

Analysis

Item 28: Department of Forestry

2020 Fire Season

Analyst: Matt Stayner

Request: For the Department of Forestry, Fire Protection Division, acknowledge receipt of a report on the 2020 fire season; acknowledge receipt of a report on losses on private lands of timber, buildings, fencing, livestock, and grazing land capacity if the land is expected to be unavailable for two or more grazing years; increase the General Fund appropriation by \$29,306,763 for approximately 75% of the state's estimated share of net large fire costs; increase the General Fund appropriation by \$938,587 for district deductibles; and increase the Other Funds expenditure limitation by \$33,788,697 for the processing of payments and operations from the 2020 fire season.

Analysis:

Review of the Department of Forestry (ODF) Fire Protection Program

Forest fire protection in Oregon is provided in three layers. The first of these is known as the base layer of protection and is achieved by a coordinated network of twelve fire protection districts including three independent fire protection associations. These local ODF districts are the first line of defense in fire detection and suppression. Local fire protection districts and associations provide personnel, equipment, and expertise to large-fire operations throughout the state. This base level of protection is included, with some exceptions, in the biennial budget for ODF and is in addition to the large-fire costs typically contained in the fire season reports.

The second layer of protection is the statewide large-fire or emergency fire program, of which the majority of costs are unbudgeted. Emergency fire resources are coordinated on a statewide basis and pull personnel and equipment from throughout the agency, local protection districts, and contractors to augment the effort of the local fire district in which a large fire is located. The cost of these resources is reflected in the large fire funding request made by the agency in this report.

Severity resources are the third layer of the fire protection program. These resources, primarily aviation support, augment the base layer and are used to prevent or contain the spread of fires at the initial attack or to aid in the containment of large fires. The 2019 Legislature provided a \$6.0 million General Fund special purpose appropriation to the Emergency Board; \$4.0 million for severity resources and \$2.0 million for the 2021 fire season insurance premium. These funds are coupled with up to \$6.0 million in funding from landowner acreage assessments, minimum lot assessments, improved lot surcharges, and harvest taxes 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.

An additional \$2.0 million General Fund special purpose appropriation (SPA) was made to the Emergency Board for supplemental fire personnel costs to deal with the possible expenses associated with extending seasonal fire personnel due to an early start or extended fire season. The Emergency Board allocated these funds to ODF during the April 2020 Emergency Board meeting for the stated purpose of the SPA and for costs associated with COVID-19 exposure precautions and protections.

Report on the 2020 Fire Season

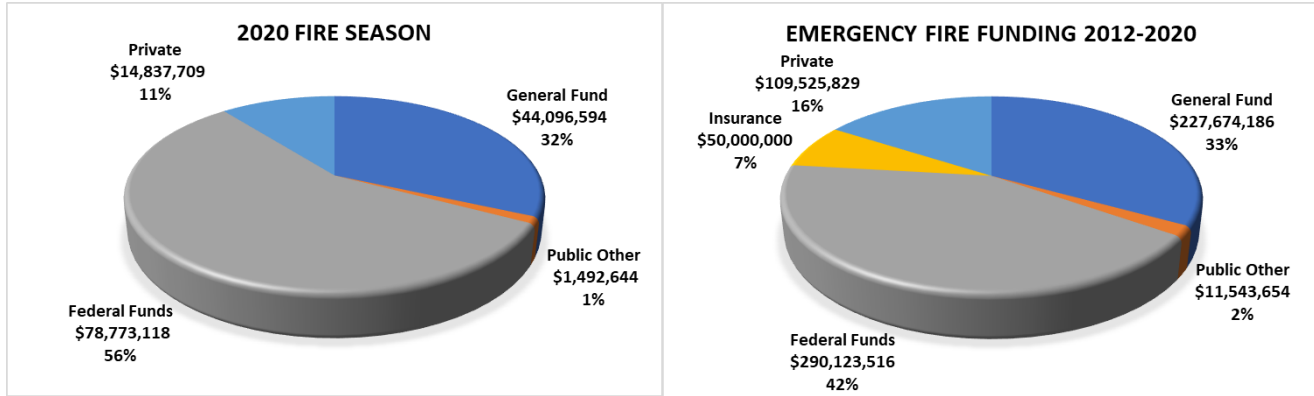
The 2020 fire season was dominated by the fires during and subsequent to the Labor Day wind event. By mid-October, there were 920 fires covering 541,822 acres on ODF protected lands. Gross firefighting costs on ODF protected lands totaled just over \$130.2 million. After making allowances for district deductibles, fire cost recoveries from the U.S. Bureau of Land Management (BLM), and U.S. Forest Service (USFS), and anticipated Fire Management Assistance Grants (FMAG) from the Federal Emergency Management Agency (FEMA), net estimated fire costs for the 2020 season to date are \$49,350,640 as shown in the following table.

	General Fund	Other Funds	Total Funds
2020 Fire Season Large Fire Costs			
2020 Fire Season Large Fire Costs			
FY 2020			\$ 162,684
FY 2019			\$ 130,063,919
Total 2020 Fire Season Large Fire Costs			\$ 130,226,603
2020 District Deductibles			
2020 Season District Deductibles			
FY 2020	\$ 9,625	\$ 15,375	\$ 25,000
FY 2021	\$ 799,970	\$ 1,277,875	\$ 2,077,845
Total 2020 Season District Deductibles	\$ 809,595	\$ 1,293,250	\$ 2,102,845
2020 Fire Cost Recoveries and Reimbursements			
Fire Cost Recoveries (USFS and BLM)			
2020 Fire Season			
FY 2020	\$ -	\$ -	\$ -
FY 2021	\$ -	\$ 15,374,113	\$ 15,374,113
Total 2020 Fire Season	\$ -	\$ 15,374,113	\$ 15,374,113
FEMA large fire reimbursements (Anticipated)			
2020 Fire Season			
FY 2020	\$ -	\$ -	\$ -
FY 2021	\$ -	\$ 63,399,005	\$ 63,399,005
Total 2020 Fire Season	\$ -	\$ 63,399,005	\$ 63,399,005
2020 Fire Cost Recoveries and Reimbursements	\$ -	\$ 78,773,118	\$ 78,773,118
2020 Net Fire Costs			
2020 Fire Season			
FY 2020			\$ 137,684
FY 2021			\$ 49,212,956
Total 2020 Fire Season			\$ 49,350,640

The total emergency fire costs for the 2020 fire season including net large fire costs, other agency reimbursed large fire costs, FEMA reimbursements, insurance payments, insurance premiums, severity resource funding, cooperative work with other agencies, and interest expense total \$139,200,065. The total funding for emergency fire costs for the 2012 through 2020 fire seasons is \$688,867,185. The following graphs and table illustrate the funding distribution for both of these periods.

