Analysis

Item 11: Department of Forestry

2017 Fire Season

Analyst: Matt Stayner

Request: Acknowledge receipt of a preliminary report on the 2017 fire season.

Recommendation: Acknowledge receipt of the report.

Analysis: This preliminary report is to provide the Legislature with a snapshot of the current situation with respect to the severity of and efforts to suppress wildfires in Oregon, and specifically on Oregon Department of Forestry (ODF) protected lands. Additionally, the report provides a platform for the agency to preview possible budgetary requests due to fire season costs.

The agency’s written report covers descriptions of fires that have occurred or are in progress as of the date of the report, provides information on fire causes, use of severity resources, successful containment of fires at initial attack, and the estimated large fire costs to date.

Since the date of the letter, large fire activity and costs have increased significantly. Between the written report and the September 5, 2017 fire cost estimate from the Emergency Fire Cost Committee, the number of fires on ODF protected lands increased from 619 to 827 with the total acres burned increasing from 3,107 to over 36,000 and gross costs increasing from $12.5 million to just over $28 million. These amounts are anticipated to increase prior to the agency’s presentation of the report to the Interim Joint Committee on Ways and Means.

A number of the fires as of the September 5th cost update are eligible for cost recoveries from other agencies and roughly $1.8 million in Federal Emergency Management Agency reimbursements. Net costs as of the same report are just over $23 million.

The 2017 fire season is the first season that the first $20 million in large fire costs are split one-for-one between the General Fund and the Oregon Forestland Protection Fund, the next $30 million is the General Fund alone, and the following $25 million is covered by the state’s catastrophic fire insurance policy. In addition to this potential liability, additional General Fund appropriation requests from the agency related to the General Fund portion of unbudgeted fire district deductibles (currently estimated to be $841,083), severity resources cost overruns, and interest expense for use of the agency’s line of credit with the State Treasury are likely.

The Legislative Fiscal Office recommends acknowledging receipt of the report.
Request: Provide a preliminary report on the 2017 fire season, by the Oregon Department of Forestry.

Recommendation: Acknowledge receipt of the report.

Discussion: The Oregon Department of Forestry (ODF) is providing the Legislature with a preliminary report on the 2017 fire season, as of August 21, 2017. This report does not include information related to recent increased fire activity. In November 2017, the agency will return and provide a full fire season report pursuant to ORS 477.777(3).

ODF reports, despite significant precipitation earlier in the year, the 2017 fire conditions have been challenging as a result of low precipitation during the late spring and summer and high temperatures during the summer. Many of the large fires have been on federal land under federal fire protection and ODF has assisted federal partners when possible, especially if ODF protected land was at risk. To date, the Flounce Fire is the largest fire on ODF protected land. The fire season typically runs from May through October and additional large fires on ODF protected land could still occur.

As of August 21, 2017, ODF had experienced 619 fires and 3,107 acres burned. This is above the 10-year average of 588 fires; however, the number of acres burned is significantly below the 10-year average of 27,492 acres burned. More than 77 percent of all fire starts were human caused. So far, 96 percent of fires have been kept to 10 acres or less. The agency attributes this success to the coordinated and aggressive initial attack strategy implemented by agency staff and local partners.

ODF reports the Severity program, which puts air resources under contract before the fire season starts, making the equipment available for immediate access to support initial attack and large fire suppression, has been a key component in keeping fires small. It has been particularly effective this season when many states across the nation, including Oregon and Washington, have been at Preparedness Level 4 or 5 for much of the season, making resources scarce and hard to obtain.

As of August 15, 2017, ODF estimates gross large fire costs are at $12.5 million. Net of Federal Emergency Management Agency (FEMA) reimbursements and other federal partner payments, ODF’s cost of fire suppression is approximately $4.9 million and likely to increase by the end of the season.

2017-19 Biennial Budget Authority
ODF is managing its cash flow and has requested a $50.0 million line of credit from the State Treasurer for the 2018 fiscal year.

