



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

DATE: September 13, 2012
 TO: Members of the Environmental Quality Council
 FROM: Christina Allen, Fiscal Analyst
 RE: Update on Fire Suppression Costs

FY 2012 Suppression Summary

For FY 2012 the state has incurred \$20.0 million in fire suppression costs, of which \$3.5 million is reimbursable by other parties, creating a net cost to the state of \$16.5 million. The FY 2012 beginning fire suppression fund balance is \$20.6 million, leaving an estimated balance of \$4.1 million for FY 2013.

FY 2013 Suppression Status

As of September 11, 2012, the FY 2013 estimated expenses are \$49.8 million, of which \$7.0 million is reimbursable by other parties. The current estimated net cost to the state is \$42.7 million. Figure 1 lists the available funding options for fire suppression for the remainder of FY 2013. The agency anticipates beginning to receive interagency invoices in March 2013. This will allow the legislature to consider an appropriation to fund fire costs.

Department of Natural Resources and Conservation Available Funding Sources for Fire Suppression	
FY 2013 Fire Suppression Fund Balance	\$4,100,000
Governor's Emergency Fund	\$14,400,000
General Fund (DNRC Appropriation)	\$10,000,000
Total	\$28,500,000

Average Cost of Fire Suppression			
Fiscal Year	Total Costs	Reimbursements	State Costs
2006	\$8,302,312	(\$3,240,042)	\$5,062,270
2007	61,000,318	(21,290,928)	39,709,390
2008	108,152,537	(56,757,219)	51,395,318
2009	10,082,885	(3,211,351)	6,871,534
2010	6,695,714	(1,047,748)	5,647,966
2011	3,293,346	(807,571)	2,485,775
2012 Estimate	<u>20,015,142</u>	<u>(3,520,822)</u>	<u>16,494,320</u>
7 Year Total	<u>\$217,542,254</u>	<u>(\$89,875,681)</u>	<u>\$127,666,573</u>
7 Year Average	\$31,077,465	(\$12,839,383)	\$18,238,082
5 Year Adj.	\$106,096,371	(\$32,310,891)	\$73,785,480
Average	\$21,219,274	(\$6,462,178)	\$14,757,096

Average Cost of Fire Suppression

The average cost of fire suppression has risen from \$11.2 million in FY 2011 to \$14.8 million FY 2012. 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 increased slightly because of the elimination of FY 2005, a very low cost season. Figure 2 demonstrates the calculation.

Future Costs

As with any fire season, suppression costs are not certified complete until long after the last flame is put out. Available resources for DNRC include the remainder of the fire suppression fund, the Governor's emergency fund, and a temporary use of a portion of DNRC's general fund appropriation, which will need to be reimbursed through a supplemental appropriation to the department to fund current fiscal year obligations. The LFD staff will continue to monitor the estimates.

Follow Up

Figure 3 is the remaining expected federal reimbursements for prior fiscal years, provided in response to a question asked at the July meeting. These amounts are not expected additional monies, they have already been booked as revenue accruals for the prior years.

Outstanding Federal Reimbursement for Fire Suppression Costs	
Fiscal Year	Amount
Prior Years	\$2,203,565
2012*	3,520,822
2013*	<u>7,029,297</u>
Total	<u>\$12,753,684</u>

*Estimate