

ANALYSIS

Item 69: Department of Forestry 2024 Fire Season

Analyst: April McDonald

Request: Allocate \$7,478,019 General Fund from the special purpose appropriation made to the Emergency Board for fire protection expenses to cover costs related to severity resources; allocate \$40,000,000 General Fund to cover a portion of the state's net large fire costs; and increase Other Funds expenditure limitation for the Department of Forestry by \$146,000,000 to enable payments processing.

Analysis:

Fire Protection Funding in Oregon

The state's forest fire protection is provided in three components. The first is referred to as base fire protection and is achieved through a coordinated network of 12 fire protection districts, inclusive of three independent fire protection associations. These local districts are the first line of defense in fire detection and suppression, providing personnel, equipment, and expertise to large fire operations throughout the state. The base level of protection is included, with some exceptions, in the biennial budget for the Oregon Department of Forestry (ODF) and is in addition to the state's net large fire costs typically included in annual fire season reports.

The second component of fire protection is the statewide large fire or emergency fire program. Large fire costs are primarily unbudgeted, and ODF historically seeks reimbursement from the General Fund after each fire season. Resources to fight large fire are coordinated on a statewide basis and include personnel and equipment from ODF and local protection districts, as well as contractors needed to augment the efforts of the local fire districts.

Severity resources, which primarily refers to aviation support, represents the third component of the fire protection program. As part of base fire protection activities (detection and suppression), each fire season ODF contracts with local and national resources to provide air and ground support to prevent small fires from growing into large, costly fires. These resources allow for rapid response and are deployed during periods of multiple fire starts and heightened fire danger. Severity 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 2023 Legislature provided a \$14 million General Fund special purpose appropriation to the Emergency Board for fire protection expenses, intended for severity resources. These funds are coupled with up to \$6 million in the Oregon Forest Land Protection Fund from landowner acreage assessments, minimum lot assessments, improved lot surcharges, and harvest taxes, to provide aviation resources, equipment pre-positioning, and airborne hand crews.

Overview of the 2024 Fire Season

The current account of acres burned, and the total cost of Oregon's 2024 fire season has been unprecedented, and the season is still underway. As of September 10, 2024, the reported total cost of fire season is approximately \$241.2 million. After subtracting anticipated Federal Emergency Management Agency (FEMA) Fire Management Assistance Grants in the amount of \$58.9 million; cost recoveries from federal agencies in the amount of \$97.6 million; local fire district costs of \$2 million; and the Oregon Forest Land Protection Fund contribution of \$10 (including both FY24 and FY25); the net

emergency fire cost to the state is estimated at \$72.6 million. As of September 8, 2024, the estimated acres burned across the state total over 1.8 million. For context, the ten-year average for gross fire costs is approximately \$69 million (2024 represents an increase of 250%, to date); the ten-year average for net emergency fire costs to the state is approximately \$26 million (2024 represents an increase of 220%, to date); and the 1.8 million acres burned, to date, represents a 48% increase over the acres burned during the historical 2020 fire season.

2024 Fire Season Costs	Total Funds
FY 2024	\$ 8,720,448
FY 2025	\$ 232,435,773
Total 2024 Fire Season Large-Fire Costs	\$ 241,156,221
FEMA FMAG & Other Federal Agency Cost Recoveries	
FY 2024	\$ 7,108,913
FY 2025	\$ 149,385,357
Total Federal Grants and Cost Recoveries	\$ 156,494,270
District Costs - Per Day and Acre Deductibles	
FY 2024	\$ 51,065
FY 2025	\$ 1,979,208
Total District Deductibles	\$ 2,030,273
Net Fire Costs	
FY 2024	\$ 1,560,470
FY 2025	\$ 81,071,208
Total 2024 Net Fire Season Costs	\$ 82,631,678
Oregon Forest Land Protection Fund (Obligation of 50% up to \$20 million)	
FY 2024	\$ -
FY 2025	\$ 10,000,000
Total 2024 OFLPF Contribution	\$ 10,000,000
Remaining State Cost	
FY 2024	\$ 1,560,470
FY 2025	\$ 71,071,208
Total 2024 Fire Season Remaining State Costs	\$ 72,631,678

