

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact:	CBO Contact:
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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the Cedar River Watershed; authorizing five years of ecological thinning, in accordance with the Cedar River Watershed Habitat Conservation Plan and Forest Management Plan, in Sections 13, 19, 20, and 21, Township 22, North, Range 7, East, W.M., Sections 1, 3, 4, 8, and 17, Township 22, North, Range 8, East, W.M., Section 3, Township 21, North, Range 8, East, Section 11, Township 21, North, Range 9, East, Sections 30 and 32, Township 22, North, Range 10, East, and Sections 4, 9, and 11, Township 21, North, Range 10, East, W.M.; declaring the logs resulting from ecological thinning 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 deposit of the proceeds therefrom to the Water Fund for the purposes of the Habitat Conservation Plan and Forest Management Plan implementation.

Summary and Background of the Legislation: This ordinance would authorize the sale of surplus timber from ecological thinning conducted under the Cedar River Watershed Habitat Conservation Plan (HCP) and Forest Management Plan (FMP). The Cedar River Watershed HCP is a 50-year, ecosystem-based plan prepared under the Endangered Species Act to address declining populations of salmon, steelhead and other fish and wildlife in the Cedar River basin. The FMP is based on commitments of the HCP and integrates concerns of climate adaptation, wildfire hazard mitigation, and Tribal wildlife concerns that have emerged since the HCP implementation.

The ecological thinning would occur from 2024-2028 and involve approximately 600 acres of second-growth forest. The purpose of the project is to improve forest habitat and biodiversity by reducing forest density, creating canopy gaps, and planting additional tree and shrub species. Up to 6,700,000 board feet of merchantable logs are expected to be cut. The ordinance would declare these logs to be surplus, authorize their sale, and direct the deposit of the sale proceeds to the Water Fund to offset costs of the HCP.

The City in 2002 adopted Ordinance 121040, prohibiting commercial timber harvest in the watershed and authorizing limited, non-commercial timber harvesting, including ecological thinning, to make forest habitat improvements. Ordinance 121040 allows the sale of up to 250,000 board feet of merchantable logs without additional ordinance authority, provided the proceeds be deposited in the Water Fund and dedicated to offsetting the costs of implementing the HCP. Ordinances 124853 and 126267 authorized surplus log sales from ecological thinning projects implemented from 2016-2022. This ordinance seeks authority for an additional five years (2024-2028) to implement ecological thinning and associated sale of surplus timber to

support efficient project planning and implementation to meet ecological objectives and HCP commitments.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? Yes No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? Yes No

Appropriation change (\$):	General Fund \$		Other \$	
	2023	2024	2023	2024
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2023	2024	2023	2024
				\$100,000
Positions affected:	No. of Positions		Total FTE Change	
	2023	2024	2023	2024

Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?
 Other Non-Operating Revenue (408000) for the Water Fund (43000) is estimated to increase \$10,000-\$200,000 each year between years 2024 and 2028. The estimate for 2024 is reflected in the table above.

This legislation supports the long-term forest restoration program in the Cedar River Municipal Watershed by improving complex habitat development and forest resilience.

Are there financial costs or other impacts of *not* implementing the legislation?
 Not implementing the legislation would impair multi-year plans for ecological thinning, which is an important element of the forest restoration commitments the City made in the HCP. Multi-party agreements associated with the HCP provide the City with certainty on several key issues related to its water supply operations on the Cedar River. Failure to meet HCP commitments, such as ecological thinning, would put us out of compliance with the permit conditions and may have ecological and financial costs. Finally, without this legislation SPU would lose the opportunity to receive potential revenue from sale of surplus logs to offset HCP costs.

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.

Appropriations Notes:

Existing appropriations in the 2023-2024 spending plan cover SPU operating costs of this program. Costs are approximately \$149,000 annually with labor averaging 78% and non-labor averaging 22% of the expenditures and include project planning, permitting, contract and program administration, implementation and monitoring. The specific activities are C100027, in the Water Fund’s Habitat Conservation Plan sub-BCL (C160) and N000793, N000797, and N000805 in the Watershed Management Division Natural Resources Budget (SU103). The ecological thinning contracts to implement the projects include tree felling, log yarding to roads and log transportation. While not applied as an expense reduction by accounting, contract costs are fully offset by revenues from the sale of surplus timber. Ecological thinning conducted pursuant to this ordinance would begin in early 2024 and continue through the fall of 2028.

3.b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from This Legislation:

Fund Name and Number	Dept	Revenue Source	2023 Revenue	2024 Estimated Revenue
Water Fund 43000	SPU	408000 – Other Non-Operating Revenue	\$ 0	\$ 100,000
TOTAL			\$ 0	\$ 100,000

Revenue/Reimbursement Notes:

Ecological Thinning is an ongoing program over the 50-year life of the HCP. The sale of surplus logs depends on the strategic approach of using forest thinning to meet the goals of the HCP and local and market conditions that change from year to year. This legislation covers 2024-2028.

SPU estimates up to 6,700,000 board feet of merchantable logs will be declared surplus and sold as a result of ecological thinning from 2024-2028. Proceeds from the sales will depend on timber quality and volume at each site as well as bids received and market conditions at the time of implementation. Proceeds from the sale of these logs could range from \$10,000 to over \$200,000 per year, after logging costs, depending on the factors just mentioned. All timber revenues will be deposited into the Water Fund, and while they are not applied as an expense reduction, they offset costs of HCP implementation.

3.c. Positions

This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

No

b. Is a public hearing required for this legislation?

Yes, given that this ordinance would authorize the sale of surplus property with potential value exceeding \$50,000 (per RCW 39.33.020). Public hearings have been and will be held for all ecological thinning ordinances requesting to sell timber as surplus property.

c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

Yes

d. Does this legislation affect a piece of property?

Yes

e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

This legislation provides authority to sell timber as surplus from ecological thinning projects in the Cedar River Municipal Watershed. The only perceived implication for historically disadvantaged communities is positive, which would be improved habitat and plant diversity and therefore improved potential for hunting and gathering by Native American Tribal members.

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

This legislation provides authority to sell timber as surplus from ecological thinning projects in the Cedar River Municipal Watershed. There are carbon emissions associated with thinning activities and log transport. The timber from these projects is primarily sold for the production of building materials which have longer carbon storage than other timber products, however waste material from the manufacturing process are used for production of paper products.

2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

This legislation will increase Seattle's climate resilience by active adaptation of forests in the Cedar River Municipal Watershed that experience tree mortality from increased summer drought and extreme temperatures. Thinning dense second-growth forests will reduce competition for ground water and provide opportunities to plant native climate adapted trees. Creating shaded fuel breaks and defensible space around watershed infrastructure through ecological thinning will enable firefighters to protect critical infrastructure for source water production in the case of wildfire. The Cedar River Municipal Watershed produces two-thirds of the water supply for 1.5 million customers. Destructive wildfires are expected to become more frequent with climate change.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?**

Not applicable

Summary Attachments:

Summary Exhibit A – Proposed Ecological Thinning 2024-28

Summary Exhibit B – 2023 Cedar River Municipal Watershed Forest Management Plan