In the 2017-19 biennium, funding for the initial attack fire suppression efforts is a combination of acreage assessments from private and public land owners with the state General Fund matching 50 percent of private landowner assessments. Funding for the severity resources program is $4.0
million General Fund ($2.0 million per year) and is held in an Emergency Board Special Purpose Appropriation. The Oregon Forest Land Protection Fund contributes $3.0 million annually for severity resources.

Large Fire Costs
Large fire costs are paid from the General Fund, the Oregon Forest Land Protection Fund and commercial insurance. The current funding structure for large fire costs (net of FEMA or U.S. Forest Service reimbursement) for the 2017 fire season is displayed in the table below:

<table>
<thead>
<tr>
<th>Cumulative Total Funds</th>
<th>General Fund</th>
<th>Oregon Forest Land Protection Fund</th>
<th>Commercial Insurer</th>
</tr>
</thead>
<tbody>
<tr>
<td>First $20.0 m</td>
<td>$20.0 m</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Next $30.0 m</td>
<td>$50.0 m</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Next $25.0 m</td>
<td>$75.0 m</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Above $75.0 m</td>
<td>No Set Limit</td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>
August 21, 2017

The Honorable Senator Richard Devlin, Co-Chair
The Honorable Representative Nancy Nathanson, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

RE: OREGON DEPARTMENT OF FORESTRY PRELIMINARY REPORT - 2017 FIRE SEASON

Dear Co-Chairpersons:

Nature of the Request
The Oregon Department of Forestry (ODF) respectfully requests permission to appear before the Interim Joint Committee on Ways and Means at its September 2017 meeting for the purpose of:

1. Providing a preliminary report on the 2017 fire season.
2. Highlighting the Department's intent to return in December to meet its requirement under ORS 477.777(3) to report on:
   a. The nature and severity of the 2017 fire season.
   b. Moneys expended on fire suppression during the 2017 fire season.
   c. The balance remaining from the biennial appropriation.
   d. Matters arising from the 2017 fire season that may require attention or warrant future consideration by the Emergency Board or the Legislative Assembly.
   e. Information regarding the resulting losses on private lands of timber, buildings, fencing, livestock and of grazing land capacity if the land is expected to be unavailable for two or more grazing seasons.

Agency Action
Fire season 2017
This year’s fire season was predicted to be an average fire season. With above-average snowpack and precipitation, the state recovered from the previous years’ severe drought. During the first half of June, much of the state experienced cool and moist conditions. From mid-June through early August, temperatures increased to record levels and fuel moistures dropped to near record or record levels. Much of the state received little or no rain during this period. Fire danger indices escalated through the months of July and August and reached record levels and increased the potential for large fires across the state. As a result of the hot and dry conditions combined with abundant lightning storms, fire activity increased significantly across the state. Lightning has been a significant factor with more lightning strikes in the 2017 fire season to-date than the entire 2016 fire season. In the last week of July and first week of August alone there were over 10,000 lightning strikes resulting in numerous fires starts across the landscape. The Pipeline Fire just outside of Crescent on August 3, posed a threat to the town, prompting immediate evacuations and qualified for FEMA Fire Management Assistance Grant (FMAG) funding. The cause of this fire is under investigation. Within days, ODF Incident Management
Team One was deployed to the Flounce Fire northeast of Medford and with the help of some timely precipitation were able to contain a very challenging fire at just under 600 acres. Many of the current fires on federal ownership and protection are comprised of complexes of 15-40 fires primarily caused by lightning. The Department has assisted our federal partners to the extent possible, especially on fires that posed a threat to ODF protected lands. Nationally, and in Oregon and Washington, we are at Preparedness Level 5, the highest level. This means across the country, we have experienced significant wildland fire activity requiring a major commitment of resources. Due to competition, additional resources are not readily available. As a result, 105 Oregon National Guard troops (five hand crews) have been mobilized to the High Cascades Complex. Additionally, two CH-47 Chinook helicopters and one HH-60 Medivac helicopter were mobilized on the Whitewater Fire. The Department also actively engaged and partnered with our local, state, and federal partners, including private landowners, to maintain an effective and efficient fire prevention and response plan as a result of the total solar eclipse on August 21, 2017. To date, there are not any fires under ODF protection that require reporting resulting losses on private lands of timber, buildings, fencing, livestock and of grazing land capacity if the land is expected to be unavailable for two or more grazing seasons.

