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CB 117245

Amy LaBarge
SPU Tolt Thinning ORD
June 30, 2011
Version #11

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ORDINANCE _____

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 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, and 35, Township 26 North, Range 9 East, W.M., and Sections 1, 2, 3, 4, and 5, Township 25 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.

WHEREAS, the South Fork Tolt River Watershed has been an essential source of water supply for the City of Seattle supply system for nearly 40 years since completion of the Tolt Dam and Reservoir; and

WHEREAS, in 2011 Seattle Public Utilities approved the South Fork Tolt Watershed Management Plan (Plan) which reaffirms the importance of stewardship of the Tolt Watershed water supply and provides policy direction in seven resource areas, including watershed protection, forest resources, aquatic resources, fish and wildlife, invasive plant species, cultural resources, and transportation; and

WHEREAS, the City-owned portion of the South Fork Tolt Watershed supports dense second-growth forest, the condition of which would be greatly improved with active restoration management, with the exception of 400 acres that are old-growth forest and will be protected from further management activity; and

WHEREAS, the City's forest management objectives, as described in the Plan, are to promote the development of old-growth forest conditions, improve habitat for wildlife and fish, increase resilience to disturbance, improve future timber value and maintain water quality; and

WHEREAS, the ecological thinning will result in marketable timber that can be sold as surplus property under applicable City contracting procedures, to offset costs of restoration activities; and

WHEREAS, to commence implementation of the Plan, Seattle Public Utilities staff will conduct ecological thinning on 300 acres, producing up to 5 million board feet of merchantable logs over the next five years; NOW, THEREFORE,



1
2 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

3 Section 1. The Director of Seattle Public Utilities is hereby authorized to contract,
4 pursuant to applicable City contracting and surplus property sale rules, for the services of
5 ecological thinning of approximately 300 acres of second-growth forest stands located within
6 portions of Sections 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, and 35, Township
7 26, North, Range 9, East, W.M., and Sections 1, 2, 3, 4, and 5, Township 25 North, Range 9
8 East, W.M., over the next five years (2011-2015) under the principles and procedures described
9 in the South Fork Tolt Watershed Management Plan (Plan), and to contract for the sale and
10 removal of merchantable logs downed as a result of such ecological thinning. The Director of
11 Seattle Public Utilities shall, no later than March 31 of each year, submit to the Mayor and City
12 Council a report for the previous calendar year describing the timber volumes sold and the
13 proceeds derived from sales authorized by this section, an estimate on what tree cutting is
14 anticipated in the next year, and an analysis of the cumulative effects of these projects. A public
15 hearing having been held, the logs resulting from the planned ecological thinning projects
16 authorized by this ordinance are hereby declared to be surplus to the City's needs. The Director
17 of Seattle Public Utilities is further authorized to conduct all related monitoring, surveys, and
18 other such activities as may be required by the City's commitments in the Plan.

19
20 Section 2. Proceeds from the sale of logs authorized by Section 1 of this ordinance shall
21 be recorded as Water Fund revenue and be tracked to ensure they fully offset the costs of
22 implementing the Plan, including the projects, programs and activities described in the Plan.
23 Excess funds, if any, shall be used to fund other Water Fund expenses.



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Section 3. Any act consistent with the authority of this ordinance taken after its passage and prior to its effective date is hereby ratified and confirmed.

Section 4. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2011, and signed by me in open session in authentication of its passage this ____ day of _____, 2011.

President _____ of the City Council

Approved by me this ____ day of _____, 2011.

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2011.

City Clerk

(Seal)



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle Public Utilities	Amy LaBarge 733-9777	Karen Grove 4-5805

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 Watershed Management Plan in Sections 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, and 35, Township 26 North, Range 9 East, W.M., and Sections 1, 2, 3, 4, and 5, Township 25 North, Range 9 East, W.M.; declaring the logs resulting from said project 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 of the Legislation:

This ordinance would recognize the completion of the South Fork Tolt Watershed Management Plan, authorize SPU to implement ecological forest thinning projects 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 fund Plan implementation.

Background:

The 2011 South Fork Tolt Watershed Management Plan provides ecosystem and landscape management policy guidance for the City-owned portion (~8400 acres) of the Tolt Watershed. 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 its adoption of the 2009-2011 SPU water rates ordinance, the City Council directed that SPU conduct ecological forest thinning activities at net-zero cost, by subsidizing the cost of conducting the projects with revenue from the surplus timber generated. This ordinance would authorize the sale of harvested timber and direct that any net proceeds be deposited in the Water Fund.

