



Agency Recommendation Summary

Washington State forests are threatened by devastating wildfires, permanent conversion, and climate change. Having secured critical funding for forest health treatments and wildfire prevention, we must ensure that the forests we are protecting aren't later lost to development, and that we are proactively planting in areas of greatest need. This legislation calls for environmental and economic analyses to determine our highest value forests, and establishes an advisory council to develop a plan to achieve a statewide goal of one million acres forests conserved, and one million acres of trees planted by 2040. Related to Puget Sound Action Agenda Implementation.

Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2022	2023	2021-23	2024	2025	2023-25
Staffing						
FTEs	0.0	3.3	1.65	3.5	2.0	2.75
Operating Expenditures						
Fund 001 - 1	\$0	\$778	\$778	\$578	\$321	\$899
Total Expenditures	\$0	\$778	\$778	\$578	\$321	\$899

Decision Package Description

Washington's forests are facing several major threats. With the successful passage of HB1168, DNR has secured the funding to implement necessary and urgent forest health restoration to address the most immediate threat—the increasingly catastrophic wildfires that have devastated our state in recent years. As DNR implements the 20-Year Forest Health Strategic Plan and conducts forest health treatments to mitigate the risk of wildfire, we will also need to ensure that the forests we're protecting are not later lost to other threats like permanent conversion to development, and that they continue to be resilient to changing conditions under climate change.

Between 1978 and 2001, Washington State permanently lost 700,000 acres of forestland west of the Cascades. During that same period, central and eastern Washington lost nearly as many acres, with the rate of conversion peaking to more than 1 percent of forestland lost each year between 1988 and 2004. Washington State lost an additional 394,000 acres of forest between 2007 and 2019, and University of Washington studies have estimated that 18% of the 5.4 million acres of private forestlands in western Washington will be at risk of conversion by 2080. This trend of permanent forest loss is likely to continue and increase with population growth and expanding urbanization.

In addition to the permanent conversion and loss of our forests, our state has seen significant impacts of climate change, including increased severity of wildfires. Since 2015 when over one million acres of Washington State forests burned, we have continued to see unprecedented wildfires that have destroyed over three million acres of forest in recent years. With this loss of trees on the landscape comes the decline in a readily available and sustainable timber supply for the forest products industry; a decrease in the quality and quantity of forests available for wildlife habitat, clean water production and storage, carbon sequestration, decreased recreation opportunities, and hindered climate mitigation and resilience potential.

Wildfires are not the only impacts of climate change that our state is seeing. The heat dome that killed over 100 people in 2021 called attention to the impacts of extreme heat on urban and rural communities alike, and highlighted the disproportionate effects that climate change is having and will have on low-income communities, communities of color, and the most vulnerable of our population. We know that urban tree cover provides cooling effects and helps to mitigate air pollution, among other benefits, and therefore will become increasingly important as temperatures rise; and yet, the environmental justice task force found that Washingtonians of color are far more likely than their white counterparts to live in areas with limited tree canopy. Tree planting in urban and rural areas where it is most needed is a critical tool to bolster Washington communities' resilience to the effects of climate change.

A 2017 study on natural climate solutions identified that reforestation and avoided forest conversion are two of the most robust opportunities for climate mitigation, with improved forest management next in line. Although the state has committed critical funding for forest health restoration and management for wildfire prevention, we have yet to develop a statewide goal to protect both working and natural forest areas from conversion, and to replant the trees we've already lost or where tree cover is currently lacking.

Despite DNR's role as manager of state trust lands, our work regulating forest practices on all non-federal forest land, and our vital job

of preventing and fighting wildfire on more than 13 million acres of forest, we do not have a clear mandate to protect the legacy of the Evergreen State by ensuring that our forests of all landownership types are maintained across the landscape.

With this legislation, we aim to establish a clear call to action that recognizes the scale of the threats against our forests, sets a goal to counteract them, and provides DNR with the mandate to tackle these issues with support from stakeholders. Following the model of DNR's forest health work, this first piece of legislation will include the following main components:

- Set a goal to conserve one million acres of working and natural forest at threat of conversion and plant one million acres of trees by 2040;
- Establish the elements of a framework for the strategic plan to achieve the goal, and a structure for annual reporting;
- Map and prioritize highest value working and natural forest lands for conservation or intervention to prevent conversion by conducting dual environmental and economic analyses. The environmental analysis will include criteria such as carbon sequestration potential, old growth areas, biodiversity and habitat, etc.; the economic analysis will incorporate criteria such as timber volume, proximity to milling infrastructure, associated jobs, etc.;
- Develop a pilot project to evaluate natural climate solutions funding opportunities, and barriers to protecting forest land at risk of conversion;
- Establish an Advisory Council to assist in developing and implementing the strategic plan, including an inventory and selection of existing tools and incentives relevant to the priority areas.

