

ANALYSIS

Item 37: Department of Forestry 2024 Fire Season

Analyst: April McDonald

Request: Acknowledge the receipt of a report on the 2024 fire season; allocate \$82,131,814 General Fund to cover net large fire costs for the 2024 fire season; and increase Other Funds expenditure limitation for the Department of Forestry by \$17,000,000 to enable payments processing.

Analysis:

Overview of the 2024 Fire Season

Oregon's 2024 fire season, in terms of acres burned across the landscape and total cost of suppression, has set records far surpassing any previous year. The Department of Forestry (ODF) has provided a detailed report illustrating a series of factors that brought Oregon from an initially mild June with favorable conditions, to a season marked by quick escalation in July, when Oregon became the top firefighting priority in the nation. The first agency Incident Management Team deployed on July 7, 2024, and the last team left ODF jurisdiction on October 28, 2024. At the peak of fire activity on August 1, 2024, nearly 13,000 firefighters were assigned to state and federal incidents throughout Oregon.

The total cost of the 2024 fire season is approximately \$318 million, and the acres burned across the state surpass 1.9 million. After subtracting \$62 million for anticipated Federal Emergency Management Agency (FEMA) Fire Management Assistance Grants; \$121 million for cost recoveries from federal agencies; \$2 million for local fire district contributions; and \$10 million for the Oregon Forest Land Protection Fund contribution; the net emergency fire cost is approximately \$122 million. For context, the ten-year average for gross fire costs is roughly \$69 million, and the ten-year average for net state costs is roughly \$26 million. Consequently, the recent season's gross and net costs are 4.6 and 4.7 times greater than the ten-year averages, respectively. Moreover, the 1.9 million acres burned represents more than three times the ten-year average, and a 71% increase over the acres burned during the 2020 fire season.

Estimated Losses

The Department is required to report on wildfires of 1,000 acres or more, which have led to private losses of timber; buildings; fencing and livestock; and grazing land capacity if the land is expected to be unavailable for two or more grazing seasons (ORS 477.777). During the 2024 fire season, estimated losses include 186,069 acres of grazing lands; 99,813 acres of timber lands;

and livestock and fencing losses are immeasurable. There were 17,100 residences threatened and 42 lost, as well as 9,197 other structures threatened and 132 lost.

Net emergency fire costs:

2024 Fire Season Costs		Total Funds
	FY 2024	\$ 8,762,954
	FY 2025	\$ 308,758,019
Total 2024 Fire Season Large-Fire Costs		\$ 317,520,973
FEMA FMAG & Other Federal Agency Cost Recoveries		
	FY 2024	\$ (7,108,943)
	FY 2025	\$ (176,009,184)
Total Federal Grants and Cost Recoveries		\$ (183,118,127)
District Costs - Per Day and Acre Deductibles		
	FY 2024	\$ (51,065)
	FY 2025	\$ (2,219,967)
Total District Deductibles		\$ (2,271,032)
Net Fire Costs		
	FY 2024	\$ 1,602,946
	FY 2025	\$ 130,528,868
Total 2024 Net Fire Season Costs		\$ 132,131,814
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 Costs		
	FY 2024	\$ 1,602,946
	FY 2025	\$ 120,528,868
Total 2024 Fire Season Remaining State Costs		\$ 122,131,814

Agency Cash Flow

The Department's cash position has been significantly impacted by the magnitude of the recent fire season. In order to keep the agency solvent until the December meeting of the Emergency Board, ODF submitted a preliminary request for large fire costs to the Emergency Board in September 2024, prior to the close of fire season. In September, ODF requested \$146 million in Other Funds expenditure limitation to process payments; \$40 million General Fund from the Emergency Fund; and allocation of the remaining special purpose appropriation for severity resources, totaling \$7.5 million General Fund. The special purpose appropriation is not calculated as part of net large fire costs because it is eligible for FEMA reimbursement.

Therefore, after receiving an allocation of \$40 million General Fund, the remaining balance of net large fire costs totals \$82 million, equivalent to the Department's current General Fund request.

