget to advance and promote prescribed fire across boundaries to mitigate the risk of catastrophic wildfire. All three RACs are under the authority of the BOF to adopt administrative rules enabled by the passage of SB 762 in the last Legislative session. Beyond the three RACs, additional capacity has been added to the severity program and firefighting response. ODF's aviation capacity doubled with an additional \$5M investment that added a large next-generation air tanker – this air tanker was used heavily this fire season. Also added was fire line leadership and seasonal firefighters. A key investment was an offset of \$15M to subsidize rates for landowners. Implementation of this will occur as budgets are developed in January 2022. Another key investment was made in the establishment of a statewide baseline protection standard for ODF and the Oregon State Fire Marshal (OSFM). The department also received three additional positions to assist rangeland protection associations to expand protection into wheat country. Currently, there are gaps in these under-protected lands. The final program investment is advancing ODF's detection camera system with a target of 30 additional sites. This \$2.5M investment will get half of those detection camera sites set up in year one and will take the entire biennium to complete.

- **Fire Season Update**

Ron Graham provided a PowerPoint presentation on the 2021 fire season noting that the region has been at a Preparedness Level (PL) 5 (highest) for 56 days, which exceeds the 2017 fire season record. For much of the season, the Pacific northwest geographic area had hundreds of UTF resource orders (unable to fill). However, the region is starting to see some relief but there are still five large active incidents in Oregon and Washington. The department had good cooperation with the Oregon Department of Transportation. This resulted in visual reader signs warning of extreme fire danger. ODF also partnered with Keep Oregon Green (KOG), PNWCG (Pacific Northwest Coordination Group), and OSFM to utilize every way possible to ask the public to be cautious. ODF incident management teams (IMT's) deployed 7 times for a total of 92 days. All teams are home now and resting, awaiting future deployments. Currently, there are no large incidents on the landscape with ODF-protection. This fire season, there were 11 positive COVID cases on incidents where ODF IMT's were deployed and engaged. This is an excellent record given the increased risk of COVID exposure. Ron highlighted the success story of the new Fire Boss single engine airtankers provided from the E-Board funding; they were stationed in The Dalles. This fire season, ODF kept 94% of all fires at 10 acres or less; over 193,000 acres burned on ODF-protection. The 10-year average to date is 73,000 acres burned. This year, ODF is above the 10-year average for number of fires and 1.4 times the number of human-caused fires.

Steve Cafferata asked, looking ahead, how Ron feels about the potential of USFS fires on the landscape burning onto private lands if an east wind event were to occur. Ron replied that ODF is heavily engaged with all parties and the federal teams welcome the assistance and coordination. He noted that if there is an east wind event like last year, all bets are off. However, that is not expected this year.

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

Tim Keith provided the EFCC Administrator report, noting successful fire stops on several districts and highlighted Coos Forest Protective Association and Southwest Oregon recent fire stops. He reported that fire line repair on the Bootleg fire will be commencing soon. Finally, he noted that Douglas Forest Protective Association will not be incurring any additional large fire costs on the Devil's Knob complex other than their own staff as the threat to private land is nearly eliminated. They were successful in keeping fire costs low on that complex.

Tim reported that tomorrow's Board of Forestry meeting will include a consent agenda item for the appointment of Erik Lease to replace Ken Cummings on the EFCC. Erik is the Director of Silviculture and Regeneration with Weyerhaeuser. He has been there since 2012. Erik is enthusiastic about joining the committee and brings several strengths to the Committee.

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

Chris Johnson offered a heartfelt thanks to ODF and forest protective associations given the severity of the 2021 fire season. Steve Cafferata echoed Chris' comments and said he hoped for rain soon.

There being no further business before the committee, Chair Garrelts adjourned the meeting at 11:40 a.m. The next regular meeting of the committee will be held at **10:00 a.m.** on **Tuesday, January 4, 2022** either via Zoom Video Conferencing or in-person at ODF Headquarters in Salem, Oregon.

