

SUMMARY and FISCAL NOTE

Department:	Contact Person/Phone:	Executive Contact/Phone:
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1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the management of the South Fork Tolt River Municipal Watershed; authorizing ecological forest thinning projects in accordance with the South Fork Tolt River Watershed Management Plan in Sections 25, 26, 27, 29, 30, 32, 33, 34, and 35, Township 26 North, Range 9 East, W.M.; declaring the logs resulting from said projects to be surplus to the City’s needs; authorizing the sale of such logs pursuant to applicable City contracting and surplus property sale procedures; and directing use of the proceeds therefrom to fund Plan implementation.

Summary and background of the Legislation: This ordinance would authorize SPU to implement ecological forest thinning projects under the South Fork Tolt Watershed Management Plan and to sell logs that are surplus to the City’s needs, in accordance with applicable contracting and surplus property sale procedures, and authorize use of the proceeds to offset costs of implementing the plan.

The 2011 South Fork Tolt Watershed Management Plan provides ecosystem and landscape management policy guidance for the City-owned portion of the Tolt Watershed. This amounts to about 8400 acres. The plan recommends action in seven resource areas, including watershed security and protection, forest resources, aquatic resources, fish and wildlife, invasive plant species, cultural resources, and transportation infrastructure. To implement the forest resources management recommendations, including thinning, SPU requires authorization to sell timber as surplus property under City contracting and surplus property procedures. According to the plan, SPU would thin approximately 60 acres annually, generating up to 1 million board feet of surplus timber each year.

In adopting the 2009-2011 SPU water rates ordinance, the City Council directed SPU to conduct ecological forest thinning activities at net-zero cost, by subsidizing the cost of conducting the projects with revenue from the surplus timber generated. The past five years of plan implementation indicate that timber revenues covered 54% of Tolt forest management operating costs.

This next five-year ordinance would authorize the sale of up to 4 million board feet of harvested timber between 2016-2020, with estimated average annual net revenue of \$40,000. This ordinance will deposit any timber sale proceeds in the Water Fund to offset the costs of plan implementation.

2. CAPITAL IMPROVEMENT PROGRAM

This legislation creates, funds, or amends a CIP Project.

3. SUMMARY OF FINANCIAL IMPLICATIONS

This legislation has direct financial implications.

Budget program(s) affected:				
Estimated \$ Appropriation change:	General Fund \$		Other \$	
	2015	2016	2015	2016
			\$0	
Estimated \$ Revenue change:	Revenue to General Fund		Revenue to Other Funds	
	2015	2016	2015	2016
			\$40,000	
Positions affected:	No. of Positions		Total FTE Change	
	2015	2016	2015	2016
			0	
Other departments affected:				

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.

Fund Name and number	Dept	Budget Control Level Name/##*	2015 Appropriation Change	2016 Estimated Appropriation Change
Water Fund 43000	SPU			\$0
TOTAL				

*See budget book to obtain the appropriate Budget Control Level for your department.

Appropriations Notes:

Existing appropriations are available in the Water Fund’s Operations & Maintenance Budget to cover SPU operating costs of this program; costs are approximately \$50,000 annually and include project planning, permitting, contract administration and monitoring of ecological thinning and associated forest management activities (e.g., planting) in the South Fork Tolt River Municipal Watershed. Average annual costs of implementing this program since 2011 have been approximately \$82,000, with labor averaging 70% and non-labor averaging 30% of the expenditures. Future expenditures will be at the spending plan amount, as certain forest management activities (i.e., young forest restoration thinning) have been completed. The specific activity is N781801, in the Water Fund’s sub-BCL (N780). The ecological thinning contracts to implement the projects include tree felling, log yarding to roads and log transportation, and

contract costs are fully offset by revenues from the sale of surplus timber. Ecological thinning conducted pursuant to this ordinance would begin in the fall of 2016 and continue through the fall of 2020.

3.b. Revenues/Reimbursements

X This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2015 Revenue	2016 Estimated Revenue
Water Fund 43000	SPU	Timber revenues		\$40,000
TOTAL				

Revenue/Reimbursement Notes:

Although the price of timber and the bidding climate for logging are volatile and may change, SPU anticipates that the timber sales will produce net revenue in the amount of at least \$40,000 annually. All timber revenues will be deposited into the Water Fund to offset costs of Plan implementation.

4. OTHER IMPLICATIONS

- a) **Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?**
 Yes, this legislation supports the long-term forest stewardship program in the South Fork Tolt River Municipal Watershed, as described in the Plan, to improve habitat, resilience and future management options.
- b) **Is there financial cost or other impacts of not implementing the legislation?**
 Not implementing the legislation would have two potential financial impacts: (1) net revenues from sale of surplus timber resulting from the ecological thinning would be foregone or delayed; and (2) the long-term improvement in forest health and tree growth expected from thinning would be foregone or delayed, reducing potential revenues from any future considered forest management.
- c) **Does this legislation affect any departments besides the originating department?**
 No
- d) **Is a public hearing required for this legislation?**
 Yes, given that this ordinance would authorize the sale of surplus property with potential value exceeding \$50,000 (per RCW 39.33.020). Public hearings have been and will be held for all ecological thinning ordinances requesting to sell timber as surplus property.

e) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

Yes.

f) Does this legislation affect a piece of property?

Yes, see Attachment A.

g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

The only perceived implication for historically disadvantaged communities is positive, which is improved habitat and potential for gathering culturally valuable plants by Native American Tribes.

h) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.

Not applicable.

i) Other Issues:

List attachments below:

Exhibit A – Proposed Ecological Thinning 2016 through 2020: South Fork Tolt River Municipal Watershed