If ODF were to receive the requested \$82 million General Fund in December, the agency's cash projections indicate insolvency in late January 2025. Agency revenues are not coming in sufficient or fast enough to balance the fire season expenditures, coupled with the costs of standard agency operations. The Department is taking measures to reduce operational expenditures and extend their cash flow, including payroll advances from the Department of Administrative Services (DAS) to cover payroll through the end of the year; extending or holding payments to federal and state partners where possible; and limiting vendor payments to \$10 million per week. These reduction measures are included in the Department's most recent cash flow projections. The effects related to these measures include budgetary impacts to other state, local, and federal agencies; impacts to the vendor community for both large and small businesses across the state; and strained vendor relationships.

According to ODF's estimated cash flow scenarios, an appropriation of \$174 million General Fund keeps the Department solvent for the remainder of the 2023-25 biennium, leaving an ending balance of approximately \$6 million. This appropriation includes repayment of the DAS payroll advances, as well as internal program transfers, and eliminates the need for a payment processing restriction of \$10 million per week. As of November 26, 2024, there is roughly \$102 million in received invoices awaiting payment in the Oregon Buys system; over \$97 million of which was received more than 45 days ago. Anticipated invoices yet to be received are current estimated at \$70 million. ODF intends to clear the oldest invoices first and work through the backlog chronologically.

Additionally, ODF is statutorily obligated to pass through timber sales revenue to the local taxing district in which the timber was harvested, no later than the last business day in July. Based on historic averages, these payments are estimated at \$19 million. Increasing the appropriation of General Fund from \$174 million to \$191.5 million provides the Department with an additional \$17.5 million, leaving a biennial ending balance of \$23 million. This provides a larger margin, and barring inordinate early fire season expense, the ending balance would be sufficient to cover the estimated payments to taxing districts. In the month of July, the Department projects revenue collections of approximately \$20 million, and operational expenditure of roughly \$18 million. Assuming estimated revenues and expenditures are realized, an appropriation of \$191.5 million General Fund would provide for a July margin of nearly \$6 million in addition to their 2025-27 legislatively approved budget.

Furthermore, an appropriation of \$191.5 million General Fund provides ODF with about \$109 million General Fund above the state's net fire costs. This balance is recommended to be

deposited into the State Forestry Department Cash Flow Repayment Fund, established by HB 4156 (2022). This fund has statutory mechanisms requiring regular reporting to the Joint Committee on Ways and Means, as well as repayment to the General Fund when the moneys available to the Department are greater than necessary to satisfy the current cash flow needs.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board acknowledge receipt of the report and defer further action on the request to the 2024 special session.

Request: Allocate \$82.1 million from the State Emergency Fund and increase Other Funds expenditure limitation by \$17.0 million to address expenses from the 2024 fire season. Report on the 2024 fire season.

Recommendation: Approve the request as modified during the December 2024 Special Session: Appropriate \$191.5 million General Fund and increase Other Funds expenditure limitation by \$17.0 million to address expenses from the 2024 fire season. Acknowledge receipt of the report.

Discussion: The Department of Forestry (ODF) is presenting a report on the most current fire season. The 2024 gross fire season costs for ODF are \$317.5 million and the net cost is currently \$132.1 million, more than double the previous most costly fire season in 2020. Since the preliminary report provided in September, gross costs of the 2024 fire season have grown by \$76.3 million, \$45.5 million of which are net costs typically covered by the state. To coincide with current custom and practice, ODF requested funding only for net fire season costs.

The 2024 fire season represents the largest cost for fighting fires ODF has incurred in its history. The composition of the agency budget does not include separate allocations for large fire costs. A \$10.0 million cost share provided by the Oregon Forestland Protection Fund exists as a pool of money available but is directed by the Emergency Fire Cost Committee. The lack of budget for large fire costs has typically been a burden for the Department to carry while reimbursements come from the General Fund and federal partners. The agency routinely uses funding allocated to non-fire related programs to cover fire season costs as a way to pay vendors each year. The magnitude of the 2024 fire season has put ODF in a position in which they are unable to borrow internally at a level to meet cash flow needs. This has forced ODF to explore options to maintain operations and continue to make payments to third party vendors who provided firefighting services during the 2024 season.