**Minutes drafted by:** Chrystal Bader  
**Minutes reviewed by:** Tim Keith and Steve Cafferata

DRAFT

## Emergency Fire Cost Committee - Oregon Forestland Protection Fund

November 30, 2021

### FY22 Estimated OFLPF Account Balance

FUND BALANCE

**BEGINNING BALANCE (as of 7/1/21)**

**\$13,362,556**

		OFLPF Account		
		Previous Years	Estimated	Revenue to date
<b>REVENUE/TRANSFERS IN</b>				
Landowner Assessment & Surcharges:				
Federal	BIA, Corp of Engineers (100% collection rate)		\$217	\$0
BOF & State	BOF & DSL (100% collection rate)		\$45,030	\$14,660
Private & Other Public	County Assessments & Direct Bill (97% collection rate)		\$759,773	\$355,983
Minimums	County Assessments & Direct Bill (97% collection rate)		\$755,854	\$362,057
Improved Lots	County Assessments & Direct Bill (97% collection rate)		\$7,474,609	\$3,666,467
1	Total Assessments from above		\$9,035,483	\$4,399,166
2	Harvest Taxes		\$2,266,825	\$1,327,857
3	Interest Income (based on 0.55% rate effective on 7/29/21)		\$41,025	\$16,629
4	FY 21 Operating Expense Reversal (actual expenses were \$14,084 less than transfer out)		\$6,400	\$0
<b>ESTIMATED TOTAL REVENUE</b>			<b>\$11,349,733</b>	<b>\$5,743,652</b>

**\$19,106,208**

**EXPENDITURES/TRANSFERS OUT**

		Previous FY Expense	Estimated	Actual
1	FY 22 Payroll & Operating Expense		(\$185,000)	
2	Fire Season 2021 Insurance Premium	(\$318,000)		(\$318,000)
3	Fire Season 2022 Insurance Premium Estimate***		(\$315,000)	
4	Fire Season 2021 Severity (used \$3M cap as estimate)		(\$3,000,000)	(\$3,000,000)
<b>ESTIMATED TOTAL</b>		<b>(\$318,000)</b>	<b>(\$3,500,000)</b>	<b>(\$3,318,000)</b>

**2021 FIRE SEASON CLAIMS\*\* Net Amount**

<b>Estimated FY22 Total</b>	<b>\$57,212,237</b>
COD	\$7,171,077
CFPA	\$296,249
DFPA	\$10,500,673
KLD	\$19,123,367
NCAS	\$0
NEO	\$16,485,421
NWO	\$1,558,221
SCAS	\$0
SWO	\$1,575,980
WO	\$0
WL	\$0
WRFPA	\$501,249

		Previous FY Expense	Estimated	Actual
			(\$10,000,000)	(\$10,000,000)
<b>ESTIMATED TOTAL EXPENDITURES</b>		<b>(\$318,000)</b>	<b>(\$13,500,000)</b>	<b>(\$13,318,000)</b>

**ESTIMATED 11195 FUND BALANCE ON NOVEMBER 30, 2021**

**\$5,788,208**

**ESTIMATED FUND BALANCE ON JUNE 30, 2022\*\*\***

**\$11,394,289**

\*\* Fire Season Claims listed are based on a Fiscal Year July 1 - June 30.  
 \*\*\* based on assumptions/estimates that the cap of \$13.5 million will be expended from the fund.



