

## ANALYSIS

### Item 35: Department of Forestry 2021 Fire Season

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**Analyst:** Matt Stayner

**Request:** For cost incurred by the Department of Forestry (ODF) related to the 2019 fire season, the Department requests:

- 1) Allocation of \$6,141,267 from the Special Purpose Appropriation (SPA) appropriated to the Emergency Board for the state's portion of 2021 fire season severity resources costs.
- 2) A General Fund appropriation of \$40 million for the state's portion of net large-fire costs for the 2021 fire season.
- 3) A General Fund appropriation of \$490,958 for matching funds of the large fire district deductibles from the 2021 fire season
- 4) An increase in the Other Funds expenditure limitation of \$68,662,736 to enable processing of payments and operations from the 2019 fire season including anticipated fire cost recoveries (U.S. Forest Service [USFS] and Bureau of Land Management [BLM]), anticipated cost recoveries (Federal Emergency Management Agency [FEMA]), and state large-fire costs funded from the Oregon Forest Land Protection Fund (OFLPF).
- 5) A General Fund appropriation of \$30 million for 2021 fire season large fire costs payments made from SB 762 (2021) funding for rate subsidy offset to landowners and wildfire mitigation grants

**Analysis:**

Review of the 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. Large fire resources are coordinated on a statewide basis and pull personnel and equipment from throughout the agency, local protection districts, and from 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 requests 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 2021 Legislature provided a \$14 million General Fund special purpose appropriation to the Emergency Board for severity resources. These funds are coupled with up to \$6 million 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 in addition to the large fire costs and base protection costs.

**2021 Fire Season Costs**

The Oregon Department of Forestry provided a report on the 2021 fire season to the Joint Interim Committee on Ways and Means, Natural Resources Subcommittee, in November 2021. As in recent years, the fire season has extended well past historical time frames, spanning both the 2021 and 2022 fiscal years. The report indicated that the fire season activity accelerated quickly, and that the peak of the season lasted for 65 consecutive days. Statistics provided in the report indicated that season exceeded the ten-year average for the number of fires on ODF protected lands, the number of acres burned, and the number of human-caused fires.

Gross fire costs for the 2021 season are reported at \$129.17 million. After subtracting anticipated Federal Emergency Management Agency (FEMA) grants of \$25.6 million, anticipated federal agency cost reimbursements of \$33.4 million, and local fire district cost-shares of \$1.08 million, net emergency fire costs to the state are \$69.09 million.

	General Fund	Other Funds	Total Funds
<b>2021 Fire Season Large Fire Costs</b>			
2021 Fire Season Large Fire Costs			
FY 2021			\$ 15,366,953
FY 2022			<u>\$ 113,807,681</u>
Total 2021 Fire Season Large Fire Costs			\$ 129,174,634
<b>2021 District Deductibles</b>			
2021 Season District Deductibles			
FY 2021	\$ 57,369	\$ 91,641	\$ 149,010
FY 2022	<u>\$ 359,093</u>	<u>\$ 573,615</u>	<u>\$ 932,708</u>
Total 2021 Season District Deductibles	\$ 416,462	\$ 665,257	\$ 1,081,718
<b>2021 Fire Cost Recoveries and Reimbursements</b>			
Fire Cost Recoveries (USFS and BLM)			
2021 Fire Season			
FY 2021	\$ -	\$ 3,338,196	\$ 3,338,196
FY 2022	<u>\$ -</u>	<u>\$ 30,038,199</u>	<u>\$ 30,038,199</u>
Total 2021 Fire Season	\$ -	\$ 33,376,395	\$ 33,376,395
FEMA large fire reimbursements (Anticipated)			
2021 Fire Season			
FY 2021	\$ -	\$ -	\$ -
FY 2022	<u>\$ -</u>	<u>\$ 25,624,537</u>	<u>\$ 25,624,537</u>
Total 2021 Fire Season	\$ -	\$ 25,624,537	\$ 25,624,537
<b>2021 Fire Cost Recoveries and Reimbursements</b>	<u><u>\$ -</u></u>	<u><u>\$ 59,000,932</u></u>	<u><u>\$ 59,000,932</u></u>
<b>2021 Net Fire Costs</b>			
2021 Fire Season			
FY 2021			\$ 11,879,747
FY 2022			<u>\$ 57,212,237</u>
Total 2021 Fire Season			\$ 69,091,984

The state secured an insurance contract against the net state cost of large fires in excess of \$50 million for the 2021 fire season. This policy covers fires occurring after April 15, 2021, the effective date of the policy. There were \$152,202 in net fire costs for the season that were not covered by the policy and are,

therefore, assumed to be allocated to the General Fund. The residual anticipated claim against the insurance contract is \$18.94 million. The remaining net costs after insurance are allocated: \$40.15 million General Fund (80%) and \$10.0 million Oregon Forest Land Protection Fund (20%).

