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## Developing a Natural Capital “Blueprint” for the City of Seattle: Incorporating Natural Capital into City Reporting and Planning Earth Economics’ Proposal to the City of Seattle

October 28, 2019

### Background

Natural assets such as city parks, street trees, urban forests streams and wetlands provide ecosystem services worth hundreds of millions of dollars in economic value each year to communities in Seattle and the surrounding region. By understanding and incorporating this value into strategic planning, infrastructure investment choices, and annual reporting, City of Seattle leaders and planners can make more cost-effective decisions about resource allocation that support the City’s goals for resilience, sustainability, equity, quality of life, and job creation.

Recognizing the value of natural capital to communities in Seattle, the Seattle City Council in November 2015 approved SLI 75-1-A-2-2015. This Statement of Legislative Intent requested that “FAS [Finance and Administrative Services] develop a scope of work for the valuation of Seattle’s natural capital and how to incorporate that valuation into City reporting and planning”. FAS issued a response to the SLI on June 30, 2016, which included background research and recommendations for how to address this SLI.

### Consultant Proposal

Earth Economics herein proposes a study to outline a framework and “Blueprint” for integrating natural capital with key areas of City planning and reporting. This work will support the development of practical approaches for planning, management, and reporting of natural capital by the City’s departments and initiatives. This will in turn lead to a more optimal balance of green and grey investments by the City. This work will also support efficient spending of taxpayer dollars and a more equitable distribution of benefits and impacts to communities. The geographic scope of the analysis will focus on lands and assets within the City of Seattle and under the control of the City, but the framework will be transferable to natural assets on other public and private lands in Seattle.

### Tasks

Earth Economics proposes the following tasks to address the FAS recommendations:

- **Task 0. Convene stakeholder team and conduct project kickoff meeting.** Earth Economics will work with City staff to identify a core “Stakeholder Team” representing key departments within the City that currently manage natural assets directly or indirectly (e.g. Seattle Public Utilities, Seattle City Light, Parks and Recreation, Office of Sustainability and Environment, Transportation, Planning and Community Development), or functions that might relate to the financing or reporting of natural assets (e.g. FAS, Budget Office). The Stakeholder Team members will be points of contact for their respective departments, and will also be used for general data support, guidance, and feedback on the project. Earth Economics will conduct an in-person kick-off meeting with the Stakeholder Team, identifying potential data sources and constraints, and setting the outline of the study, communications protocols, coordination with other project stakeholders, and a project timetable.
- **Task 1. Information Gathering.** Through research, literature review, and 1:1 interview-style meetings (by phone) with key stakeholders in the City, EE will gather information on the current state of understanding and practice related to natural capital in the City, to better understand potential opportunities/challenges.
- **Task 2. Framework Development.** EE will develop a framework for natural capital in Seattle, including key concepts, definitions, categories of natural capital and ecosystem services, valuation approaches, and the connection between natural capital and resilience. The framework will also discuss the nature of the kinds of benefits that natural capital provides, such as monetary vs non-monetary, public vs. private, and highlight those that directly support City agency service delivery vs. broader co-benefits. The framework will be shared, vetted, and refined with the City before proceeding with Task 3.
- **Task 3. Natural Capital Blueprint Development.** Drawing from the information gathered in Task 1, and building on the framework in Task 2, EE will produce a Blueprint of approximately 15-25 pages. Blueprint sections could include:
  - **Framework:** Review of key concepts related to natural capital, ecosystem services, and how investing in natural capital asset can support resilience and valuation. This section will be adapted from Task 2.
  - **Opportunity areas and specific steps:** Examples of decision making processes or thematic areas in which Calgary can further integrate and advance natural capital. Areas could include stakeholder education, triple-bottom line analysis, asset management, city planning and development, capital planning, asset management, accounting, surplus land review, and resilience. Specific tools in these areas may also be highlighted. This section will draw from the information gathered in Task 1, including stakeholder interviews. The benefit of including natural capital information

in each area of city planning and reporting will first be defined and discussed with the Stakeholder Team, as well as the potential level of effort and roadblocks. Criteria will then be developed for ranking and prioritizing these opportunities, with the goal of understanding the overall level of effort vs. benefits of implementation to the City and the city's neighborhoods. This task will help to document and provide concrete next steps on the range of opportunities that could be pursued by the City in the future. This step will rely on interviews with the relevant subject matter experts at the City to ensure the framework provides useful information, can be relatively easily integrated with existing City processes, and has a high overall chance of internal adoption.

