# SUMMARY and FISCAL NOTE

| Department: | Contact Person/Phone: | Executive Contact/Phone: |
|---|---|---|
| Seattle Public Utilities | Amy LaBarge/3-9777 | Aaron Blumenthal/3-2656 |

## 1. BILL SUMMARY

**Legislation Title:** AN ORDINANCE relating to the Cedar River Watershed; authorizing five years of ecological thinning, in accordance with the Cedar River Watershed Habitat Conservation Plan, in Sections 15, 16, 21 and 22, Township 22, North, Range 7, East, W.M., Sections 8 and 9, Township 22, North, Range 8, East, W.M., Sections 2 and 11, Township 21, North, Range 9, East, W.M.; Sections 34 and 35, Township 22, North, Range 9, East, W.M., Sections 3, 4 and 10, Township 21, North, Range 10, East, W.M., and Sections 32 and 33, Township 22, North, Range 10, East, W.M.; declaring the logs resulting from ecological thinning 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 deposit of the proceeds therefrom to the Water Fund for the purposes of the Habitat Conservation Plan implementation.

**Summary and background of the Legislation:**
This ordinance would authorize the sale of surplus timber from ecological thinning conducted under the Cedar River Watershed Habitat Conservation Plan (HCP). The ecological thinning would occur from 2016-2020, and involve approximately 800 acres of second-growth forest. Up to 7,000,000 board feet of merchantable logs are expected to be cut. The ordinance would declare these logs to be surplus, authorize their sale, and direct the deposit of the sale proceeds to the Water Fund for the purpose of offsetting costs of the HCP.

The City in 2002 adopted Ordinance 121040, prohibiting commercial timber harvest in the watershed and authorizing limited non-commercial timber harvesting, including ecological thinning, to make forest habitat improvements. The ordinance allows for the sale of merchantable logs up to 250,000 board feet without additional ordinance authority, provided the proceeds be deposited in the Water Fund and dedicated for the exclusive purpose of offsetting the costs of implementing the HCP. Subsequently, two ordinances 121039 and 121793, authorized surplus log sales from two ecological thinning projects, which were completed in 2003 and 2008, respectively, and Ordinance 124068 authorized surplus log sales from ecological thinning projects implemented from 2013-2017, which will be completed by 2017. This ordinance seeks authority for five additional years (2016-2020) of ecological thinning and associated sale of surplus timber, to support efficient project planning and implementation to meet ecological objectives and HCP commitments.

## 2. CAPITAL IMPROVEMENT PROGRAM

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

| Project Name: | Project I.D.: | Project Location: | Start Date: | End Date: | Total Cost: |
|---|---|---|---|---|---|
| | | | | | |

## 3. SUMMARY OF FINANCIAL IMPLICATIONS

__X__ **This legislation has direct financial implications.**

| | | | | |
|---|---|---|---|---|
| **Budget program(s) affected:** | | | | |
| **Estimated $ Appropriation change:** | **General Fund $** | | **Other $** | |
| | **2015** | **2016** | **2015** | **2016** |
| | | | | |
| **Estimated $ Revenue change:** | **Revenue to General Fund** | | **Revenue to Other Funds** | |
| | **2015** | **2016** | **2015** | **2016** |
| | | | | $10,000-$100,000 annually |
| **Positions affected:** | **No. of Positions** | | **Total FTE Change** | |
| | **2015** | **2016** | **2015** | **2016** |
| | | | | |
| **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 |
|---|---|---|---|---|
| | | | | |
| **TOTAL** | | | | |

Appropriations Notes:
Existing appropriations in the 2016-2020 spending plan cover SPU operating costs of this program. Costs are approximately $80,000 annually and include project planning, permitting, contract administration and compliance monitoring. Average annual costs of implementing this program since 2001 have been approximately $150,000, with labor averaging 85% and non-labor averaging 15% of the expenditures. Future expenditures will be at the spending plan amount, as staff continue to seek efficiencies to reduce program costs. The specific activity is C100027, in the Water Fund's Habitat Conservation Plan sub-BCL (C160). 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 | Sale of surplus logs from ecological thinning | | $10,000-$100,000 annually |
| **TOTAL** | | | | |

Revenue/Reimbursement Notes:
SPU estimates up to 7,000,000 board feet of merchantable logs will be declared surplus and sold as a result of ecological thinning from 2016-2020. Proceeds from the sales will depend on timber quality and volume at each site as well as bids received and market conditions at the time of implementation. Proceeds from the sale of these logs could range from $10,000 to over $100,000 per year, after logging costs, depending on the factors just mentioned. All timber revenues will be deposited into the Water Fund to offset costs of HCP 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?**
This legislation supports the long-term forest restoration program in the Cedar River Municipal Watershed, as described in the HCP, to improve complex habitat development as well as forest resilience.

b) **Is there financial cost or other impacts of not implementing the legislation?**
Not implementing the legislation would impair multi-year plans for ecological thinning, which is an important element of the forest restoration commitments the City made in the HCP. Multi-party agreements associated with the HCP provide the City with certainty on a number of key issues related to its water supply operations on the Cedar River. Failure to meet HCP commitments, such as ecological thinning, would put us out of compliance with the permit conditions and may have ecological and financial costs. Finally, without this legislation SPU would lose the opportunity to receive potential revenue from sale of surplus logs to offset HCP costs.

