

EMERGENCY FIRE COST COMMITTEE

March 7, 2023

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 Tuesday, March 7, 2023.

Committee Members Present

Brennan Garrelts, Chair – in person
Steve Cafferata – in person
Erik Lease – in person

Committee Members Absent

Chris Johnson

Others Present (in person)

Nancy Hirsch, EFCC Administrator
Lorna Hobbs, EFCC Finance Coordinator
Chrystal Bader, Executive Support, Oregon Department of Forestry (ODF)
Cal Mukumoto, State Forester
James Short, Assistant Deputy Director for Administration, ODF
Mike Shaw, Interim Chief of Fire Protection, ODF
Levi Hopkins, Policy & Planning Unit Manager, Fire Protection, ODF
Neal Miller, Fire Cost Recovery Specialist, ODF
Stacey Chase, Finance Manager, ODF
Matt Stayner, LFO
Kyle Williams, Director of Forest Protection, Oregon Forests & Industries Council (OF&IC)
Cindy Robert, Manulife

Others Present (via Zoom)

Sherry Brennan, Fire Finance, ODF
Justin Hallett, Assistant to EOA Area Director, ODF
Ron Graham, Deputy Chief, Operations, Fire Protection, ODF
Lindsay Cunningham, Willis Towers Watson
Eric Kranzush, Giustina
Todd Scharff, DAS Risk Management
Sione Filimoehala, CFO Analyst, DAS
Randy Hereford, Starker Forests
Tyler McCarty, SWO District Forester, ODF
Karl Mielke, Finance Unit, ODF
Jerilee Johnson, Area Accountant, ODF

ITEM 1: CALL TO ORDER, CHAIR COMMENTS AND INTRODUCTIONS

Chair Garrelts called the meeting to order at 10:00 a.m. on Tuesday, March 7, 2023. He and committee members Steve Cafferata and Erik Lease were present in the room. Committee member Chris Johnson was absent, however there was a quorum.

Chair Garrelts then reminded the committee that Steve Cafferata's term expires this April and he has opted to not see reappointment. He then announced that the committee will be recruiting for a new member to fill the vacancy in the coming months.

ITEM 2: APPROVAL OF THE MINUTES OF THE JANUARY 3, 2023 EFCC MEETING [Decision Item]

Chair Garrelts asked for a motion to approve the January 3, 2023 Emergency Fire Cost Committee (EFCC) meeting minutes. No comments were made by committee members or attendees. A motion for approval of the minutes was made by Erik Lease and seconded by Steve Cafferata. All were in favor and none opposed, and the minutes of the Emergency Fire Cost Committee January 3, 2023 meeting were unanimously approved.

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

The financial status of the Oregon Forestland Protection Fund was reported by Lorna Hobbs, EFCC Finance Coordinator and reviewed by the committee. Lorna noted the continued work with ODF accounting to improve the EFCC reports then reported the changes made from the last report. For fiscal year 2023t the beginning balance of the fund on July 1, 2022 was \$10,955,583.

On the report, under Estimated Revenue/Transfers In:

- Item #1: As of January 31, 2023, the total estimated amount for assessment and revenue is \$9,211,101. As of January 31, 2023, \$8,677,278 has been received. The majority of assessment revenue, \$6.8M, was received in December.

- Item #2: Harvest Tax revenues for the current fiscal year are estimated at \$2,178,594 with just over \$1M already received to date. There is no change from the previous report. February harvest tax revenues will be reflected on the next report.
- Item #3: The interest rate has risen to 3.75% since my last report. Interest earned as of January 31 totaled \$139,327, and the total for FY23 is now estimated at \$277,651.

Lorna then noted a change made to the report with moving items previously under revenues, items 4, 5, and 6. These used to be the expenditure reversals received from previous years. Those have now been moved down under expenditures as they were actual reversals of expenditures.

The actual revenue received as of January 31, 2023 is \$10,233,016, and the estimated total for the fiscal year is at \$11,666,346.

On the report under Expenditures/Transfers Out:

- Item #1: Payroll and operating expenses for fiscal year 2023 are estimated at \$185,000.

Lorna then noted another change to the report, which was the removal of the \$410,000 expenditure for the 2022 fire season insurance policy as it was accounted for in the previous fiscal year.

- Item #3: The Fund's contribution to the insurance premium for fire season 2023 is still estimated at \$315,000. This amount could increase if spring fires do not reach the \$10M fund cap.
- Item #4: The Fund's contribution to severity costs for the 2022 fire season was \$3,000,000.

The following items, 5, 6, and 7, are the extended reversals from the previous fiscal years that were moved from revenues and transfers in on the report.

- Item #5 & #6: Show a result of prior fiscal year reconciliations where the Oregon Forestland Protection Fund overpaid severity costs for fiscal years 2014 and 2015. The total amount returned to the fund is \$1,543,037.
- Item #: As previously reported, an adjustment of \$12,943 was made in July for overpayment of FY21 operating expenses.