**Initial Attack success**

The complete and coordinated wildfire protection system—consisting of ODF, landowner partners, agency cooperators, and the fire contracting community—has been successful under some challenging conditions this year. Coordination with our local partners and aggressive initial attack helped to minimize resource loss and cost while providing for firefighter and public safety during this challenging fire season. So far this fire season, the initial attack success rate of keeping fires 10 acres or less is 96%.

**Severity resources**

I would like to highlight the success of the severity program, which enables the Department to procure 16 contract aircraft and distribute them across the state for initial and extended attack operations throughout the fire season. Additional aviation and ground resources are procured at times of peak fire danger and are often immediately assigned to fires. These resources have been extremely effective for supporting initial attack efforts and keeping the large majority of fires to less than 10 acres. The severity program includes six air tankers, seven helicopters, two detection aircraft and a helitack helicopter for delivering firefighters quickly to remote locations. Without these resources, the number of large expensive fires would be much greater.

**Fire causes and prevention**

Walker Range was the first district to enter fire season on June 2, with Northwest Oregon the last to enter fire season on July 10. Currently, Regulated Use Closures for the public and Industrial Fire Precaution Levels for commercial forest operations are in effect in ODF protection districts across the state.

Human-caused fires have accounted for more than 77 percent of all starts, which is slightly above average. Locally, we have increased our patrols and coordination with local partners to reinforce our prevention and enforcement efforts. For a third year in a row, the Oregon Department of Transportation has supported the prevention effort through the highway reader boards recognizing the high fire danger. At the time of this letter, ODF has experienced 619 fires for a total of 3,107 acres burned, and while the number of fires is slightly above the ten-year average of 588 fires, the number of acres burned are only about ten percent of the ten-year averages of 27,492 acres burned.

**Large fire emergency costs**

As of August 15, estimated gross large fire costs are approximately $12.5 million. With large fire cost obligations from the Oregon Forestland Protection Fund, anticipated FEMA reimbursements, and cost recoveries from federal partners, the estimated net cost to the General Fund is approximately $4.88 million.
The 2017 large fire insurance deductible is $50 million. The Oregon Forestland Protection Fund and the General Fund share costs equally for the first $20 million of the insurance deductible, with the state accounting for the remaining $30 million. As we have not reached the end of fire season, total expenditures are not known for the 2017 season, and costs will increase due to current fire activity and the potential for new large fires. If the $50 million deductible is met, the insurance policy will cover up to $25 million of additional costs, and costs that exceed the insurance policy will serve as the basis for a legislative discussion similar to previous years.

Summary
The 2017 fire season began as predicted, however in July and August extreme fire conditions set in across the state. With more than a month and a half of fire season to go, the potential for large fires still exists. The season's final outcome will not be known until December, when the Department reports to the Legislature on the 2017 fire season.

Action Requested
ODF respectfully requests that the Interim Joint Committee on Ways and Means accept this preliminary report highlighting the 2017 fire season and acknowledge ODF's intent to provide its 2017 fire season report in December.

Legislation Affected
None.

Thank you for your time and consideration. I would be pleased to answer any questions.

Sincerely,

Peter Daugherty
Oregon State Forester
(503) 945-7211

cc: Jason Miner, Governor's Office
    Lauri Aunan, Governor's Office
    Board of Forestry
    ODF Executive Team
    Matt Stayner, Legislative Fiscal Office
    Cathy Connolly, Chief Financial Office
    James Short, ODF Budget Director