

DF Distribution

EMERGENCY FIRE COST COMMITTEE June 4, 2019

In accordance with the provisions of ORS 477.455, a meeting of the Emergency Fire Cost Committee (EFCC) was held at the State Forester's Headquarters, 2600 State Street, Salem, Oregon.

Committee Members Present:

Ken Cummings, Chair
Steve Cafferata
Chris Johnson (via telephone)

Others Present:

Nancy Hirsch, EFCC Administrator
Tina Meyers, EFCC Finance Coordinator
Peter Daugherty, State Forester
Travis Medema, Interim Deputy State Forester
Doug Grafe, Chief, Fire Protection
Ron Graham, Deputy Chief, Fire Protection
Chrystal Bader, Executive Support, ODF
Mike Shaw, Acting EOA Director
Jeff Bonebrake, Fire Investigator, ODF
Nick Yonker, Smoke Management Program Manager
Jeff Friesen, Willis Towers Watson
Neal Laugle, Aviation Unit Manager, ODF
Sarah Lathrop, Aviation Coordinator, ODF
Adam Meyer, Policy Analyst, Fire Protection
Pete Parsons, Meteorologist, ODF
Kyle Williams, Director of Forest Protection, OFIC
Tom Jenkins, Meteorologist, ODF
Gary Springer, Starker Forests
Cindy Robert, Hancock Forest Management Lobbyist
Mike Totey, West Oregon District Forester
Mark Hubbard, ODF Finance Manager

ITEM 1: CALL TO ORDER

Chair Cummings called the meeting to order at 10:03 a.m. on Tuesday, June 4, 2019. Introductions were made around the table and the room.

Chair Cummings pre-empted the agenda to provide a few committee updates. Steve Cafferata has been officially reappointed to EFCC effective April 24, 2019 through April 2023; Jake Gibbs has resigned from EFCC effective May 3. The committee will be working through that appointment over the next few months.

Chair Cummings then referred to State Forester Daugherty for some comments. Peter thanked everyone for their service and provided the following updates:

- **Budget / Legislative** - ODF's budget is close to being finalized with a potential work session next week. Met with Legislative Fiscal Office and Representative Rayfield who is the Co-Chair of the Joint Ways & Means Committee. Peter then highlighted key items included in the budget:
 - \$6M for Special Purpose Appropriation (SPA) / Severity;
 - State Forests Policy Option Package for short sales;
 - Technology adjustments to workforce reorganization in State Forests meaning less paperwork and more efficiency
 - Harvest tax remains at 60/40 as proposed currently;
 - Proposal for new investments in Fire Protection
 - \$3M for seasonals
 - \$2M for additional positions (to be determined by the Governor's Wildfire Council recommendations), but these funds will not be included in ODF's base budget but rather under SPA (\$5M).
 - \$2M through OSU Extension Service for fire resiliency to support the collaboratives
 - Fund shift of 50% for Admin Pro Rate at base budget level or about \$6.5M per biennium). This will be a big shift to landowners with an estimated increase of \$0.26/acre.
- **Wildfire Council Suppression & Funding Subcommittee** – status report on areas of focus include:
 - Insurance, self-insurance role, and BLM/USFS relationships regarding jurisdiction
 - The next meeting of the Wildfire Council will look at unprotected lands in Oregon as well as funding and capacity. The hope is to put ODF in a good position to bring solutions and legislation.

ITEM 2: APPROVAL OF THE MINUTES OF THE MARCH 5, 2019 COMMITTEE MEETING [Decision Item]

No comments were made by committee members or attendees. A motion for approval was made by Chris Johnson and seconded by Steve Cafferata. All were in favor and none opposed. The minutes of the [March 5, 2019](#) Emergency Fire Cost Committee meeting were unanimously approved.

ITEM 3: APPROVAL OF THE MINUTES OF THE MARCH 19, 2019 COMMITTEE SPECIAL MEETING [Decision Item]

No comments made by committee members or attendees. A motion for approval was made by Chris Johnson and seconded by Steve Cafferata. All were in favor and none opposed. The minutes of the [March 19, 2019](#) Emergency Fire Cost Committee Special meeting were unanimously approved.