Please check one of the following:

- This legislation does not have any financial implications.**
(Stop here and delete the remainder of this document prior to saving and printing.)
- This legislation has financial implications.**



Appropriations:

Fund Name and Number	Department	Budget Control Level*	2011 Appropriation	2012 Anticipated Appropriation
TOTAL				

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

Appropriations Notes:

No additional appropriations are required to cover expenses associated with the Tolt timber thinning activities. Sufficient appropriations for these activities are available in the Water Fund's "Other Operating" BCL.

The cost of the ecological thinning contract includes tree felling, cable yarding and log transportation, and will be fully offset by revenues from the sale of surplus timber. In addition, sale of timber resulting from the thinning will cover SPU's contract administration (\$20,000) and project monitoring (\$6,000) costs, along with the costs of timber appraisal (\$7,000) and replanting (\$10,000). If the revenue from the sale of surplus timber does not offset the thinning costs, then the contract will not be awarded and the project will not proceed.

Anticipated Revenue/Reimbursement: Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2011 Revenue	2012 Revenue
Water Fund - 43000	SPU	Timber sales	At least \$43,000	At least \$43,000
TOTAL			At least \$43,000	At least \$43,000

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 above and beyond the costs of the ecological thinning contract in the amount of at least \$43,000 annually, which will cover other related costs described above.

Additional minor road improvements estimated at \$16,000 will be paid for out of an existing road improvement capital activity C1310/C109002 approved under the Tolt Plan. This work will occur in the next few years regardless of whether SPU proceeds with ecological thinning in the Tolt Watershed.

What is the financial cost 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 increase in tree growth rates expected from thinning would be foregone or delayed, reducing potential revenues from any future considered commercial timber harvest.



Does this legislation affect any departments besides the originating department?

No.

What are the possible alternatives to the legislation that could achieve the same or similar objectives?

Similar, but smaller scale thinning activities could be undertaken using smaller contracts that generate less than \$50,000 value in surplus timber property. This strategy would not require legislative action but would essentially produce the same outcome. However, the impact of this option would be reduced economies of scale resulting in higher labor costs in planning and contract administration and lower net revenues from sale of surplus timber in the aggregate.

Is the legislation subject to public hearing requirements?

Yes, a public hearing is required to authorize sale of surplus property over \$50,000 in value and is proposed to be held in conjunction with City Council committee consideration of this ordinance.

Other Issues:

The long term implication of this work is that SPU will both improve the ecosystem service values of the city-owned forested landscape in the South Fork Tolt River Municipal Watershed, and best protect the value of the forest there as a potential commercial asset, should the City later choose to realize revenues from the commercial asset value.

List attachments to the fiscal note below:

1. Executive Summary of the South Fork Tolt Watershed Management Plan
2. Chapter 4: Forest Resources from the South Fork Tolt Watershed Management Plan



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle Public Utilities	Amy LaBarge 733-9777	Karen Grove 4-5805

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Background:

The 2011 South Fork Tolt Watershed Management Plan provides ecosystem and landscape management policy guidance for the City-owned portion (~8400 acres) of the Tolt Watershed. 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. The Executive Summary of the South Fork Tolt Watershed Management Plan and the Forest Resources Chapter 4 of the South Fork Tolt Watershed Management Plan are available in Clerk File 311678.

To implement the Plan's 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 its adoption of the 2009-2011 SPU water rates ordinance, the City Council directed that SPU conduct ecological forest thinning activities at net-zero cost, by subsidizing the cost of conducting the projects with revenue from the surplus timber generated. This ordinance would authorize the sale of harvested timber and direct that any net proceeds be deposited in the Water Fund.

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List attachments to the fiscal note below:





City of Seattle
Office of the Mayor

June 21, 2011

Honorable Richard Conlin
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Bill that would authorize ecological forest thinning in the Tolt River Municipal Watershed, as directed by the South Fork Tolt River Municipal Watershed Management Plan. This legislation would allow SPU to sell logs as surplus property under applicable City contracting and surplus property sale procedures and to deposit any net proceeds to the Water Fund.

The South Fork Tolt River Watershed provides nearly 40% of the City's water. Forests in this watershed protect the water supply and provide habitat and other ecosystem functions. However, these dense, second-growth forests can be improved greatly with active restoration. The City's forest management objectives are to promote the development of old-growth forest conditions, improve habitat for wildlife and fish, increase resilience to disturbance, improve future timber value and maintain water quality. To meet these objectives, the City will conduct ecological thinning, resulting in marketable timber that can be sold to offset costs of restoration.

The stewardship and restoration of this environmental resource will support the City's environmental sustainability efforts by improving habitat and protecting water supply source. Thank you for your consideration of this legislation. Should you have questions, please contact Amy LaBarge at 733-9777.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

