

FIRE SUPPRESSION COSTS FY 2009

A Report Prepared for the
Legislative Finance Committee

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FY 2009 FIRE SEASON

The Department of Natural Resources and Conservation (DNRC) provided initial attack on 281 fires, holding 273 (or 97 percent) to ten acres or less. Total acreage burned under DNRC direct protection was 694. In the county assistance program, DNRC provided assistance on an additional 24 fires. Total acreage burned under the county assist program was 134,793. The program will continue to pick up some initial attack activities if the weather continues to be warm.

The state has incurred \$8.5 million in fire suppression costs as of September 5, 2008, of which \$2.5 million is the reimbursable by other parties, creating a net cost to the state of \$6.0 million. This total compares to an average fire season state share cost of \$17.7 million and a FY 2008 state share cost of \$50.0 million. The state share of fire costs will be paid from the fire suppression fund created and appropriated in HB 3 of the September 2007 special session.

FY 2009 SUPPRESSION COSTS

Figure 1 depicts the financial state of the FY 2009 fire season as of September 5, 2008. Part one illustrates the status of paid and unpaid obligations. To date, the state has paid \$3.2 million of the estimated \$8.5 million, leaving an unpaid balance of \$5.2 million.

Figure 1 Department of Natural Resources and Conservation Fire Costs as of September 5, 2008		
<u>PART 1: FY2008 Actual & Estimated Costs</u>		
Paid State Protection Costs (YTD)	\$3,249,205	
Estimated Remaining Protection Costs	<u>\$5,224,922</u>	
Paid and Current Obligations		<u>\$8,474,127</u>
<u>PART 2: Sources of Funding</u>		
Appropriations- DNRC - Fire Suppression Fund		(5,984,667)
Reimbursement Available Billable Support - USFS/BLM	(2,489,460)	(2,489,460)
Unfunded Fire Costs		<u>0</u>

Part two addresses the funding sources to cover the \$8.5 million of estimated costs. HB1 of the September special session provided \$40.0 million in general fund appropriation authority to cover the net cost to the state for FY 2009. This appropriation will cover the \$6.0 million in estimated state costs. Federal reimbursement is anticipated at \$2.5 million from cost share negotiations on the Bear Gulch, Knowlton Complex, Dunn Mountain and Cactus Fires. The state did not qualify for any emergency assistance through the Federal Emergency Management Agency (FEMA).

FIRE SUPPRESSION FUND BALANCE

A fire suppression fund was established on passage and approval of HB 3 of the September 2007 special session. This bill transferred \$40.0 million general fund into a state special revenue account to pay for fire suppression costs. The fund is scheduled to sunset at the end of FY 2009.

As per Figure 2 the balance of the fund is \$32.9 million. The fund received interest revenues and some reimbursement for fire costs. The fund covered fire suppression costs and provided for the purchase of an additional 25 fire truck chassis for development into wildland fire engines. The latter was a request of the Fire Suppression Committee and approved by the Office of Budget and Program Planning. An additional \$1.0 million is reserved for spring fire costs.

Since the fire suppression fund is set to expire at the end of FY 2009, the remaining balance would transfer to the general fund, unless the legislature chooses to transfer funds to another fund to use it for another purpose or maintain the fund.

AVERAGE COST OF FIRE SUPPRESSION

The average cost of fire suppression has fallen from \$19.1 million in FY 2008 to \$17.7 million in FY 2009. The Legislative Fiscal Division calculates the average by utilizing the previous seven years of data, removing the high and low seasons, and dividing by five. The average decreased slightly because of the inclusion of FY 2009 in the calculation and the elimination of FY 2002, a higher cost season. Figure 3 below demonstrates the calculation.

Fiscal Year	Total Cost	Reimbursements	Net Cost
2003	\$6,710,688	\$4,684,927	\$2,025,761
2004	79,579,965	44,582,841	34,997,124
2005	3,969,096	989,945	2,979,151
2006	8,302,312	3,240,042	5,062,270
2007	61,000,318	21,290,928	39,709,390
2008	81,544,805	31,544,805	50,000,000
2009	<u>8,474,127</u>	<u>2,489,460</u>	<u>5,984,667</u>
7 year total	<u>241,107,184</u>	<u>106,333,488</u>	<u>134,773,696</u>
7 year average	\$34,443,883	\$15,190,498	\$19,253,385
5 year adjusted average	\$32,813,482	\$12,650,032	<u>\$17,746,520</u>

<u>Revenues</u>		
General Fund Transfer	\$40,000,000	
Interest Earnings	933,386	
Fire Suppression Reimbursement	<u>216,321</u>	
Total Revenues		<u>\$41,149,707</u>
<u>Expenditures</u>		
FY 2009 Fire Suppression Costs	(5,984,667)	
Vehicle Chassis	<u>(1,250,000)</u>	
Total Expenditures		(\$7,234,667)
<u>Reserved</u>		
FY 2009 Spring Fires		(1,000,000)
Projected Ending Fund Balance		<u>\$32,915,040</u>

FIRE SUPPRESSION INTERIM COMMITTEE

The Fire Suppression Interim Committee held its last meeting on September 11 and 12th. At that meeting 41 pieces of legislation and 12 letters of recommendation were requested. These requests ranged from defining the wildland urban interface (WUI) to fire management on state lands to long term funding of fire suppression costs. The full report is near completion and will be available soon on the web at

http://leg.mt.gov/css/Committees/interim/2007_2008/fire_suppression/default.asp.