**PLACEHOLDER FOR  
EFCC AGENDA ITEM #4**

**WEATHER UPDATE**

**FIRE COST COLLECTION CLAIM STATUS**  
**CLAIMS ≥\$5,000**  
**December 31, 2021**

DISTRICT	FIRE NAME	YEAR	AMOUNT BILLED	PAYMENT RECEIVED	BALANCE DUE
DFPA	Stouts Creek	2015	\$40,036,975.86	\$0.00	\$40,036,975.86
SW	Stratton Creek #1-3	2017	\$570,441.53	\$3,459.42	\$566,982.11
NCA	Santiam Park	2019	\$233,838.21	\$0.00	\$233,838.21
KL	Ana 238	2017	\$109,436.31	\$0.00	\$109,436.31
WO	Fall Creek	2018	\$105,621.10	\$0.00	\$105,621.10
SW	Neil Rock	2019	\$104,793.10	\$425.00	\$104,368.10
COD	Bologna Canyon	2011	\$69,781.22	\$0.00	\$69,781.22
NCA	Paradise McBride	2004	\$66,900.69	\$13,982.36	\$52,918.33
WL	Horton	2020	\$56,754.60	\$0.00	\$56,754.60
COD	Jewel Road	2014	\$48,259.22	\$150.00	\$48,109.22
AT	South Jetty	2015	\$45,214.01	\$0.00	\$45,214.01
SW	North Applegate Rd 9244	2017	\$45,129.80	\$2,200.00	\$42,929.80
COD	Straw Fork	2017	\$40,918.39	\$0.00	\$40,918.39
SCA	Jasper/Lowell	2013	\$39,149.07	\$0.00	\$39,149.07
SW	Sterling Ditch	2012	\$38,545.00	\$0.00	\$38,545.00
SW	Meadows PP#041500	2020	\$27,330.37	\$0.00	\$27,330.37
NCA	Fern Ridge	2014	\$25,921.31	\$0.00	\$25,921.31
SW	N River Road	2017	\$25,008.45	\$4,000.00	\$21,008.45
CS	Carpenterville Road	2012	\$22,849.94	\$2,250.00	\$20,599.94
CS	New River	2010	\$21,450.85	\$0.00	\$21,450.85
CS	Airport Road	2016	\$20,112.18	\$0.00	\$20,112.18
NCA	Tom Rock	2019	\$19,980.42	\$0.00	\$19,980.42
FG	Rock Creek	2011	\$19,626.87	\$0.00	\$19,626.87
SW	Takilma Rd 5430	2018	\$19,398.23	\$3,000.00	\$16,398.23
CS	Lampa Ln	2018	\$16,535.40	\$3,200.00	\$13,335.40
WL	5 Rivers Slash	2019	\$15,755.47	\$0.00	\$15,755.47
SW	Jack Creek #6	2018	\$13,848.48	\$0.00	\$13,848.48
FG	Grabhorn Fire	2018	\$13,151.84	\$0.00	\$13,151.84
SW	Kerby Avenue 336	2011	\$12,412.22	\$0.00	\$12,412.22
SW	Waters Gulch	2020	\$13,078.82	\$1,300.00	\$11,778.82
DFPA	Hubbard Creek	2018	\$11,771.92	\$0.00	\$11,771.92
NCA	Gard Rd Fire	2018	\$11,118.03	\$0.00	\$11,118.03
SCA	26175 Siuslaw	2019	\$10,762.65	\$2,233.87	\$8,528.78
SCA	McGowen Lookout	2013	\$10,669.01	\$0.00	\$10,669.01
NCA	Boundary	2009	\$10,376.11	\$75.00	\$10,301.11
WO	Spilde Creek Fire	2014	\$10,185.90	\$0.00	\$10,185.90
SW	Dead Indian Memorial #3	2014	\$9,505.02	\$0.00	\$9,505.02
DG	Navajo Drive	2001	\$9,412.26	\$6,374.92	\$3,037.34
KL	Drews	2012	\$8,982.96	\$0.00	\$8,982.96
DG	Happy Valley Rd	2017	\$8,538.70	\$1,750.00	\$6,788.70
SW	Lariat Drive	2008	\$8,384.86	\$0.00	\$8,384.86
DG	Thompson Creek	2016	\$8,183.04	\$0.00	\$8,183.04
SCA	Soda Fork	2016	\$7,890.18	\$5,200.00	\$2,690.18
DG	Lowe Rd	2017	\$7,500.00	\$2,412.00	\$5,088.00
CS	Bill Creek	2018	\$6,756.48	\$0.00	\$6,756.48

DISTRICT	FIRE NAME	YEAR	AMOUNT BILLED	PAYMENT RECEIVED	BALANCE DUE
FG	Holiday Road #1	2016	\$6,584.40	\$0.00	\$6,584.40
SW	15360 Jones Rd	2019	\$6,529.68	\$0.00	\$6,529.68
KL	Egert	2013	\$6,296.62	\$10.00	\$6,286.62
SCA	Hemlock Fire	2017	\$6,051.87	\$0.00	\$6,051.87
WO	Harlan Rd	2019	\$5,918.04	\$0.00	\$5,918.04
SW	Watts Mine	2010	\$5,574.84	\$850.00	\$4,724.84
WO	Maple	2021	\$5,355.49	\$0.00	\$5,355.49
SW	Tolo Rd (6150)	2016	\$5,501.50	\$0.00	\$5,501.50
SW	Griffin Creek Rd 8022	2013	\$5,000.00	\$350.00	\$4,650.00
CFPA	Marlow Creek	2019	\$5,000.00	\$2,400.00	\$2,600.00
<b>TOTAL</b>	<b>55</b>		<b>\$42,096,068.52</b>	<b>\$55,622.57</b>	<b>\$42,040,445.95</b>