Summary of Emergency Fire Costs

	General Fund	Public Other	Public Total		Federal Funds		Insurance		Private		Total Funds	
2012 Fire Season	\$ 3,216,407	\$ 723,278	\$ 3,939,685	39.57%	\$ -	0.00%	\$ -	0.00%	\$ 6,016,571	60.43%	\$ 9,956,256	100.00%
2013 Fire Season	\$ 43,044,839	\$ 1,573,417	\$ 44,618,256	33.98%	\$ 47,500,000	36.18%	\$ 25,000,000	19.04%	\$ 14,184,515	10.80%	\$ 131,302,771	100.00%
2014 Fire Season	\$ 18,259,057	\$ 1,483,355	\$ 19,742,412	22.35%	\$ 30,851,232	34.92%	\$ 25,000,000	28.30%	\$ 12,748,628	14.43%	\$ 88,342,272	100.00%
2015 Fire Season	\$ 25,033,277	\$ 1,429,705	\$ 26,462,982	30.64%	\$ 45,172,387	52.30%	\$ -	0.00%	\$ 14,732,705	17.06%	\$ 86,368,074	100.00%
2016 Fire Season	\$ 12,902,268	\$ 972,639	\$ 13,874,907	53.09%	\$ 2,772,625	10.61%	\$ -	0.00%	\$ 9,488,971	36.31%	\$ 26,136,504	100.00%
2017 Fire Season	\$ 27,883,296	\$ 1,552,669	\$ 29,435,965	53.21%	\$ 11,101,866	20.07%	\$ -	0.00%	\$ 14,778,458	26.72%	\$ 55,316,289	100.00%
2018 Fire Season	\$ 36,798,359	\$ 1,348,012	\$ 38,146,371	34.96%	\$ 58,172,078	53.31%	\$ -	0.00%	\$ 12,796,988	11.73%	\$ 109,115,437	100.00%
2019 Fire Season	\$ 16,440,089	\$ 967,936	\$ 17,408,025	40.36%	\$ 15,780,210	36.59%	\$ -	0.00%	\$ 9,941,282	23.05%	\$ 43,129,517	100.00%
2020 Fire Season	\$ 44,096,594	\$ 1,492,644	\$ 45,589,238	32.75%	\$ 78,773,118	56.59%	\$ -	0.00%	\$ 14,837,709	10.66%	\$ 139,200,065	100.00%
Total	\$ 227,674,186	\$ 11,543,654	\$ 239,217,840	34.73%	\$ 290,123,516	42.12%	\$ 50,000,000	7.26%	\$ 109,525,829	15.90%	\$ 688,867,185	100.00%



General Fund Portion of Emergency Fire Costs

Due to the unknown frequency and severity of large forest fires in Oregon, no dedicated resources are provided to ODF for the purpose of paying large fire costs in the agency’s initial biennial budget. A base-level of funding is included to ensure that the agency maintains an adequate level of fire protection and preparedness through a distributed, coordinated system of fire districts, fire protection associations, and the fire protection division headquarters. If a fire exceeds the resources required at the local level of prevention, the cost of the fire may qualify for emergency fire cost funding. Those costs are managed at the agency level by the Emergency Fire Cost Committee and allocated to various funding resources including the Oregon Forest Land Protection Fund (OFLPF), the General Fund, federal sources, and Oregon’s unique forest fire insurance policy. A portion of the initial costs remain the responsibility of the fire protection districts. The difference between total fire season costs and the net costs are due to deductions in the total costs for those amounts that are billed to federal landowners or other entities for firefighting activities performed by ODF that are not on ODF protected lands, anticipated cost reimbursements from FEMA for a portion of the firefighting costs when there is significant danger of structures or homes being damaged, and for district deductibles. The following table shows the distribution of net large fire costs by funding source.

2019-21 Biennium Large Fire Funding Allocations			
<u>OFLPF Funding</u>			
2020 Fire Season		\$ 10,068,842	\$ 10,068,842
<u>General Fund</u>			
2020 Fire Season	\$ 39,281,798		\$ 39,281,798
<u>Insurance Policy</u>			
2020 Fire Season		\$ -	\$ -
Total 2019-21 Biennium Large Fire Funding Allocations			
2020 Fire Season	\$ 39,281,798	\$ 10,068,842	\$ 49,350,640

The requested additional General Fund for net firefighting costs of \$29,306,763 is roughly 75% of the General Fund obligation for those 2020 fire season costs. ODF has indicated that the reason for the

reduced request is that they believe that a certain amount of net fire costs allocated to, and funded by, General Fund for past fire seasons may have been more than the actual costs. While the agency has begun work on reconciling estimated costs to actual costs for past fire seasons, that work and the net result of either an overpayment or shortfall of General Fund has not reached a level of reasonable surety that would be indicative of reducing or withholding General Fund support for the current fire season. It is recommended, therefore, that the entire \$39,281,798 General Fund obligation be funded. In light of the current available funding in the Emergency Fund, LFO recommends that \$25.0 million be allocated now from the Emergency Fund and the remaining \$14,281,798 be included in an early session rebalance bill during the 2021 session, or as available funding allows.

Severity Resources

Each fire season ODF contracts with various providers of aviation resources and ground-based resources to supplement base-level fire protection activities that help to contain and prevent small fires from becoming large, costly fires. These resources are also used on large fires, but when utilized on a large fire, the cost of the resource is billed to and accounted for in the large-fire cost. The funding provided in the special purpose appropriation also allows for the pre-positioning of these resources. A portion of the pre-positioning costs attributable to FEMA eligible large fires is anticipated to be approved for reimbursement by FEMA for the current fire season. The net of the cost shift and the reimbursement results in a residual amount of General Fund and Other Funds liability as illustrated by the following table.

2020 Fire Season Severity Resource Obligations			
Full Liability for Severity Resources Contracts	\$ 3,917,689	\$ 5,876,533	\$ 9,794,222
Less Amounts Billable to Incidents (large fire and other agency)	\$ (1,629,986)	\$ (2,444,979)	\$ (4,074,965)
General Severity Resources Obligation	\$ 2,287,703	\$ 3,431,554	\$ 5,719,257
Less Potential FEMA Reimbursements (pre-positioning)	\$ (312,330)	\$ (468,494)	\$ (780,824)
Net Severity Obligation	\$ 1,975,373	\$ 2,963,060	\$ 4,938,433

Although there was no request for severity resources funding due to the allocation of special purpose appropriations to the agency by the Emergency Board during the April 2020 meeting, there are two important issues to be addressed. First, of the \$4.0 million special purpose appropriation that was made to the Emergency Board for severity resources, \$2,373,669 was allocated to ODF for 2019 fire season severity resources costs. This left an available balance of \$1,626,331 which was allocated to ODF for 2020 fire season severity resource by the Emergency Board. As the table above shows, the net General Fund severity resources obligation is \$1,975,373; a shortfall of \$349,042.

