

## ANALYSIS

### Item 24: Department of the State Fire Marshal 2023 Fire Season

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**Analyst:** Wendy Gibson

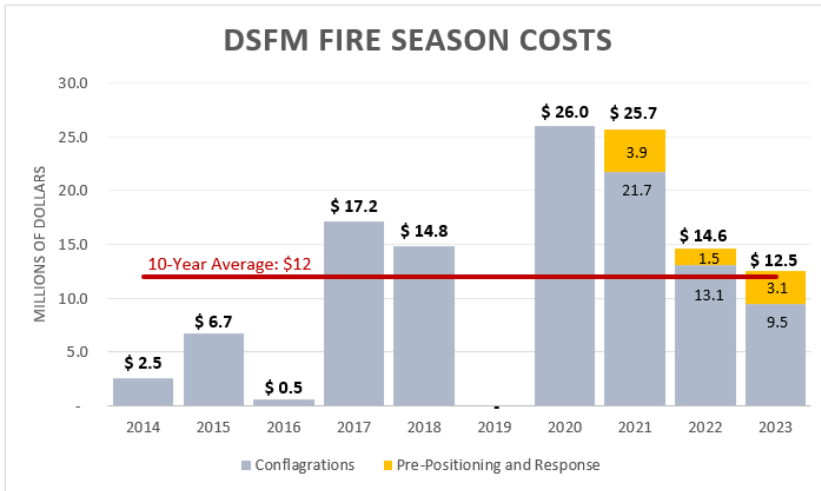
**Request:** Appropriate \$8,536,728 General Fund for conflagration costs incurred during the 2023 fire season.

**Analysis:** The Department of the State Fire Marshal (DSFM) is responsible for mobilizing firefighting resources throughout the state when local fire agencies are not able to protect structures from fire on their own. In the 2023 fire season, DSFM mobilized firefighting resources for 20 prepositioning and readiness response mobilizations and seven conflagrations.

During a conflagration, firefighters and equipment from other fire protection agencies in the state are “loaned” to the local agency for the duration of the incident; DSFM coordinates such mobilizations. The Emergency Conflagration Act (ORS 476.510 - 476.610) governs mobilizations. It requires that “...the state shall reimburse the political subdivision supplying such aid...” and shall “...draw warrants on the State Treasurer for the payment of all duly approved claims...” In practical terms, local fire agencies have 60 days to submit invoices to DSFM, and the Department must reimburse the costs within 90 days. The DSFM budget initially pays the submitted invoices for mobilizations, then seeks reimbursement from the federal government for eligible expenses, and finally requests state resources for the total conflagration costs.

Large wildfires with a level of destruction constituting a major disaster may qualify for federal reimbursement from the Federal Emergency Management Agency’s (FEMA) Fire Management Assistance Grant (FMAG) program. FEMA evaluates fires based on four criteria: (1) threats to lives and improved property, (2) high fire danger conditions, (3) potential for major economic impact, and (4) availability of state and local firefighting resources. Qualifying wildfires received 75% reimbursement of the eligible wildfire costs.

In the 2023 fire season, DSFM anticipates one conflagration and two readiness responses will be eligible for federal reimbursement; however, the timing of payments to local agencies versus federal reimbursement timelines can present a cash flow problem for DSFM. Federal grant guidelines and generally accepted accounting principles require DSFM to record the federal reimbursement revenues when reimbursable expenditures are incurred. This accounting treatment can present cash flow problems if reimbursements are delayed, and other resources are not available to cover expenses in the near term. Over the past several biennia, the time it has taken to request and receive FMAG reimbursements from FEMA has ranged from 14 months to 30 months, requiring the state General Fund to “carry” the expense until reimbursement is received and deposited back into the state General Fund.



Over the past ten years, DSFM has averaged \$12 million in annual fire season costs. The Department’s 2023 fire season costs are slightly higher, estimated at \$12.5 million. Prepositioning and response activities account for \$3.1 million of the total expenses. ORS 476.132 authorizes DSFM to conduct wildfire readiness and response activities “...to the extent the office receives funding...”. SB 5506 (2023) provided \$2 million for wildfire readiness, response, and

prepositioning and \$2 million for deposit in the State Fire Marshal Mobilization Fund. The fund provides funding for both conflagrations and readiness responses. After paying readiness response activities, the remaining balance in the fund is \$0.9 million, which DSFM can use as payment for conflagration expenses.