**CLOSED FIRE COST COLLECTION CLAIMS GREATER THAN \$5,000**

*(Since September 2, 2021)*

DISTRICT	FIRE NAME	YEAR	AMOUNT BILLED	PAYMENT RECEIVED	CURRENT STATUS
COD	Haystack	2018	\$50,881.81	14,252.69	Settled
<b>TOTAL</b>	<b>1</b>		<b>\$50,881.81</b>	<b>\$14,252.69</b>	

**NEW FIRE COST COLLECTION CLAIMS GREATER THAN \$5,000**

*(Since September 2, 2021)*

DISTRICT	FIRE NAME	YEAR	AMOUNT BILLED	PAYMENT RECEIVED	CURRENT STATUS
WL	Horton	2020	\$56,754.60	\$0.00	Demanded
WO	Maple	2021	\$5,355.49	\$0.00	Demanded
<b>TOTAL</b>	<b>2</b>		<b>\$62,110.09</b>		

**SIGNIFICANT FIRE INVESTIGATIONS IN PROGRESS**

DISTRICT	FIRE	YEAR	FIRE COSTS	INVESTIGATOR
DFPA	Marshall Place	2021	\$300,000	M. Jackson/J. Schumacher
KL	Ponina	2021	\$587,000	C. Miller/K. Burdon
COD	Bull Springs	2021	\$84,000	Chris Dayton
KL	Cutoff	2021	\$4,000,000	C. Miller/M. Suba
COD	Grandview	2021	\$2,500,000	J. Bonebrake/T. Frueh
NEO	Govt. Mtn.	2021	\$166,000	M. Townsend/J. Aldrich
NEO	Elbow Creek	2021	\$25,000,000	J. Matye (USFS)/M. Townsend
SWO	Fielder Creek	2021	\$508,000	Chuck Miller
TL	Cedar Butte	2021	\$636,400	J. Bonebrake/C. Buhl
WO	Echo Mtn.	2020	\$3,500,000	B. Mahr/J. Hitzelberger
TL	Pike Rd	2020	\$938,000	Dave Helmricks
DFPA	Archie Creek	2020	\$13,800,000	Brady/Mican (BLM)

DISTRICT	FIRE	YEAR	FIRE COSTS	INVESTIGATOR
CFPA	N Bank Lane	2020	\$919,000	Jef Chase
SWO	S. Obenchain	2020	\$25,400,000	Chuck Miller
NCA	Beachie Creek	2020	\$10,000,000	USFS/G. White/C. Miller
NCA	Clackamas Co.	2020	\$4,200,000	Townsend/C. Miller/White
WL	Sweet Crk. MP2	2020	\$4,200,000	C. Miller/Hitselberger
DFPA	Days Creek Rd.	2020	\$440,000	Michael Jackson
COD	Fir Mountain	2020	\$3,300,000	M. Townsend/G. White
COD	Mosier Creek	2020	\$4,500,000	M. Townsend/G. White
DFPA	Days Coffee	2019	\$830,000	J. Turchetto/M. Jackson
SWO	Medco B	2019	\$410,000	Chuck Miller
KL	Watson Creek	2018	\$1,200,000	Hitselberger/Sakrada (USFS)
COD	Memaloose	2018	\$225,000	M. Townsend/G. White
SWO	Hugo	2018	\$705,000	Chuck Miller
COD	Grizzly	2017	\$509,000	S. Otto/C. Dayton/G. White
NCA	Niagara	2015	\$375,000	J. Hitselberger/N. Miller

**PLACEHOLDER FOR  
EFCC AGENDA ITEM #6**

**INSURANCE POLICY UPDATE**

**EMERGENCY FIRE COST COMMITTEE  
FISCAL YEAR 2020 AUDIT REPORT  
OREGON FOREST LAND, PROTECTION FUND  
November 20, 2021**

**I. Overview**

The Emergency Fire Cost Committee (EFCC) Administrator annually audits all fire costs which are a part of the claims against the Oregon Forest Land Protection Fund (OFLPF). This report summarizes the findings of the EFCC’s fiscal year 2020 audits; the Administrator recommends that the EFCC approve the audits and consequently authorize payment of those claims, as needed, when they are finalized.

Nancy Hirsch, EFCC Administrator; Tina Meyers, EFCC Finance Coordinator; and Lorna Hobbs, contracted accountant; conducted the FY20 EFCC. Due to the COVID-19 restrictions, some audits were performed remotely. However, audits for DFPA and SWO were performed in person. These two larger audits were performed in the spring of 2020, with additional assistance and consultation provided as follows:

- Southwest Oregon District: Stacy Miller, Protection Finance Manager
- Douglas Forest Protective Association: Stacy Miller, Protection Finance Manager; Kim Titus, Incident Finance Coordinator and Sharrol Pyle, FEMA Finance Coordinator.

