

ANALYSIS

Item 41: Department of the State Fire Marshal 2024 Fire Season

Analyst: Katie Bannikov

Request: Acknowledge receipt of the report on the 2024 fire season, allocate \$2,170,347 from the Emergency Fund to the Department of the State Fire Marshal, increase Other Funds expenditure limitation for the State Fire Marshal Mobilization Fund by \$2,170,347, and increase Other Funds expenditure limitation in general operations by \$21,163,020 to cover accrued mobilization costs for the 2024 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. As of August 25, 2024, DSFM mobilized firefighting resources for 20 prepositioning and readiness response mobilizations and 13 conflagrations for the 2024 fire season. DSFM anticipates the fire season is not over.

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 as outlined in the Oregon Fire Service Mobilization Plan. 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 receive 75% reimbursement of the eligible wildfire costs.

During the 2024 session, the Legislature approved \$4 million General Fund for deposit into the State Fire Marshal Mobilization Fund for mobilization and pre-positioning. An additional \$4 million General Fund was appropriated as a contingency for 2024 fire season cash flow, but was directed to remain unscheduled, pending DSFM demonstrating a cash Flow need. A budget note adopted in the budget report for SB 5701 also directed the Department report on the estimated 2024 fire season costs and request reimbursement at the September 2024 meeting of the Emergency Board. At a minimum, the report shall include:

- 1) a list of conflagrations with estimated expenses;
- 2) a list of prepositioning and readiness response mobilizations with estimated expenses;
- 3) a comparison of 2024 fire season expenses to the 10-year average;

- 4) a monthly analysis of cash flows; and
- 5) the remaining balance of unscheduled General Fund.

Of the 13 conflagrations, with the total estimated cost of \$23,455,117, eight are estimated to qualify for FEMA reimbursement in the amount of \$11,969,564, leaving a General Fund need of \$11,485,553 to fulfil the State obligation in the Conflagration Act.

In addition to the conflagrations, there were 20 pre-positioning and readiness response mobilizations and state-wide aircraft standby costs totaling \$3,878,250, with expected FEMA reimbursement of \$909,669.

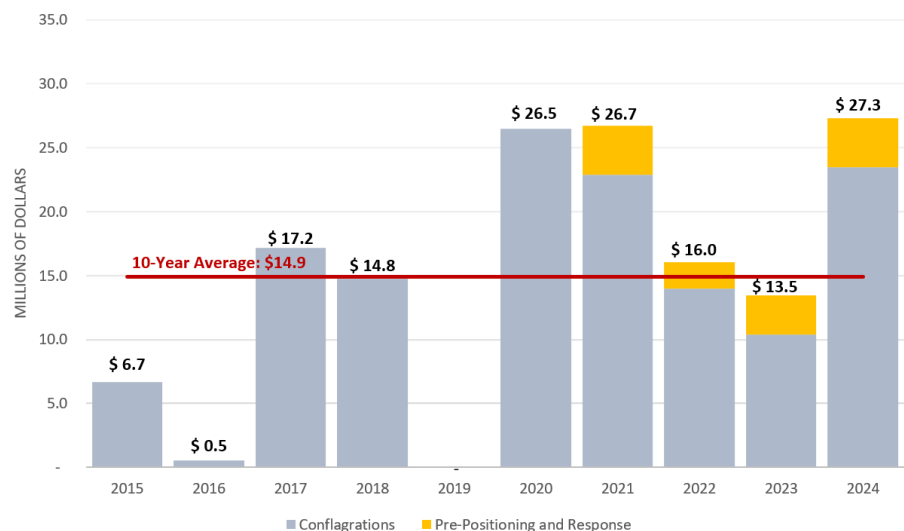
DSFM's 2024 Fire Season*	TOTAL COSTS	STATE Cost Share	FEDERAL Cost Share
Conflagrations	23,455,117	11,485,553 49%	11,969,564 51%
<i>Less SB 5701 appropriation unscheduled GF for cash flow</i>	<i>(4,000,000)</i>		-
Pre-positioning/response	3,878,250	2,968,581 77%	909,669 23%
<i>Less SB 5701 appropriation for Pre-positioning/response</i>	<i>(4,000,000)</i>		
REIMBURSEMENT TOTAL >>	\$19,333,367	14,454,134 53%	12,879,233 47%

*as of 8/25/2024

Pre-positioning and response costs remain within the \$4 million General Fund appropriated to the Department in SB 5701 for this body of work. The Department's 2024 fire season is \$12.4 million above the 10-year average, or nearly double, and is not over yet with another conflagration declared over Labor Day weekend.