This legislation is crucial to match the scale of the threats facing our forests. One thing is clear—we will not stop losing our forests unless we take action. This proposal enables DNR to develop a science- and evidenced-based strategy to keep Washington forested now and for the future, and allows us to begin testing approaches in the short-term.

Finally, recognizing that our terrestrial and aquatic ecosystems are interlinked, we must also be proactive in conserving our resources from tree to sea by protecting and restoring our submerged aquatic forests in the face of climate change and increased population growth. Coastal ecosystems and marine plants can sequester up to twenty times more carbon than terrestrial forests and are vitally important to climate mitigation and adaptation. Compared to the earliest baseline in 1878, bull kelp extent in 2017 had decreased 63%, with individual areas showing up to 96% loss. Accordingly, this initiative will also incorporate conservation and restoration of our kelp forests throughout the coast and Puget Sound.

Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

The total for this proposal in Fiscal Year (FY) 2023 costs are \$777,800 for 3.25 FTE and \$250,000 in contracted services and the FY 2024 costs are \$577,400. Beginning in FY 2025 there are ongoing costs each fiscal year of \$320,900. The following assumptions describe how this work will be organized and funded.

Detailed Assumptions and Calculations:

- Establishing a new program around forest conservation and tree planting and convening a stakeholder advisory group will create new work streams that are not in the capacity of current staff.
- The strategic plan will be cross-ownership types, and therefore its development will require staff time from both Forest Practices and Uplands.
- Specific data necessary to develop the strategic plan does not yet exist and will need to be developed and analyzed. These data include mapping and prioritization of statewide Essential Conservation Areas and other areas of high ecological value; risk rankings for forest areas at threat of permanent conversion; and, statewide economic analysis of contribution of working and natural forests to local economies.
- DNR Natural Heritage Program Staff have the expertise, but not the capacity to conduct statewide mapping and prioritization of Essential Conservation Areas, while conducting and maintaining the day-to-day operations of the program. Hiring a 2-year project staff to support the day-to-day operations will enable higher level staff with the necessary expertise to conduct the statewide mapping and prioritization.
- An Environmental Planner 3 will scale up an existing forest conversion risk modeling tool from WRIA 7 to cover the full state. This same FTE will also participate in the advisory council, and contribute to the development, revision, and finalization of the strategic plan.

- An existing Senior Policy Advisor will lead the convening of the stakeholder advisory committee, including planning and logistics, and will contribute to the development, revision, and finalization of the strategic plan.
- Economic analysis is outside the scope of DNR expertise, and therefore will require contracted services to complete. The contractor will be paid for their services as provided through the contract. Contractor may hire specialized expertise if identified through the RFP process and specified in the contract.
 - DNR will design and complete a “request for proposal” (RFP) procurement process that will identify and contract with a suitable entity by June 15, 2022.
 - The contract will extend from July 1, 2022 through December 31, 2022.
 - The RFP and resulting contract will require that entities responding to the RFP identify in their response:
 - The scope and feasibility of the economic impacts study that will be completed in the allotted timeframe;
 - Experts or other entities with which it intends to sub-contract, including the purpose and the estimated cost for each.
 - This will be a one-time expense to obtain the necessary data and analysis to inform the strategic plan.
- The stakeholder advisory committee will be convened predominantly remotely, and therefore will not require additional budget for meeting-related logistics (venue, etc.). Advisory council members will be voluntary and will not be paid.
- The stakeholder advisory committee will meet regularly (at least monthly) for a period of six months for at least four hours at a time. The advisory council will support the process of developing the strategic plan, however, DNR staff will lead on compiling, revising, and finalizing the plan based on recommendations from the advisory council, which will require significant work outside of convening the advisory council meetings themselves.

Workforce Assumptions:

This package funds the following FTE:

- Senior Policy Advisor - FY 2023 - 3 staff months, FY 2024 - 6 staff months (no on-going costs)
- Environmental Planner 3 - FY 2023 - 24 staff months (2.0 FTE), FY 2024 and ongoing- 24 staff months each FY
- Natural Resource Scientist 2 - FY 2023 - 12 staff months (1.0 FTE) (one-time)
- Natural Resource Scientist 3 - FY 2024 - 12 staff months (1.0 FTE) (one-time)

Total staff related costs are as follows:

FY 2023 - \$527,700

FY 2024 - \$577,400

FY 2025 (and on-going each FY) - \$320,900

Costs included are salaries & benefits, average general goods & services, average travel and agency indirect. It also includes one-time funding for establishing workstations and computer purchases for the 2.0 FTE that are ongoing.