Funding Requests

*Item #1 - Severity Resources:*

The Legislature provided a \$14 million General Fund special purpose appropriation to the Emergency Board for severity resources (\$7 million per year for the 2021 and 2022 fire seasons). This was a significant departure from previous years where the General Fund had been appropriated at \$2.0 million annually in accord with the statutory funding limitations of the landowner support for these activities through the Oregon Forest Land Protection Fund (OFLPF). The limit caps the expenditures from the fund for severity resources to the lesser of \$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 for aviation 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 shown in the following table:

Total Severity Resources - 2021 Fire Season	General Fund	Other Funds	Total Funds
2021 Fire Season Severity Resource Obligations			
Full Liability for Severity Resources Contracts	\$ 6,078,690	\$ 9,118,035	\$ 15,196,725
Less Amounts Billable to Incidents (large fire and other agency)	\$ (2,309,072)	\$ (3,463,609)	\$ (5,772,681)
General Severity Resources Obligation	\$ 3,769,618	\$ 5,654,426	\$ 9,424,044
Less Potential FEMA Reimbursements (pre-positioning)	\$ (111,111)	\$ (166,666)	\$ (277,777)
Unrestrained obligation based on 40/60 formula	\$ 3,658,507	\$ 5,487,760	
Net 2021 Fire Season Severity Obligation	\$ 6,146,267	\$ 3,000,000	\$ 9,146,267

ODF contracted for severity resources totaling \$15.2 million for the 2021 fire season. Of this amount, \$5.77 million was assignable to large fires and ODF has estimated FEMA reimbursements for pre-positioning of resources to be \$277,777, leaving a net obligation of \$9,146,267. With the statutory limit of \$3 million from the OFLPF for severity resource funding, \$6,146,267 is allocated to the General Fund.

*Item #2 – General Fund portion of large 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 biennial budget. As discussed above, 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 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.

<b>2021 Large Fire Funding Allocations</b>	General Fund	Other Funds	Total Funds
<u>OFLPF Funding</u>			
2021 Fire Season		\$ 10,000,000	\$ 10,000,000
<u>General Fund</u>			
2021 Fire Season	\$ 40,152,202		\$ 40,152,202
<u>Insurance Policy</u>			
2021 Fire Season		\$ 18,939,782	\$ 18,939,782
<b>Total 2021 Large Fire Funding Allocations</b>			
2021 Fire Season	<u>\$ 40,152,202</u>	<u>\$ 28,939,782</u>	<u>\$ 69,091,984</u>

Net fire costs are split 50/50 between the General Fund and the OFLPF up to the first \$20 million in any given fiscal year, with the General Fund paying 100% of the next \$30 million, and insurance covering the following \$25 million. The 2021 fire season began prior to the beginning of the coverage year for the 2021 fire insurance policy which runs from 4/15/21 to 4/15/22. This meant that costs incurred prior to April 15th of 2021 fell to the OFLPF and the General Fund. Since the OFLPF had already reached its statutory cap of \$10.0 million for the 2021 fiscal year, the \$152,202 in net large fire costs prior to 4/15/21 were allocated to the General Fund.

*Item #3 – 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 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.

Fire protection districts 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. 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 recommendation sets this portion of the request aside.

*Item #4 – 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 reimbursed from federal sources, but are expended as Other Funds.

The ODF letter requested Other Funds expenditure limitation for the gross costs listed in the table below without adjusting for the agency’s existing limitation. Additionally, the request included a calculation error that was resolved after the request letter was submitted.

The following table details the total costs allocated to Other Funds sources, the amounts that have been paid or that the agency has existing expenditure limitation for, and the remaining balance for which the agency requires additional expenditure limitation.