Severity Resources

During the 2024 fire season, ODF contracted exclusive use of three large helicopters; five medium helicopters; one small helicopter; four single-engine airtankers; two water-scooper “Fire Bosses”; and one detection plane. These statewide severity program resources are in addition to district aviation resources already positioned throughout the state. HB 5020 (2023) provided a total of \$14 million General Fund in the special purpose appropriation to the Emergency Board for fire protection, inclusive of severity resources. After an allocation of over \$6.5 million during the 2024 legislative session, approximately \$7.5 million General Fund remains. Additionally, the Oregon Forestland Protection Fund (OFLPF), funded by landowner assessments, provides \$3 million annually to the Statewide Severity Program. With 2024 fire season Statewide Severity Program expenditures currently estimated at \$8.2 million, and fire season still underway, the Department requests allocation of the remaining balance of the special purpose appropriation to cover severity resource costs.

Other Funds Expenditure Limitation

As a result of processing payments to cover the gross costs of the 2024 fire season, currently estimated at \$241.2 million, the Department is projected to exceed its Other Funds expenditure limitation. An increase of \$146 million Other Funds expenditure limitation is necessary to continue payments and

reimbursements for the fire season as well as operations for the division. A portion of fire season costs will be reimbursed from federal sources but expended as Other Funds.

General Fund Portion of Large Fire Costs

Due to the unknown frequency and severity of large forest fires, no dedicated resources are provided to ODF for large fire costs in the agency's biennial budget. As discussed, base fire protection funding is included to ensure 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 available resources at the local level of prevention, the costs may qualify for emergency fire cost funding. Those costs are managed by the Emergency Fire Cost Committee, a four-member committee of forest landowners appointed by the State Board of Forestry, and allocated to various funding resources including the OFLPF, the General Fund, and federal sources.

A portion of the initial large fire cost remains the responsibility of the fire protection districts. The difference between total fire season costs and calculated net costs are the amounts billed to federal landowners or other entities for ODF firefighting activities on lands that are not ODF-protected; anticipated cost reimbursements from FEMA and other agencies; and fire protection district costs, such as deductibles. District deductibles are included in ODF's base fire protection budget and therefore any additional funding for district deductibles would be redundant. The table above illustrates the calculation of net 2024 fire season costs. The OFLPF share of the 2024 net fire costs is \$10 million, leaving the state's total share of the net fire costs equal to \$72.6 million to date, with fire season still active.

In addition to the Department's request for allocation of the remaining special purpose appropriation for fire protection, ODF requests a \$40 million General Fund allocation from the Emergency Board. There is a \$25.2 million difference between the Department's total General Fund request and the state's portion of large fire costs; and this funding gap will continue to increase until the close of fire season. The Department's letter of request, submitted August 29, 2024, states an intention to return to the Emergency Board with a request for the remaining 2024 fire season net costs during the December 2024 meeting. However, the Department's cash position has been rapidly changing with the demands of the current fire season. Cash projections received from the Department indicate insolvency in November 2024, and an estimated shortfall of \$28.9 million by the beginning of December, growing to \$54 million by the start of January 2025. These projections include an assumption of \$47 million General Fund from the current request, discussed herein.

The Department is proactively taking measures to reduce operational expenditures; they will be receiving a payroll loan from the Department of Administrative Services to cover payroll through the end of the year; and they are extending or holding payments to federal and state partners where possible. These reduction measures are included in the Department's projections; however, there are a couple of options not accounted for. The Department may temporarily utilize approximately \$10 million in Other Funds revenues intended for facilities maintenance this biennium to cover fire costs; and the Department may work with the Executive Branch and the State Treasury to explore the possibility of a Treasury loan, as a stopgap measure, keeping the agency solvent long enough to allow for consideration of a December 2024 request to the Emergency Board.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board allocate \$7,478,019 General Fund from the special purpose appropriation made to the Emergency Board for fire protection expenses to cover the state's portion of fire severity resources costs; allocate \$20,000,000

General Fund from the special purpose appropriation made to the Emergency Board for natural disaster prevention, preparedness, response and recovery activities and \$20,000,000 General Fund from the Emergency Fund to cover a portion of the state's net large fire costs; and increase Other Funds expenditure limitation for the Department of Forestry by \$146,000,000 to enable payments processing for gross costs of the 2024 fire season.