For the 2022 fire season draft claims, the current estimated net claim total for fiscal year 2023 claims is \$17,403,444, which is slightly higher than the previous report.

Additional transfers made in support of the 2022 fire season for large fire suppression remain the same. Those transfers were:

- A total of \$819,135 advanced to Coos Forest Protective Association.
- A transfer in the amount of \$7,685,260 to cover the Fund's portion of large fire costs. This amount was based on the final cost estimate that was distributed in October, less the amount advanced to CFPA.

These transfers total \$8,504,395. Of the estimated \$10M, there is \$1,810,605 remaining in the fund for FY23 emergency fire costs. If this amount is not spent, it would contribute towards the insurance premium for fire season 2023, if the insurance policy is purchased.

Actual expenditures, including previous year reversals, as of January 31, 2023, total \$9,948,415.

The current fund balance ending January 31, 2023 is \$11,230,185.

The estimated fiscal year 23 ending balance on June 30, 2023 is \$10,678,909.

Chair Garrelts commented that it is a good reminder that fire season is July 1 to June 30 and it is not terribly uncommon to see spring fires, so while there is some growing certainty with the numbers shown on this report, there is still the spring season before things really roll into the 2023 fire season. He then thanked Lorna for the update and asked the committee members if they had any questions. No questions or comments were asked or made by committee members.

ITEM 4: INSURANCE MARKET / POLICY UPDATE

Chair Garrelts introduced Todd Scharff, DAS Risk Management, who introduced Lindsay Cunningham and Lee Lockrem with Willis Towers Watson, the lead broker for the insurance policy. Together they provided an update on the insurance policy for the 2023 fire season. As of today, they did not have any proposals to present, however, compared to the typical timeline for this process, they are only a week off. The underwriters have just started reviewing the renewal and have given some initial feedback. Todd mentioned there would likely be a need for EFCC, DAS Risk, and Willis Towers Watson to meet again as the proposals become available, so the committee can review and make a decision.

The firefighting expense policy submittal has been submitted and the underwriter meetings have been held. They went very well. Todd commended Mike Shaw and Chair Garrelts for their good job in representing the program. He then mentioned two areas of feedback from the underwriters – concern with inflation and climate change, with a focus on predicting these moving forward. Specifically, they asked what things cost in the past, what they will cost going forward, and how climate change is affecting all of this. Some of this information has been submitted to the underwriters.

Lee Lockrem agreed with Todd in that Mike and Brennan did an incredible job in the underwriter meetings. She then provided more details of each meeting highlighting that it is still very early in the process and Lee has been in daily contact with Willis Towers Watson London regarding the lead underwriter's initial reaction. It looks like the premium will increase by about 5%, with a potential increase in the retention. Willis Towers Watson is pushing back very, very hard and because of the helpful background data provided by ODF, she hopes to reduce what the lead underwriter's actuaries perceive to be trending inflation. In the meantime, Derek Hanson (lead underwriter) is reviewing all of the information provided and is committed to a response within 24 hours. She reminded the committee that the lead underwriter is pivotal in the success of the program and if he is replaced, there's speculation that the program will be unable

to pull the new London market capacity and resolve the shortfall. Lee closed by stating that depending on what happens tomorrow morning, there may be some other alternatives to offset the premium increase.

Chair Garrelts thanked Lee for the update and asked the committee members if they had any specific questions.

Steve Cafferata asked about inflation and climate change specific to a one year contract, why the underwriters are so concerned. Since climate change is not looked at on a 6 month basis.

Lee replied it's the historical look back of 10 years and what that loss would look like today. She restated that this is all surrounding the retention and that the inflation factors aren't arbitrarily chosen. She agreed with Steve that there are more wildfires now than in the past, but the underwriters aren't only looking at Oregon. It's a global effect, and the underwriting community has not had to address this in their rating mechanism to date. Also, wildfire was never contemplated so it's viewed as climate change and underwriters are struggling with how to underwrite it.

Todd Scharff added that DAS is currently working to verify whether the rates for services such as aircraft, are flat going into next year, or if there will be an increase in those contracted prices. If there is an increase, they're trying to determine what those prices would be. He added that this is the last of the information needed for the underwriters. He stated that with BLM taken out of the equation, when numbers are inflated, there's a need to start with the real number; then contracts are reviewed to ensure all parties agree on the inflation rate escalation. He also noted the increase in retention last year from \$50M to \$75M, and that the program is stressed and has been over a number of years now.

Steve Cafferata said he was amazed that there's even contemplation of increasing the retention given there hadn't been a claim in 50 years that would have reached \$75 M, and it's already too high now.

Lee agreed noting had there been a \$75M retention the whole time, there wouldn't have been claims on the policy. This is exactly the data points provided to the underwriters yesterday to Derek Hanson this morning. It's also why he's reconsidering.