How is your proposal impacting equity in the state?

Environmental justice and equity will be woven into the 1-1-1 strategy in two major ways:

1) Who owns land across the state is an environmental and climate justice issue. Those who own forestland are less likely to face forced displacement as sea levels rise and climate change impacts population centers. Additionally, because of discriminatory laws and practices throughout history, landownership (and the inter-generational wealth that results from it) has largely been concentrated in the hands of white men, while Black, Indigenous, and People of Color (BIPOC) populations have been limited in whether and where they can own land. These policies have led to significant environmental health and economic disparities between the white and BIPOC communities.

With this imbalance in ownership, we see both a risk and opportunity. With such heavy representation from one type of community, we are putting all of our forest eggs into one basket, so to speak, thereby losing out on a broad diversity of values and motivations that could help to keep forests as forests. And, as the already older landowner population continues to age and land is passed on to the new generation, there is significant risk that forests may be sold off for development. Having a more diversified landowner population would help to mitigate this risk, as well as ensure that landowners are managing for a broad spectrum of objectives. New and diverse communities of landowners may manage

forests according to different types of values and therefore offer fresh perspectives on why and how to maintain forest on the landscape. It would also help to address some of the historical and on-going environmental health and economic disparities created by previous unjust practices.

2) There is increasing recognition of the success of Indigenous stewardship in terms of protecting biodiversity, maintaining ecological intactness, and building ecosystem resilience. There are several existing models of different ways that states, provinces, and federal governments have worked with Indigenous nations to enable Indigenous stewardship of forests and other land types, including co-management frameworks, Indigenous Protected/Conserved Areas, and Tribal National Parks. 1x1x1 would explore existing or new models for Indigenous forest stewardship in order to honor Tribal nations as the first caregivers of this land, and as redress for historical and on-going discrimination and oppression.

Finally, this legislation will build agency transparency, and act on recommendations from several past legislative reports, namely the outputs from the Carbon Sequestration Advisory Group (CSAG), and the 5330 Small Forest Landowners report released earlier this year. 1x1x1 brings a number of DNR initiatives under one umbrella, and establishes a framework and path forward for implementation and transparency around progress. It will tie together our work improving support to small forest landowners, exploring carbon projects and understanding our role in the new offset space created by 5126, identifying and establishing conservation areas through our Natural Heritage program, mapping and restoring kelp forests and eelgrass beds, and more. Outputs from CSAG and the 5330 SFLO report have already established the evidence base for addressing avoided conversion in particular, have identified some potential tools and solutions, and will heavily inform our goal setting and focus areas. With annual reporting built into the strategic framework, it will ensure that DNR is transparent about our progress, and is in regular dialogue with stakeholders and legislators about next steps and implementation and funding needs.

Strategic and Performance Outcomes

Strategic Framework:

This legislation and budget request relates to Goal 3: Sustainable Energy and Clean Environment (combatting climate change). Working and natural forests are critical in our fight against climate change and providing the communities in our state with a clean, resilient environment. Working and natural forests sequester carbon, filter and cool our drinking water, mitigate environmental risks such as flooding, provide shelter and habitat for terrestrial and aquatic species alike, and purify our air. Preventing forest conversion and replanting trees in areas of greatest need will contribute both to climate mitigation, by continuing to sequester carbon, as well as climate resilience, by maintaining the necessary ecosystem services that keep Washingtonians healthy and safe, and ensuring that Washington's communities can continue to benefit from all that the forests provide.

This package relates to both the goals to *Build Strong and Healthy Communities*, and *Strengthen the Health and Resilience of Our Lands and Waters* of DNR's Strategic Plan. Specifically, the objectives of this working group fall exactly under *goal B 2.4: "Develop and implement collaborative solutions to protect working farms and forests, including landowner assistance and incentives."* One of the primary goals of the strategic plan to be developed is to conserve one million acres of working and natural forest, including through landowner assistance programs and incentives. This legislative proposal sets this goal, and establishes the necessary framework to accomplish it: starting with mapping and prioritizing high conservation value forested areas alongside working and natural forested areas at risk of permanent conversion, establishing an advisory council to guide the process of developing a strategic plan to identify the necessary tools, incentives, and assistance programs to achieve the goal. A key output from this package would be an inventory of existing tools, incentives and assistance programs that are currently able to contribute to meeting the goal, as well as identification of gaps where new or adapted mechanisms will be necessary. This process is the necessary start that will enable DNR to successfully develop and implement collaborative solutions going forward.