ITEM 4: FINANCIAL STATUS OF THE OREGON FOREST LAND PROTECTION FUND [Information Item]

Tina Meyers presented the [financial status of the Oregon Forest Land Protection Fund](#) (OFLPF) for June FY20 highlighting the following:

- Estimated Revenue
 - Assessments received for minimum and improved lots are currently 99.5% of the estimated total.
 - May Harvest Tax revenue received was \$739,872 for a total for FY19 of \$2,390,735 which is 96.6% of the amount anticipated.
 - Interest earned for February, March, and April was \$106,233.
- Estimated Expenditures
 - Estimated FY19 Payroll & Operating Expense changed from \$110,000 to \$172, 103 due to the transition of a new EFCC Administrator and Finance Coordinator, cross-training, and assistance with the insurance policy claim.
 - The Severity costs for FY18 increased with an addition of \$27,208.80 for May 2019 Severity resources making the total for Severity costs \$2,857,253, which had been previously estimated at \$3M. Now showing a revenue of \$142,747 back to the OFLPF.
 - Funds available for insurance have been reduced due to increase in Severity and Personnel costs during transition.
- Fire Season Claims
 - Fire Season 18 audits were held in April and May and claim estimate validation is ongoing.

Chair Cummings asked when the premium on the insurance policy will be paid. Nancy replied DAS has already paid and ODF will reimburse DAS – exact amount of repayment unavailable until end of FY19.

Doug Grafe noted his appreciation of staff's responsiveness and ability to procure severity resources, specifically for the Santiam Park fire back in March.

Steve Cafferata asked what extra costs were EFCC-eligible. Nancy responded that the Medco B fire has not been audited yet. As of right now, there's close to \$410,000 in total eligible EFCC costs - the Santiam Park fire is approaching \$500K. Chair Cummings reminded the committee that there is no funding until the new biennium beginning July 1, 2019. Doug added that the new insurance policy was effective as of April 15, 2019.

In terms of overall costs for the 2018 fire season, audits were recently completed and Nancy said the numbers will continue to change/move around some for a variety of reasons. The 2019 fire season report on estimated large fire costs will be out over the next few weeks.

Below is a summary of the financial status report of the OFLPF.

<u>Balance as of 07/01/2018</u>	\$ 9,472,790
<u>Estimated revenue (including Balance)</u>	\$ 31,464,055
<u>Less estimated expenditures</u>	\$ (13,887,510)
Projected Fund Ending Balance for 06/30/19	\$ 17,576,545

ITEM 5: WEATHER UPDATE [Information Item]

Nick Yonker provided the [weather update](#) for the June 2019 EFCC meeting. Bottom line – expect a likelihood of above normal fire season in Cascades and to the west.

Ron added that there are strong indicators that show a summer of raised fire potential for the west portion of Oregon. This now reinforces what and how to prepare for fire season. ODF meteorologist Tom Jenkins noted the indications he's seen recently showing a dryer than expected October.

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

Jeff Bonebrake provided the status update on large fire cost collections to date, highlighting key items ultimately showing the dollars coming in are fairly insignificant this quarter.

- Claims greater than \$5,000
 - 2500 Road – DOJ and ODF working through final steps.
 - Ramsey Canyon
 - Responsible party has accepted liability working on final verification of costs
 - Learning and adapting with regard to BLM cost shares & how recoveries work with the new agreement. DAS also has claims for damaged equipment so also have a vested interest.
 - Hugo Road
 - Continue negotiations with power company and making some progress
- Significant investigations in progress (no recoveries in districts this quarter)
 - Owens Road (South Cascades) currently looking at a cost recovery of \$180K
 - Medco B
 - Santiam Park (North Cascades)
- Lobster Creek
 - Actively working
 - Unofficial policy limit offers from two entities involved in the fire ignition (each policy is approximately \$1M)

Jeff closed by noting that ODF will be introducing more potential investigators to the environment soon

- Steve Cafferata asked if ODF's portion for Watson Creek is \$1.2M to which Jeff B. replied, yes.
- Chair Cummings asked if the process would be the same if Ramsey Canyon were to happen this year; Ron Graham replied, no and explained the change from the BLM "contract" to an "agreement."
- Jeff added that there is a Memorandum of Understanding (MOU) with BLM and a task force to work on addressing these issues.

Nancy thanked Jeff for investigator training and Chair Cummings on the Wildfire Council response/recommendation on the inclusion of the investigation component of the organizational capacity.

ITEM 7: FEMA FINANCIAL STATUS QUARTERLY REPORT *[Information Item]*

Ron Graham provided the [FEMA financial status quarterly report](#) highlighting the following:

- Estimates since 2013
 - Different categories of FEMA claims (all-inclusive)
- Recently closed the 2013 FEMA claim
- Still working on 2014
 - Error in the financials from the 36 Pit fire were caught and corrected, along with Oregon Gulch (also close to finalizing)

Chair Cummings asked which fires had cost shares; Ron explained the symbols on the report (red 'X' means will take longer and is more complicated).