Todd added that Willis inflated the old numbers to show what would happen if those fires were to occur today, even with the removal of BLM.

Chair Garrelts stated he was confident that consideration was given to looking back from 2013 to 2017 when BLM was in the Fund, that those fire years were appropriately discounted in looking at inflation trends over time. Lee and Todd both confirmed this is correct and are very good points.

Lee then reiterated how committed Derek is to making this work for all parties. In conversations just this morning, the 5% increase (or \$80M) in retention is actually coming from his actuarial group. Any decision he makes now is going to be outside of that and resting on the information ODF is providing.

Chair Garrelts noted that inflation within firefighting is kind of a sticky wicket and he hopes the actuaries are trying to pull real time data and not Consumer Price Index (CPI), for example. There has been substantial inflation costs for certain aspects of firefighting, with other large fire costs remaining relatively flat, which could be really influential in analysis of costs. He added that trying to get as close to real inflation costs is difficult to calculate.

Lindsay Cunningham added it's more like a present day calculation and that the information provided by ODF and team is exceptionally helpful to take back to negotiate on those points.

Chair Garrelts thanked Todd, Lee, and Lindsay and asked if they had any closing comments but they did not. Then he asked the committee members if they had questions.

Steve reminded the committee that with a \$75M retention, by the time the premium is paid, there's really only about \$21M in coverage, not \$25M.

Chair Garrelts said that was a fair point and notwithstanding the previous discussion on where the underwriters may land on a retention or premium, another question is ensuring ODF has available General Fund dollars to fund their portion of the policy. He reminded the committee of the limitations on EFCC's contribution. Based on the current balance of the OFLPF, they should be able to contribute more than in the past but will be dependent upon the spring fire season. He then asked ODF's Chief Financial Officer, James Short, provide an update on the status of available funding for ODF's portion of the premium.

James Short, Chief Financial Officer for ODF, stated this is the year that the agency typically goes in front of the Emergency Board to request funding for the insurance premium costs, however, due to it being a full legislative session, it is now requested through Ways and Means. He added that his staff have been in communication with State Forester Mukumoto and will be submitting a letter to the Ways and Means Committee Co-Chairs requesting the funds to pay ODF's portion of the insurance policy premium, and any difference in what the OFLPF contributes, among the eligible costs. In terms of timing, there may be a delay of a week or so due to legislative session, but once the final premium amount is known and approval is given by the State Forester to purchase, the agency will begin drafting the letter, in conjunction with the Fire Protection Division. James reminded the committee that ODF has continually received funding from the legislature for the insurance policy premium costs in the past. .

Chair Garrelts thanked James for his update and restated the statutory obligation of the Emergency Fire Cost Committee to consult with the State Forester on whether or not to purchase the insurance policy, including the level of coverage. However, given that there is no formal proposal yet, that committee decision will need to be had at a later date, and EFCC will likely need to hold a special meeting specific to that topic once a formal proposal is received in the coming weeks. Chair Garrelts noted EFCC will coordinate with ODF on a date and time for the special meeting to ensure it happens quickly.

Mike Shaw, Chief of Fire Protection for ODF, thanked Todd, Lee, and Lindsay for their efforts in providing the committee, and ODF, with the information necessary to aid in the recommendation.

State Forester Mukumoto added his thanks to the team and asked for a more robust discussion later as to where insurance fits into the overall financing package for ODF. He'd like the opportunity to talk landowner rates and the direction they're going as both relate to how fire is financed in Oregon.

Chair Garrelts then opened the conversation, as requested by State Forester Mukumoto, noting the increasing focus on wildfire over the past several legislative sessions, and suggested this conversation happen after session. From his perspective as a landowner preparedness and suppression standpoint, rates in southwest Oregon are increasing rapidly due to inflation and legislative pressures and it's becoming difficult for smaller landowners to see the net return benefit. He added his concerns as an Oregonian because it could mean there could soon be some transition away from forest management to other types of landowners, and therefore, subsequent loss of forest coverage with Oregon-based companies being replaced by large, nation-wide corporations, like Weyerhaeuser.

Erik Lease then provided his perspective as a large forest management company (Weyerhaeuser) and agreed with Chair Garrelts, but also noted large corporations' concerns with escalating costs. Costs are multiplied on the east side of the state where lack of infrastructure tends to reduce the returns back to the land, and with the additional burdens it is even more difficult. He asked for a philosophy on climate change given these large, catastrophic fires are not going away. We were lucky last year, but once August 1 came around, we were into fire season.

Chair Garrelts agreed that the pinch point started on the east side, and his personal opinion is that the system was developed when wildfire was a rural problem. But the fires today are region-wide with smoke impacts hundreds of miles away from the actual fire. He said that Oregon landowners are proud of this cost-share system, but he believes wildfire is now an Oregon-wide problem and cost increases for landowners only is not balanced when it should be. When a landowner's land burns, there's few grant opportunities for reforestation. There's funding for infrastructure, but landowners are left holding the burden of the financial cost to repair their lands, which are largely uninsured.