2021 Fire Season Other Funds	Costs	Existing Limitation	Additional Limitation Required
State Large Fire Costs	\$ 10,000,000	\$ 10,000,000	\$ -
Other Agency Large Fire Costs	\$ 33,376,395	\$ -	\$ 33,376,395
FEMA Reimbursements	\$ 25,902,314	\$ -	\$ 25,902,314
Large Fire Costs Paid by Insurance	\$ 18,939,782	\$ -	\$ 18,939,782
District Deductibles	\$ 665,257	\$ 665,257	\$ -
Severity Resources	\$ 3,000,000	\$ 3,000,000	\$ -
Insurance Premium	\$ 315,447	\$ 315,447	\$ -
Interest Expense	\$ -	\$ -	\$ -
Other Activities	\$ -	\$ -	\$ -
<b>Total 2021 Fire Season Costs</b>	<b>\$ 92,199,194</b>	<b>\$ 13,980,704</b>	<b>\$ 78,218,491</b>

*Item #5 - General Fund for payments made using alternate General Fund appropriations:*

As discussed, large fire costs are not budgeted. The Department, therefore, must use all budgeted resources to cover vendor payment and other essential expenses related to fire season costs from available funds until reimbursable costs are collected. These include the OFLPF (up to its statutory cap), General Fund appropriations across all operating divisions, the operating cash account that includes the Forest Development Fund, landowner assessments, and harvest tax revenues. During the current biennium, the department had access to additional General Fund appropriations associated with SB 762 that the agency has temporarily used for covering large fire cost payments. The use of these alternate General Fund appropriations is, at its root, an accounting maneuver that the agency will reverse once the 2021 fire season costs that are allocated to the General Fund are reimbursed to the agency via anticipated and recommended appropriation by the Legislature. This additional General Fund request is, therefore, redundant and serves primarily as a request for cash-flow needs in excess of the fire season costs allocated to the General Fund.

Although this request is redundant, the agency is likely to face a significant cash flow issue at some point during the 2022 fire season. The amount of available cash and budgeted resources will be far lower in the latter portion of the biennium as the agency expends these resources on budgeted activities. This is exacerbated by long processing times for fire cost settlements with federal partners and cost reimbursements from the Federal Emergency Management Agency. With this in mind, it may be beneficial to provide a special purpose appropriation, or to increase an existing special purpose appropriation, to the Emergency Board for the possible allocation to the Department of Forestry for cash-flow challenges during the 2022 fire season.

**Recommendation:** The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including an increase of \$6,141,267 General Fund and a corresponding decrease in the special purpose appropriation made to the Emergency Board for severity resources; a General Fund increase of \$40,152,202 for the state’s portion of large-fire costs related to the 2021 fire season; and an increase of \$78,218,491 in the Other Funds expenditure limitation for the Department of Forestry in a budget reconciliation bill during the 2022 legislative session to enable processing payments of costs from the 2021 fire season.

**Request:** Allocate \$6,141,267 from the special purpose appropriation made to the Emergency Board for severity resources. Appropriate \$70,490,958 General Fund and increase Other Funds expenditure limitation by \$68,662,736 for the 2021 fire season.

**Recommendation:** Approve the request during the February 2022 Legislative Session, with the following modification:

- Allocate \$6,141,267 from the special purpose appropriation allocated to the Emergency Board for fire protection expenses.
- Appropriate \$40 million General Fund to pay for the state's portion of large fire costs for the 2021 fire season.
- Increase Other Funds expenditure limitation by \$68,662,736 to enable processing of payments related to large fire costs for the 2021 fire season.

**Discussion:** The Department provided a report on the 2021 fire season to the Joint Interim Subcommittee on Natural Resources on November 16, 2021. At the time, ODF did not make funding or limitation requests. The Department has continued to work on finalizing 2021 fire season estimates and has returned to make requests using the most up-to-date information.

***Severity Resources Special Purpose Appropriation (SPA) Request***

A special purpose appropriation (SPA) of \$14 million was established in Senate Bill 5518 for fire protection expenses, which includes funding for a portion of the net costs associated with severity resources during the 2021-23 biennium. These funds are used to pre-position resources so ODF can quickly respond to fire incidents in areas prone to large fires. ODF used this funding to contract for several new aviation sources, as well as ground-based resources to assist in initial attack efforts on fires across the state. The Department reports the total net severity expenditures for the 2021 fire season at \$9.1 million and the General Fund portion of these costs at \$6,141,267.

***General Fund Requests***

The Department has made three separate requests of the General Fund for costs associated with the 2021 fire season. The first of these requests is for large fire costs associated with the 2021 fire season. Total gross fire season costs are estimated at nearly \$130 million, with net fire costs estimated to be \$69.1 million. The net fire costs represent the total expected to be paid by the General Fund and the Oregon Forest Land Protection Fund (OFLPF), the remainder is paid by federal partners, FEMA, insurance payouts, and in some cases responsible parties.