Another special purpose appropriation was made to the Emergency Board for personnel costs associated with an extended 2020 fire season. This \$2.0 million SPA was allocated to ODF for the stated purpose and for costs associated with actions taken by the agency to prevent the infection and spread of COVID-19 by firefighters. ODF used a portion of this funding to backfill the shortfall in severity resource funding. Subsequently, Coronavirus Relief Fund (CRF) monies were made available to the Department of Administrative Services (DAS) for the reimbursement of costs incurred by state agencies for actions related to protection from COVID-19. ODF had not originally applied for reimbursement of expenses from CRF monies because of the allocation of the SPA, but following discussions regarding this funding request, will be making application to DAS for reimbursement of costs to date of \$638,034 and additional anticipated amounts not yet accounted for at the fire protection district level. The residual SPA funding of \$1,650,958 (after accounting for amounts used to backfill severity resource funding for the 2020 season) is available to be disappropriated from the agency.

District Deductibles

A portion of the gross large fire costs remain the responsibility of the fire protection districts. These “district deductibles” are funded both by the public and private landowners in a given district and the General Fund at the same proportion as budgeted costs at the base level within each district as each district has its own mix of public and privately-owned lands. It is notable that while these district deductibles are extraordinary costs, they are not applied against the retention (deductible) for the purpose of making claims against the catastrophic fire insurance policy.

It has been the practice of the agency to request funding for district deductibles at the same time as large fire cost funding requests due to the assumption by fire division management that the district deductibles were not budgeted for in the annual fire protection district budgets. Although further analysis is required, it has come to light that fire protection districts do include anticipated costs of district deductibles when developing the annual operating budget for protection districts. That budget is then used to formulate the annual per-acre rate charged to both public and private landowners. On the portion of protected lands that are privately owned, the General Fund subsidizes half of the per-acre assessment. At least a portion of district deductible costs have already been included in the base level protection budget and the requested additional funding for district deductibles is redundant. The Legislative Fiscal Office (LFO) has requested a reconciliation of these costs from the agency and a plan for how this expense will be budgeted and accounted for in the future. The LFO recommendation sets this portion of the request aside.

Other Funds Expenditure Limitation

Additional Other Funds expenditure authority is required by ODF to expend funding for costs in addition to or in conjunction with the General Fund requests. A portion of the costs will be paid by reimbursement from federal sources but are expended as Other Funds.

The ODF request letter asked for Other Funds expenditure limitation for the 2020 season gross firefighting costs less General Fund obligations, district deductibles, and \$55.0 million in existing expenditure limitation. The \$55.0 million amount is in error as the Emergency Board provided \$75.0 million in Other Funds expenditure limitation during the September 2020 meeting. The actual remaining shortfall in Other Funds expenditure limitation for the 2020 fire season is \$13,773,119.

Report on losses on private lands of timber, buildings, fencing, livestock, and grazing land capacity

Along with the 2020 fire season report, ODF included information on private land losses from 14 of this season’s large fires. There is a total of 380,669 timbered acres and 22,516 grazing acres impacted with estimated losses totaling \$6.3 billion. This number includes \$877.0 million in value from damage or loss to 3,522 structures and \$5.36 billion in stumpage value on ODF protected lands.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends that the Emergency Board acknowledge receipt of the report on the 2020 fire season, acknowledge receipt of the report on losses on private lands of timber, building, fencing, livestock, and grazing land capacity; allocate \$25.0 million from the Emergency Fund to the Department of Forestry for 2020 fire season costs; increase the Other Funds expenditure limitation of the Department of Forestry by \$13,773,119 for the processing of payments related to the 2020 fire season; and, recommend that a \$14,281,798 General Fund appropriation for the remaining portion of the 2020 season net emergency firefighting costs be included in an early-session rebalance bill during the 2021 session, or as available funding allows.

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Oregon Department of Forestry
Klein

Request: The Department of Forestry has reported on and requested the following:

- Report on the 2020 fire season and give a preliminary report of losses on private lands, of timber, building, fencing, livestock, and unavailability of grazing land capacity.
- Allocate \$29,306,763 from the State Emergency Fund to pay for the state's portion of large fire costs for the 2020 fire season (this is approximately 75 percent of the total cost known at time of request);
- Allocate \$938,587 from the State Emergency Fund to pay for the state's portion of district deductibles; and
- Increase Other Funds expenditure limitation by \$33,788,697 to enable processing of payments related to large fire costs for the 2020 fire season.

Recommendation: Approve the request, with the following modification:

- Acknowledge receipt of the report on the 2020 fire season and preliminary report of losses on private lands, of timber, building, fencing, livestock and unavailability of grazing land capacity.
- Allocate \$29,306,763 from the State Emergency Fund to pay for the state's portion of large fire costs for the 2020 fire season; and
- Increase Other Funds expenditure limitation by \$13,788,697 to enable processing of payments related to large fire costs for the 2020 fire season.

Discussion:

2020 Fire Season Recap

The official 2020 Fire Season began on May 1, 2020, and was closed on November 6, 2020. Prior to Labor Day on September 7, 2020, the Department had responded to 752 fires and 17,069 acres of protected lands burned. This was slightly below the 10-year average number of fires for a season and less than half of the average acres. In August, a lightning event ignited two large, Federal Emergency Management Agency (FEMA) eligible fires and prompted evacuations in parts of the state. Governor Brown declared a state of emergency due to imminent threat of wildfire, mobilizing the National Guard to assist with the response. Despite being in a multi-year drought with historically low fuel moisture and humidity, the remainder of August was relatively calm.

Over Labor Day weekend the National Weather Service issued a red flag warning indicating conditions, including a wind event, were ideal for wildfires to start and spread rapidly. On the evening of September 7, a cold front and strong winds impacted much of the state. The east-northeast wind spread fire already on the landscape and assisted in igniting new fires. Due to the number of events occurring across the state at the same time, over 7,500 personnel from across the nation and Canada were assigned to Oregon fires. By the time the event was complete, 14

fires had grown to the level of large, FEMA eligible fire events and both a Presidential Disaster Declaration and a Major Disaster Declaration had been made.

At the close of the fire season, there were over 2,000 fires with more than 1.3 million acres burned. The 10-year average for a fire season is 918 fires and just over 41,000 acres.

Additionally, the most FEMA eligible fires the Department has had in one season is six and for 2020, there are 16 FEMA eligible fire events.