Additional attendees at the audits included district foresters, office and business managers, as well as various unit foresters and other district staff employees.

Fiscal year 2020 audits are complete, as well as any fiscal year 2019 fires that occurred in May or June after the FY19 audits. During fiscal year 2020, total extra costs were \$26,926,806. After reductions were made for district deductibles and fire cost recoveries, the total claim to the OFLPF and General Fund is estimated at \$10,145,527. The following table identifies the districts that became eligible for reimbursement after meeting all fire suppression cost deductible requirements outlined in OAR 629-165-0010 through 629-165-0100.

District	Extra Costs	Recoveries	Daily Deductible	Acreage Deductible	Net Claim
COD - Tbr	\$268,916	\$0	\$94,249	\$104,046	\$70,621
COD - Grz	\$302,242	\$0	\$61,828	\$51,523	\$188,891
DFPA-Tbr	\$18,801,034	\$13,191,062	\$25,000	\$92,531	\$5,492,441
KL-Tbr	\$1,572,749	\$352,540	\$80,038	\$101,347	\$1,038,824
KL-Grz	\$369,196	\$82,032	\$18,380	\$24,499	\$244,285
SWO-Tbr	\$5,612,669	\$2,278,290	\$134,348	\$89,565	\$3,110,465
<b>Total</b>	<b>\$26,926,806</b>	<b>\$15,903,924</b>	<b>\$413,843</b>	<b>\$463,511</b>	<b>\$10,145,527</b>

## **II. Audit Philosophy & Procedures**

OAR 629-165-0310 requires that emergency fire suppression cost claims against the Oregon Forest Land Protection Fund not be finalized until “... (3)(b) The Administrator has audited each claim; and (c) The Emergency Fire Cost Committee has approved each audit. ...” With this requirement, the Administrator and Finance Coordinator analyze expenditures to assure that they meet all fiscal requirements of the agency and the State of Oregon, are necessary and appropriate for the suppression of the respective incidents and are appropriately documented.

This review assures that the EFCC maintains their financial responsibility to manage the OFLPF for the purpose of spreading the risk of emergency fire suppression costs among protection districts statewide – equalizing their eligible emergency fire expenses. In turn, the audits help maintain the State Forester’s ability to procure affordable catastrophic fire insurance to protect the financial interests of forest landowners, Oregon Department of Forestry, and the State of Oregon. This in turn helps assure the State Forester provide a complete and coordinated forest fire protection system.

The focus of each audit can be separated into two parts. First, all equipment and aircraft charges are reviewed for conformity to pre-set pay schedules and appropriateness. Second, fire line payroll records are reviewed and compared to the Oregon State Payroll System’s (OSPS) official payroll records, and fire line equipment records are reviewed and compared to ODF billing for equipment rental records for accuracy. All costs are reviewed for conformity to FEMA eligibility when applicable, and fire cost recovery responsibilities.

The EFCC Administrator encourages the audits be attended by fire management personnel as well as fire business personnel. This affords the added benefit of the audit providing a forum for communicating EFCC policy, procedures and philosophy to these personnel, as well as an opportunity for these individuals to communicate success stories, emerging trends, and issues or concerns. These two-way discussions help assure that we are providing an emergency fire funding program that is responsive to evolving needs/changes in the forest fire fighting business, and ensures continuity of the “Oregon way” of shared forest landowner and State of Oregon-funded firefighting.

## **III. Audit Results, Fiscal Year 2020**

The statewide total for reversal of charges (from EFCC eligibility back to the district or a vendor/provider) for FY20 was \$949,654.12. This total is 9.4% of the fiscal year net claim total (\$10,145,527). The high percentage is due primarily to a coding decision related to FEMA-eligible costs that were in reality association regular costs and not eligible for EFCC reimbursement.

This 2020 fiscal year audit report highlights specific areas of concern revealed to the Administrator and Finance Coordinator. The issues are identified below, with

recommendations for resolution bulleted in *italics*. Procedural findings that did not result in reversal of eligible charges are indicated by an asterisk (\*). Concerns are outlined below.