As cash flow challenges increased, ODF began slowing payments to vendors to match available resources. Until available resources match the demand of expenditures from the season, ODF will continue slow payments to vendors.

Due to cost of the fire season and timing of making all payments, ODF will need more funding available than what has been requested to continue operations. The September Emergency Board provided ODF with an additional \$47.5 million in additional resources to pay for the 2024 fire season, which was noted at the time to be a level which would require need a supplemental allocation. While ODF requested \$82.1 million, which is the remainder of net fire season costs following the September allocation, an additional \$82.1 million is insufficient to continue operations at ODF and make payments to vendors. The recommended \$191.5 million will allow ODF to process payments to vendors, allows ODF to continue operations for non-fire programs through the end of

the biennium and provides ODF with a sufficient beginning balance of funds to continue operations as normal at the onset of the 2025-27 biennium.

Legal Reference: Increase General Fund appropriation made by chapter 453, section 1(1), Oregon Laws 2023, for the Department of Forestry, Fire Protection division, by \$191,500,000 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 \$15,000,000 for the 2023-25 biennium.

Increase the Other Funds expenditure limitation established by chapter 453, section 2(8), Oregon Laws 2023, for the Department of Forestry, Equipment Pool program, by \$2,000,000 for the 2023-25 biennium.



Oregon

Tina Kotek, Governor

Department of Forestry
State Forester's Office
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Salem, OR 97310-0340
503-945-7200
www.oregon.gov/ODF

November 4, 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 Report and Request

Dear Co-Chairs:

Nature of the Request

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

1. Requesting \$82,131,814 General Fund to cover the net large fire costs for the 2024 fire season.
2. Requesting an additional \$15,000,000 in Other Funds Limitation in the Protection Division to enable the processing of payments from the 2024 fire season.
3. Requesting an additional \$2,000,000 in Other Funds Limitation in the Equipment Pool program to accommodate fuels costs from the 2024 fire season.
4. Presenting the fire season report for fire season 2024.

Agency Action

Fire Season 2024 Summary

Fire season on all ODF-protected lands officially ended when Southwest Oregon District exited fire season on Oct. 27. As of October 28, 2024, there were 1,005 fires on ODF-protected lands, totaling 306,016 acres burned. An additional 301 fires from other jurisdictions impacted 13,524 acres of ODF-protected land. ODF district personnel also responded to 2,298 incidents, preventing them from becoming wildfires.

Last year at this time, ODF experienced 11 fewer fires and only 17,404 acres burned. The 10-year average for this period is 996 fires and 110,889 acres burned. In 2024, 17.5 times more acres burned compared to 2023 and nearly 3 times the 10-year average.

This fire season set a record for acres burned statewide in the last three decades. Statewide, across all jurisdictions, more than 1.93 million acres burned, over three times the 10-year average of 621,044 acres. The state experienced six megafires (over 100,000 acres), with the largest, the Durkee Fire, burning nearly 300,000 acres. This is one more megafire than during the Labor Day 2020 fire event, and nearly 800,000 more acres burned in 2024 compared to 2020. Twelve fires qualified for FEMA Fire Management Assistance Grants, including fires from September: the 3,822-acre Copperfield Fire in Klamath County and the 174,936-acre Rail Ridge megafire in Wheeler, Crook, and Grant Counties. As of Oct. 7, there were still 14 large active, uncontained fires on the landscape in Oregon.

As noted in our August letter, the 2024 fire season began with milder conditions than recent years, with improved drought levels and above-normal snowpack across much of the state. In mid-June, ODF's fire statistics were well below the 10-year average, with only half the number of fires and less than 10% of the acres burned.

Nevertheless, ODF's Southwest Oregon District initiated fire season on June 1, with the 11 other districts declaring fire season as conditions warranted through the rest of June and early July. July brought successive heat events, drying wildland fuels statewide. The entire west coast of the U.S. had red flag warnings, fire weather watches, heat advisories, and warnings. Fuels and fire behavior advisories warned of critical fire weather and fuel conditions for eastern Oregon and parts of the southern Oregon Cascades.