Preliminary Report on Losses on Private Lands

As required as part of House Bill 2501 (2015), the Department provided an initial report on wildfires greater than 1,000 acres in size that include losses on private land including: timber, buildings, fencing, and livestock, as well as loss of grazing land capacity if it will be unavailable, for more than two grazing seasons. During the 2020 fire season, there were 14 fires greater than 1,000 acres impacting private land. Work is still being conducted to estimate the value of losses. The Department provided some initial estimates, but expects the amounts to change as more detailed analysis' are conducted in the coming months. Across the 14 fires, the Department estimates the following losses to date:

- Timber: 380,669 acres lost, valued at more than \$5.3 billion
- Structures: 3,522 buildings lost, valued at more than \$876 million
- Fencing: loss valued at more than \$2.4 million
- Livestock: 10 livestock lost, valued at \$25,000
- Grazing Acres: 22,516 acres lost, loss valued at more than \$24,000

COVID-19 Preparation and Support

Due to the COVID-19 pandemic, the Oregon Department of Forestry (ODF) partnered with the Oregon State Fire Marshall to incorporate "COVID modules" into existing incident management team (IMT) processes at both agencies. This work allowed fire crews to focus on firefighting objectives, while providing COVID-19 mitigation strategies to keep both fire camps and the public safe and healthy. The strategies proved effective as only six known cases of COVID-19 were reported during the entire fire season, even with more than 7,500 personnel assigned to work after the Labor Day wind events.

The Department also participated in statewide efforts to address COVID-19 by providing three Type 1 IMTs to the state Emergency Operations Center in March and April. This was the first time all three teams had been deployed prior to the start of a fire season. This support helped get Oregon's pandemic response off the ground and working to address major issues facing the state.

General Fund Requests

The Department has requested an allocation from the State Emergency Fund for \$29,306,763, which represents the approximately 75 percent of the state's estimated total share of the large-fire costs for 2020. The Department is requesting a reduced payment as it works to reconcile past fire season estimates with actual costs, as well as validate estimates for the current fire season. In prior years, the Department has requested the full net estimate to ensure it has cash to cover incoming invoices. Though there is a need to reconcile past seasons to actual costs, which may result in the Department owing money back to the General Fund, it is important to ensure the Department can cover expenditures of the 2020 Fire Season. To ensure funding is available to pay invoices related to the 2020 Fire Season, the Department should receive the full net

estimated General Fund cost of \$39,306,763. At this time, the analyst recommends allocating \$29,306,763 and providing the remaining \$10 million early in the 2021 Legislative Session.

Currently, ODF utilizes a multi-tiered fire costs structure when funding fire costs. The first tier is considered base layer protection and this is funded through a 50/50 split of landowner assessments and General Fund, with the exception of administrative costs, which are charged to the General Fund. Severity resources given through a Special Purpose Appropriation constitute the second tier of the cost structure; costs being split between the General Fund and Other Funds via the Oregon Forest Land Protection Fund (OFLPF), up to \$3 million.

The next tier of funding includes the fire insurance premium, which should be funded at a 50/50 split between the General Fund and Other Funds via the OFLPF. Due to a statutory cap, the OFLPF is unable to pay 50-percent of the costs during some years. The fourth tier of funding has become the primary mechanism for funding large fire costs and equally splits the cost of the first \$20 million between the General Fund and the OFLPF. The next \$30 million of large fire costs are funded by the General Fund. The final tier of costing coverage is the catastrophic fire insurance policy, providing \$25 million of coverage after a \$50 million deductible (represented in the fourth tier of funding).

For the 2020 fire season, the Department will not reach the threshold of \$50 million to exercise the insurance policy. The total net estimate for large fire costs for 2020 is \$49,306,763, the OFLPF will contribute \$10 million to the cost. The remaining \$39,306,763 is the estimated General Fund obligation for large fire costs for 2020.

In addition to the large fire costs, ODF has requested \$938,587 General Fund for payment of the state's portion of district deductibles. The Department makes this request based on the assumption there has been no General Fund participation in district deductibles as part of the base budget. Information received through reviews indicates at least a portion of district deductibles is included in base fire protection and a part of the Department's base budget. Until further analysis can be conducted to determine the portion already included as part of the base budget funding this request is not recommended. It is recommended the Department perform a reconciliation of district deductibles funded as part of base budget versus unbudgeted deductibles.

Other Funds Limitation Requests

The Department is requesting \$33,788,697 Other Funds expenditure limitation to enable the processing of payments and operations for the 2020 Fire Season. This Other Funds expenditure limitation is needed, due to the reimbursable basis of expenditures for the Department in covering ongoing fire costs. The Department currently estimates gross fire costs in excess of \$130 million. While a large portion of this amount is reimbursable, payments to contractors and vendors need to be made on a timely basis and the Department often doesn't receive reimbursement for months or sometimes years from federal partners and other responsible parties. To ensure payments are made on time, ODF processes payments as invoices are received. To cover these payments, ODF will use its Other Funds expenditure limitation. The cash for these payments will come from reimbursements currently being received by the Agency for accounts receivable outstanding, along with other revenue sources collected by the Department. Due to the Department receiving an additional \$20 million of Other Funds expenditure limitation during the September 2020 Emergency Board, the analyst recommends providing \$13,788,697 Other Funds expenditure limitation.

Legal Reference:

Allocation of \$29,306,763 from the State Emergency Fund to supplement the appropriation made by chapter 664, section 1(2), Oregon Laws 2019, for the Oregon Department of Forestry, Fire Protection Division for the 2019-21 biennium.

Increase Other Funds expenditure limitation established by chapter 664, section 2(2), Oregon Laws 2019, for the Oregon Department of Forestry, Fire Protection Division, by \$13,788,697 for the 2019-21 biennium.



Oregon

Kate Brown, Governor

Department of Forestry

State Forester's Office

2600 State St.

Salem, OR, 97310

503-945-7200

www.oregon.gov/ODF

November 4, 2020

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Representative Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

RE: 2020 Fire Season Report and Funds Request

Dear Co-Chairpersons:

Nature of the Request

The Oregon Department of Forestry (ODF) respectfully requests permission to appear before the State Emergency Board at its December 2020 meeting for the purposes of:

1. Providing a final report on the 2020 fire season, and a preliminary report of losses on private lands of timber, buildings, fencing, livestock and grazing land capacity if the land is expected to be unavailable for two or more grazing seasons.
2. Requesting \$29,306,763 of General Fund for the state's portion of net large fire costs for the 2020 fire season. This amount is approximately 75% of the state's current estimated net large fire cost exposure (i.e., total net cost of \$49.3 million minus \$10 million the department has already received for the Oregon Forest Land Protection Fund's (OFLPF's) obligation). After we reconcile past fire season costs and validate estimates, we may return to the Legislature during the 2021 Session to request any remainder of the state's portion of net large fire costs for fire season 2020.
3. Requesting \$938,587 of General Fund for the state's portion of district deductibles. District deductibles are suppression costs incurred at the base level of protection and are not a biennially budgeted item.
4. Requesting an additional \$33,788,697 of Other Funds Limitation to enable processing of payments and operations from the 2020 fire season.

