

Item 9: Department of Forestry

2019 and 2020 Fire Seasons Costs

Analyst: Matt Stayner

Request: Allocate special purpose appropriations made to the Emergency Board for severity resources and supplemental fire personnel costs to the Department of Forestry for 2019 fire season costs and anticipated 2020 fire season costs and increase the Other Funds expenditure limitation for 2019 fire season costs.

Description: The 2019 Legislature provided \$8 million in special purpose appropriations to the Emergency Board for dealing with wildfire costs at the Department of Forestry (ODF); \$4 million for severity resources (\$2 million per year for the 2019 and 2020 fire seasons), \$2 million for the 2021 fire season insurance premium, and \$2 million for supplemental fire personnel cost.

Severity resources augment the base-layer of fire protection that is provided for in the biennial budget of the agency and are used to prevent or contain the spread of fires at the initial attack or to aid in the containment of large fires. These funds are coupled with up to \$6 million in funding from landowner acreage assessments, minimum lot assessments, improved lot surcharges, and harvest taxes from the Oregon Forest Land Protection Fund. The OFLPF portion is subject to statutory limitations by year that cap the expenditures from the fund to either \$3 million or 3/5ths of the total expended on severity resources in each fire season from all funds

Each fire season, ODF contracts with various providers of aviation resources and ground-based resources to provide aviation resources, equipment pre-positioning, and airborne hand crews. When these resources are used on large fires, the cost of those activities are charged to and made part of the large fire costs. The remaining residual costs stand alone. It is these residual costs that are funded through the special purpose appropriations for severity resources.

ODF contracted for severity resources totaling \$8.4 million for the 2019 fire season. Of this amount, \$2.65 million was assignable to large fires and ODF has estimated FEMA reimbursements for pre-positioning of resources to be \$360,278, leaving a net obligation of \$5,373,669; a \$373,669 cost overrun from the \$5 million combined funding from the special purpose appropriation and OFLPF for the 2019 fire season. Ostensibly, the cost overrun would be apportioned along the same 40/60 split between the General Fund and the OFLPF, but since the OFLPF is statutorily limited to providing no more than \$3 million for severity resource funding each year, the shortfall is assumed to either be taken from the following year's portion of the SPA or funded directly from the General Fund.

Past practice has been that the General Fund obligation for a given fire season was fulfilled by either the allocation of special purpose appropriations and other allocations of General Fund appropriated to the Emergency Board, or by direct appropriation of General Fund to ODF for those costs during the legislative session immediately following the fire season. This did not happen during the 2020 session, exacerbating the existing cash-flow issues at ODF. Additionally, Other Funds expenditure limitation is typically increased for the processing of payments for fire season costs from reimbursements and recoveries from various federal and other sources at the same time the General Fund obligation is fulfilled. This did not happen following the 2019 fire season and ODF will require an increase of \$23,587,897 Other Funds expenditure limitation to process those fire costs.

The special purpose appropriation made to the Emergency Board for supplemental fire personnel costs was intended to be available for allocation to ODF in the event that there was an early start or a lingering end to a fire season that required the agency to employ additional workers or extend temporary positions to deal with the extended fire season. Although it is yet unknown whether or not the 2020 fire season will begin earlier than normal, the additional preparations that the agency is having to undertake to plan for and deal with operational hurdles in light of the COVID-19 pandemic is resulting in budgetary overruns prior to the beginning of the 2020 fire season. The allocation of the special purpose appropriation for supplemental fire personnel costs would help to alleviate a portion of the budgetary constraints as the agency prepares for the upcoming fire season.

Recommendation: The Co-Chairs of the Emergency Board recommend that \$2,373,669 of the special purpose appropriation made to the Emergency Board for severity resources be allocated to the Department of Forestry for the 2019 fire season, the remaining \$1,626,331 of the special purpose appropriation made to the Emergency Board for severity resources be allocated to the Department of Forestry in anticipation of 2020 fire season costs, and the \$2.0 million special purpose appropriation made to the Emergency Board for supplemental fire personnel costs be allocated to the Department of Forestry for costs associated with the preparation for the 2020 fire season. The Co-Chairs also recommend that the Other Funds expenditure limitation for the Department of Forestry be increased by \$23,587,897 for costs associated with the 2019 fire season.