Since total net fire costs exceeded \$50 million, the state's catastrophic wildfire insurance policy will be triggered. Any costs incurred above \$50 million and below \$75 million are eligible for reimbursement through an insurance claim process. The Department is working with the insurer to submit a claim for approximately \$19.1 million, but the claims process can be lengthy. A final audited and approved claim is not likely until late 2022 or later. The Department is currently working to determine if a partial payment against the claim is possible, but it will likely be months before any kind of payment from the insurer is received. In addition to this funding, ODF will also utilize \$10 million from the OFLPF, which is the maximum amount available to be

used in a given fire season. This leaves the General Fund portion of the 2021 fire season costs at an estimated \$40 million.

In addition to the General Fund portion of the 2021 fire season net costs, the Department has also requested \$30 million General Fund to assist with cash flow issues created through the current large fire protection funding model. For background, ODF is required to pay all costs associated with a fire season as billings are received. As mentioned previously the gross fire costs for 2021 are estimated to be nearly \$130 million. Though the Department works closely with federal partners to defer payment until costs can be settled between both parties, it cannot withhold payments from employees, vendors, and others who worked fighting fire during the season. This puts ODF in a difficult cashflow position, as it must make payments before receiving reimbursement from both the General Fund, as well as federal partners and FEMA. ODF has already spent 66% of the agency's operational General Fund budget (excludes debt service, capital construction, and facilities maintenance funding) to help cover payments for the 2021 fire season.

To assist with cashflow in past years the Department has relied on using funds from other program areas, as well as utilizing loans from the Oregon State Treasury. Due to the amount of funding made available to the Department through SB 762 the agency had enough cash on hand to cover 2021 fire season payments. Though this allowed ODF to avoid fees and interest associated with a conventional loan it did reduce the ability to meet objectives outlined in SB 762. The Department does expect to receive reimbursements from federal partners and FEMA to replace funding spent, but those reimbursements will likely not be available until the end of the biennium.

This request highlights the difficulty the agency faces with cashflow issues related to fire season payments. Providing General Fund support for the reimbursable portion of a fire season represents a completely different approach to funding fire protection efforts. Due to the importance of this potential shift in funding philosophy, at this time, this funding is not recommended. The Department should prepare a separate request for a future meeting of the Legislature or Emergency Board detailing the cashflow issues the agency faces, a full accounting of reimbursements expected including estimated dates of reimbursement, as well as a plan on how reimbursements received would be reverted back to the General Fund.

Finally, ODF has requested \$490,958 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. Further analysis is needed, but it appears at least a portion of district deductibles are included in the fire protection base budget, which does include General Fund support. 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 \$68,662,736 Other Funds expenditure limitation to enable the processing of payments and operations for the 2021 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 of \$130 million. While a large portion of this amount is reimbursable, payments to contractors and vendors need to be made in a timely manner 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. As mentioned above, the cash to cover these additional payments will come from sources throughout the Department and are not limited to funds available in the Fire Protection budget.

**Legal Reference:**

Appropriate \$40,000,000 General Fund to supplement the appropriation made by chapter 605, section 1(2), Oregon Laws 2021 for the Oregon Department of Forestry, Fire Protection Division for the 2021-23 biennium.

Allocation of \$6,141,267 from the special purpose appropriation made to the Emergency Board by chapter 605, section 5(1), Oregon Laws 2021, to supplement the appropriation made by chapter 605, section 1(2), Oregon Laws 2021, for the Oregon Department of Forestry, Fire Protection Division for the 2021-23 biennium.

Increase Other Funds expenditure limitation established by chapter 605, section 2(2), Oregon Laws 2021, for the Oregon Department of Forestry, Fire Protection Division, by \$68,662,736 for the 2021-23 biennium.





# Oregon

Kate Brown, Governor

Department of Forestry

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December 6, 2021

Senator Elizabeth Steiner Hayward, Co-Chair  
Representative Dan Rayfield, Co-Chair  
Joint Interim Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

## **RE: Oregon Department of Forestry – 2021 Fire Season Requests**

Dear Co-Chairs:

### **Nature of the Request**

The Oregon Department of Forestry respectfully requests permission to appear before the Joint Interim Committee on Ways and Means at its January 2022 meeting for the purpose of:

1. Requesting, as required under ORS 477.777 (3), the release of \$6,141,267 in Special Purpose Appropriation (SPA) funds allocated to the Emergency Board for the state's portion of 2021 fire season severity costs.
2. Requesting \$40 million General Fund for the state's portion of net large-fire costs for the 2021 fire season.
3. Requesting \$490,958 of General Fund for matching funds of the large fire district deductibles from the 2021 fire season.
4. Requesting an additional \$68,662,736 of Other Funds Limitation to enable processing of payments and operations from the 2021 fire season.
5. Requesting an additional \$30 million of General Fund for 2021 fire season large fire costs payments made from Senate Bill 762 General Fund appropriation for rate subsidy offset to landowners and wildfire mitigation grants.

