



**HILARY S. FRANZ**

COMMISSIONER OF PUBLIC LANDS

# Washington State Department of Natural Resources

# State Lands Report

**To the Board of Natural Resources:**

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Product Sales & Leasing Division Manager

**Brock Milliern**

Conservation, Recreation & Transactions Division Manager

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Deputy Supervisor for State Uplands

**July 7, 2020**



# Today's Conversation

- Overview of DNR managed lands
- Revenue in each business area
- Sustainable harvest calculation
- Urban and transition lands
- Management of lands for both their given mandates and for the general public
- Fund balances and growth opportunities



# State Uplands

**Total area:  
3.1 million  
acres**

**Trust Lands  
2.9 million  
acres**

**Community  
Forest Trust  
52,000  
acres**

**Conservation  
Lands  
161,000  
acres**



# 2019 Revenue (in millions)

Business Area	Gross Revenue
Forestry	\$186.3
Forest Health	\$10.4
Agriculture Leases	\$23.4
Grazing	\$1.2
Commercial	\$10.2
Communication Sites	\$4.9
Property Leases – Including Green Energy	\$2.1
Rock, Sand, & Gravel	\$1.1
Special Forest Products, Rights of Way, Misc.	\$1.1
<b>Total</b>	<b>\$240.7</b>





