

2005 ANNUAL REPORT

**Skagit Environment Endowment
Commission**



Ross Lake from Desolation Peak



**ANNUAL REPORT
Calendar Year 2005**

INTRODUCTION

This Annual Report summarizes the activities of the Commission during the calendar year 2005. It is prepared in fulfillment of the provisions as per Article II of Appendix D of the British Columbia–Seattle Agreement (March 30, 1984) regarding the High Ross Dam.

Background

The Skagit Environmental Endowment Commission (SEEC) was established in 1984 as a result of the Ross Lake/Seven Mile Reservoir Treaty between Canada and the United States. Within the Treaty, British Columbia and the City of Seattle established the Skagit Environmental Endowment Fund to be administered by the Commission. Seattle and British Columbia contributed us \$1 million and us \$250,000 respectively to the Fund for the first four years after its creation. Both Seattle City Light and BC Hydro make ongoing annual supplemental payments to the fund, with the supplements based on annual power purchases. The current value of the fund is us \$7.9 million with the principal held in separate US and Canadian investment portfolios in Canada. The Endowment Fund resides and is managed completely outside of the consolidated revenue of both the BC Provincial and Seattle City governments.

The primary purpose of the Fund is to: (A) conserve and protect wilderness and wildlife habitat and; (B) to enhance recreational opportunities in the Skagit Valley. Expenditures of the Fund are limited to projects located in or related to the Skagit River drainage upstream of the Ross Dam in both Washington State and British Columbia. The intent of the Agreement is that the majority of the expenditures from the Fund averaged over an extended period be made in Canada. Details of the Fund are outlined in Appendix D of the Treaty (page 38) dated 1984. Annual expenditure levels are set within established guidelines, including the investment income of the fund.

The Commission created to manage the Fund is authorized to consist of eight members, four of whom are appointed by the Mayor of Seattle and four of whom are appointed by the Premier of British Columbia. Both countries also have four alternate Commissioner appointments for a total of sixteen individuals that serve the Commission. By Treaty, SEEC is a non-profit, tax-exempt entity.

COMMISSIONERS for 2005 (see Appendix A)

As of December 2005, both Canada and the United States had a full roster of Commissioners and Alternate Commissioners.

2005 ACTIVITIES

Highlights for the year:

At the start of the 2005 fiscal year, SEEC had received needs assessments in the areas of Education/Interpretation and Land Management, a Conservation Biology literature review of the entire Watershed and a draft Recreation needs assessment. The Commission also participated in a facilitated meeting between Canadian and U.S. land management agencies and academic specialists at the University of British Columbia in March 2005 to discuss conservation biology issues within the Watershed.

As a result of this input, SEEC engaged in a series of strategic planning meetings between April 1 and June 30 2005. The Commission affirmed the following goals:

- i. To support delivery of a quality recreational experience consistent with the protection of the natural values of the Upper Skagit Watershed
- ii. To achieve long-term protection of the Upper Skagit Watershed through a unified ecosystem management approach within a regional conservation context.
- iii. To secure increased levels of protection for the entire Upper Skagit Watershed
- iv. To increase understanding and support for the values of the Upper Skagit Watershed

To achieve these goals, SEEC resolved:

(i) to support community outreach in Seattle, Bellingham, Sedro-Woolley and Abbotsford for the North Cascades National Park Service's 2009 Park Plan; (ii) to sponsor a workshop on transboundary ecosystem management on March 6-7 2006 in Semiahmoo; (iii) to continue negotiating with the Province of BC government over measures to bring unprotected land in the Canadian portion of the Watershed into protected status with the assistance of partners and (iv) to foster collaboration in education and interpretation programming on both sides of the border. A request for proposals (RFP) process will follow the March workshop.

Partnerships: 2005 funds were also used in support of partnerships with the U.S. National Park Service (NPS), the North Cascades Institute (NCI) and the British Columbia Ministry of Water, Land and Air Protection which became the British Columbia Ministry

of the Environment (MOE) in June 2005. NCI funds were used to support their Mountain School and Skagit Watershed Education Programs. The NPS completed the Archaeological Survey of Little Beaver Creek, supported the international Hozameen Skagit Interpretive Program and conducted the fieldwork for a social science survey of Ross Lake. BC MOE funds were used for the Canadian portion of the Hozameen Interpretive Program, Invasive Species Management programs and a cultural burn project in Chittenden Meadows.

As in prior years, SEEC supported the Student Conservation Association's (SCA) campsite and trail renovation program in the Upper Skagit. SCA staff and volunteers worked under the supervision of the NPS and MOE on various sites around Ross Lake.

Plan for the 2005/06 funding cycle

The Commission's contingency fund of \$1,000,000 to support moving unprotected areas of the Upper Skagit Watershed to protected status was not used in 2005 and will be carried forward into 2006. Over 5,800 hectares of the Watershed lie outside the boundaries of parks and protected areas, and the area around Silverdaisy and 26 Mile Creek (known as the "donut hole") contains timber and mining tenures. Several Commissioners met with Barry Penner, BC's Minister of the Environment, to discuss SEEC's interest in preventing resource extraction within the unprotected portion of the Watershed. In consultation with senior staff at the Ministry, SEEC has decided to fund a consultant to develop a Fish and Wildlife Management Plan for the area. This plan will identify recreational use of Fish and Wildlife, identify population sectors and provide information for transboundary ecosystem management in conjunction with the NPS planning process currently underway. This will be followed by negotiations involving the Ministry of Mines, Ministry of Forests and Range, Ministry of Environment and First Nations.

A table of approved expenditures for the 2006/7 funding cycle is attached. Since its inception the Commission has approved over 260 projects totaling \$6.3 million. 53% of the funding has been for Canadian projects.