### **Agency Action**

#### ***Special Purpose Appropriation (SPA) Request Summary***

For the 2021 fire season, the department contracted for one large air tanker, eight medium helicopters, one small helicopter, seven single-engine air tankers, two fire-detection planes and several ground-based resources through its severity program. Additional aviation and ground resources were added during periods of very high fire danger and increased fire activity through call-when-needed contracts and local incident resource agreements. Over the past decade, the SPA has provided 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 Oregon

Forestland Protection Fund, for a total severity program of \$5 million. In 2021, as part of the SB 5518 21-23 biennial budget, an additional \$5 million of General Fund was added, increasing the total funding to \$10 million. The severity program has been highly effective at keeping fires small by supporting ODF's ability to keep 94 percent of fire starts on ODF-protected lands at 10 acres or less in 2021. The statewide severity program resources are in addition to district aviation resources already positioned throughout the state. Total net severity program expenditures for the 2021 fire season are estimated at \$9,146,267 with the General Fund portion of severity costs estimated at \$6,141,267 (*Attachment A*).

### ***General Fund and Additional Costs Request Summary***

The department spent a significant amount of its biennial funding in 2021 to suppress fires to protect natural resources, communities, and Oregonians. Experience has shown us the importance of a diverse 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 shared responsibility among landowners, the state's General Fund, and a \$25 million insurance policy—the only one of its kind nationally.

Estimated gross fire costs for the 2021 season are \$129,174,634. Net fire costs are estimated at \$69,091,984. This includes \$11,879,746 incurred during the 2021 fiscal year that exceeded the OFLPF \$10 million cap and an estimated insurance claim of \$19,091,984. The state's total share of the estimated net fire costs is \$40 million and is part of the department's General Fund request (*Attachment B*).

Additional fire season funding request:

- **District Deductibles**: District deductibles are suppression costs incurred at the base level of protection and are not a biennially budgeted item. The 2021 district deductibles are estimated at \$490,958 (*Attachment C*).
- **Senate Bill 762 Appropriation Usage**: Covering large fire costs while awaiting reimbursements always hampers the department's capabilities on all operational fronts; however, using GF appropriations beyond those dedicated to the Protection Division put direct pressure on the ability of those programs to function. Due to the severity of costs for the 2021 fire season, the department had to utilize General Fund appropriations beyond those directly supporting fire protection. Specifically, the entire appropriation established under SB 762 for the use of landowner rate offsets (\$15 million) and \$15 million of the available \$20 million provided in the bill for wildfire mitigation grants has been utilized. To make these appropriations whole and ensure legislative intent of those programs can be accomplished, an additional \$30 million of GF is requested. The department will work closely with the Legislative Fiscal Office to ensure these funds are tracked, reimbursements from these fire costs are encumbered, and funds are ultimately able to be reverted to the General Fund.

***Increase in Other Funds Limitation Request Summary***

As a result of covering the gross costs of the 2021 fire season, the department is projected to exceed its Other Funds (OF) limitation. To ensure that funding is available to continue all department operations, the department is requesting an additional \$68,662,736 in OF limitation.

In total, the above listed items, along with the SPA for severity program costs, results in a total General Fund request of \$76,632,225.

**Action Requested**

ODF respectfully requests that the Joint Committee on Ways and Means:

- Allocate \$6,141,267 in Special Purpose Appropriation (SPA) funds allocated to the Emergency Board for the state's portion of 2021 fire season severity costs.
- Allocate \$40 million General Fund for the state's portion of net large-fire costs for the 2021 fire season.
- Allocate \$490,958 of General Fund for matching funds of the large fire district deductibles from the 2021 fire season.
- Allocate an additional \$68,662,736 of Other Funds Limitation to enable processing of payments and operations from the 2021 fire season.
- Allocate an additional \$30 million of General Fund for 2021 fire season large fire costs payments made from Senate Bill 762 General Fund appropriation for rate subsidy offset to landowners and Federal Forests Restoration program wildfire mitigation.

