

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: November 5, 2002

SUBJECT: Fiscal Impact Statement: Proposed substitute for the “Urban Forest Preservation Act of 2002”

REFERENCE: Proposed substitute for Bill 14-307 as amended July 2, 2002

Conclusion

Funds are not sufficient in the FY 2003 through FY 2006 budget and financial plan to implement the proposed substitute for the Urban Forest Preservation Act of 2002” (as amended July 2, 2002). The proposed substitute for Bill 14-307 will cost the District \$168,050 in FY 2003 and \$1,101,350 from FY 2003 to FY 2006¹.

Background

The purpose of the proposed substitute for Bill 14-307 is to establish an urban forest preservation program within the District of Columbia. Maryland’s Urban and Community Forestry Program and Virginia’s Department of Forestry also conduct tree preservation activities. This act establishes a Special Tree Removal Permit process where an applicant pays \$35 per inch of the circumference of a Special Tree to remove it, or plants an equivalent number of saplings to replace the removed Special Tree. This bill requires removal permits for special trees only; it is estimated that approximately 25%² of the trees in DC qualify as "special" (>55 inch circumference).

¹ Previous fiscal impact statements on Bill 14-307 were filed on February 19, 2002, June 28, 2002, and August 8, 2002.

Notification requirements for removal of special trees and hazardous trees, as well as penalties for harming trees that are not an individual's private property are also established in this substitute act. Finally, this bill establishes a Tree Fund that will cover the cost of planting of new trees in the District. The Tree Fund will be funded by donations and fees collected pursuant to this bill.

The version of the Urban Forest Preservation Act (as amended on July 2, 2002), which is currently being considered by Council, would cost the District \$600,000 in FY 2003 and \$2.4 million from FY 2003 to FY 2006. The introduced version requires permits and plans for every tree removed in DC – not for 25% of the trees, as proposed in the proposed substitute legislation. The introduced version also contains a tax deduction for planting trees that would be very difficult to administer because there are no requirements for documentation that coincide with District tax operations and systems. Both versions of the bill designate a Tree Fund.

Financial Plan Impact

The Act would designate a Tree Fund - a dedicated "O"-type and "P"-type (private donation) fund - that is non-lapsing and non-reverting. This fund would be separate from the District of Columbia's local General Fund revenue as a sub-fund in the Highway Trust Fund's local road transportation fund. The Tree Fund would be used solely for planting trees. The Tree Fund would generate revenue through fees and fines established in this act, as well as by private donations

The Tree Fund only covers the cost of planting trees, not the administrative costs incurred by DDOT and Department of Consumer and Regulatory Affairs (DCRA) in administering this act. As a result, administrative expenses cannot be offset by any permit fee revenue and must be funded out of the local general fund.

DDOT estimates that it will need to hire two professional arborists in FY 2003, and two more in FY 2004, for a total of four FTEs. The arborists will issue between 250 to 350 tree permits a month, make 100 to 200 site visits a month and follow up on required planting. Personnel costs for each professional arborist would be \$56,025 per annum, including benefits and overtime. Administrative costs for each arborist would be approximately \$5,500 per annum, including office space, computers and supplies. Annual costs of \$20,000 for field equipment and \$25,000 for legal fees would also be incurred by DDOT. Total DDOT costs for FY 2003 will be \$168,050. Costs will increase to \$301,100 in FY 2004 when the program is fully implemented, and increase \$10,000 a year thereafter to accommodate staff grade and step level increases.

² There are approximately 700,000 trees in all of DC, of which approximately 175,000 are special. This bill will not cover all of the trees in DC because many of them are located outside of DDOT's jurisdiction. According to the Casey Foundation, there are approximately 106,000 trees under DDOT's jurisdiction along DC's streets, of which approximately 26,500 are special. As a result, the number of special trees this act will cover will fall somewhere in-between the number of special trees in the District and the number of special trees along the District's streets.

DCRA's cost of enforcing the Urban Forest Preservation Act of 2002 would be absorbed within their normal operating activities. DCRA's role would be to assure the building permit process' compliance with this Act and to issue stop work orders if violated.

Below are the estimated costs of administrating the Urban Forest Preservation Program.

Estimated Cost of Administering the Urban Forest Preservation Program					
Item	FY 2003	FY 2004	FY 2005	FY 2006	4-Year Total
Urban Forest Preservation Program	\$ 168,050	\$ 301,100	\$ 311,100	\$ 321,100	\$ 1,101,350