Agency Action

COVID-19

As a result of the COVID -19 pandemic, ODF spent significant time and effort developing COVID-19 mitigation strategies with local, state, and federal partners for wildland firefighting. ODF partnered with Office of the State Fire Marshal (OSFM) to incorporate "COVID modules" into the incident management team (IMT) structures at both agencies. The modules added specialized capacity to the IMTs that allowed the teams to focus on their firefighting objectives while the modules focused on

COVID-19 mitigation, personnel health, and relationships with county public health departments. ODF, OSFM and OHA worked together to address needs and concerns specific to COVID-19 and fire camps, with the goal of keeping firefighters and communities safe and healthy. ODF also hired two temporary employees with public health backgrounds to advise the department on ways to improve COVID-19 mitigation efforts throughout fire season. By all indications, these efforts proved very successful in limiting the spread of COVID-19 among firefighting personnel this season. Shortly after the Labor Day fire event, there were more than 7,500 personnel assigned to fires in Oregon; however, there were only six known positive cases of COVID-19 on all wildfire incidents in the state for the entire fire season.

ODF's other major workload involving COVID-19 was completely unrelated to wildfires. The core leadership component from each of ODF's three Type 1 IMTs were deployed to the state Emergency Operations Center to assist in the statewide response to COVID-19 during March and April. This year is the first time that all three ODF teams deployed before the start of fire season. Leadership from ODF and OSFM were asked to facilitate a Multi-Agency Coordination (MAC) Group, which would provide direction and guidance and set the overarching objectives for the state's pandemic response.

Fire season 2020 to date

Oregon's complete and coordinated wildfire protection system—consisting of ODF, landowner partners, agency cooperators, and the fire contracting community—operated under historical conditions this year (*Attachment A*). Despite significant drought conditions in parts of the state, fire activity began as predicted for an average fire season. The Mosier Creek fire started on August 12, two miles south of Mosier. This was the first fire in Oregon that was eligible for a FEMA Fire Management Assistance Grant (FMAG), with eight primary residences and more than 30 other structures lost in the first burn period of wind-driven fire activity.

In mid-August a five-day statewide lightning event with high winds and increased temperatures, dramatically increased fire risk. The White River fire west of Wamic started on August 17. While not initially on ODF-protected lands, heavily timbered drainages with steep slopes challenged containment. The fire pushed into ODF-protected lands, resulted in evacuations, and became the second FEMA FMAG-eligible fire of the season. On August 19, 2020, Governor Brown declared a statewide state of emergency due to the imminent threat of wildfire. This declaration made Oregon National Guard (ORNG) resources available for firefighting. National Guard mobilizations included aviation resources, wildland firefighters, and personnel and equipment for traffic control checkpoints.

Fire prevention was a primary focus throughout fire season. There were multiple coordinated public outreach campaigns with our key fire prevention partner, "Keep Oregon Green," and our local, state, and federal partner agencies. The Oregon Department of Transportation helped raise the awareness of thousands of drivers statewide by posting extreme fire danger warnings on their highway reader boards.

Early detection and initial attack success by ODF firefighters, supported by severity resources funded by a Special Purpose Appropriation (SPA) from the General Fund and the Oregon Forestland Protection Fund (OFLPF), resulted in 95% of fires being stopped at 10 acres or less. Resource availability has a significant impact on suppression success. Having the funding to proactively stage

key firefighting resources statewide helps us keep fires small and protect the health and safety of the communities we serve. Additionally, the new aircraft-mounted infrared camera that was funded through OFLPF's strategic investment program also played a critical role in keeping fires small by helping us detect them earlier.

Prior to Labor Day, ODF responded to 752 fires and 17,069 acres of ODF protected lands burned. The number of fires was slightly below the 10-year average of 783, and acres burned was well below the 10-year average of 40,930 acres for the year to date.

Atop conditions of multi-year drought and historically low fuel moistures and humidity, the National Weather Service issued a red flag warning starting on Labor Day. This warning serves to make people aware that local conditions are ideal for wildfires to start and spread rapidly. A strong cold front arrived in the early evening hours of September 7, with east-northeast winds at sustained speeds of 20 to 30 mph, and gusts typically from 50 to 60 mph. This was the strongest three-day east wind event during fire season since at least 1950. Gusts reached 106 mph at Timberline Ski Area, 66 mph at Silver Falls, and 51 mph in Astoria.

Hit first by the frontal winds were the wide range of active fires from northeast and central Oregon to Klamath. The first new large fire on the landscape was the 242 fire near Chiloquin, which immediately prompted evacuations and ODF IMT 2 was ordered to manage the incident. This was the first of fourteen fires connected to the Labor Day wind event that was approved as a FEMA FMAG-eligible fire, and the third of the fire season. It burned 14,468 acres.

With wind gusts reaching over 60 miles per hour, the Beachie Creek fire threatened thousands of structures along the Highway 22 corridor in the Santiam River Canyon, and burned 193,566 acres. This fire would end up destroying our North Cascade District's Santiam Unit Office, in addition to many homes, commercial buildings, and other structures. The Lionshead fire crested over the Cascades from Warm Springs and spread all the way to the eastern flanks of the Beachie Creek Fire, and totaled 204,586 acres. The Riverside fire near Estacada went from ignition to 110,000 acres in just a day and a half, and ultimately burned 138,151 acres. On the coast, the Echo Mountain Complex started near Lincoln City and burned 2,522 acres as it pushed nearly to the ocean.

The Holiday Farm fire destroyed or threatened multiple communities along the Highway 126/McKenzie River corridor and burned 173,393 acres. The Archie Creek Fire burned 131,596 acres and resulted in the evacuation of Glide. The 2,977-acre Almeda fire that spanned from north Ashland to south Medford and burned through the communities of Phoenix and Talent caused the greatest structure loss, as it burned almost completely in an urban environment. Despite extreme fire weather, the South Obenchain fire was kept to 32,671 acres, but still posed a significant threat to Shady Cove, Butte Falls, and Eagle Point. A map of the 17 major Labor Day fires is included as *Attachment B*.

At the time of the Labor Day wind event, the national fire preparedness level (PL) was 5, and had been since August 19. PLs change based on resource availability and large fire potential. The Pacific Northwest Region (Oregon and Washington) increased its PL to 5 on September 8, where it remained for 17 days. Counting the deployments to the state Emergency Coordination Center to assist with Oregon's response to the pandemic, ODF mobilized its three IMTs 11 times this year. In all, Pacific

Northwest teams were mobilized 53 times this fire season, and the region hosted seven teams from other areas in the nation. During peak fire activity, over 7,500 personnel from across the nation and Canada were assigned to fires in Oregon.