Additionally, it relates to *Goal D 1.2: "Collaborate on advancing climate resilience with tribes and partners at the local level and across the state."* The very many ecosystem services that our forests provide, including carbon sequestration, flood mitigation, temperature regulation, and much more, are key to Washington communities' climate resilience. By working to conserve critical forest areas, and keep working forests working on the landscape, we are protecting a key asset in our collective climate resilience. DNR knows the work will require strong collaboration with Tribes and other partners at all levels across the state. The stakeholder advisory committee will serve an important role in developing and operationalizing some of that collaboration, but it will also serve to identify other opportunities for collaboration throughout the course of the strategic plan development, and later, implementation. Finally, we will seek to build strong community resilience through good green jobs, including the conservation, restoration, and tree planting work that will be key to the success of this initiative.

This package supports the following agency activities:

- A027 - Small Forest Landowner
- A022 - Natural Heritage

Performance Outcomes:

The decision package most directly supports:

- *CRT-982 Number of acres protected as working farms and forests, conservation lands, park lands, and open space through purchases, sales, transfers, exchanges and conservation easements.*

A primary goal of the stakeholder advisory council and the development of the strategic plan will be to identify the means by which DNR and partners can be most successful in protecting/conserving/maintain working and natural forests, whether as conservation lands, community forest trust lands, acquisition for state trust land, or using tools such as Transfer of Development Rights, tax breaks, and more. The goal is to conserve one million acres of working and natural forest land by 2040, which will certainly lead to an increase over the number of acres currently protected.

This decision package potentially supports:

- *FP-1193: Number of small forest landowners from whom a Forestry Riparian Easement (FREP) is purchased to protect riparian habitat*
- *FP-2517: Number of Rivers and Habitat Open Space program (RHOSP) conservation easements purchased from forest landowners to protect riparian and upland habitat.*

Part of the output of the stakeholder advisory council and strategic plan will be to identify existing incentives for small forest landowners to maintain working or natural forestland: both FREP and the RHOSP programs are examples of such incentive programs that could help achieve this outcome.

The stakeholder advisory council process and subsequent recommendations, along with the strategic plan that will be developed, highlight the importance of these programs as prevention measures for conversion and may also provide recommendations on how they can be more accessible to small forest landowners, thereby increasing their uptake. Additionally, the recommendations from the advisory council and the implementation of the strategic plan that is developed may help to reduce or mitigate barriers that small forest landowners face in accessing DNR small forest landowner support programs. DNR is aware of some of these barriers, and is working to address them through other means; this stakeholder advisory council process and strategic plan will complement that work and contribute to optimizing efficiencies.

Other Collateral Connections

Puget Sound Recovery:

Forest conservation and tree planting is crucial to Puget Sound recovery, and this initiative will support many of the regional priority approaches in the 2018-2022 Action Agenda. Specifically, this initiative is most relevant to the Land Development and Cover Vital Signs and Regional Priorities.

- LDC 1.1 Gain a better understanding of current habitat conditions: the environmental analysis, including determining Essential Conservation Areas, will contribute to a better understanding of current habitat conditions across the state, as well as threats to those conditions, and therefore priority areas for conservation.
- LDC1.2. Gain a better understanding of the social, economic, and political factors currently affecting habitat: the combination of the economic and environmental analysis of high value forested lands across the state will contribute to understanding where there is tension between different types of forest values (economic/environmental/social), and where there are opportunities for conservation that do not interfere with other values.
- LDC2.1. Collaborative multiple-benefit groups develop a plan that prioritizes locations to restore or protect: the Stakeholder Advisory Council that we will establish will help to make decisions (based on the environmental and economic analyses) on which forested areas are priority for protection, both in the sense of conserving forests as natural areas, as well as keeping working forests working.
- LDC3.1. Develop and implement outreach, education, and/or incentive programs: the Stakeholder Advisory Council will be identifying where gaps in incentive programs or barriers to implementation exist, and will be seeking to develop programs where necessary, and resolve barriers where possible.

Because this strategy will be statewide, only a portion of the overall activities (e.g. the environmental and economic analyses) will be directly related to Puget Sound recovery, although much of the outputs (inventory of incentive programs and resolution of barriers to implementation) will

be applicable to Puget Sound. Accordingly 40% of the total expenditures is estimated to contribute to Puget Sound recovery. See table below.