Mike Shaw asked about the Pacifica fire - the actual FEMA reimbursement is less than the actual received; how does that happen? Ron responded that ODF provides FEMA with an estimate of the costs then pays the bills and figures the actual costs, which could be more or less.

Ron continued with the report:

- For 2015, some payments have been reimbursed and ODF will continue to work on 2015 once 2014 is closed
- For 2016 to current, ODF staff will work on pre-positioning claims first as no money has been received from FEMA to date.

Chair Cummings asked whether we're expecting FEMA reimbursement from the Substation fire; Ron replied that fire was not on ODF protection.

Interim Deputy State Forester Travis Medema commented that ODF does not have the capacity to add additional FEMA fires to the current process. Thinking long-term about wildfires outside our protection areas, the agency is not staffed to do that. He added that ODF is currently in discussions with LFO on a potential minor reorganization in the Administrative Services Division to add capacity in the processing of FEMA reimbursement costs.

Ron noted that ODF is following every incoming dollar closely, working with Doug and Nancy.

Steve asked how much time it will take to get through a FEMA reimbursement like Ramsey Canyon. Ron responded that it will take at least three years with ODF's current staff capacity and the significant workload of reconciling. Steve then asked how many full-time staff are working on it currently. Doug noted that the agency has over \$2M in Administrative cost work to process FEMA claims and Nancy said she's observed 1 to 3 people in the FEMA space depending upon time of year.

Tina Meyers asked if ODF receives reimbursement from the sub-recipient fires to which Ron replied ODF's Partnership and Planning Program carries that load.

Chair Cummings asked if it should take FEMA 5 years to process claims. Ron responded that there is now a better process in place but it continues to be a multi-year process.

ITEM 8: STRATEGIC INVESTMENTS QUARTERLY REPORT [Information Item]

Tina Meyers provided the [Quarterly Report on Strategic Investments](#) highlighting the status of expenditures and noting any new progress on the specific projects. See the Strategic Investment Financial Report for details.

Neal Laugle, Aviation Program Manager, presented a [slideshow](#) of pictures depicting the transformation of the Partenavia while equipping with the IR technology and Nancy mentioned the possibility of a tour for committee members of the ODF hangar to see the work themselves in September.

Neal Laugle provided an update on contracts associated with the statewide severity resources. Neal added that some of these contracts have been in place for 10 years and based on the consumer price index out of Portland; starting to see shift in the length of the contracts (example: one contract went from 10 to 5 years with a potential for an annual rate increase). Also may start to see new contracts are at set rate so there would be no increase when they are extended. Neal said the agency will go to that model with other contracts as the older ones phase out. The new model will offer the same compliment of resources (Type 2 & Type 3 helicopters).

ITEM 9: FOREST LAND CLASSIFICATION STATUS ANNUAL REPORT [Information Item]

Ron Graham provided the annual report on the status of the [Forest Land Classification](#) project noting that some county projects have resulted in appeals to the Board of Forestry (Yamhill County and Clatsop County). Tim said a lot has been learned since then including communication and there's a better plan now and things seem to be going more smoothly.

- Deschutes County has been completed with zero appeals to the Board of Forestry;
- Lane County Forest Patrol Assessments have been recently updated
- Washington County is just getting started. Ron added that he could provide more details if needed.

Chair Cummings commented on the workload capacity issue of this project and asked to see resulting data/numbers to get an overall sense of percentage of changes per county.

Steve asked for the percentage of actual revenues versus estimated. In particular, Deschutes County. Mike Shaw replied that there was a lot of change in the Deschutes reclassification and the major workload comes in the initial review, especially when a review has not been done in a long time (outside of the new 5 year review plan).

Ron ended the status update noting that Jefferson County is up next in COD and will move east from there.

ITEM 10: FIRE DIVISION REPORT

Ron Graham reported on recent changes in the Division including Russ Lane's retirement effective June 14. Blake Ellis will be filling in as Fire Operations Manager for the remainder of the calendar year beginning June 17. The Division will recruit for permanent fill of Fire Operations Manager no later than January 2020.

- Severity Plan Review was covered by Neal.
- [BLM Agreement Status Report \[Information Item\]](#)
 - BLM now under a 5 year agreement under the Pacific Northwest Operating Plan.
 - ODF will continue to be lead for IFPL; BLM will follow ODF's direction.
 - ODF will take lead on other issues such as public restrictions and cost recovery.
 - Fire notifications will be coordinated through both ODF and BLM.