Erik Lease agreed that fire is a regional problem and there's an opportunity to continue the focus on prevention and initial response within the fire structure by integrating resources to better control some of the costs. As for the general cost of inflation and fires getting more expensive, Erik wonders if it could be due to a strategic change in the heavy reliance on aviation assets, which he noted is the most expensive method of fire suppression. He also noted there aren't roads where there used to be, making initial attack difficult.

State Forester Mukumoto turned back to the question of insurance and where EFCC feels it fits into ODF's financing plan, given the \$4M cost of the premium for a \$21M margin, only after \$75M in net costs are incurred. He pointed out it only reduces the risk for the insurer and asked if it is unattainable given ODF's history of firefighting costs, taking into consideration climate change as the factor which increases the intensity and therefore costs of the current fires we're seeing.

Steve Cafferata responded to State Forester Mukumoto's previous question, that from a small landowner perspective, it should be assumed there would be a \$100M fire once every 5 years in order for the policy to be beneficial. As a percentage of the total budget for the state of Oregon, the \$20M risk may not be as beneficial as it used to be, especially looking at increased retention and/or increased premium. He added that from the EFCC's point of view, a business perspective, it is solely to insure the General Fund. Personally, as a small landowner, he would start to take a little more risk since it's such a small percentage of the total budget of the state of Oregon.

To Cal's other question, Steve noted many small landowners don't have annual incomes from their property; instead, they may get a paycheck every 40 or 50 years, so they have to carry the cost from other sources of income. Steve tells other small woodland owners it's a great deal and ODF is their best friend; they're the only thing standing between you and disaster, so they should support ODF every way they possibly can. It's even harder on the east side.

Chair Garrelts agreed with Steve Cafferata that the challenge is that the insurance policy falls into a nexus with some political headwinds that landowners face. There continue to be conversations every session that landowners should be paying considerably more for fire protection than the state. What these conversations fail to recognize is the partnerships and the all-Oregon problem and want to push the problem directly to the landowners. So while there is the appearance of diminishing return of the insurance policy, he is concerned that removing the policy and then having a year with a major fire bill will only fuel the flames of those political headwinds. So the insurance policy somewhat provides a backstop for the cost of wildfire to the state. There's also been more scrutiny on this policy in the last 5 years than in the previous 50, and he reminded the committee that this is the only policy of its kind in the world and is a partnership nearly 50 years strong. Additionally, it's not like other insurance policies where you can shop around to find better rates, buy down costs, or change the terms. A decision to discontinue the policy, either by the state or the London marketplace, it would not be available ever again. This is a risk that needs to be factored into this decision and set some metrics to see where the financial point of diminishing return is and then look very closely at this policy and the value it provides. He would like to sit down and work through the decision with some financial analytics to determine where that decision point lies. Brennan feels this is a more prudent action rather than engaging in politics.

Cal agreed that it is a good business relationship with Lloyd's of London, but the decision needs to be made based on the fiduciary responsibility and not on legacy. He appreciates the EFCC answering his questions. The big picture is how to finance fire in Oregon.

Chair Garrelts noted the watershed impacts, from available drinking water, is a huge all Oregon problem extending beyond just the valley where the smoke impacts are greatest.

Steve Cafferata noted the biggest risk to Oregon is the federal fire policy and letting fires burn. Cedar Creek is the perfect example, in his opinion. It easily could have been stopped but they let it go. How do we manage Oregon's fire costs when the federal government manages their fires differently.

ITEM 5: 20-YEAR LANDSCAPE RESILIENCY STRATEGY *[Information Item]*

Nathan Beckman, Strategic Planning Coordinator for ODF, presented a PowerPoint highlighting the collaborative effort and provided a high level overview of the strategy. It prioritizes restoration actions and geographies for wildfire risk reduction that can be used to direct federal, state, and private investments in a tangible way. This language is also in SB 762. After Nathan finished his presentation, Chair Garrelts asked the committee if they had any questions.

Seve Cafferata noted his concerns with not having a New Mexico incident in Oregon and has concerns with trying to manage liability at this scale.

Nathan responded that the landscape resiliency strategy is basically taking data and using it to determine the best place for investment with the greatest return. The governance of the strategy has seen barriers at the local and state levels and the desire is to come up with policy recommendations, though that doesn't solve the problem. It does, however, work toward a vision of that.

Mike Shaw added that this is a tool to help the state be successful. He noted that it will be a long, arduous process, so the planning needs to start now given the complexity of the issue. He highlighted the need to be thoughtful in the response and planning moving forward will take aggressive investments.

Steve commented on the need for experienced people to call the shots.