# Forestry

## 2 million forested acres

- **Westside**

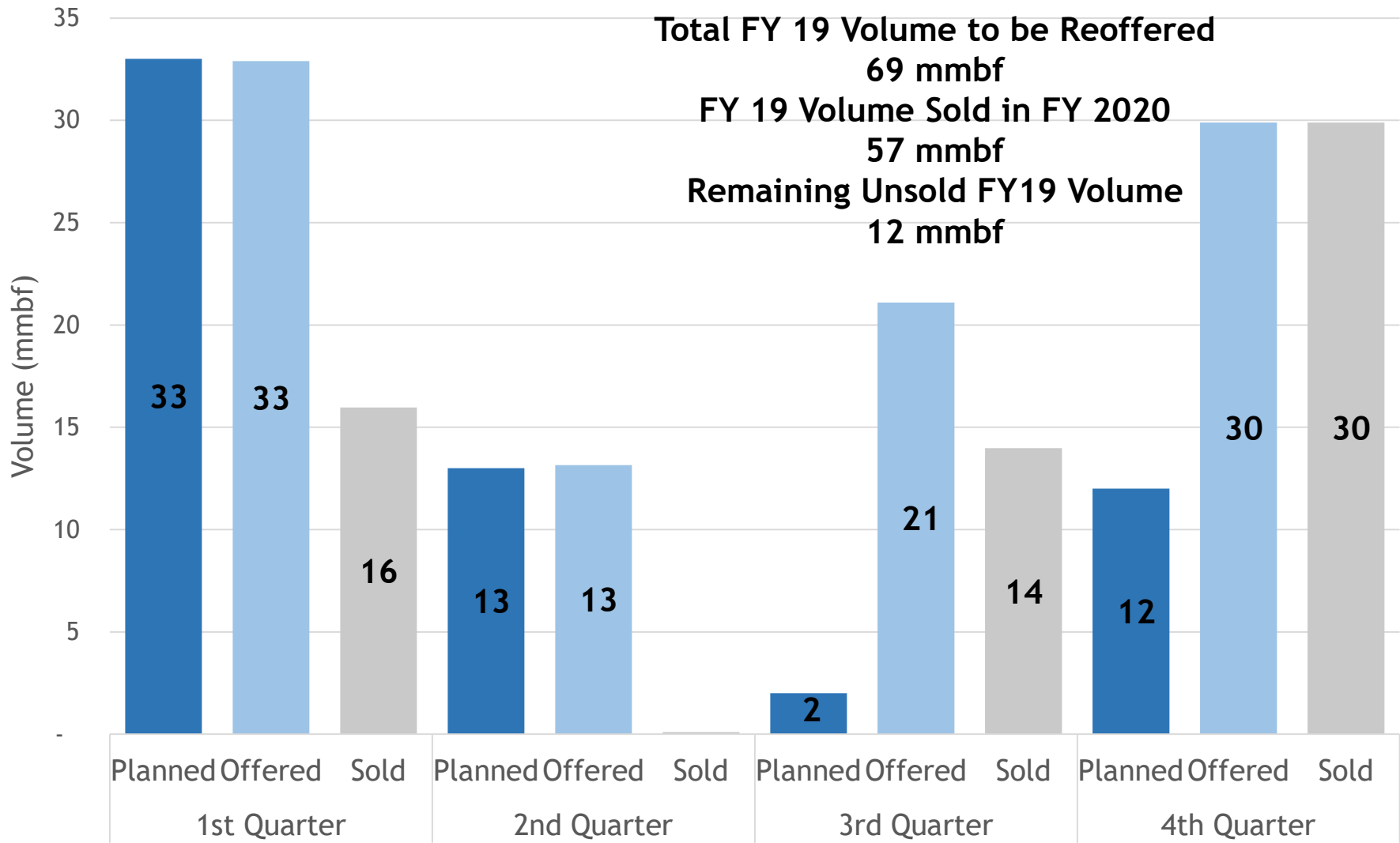
- 1.38m acres
- \$184m FY19 revenue

- **Eastside**

- 677k acres
- \$2m FY19 revenue
- \$10m FY19 forest health



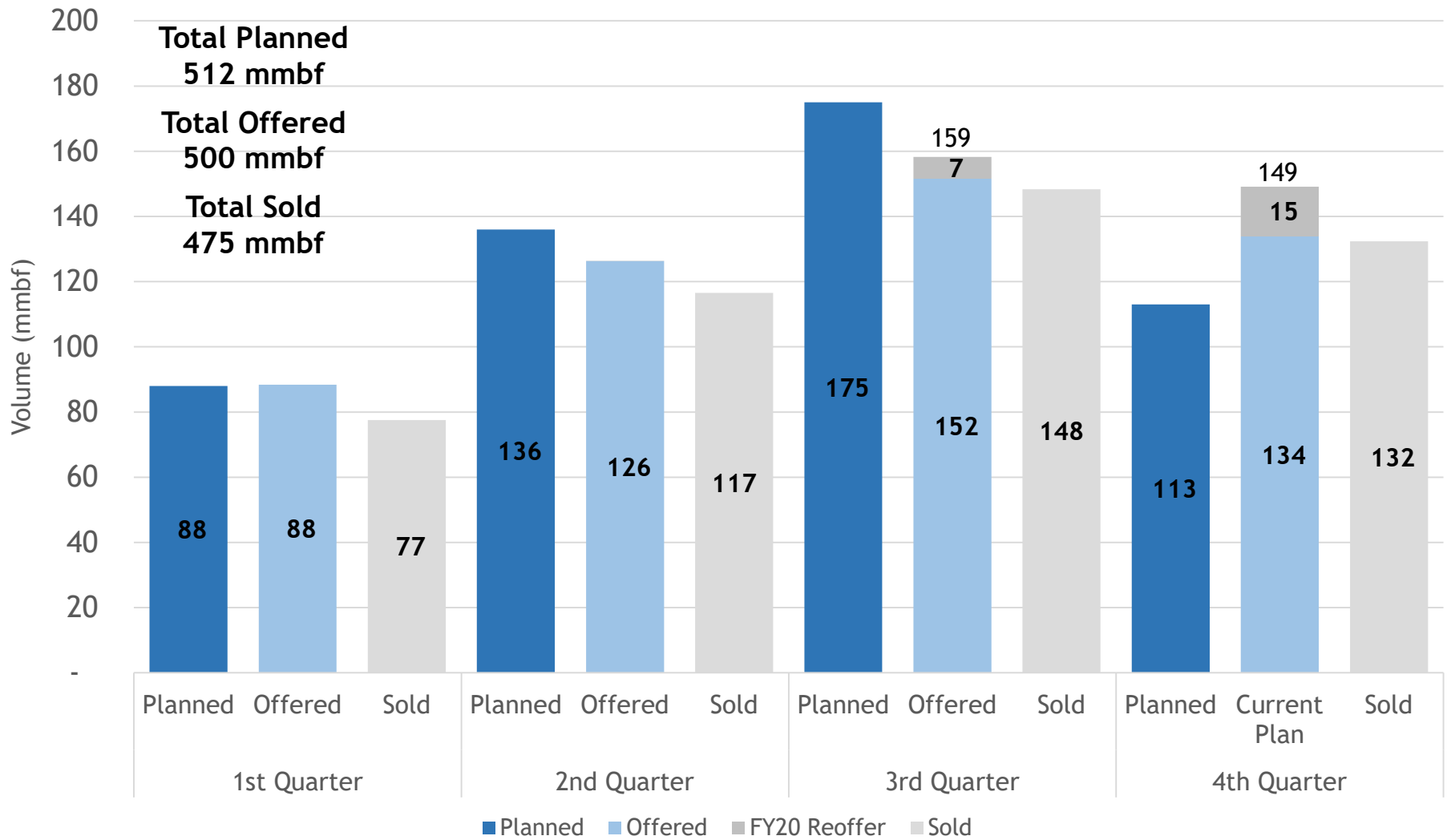