- **Case Studies:** 2-3 detailed examples of cities that are including natural capital consideration in core decision making processes, and successes/challenges they have experienced.
- **Framing Guidance:** Guidance on how to communicate messages around natural capital to internal stakeholders such as the City Council.
- **Natural capital framework for equity and environmental justice.** Working with the Stakeholder Team, Earth Economics will provide recommendations on how natural capital can further support the equity and environmental justice goals of the City. The environmental justice and equity initiatives of other City departments, such as Environment & Equity Initiative, have already made significant progress in this area, and these stakeholders will also be contacted for expertise and feedback during this process.

#### Maximum Fee for Services Outlined Above

The total fee for Tasks 0-3 above will not exceed \$35,000.

#### Delivery Schedule

The services proposed in Tasks 0-5 above will begin within two weeks of execution of an agreement and will be completed within 12 months, or as mutually agreed with the City. This interval is dependent upon timely receipt of all relevant information from the City.

#### Method of Payment

These services will be billed on a monthly basis, based on the percentage of completeness of each task at the end of the month.



Client Responsibilities

1. **Point of Contact.** The City will identify a point of contact to support the Earth Economics project manager with administrative questions, identifying Stakeholder Team members, coordinating meetings, and coordinating document review.
2. **Review and Feedback.** Members of the Stakeholder Team will read and provide comments in electronic form within two weeks of receiving each output during the project, including the draft and final version of the report.
3. **Additional Supplemental Information.** During the course of the project, the City and will provide Earth Economics with any studies, documents, photos, logos and graphics, or any other appropriate information, to help strengthen the analysis and layout of the report and ensure that the City's objectives are met.

## Attachment A. About Earth Economics

Earth Economics was founded in 1998 as a Tides Center project and was incorporated in the State of Washington as an IRS-designated, tax-exempt 501(c)(3) in 2004. Earth Economics works in the Pacific Northwest, the US, and internationally, to provide analytical and inclusive frameworks for recognizing and stewarding valuable natural assets. Earth Economics has pioneered natural capital asset and ecosystem services valuation methodology as a means for representing the value of nature in the design of policy, funding mechanisms, and management plans. Our framework of valuing ecosystem services has been applied at all geographic scales from street trees to entire multi-state river basins. Earth Economics serves a large circle of nonprofits, government agencies, policy makers, businesses, and multilateral organizations with research, reports, presentations, workshops and investigations. We aim to promote better economics that help secure ecological health, economic prosperity, and social equity.

Relevant highlights from our work include:

1. Earth Economics has worked with Seattle Public Utilities on several innovative projects to include natural capital in decision making, including the business case analysis of Thornton Creek Knickerbocker Floodplain reconnection, and an effort to advance natural capital accounting standards through the Governmental Accounting Standards Board.
2. FEMA became the first federal agency to adopt ecosystem services valuation in formal policy in 2013, using values and concepts provided through a contract with Earth Economics.
3. Since 2015, Earth Economics has been a Platform Partner in the 100 Resilient Cities Program, pioneered by the Rockefeller Foundation. The City of Seattle recently became one of the 100 Resilient Cities.
4. Earth Economics has been working in the Duwamish Watershed for a number of years. Our work includes developing funding mechanisms for salmon restoration, conducting return-on-investment analysis of the North Winds Weir restoration project, and developing a cultural benefits framework for natural capital in the watershed.
5. Earth Economics has completed a number of ecosystem service valuation studies in the Puget Sound region, including an ecosystem service analysis of open space in Central Puget Sound for the Regional Open Space Strategy in 2015.
6. In 2015, Housing and Urban Development (HUD) hired Earth Economics to conduct trainings on a comprehensive benefit-cost analysis, which fully included green infrastructure, health, and social benefits, for the \$1 billion National Disaster Resilience Competition (NDRC).