State Forester Mukumoto made an observation in that the governance piece is as important as anything with all agencies in discussions on working together to best leverage the funds. At the last report, there were still 5.6 million acres still needing treatment. And while prescribed fire is one way, making materials into a useable product, at some point, biomass can be reasonable. He added that reliance on government funding isn't sustainable and there needs to have an economic solution too.

Chair Garrelts stated with multiple partners, many of which with different levels of acceptance of risk, and the transition to implementation, there's no getting stuck in analysis. He encouraged leadership and being part of the discussion and also willing and able to accept risk and make uncomfortable decisions in order to meet the goals of acres burned. He emphasized the most important decision point is to see effective work being done. He is encouraged by the governance to get other partners to accept risk noting it's a statewide issue.

ITEM 6: WEATHER UPDATE *[Information Item]*

Ron Graham, Deputy Chief of Operations for the Fire Protection Division, provided the weather update, giving credit to the National Interagency Fire Center, Predictive Services, for the information he will provide today. NIFC's newest outlook was released on March 1st for the months of March through June, and there is good news and hope on the horizon for Oregon. At the time of this release, over 40% of the country was still in drought. Since then, there's been improvement, especially in northwest Oregon where there's been a substantial increase in precipitation. In looking at the significant wildfire potential maps, the forecast indicates no strong confidence in a significant fire season, especially an early season. There will be a transition from a La Nina weather pattern to El Nino, though it is unknown exactly when, which is causing a little bit of waiver into forecaster's confidence. Ron added that through March, there will be continued improvement in drought across Oregon. However, across the country, including Florida, Texas, Arizona, New Mexico, Colorado, and the southern and central plains show drought intensifying.

For our region, central Oregon is still looking like the hot spot for drought, though that looks to improve through this March-June period. Through and past June, there are no significant indicators of any kind of significant precipitation, just more normal through the spring months for Oregon. Snow packs are also favorable at this time, and one of the determining factors of fire season is late spring moisture, along with adequate snow packs and how quickly the snow packs melt, and things can change very quickly. Ron closed noting by the next EFCC meeting in June, as the outlooks come out, there will be more confidence in the forecasts.

ITEM 7: UPDATE ON STATUS OF LARGE FIRE COST COLLECTION EFFORTS *[Information Item]*

Neil Miller, Fire Cost Recovery Specialist, provided an update on the status of large fire cost collection efforts, highlighting a few of the fires that ODF has received significant payments on, which include the West Oregon Maple Park fire for \$3,420. For the monthly payment plan installments for the incidents on the first page of his report, the total received is \$1,541.96, making the total amount received since the January EFCC meeting \$4,961.96.

For cost collection claims at or over \$5k, there were no new claims added since January. The Central Oregon Grizzly fire demand amount was recertified which will reduce the original amount listed at the last meeting by \$1,003,139,207.40. The new total is \$426,595.6. A new invoice is currently being processed for this fire and negotiations will continue after that.

For the significant fire investigations in progress or under DOJ review, the northeast Oregon West Campbell fire, and the Klamath Lake Ben Young fire, have been added to the list. The Ben Young fire has been a long withstanding and is on hold at the US Attorney's office to allow information sharing and collaboration with the US Forest Service investigator. Our investigation is still on hold there.

The North Cascade Niagara fire from 2015 has been removed from the list and closed as it was not a strong case of negligence and the responsible party did not have any assets.

Chair Garrelts asked when claims move into the DOJ review process, what is the average timeframe before it clears out of that? How long it takes for claims to go through the DOJ review process. Neil responded that it is an ebb and flow with class action lawsuits and cost agreements, between US DOJ and Oregon DOJ.

For the 2020 Labor Day fires, Neil noted that many of the investigations are coming to close this spring; then discussions with the USFS will continue. If a settlement is received, the amount would depend upon the assets of the responsible party. In this case, it is a pro rata

settlement due to shared ownership. Overall, Neil is positive that some of these larger cases that were on the landscape, are reaching a near closure.

Chair Garrelts thanked Neil for his leadership, adding that this information is important not only for financials, but also to show Oregon's aggressive action of recovering costs of fire by responsible parties.

ITEM 8: DETERMINE UNENCUMBERED BALANCE OF THE OFLPF AS OF FEBRUARY 15, 2023 *[Decision Item]*

Nancy provided this update by first reminding the committee that it is required by statute to determine if the unencumbered balance of the Oregon Forestland Protection Fund as of February 16, exceeds the reserve base of \$22.5M. Consistent with the requirements and statute, the committee shall meet and determine the balance. The unencumbered fund balance has been calculated in the handout and as of February 16, was \$11,410,495.31, which is a reduction of \$96,315 for administrative expenses, not yet paid by February 16th. There were no other adjustments necessary, resulting in an unencumbered balance of \$11,314,179.89. This amount is below the \$22,522,500 reserve base, which means the OFLPF assessments will continue consistent with the law. Nancy recommended the committee certify the unencumbered balance and asked if anyone had any questions. A motion to certify the unencumbered balance of the OFLPF as of February 16, 2023, was made by Steve Cafferata and seconded by Erik Lease. All were in favor, none opposed, and the motion passed unanimously.