# Fiscal Year 2019 Reoffered Volume



Planned based on 9/10/2019 presentation



# Fiscal Year 2020 Volume Update



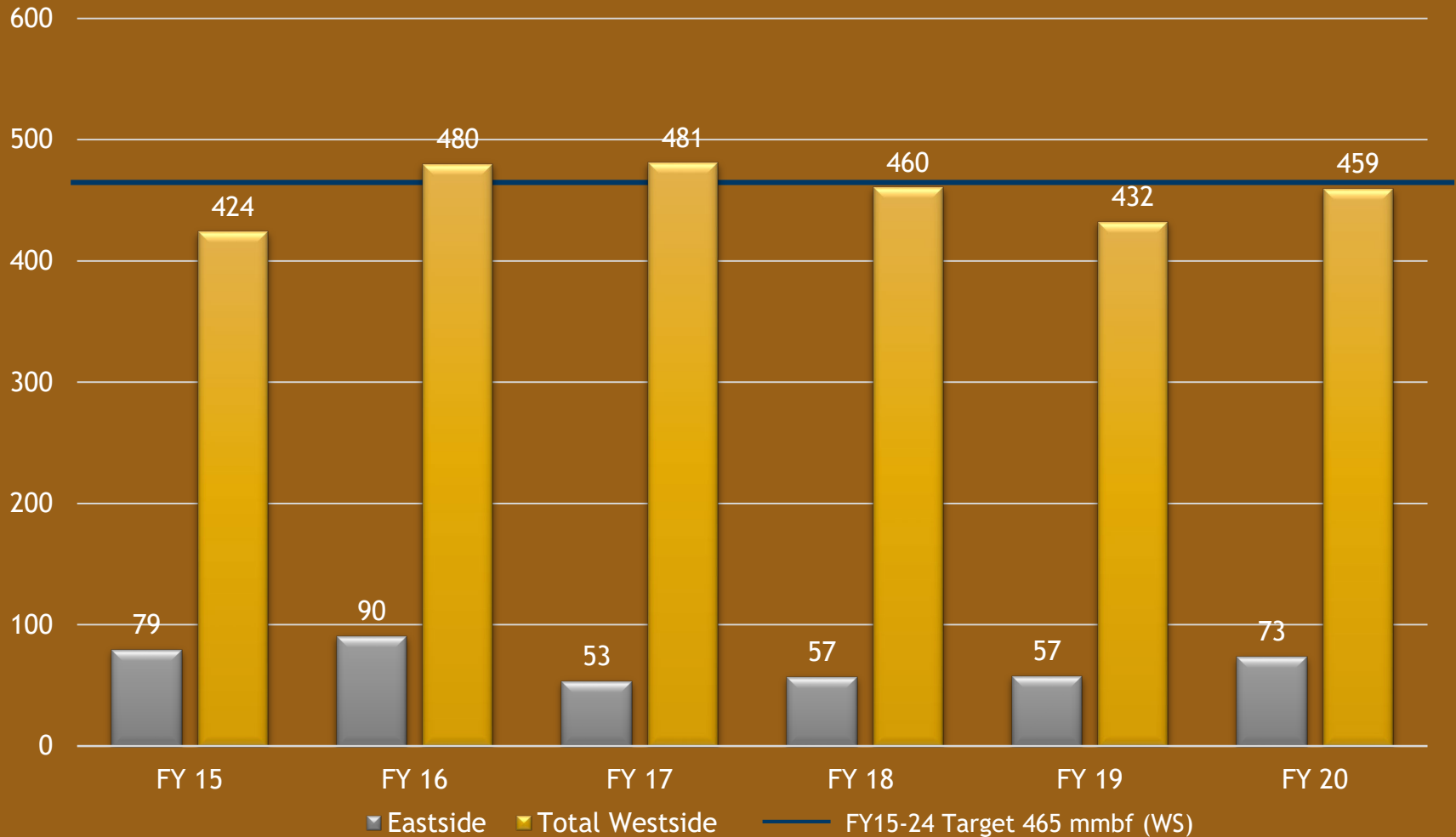
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Sold volumes include FY2020 reoffer volume