**Legislation Affected**

SB 5518, Chapter 605, Section 1(2), Oregon Laws 2021

SB 5518, Chapter 605, Section 2(2), Oregon Laws 2021

SB 5518, Chapter 605, Section 5(1), Oregon Laws 2021



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c: Jason Miner, Governor's Office  
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Matt Stayner, Legislative Fiscal Office  
Renee Klein, Chief Financial Office

### Attachment A- Fire Season 21 Severity Program Fiscal Report

As of Date: 11/22/2021

Location	Resource	Contract Start	Contract End	Severity Obligation	Estimated Expense/Recovery		
					Total Estimated Expenditures to Date	Estimated Recovery	Estimated Net Severity Expenditure to Date
<b>Exclusive Use Contracted - Aviation</b>							
Medford	LAT - T-101/T-103	07/01/21	09/26/21	\$ 4,180,000	\$ 5,062,795	\$ 1,362,451	\$ 3,700,344
La Grande	Detection - 018	07/01/21	09/14/21	\$ 68,025	\$ 128,175	\$ 30,387	\$ 97,788
Klamath Falls	Detection - 6ZC	07/01/21	09/13/21	\$ 59,000	\$ 69,734	\$ -	\$ 69,734
Pendleton	Type 2 - 3NP	07/01/21	09/13/21	\$ 420,240	\$ 611,185	\$ 446,870	\$ 164,315
Klamath Falls	Type 2 - 8AH	07/01/21	09/13/21	\$ 434,300	\$ 536,103	\$ 188,335	\$ 347,768
John Day	Type 2 - 8CC	07/01/21	09/16/21	\$ 472,600	\$ 598,557	\$ 408,419	\$ 190,139
Grants Pass	Type 2 - 4MM	07/01/21	09/13/21	\$ 430,020	\$ 548,109	\$ 111,974	\$ 436,135
Myrtle Creek	Type 2 - 480	07/01/21	09/13/21	\$ 398,840	\$ 560,237	\$ 374,865	\$ 185,372
Fossil	Type 2 - 9KB	07/01/21	09/14/21	\$ 504,900	\$ 651,165	\$ 282,051	\$ 369,114
Roseburg	Type 2 - 0NH	07/15/21	09/23/21	\$ 462,540	\$ 508,385	\$ 308,546	\$ 199,839
John Day	Type 3 - 4AS	07/01/21	09/13/21	\$ 328,875	\$ 442,213	\$ 134,765	\$ 307,447
Prineville	SEAT - T-829	07/01/21	09/13/21	\$ 274,250	\$ 607,369	\$ 280,383	\$ 326,986
Prineville	SEAT - T-804	07/01/21	09/13/21	\$ 236,375	\$ 533,587	\$ 262,262	\$ 271,325
John Day	SEAT - T-860	07/01/21	09/13/21	\$ 266,175	\$ 613,351	\$ 324,510	\$ 288,841
La Grande	SEAT - T-869	07/01/21	09/13/21	\$ 244,500	\$ 695,446	\$ 421,331	\$ 274,115
La Grande	SEAT - T-822	07/01/21	09/13/21	\$ 220,125	\$ 611,404	\$ 368,962	\$ 242,442
The Dalles	Fire Boss	07/01/21	09/13/21	\$ 266,750	\$ 557,294	\$ 233,374	\$ 323,920
The Dalles	Fire Boss	07/01/21	09/13/21	\$ 266,750	\$ 567,128	\$ 233,196	\$ 333,932
<b>Aviation Subtotals</b>				<b>\$ 9,534,265</b>	<b>\$ 13,902,238</b>	<b>\$ 5,772,681</b>	<b>\$ 8,129,557</b>
<b>Hand Crews/Helitack/Misc</b>							
John Day	JD Helitack	07/01/21	09/14/21	\$ 248,400	\$ 109,022		\$ 109,022
Grants Pass / Medford	Hand Crew Members	07/01/21	09/14/21	\$ 121,000	\$ 43,851	n/a	\$ 43,851
Salem	Pilot and Other Misc			\$ 96,000	\$ 187,974		\$ 187,974
<b>Hand Crews/Helitack Subtotals</b>				<b>\$ 465,400</b>	<b>\$ 340,847</b>		<b>\$ 340,847</b>
<b>Other Budgeted Resources</b>							
Salem	Partenavia-100 Flight Hrs	n/a		\$ 107,000	\$ 35,805	\$ -	\$ 35,805
John Day	T-860 Night Ops			\$ 21,000	\$ -	\$ -	\$ -
Medford	Type 1 Wages/S&S			\$ 43,000	\$ 15,107	\$ -	\$ 15,107
NWOA	Area Resources			\$ 100,000	\$ 102,366	n/a	\$ 102,366
SOA	Area Resources			\$ 100,000	\$ 554,157	n/a	\$ 554,157
EOA	Area Resources			\$ 100,000	\$ 225,134	n/a	\$ 225,134
<b>Other Resources Subtotal</b>				<b>\$ 471,000</b>	<b>\$ 932,569</b>	<b>\$ -</b>	<b>\$ 932,569</b>
<b>Call When Needed (CWN) Resources</b>							
EOA/SOA	IR Detection - Flir				\$ 21,070		\$ 21,070
<b>CWN Resources Subtotal</b>					<b>\$ 21,070</b>	<b>\$ -</b>	<b>\$ 21,070</b>
<b>TOTALS</b>				<b>\$ 10,470,665</b>	<b>\$ 15,196,725</b>	<b>\$ 5,772,681</b>	<b>\$ 9,424,044</b>
						Less Est FEMA Prepo Recovery:	\$ (277,777)