ITEM 9: ADMINISTRATIVE BRANCH REPORT

- ODF financial report

James Short, CFO for ODF provided the financial update noting as of today, the overall cash balance for the agency is sitting at \$47.5M, which exceeds the amount of the agency's current financial obligations. He added that all program appropriations previously borrowed from to mitigate cash flow, have been reimbursed, thus, all General Fund appropriations have been 100% reimbursed. The total accounts receivable balance is \$65.1M, \$46.6 due from federal agencies. James closed his report stating the agency looks good at the moment, but early fire season can mess that up. He asked if there were any questions from the committee.

Chair Garrelts asked if BLM had paid their first fire suppression installment. James confirmed it was paid today in the amount of \$4.6M.

- Legislative session

State Forester Mukumoto provided an update on the current legislative session, noting last week's presentation to the Natural Resources Subcommittee of Ways & Means. The committee asked a lot of questions, which is good. They were also asked about the insurance policy. Cal continued noting there were a few questions on the HCP and many others related to fire. Cal summarized it as a good experience and the agency did well. He is interested in expanding conversations around fire financing.

As far as bills ODF is tracking, there are 633 that may have an impact on ODF. SB 80 is a fix-it bill for the WUI risk map. There is currently a pause on major operations of the map until the legislature responds on their intent. SB 90 creates a State Forests task force and is also paused. SB 509 is a bill to bring agency coordination around community defensible space. It is primarily an OSFM bill to allow them to work with the Firewise program. SB 82 states a homeowner cannot be denied based on the WUI risk map levels.

James Short added it was one of the best presentations the agency has done in a long time, despite the quick turnaround time.

- Strategic Investments financial report

Tracy Wrolson, Fire Protection Finance Unit Manager at ODF, opened his report by mentioning that his entire ODF career has involved emergency fire costs and reconciliations so he understands how the OFLPF works. He noted that he was recently tasked by James Short to figure out the MGO recommendations revolving around the Fire Protection fiscal budgets – the transparency, the consistency, and the final landowner rate to make sure it's as accurate as possible.

Tracy then told the committee that the Protection Finance Unit is working to get bills paid and money back to the agency as quickly as possible. The unit is also working with MGO on consistency, accuracy, transparency, basically any efficiencies of the reports and documents produced. All of this leads to changes to the strategic investment report today.

Tracy then went through some of the changes on the report, noting it is the same information, just in an easier to read layout. He presented a document showing the detail of the strategic investments. For the 2017 strategic investment status, there was a carryover balance of \$14,416 with most of those projects completed and a few are pending expenditures that will be completed in the near future. Tracy went on to note the balance is lower than previously reported at the last EFCC meetings (maybe \$3k or \$4k less) due to the Mahogany Mountain project, which is still being completed and had some expenditures that were being spent against.

For the 2020 strategic investments, the carry over amount into the balance was \$1.5M and was approved to transfer funds. Tracy mentioned at this point, nothing has been spent. Pending expenditures are approximately \$64k.

The remaining project balance is roughly \$1.3M with a balance of undistributed funds in the amount of \$107,376. Tracy asked if there were any questions or comments from the committee.

- FEMA update

Stacey Chase, Deputy CFO, provided an update on FEMA claims noting that since the last meeting in January, \$16.8M has been received from the Fire Management Assistance Grants. These are funds received directly from FEMA, not run through the Oregon Department of Emergency Management (ODEM). She stated the \$16.8M included approximately \$300k for the 2020 pre-positioning claims and \$16.5M for the 2021 Bootleg fire initial suppression cost submission. She noted there will be an additional submission and it is expected after the spring cost reconciliations are completed. \$1.2M has been received for the Public Assistance Grant reimbursements for the 2022 suppression claims, which were submitted through ODEM. with \$40.6M outstanding. Claims pending ODEM approval total \$46.6M from federal partners, \$40.6M of which is related to FEMA. Estimated claims not yet submitted total \$7.3M, including claims pending final cost reconciliation this spring.

Ron Graham provided an update on this topic noting that Protection and Admin staff recently met with FEMA Region 10 on pre, during, and post recoveries. All meetings went well and FEMA noted that Oregon and ODF have a strong program. He explained that Oregon and Alaska have a structure as a state forestry agency by statute, responsible for the FMAG program. Ron mentioned some big news since the last EFCC meeting – the appeal that was submitted on the Cedar Creek FMAG was successful, which is rare and unprecedented. This is opening policy conversations to the FMAG program, especially fire threats on other jurisdictions where ODF incurs the costs. Our data analyst, Teresa Alcock, did the work on the appeal and it was used as an example to other states on what a successful FMAG appeal looks like. Ron stated the financial impact to ODF won't be significant (\$100k) and because the appeal was successful, the incident period restarts.