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.

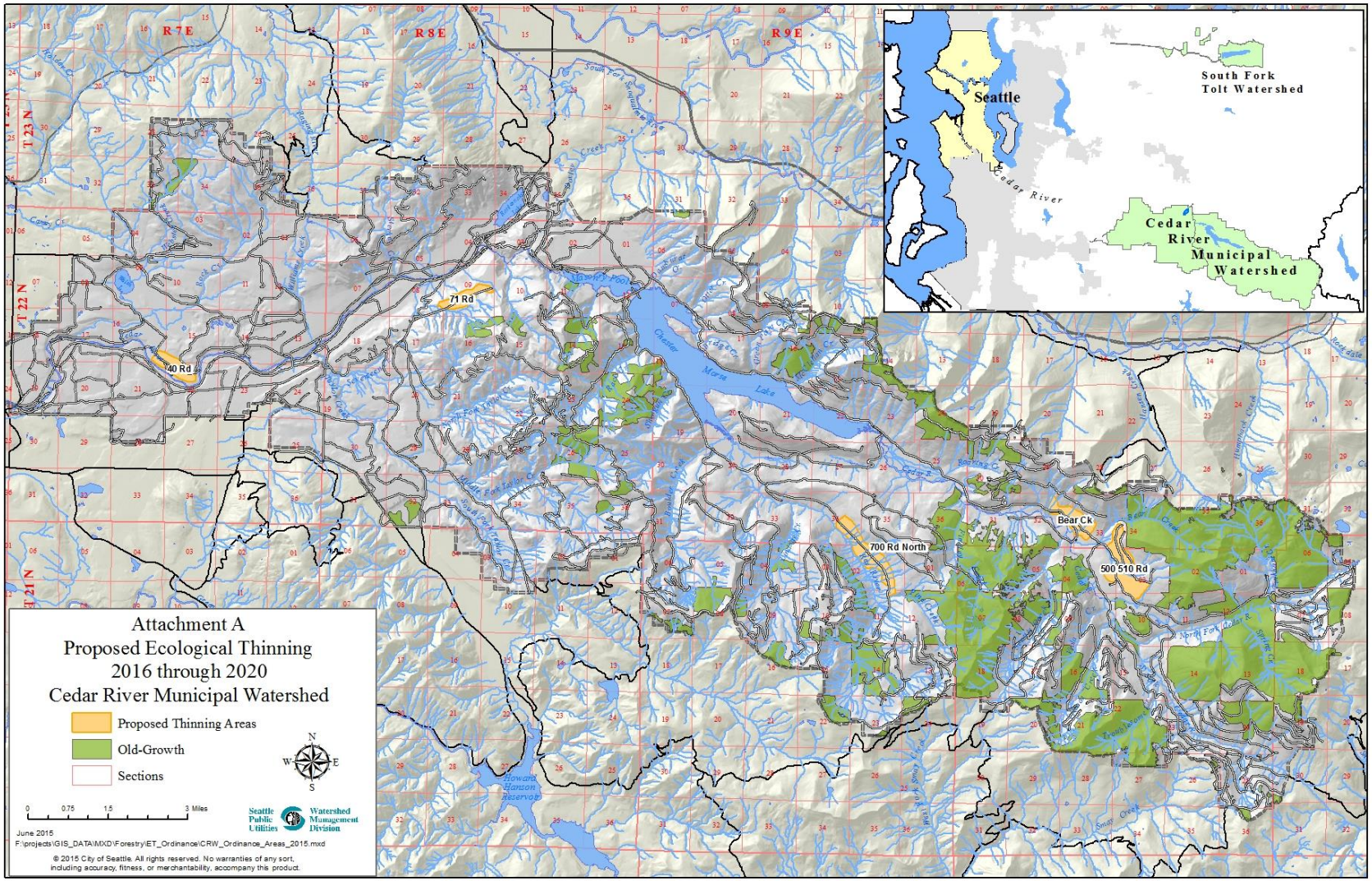
**g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**
This legislation provides authority to sell timber as surplus from ecological thinning projects in the Cedar River Municipal Watershed. The only perceived implication for historically disadvantaged communities is positive, which would be improved habitat and plant diversity and therefore improved potential for hunting and gathering by Native American Tribal members.

**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:**
Ecological thinning is intended to improve habitat conditions for species listed in the HCP and is designed to meet those objectives. Additional benefits of ecological thinning is the maintenance and improvement of forest health such that the forests are resilient to climate change and continue to protect the high quality drinking water supply function of the Cedar River Municipal Watershed.

**List attachments below:**

Exhibit A – Proposed Ecological Thinning 2016 through 2020: Cedar River Municipal Watershed

Summary Ex A – Proposed Ecological Thinning 2016-2020
V3

# Exhibit A