**FS21 Net Estimated Severity Expenditure to Date: \$ 9,146,267**

**Notes:**

Aircraft include Aircraft Manager wages and other supply & services.  
 Personnel costs for some bases were estimated high to accommodate the possibility of bringing in out-of-state or AD Aircraft Managers.  
 Partenavia increased due to the addition of personnel / s&s costs.  
 Grants Pass / Medford is currently at 10 + 2.

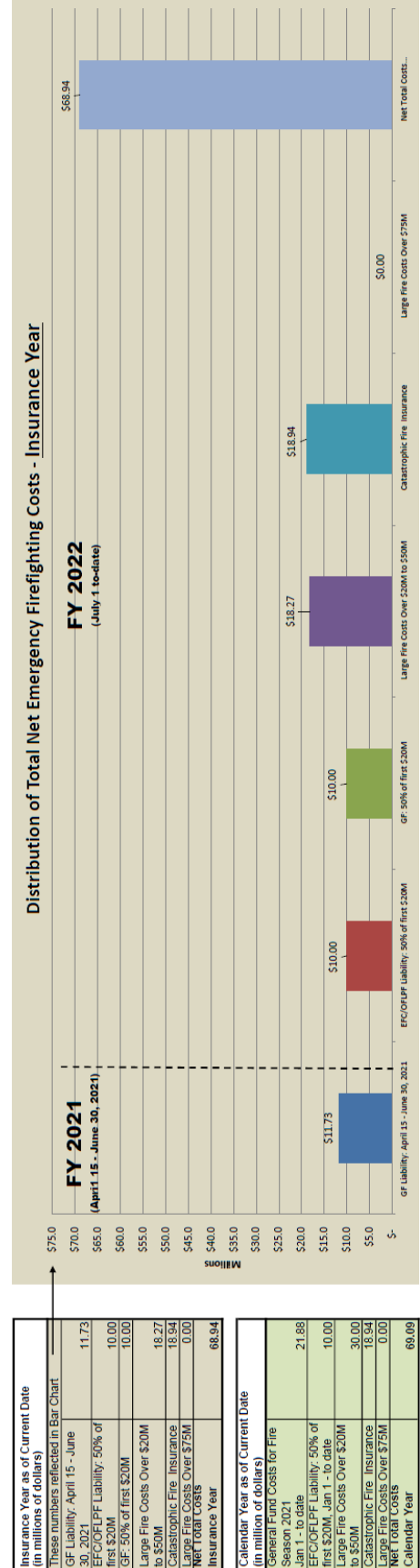
updated October 8, 2021

**Attachment B - 2021 FIRE SEASON EMERGENCY COST ESTIMATES\***

District	CALCULATION OF TOTAL EMERGENCY FIREFIGHTING COSTS (January 1, - June 30, 2021)						PAYMENT OF TOTAL EMERGENCY FIREFIGHTING COSTS		
	Fire Cost Estimate	Balance of FY21 District Deductibles To Date	Anticipated Cost Recovery from Other Agencies	Anticipated Cost Recovery from BLM	Anticipated Cost Recovery from Resp. Party	Fire Cost less Deductibles & Recoveries	Total Net Emergency Firefighting Costs**	General Fund Obligation	OFELPF Obligation
Central Oregon	\$ 7,229,940	\$ -	\$ -	\$ -	\$ -	\$ 7,229,940	\$ 7,229,940		
Douglas FPA	\$ 485,035	\$ 50,000	\$ -	\$ 30,228	\$ -	\$ 404,808	\$ 404,808		
Klamath Lake	\$ 5,377,329	\$ 66,407	\$ 523,395	\$ 2,386,650	\$ -	\$ 2,550,676	\$ 2,550,676		
North Cascade	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Northeast Oregon	\$ 1,463,773	\$ 14,963	\$ -	\$ -	\$ -	\$ 1,448,810	\$ 1,448,810		
South Cascade	\$ 17,640	\$ 17,640	\$ -	\$ -	\$ -	\$ -	\$ -		
Southwest Oregon	\$ 633,236	\$ -	\$ -	\$ 387,723	\$ -	\$ 245,513	\$ 245,513		
<b>Total</b>	<b>\$ 15,366,953</b>	<b>\$ 149,010</b>	<b>\$ 523,395</b>	<b>\$ 2,814,801</b>	<b>\$ -</b>	<b>\$ 11,879,746</b>	<b>\$ 11,879,746</b>	<b>\$ 11,879,746</b>	<b>\$ -</b>