# Timber Volume Sold (MMBF) FY15-FY20 Sold Sales



# Westside Sustainable Harvest Unit Volume Sold/Remaining (MMBF)

Sustainable Harvest Units		FY 2015-2024 Sustainable Harvest Deliverables			
		FY15-24 Targets	FY15-FY20 Sold Volume	FY21-FY24 Remaining Volume	Total
Federally Granted Trusts & SFP		1876	1060	816	1876
Olympic State Forest		739	363	376	739
Capitol Forest		529	292	237	529
State Forest Transfer	Clallam	210	96	114	210
	Clark	48	66	0	66
	Cowlitz	23	25	0	25
	Grays Harbor	5	2	3	5
	Jefferson	65	31	34	65
	King	80	40	40	80
	Kitsap	12	18	0	18
	Lewis	191	134	57	191
	Mason	95	64	31	95
	Pacific	41	41	0	41
	Pierce	29	13	16	29
	Skagit	259	198	61	259
	Skamania	101	41	60	101
	Snohomish	203	140	63	203
	Thurston	23	30	0	30
	Wahkiakum	59	32	27	59
Whatcom	67	50	17	67	
		4655	2737	1952	4689
				Over/Under SHU target	34



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	Jefferson	65	31	34	65
	King	80	40	40	80
	Kitsap	12	18	0	18
	Lewis	191	134	57	191
	Mason	95	64	31	95
	Pacific	41	41	0	41
	Pierce	29	13	16	29
	Skagit	259	198	61	259
	Skamania	101	41	60	101
	Snohomish	203	140	63	203
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# Westside Sustainable Harvest Unit Volume Remaining (MMBF)