#### Eligibility of Personnel with Protection Funding

Issues were identified for protection-funded district personnel with charges against the fund. “Base-eight” salary charges for personnel with protection funding (district, area and Salem) assigned to an overhead position on an eligible type 3 or larger incident within their area of responsibility are not eligible. Only overtime and support costs for personnel with protection funding are eligible costs when assigned to those fore-mentioned positions and when relieved of their normal duties.

- *Fire managers and fiscal personnel at all levels – district, area and Salem – must continue to review the guidelines to stay current, as well as effectively instruct personnel to ensure costs for employees charged to fires are consistent with the OFLPF guidelines.*

#### Hand Crew Personnel Re-Assigned to Engines

Hand crews are eligible for EFC-funding on eligible emergency fires, engine crews are the fiscal responsibility of the district. Hand crew personnel re-assigned to engines for fire suppression are not eligible for EFC-funding.

- *Districts need to be mindful of tracking employee time when reassigning their hand crew members to district engines or other fire suppression activities.*

#### Shift Tickets\*

Shift tickets were found to have missing information, resource order numbers and signatures were the most common issue.

- *Pre-season training needs to continue to emphasize the requirements of personnel and equipment timekeeping and better review of these documents must occur at the fire, home unit, and during the payment process.*

#### Helicopter Deductibles

One district did not use a helicopter deductible calendar to calculate deductibles. Therefore, total extra costs were exaggerated for FY20. Districts are required to meet a fixed deductible amount of \$12,000 in a seven-day period during FY20 whether procured through district contract, severity or call-when-needed; districts with a contract helicopter were subject to 50% of the fixed deductible amount.

- *Districts must continue to review documentation and make adjustments during the payment process for aircraft resources to ensure eligible and/or ineligible costs are consistent with the OFLPF guidelines. A calendar to track helicopter deductible per week would be beneficial for auditing purposes.*



### Meals for District Personnel

The purchase of meals is eligible for district personnel assigned to an eligible overhead position on EFC-eligible fires. All other purchased meals for district firefighting personnel are not eligible.

- *It is recommended that purchasing practices continue to be reviewed and attention paid to eligible overhead positions. For district protection funded positions, eligible overhead positions are those of Unit Leader or above. The calculation used to determine eligible meal expenses needs to be documented and in the file at the time of audit.*

### Ineligible Fire

All statistical fires including those that pose a threat to district-protected land are eligible for emergency funding. All other fires including mutual aid and smoke chases are ineligible for funding. There were many ineligible fire expenditures that were corrected before or during the audit, and some after the audit.

- *When completing fire reports and auditing fire expenditures, districts must carefully review those expenditures to ensure that they meet the intent of the EFCC funding guidelines.*

### Charges to the Fund that are the Responsibility of Cooperating Agencies

Statewide firefighting agreements and fire line agreements determine appropriate charges to the fund. Significant change to the Western Oregon Operating Plan, where BLM no longer pays assessment fees to the OFLPP, caused a major shift in tracking emergency fire costs when BLM acreage was involved on the west side of Oregon. Many expenditures for fires with 100% BLM acreage were coded for EFCC eligibility.

- *When auditing firefighting costs, care must be taken to ensure that reimbursable costs are properly documented and charged to the appropriate codes to ensure that reimbursement of these costs occur.*

### Financial Reporting

Auditing financial reports that differ in format was sometimes a challenge. Associations don't produce the same reporting format as ODF districts. Terminology is the same regarding the type of work, but coding is not always consistent. Costs were over-exaggerated due to an association reporting district regular costs (FEMA eligible, but not EFC-eligible) as extra costs.

- *Association financial reports should contain PCA coding as a reference in order to determine if an expenditure is eligible. Even if the PCA is not used in association accounting, it should be cross referenced on financial reports provided for the audit. (ex: FEMA-eligible association regular costs that are not EFC-eligible should be cross referenced with PCA 19374)*

## Outside of Fire Season Fires

A district coded emergency fire costs to extra fire costs when the fire was outside of fire season and the district was still responsible to provide resources at the most efficient level.

- *Even outside of active fire season, a district will provide and pay for resources as indicated on the Dispatch Block Card at high fire danger.*

### **IV. Audit Summary and Follow-up**

In February of 2020, audits were scheduled with districts that had a draft claim established: Central Oregon (COD), Douglas Forest Protective Association (DFPA), Klamath-Lake (KLD), South Cascade (SCAS), and Southwest Oregon (SWO). Those audits were scheduled for April of 2020. Due to COVID-19 restrictions, those audits were canceled and rescheduled for either in-person or remote audits.