Unique in Oregon's fire protection system, is our robust capacity of local forest landowner and operator resources who train with ODF on an annual bases to be prepared to respond to fires on an as needed basis. Over 350 local resources (mainly dozers and excavators) immediately responded to these fires. The equipment was led by over 650 landowner and operator personnel trained in wildfire response. This resource is an asset available to Oregon and is unlike any other state. It is this type of response from all Oregonians that allowed us to quickly establish over 1,500 miles of control lines on these fires.

Sixteen fires in Oregon are eligible for FEMA FMAG funding with 14 of these fires being part of the Labor Day wind event: Beachie Creek, Lionshead, Holiday Farm, Powerline, Echo Mountain Complex, Almeda, Archie Creek, Riverside, South Obenchain, Pike Road, Slater (spread to Oregon from Northern California), Clackamas County/North Cascades Complex, and Chehalem/Bald Mountain. Prior to 2020, the most FEMA FMAG fires Oregon experienced was six in a given season. The Labor Day fires also qualified for a Presidential Disaster Declaration and a Major Disaster Declaration. These fires also contributed to numerous Conflagration Act declarations, activating OSFM incident management teams and taskforce deployments, as well as activating over 375 ORNG firefighters and training an additional 250 new ORNG firefighters.

Across all wildland fire jurisdictions in Oregon, as of October 19, 2020, approximately 2,045 fires burned approximately 1.28 million acres to date. On ODF's protection responsibility of 16.2 million acres, 920 fires burned approximately 541,822 acres. For context, ODF's ten-year average is 918 fires and 41,426 acres burned. ODF's acres burned drives the state's financial exposure for suppression costs including to the GF, OFLPF and insurance policy.

As a result of these fires, along with fires in Washington and California, Oregon experienced the worst air quality seen in modern times. Air Quality Index numbers were regularly in the 300-500 range, which is considered hazardous. The worst of the air quality lasted about eight days. City, county, tribal, state and federal agencies coordinated and aggregated the wildfire smoke information on Oregon's smoke blog to keep communities informed.

As of this report, perimeter growth has been stopped on the six largest fires, but these fires are not fully contained, and it will take a sustained effort to secure the perimeters, perform sufficient mop up, and conduct emergency suppression repair work as a result of fire suppression activities. With over 1,500 miles of control lines established on these fires, our job now is to ensure these lines hold. With this much fire on the landscape, interior burning is expected and will continue for some time. Also, control lines will likely be tested with any east wind events that typically occur in the fall and winter months. Monitoring the perimeters of these fires will take place until the heavy winter rains take hold. Of particular interest, it is likely that we will see smoke from these fires in the spring of 2021, which is typical of large fires in heavy timber. The 2020 fire season experienced an unprecedented number of acres burned, evacuations, structure, economic and resource loss and civilian loss of life.

Special Purpose Appropriation (SPA)

The department manages a severity program, as introduced earlier in the report, by contracting for one large air tanker, eight medium helicopters, one small helicopter, five single-engine air tankers, two fire-detection planes and several ground-based resources. Additional aviation and ground resources were added during periods of very high fire danger and increased fire activity. Additional resources were procured through call-when-needed (CWN) contracts and local incident resource agreements. Over the past decade, the SPA has provided for the availability of statewide severity resources for use where and when fire conditions were most severe.

With the passage of HB 2050 during the 2013 Legislative Session, the annual SPA funding of \$2 million for the severity program was matched with up to \$3 million annually from the OFLPPF, for a total severity program of \$5 million. The severity program has been highly effective at keeping fires small by supporting ODF's ability in 2020 to keep 97 percent of fire starts on ODF-protected lands at 10 acres or less. The statewide severity program resources are in addition to district aviation resources already positioned throughout the state. Total net severity program expenditures for the 2020 fire season are estimated at the full \$5 million.

The April Emergency Board released the standard \$2 million of SPA severity funds for the 2020 fire season and an additional \$2 million of SPA as an advance for the additional costs associated with mitigating COVID -19 among firefighting resources. All SPA funds were utilized to procure the ODF exclusive-use contract aviation resources and support, additional call-when-needed aviation ground and overhead resources, COVID-19 coordinators, PPE, and supplies to support the statewide firefighting effort during a historic fire season and global pandemic.

HB2501 Preliminary Report on Losses on Private Lands

The department is required to report on wildfires in excess of 1,000 acres regarding the losses on private lands of timber, buildings, fencing and livestock, and of grazing land capacity if the land is expected to be unavailable for two or more grazing seasons (HB 2501). During the 2020 fire season, 14 fires met the reporting criteria (*Attachment C*). This preliminary loss assessment report is consistent with the expectation of law, but limited by the time, capacity, and expertise required to offer a fair and comprehensive assessment of loss relative to what the state has experienced. As a result, these numbers are likely to change in the coming months.

The Beachie Creek fire impacted multiple private landowners and resulted in an estimated timber stumpage loss of \$1,595,340,000 across 106,356 acres of privately-owned timberlands. An estimated 1,323 structures were lost, with an estimated value of \$357,210,000.

The Holiday Farm fire also impacted multiple private landowners and resulted in an estimated timber stumpage loss of \$1,857,660,000 across 123,844 privately-owned timberlands. An estimated 768 structures were lost, with an estimated value of \$142,848,000.

The Archie Creek/Star Mountain fires impacted multiple private landowners and resulted in an estimated timber stumpage loss of \$962,925,000 across 64,195 privately-owned timberlands. An estimated 149 structures were lost, with an estimated value of \$34,270,000. Grazing acre loss is estimated at \$740 over 694 acres.

The Riverside fire resulted in an estimated timber stumpage loss of \$655,845,000 across 43,723 acres of privately-owned timberlands. An estimated 139 structures were lost, with an estimated value of \$65,330,000.

The South Obenchain fire resulted in an estimated timber stumpage loss of \$161,205,000 across 10,747 acres of privately-owned timberlands. Grazing acre loss is estimated at \$7,024 over 6,583 acres. An estimated 89 structures were lost, with an estimated value of \$13,706,000. Value of fencing lost is estimated at \$201,960. Ten livestock losses are estimated at \$25,000.

The Brattain fire resulted in an estimated timber stumpage loss of \$2,175,000 across 2,900 acres of privately-owned timberlands. Grazing acre loss is estimated at \$14,621 over 13,703 acres. An estimated one structure was lost, with an estimated value of \$71,000. Value of fencing lost is estimated at \$2,142,000.

The Lionshead fire resulted in an estimated timber stumpage loss of \$26,768,250 across 11,897 acres of privately-owned timberlands. An estimated 280 structures were lost, with an estimated value of \$75,600,000.