District	CALCULATION OF TOTAL EMERGENCY FIREFIGHTING COSTS (July 1, 2021 - DEC 31, 2021)						PAYMENT OF TOTAL EMERGENCY FIREFIGHTING COSTS						
	Fire Cost Estimate	District Deductibles To Date	Anticipated Cost Recovery from Other Agencies	Anticipated Cost Recovery from BLM	Anticipated Cost Recovery from Resp. Party	Fire Cost less Deductibles & Recoveries	Total Net Emergency Firefighting Costs	FY21 Large Fire Costs 4/15/21-6/30/21	FY22 OFELPF Obligation (50% 1st \$20M)	FY22 GF Obligation (50% 1st \$20M)	FY22 Large Fire Costs \$20M to \$50M	Insurance (\$25M Limit) Costs over \$50M to \$75M	Large Fire Costs Over \$75M
Central Oregon	\$ 13,835,928	\$ 235,171	\$ 0,429,676	\$ -	\$ -	\$ 13,171,077	\$ 13,171,077						
Coos FPA	\$ 371,249	\$ 75,000	\$ -	\$ -	\$ -	\$ 296,249	\$ 296,249						
Douglas FPA	\$ 21,898,608	\$ 100,000	\$ -	\$ 11,285,933	\$ -	\$ 10,500,673	\$ 10,500,673						
Klamath Lake	\$ 45,448,926	\$ 168,300	\$ -	\$ 532,722	\$ -	\$ 44,747,904	\$ 44,747,904						
North Cascade	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -						
Northeast Oregon	\$ 26,197,236	\$ 97,413	\$ 6,831,285	\$ 2,783,116	\$ -	\$ 16,485,421	\$ 16,485,421						
Northwest Oregon	\$ 1,649,812	\$ 91,591	\$ -	\$ -	\$ -	\$ 1,558,221	\$ 1,558,221						
South Cascade	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -						
Southwest Oregon	\$ 3,876,446	\$ 125,000	\$ -	\$ 2,175,466	\$ -	\$ 1,575,980	\$ 1,575,980						
Walker Range FPA	\$ 526,249	\$ 25,000	\$ -	\$ -	\$ -	\$ 501,249	\$ 501,249						
West Oregon	\$ 15,230	\$ 15,230	\$ -	\$ -	\$ -	\$ -	\$ -						
<b>Total</b>	<b>\$ 113,807,681</b>	<b>\$ 932,708</b>	<b>\$ 13,260,962</b>	<b>\$ 16,777,237</b>	<b>\$ -</b>	<b>\$ 82,836,774</b>	<b>\$ 82,836,774</b>	<b>\$ 11,727,545</b>	<b>\$ 10,000,000</b>	<b>\$ 10,000,000</b>	<b>\$ 18,272,455</b>	<b>\$ 18,939,782</b>	<b>\$ -</b>

\*Calendar year 2021, fire cost estimates \$10,000 and over.



**Attachment C - ODF District Deductibles Fire Season 2021**  
**As of 10/08/21**

EFC  
 Deductibles

<b>FY21</b>		<b>GF \$</b>	<b>OF \$</b>
Douglas FPA	50,000	24,135	25,865
Klamath-Lake	66,407	31,822	34,585
Northeast Oregon	14,963	7,104	7,859
South Cascade	17,640	8,702	8,938
Southwest Oregon	-	-	-
	-	-	-
	149,010	71,763	77,247

<b>FY22</b>		<b>GF \$</b>	<b>OF \$</b>
Central Oregon	235,174	107,616	127,558
Coos FPA	75,000	32,828	42,173
Douglas FPA	100,000	48,260	51,740
Klamath-Lake	168,300	80,834	87,466
North Cascade	-	-	-
Northeast Oregon	97,413	46,222	51,191
Northwest Oregon	91,591	29,877	61,714
South Cascade	-	-	-
Southwest Oregon	125,000	58,950	66,050
Walker Range FPA	25,000	7,623	17,378
West Oregon	-	-	-
Western Lane	15,230	6,984	8,246
	932,708	419,194	513,514

<b>Fire Season Total</b>	<b>1,081,718</b>	<b>490,958</b>	<b>590,760</b>
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