To date, the \$4 million unscheduled General Fund remains unscheduled as there has not been a demonstrated cash flow need to release the funds. The cash flow analysis provided by the agency shows a deficit cash balance in December 2024 of \$2.2 million assuming the funds remain unscheduled. The projected cash flow deficit also includes assumptions of all accrued fire costs paid by the end of December and no new accrued fire costs, both of which are unlikely. Historically, an average of approximately 1/3 of fire costs are paid after December of the year incurred. The agency will need to return to the Emergency Board during the December 2024 meeting to seek reimbursement or they will likely have cash flow issues in January.

DSFM FIRE SEASON COSTS



DSFM has federal receivables dating back to the 2020 fire season totaling \$16.7 million, not including 2024 fire season, or \$29.6 million with the current year estimates. Timelines for FEMA reimbursements

range from 12-30 months, and it is unclear when the funds are expected to be received. Further review and analysis of cash flow estimates will help inform the need at the December 2024 Emergency Board meeting and could range from the state cost share for 2024 fire season estimates less previously provided General Fund totaling \$6.5 million to the total estimated fire costs less previously provided General Fund currently estimated at \$19.3 million. If the recommendation includes a “cash float” of the Federal cost share, then a full reconciliation and reversion to the General Fund once FEMA revenue is received would be required.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board acknowledge receipt of the report and defer the request for General Fund reimbursement of 2024 fire season costs to the December 2024 meeting of the Emergency Board, with instruction that the Department of Administrative Services schedule \$4,000,000 General Fund appropriated to the Department of the State Fire Marshal for cash flow; and increase Other Funds expenditure limitation for the Department of State Fire Marshal by \$19,333,367 for payment of fire costs.

Request: Report on the 2024 fire season and costs incurred to date, allocation of \$2.2 million from the State Emergency Fund to reimburse the agency for expenditures related to the 2024 fire season as of September and increase in Other Funds expenditure limitation by \$23.3 million for accrued mobilization costs associated with the 2024 fire season.

Recommendation: Acknowledge receipt of the report and approve the request.

Discussion: The Department of the State Fire Marshal (DSFM) is submitting this report in response to a budget note in the budget report of Senate Bill 5701 from the 2024 Legislative Session. The budget note states DSFM shall report on the 2024 fire season, including a list of conflagrations with estimated expenses, a list of prepositioning and readiness response mobilizations with estimated expenses, a comparison of 2024 fire season expenses to the 10-year average, a monthly analysis of cash flows and the remaining balance of unscheduled General Fund, which is included in the letter submitted.

The 2024 fire season in Oregon has been lengthy, costly, and unrelenting. Beginning earlier than most fire seasons, the season brought multiple concurrent conflagrations throughout the state and throughout the summer. On September 11, 2024, Governor Kotek invoked the Conflagration Act for the Service Fire, which is the 17th declared conflagration of the season. As the fire season continues into the fall, the report submitted by the DSFM to the Emergency Board on August 30 is already outdated and total fire costs have grown to \$31.5 million.

The State Conflagration Act requires Oregon's firefighting agencies to expend agency funds and then request reimbursement of those expenditures from the Legislature. The reimbursement funding model relies on an assumption that fire season costs will be manageable within an agency's operating budget while they await reimbursement. Recent fire seasons have shown this creates difficulty managing ongoing operations. As of the date of this analysis, DSFM has incurred nearly \$31.5 million in gross costs to fight fires on a total biennial budget of approximately \$118 million.

Though funding for a portion of the fires will come from the federal government, reimbursement from federal government partners has been unpredictable and slow in recent years. In many cases, agencies are being reimbursed by the federal government for expenditures that occurred in previous biennia. This makes it difficult for DSFM to cover gross fire costs and creates undue burden on the agency's operating budget.

Given current projections and drawing on the available unscheduled \$4.0 million General Fund, DSFM should be able to operate until December before receiving additional funding, though the cashflow will be tight. As of the writing of this analysis the 2024 fire season has not closed, and DSFM will continue to need to closely manage and stretch cash flow as additional funds are expended. The Department will take other

measures to meet obligations, such as pulling cash from Other Funds sources and taking cost cutting measures, but if there are additional fire costs due or other unexpected expenditures the agency may have challenges. DSFM has been, and plans to continue, working closely with the Chief Financial Office and Legislative Fiscal Office on cash flow projections and plans.