By July 15, all ODF districts were in very high or extreme fire danger. Firefighters were already battling several large human-caused fires when multiple dry lightning thunderstorms ignited hundreds of new fires across the state. By July 23, Oregon became 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, Aug. 13-14, and again on Sept. 1-2, with some precipitation, but heat and dry conditions quickly returned, keeping fuels receptive to new fire starts and fire spread.

ODF deployed its three Incident Management Teams (IMTs) 11 times since July 7, covering a total of 157 days, or 86% of the season (183 days from May 1 – Oct. 31). These teams—each with an average of 50 rostered personnel—were assigned to fires including Salt Creek, Larch Creek, Courtrock, Lane 1, Dixon, the Battle Mountain Complex, Winding Waters, Fossil complexes, Copperfield, and Shoe Fly. At the peak of fire activity on August 1, nearly 13,000 firefighters were assigned to state and federal incidents in Oregon.

On July 20, the Statewide Support Team (SST) was activated in Salem to coordinate resources for ODF operations through the Northwest Compact and state-to-state agreements. By the end of August, over 450 personnel from 19 states and Canada were

brought to Oregon. A full Incident Management Team from North Carolina managed the Lane 1 fire for 21 days before handing it over to an ODF team. At the beginning of September, a smaller SST was activated due to the Fossil Complex and other new fires. In total, 551 resources were imported to support ODF from 19 states and 3 Canadian Territories.

Due to national competition for aerial firefighting aircraft and widespread large fires, the agency mobilized four Oregon National Guard (ORNG) aircraft through Operation Plan Smokey—two medical evacuation (MEDEVAC) helicopters and two Type 1 suppression helicopters. The MEDEVAC helicopters have completed five medical missions, and the suppression aircraft have delivered nearly 100,000 gallons of water to various incidents including the Microwave, Lane 1, and Dixon fires. The ORNG also deployed 151 personnel to staff seven hand crews for fire line construction and monitoring 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, with the final aircraft on contract as of July 15. The aircraft suite 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 aircraft

Severity aircraft flew approximately 2,163 hours, the highest total in program history. During aerial suppression efforts, an estimated 5,800 buckets of water or fire retardant have been dropped, totaling over one million gallons of water, 381,900 gallons of retardant, and 337,800 gallons of water-enhancing gel across the state.

Fire Season Estimated Losses

Oregon HB 2501 of 2015 requires the State Forester to report to the Emergency Board annually on include private property loss information for fires of 1,000 acres or more. The State Forester must provide information on losses of timber, buildings, fencing, livestock, and grazing land capacity if the land is expected to be unavailable for two or more grazing seasons.

To date, estimated losses include 186,069 acres of grazing lands and 99,813 acres of timber lands. Livestock and fencing losses remain immeasurable at this time. There were also

17,100 residences threatened and 42 lost. There were 9,197 other structures threatened and 132 lost.

Fire Season Costs

The department dedicates a significant portion of its biennial budget to suppression efforts to protect natural resources, communities, and Oregonians during the fire season. Experience has shown the importance of a diverse fire funding system to respond to seasons like this one. The current system, developed with support from landowners, the Legislature, and the Governor's Office, involves shared responsibility among landowners and the state's General Fund.

As of October 25, the gross fire costs for the 2024 season total \$317,520,973 (see Attachment A). Net fire costs are currently \$132,131,814, with the OFLPF share at \$10 million and the state's share of the final net fire costs at \$122,131,814. The agency received \$40,000,000 of these net costs from the September Emergency Board. The agency is returning to the Emergency Board to request the final net costs for the 2024 fire season.

Increase in Other Funds Limitation Request

To cover the gross costs of the 2024 fire season, the department will exceed its Other Funds (OF) limitation. To ensure continued funding for all department operations, the department is requesting an additional \$15,000,000 in OF limitation in the Protection Division, as well as \$2,000,000 in OF limitation in the Equipment Pool program to accommodate the fuel costs resulting from the fire season.