The Slater fire resulted in an estimated timber stumpage loss of \$56,475,000 across 3,765 acres of privately-owned timberlands. Value of fencing lost is estimated at \$40,392.

The White River fire resulted in an estimated timber stumpage loss of \$2,622,000 across 3,496 acres of privately-owned timberlands. An estimated one structure was lost, with an estimated value of \$212,000.

The Two Four Two fire resulted in an estimated timber stumpage loss of \$3,264,750 across 4,353 acres of privately-owned timberlands. Grazing acre loss is estimated at \$859 over 805 acres. An estimated 48 structures were lost, with an estimated value of \$13,632,000. Value of fencing lost is estimated at \$40,392.

The Green Ridge fire resulted in an estimated timber stumpage loss of \$2,337,750 across 3,117 privately-owned timberlands.

The Echo Mountain Complex resulted in an estimated timber stumpage loss of \$24,900,000 across 1,660 acres of privately-owned timberlands. An estimated 693 structures were lost, with an estimated value of \$166,320,000.

The Dowty fire resulted in an estimated timber stumpage loss of \$9,030,000 across 602 acres of privately-owned timberlands. An estimated 31 structures were lost, with an estimated value of \$7,750,000.

The Ben Young fire resulted in an estimated timber stumpage loss of \$10,125 across 14 acres of privately-owned timberlands. Grazing acre loss is estimated at \$779 over 730 acres. Value of fencing lost is estimated at \$8,708.

Action Requested

General Fund and Additional Costs Request Summary

The department spent a significant amount in 2020 to suppress fires to protect natural resources, communities, and Oregonians. Experience has shown us the importance of a diverse large-fire funding system to respond to seasons like this one. The system created over time with the support of landowners, the Legislature, and the Governor's Office involves a shared financial responsibility among landowners, the state's General Fund and a \$25 million insurance policy, the only one of its kind nationally.

Estimated gross large-fire costs for the 2020 season are estimated at \$133,936,334 (*Attachment D*). Net large-fire costs are estimated at \$49,306,763. Since 2013, our average gross costs have escalated from approximately \$10 million to \$70 million annually.

ODF respectfully requests that the Emergency Board support the following fire season funding requests:

- Allocate \$29,306,763 General Fund for the state's portion of the estimated net large-fire costs for the 2020 fire season. This amount is approximately 75% of the state's current estimated net large fire cost exposure (i.e., total net cost of \$49.3 million minus \$10 million the department has already received OFLPF's obligation).
- Allocate \$938,587 General Fund for the state's portion of district deductibles.
- Increase the department's Other Funds Limitation by \$33,788,697 to pay the costs from the 2020 fire season.

In total, the above listed items, result in a General Fund request of \$30,245,350.

Legislation Affected

HB 5019, Chapter 664, section 1(2), Oregon Laws 2019
HB 5019, Chapter 664, section 2(2), Oregon Laws 2019

Thank you for your consideration. Please feel free to contact me with any questions.