Approximately \$8.5 million of the incurred conflagration expenses were beyond the level of funding provided in the Department’s 2023-25 legislatively adopted budget.

| DSFM's 2023 Fire Season Costs          | TOTAL COSTS          | STATE Cost Share      | FEDERAL Cost Share   |
|--|----------------------|-----------------------|----------------------|
| Conflagrations                         | 9,471,930            | 8,369,738 88%         | 1,102,192 12%        |
| Pre-positioning/response expenses      | 3,064,798            | 2,963,098 97%         | 101,700 3%           |
| <b>2023 FIRE SEASON TOTAL &gt;&gt;</b> | <b>\$ 12,536,728</b> | <b>11,332,836 90%</b> | <b>1,203,892 10%</b> |

**Reimbursement Calculation**

|  |                     |
|--|---------------------|
| <b>Pre-positioning/response expenses</b>                   | <b>3,064,798</b>    |
| SB 5506 appropriation for Pre-positioning/response         | (2,000,000)         |
| SB 5506 appropriation for SFM Mobilization Fund            | (2,000,000)         |
| <b>Remaining balance in SFM Mobilization Fund &gt;&gt;</b> | <b>\$ (935,202)</b> |

|   |                     |
|---|---------------------|
| <b>Conflagration expenses</b>                   | <b>9,471,930</b>    |
| Remaining fund balance in SFM Mobilization Fund | (935,202)           |
| <b>Reimbursable expenses &gt;&gt;</b>           | <b>\$ 8,536,728</b> |

**Recommendation:** The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend appropriating \$8,536,728 General Fund for the Department of the State Fire Marshal in a budget reconciliation bill during the 2024 legislative session to cover the remaining 2023 conflagration costs.

**Request:** Appropriate \$8,536,728 General Fund to reimburse the Department of the State Fire Marshal (OSFM) for costs incurred during the 2023 fire season.

**Recommendation:** Approve the request during the 2024 Legislative Session.

**Discussion:** OSFM is requesting reimbursement for the costs incurred for the 2023 fire season, which were previously reported at the November meeting of the Interim Committee on Joint Ways and Means. This year's request is unusual in two ways: first, OSFM became an independent agency as of July 1, 2023, and this is the first season OSFM has not had the resources of the larger agency, the Department of State Police (OSP), to support and cover fire season costs. Second, during the 2023 Legislative Session, the Legislature appropriated funds in advance of the fire season for prepositioning resources (\$2.0 million) and mobilization (\$2.0 million) (Senate Bill 5506, 2023). In this request, OSFM is not seeking reimbursement for the \$4.0 million appropriated for these purposes. OSFM is seeking reimbursement for the remaining expenditures made from the agency's operating budget. Though some of the costs of the fires may be reimbursed by FEMA, the timeline for reimbursement is long and uncertain.

Currently, OSP and OSFM are still waiting for reimbursement from FEMA for the 2020 wildfire season; OSFM does not have sufficient cash flow or reserves to cover the costs of fire seasons while awaiting reimbursement. It should be noted, that the more effective OSFM and other state agencies are at planning, risk mitigation, and pre-positioning of resources, the less likely it is that a fire will reach the threshold for federal reimbursement.

In the 2024 Legislative Session, OSFM will bring forward a request to re-capitalize the mobilization fund and to appropriate additional funding for pre-positioning resources for the 2024 fire season.

**Legal Reference:** Appropriate \$8,536,728 General Fund to supplement the appropriation made by chapter 244, section 1, Oregon Laws 2023, for the Department of the State Fire Marshal, for the 2023-25 biennium.



# Oregon

Tina Kotek, Governor

Oregon State Fire Marshal  
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Salem, Oregon 97302  
503-378-3473  
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**December 8th, 2023**

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

Dear Co-Chairs:

## **Nature of Request**

The Department of the State Fire Marshal (OSFM) respectfully requests to appear before the January 2024 Interim Joint Committee on Ways and Means to request the reimbursement of \$8,536,728 general fund for the estimated costs for the 2023 fire season.

## **Background**

The OSFM is responsible for mobilizing, managing, and directing the Oregon fire service during major emergency operations through the Conflagration Act (ORS 476.520 through 476.610). The Governor may invoke the Conflagration Act to mobilize firefighters and equipment when the threat of wildfire to structures and communities exceeds the local jurisdictions' response capacity. When this occurs, OSFM mobilizes, supports, and provides leadership for Oregon fire service resources that respond from the more than 300 fire service agencies across Oregon. Responding local fire service agencies have 60 days to submit invoices to OSFM for payment of costs incurred during their participation in the conflagration. OSFM is required to reimburse local fire agencies within 90 days of receiving the invoice.

As of December 1, 2023, the OSFM has responded to seven conflagrations, and multiple immediate responses and pre-positioning mobilizations in ten counties.

The first chart shows the aggregate OSFM fire costs to date for governor-declared conflagrations. As of December 1, there have been seven declared conflagrations, with total estimated costs of \$9.5 million. The estimated costs for these conflagrations can be seen more fully in the attached chart (Attachment A).