Allocation of the funding and limitation requested is necessary to allow DSFM to continue operations without interruption until another funding request can be made of the December 2024 Emergency Board.

Legal Reference: Allocation of \$2,170,347 from the State Emergency Fund to supplement the appropriation made by chapter 224, section 1, Oregon Laws 2023, for the Department of the State Fire Marshal, for the 2023-25 biennium.

Increase Other Funds expenditure limitation established chapter 224, section 2, Oregon Laws 2023, for the Department of the State Fire Marshal, by \$23,333,367 for the 2023-25 biennium.



Oregon

Tina Kotek, Governor

Oregon State Fire Marshal
3991 Fairview Industrial Drive SE
Salem, Oregon 97302
503-378-3473
Fax 503-373-1825

August 30, 2024

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

Dear Co-Chairs:

Nature of Request

The Department of the State Fire Marshal respectfully requests the opportunity to appear before the Interim Joint Committee on Ways and Means during the September 2024 Emergency Board to:

1. Provide a report and update about the agency's 2024 fire season and financial status to date.
2. Request reimbursement of \$2,170,347 from the General Fund and an increase of \$2,170,347 in Other Fund limitation for a portion of the 2024 fire mobilization estimated costs to ensure agency solvency through December 2024, assuming no new agency mobilizations occur.
3. Request an increase in the Other Fund spending limitation of \$21,163,020 (this is in addition to the requested \$2,170,347 from the September Emergency Board) to cover accrued mobilization costs associated with the 2024 fire season.

Background

As directed by the budget note in Senate Bill 5701 (2024), the Oregon State Fire Marshal is to report on the estimated expenses incurred for the 2024 fire season at the September 2024 meeting of the Emergency Board. As written in the Emergency Conflagration Act, the agency is to request reimbursement from the state for mobilization expenses.

As required, this report includes:

- A list of conflagrations with estimated expenses (*Attachment A*);

- A list of pre-positioning and immediate response mobilizations with estimated expenses (*Attachment B*);
- A comparison of 2024 fire season expenses to the 10-year average (*Attachment C*);
- A monthly analysis of cash flows (*Attachment D*); and
- The agency has not spent any of the balance of the 2024 unscheduled General Fund appropriation.

Agency Responsibilities and Season Overview:

The Oregon State Fire Marshal is responsible for mobilizing, managing, and directing the Oregon fire service during major emergency operations through mobilizations and the Emergency Conflagration Act (ORS 476.520 through 476.610). The governor invokes the Emergency 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, the Oregon State Fire Marshal mobilizes, supports, and provides leadership for Oregon fire service resources that respond from the more than 300 fire service agencies across the state. Responding local fire service agencies and other response partners submit invoices to the Oregon State Fire Marshal for payment of costs incurred during their participation in the mobilizations. The Oregon State Fire Marshal is required to reimburse those costs.

The 2024 fire season has been unprecedented in scope and scale. A record-setting heatwave in early July turned much of the state into a tinderbox. By mid-July, Oregon experienced a significant surge in lightning, which compounded the already dire conditions caused by the intense heatwave and prolonged drought. Fire personnel contended with the unpredictable nature of lightning strikes, the rapid spread of flames across the landscape, and a significant drawdown of resources at the local, regional, state, and federal levels. The total number of acres burned in the state in 2024 is higher than any annual total previously recorded in Oregon, and the season is far from over.

As of August 25, the Oregon State Fire Marshal's incident management teams responded to 13 conflagrations to provide command and control, management, and logistical support. As the fire season progresses, these numbers will increase. The Oregon State Fire Marshal's Agency Operations Center was staffed 24/7 with agency personnel providing accountability for firefighting personnel for 39 consecutive days, exceeding the previous record by 11 days. In addition to Oregon resources, the agency used the Emergency Management Assistance Compact to bring 10 task forces and strike teams from four states to assist with the ongoing crisis. At the height of activity, the Oregon State Fire Marshal had six active conflagrations staffed by four

incident management teams and a total of 36 task forces and two strike teams, spread from the Columbia River Gorge to Harney County and far eastern Oregon.