Request: Allocate \$40.0 million from the State Emergency Fund, increase Other Funds expenditure limitation by \$146.0 million, and allocate \$7.5 million from the Special Purpose Appropriation made to the Emergency Board for Fire Protection to address expenses from the 2024 Fire Season.

Recommendation: Approve the request with the following modifications: Allocate \$20.0 million from the State Emergency Fund, allocate \$20.0 million from the Special Purpose Appropriation made to the Emergency Board for natural disaster prevention, preparedness, response and recovery, increase Other Funds expenditure limitation by \$146.0 million, and allocate \$7.5 million from the Special Purpose Appropriation made to the Emergency Board for Fire Protection to address expenses from the 2024 Fire Season.

Discussion: The Department of Forestry (ODF) is presenting a preliminary report on the most current fire season, which is ongoing at the time of this analysis. At the time of the preliminary report, ODF reported gross costs of the 2024 Fire Season to be \$208.9 million and the net cost to the state to be \$63.3 million. Since that initial report, gross costs of the 2024 Fire Season have grown to \$241.2 million and \$86.6 million net costs at the time of this analysis.

The 2024 Fire Season represents the largest cost for fighting fires ODF has incurred in its history. The large costs have provided ODF with unprecedented financial and cash flow challenges. Currently, ODF is implementing three financial strategies to ensure agency financial solvency, which includes paying firefighters and vendors.

In the immediate term, ODF is working cooperatively with federal partners to delay appropriate payments, working with other state agencies on administrative cashflow options, and requesting a cash advance from the Federal Emergency Management Agency (FEMA).

The requested \$47.5 million from the Emergency Board will alleviate some cashflow issues as ODF continues to deploy and adjust financial strategies to inform a December 2024 Emergency Board request. It is likely that additional funding will be requested through an early Legislative session budget bill to carry the Department's wildfire costs for the remainder of the biennium.

Legal Reference: Allocation of \$20,000,000 from the State Emergency Fund to supplement the appropriation made by chapter 453, section 1(1), Oregon Laws 2023, for the Department of Forestry, Fire Protection division for the 2023-25 biennium.

Allocation of \$20,000,000 from the Special Purpose Appropriation made to the Emergency Board by chapter 605, section 152(1), Oregon Laws 2023, to supplement the

appropriation made by chapter 453, section 1(1), Oregon Laws 2023, for the Department of Forestry, Fire Protection division for the 2023-25 biennium.

Allocation of \$7,478,019 from the Special Purpose Appropriation made to the Emergency Board by chapter 453, section 5(1), Oregon Laws 2023, to supplement the appropriation made by chapter 453, section 1(1), Oregon Laws 2023, for the Department of Forestry, Fire Protection division for the 2023-25 biennium.

Increase the Other Funds expenditure limitation established by chapter 453, section 2(2), Oregon Laws 2023, for the Department of Forestry, Fire Protection division, by \$146,000,000 for the 2023-25 biennium.



Oregon

Tina Kotek, Governor

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August 29, 2024

Senator Rob Wagner, Co-Chair
Representative Julie Fahey, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

RE: Oregon Department of Forestry – 2024 Fire Season Requests – Replacement Letter

Dear Co-Chairs:

Nature of the Request

The Oregon Department of Forestry respectfully requests permission to appear before the State Emergency Board at its September 2024 meeting for the purpose of:

1. Requesting, as required under ORS 477.777 (3), the release of \$7,478,019 in Special Purpose Appropriation (SPA) funds allocated to the Emergency Board for the state's portion of 2024 fire season severity costs to date.
2. Requesting \$40,000,000 General Fund of net large fire costs to date for the 2024 fire season.
3. Requesting an additional \$146 million in Other Funds Limitation to enable processing of payments from the 2024 fire season.