Chair Garrelts commended the work by Fire Protection staff on the appeal and report and thanked them for their leadership.

ITEM 10: FIRE PROTECTION DIVISION REPORT *[Information Item]*

Mike Shaw opened this report and turned it over to Ron Graham, Deputy Chief of Operations, who provided the following updates:

- BLM Western Oregon Agreement

The fiscal invoice was paid yesterday and documents have been revised. This was the largest invoice and covers most of fire season. ODF and BLM conducted an AAR last month which was well attended and there were no significant findings needing correction from last fire season.

- Geoboard

ODF IMTs will be attending the annual team training April 4-6 at Seven Feathers Casino in Canyonville. All three ODF IMTs are fully rostered and rotations are scheduled but there's still a few vacancies to be firmed up. Federal IMTs are moving away from Type 1 and Type 2 teams and will be designated as complex IMTs. Ron noted more will be learned at a later date. He summarized the Geoboard's work as focused on IMT succession management.

- Severity resource plan

Currently, ODF's Aviation Unit is working on contract renewals for aviation resources. The contracts will be similar to last year. ODF is in the process of upgrading Type 2 helicopter contracts to Type 1 as the federal government continues to impose requirements for Type 2 contractors with older equipment.

The Partenavia is currently at FLIR getting updates and repairs on the infrared camera. It is expected to be back and fully functional by fire season 2023. The cost of repairs to this aircraft will be expensive at an estimate of \$60k.

Steve Cafferata asked who the current ODF ICs were. Ron responded Joe Hessel, Tyler McCarty and Matt Howard and mentioned that there's now Deputy ICs rostered for each of the three teams, and they are: Cline for IMT 1, Pettinger for IMT 2, and Perkins for IMT 3.

Mike Shaw added his comments on complex IMTs at the federal level noting as the federal system transitions fully, the past practice of national Type 1 teams versus regional availability will go away and all teams will be available and deployable nationally. The effort is to staff ODF IMTs and it was a valuable decision to keep ODF's as Type 1 IMTs.

Chair Garrelts asked if this change has any bearing on the Northwest Compact and the ability to pull a Washington IMT into Oregon or if they were separate. Mike Shaw responded this is different from the Northwest Compact as the geographic coordination at R6 (had 3 national, 8 regional teams) are now all nationally deployable. If there is increased activity in other parts of the country, several teams could be pulled from the northwest, putting tension in the system on team availability. Ron added that ODF teams will likely become CIMT equivalent since they meet those requirements, however, ODF will remain status quo and the agency's IMTs will not be nationally deployable.

Mike Shaw noted that the federal agencies are struggling with the shrinking pool so there could be more pressure on ODF IMTs on fires that start on federal ownership and are threatening ODF protection. He added there may be a lack of team availability within the federal system which will put pressure on ODF IMTs.

Chair Garrelts mentioned his concern that Oregon will get teams that don't understand the value of the complete and coordinated system, or the value of timberlands. He noted the struggles with previous teams outside of this area and the need for aggressive suppression tactics. He said ODF made a good decision.

Steve Cafferata noted the great discussion today and commended the agency, adding that landowners were very supportive.

- 2017 Strategic Investment successes

Ron continued with the successes of the 2017 strategic investments noting the 2013 legislation which allowed reinvestment of unused funds to keep large fires off the landscape into the future.

1. **Early detection** allows firefighters to get boots on the ground quickly. The largest strategic investment was the FLIR camera which was installed on ODF's Partenavia aircraft in 2020. In 2022, it was used to detect 56 fires and ODF was able to get firefighters on those fires before they became large. The agency is actively looking at other aircraft to reinstall the FLIR camera onto because the Partenavia can't fly the entire state in one night.
2. **Detection cameras.** There are 8 to 10 sites across the state with detection cameras which continue to provide successful early detection. The Mahogany Mountain camera is shown on the screen. **These photos** were from September 2 and show fire detected within 3 hours. Firefighters were able to get to the fire in the middle of the night and catch it at 6 acres. Without the camera and its operator providing intel to firefighters on the ground, there would have been a much more significant fire on the landscape.
3. **Troy Guard station.** Housing has been a problem when recruiting firefighters. The Troy guard station provided multiple benefits in Wallowa; one major benefit was response time. ODF shared financial responsibility for the guard station with ODFW. It is staffed May through October by ODF and October through May by ODFW. Funding was also received from Wallowa county to offset costs. Since 2019, ODF has staffed an engine to provide faster response to tough terrain, and to provide continual presence for prevention, education, and outreach.
These strategic investment successes will be used for future opportunities. Mike Shaw thanked the committee for the funding which allowed for the assets to provide success for ODF and the state of Oregon. He is looking forward to future strategic investment opportunities for the agency.