2024 Fire Season Expenses and Agency Mobilization Reimbursement:

The estimated agency mobilization costs to include conflagrations, immediate response, and pre-positioning to date total approximately \$27,333,367. The Department of the State Fire Marshal continues to work with CFO and LFO around monthly cashflow analysis and the remaining balance of the General Fund. The Oregon State Fire Marshal anticipates the remainder of the fire season to be challenging, with existing fires on the west slopes of the Cascades, above average temperatures, extremely low fuel moisture levels, and projected increases in lightning and wind activity.

The Oregon State Fire Marshal is requesting \$2,170,347 at this time. The agency will be working with LFO and CFO to address cash flow issues throughout the reimbursement stages, and must submit an additional request at the next available opportunity requesting additional reimbursement for the total agency cost of the 2024 fire season.

Spending Limitation Increase:

For the 2024 fire season, the 2024 legislature appropriated \$4 million of General Fund to be deposited in the Mobilization Fund and increased the Other Fund limitation by a corresponding \$4 million. The agency is also requesting in this letter \$2,170,347 from the September Emergency Board with a corresponding \$2,170,347 increase in spending limitation for these dollars. All told, this means with a total current 2024 fire season mobilization cost of \$27,333,697, minus \$4 million, minus \$2,170,347, this September Emergency Board request is for an increase in spending limitation of \$21,163,020 Other Funds to help cover a portion of the Oregon State Fire Marshal's current 2024 mobilization expenses.

Actions Requested

The Department of the State Fire Marshal respectfully requests:

1. The September Emergency Board acknowledge receipt of this 2024 fire season report as directed by the budget note in Senate Bill 5701 (2024).
2. To appear before the September 2024 Emergency Board to request \$2,170,347 general fund. The department must seek and request, at the next available opportunity, reimbursement from the state for the remainder of the 2024 fire season costs.

3. To appear before the September 2024 Emergency Board to request a spending limitation increase of \$21,163,020 Other Funds for mobilization costs incurred for 2024 fire season.

Legislation Affected

1. House Bill 5506 (2023) Oregon Law 2023, Chapter 605, Section 167.
2. House Bill 5036 (2023) Oregon Law 2023, Chapter 224, Section 1.
3. House Bill 5036 (2023) Oregon Law 2023, Chapter 224, Section 2.

Thank you for your time and consideration.

Sincerely,



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

CC:

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

Attachments:

- Attachment A – 2024 Statewide Conflagrations
- Attachment B – 2024 Immediate Response & Pre-Positioning Mobilizations
- Attachment C – Comparison of 2024 fire season expenses to the 10-year average
- Attachment D – Estimated Cash Flow August 2024 - December 2024

Attachment A- 2024 Statewide Conflagrations as of 8/25/2024

Conflagrations	Completion	County	Date Began	Estimate	State Costs	FEMA Eligible	Payment begins:
Darlene 3	Yes	Deschutes	6/25/24	\$1,011,313	\$252,828	\$758,485	July/Aug
Larch Creek	Yes	Wasco	7/9/24	\$2,438,642	\$617,761	\$1,820,881	Aug/Sept
Cow Valley	Yes	Malheur	7/12/24	\$786,510	\$786,510	No	Aug/Sept
Falls	Yes	Harney/Grant	7/14/24	\$4,589,013	\$1,817,255	\$2,771,758	Aug/Sept
Lone Rock	Yes	Gilliam/Morrow/Wheeler	7/15/24	\$4,441,708	\$1,523,719	\$2,917,989	Aug/Sept
Pilot Rock	Yes	Umatilla	7/17/24	\$438,090	\$438,090	No	Aug/Sept
Boneyard	Yes	Morrow/Grant	7/19/24	\$1,042,457	\$469,333	\$573,124	Aug/Sept
Durkee	Yes	Malheur	7/20/24	\$2,005,093	\$1,027,544	\$977,549	Aug/Sept
Battle Mountain	Yes	Umatilla/Morrow/Grant	7/21/24	\$2,095,360	\$523,840	\$1,571,520	Aug/Sept
Telephone	Yes	Harney	8/1/24	\$626,431	\$626,431	No	Sept/Oct
Elk Lane	Yes	Jefferson	8/5/24	\$1,285,016	\$706,758	\$578,258	Sept/Oct
Town Gulch	Yes	Baker	8/6/24	\$1,630,183	\$1,630,183	No	Sept/Oct
Dixon	Yes	Douglas	8/11/24	\$1,065,301	\$1,065,301	No	Sept/Oct
2024 Estimated Running Total				\$23,455,117	\$11,485,553	\$11,969,564	