FINANCES

The Commission's fiscal year runs from April 1 to March 31st. The audited 2005 financial statements will be prepared later in 2006 and form an attachment to this Annual Report. According to the 2005 financial audit, the Endowment Fund showed a balance of over US \$7.9 million. The Fund is held and managed in Canada and holds investment portfolios in both US and Canadian funds.

Both Seattle City Light and BC Hydro supplement the fund annually with payments based on power purchase under the agreement. With Seattle's payment of \$105,415.08 and BC's payment of US \$42,920.74, a total of US \$148,335.82 was added to the Fund in 2005 exclusive of inflationary adjustments

Total expenditures of the Commission based on the budget for 2005/06 for the calendar year approximately US \$316,695 of which 71% was direct disbursement for contracts and partnership allocations.

Seattle City Light and the B.C. Ministry of the Environment provided staff and administrative support to the Commission in 2005. Chris Tunnoch served as the Canadian staff to the Commission and Celia Grether staffed the U.S. Commission.

Attachments: Appendix A Commission Roster
Appendix B 2005/6 Projects list
Appendix C 2005 Calendar

APPENDIX A

As of 02/01/06

NAME OF MEMBER	TERM EXPIRES	DATE BEGAN SERVING/ REAPPOINTED	APPOINTING AUTHORITY	COMMISSION FIELD; PROFESSION, RELEVANT COMMUNITY ACTIVITY
US MEMBERS				
Shirley Solomon	7-1-06	7-1-02	Mayor	Environment: Project Director Long Live the Kings, NW Renewable Resources Ctr, Tribes & Counties.
Dennis Canty	7-1-06	1-8-03	Mayor	Business/Finance: Consulting on non-profit funding
Martin Loesch	7-1-08	7-1-04	Mayor	Land/Property mgt: Attorney for Swinomish Tribal Community
Tony Kilduff	7-1-08	7-1-04	Mayor	Government: Finance, economics. City of Seattle
ALTERNATES				
Ken Wilcox	11-1-06	11-1-02	Mayor	Environment; Planning and writing. Alt. for Shirley Solomon
Tom Brucker	7-1-08	8-03-00	Mayor	Business/Finance; North Cascades Conservation Council; Sierra Club, Wash. Environmental Council. Alt. for Tony Kilduff
Sono Hashisaki	12-1-08	12-1-04	Mayor	Environment. Natural resource assessment and ecosystem restoration. Alt for Dennis Canty
Alison Studley	7-1-09	7-1-05	Mayor	Environment: Director of Skagit Fisheries Enhancement Group. Alt. For Martin Loesch
US STAFF				
Celia Grether		10-16-02	SCL	United States Staff
CA MEMBERS				
Lex Bennett	8-1-07	8-1-03	BC Premier	Business/Financial Management: Manager, Envision Financial; Economics
Pete Caverhill	3-25-07	3-25-03	BC Premier	Government: Fisheries expert
Ken Farquharson	3-25-07	3-25-03	BC Premier	Environment: Engineer, environmental advocate
Peter Kennedy	1-01-08	01-01-04	BC Premier	Land/Property Acquisition: Attorney
ALTERNATES				
Terry Bodman	12-12-07	12-12-03	BC Premier	Environment: Retired educator/school administrator. Alternate for Ken Farquharson
Susan Anderson-Behn	3-25-07	3-25-03	BC Premier	Land/ Property Management: Land management consultant Alternate for Peter Kennedy
Betsy Terpsma	3-25-07	3-25-03	BC Premier	Government: Communications. Alternate for Pete Caverhill
Tracey Herron	4-30-09	5-01-05	BC Premier	Finance: Search and Rescue. Alternate for Lex Bennett
B.C. STAFF				
Chris Tunnoch		12-12-97	Minister of Environment	Canadian Staff

APPENDIX B

**FISCAL YEAR 2006
Agency Partnerships**

	TITLE	APPROVED (US \$) SEEC
06-P1	National Park Service-North Cascades <i>Hozomeen Interpretive Communications in base allocation of \$40,000. Up to \$40,000 for cross-border ecosystem management projects</i>	\$80,000
06-P2	North Cascades Institute: <i>Base allocation of \$40,000 for Mountain School. Up to \$40,000 for cross-border educational projects</i>	\$80,000
0-P3	BC: Ministry of Environment: <i>Base allocation of \$40,000. Up to \$40,000 for cross-border ecosystem projects</i>	\$80,000
US Total	TOTAL PARTNERSHIPS	\$240,000

	Consultant Services (related to land protection)	\$20,000
	BC Fish and Wildlife Management Plan	\$86,000
	Support for NPS Park Planning Process	\$20,000
	Allocation for contracted projects demonstrating transboundary ecosystem management	\$200,000
		\$326,000

Grant Funded Projects

	TITLE	APPROVED (US \$) SEEC
06-01	Student Conservation Association (SCA)	\$27,000
Total		\$593,000

* SEEC is requesting continuation of contingent appropriation authority of up to \$1,000,000 to help move unprotected land in the Watershed to protected status

**APPENDIX C
Fiscal Year 2006**

DRAFT SEEC CALENDAR & WORKPLAN

April: Commission renews Partnership Agreements and solicits requests for proposals (RFPs) for transboundary ecosystem management projects

May/June: Proposal selection process. Projects are assigned to Commissioners. Secretaries draw up contract documents and enter details into SEEC database

September: Commission field trip to view projects within the Watershed

December/January: Project evaluation and budget development. Plan funding cycle for 2007/8

February: Secretaries send 2006 Budget Approval package to Council and BC government.

March: Seattle City Council & BC Govt. adopt budget; review Commissioners' terms and needs for new member recruitment. SCL and BC Hydro pay inflation adjustment on annual payment on March 31 2007.