Similar to the above-mentioned conflagration costs, the second chart displays the aggregate costs of 2023 immediate response and pre-positioning mobilizations outside of conflagration declarations. During the 2023 session, the legislature authorized \$2.0 million for OSFM to pre-position resources and immediately respond to fires when they are still relatively small. The availability of these resources is a critical tool to respond quickly to emerging fires to protect life and property in Oregon.



OSFM used these resources to respond to emerging wildfires and incidents. Both these new tools for OSFM saved the state of Oregon millions in conflagration costs by catching numerous fires when they were small. The estimated cost for OSFM using these proactive response tools is \$3 million. The estimated cost of each of these mobilizations can be seen in the attached chart (Attachment B).

Based on the information, the estimated 2023 mobilization costs for conflagrations, immediate response, and pre-positioning total over \$12.5 million. These are estimates, and the final costs will remain fluid until final billings and payments are completed in 2024.

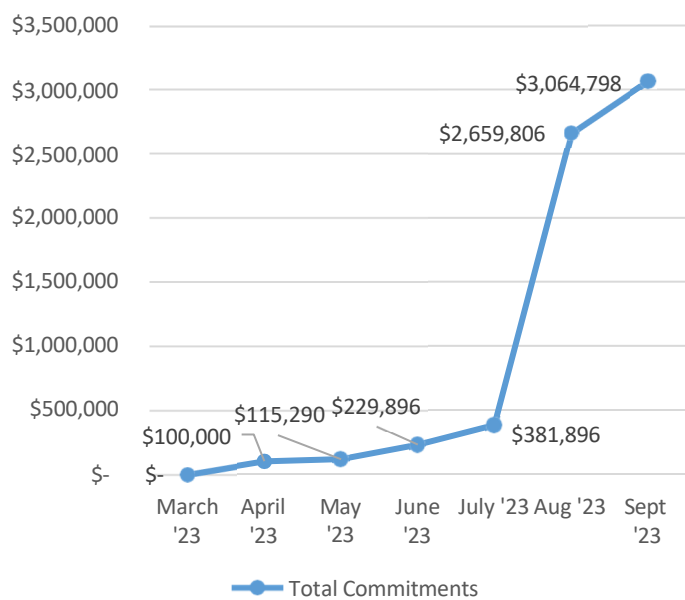
During the 2023 session, the legislature established the new mobilization fund for OSFM in the program change bill (SB 1049). This was a welcomed first essential step for creating a system to pay for mobilization costs. The legislature included \$2 million in the omnibus budget reconciliation bill (SB 5506) for the newly established fund, but less than the \$32 million average biennial mobilization cost the OSFM had requested.

Based on this wildfire season's expenditures, OSFM already has commitments greater than the legislative biannual allocation. The OSFM has already committed the biennial allocation and additional agency dollars for immediate response and strategic wildfire pre-positioning, leaving no funding for fire season 2024 in the last half of the biennium.

### Fire Costs by Date of Conflagration Declaration



### Immediate Response & Pre-Positioning Costs by Start Date





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This request is for \$8.5 million rather than the total estimated cost of \$12.5 million due to the \$4 million allocated for mobilization costs in the 2023 legislative session. OSFM will submit a letter to the 2024 Legislative Session requesting reinvestments into the mobilization fund for conflagration cost and funds for pre-positioning and immediate response.

## **Action Requested**

The Department of the State Fire Marshal respectfully requests permission to appear before the January 2024 Interim Joint Committee on Ways and Means to request \$8,536,728 general fund for the total estimated costs for the 2023 fire season.

## **Legislation Affected**

None.

Thank you for your time and consideration. Sincerely,

*Mariana Ruiz-Temple*

Mariana Ruiz-Temple  
State Fire Marshal  
Department of the State Fire Marshal

## CC:

- Amanda Beitel, Legislative Fiscal Officer
- Kate Nass, Chief Financial Officer
- Wendy Gibson, Agency LFO Analyst
- Lisa Fox, Agency CFO Analyst
- LFO.LegRequests@oregonlegislature.gov
- CFO.LegRequests@das.oregon.gov

## Attachments:

- Attachment A – 2023 Statewide Conflagrations
- Attachment B – 2023 Immediate Response & Pre-Positioning