Action Requested

ODF respectfully requests that the State Emergency Board:

- Appropriate \$82,131,814 from the General Fund for the state's portion of net large-fire costs for the 2024 fire season.
- Allocate an increase of \$15,000,000 in Other Funds Limitation in the Protection Division to enable the final processing of payments from the 2024 fire season.
- Allocate an increase of \$2,000,000 in Other Funds Limitation in the Equipment Pool program to accommodate fuels costs from the 2024 fire season.
- Accept the fire season report for fire season 2024

Legislation Affected

HB 5020, Chapter 453, Section 2(2), Oregon Laws 2023
HB 5020, Chapter 453, Section 5(1), Oregon Laws 2023
HB 5020, Chapter 453, Section 2(8), Oregon Laws 2023

Senator Rob Wagner and Representative Julie Fahey, Co-Chairs
RE: Oregon Department of Forestry – 2024 Fire Season Report and Request
November 4, 2024
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Sincerely,

A handwritten signature in black ink, appearing to read "Cal Mukumoto", with a long horizontal flourish extending to the right.

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
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November 4, 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)							
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	EFC 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				
Coos FPA	\$5,517	\$0	\$0	\$5,517	\$0				
Douglas FPA	\$7,699	\$0	\$0	\$7,699	\$0				
Klamath Lake	\$8,220	\$0	\$0	\$8,220	\$0				
North Cascade	\$2,000	\$0	\$0	\$0	\$2,000				
Northwest Oregon	\$500	\$0	\$0	\$500	\$0				
Northwest Oregon	\$1,500	\$0	\$0	\$1,500	\$0				
South Cascade	\$90,134	\$0	\$0	\$0	\$90,134				
Southwest Oregon	\$7,899,290	\$7,058,417	\$0	\$0	\$840,873				
Walker Range FPA	\$0	\$0	\$0	\$2,816	\$0				
Western Lane	\$680,309	\$7,555	\$0	\$934	\$669,938				
West Oregon	\$934	\$0	\$0	\$934	\$0				
Total	\$8,762,953	\$7,065,972	\$42,971	\$51,065	\$1,602,945				
		TOTAL INCIDENT COSTS (July 1, - December 31, 2024)							
FY2025							FY2025 OELPF (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 FS2024	Net EFC Estimated Total Incident Costs	OELPF Obligation (50% up to \$20M)	GF Obligation (50% up to \$20M)	GF Obligation (100% over \$20M)	
Central Oregon	\$177,298,202	\$21,550,804	\$34,458,259	\$375,795	\$70,843,345				
Coos FPA	\$4,371,776	\$34,145	\$0	\$200,009	\$4,137,622				
Douglas FPA	\$17,210,739	\$1,177,368	\$0	\$255,874	\$15,777,497				
Klamath Lake	\$8,064,414	\$3,645,473	\$2,668,629	\$253,609	\$1,496,703				
North Cascade	\$8,947	\$0	\$0	\$8,947	\$0				
Northwest Oregon	\$83,125,978	\$38,765,137	\$24,098,608	\$351,002	\$19,930,631				
Northwest Oregon	\$1,499,382	\$0	\$1,111,202	\$209,307	\$178,673				
South Cascade	\$52,521,718	\$43,417,754	\$0	\$121,957	\$8,982,007				
Southwest Oregon	\$13,946,327	\$5,081,804	\$0	\$252,652	\$8,611,871				
Walker Range FPA	\$585,025	\$0	\$0	\$43,176	\$491,849				
Western Lane	\$208,265	\$0	\$0	\$129,793	\$78,472				
West Oregon	\$37,846	\$0	\$0	\$37,846	\$0				
Total	\$308,758,019	\$113,672,485	\$62,336,699	\$2,219,967	\$130,528,869	\$10,000,000	\$10,000,000	\$110,528,869	
Fire Season 2024 Totals		\$317,520,973	\$120,738,457	\$62,379,670	\$2,271,032	\$132,131,814	\$10,000,000	\$10,000,000	\$112,131,814