Due to the federal government shutdown, there was no time for a joint After Action Review (AAR) between ODF & BLM but both agencies conducted their own individually.

- ODF & BLM agency leadership joined negotiations specific to fire investigations (see [ODF Estimated BLM Costs for FY20](#)).
- Ultimately, both agencies realized the need for mutual respect of each agency's authority.

The final agreement was signed in early May to allow for outreach in the field. The [Executive Summary](#) shows changes from the agreement plan last year to the operating plan this year which are mostly operational with some new requirements from BLM such as O&C lands to remain under ODF protection and Klamath to be under a one-year agreement.

ODF/BLM "roadshows" took place in Salem, Roseburg, and Medford - all were well attended by the agencies (BLM/ODF/USFS). To summarize the outreach, issues became more complex moving south and a better understanding of each other's agencies was gained and now there is overall structure for guidance.

Travis Medema added that the Governor submitted a letter to the Secretary of Interior, which will be discussed at the upcoming Governor's Wildfire Council meeting on June 6. Travis thanked Kyle Williams and landowners for their assistance.

Travis also provided update on ODF Executive Team staff;

- Lena and Travis are on track for a successful transition with Lena as the new Deputy State Forester beginning July 1, 2019.
- Kyle Abraham has been selected as the new Private Forests Division Chief.
- Travis will return to COD but will maintain his current work with the Governor's Wildfire Council.
- Mike Shaw will remain the Eastern Oregon Area Director through summer/fire season.
- Joy Krawczyk has been hired as the new Public Affairs Program Manager. Joy comes from the Department of Revenue.
- Lastly, ODF will be hiring a new Human Resources Director within the next couple of weeks.

ITEM 11: EFCC ADMINISTRATOR REPORT *[Information Item]*

Nancy provided the [EFCC Administrator report](#) highlighting the 2018 fire season audits are mostly complete with just a few outstanding. A dry run audit was conducted in West Oregon District.

There were findings from the 2018 audit and corrections will need to be made, which Tina Meyers is managing.

During the travel for the 2018 audits, there was broad communication with the Districts as to their investigation capacity, investigation of fires and fire cost recovery. Nancy will put together a report to share with Doug and this group soon.

Nancy also noted the assistance received from Diana Jarman and Dave Horton on the larger audits. Tim Keith also came in one day in SWO for interpretation of eligible expenses.

Reports back to the Committee

- Tim Keith is close to completing FY17 & FY18 (fire seasons 2016 and 2017) and Nancy expects to bring these reports back at the September EFCC meeting.
- Close to closing out the claim for 2015 insurance policy year. There are outstanding revenues of approximately \$500k. Doug and Nancy will be working with staff within the next few weeks to finalize. The total is expected to be less than the full claim.
- Jeff Friesen discussed a recent request from Lloyd's of London associates for the underwriters to visit Oregon. Nancy and Doug will identify a smaller group to flush out logistics.
- Nancy continues to work on a draft plan to consider eligibility directive, however that project has proven larger than expected. Doug and Nancy to determine what that means as far as staffing and come back with framework for the September meeting.
- Nancy is attempting to post all EFCC meeting materials to the external website for transparency.
- Nancy and Tina are currently working on a affirming and/or refreshing standard quarterly reports. There will likely be some revision to the reports in September and committee feedback is welcomed.

Chair Cummings asked about the possibility of audits being emailed out one week prior to the September meeting for review at a higher level and he noted the importance of keeping up with audits. After the audits, the committee needs to refocus their efforts in replacing Jake Gibbs membership on the committee and the review of the directive can be in future planning.

Nancy reminded the committee of the need for a review of the directive which stemmed from the issue around the definition of 'extraordinary costs.' The directive also needs fine-tuning around a few key issues, including detail in the financial tracking.

Chair Cummings added that nothing we currently have has to stay the same and there is no deadline for changes to be made. As far as the directive, it should be reviewed more often and agrees it should be done soon but perhaps after the recommendations come out of the Wildfire Council later this year.

ITEM 12: PUBLIC COMMENT / GOOD OF THE ORDER

There being no further business before the committee, Chair Cummings adjourned the meeting at 12:16 p.m. The next regular meeting of the committee will be held at **10:00 a.m. on Tuesday, September 3, 2019** in the Santiam Room of the State Forester's Headquarters in Salem.

Minutes drafted by: Chrystal Bader on 06/04/2019
Minutes reviewed by: Nancy Hirsch
Minutes approved by: Committee Members on 09/03/2019