

BRIEFING PAPER

SKAGIT ENVIRONMENTAL ENDOWMENT COMMISSION

2014-2018 5-Year Plan and Budget Framework

- The Commission was established by treaty between the United States and Canada as part of the settlement of the High Ross Dam controversy in 1984. Half of the Commission members are appointed by the Mayor of Seattle; the other half by the Premier of British Columbia.
- As part of the treaty, an endowment fund was created to protect the wilderness and wildlife values, and to enhance recreational opportunities in the upper Skagit watershed above Ross Dam.
- The Treaty stipulated that Seattle and British Columbia would contribute to an endowment fund that the Commission administers. This was initially accomplished in 1985-89. The Treaty also requires Seattle City Light (SCL) and BC Hydro to make supplemental payments to the fund, based on the value of certain power sales, on an annual basis. In the 2013-14 fiscal year, these payments added to \$185,734. Annual payments by the SCL are subject to City Council approval through the City's annual budget ordinance process.
- The endowment fund is **not** part of Seattle's annual budget, but approval of the budget by the City of Seattle and the British Columbia provincial government is required. The SEEC fiscal year begins April 1.
- Since 2005, the fund has been managed on behalf of SEEC by the Canadian Imperial Bank of Commerce, to preserve capital and produce investment income. Within this structure, about 40% of the fund is managed in a US account and 60% in a Canadian account. As of September 30, 2014, the fund was valued at \$US 10,424,132. SEEC policy is to preserve the corpus of the fund over time, accounting for inflation.
- The SEEC 5-Year budget framework was developed by estimating an average expected annual return on investments, reserving amounts for management fees and inflation, and then adding expected supplemental payments. The budget framework carries these assumptions out over 5 years, acknowledging that both costs and revenues may vary. This framework has produced an annual expected available budget of approximately \$620,000.
- Using the expected available budget as a guide, in 2013, the Commission undertook a 5-year work-planning process in collaboration with its public agency and non-governmental partners. The Commission continues to organize its work around initiatives for education, ecosystem science, recreation and land

issues. For the 2014 5-year plan, a separate, budgeted category of “communications” was created.

- The 2014-18 budget framework estimates annual support for these initiative categories, with funds for education (\$201,000), ecosystems (\$115,100), recreation (\$117,864) and communications (\$58,000). An estimated \$36,041 is available annually, as an opportunity/contingency fund.
- The Commission continues to set-aside \$1,000,000 in a contingent appropriation for two specific purposes. First is authority to move unprotected areas of the upper Skagit watershed in British Columbia into protected status. In the past, this has occurred through purchase and transfer of lands to the BC Parks system. The second purpose is targeted support for grizzly bear recovery in the upper Skagit area, should opportunities arise. The US National Park and Fish and Wildlife Services launched in 2014 an Environmental Impact Statement process for grizzly bear recovery, and SEEC expects to begin contributing to this, up to \$250,000, during the period of the 5-Year Plan.