Agency Action

Fire Season 2024 Summary

As of Aug. 15, there were 588 fires on ODF-protected lands that total 190,611 acres burned. A total of 235,407 ODF-protected acres have burned on all fires statewide. Last year at this time, ODF had experienced nearly 100 more fires but only 7,228 acres burned. The 10-year average is 682 fires for the date and 46,186 acres burned.

Statewide across jurisdictions, Oregon has reached 1.5 million acres burned. The 10-year average is 621,044 acres. The state has had five megafires (over 100,000 acres), with the largest, Durkee, at nearly 300,000 acres. For comparison, this is the same number of megafires as the Labor Day 2020 fire event. Ten fires qualified for FEMA Fire Management Assistance Grants so far this year. There are still 18 large active, uncontained fires on the landscape in Oregon.

Season ending weather events aren't expected until at least mid-September in western Oregon and later in drier areas.

The 2024 fire season started out with milder fire conditions than Oregon has seen in recent years, with drought levels improving and above-normal snowpack in much of the state. In mid-June, ODF's fire statistics were well below the 10-year average to do, with only half the number of fires and less than 90% of the acres burned.

However, conditions changed quickly following the arrival of a high-pressure system and heat wave. For a week (July 4-10), the heat dried and cured wildland fuels. This was accompanied by very low humidities and higher nighttime temperatures that limited the overnight humidity recoveries that help mitigate fire behavior. The entire west coast of the U.S. had red flag warnings, fire weather watches, heat advisories and heat warnings in effect. The Northwest Interagency Coordination Center issued a Fuels and Fire Behavior Advisory warning of critical fire weather and fuel conditions for eastern Oregon.

By July 15, all ODF districts were in very high or extreme fire danger. Firefighters were already battling several large human-caused fires (Salt Creek, Cow Valley, Larch Creek, Lone Rock and Falls) when the back-to-back dry lightning events arrived (July 16-17 and July 24-25). There were over 6,100 lightning strikes statewide that ignited hundreds of fires. By July 23, Oregon was the top firefighting priority in the nation, with 38 large uncontained fires burning 840,000 acres. Additional thunderstorms struck on July 24-25, Aug. 4-5, and Aug. 13-14.

ODF deployed its three Incident Management Teams (IMTs) seven times between July 7 and August 15 for a total of 152 days combined. These teams—each of which rolls out with 50 rostered personnel on average—were assigned to the Salt Creek, Larch Creek, Courtrock, Lane 1 and Dixon fires, along with the Battle Mountain and Winding Waters complexes. At the peak of fire activity thus far (Aug. 1), there were nearly 13,000 firefighters assigned to state and federal incidents in Oregon.

On July 20, the Statewide Support Team was activated in Salem to coordinate resources obtained to support ODF operations through the Northwest Compact and state-to-state agreements. More than 450 personnel in 49 different roles were brought to Oregon through these partnerships this fire season from 19 states and Canada. A full North Carolina IMT was imported and assigned to the Lane 1 fire of the Cottage Grove Complex. This fire was on ODF protection, but all ODF IMTs were engaged on the eastside. The team of 58 personnel managed the fire for 21 days before handing it over to an ODF team and heading home.

Due to extreme national competition for aerial firefighting aircraft and widespread large fires on the landscape, the agency mobilized four Oregon National Guard (ORNG) aircraft through Operation Plan Smokey—two medical evacuation (MEDEVAC) helicopters and two Type 1 suppression helicopters. To date, the MEDEVAC helicopters have completed five medical missions, and the suppression aircraft have delivered nearly 100,000 gallons of water to several

incidents including the Microwave, Lane 1, and Dixon fires. The ORNG has also deployed 151 personnel to staff seven hand crews to construct, monitor and hold lines on the Falls Fire.