Sustainable Harvest Units		FY21 Scheduled Volume	FY22 Scheduled Volume	FY23-24 Remaining Volume	FY15-FY24 Sold, scheduled and remaining	Over/Under Target	Percent Over/Under Target
Federally Granted Trusts & SFP		190	199	427	1,876	0	
Olympic State Forest		116	140	120	739	0	
Capitol Forest		63	58	117	529	0	
State Forest Transfer	Clallam	27	28	59	210	0	
	Clark	8	0	0	75	27	57%
	Cowlitz	2	1	0	27	4	17%
	Grays Harbor	2	0	1	5	0	
	Jefferson	14	16	5	65	0	
	King	3	10	26	80	0	
	Kitsap	0	0	0	18	6	54%
	Lewis	26	16	15	191	0	
	Mason	13	5	13	95	0	
	Pacific	5	0	0	45	4	10%
	Pierce	2	5	8	29	0	
	Skagit	28	16	17	259	0	
	Skamania	7	7	46	101	0	
	Snohomish	16	13	34	203	0	
	Thurston	0	0	0	30	7	32%
	Wahkiakum	4	4	19	59	0	
Whatcom	1	8	8	67	0		
		526	526	914			



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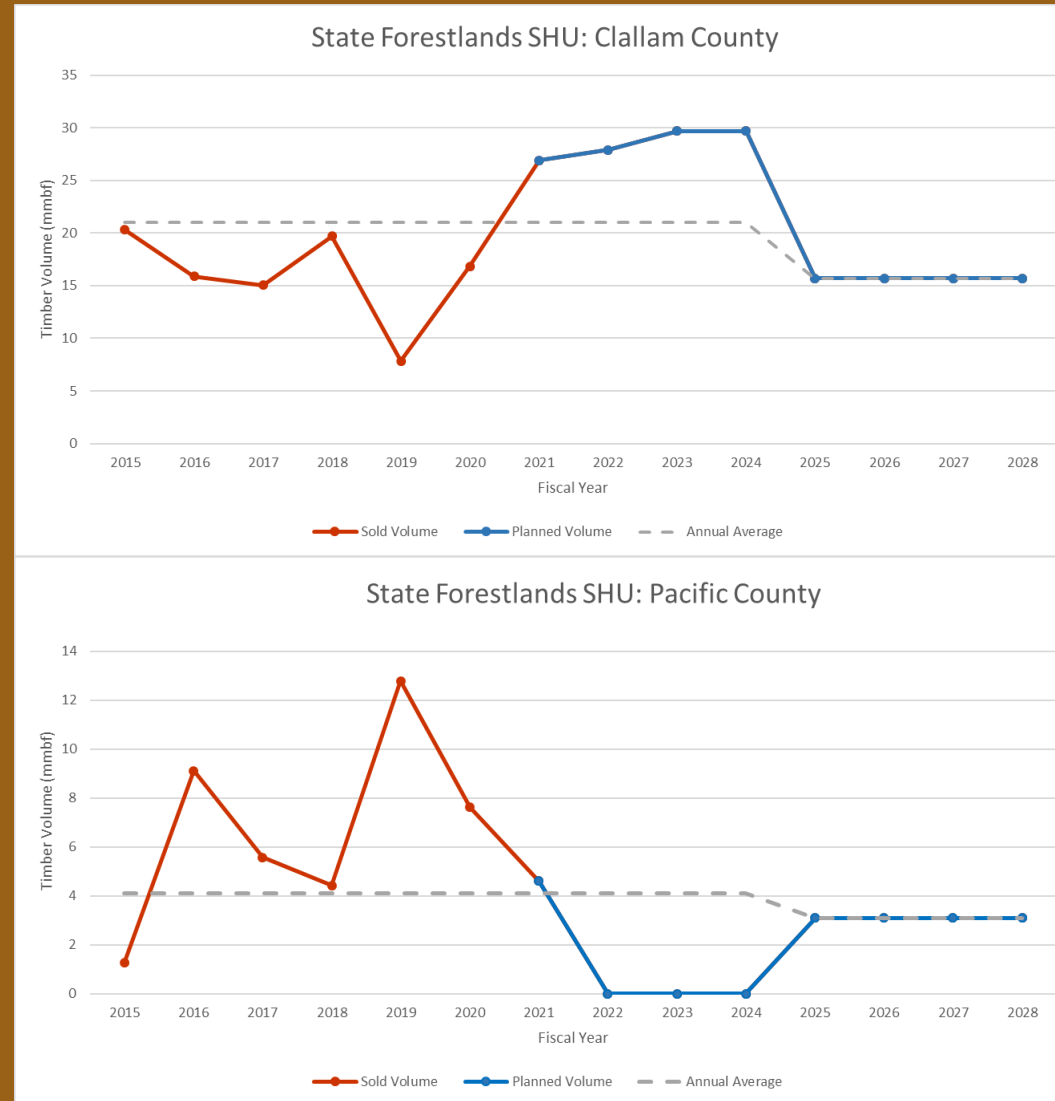