Steve Cafferata noted that the city of Troy provided a lot of data for the committee to be able to make the call on the investment in the guard station there.

Chair Garrelts said it was good to hear success stories but reiterated that strategic investments aren't looked at as a grant program. There has to be some analysis for the return on investment and he appreciates when districts can provide that. He noted that it will be an important part of future strategic investment decisions for the committee.

ITEM 10: COMMITTEE MEMBERSHIP POLICY DISCUSSION *[Possible Decision Item]*

Nancy developed a draft document from the last EFCC meeting in January and solicited feedback from committee members. She noted that much of the updates to the policy are enhancements for consideration by the Emergency Fire Cost Committee (see handout). These enhancements are to achieve a policy statement for EFCC to follow statutory requirements for recruitment of new committee members. Chair Garrelts thanked Nancy for her work, which accurately reflects the discussion from the last committee meeting and noted the importance of the process.

A motion to approve the recruitment policy as presented, effective immediately, was made by Erik Lease and seconded by Steve Cafferata. All were in favor and none opposed, and the motion passed unanimously. As such, the committee now has an official recruitment policy which will be used for the recruitment for the position vacated by Steve Cafferata.

ITEM 11: STRATEGIC INVESTMENT *[Possible Decision Item]*

ODF's Eastern Oregon Area, through Justin Hallett, asked the committee if they could amend their camera strategic investment proposal to request additional funds to cover costs. Justin noted that each EOA district have identified priority sites which have no infrastructure and require an additional \$30k to complete. He referenced Tracy Wrolson's report noting the undistributed amount available as \$100k. Chair Garrelts told the committee they can choose to make this a decision item today, or punt to the next EFCC meeting. He added his personal frustration with this request noting the specific ask for the area to take a hard look and ensure the costs were accurate, and then to see this request come in. It's a reasonable ask, however, in terms of the importance of early detection.

Erik Lease asked if the increase were \$90k, whether that would provide an opportunity to drop a site and possibly use that money for the other two sites. Justin replied yes, if the request of the committee is to drop a camera site, that can be done. Steve Cafferata made a comment about round numbers and splitting the difference where EFCC pays 50% and EOA pays 50%.

Chair Garrelts asked what opportunities existed for getting more accurate and definitive numbers. He asked for the agency to come back with a way to achieve all 6 and at that time, the committee will review at a follow-up meeting. The preference is to have hard numbers, recognizing increases in cost for execution. He is hesitant to offer money without seeing more accurate data points.

Steve voiced his concern with delaying the installation of these cameras given the successes, but understands other projects still need funding and doesn't want to spend the fund reserves. Erik agreed that leaves no margin for other strategic investment projects if the remaining funds are used for this project.

The committee agreed that before they could approve, they would need more definite numbers and asked the area to come back with this information for all 6 locations. For now, funds remain in the amount of the initial investment. Chair Garrelts encouraged EOA in the future to sharpen their numbers when requesting additional strategic investment funds.

Steve made a suggestion of borrowing from other strategic investments within EOA.

ITEM 12: EFCC ADMINISTRATOR REPORT *[Information Item]*

Nancy provided the EFCC Administrator report noting the spring audit schedule. She asked committee members to let her know if they would like to attend any of the audits. Nancy then reminded the committee of the discussion at the last EFCC meeting over the district deductible process. She will ensure the topic of the Agency Request Budget (ARB) is included for future EFCC meetings in the ARB cycle. Finally, Nancy stated that she would follow up with each of the committee members on scheduling the special EFCC meeting on the insurance policy.

ITEM 13: RECOGNITIONS

The committee took some time to recognize committee member Steve Cafferata's service on the Emergency Fire Cost Committee. Comments were made by Chair Garrelts noting that Steve has served on this committee since 2011 and was an instrumental force in helping address the new age of fire by getting BLM removed from the OFLPF which saved Oregonians tens of millions of dollars. He thanked Steve for his leadership not only on this committee but for many other issues across the state.

Nancy provided comments, along with State Forester Mukumoto, and previous EFCC Administrator, Tim Keith. Nancy then read portions of a note from former EFCC Chair Ken Cummings and Pete Sikora.

Steve thanked everyone for their comments and said he enjoyed his time serving on EFCC.

ITEM 14: PUBLIC COMMENT / GOOD OF THE ORDER

There being no further business before the committee, Chair Garrelts adjourned the meeting at 1:01 pm. The next regular meeting of the Emergency Fire Cost Committee will be held at **10:00 a.m.** on **Tuesday, June 6, 2023** at the Oregon Department of Forestry Headquarters in Salem and via Zoom Video Conferencing.

Minutes drafted by: Chrystal Bader

Minutes reviewed by: Nancy Hirsch and Erik Lease