Special Purpose Appropriation Severity Program

The Statewide Severity Program has 16 aircraft on exclusive-use contract with a mandatory availability period of 75 days. For FY 25, the first contract began on July 1 and the final aircraft was on contract as of July 15. The suite of aircraft includes:

- 3 - Type 1 helicopters
- 5 - Type 2 helicopters
- 1 - Type 3 helicopter with a 10-person helitack crew
- 4 - Single engine airtankers
- 2 - Single engine scoopers (“Fire Bosses”)
- 1 - Light fixed-wing detection

Severity aircraft have flown approximately 1,223 hours, which already exceeds the 9-year program average for total flight hours in a season. During aerial suppression efforts an estimated 3,400 buckets of water (or fire chemical) have been dropped, nearly one-million gallons of water, 256,000 gallons of retardant, and 328,000 gallons of water enhancing gel to incidents across the state. The Oregon Forestland Protection Fund (OFLPF)—funded by landowner contributions—provides \$3 million annually to the Statewide Severity Program, and the state’s share this year is \$7,478,019 of General Fund.

Fire Season Costs

The department spends a significant amount of its biennial funding on suppression efforts to protect natural resources, communities, and Oregonians during the fire season. 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 and the state’s General Fund.

The gross fire costs as of August 21, 2024, for the 2024 season are \$208,939,178 (Attachment A). The net fire costs are currently \$63,270,378. The OFLPF share of net fire costs is \$10 million and the state’s total share of the net fire costs to-date is \$53,270,378. The agency is requesting a portion of these net costs in the amount of \$40,000,000. The agency will be returning to the Emergency Board at the December 2024 meeting to request the final net costs for the 2024 fire season.

Increase in Other Funds Limitation Request

As a result of covering the gross costs of the 2024 fire season, the department is will exceed its Other Funds (OF) limitation. To ensure that funding is available to continue all department operations, the department is requesting an additional \$146 million in OF limitation.

Action Requested

ODF respectfully requests that the State Emergency Board:

- Appropriate \$7,478,019 of General Fund from the Special Purpose Appropriation (SPA) funds allocated to the Emergency Board for the state's portion of 2024 fire season severity costs.
- Appropriate \$40,000,000 of General Fund for the state's portion of net large-fire costs to date for the 2024 fire season.
- Allocate an increase of \$146,000,000 of Other Funds Limitation to enable processing of payments from the 2024 fire season.

Legislation Affected

HB 5020, Chapter 453, Section 1(1), Oregon Laws 2023

HB 5020, Chapter 453, Section 2(2), Oregon Laws 2023

HB 5020, Chapter 453, Section 5(1), Oregon Laws 2023

Sincerely,



Cal Mukumoto

State Forester

c: Legislative Fiscal Office
Chief Financial Office
Board of Forestry
Governor's Office

Senator Rob Wagner and Representative Julie Fahey, Co-Chairs

RE: Oregon Department of Forestry – 2024 Fire Season Requests – Replacement Letter

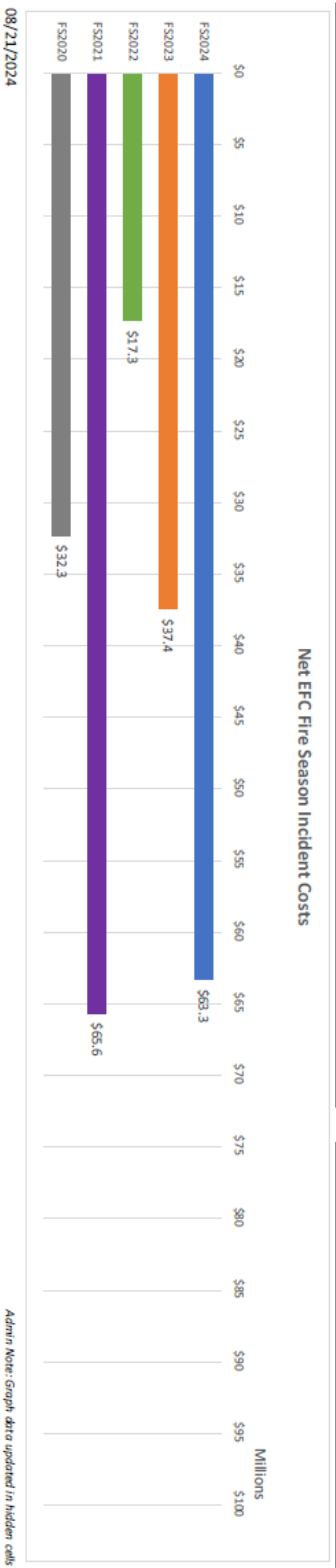
August 26, 2024

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Attachment A

Oregon Department of Forestry - EFC Incident Cost Estimate Summary for Fire Season 2024