Since SCAS had a smaller claim, a remote audit was started in late April and continued through May 2020. Records to be audited were randomly selected and the district was requested to scan documentation; there were approximately 40 records requested for the FY19 late spring fire (Downen's Road #2) and the four fires listed on the FY20 claim. The remote audit for the SCAS claim was manageable due to the size of the claim. Overall, it was more time consuming than an in-person audit, but it was accomplished successfully. A few personnel audit finding corrections were completed immediately. In the end, SCAS did not end up with a FY20 claim due to the complete cost recovery received on the Pisgah fire.

In May of 2020, the DFPA audit was held at the Salem ODF Headquarters with limited personnel and social distancing requirements met. MP97 was audited in person with Protection Division auditors in conjunction with EFCC personnel. MP97 was the only FEMA fire for FY20, and it was decided that completing the audit promptly would be appropriate to allow for the FEMA process to move forward. In addition, two smaller, late spring fires from FY19 were audited remotely: Tiller Trail and Day's Coffee.

In June of 2020, the SWO audit was held at the Medford ODF office with limited personnel and social distancing requirements met. This audit was performed in person because a new District Business Manager had been recently hired for SWO. The audit provided helpful information and directive clarification for those who had never experienced an EFCC audit. Pre-audit findings that were emailed and corrected before the in-person audit are not listed as findings in this report. In addition to FY20 fires, FY19 late spring fires that were audited included: Medco B, Dode's Creek, and Neil Rock.

In December 2020, the COD audit took place remotely. Documents stored on the COD Google drive were accessed for the audit. However, it was challenging and time-consuming locating documents because they are stored in different locations on the Google Drive. Documents that could not be located on the Google Drive were requested by the audit team and provided by

the district through email. FY19 late spring fires included in the audit were Bridge Drive, 1620 Road, Box Springs and Wineland Canyon.

In May 2021, the KLD FY20 audit was held in conjunction with their FY21 audit. Two of the twelve fires on KLD's claim were audited – the only fires having a net claim amount. The fires audited were Bob Flat and Ward. There were no findings or reversals from the audit. A FY19 late spring fire – Sunna – has not been audited at this time.

The 2020 fire season was relatively quiet, with only one incident eligible for a Fire Management Assistance Grant (FMAG) through the Federal Emergency Management Agency (FEMA). That fire was Milepost 97 on DFPA protected land.

In 2019, as opposed to years prior, conditions were normal and relatively mild for Oregon. For the full year, Oregon tracked 48,245 lightning strikes. In May, there were 8,734 lightning strikes, most (5,398) occurring during one event May 29-31. In June, there were 11,032 strikes spread out over the month, with heaviest concentrations on the 13<sup>th</sup> and 14<sup>th</sup> (4,959 strikes), and the 26<sup>th</sup> and 27<sup>th</sup> (2,490 strikes). In July, there were 4,073 strikes spread out over the month. In August there were 15,755 strikes, with an event lasting from the 8<sup>th</sup> through the 11<sup>th</sup> bringing 13,404 strikes. ODF's largest lightning-caused fire, the Ward fire at 1,301 acres, ignited on August 9. In September, there were 8,450 strikes with over 6,000 occurring on the 5<sup>th</sup> and 6<sup>th</sup>; several ODF fires ignited from this event but were kept small with prepositioned resources at the ready, and aggressive initial attack.

There were four large fires with gross costs over \$1 million – MP97, Ward, Panther Gulch and East Evans; and four fires ranging from \$100,000 to \$1 million – Conger, Little Applegate, Gyda Lane and the Ginger Creek Complex. These four fires were effectively stopped from being significantly larger and costlier fires. ODF incident management teams (IMTs) were deployed twice during the fire season – MP97 and Ward.

ODF, landowner partners, contractors and other cooperating agencies should be commended for their efforts providing the resources required to control wildfires while providing for firefighter and public safety, and minimizing costs and losses. Despite extreme conditions, initial attack response excelled at 96% of fires caught at 10 acres or less.

As in the past, the Administrator works with the Fire Protection Division Chief, Deputy Protection Division Chief and Protection Business Manager to implement these audit findings and recommendations, instilling changes as needed.

