

March 18, 2019

MEMORANDUM

To: Housing, Health, Energy and Workers' Rights Committee
From: Eric McConaghy, Legislative Analyst
Subject: Resolution 31872: Approving Skagit Environmental Endowment Commission 2019 – 2023 Proposed Budget Framework

Decision

On March 21, 2019, the Housing, Health, Energy and Workers' Rights Committee (Committee) is scheduled to take action on the 2019-2023 Budget for the Skagit Environmental Endowment Commission (SEEC), attached to the meeting agenda. The decision before the Committee will be whether to recommend that the City Council approve the SEEC Budget via [Resolution 31872](#).

Background

The SEEC¹ was established under an agreement (Agreement) between the Province of British Columbia (BC) and the City of Seattle as a condition within the Ross Lake/Seven Mile Reservoir Treaty (Treaty) between the United States and Canada signed in 1984. The Treaty's term runs through 2064.

The SEEC's mission is to ensure the preservation and protection of the natural and cultural resources and recreational opportunities of the Upper Skagit Watershed through advocacy, promoting international cooperation and strategic partnerships and investments.

The SEEC does not manage any land itself. Rather, it cooperates with government agencies in both the United States and Canada that are responsible for this land. Most is publicly owned and administered by the park agencies in the respective countries.

The SEEC meets several times a year to administer the Fund by reviewing project proposals, monitoring contracts and addressing environmental issues in the Upper Skagit Watershed.

Along with the Treaty, British Columbia and the City of Seattle established the Skagit Environmental Endowment Fund (Fund) to be administered by the SEEC. Seattle and British Columbia contributed \$4 million and \$1 million respectively to the Fund (all figures in this memo are provided in United States currency). Per terms of the Agreement, both Seattle City Light and BC Hydro² make annual supplemental payments to the Fund based on power sales

¹ SEEC website: <https://skagiteec.org/>. Last accessed March 19, 2019.

² The BC Hydro and Power Authority (BC Hydro) is a Crown corporation responsible for generating, purchasing, distributing and selling electricity, while ensuring that the environment is cared for, community needs are met, and financial results are delivered. Crown corporations are public sector organizations established and funded by the B.C. government to provide specialized goods and services to citizens. Website:

and production. The Fund is separate and not part of the City of Seattle's budget. The SEEC's budget must be approved by the Province of British Columbia and Seattle City Council.

City Light's annual contribution to the Fund is based on a fixed amount of power purchase. This fixed amount of power purchase represents the amount of power forgone by not raising the level of the City Light's High Ross Dam, per the Treaty. The payment in December 2018 was \$136,583. For December 2019, the payment is projected to be \$139,500.

Seattle City Light's supplementary payments are subject to Council approval by ordinance of the City's annual budgets; funds for such payments were included in the Purchased Power Budget Control Level, and the 2019 projected payment amount is consistent with assumptions included in both the City's 2019 Adopted Budget for this purpose and the SEEC Budget that would be adopted via [Resolution 31872](#).

The SEEC prepares a budget on five-year cycles. Council approved the 2015-2018 budget for SEEC via [Resolution 31568](#) in 2015.

The proposed SEEC 2019-2023 budget includes support for the following budget categories:

I.	ADMINISTRATION and FINANCIAL MANAGEMENT	\$442,104
II.	WORKPLAN / PROGRAM	\$2,679,961
	A. Education	\$1,093,277
	B. Ecosystem Science	\$436,835
	C. Recreation	\$453,621
	D. Watershed Integrity	\$137,095
	E. Communications / Outreach	\$304,394
	F. Opportunity Fund	\$254,740
III.	WATERSHED INTEGRITY CONTINGENCY	\$1,000,000
	TOTAL BUDGET	<u>\$4,122,065</u>

The watershed integrity contingency is a set-aside to cover costs of converting unprotected land in the BC portion of watershed to protected status and/or to fund specific activities in support of grizzly bear recovery in Washington State or BC. Overall, the proposed SEEC 2019-2023 budget framework is consistent with that of the previous budget cycle for SEEC and the mission of the SEEC.

<https://www2.gov.bc.ca/gov/content/governments/organizational-structure/ministries-organizations/crown-corporations/bc-hydro-and-power-authority>. Last accessed March 18, 2019.

Next Steps

If the Committee recommends that the Council adopt Resolution 31872, approving the SEEC five-year budget, then the Council would consider action on the recommendation as soon as March 25, 2019.

cc: Kirstan Arestad, Central Staff Director
Dan Eder, Central Staff Deputy Director