FY2024		TOTAL INCIDENT COSTS (January 1, - June 30, 2024)					FY2024 OFLPE (EFC) & GF Obligations		
District/Association	Gross EFC Estimated Total Incident Costs	Estimated EFC Cost Recoveries Other Agencies	Estimated EFC Cost Recoveries FEMA	EFC District Per Day & Acre Deductible Balance from FS2023	Net EFC Estimated Total Incident Costs	OFLPE Obligation (50% up to \$20M)	GF Obligation (50% up to \$20M)	GF Obligation (100% over \$20M)	
Central Oregon	\$66,850	\$0	\$42,971	\$23,879	\$0	\$10,000,000	\$10,000,000	\$14,751,536	
Coos FPA	\$5,517	\$0	\$0	\$5,517	\$0				
Douglas FPA	\$7,699	\$0	\$0	\$7,699	\$0				
Klamath Lake	\$8,550	\$0	\$0	\$8,550	\$0				
North Cascade	\$0	\$0	\$0	\$0	\$0				
Northeast Oregon	\$0	\$0	\$0	\$0	\$0				
Northwest Oregon	\$1,500	\$0	\$0	\$1,500	\$0			\$1,560,441	
South Cascade	\$90,032	\$0	\$0	\$0	\$90,032				
Southwest Oregon	\$7,858,887	\$7,058,417	\$0	\$0	\$800,470				
Walker Range FPA	\$0	\$0	\$0	\$0	\$0				
Western Lane	\$680,309	\$7,555	\$0	\$2,816	\$669,938				
West Oregon	\$934	\$0	\$0	\$934	\$0				
Total	\$8,720,279	\$7,065,972	\$42,971	\$50,895	\$1,560,441	\$10,000,000	\$10,000,000	\$16,311,977	
FY2025									
TOTAL INCIDENT COSTS (July 1, - December 31, 2024)									
District/Association	Gross EFC Estimated Total Incident Costs	Estimated EFC Cost Recoveries Other Agencies	Estimated EFC Cost Recoveries FEMA	EFC District Per Day & Acre Deductible Balance from FS2024	Net EFC Estimated Total Incident Costs	OFLPE Obligation (50% up to \$20M)	GF Obligation (50% up to \$20M)	GF Obligation (100% over \$20M)	
Central Oregon	\$53,754,797	\$11,144,186	\$22,118,587	\$373,064	\$20,118,959				
Coos FPA	\$9,904	\$0	\$0	\$9,904	\$0				
Douglas FPA	\$6,648,107	\$1,134,947	\$0	\$219,479	\$5,293,681				
Klamath Lake	\$819,204	\$0	\$0	\$226,126	\$593,078				
North Cascade	\$15,985	\$8,905	\$0	\$7,080	\$0				
Northeast Oregon	\$76,503,436	\$42,235,724	\$17,129,824	\$303,996	\$16,833,842				
Northwest Oregon	\$1,443,061	\$36,006,538	\$1,068,962	\$209,507	\$164,793				
South Cascade	\$47,098,445	\$13,784,698	\$5,822,767	\$252,652	\$7,709,279				
Southwest Oregon	\$13,784,698	\$5,822,767	\$0	\$0	\$0				
Walker Range FPA	\$0	\$0	\$0	\$0	\$0				
Western Lane	\$102,299	\$0	\$0	\$79,793	\$22,506				
West Oregon	\$38,964	\$0	\$0	\$38,964	\$0				
Total	\$200,218,899	\$96,353,117	\$40,317,373	\$1,838,472	\$61,709,937	\$10,000,000	\$10,000,000	\$41,709,937	
Fire Season 2024 Totals	\$208,939,178	\$103,419,089	\$40,360,344	\$1,889,367	\$63,270,378	\$10,000,000	\$10,000,000	\$43,270,378	



Senator Rob Wagner and Representative Julie Fahey, Co-Chairs

RE: Oregon Department of Forestry – 2024 Fire Season Requests – Replacement Letter

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