The total financial impacts of the audit with reference to ineligible charges identified and charged back to the districts are as follows:

**FY19 Audit Corrections**

District	Identified Issue	Correction	Total
<b>COD</b>			
954-063-19	Ineligible meal for district personnel	-\$14.15	
952-058-19	Ineligible personnel charges	-\$524.70	
	<b>Fires occurring in May/June</b>	<b>COD FY19 Total</b>	<b>-\$538.85</b>
<b>SWO</b>			
711-519-19	Missing meal documentation	-\$31.00	
711-592-19	Ineligible personnel charges	-\$108.27	
711-526-19	Ineligible personnel charges	-\$123.28	
		<b>SWO FY19 Total</b>	<b>-\$262.55</b>
		<b>FY19 Grand Total</b>	<b>-\$801.40</b>

**FY20 Audit Corrections**

District	Identified Issue	Correction	Total
<b>COD</b>			
952-097-20	Helicopter deductible incorrectly computed	-\$94.00	
		<b>COD FY20 Total</b>	<b>-\$94.00</b>
<b>DFPA</b>			
732-069-20	Association regular costs that were FEMA-eligible (but not EFC-eligible) were listed as extra costs on the financial report, these reporting errors were corrected as the audit proceeded, causing the estimated eligible extra cost of MP97 to drop.	-\$891,690.00	
		<b>DFPA FY20 Total</b>	<b>-\$891,690.00</b>
<b>SWO</b>			
711-075-20	Personnel charges on Double Day – 100% BLM fire	-\$1,041.22	
711-087-20	Additional cost needed to meet helicopter deductible	-\$2,506.00	
711-087-20	Ineligible personnel charges	-\$149.22	
711-107-20	Additional cost needed to meet helicopter deductible	-\$4,653.00	
711-107-20	Ineligible personnel charges	-\$3,525.28	
711-107-20	Fuel for district-owned equipment not eligible	-\$589.98	
711-107-20	Aircraft charged in error to Coop code (\$67,616.64 added to claim)	\$0	

District	Identified Issue	Correction	Total
<b>SWO (continued)</b>			
711-116-20	Week two – helicopter deductible missing	-\$6,000.00	
711-116-20	Ineligible personnel charges	-\$148.78	
711-221-20	Week four – helicopter deductible not met	-\$5,479.00	
711-231-20	Double Day fire – 100% BLM; costs should be billed accordingly	-\$2,351.00	
711-233-20	Week five – helicopter deductible missing	-\$6,000.00	
711-233-20	Ineligible personnel charges	-\$2,535.20	
711-233-20	Ineligible meals	-\$27.50	
711-233-20	Private car mileage for ineligible position	-\$20.88	
711-233-20	Eligible cost share, charged to coop in error (\$714.00 added to claim)	\$0	
711-261-20	Week six helicopter deductible missing	-\$6,000.00	
711-261-20	Lodging – no back-up documentation	-\$309.12	
711-261-20	IT Services – no back-up documentation	-\$735.31	
712-233-20	Ineligible personnel charges	-\$2,819.80	
712-233-20	Ineligible equipment pool mileage	-\$108.15	
712-233-20	Ineligible personnel charges	-\$78.18	
712-233-20	Ineligible meal charges	-\$412.50	
712-436-20	Week four helicopter deductible not met	-\$521.00	
712-735-20	Week seven helicopter deductible not completely met	-\$5,859.00	
712-804-20	Week eight helicopter deductible missing	-\$6,000.00	
		<b>SWO FY20 Total</b>	<b>-\$57,870.12</b>
		<b>FY20 Grand Total</b>	<b>\$949,654.12</b>

#### V. Action Recommended

Pursuant to OAR 629-165-0310, the Administrator recommends that the Emergency Fire Cost Committee approve these audits of fires that burned in fiscal year 2020, and that fire suppression cost claims against the OFLPF from this fiscal year be authorized for payment when claims are finalized; conditional upon proceedings being brought to recover fire suppression costs from responsible parties. Due to conditional payments already made based on fire cost estimates, there may be no further OFLPF payments.

## January 2022 FEMA Update

### What's new:

- The 2015 Admin claim has been submitted totaling \$450k
- Contracts/Materials documentation submitted to FEMA for 2020 Beachie, Riverside, Lionshead, & Alameda PA claims
  - Additional policy information is being written to meet Environmental & Historic Preservation (EHP) review to be able to submit projects to FEMA

### FEMA \$ Recently Received:

- Ramsey - \$362k
- Mosier Creek - \$2.2 million

### Outstanding:

- Prior to 2020 - \$1.07 million
- 2020 – \$68.3 million
- 2021 - \$26 million