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## Attachment A- 2023 Statewide Conflagrations

| Conflagration Name                  | Conflagration Completed | County    | Declared | Estimate           | State Cost         | FEMA Eligible      | Payment to locals begin: |
|-------------------------------------|-------------------------|-----------|----------|--------------------|--------------------|--------------------|--------------------------|
| Hat Rock                            | Yes                     | Umatilla  | 6/13/23  | \$755,098          | \$755,098          | No                 | August/Sept              |
| Mt Hebron                           | Yes                     | Umatilla  | 6/13/23  | \$182,270          | \$182,270          | No                 | August/Sept              |
| Golden                              | Yes                     | Klamath   | 7/22/23  | \$1,469,589        | \$367,398          | \$1,102,192        | August/Sept              |
| Lookout                             | Yes                     | Lane      | 8/13/23  | \$3,335,107        | \$3,335,107        | No                 | Sept/Oct                 |
| Tyee Ridge Complex                  | Yes                     | Douglas   | 8/26/23  | \$2,119,690        | \$2,119,690        | No                 | Oct/Nov                  |
| Smith River Complex                 | Yes                     | Josephine | 8/29/23  | \$1,125,699        | \$1,125,699        | No                 | Oct/Nov                  |
| Bensel Road                         | Yes                     | Umatilla  | 9/4/23   | \$484,477          | \$484,477          | No                 | Oct/Nov                  |
| <b>2023 Estimated Running Total</b> |                         |           |          | <b>\$9,471,930</b> | <b>\$8,369,739</b> | <b>\$1,102,192</b> |                          |

\* Numbers may not foot due to rounding

## Attachment B- 2023 Immediate Response & Pre-Positioning

| Immediate Response & Pre-Positioning | Completion | County    | Date Began | Estimate           | State Costs        | FEMA Eligible    | Payment begin: |
|--------------------------------------|------------|-----------|------------|--------------------|--------------------|------------------|----------------|
| John Day                             | Yes        | Grant     | 4/17/23    | \$100,000          | \$100,000          | No               | July/August    |
| Quarry Fire                          | Yes        | Lane      | 5/28/23    | \$15,290           | \$15,290           | No               | July/August    |
| Hat Rock                             | Yes        | Umatilla  | 6/13/23    | \$24,606           | \$24,606           | No               | August/Sept    |
| Milepost 87                          | Yes        | Wasco     | 6/14/23    | \$90,000           | \$90,000           | No               | July/August    |
| Moon Mt.                             | Yes        | Lane      | 7/4/23     | \$12,000           | \$12,000           | No               | August/Sept    |
| Devil's Butte                        | Yes        | Gilliam   | 7/11/23    | \$75,000           | \$75,000           | No               | August/Sept    |
| Elm Street                           | Yes        | Umatilla  | 7/19/23    | \$15,000           | \$15,000           | No               | August/Sept    |
| Table Rock                           | Yes        | Jackson   | 7/20/23    | \$10,000           | \$10,000           | No               | August/Sept    |
| Golden                               | Yes        | Klamath   | 7/22/23    | \$40,000           | \$10,000           | \$30,000         | August/Sept    |
| Madras Pre-Position                  | Yes        | Jefferson | 8/4/23     | \$192,960          | \$192,960          | No               | Sept/Oct       |
| Priceboro                            | Yes        | Linn      | 8/4/23     | \$128,640          | \$128,640          | No               | Sept/Oct       |
| Wiley                                | Yes        | Linn      | 8/9/23     | \$181,440          | \$181,440          | No               | Sept/Oct       |
| Lane Pre-Position                    | Yes        | Lane      | 8/12/23    | \$181,440          | \$181,440          | No               | Sept/Oct       |
| Bedrock                              | Yes        | Lane      | 8/14/23    | \$814,548          | \$814,548          | No               | Sept/Oct       |
| Prison                               | Yes        | Umatilla  | 8/18/23    | \$15,000           | \$15,000           | No               | Sept/Oct       |
| California Pre-Position              | Yes        | Lane      | 8/14/23    | \$352,107          | \$352,107          | No               | Nov/Dec        |
| Liberty                              | Yes        | Marion    | 8/23/23    | \$95,600           | \$23,900           | \$71,700         | Oct/Nov        |
| Smith River Complex IR               | Yes        | Josephine | 8/24/23    | \$316,175          | \$316,175          | No               | Oct/Nov        |
| Bensel Road IR                       | Yes        | Umatilla  | 9/3/23     | \$184,430          | \$184,430          | No               | Oct/Nov        |
| Gold Beach Pre-Position              | Yes        | Curry     | 9/13/23    | \$204,456          | \$204,456          | No               | Oct/Nov        |
| Aircraft Standby                     | No         | Statewide |            | \$16,106           | \$16,106           | No               | August/Sept    |
| <b>2023 Estimated Running Total</b>  |            |           |            | <b>\$3,064,798</b> | <b>\$2,963,098</b> | <b>\$101,700</b> |                |

\* Numbers may not foot due to rounding