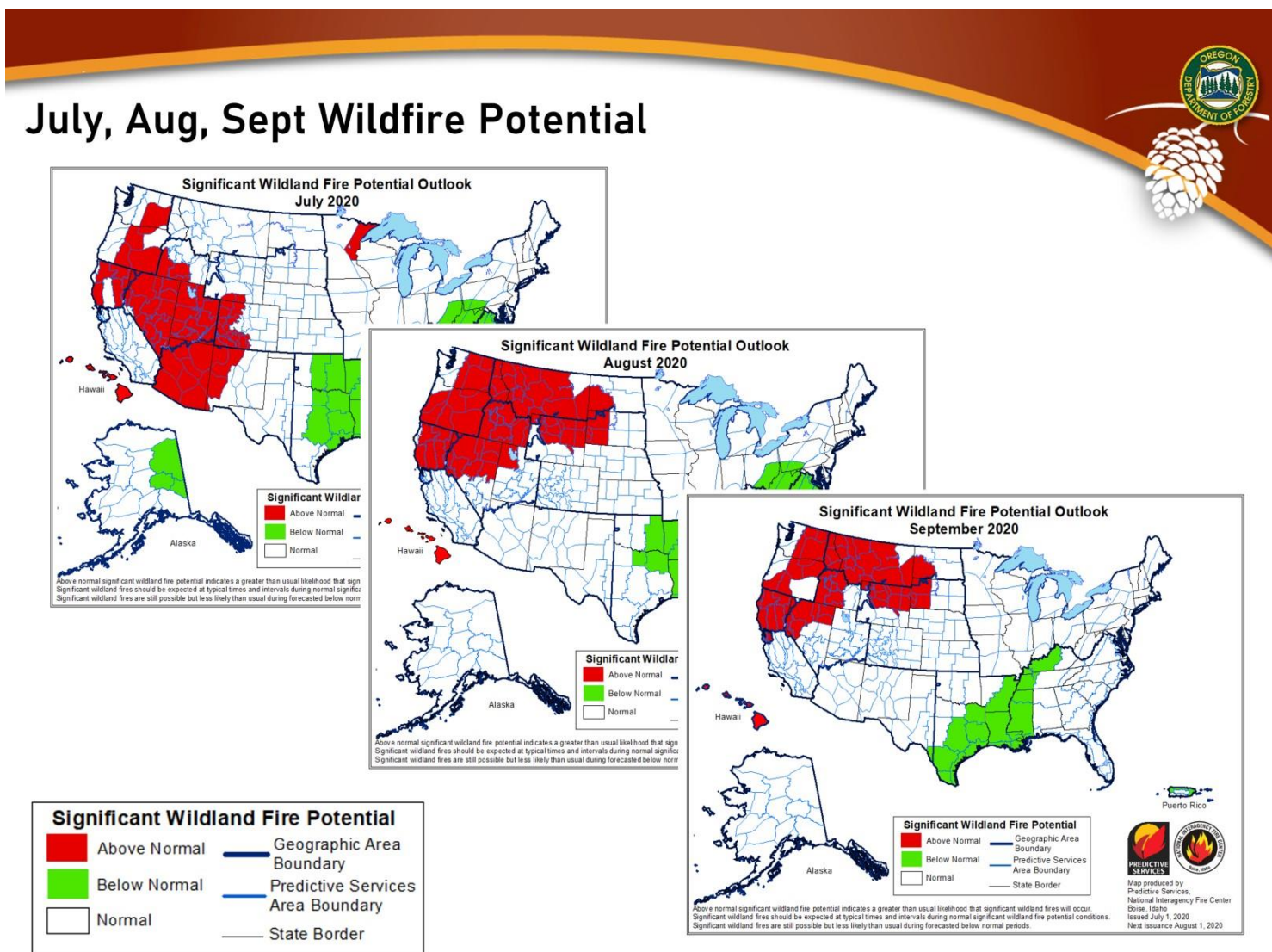
Sincerely,



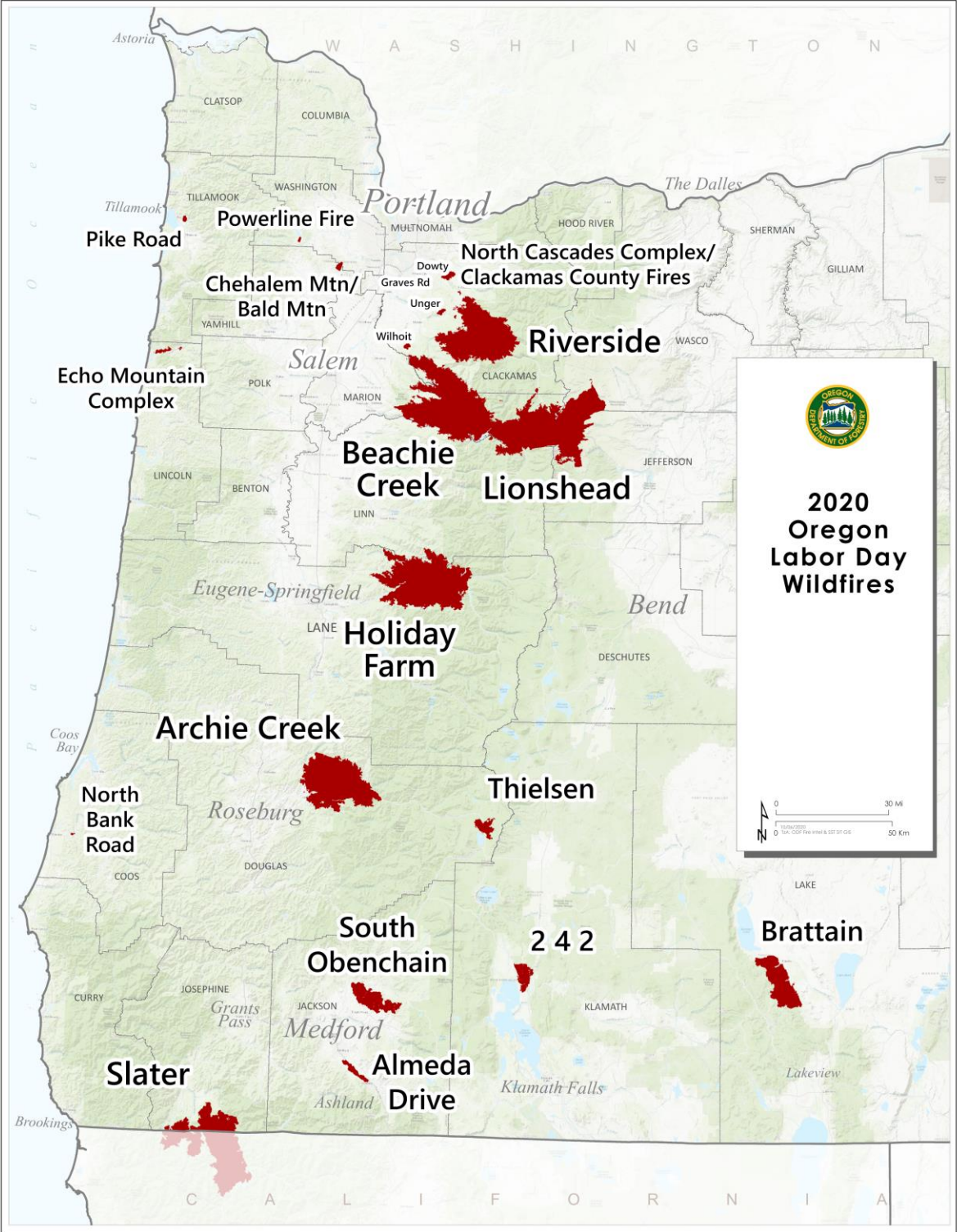
Peter Daugherty
Oregon State Forester
(503) 945-7211

cc: Jason Miner, Governor's Office
Oregon Board of Forestry
Matt Stayner, Legislative Fiscal Office
Renee Klein, Chief Financial Office

Attachment A. National Significant Wildland Fire Potential



Attachment B. 2020 Labor Day Fires



Attachment C – 2020 Fire Season HB 2501 Report

2020 Fire Season HB-2501 Report										
Fire	Timber Acres	Stumpage Value	Grazing Acres	AUM Value	Number of Livestock Lost	Value of Livestock	Number of Structures Lost	Value of Structures	Fencing	Total
Beachie Creek	106,356	\$1,595,340,000	0	\$0	0	\$ -	1323	\$357,210,000	\$0	\$1,952,550,000
Holiday Farm	123,844	\$1,857,660,000	0	\$0	0	\$ -	768	\$142,848,000	\$0	\$2,000,508,000
Archie Creek/ Star Mtn	64,195	\$962,925,000	694	\$740	0	\$ -	149	\$ 34,270,000	\$0	\$997,195,740
Riverside	43,723	\$655,845,000	0	\$0	0	\$ -	139	\$ 65,330,000	\$0	\$721,175,000
South Obenchain	10,747	\$161,205,000	6583	\$7,024	10	\$ 25,000	89	\$ 13,706,000	\$201,960	\$175,144,984
Brattain	2,900	\$2,175,000	13703	\$14,621	0	\$ -	1	\$ 71,000	\$2,142,000	\$4,402,621
Lionshead	11,897	\$26,768,250		\$0		\$ -	280	\$ 75,600,000	\$0	\$102,368,250
Slater	3,765	\$56,475,000	0	\$0	0	\$ -	0	\$ -	\$40,392	\$56,515,392
White River	3,496	\$2,622,000	0	\$0	0	\$ -	1	\$ 212,000	\$0	\$2,834,000
Two Four Two Fire	4,353	\$3,264,750	805	\$859	0	\$ -	48	\$ 13,632,000	\$40,392	\$16,938,001
Green Ridge	3,117	\$2,337,750	0	\$0	0	\$ -	0	\$ -	\$0	\$2,337,750
Echo Mountain Complex	1,660	\$24,900,000	0	\$0	0	\$ -	693	\$166,320,000	\$0	\$191,220,000
Dowty	602	\$9,030,000	0	\$0	0	\$ -	31	\$ 7,750,000	\$0	\$16,780,000
Ben Young	14	\$10,125	730.5	\$779	0	\$ -	0	\$ -	\$8,078	\$18,983
Total	380,669	\$ 5,360,557,875	22,516	\$ 24,024	10	\$ 25,000	3,522	\$ 876,949,000	\$ 2,432,822	\$ 6,239,988,721

Attachment D ODF Gross Large Fire Costs