Activity	Staff positions required	FTE FY23	FTE FY24	Costs FY23	Costs FY24	Total Operating Budget	% supporting Puget Sound recovery	Total PugetSound Recovery
Convene and facilitate the advisory council, compile recommendations, and contribute to developing the strategic plan	Senior Policy Advisor	0.25	0.5	\$47,400	\$94,800	\$142,200	50%	\$71,100
Program staff to participate in advisory council, compile recommendations and contribute to developing the strategic plan; Scale-up of the avoided conversion risk mapping tool from the UW MSBA student project	Environmental Planner 3	2	2	\$341,400	\$320,900	\$662,300	50%	\$331,150
Essential Conservation Area mapping and prioritization	Natural Resource Scientist 2 (FY 23) Natural Resource Scientist 3 (FY 24)	1	1	\$138,900	\$161,700	\$300,600	25%	\$75,150
Contract for Economic Analysis				\$250,000	\$0	\$250,000	25%	\$62,500
Total		3.25	3.5			\$1,355,100		\$539,900

40%

State Workforce Impacts:

N/A

Intergovernmental:

In the development and implementation of the strategic plan, DNR will seek to work in collaboration with Tribal and county governments, as well as other state agencies. Because the strategy will focus on voluntary measures and incentive programs, there will be no significant impacts to these political subdivisions.

Legal or Administrative Mandates:

N/A

Stakeholder Response:

Based on stakeholder engagement conducted thus far, stakeholders are in support of this agency request legislation and decision package. The goals of conserving one million acres of working and natural forest, and planting one million acres resonate with environmental organizations, industry associations, and community advocacy groups alike, because they will help to ensure that WA’s forests continue to contribute to climate mitigation and resilience (through carbon sequestration and other ecosystem services), robust rural economies, and thriving urban communities. Some stakeholder groups impacted by this proposal include:

- **Washington Farm Forestry Association (WFFA):** WFFA can expect to see greater support and incentive programs available to its small forest landowner members, as this strategy will highlight the currently available tools and incentives to support maintaining forestland across the state, as well as barriers to small forest landowner participation, and gaps in relevant services offered. They are supportive.
- **American Forest Resource Council (AFRC):** AFRC is supportive of this initiative because it will help to ensure a stable and reliable source of sustainable timber, including on state lands. A particular emphasis on keeping working forests working is important to this group.
- **Washington Environmental Council (WEC):** WEC is supportive of initiatives such as this proposal that contribute to “climate smart wood,” which includes well-managed working forests that are able to contribute environmental benefits such as carbon sequestration and wildlife habitat, while still providing a sustainable source of harvested wood products. This proposal will support the development of a strategy that will better enable Washington’s forests to fill that role.
- **The Nature Conservancy (TNC):** As a land conservancy and environmental organization that seeks to tackle the dual challenges of climate change and biodiversity loss, TNC is in support of this initiative that seeks to use tools such as acquisition, community forests and easements, as a way to maintain both the ecological and economic or social values of forests in the state.
- **Front and Centered (F&C):** F&C is a community advocacy organization with a focus on environmental justice. They are in support of this initiative because it is aimed at identifying and protecting the many values that Washington forests provide all communities, including overburdened communities and those in urban areas who have disproportionately less tree cover or access to greenspace. The initiative also seeks to prioritize conservation or tree planting efforts such that environmental justice communities are better able to access the

benefits of our urban and rural forests.

Changes from Current Law:

The proposed request legislation will set the goals of conserving one million acres of working and natural forest, and planting one million acres. It also provides DNR the authority to establish a stakeholder advisory group to support the process of developing a strategic plan to meet the goals. This legislation is still in draft status and will be shared prior to the start of the upcoming legislative session.

State Facilities Impacts:

N/A

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No

Objects of Expenditure

Objects of Expenditure <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2022	2023	2021-23	2024	2025	2023-25
Obj. A	\$0	\$248	\$248	\$287	\$157	\$444
Obj. B	\$0	\$96	\$96	\$107	\$59	\$166
Obj. C	\$0	\$250	\$250	\$0	\$0	\$0
Obj. E	\$0	\$46	\$46	\$34	\$20	\$54
Obj. G	\$0	\$18	\$18	\$19	\$13	\$32
Obj. J	\$0	\$7	\$7	\$0	\$0	\$0
Obj. T	\$0	\$113	\$113	\$131	\$72	\$203

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