Attachment B - 2024 Immediate Response & Pre-Positioning Mobilizations as of 8/25/2024

Immediate Response & Pre-Positioning	Completion	County	Date Began	Estimate	State Costs	FEMA Eligible	Payment begins:
Upper Applegate	Yes	Jackson	6/21/24	\$241,005	\$241,005	No	July/Aug
Cow Valley	Yes	Malheur	7/11/24	\$36,288	\$36,288	No	Aug/Sept
Lone Rock	Yes	Gilliam/Morrow/Wheeler	7/13/24	\$301,156	\$301,156	No	Aug/Sept
Bodenhamer Rd	Yes	Lane	7/15/24	\$150,356	\$150,356	No	Aug/Sept
Pilot Rock	Yes	Umatilla	7/17/24	\$40,788	\$40,788	No	Aug/Sept
Grant Road	Yes	Jackson	7/16/24	\$9,000	\$9,000	No	Aug/Sept
Green Team Pre-Po	Yes	Umatilla	7/19/24	\$39,344	\$39,344	No	Aug/Sept
Durkee	Yes	Malheur	7/19/24	\$156,732	\$156,732	No	Aug/Sept
Battle Mountain	Yes	Umatilla/Morrow/Grant	7/19/24	\$203,400	\$133,611	\$69,789	Aug/Sept
Microwave	Yes	Wasco	7/22/24	\$585,058	\$585,058	No	Aug/Sept
Milton Freewater	Yes	Umatilla	7/25/24	\$2,500	\$2,500	No	Aug/Sept
Courtrock	Yes	Grant	7/27/24	\$1,119,840	\$279,960	\$839,880	Sept/Oct
Utah Pre-Po	Yes	Lane	7/27/24	\$255,815	\$255,815	No	Sept/Oct
Redmond Pre-Po	Yes	Deschutes	8/2/24	\$440,496	\$440,496	No	Sept/Oct
Powell Butte	Yes	Crook	8/2/24	\$8,000	\$8,000	No	Sept/Oct
Medford Veg Fire	Yes	Jackson	8/4/24	\$4,000	\$4,000	No	Sept/Oct
Hicks Road	Yes	Lane	8/5/24	\$4,000	\$4,000	No	Sept/Oct
Lee Falls	Yes	Washington	8/9/24	\$98,280	\$98,280	No	Sept/Oct
South End	Yes	Clackamas	8/9/24	\$4,000	\$4,000	No	Sept/Oct
Dixon	Yes	Douglas	8/10/24	\$24,192	\$24,192	No	Sept/Oct
Aircraft Standby	No	Statewide	6/17/24	\$154,000	\$154,000	No	June
2024 Estimated Running Total				\$3,878,250	\$2,968,581	\$909,669	

Attachment C - Comparison of 2024 fire season expenses to the 10-year average

(10 years)	Actual Expenditures
2014 Fires	2,501,646
2015 Fires	6,664,524
2016 Fires	539,504
2017 Fires	17,156,005
2018 Fires	14,782,028
2019 Fires	-
2020 Fires	26,500,046
2021 Fires	26,731,862
2022 Fires	16,035,840
2023 Fires	13,475,441
Total Expenses	124,386,896

10-year avg	12,438,690
5-year avg	16,548,683

Estimated 2024 Fire cost to date: \$27,333,367

2024 Fire Season Costs as related to the 10-year average: **220%**

2024 Fire Season Costs as related to the 5-year average: **165%**

As of August 25, 2024; amounts subject to change with outstanding invoices

Attachment D – Estimated Cash Flow: August 2024 - December 2024

(Assuming no additional fires)

FIPT									
Cash Projections as of August 25, 2024			Fiscal Year 2025						
Fund 3010	Actuals	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24		
Beginning Balance	\$16,559,240	\$24,888,433	\$25,850,791	\$23,179,568	\$18,725,802	\$16,840,116	\$11,558,917		
Revenue	\$23,983,659	\$583,500	\$0	\$1,000,000	\$4,000,000	\$0	\$1,865,332		
Expenditures	\$15,654,465	(\$378,858)	\$2,671,223	\$5,453,766	\$5,885,686	\$5,281,199	\$15,594,596		
Ending Balance	\$24,888,433	\$25,850,791	\$23,179,568	\$18,725,802	\$16,840,116	\$11,558,917	(\$2,170,347)		