

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: December 2, 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, 2002¹

Conclusion

This fiscal impact statement is on the most recent version of the substitute and therefore supercedes the statement filed on November 5, 2002. Funds are 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).

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" (greater than 55 inch circumference).

¹ Previous fiscal impact statements on Bill 14-307 were filed on February 19, 2002, June 28, 2002, August 8, 2002, and November 5, 2002.

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

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 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 and the administrative costs of running the program. The Tree Fund will be funded by donations and fees collected pursuant to this bill.

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 covers the cost of planting trees, and any associated costs incurred by the District in administering this Title. The Tree Fund would generate revenue through fees and fines established in this act, as well as by private donations.

Revenue into Tree Fund

Based upon tree permitting in surrounding jurisdictions, it is estimated that the Urban Forestry Division would receive over 1500 tree permit applications a year, and 10% of those applications would choose to pay the fine of \$35 per inch of tree circumference rather than plant replacement trees. Assuming that the average tree removed is slightly larger than the minimum threshold of 55 inches, the District would generate over \$300,000 a year in tree permitting fees. In addition, the District would also generate a few thousand dollars in revenue from fines and penalties assessed for damaging trees.

Estimated Revenue Deposited into Tree Fund					
<i>(in millions)</i>					
	FY 2003	FY 2004	FY 2005	FY 2006	4-Year Total
Urban Forest Preservation Program	\$0.17	\$ 0.34	\$ 0.34	\$ 0.34	\$ 1.19

Expenditures from Tree 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

act will cover will fall somewhere between the number of special trees in the District and the number of special trees along the District's streets.

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.

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.

Estimated Expenditures from Tree Fund					
(in millions)					
	FY 2003	FY 2004	FY 2005	FY 2006	4-Year Total
Urban Forest Preservation Program Expenditures	\$0.17	\$0.30	\$0.31	\$0.32	\$1.10

Revenue deposited into the Tree Fund is slightly higher than estimated expenditures, therefore the program will not need to draw on DC General Fund revenue to fund administrative activities. The remaining money in the fund can be used for planting trees.

Estimated Cost of Administering the Urban Forest Preservation Program					
(in millions)					
	FY 2003	FY 2004	FY 2005	FY 2006	4-Year Total
Estimated Annual Tree Fund Balance	\$0.00	\$0.04	\$0.03	\$0.02	\$0.09