# Trend observations

Identified two general trends in the State Forestland SHUs:

- SHUs forecast to increase then decrease (examples: Clallam, King, Pierce, Skamania, Wahkiakum)
- SHUs projected to decline, then increase again (examples: Clark, Cowlitz, Kitsap, Mason, Pacific, Skagit, Thurston)



# Westside Sustainable Harvest observations

- 1. We will end up harvesting more than the decadal total level if we keep on track by individual sustainable harvest unit level**
- 2. Two general trends for harvest levels in State Forestland SHUs**
- 3. We are examining these trends and can bring back suggestions**





# Agriculture

- **859,000 acres of agricultural lands are leased:**
  - **Irrigated Row Crops**
  - **Orchard**
  - **Vineyard**
  - **Dryland**
  - **Grazing**
- **\$24.5m FY19 revenue**



# Water

- 300 water rights
- 3,000 claims
- Numerous water service contracts with irrigation districts & US Bureau of Reclamation water in the Odessa/Columbia Basin Project

## Positioning portfolio:

- Allow for moving water rights to develop new lands
- Positioning for drought impacts
- Working to get off of declining ground water supplies





# Commercial Real Estate

- 30 ground leases
- 8 improved leases
- 1031 acres
- Rezoning of 6238 acres of transition lands to increase value
- \$10.2m FY19 revenue





# Transition and Urban Lands

The current Urban/Transition (UT) lands have been identified based on the goals and policies established in the 1988 Transition Lands Policy Plan (TLPP). The definitions within the TLPP are as follows:

- **Urban Lands:** Land expected to be urban due to designation as “urban” by local land use plans; or authorization for commercial, industrial or residential uses by local government; or where capital improvements and services exist or are scheduled to be available.
- **Transition Lands:** Land currently being managed for natural resource production that has characteristics indicating an opportunity for more efficient management or to obtain a higher economic return by the conversion of the land to another use.



# Commercial Real Estate

- Secured \$2.3 million in Local Improvement District funding
- Rezoning Richland 16
- Development of an external web viewer and online portfolio
- Acquisition of a commercial property in Arlington



DNR Urban & Transition Lands Viewer

Find address or place

Property Name	County	Region	Zoning	RE Group Acres	GIS Acres	In City Limits	DNR Trust	In UGA
Belfair	Mason	South Puget Sound	Residential Mix	340	358.7	N	Common School and Indemnity	N
Crystal Lake	Snohomish	South Puget Sound	Residential (10u/Sec)	192	183.1	N	Common School and Indemnity	N
Skykomish River	Snohomish	Northwest	Commercial Forest	80	45.9	N	Common School and Indemnity	N
Bucklin Hill North	Kitap	South Puget Sound	Urban Res. 19-30'1ac	27	27.1	N	Common School and Indemnity	Y



# Communication Sites

- **104 communication sites statewide on fewer than 1,000 acres**
- **426 leases including:**
  - **40 County EMS/Public Works**
  - **60 Federal (DOJ, Military, Coast Guard)**
  - **34 Amateur Radio**
- **\$4.87m FY 19 revenue**



# Special Use, Easements, Mining and Minerals

- Renewable Energy
- Special Use Leases
- Mining and Minerals
- Easement Granting
- 375 leases
- Fewer than 1000 acres under exclusive use lease
- 7609 easements
- \$4.28m FY19 revenue

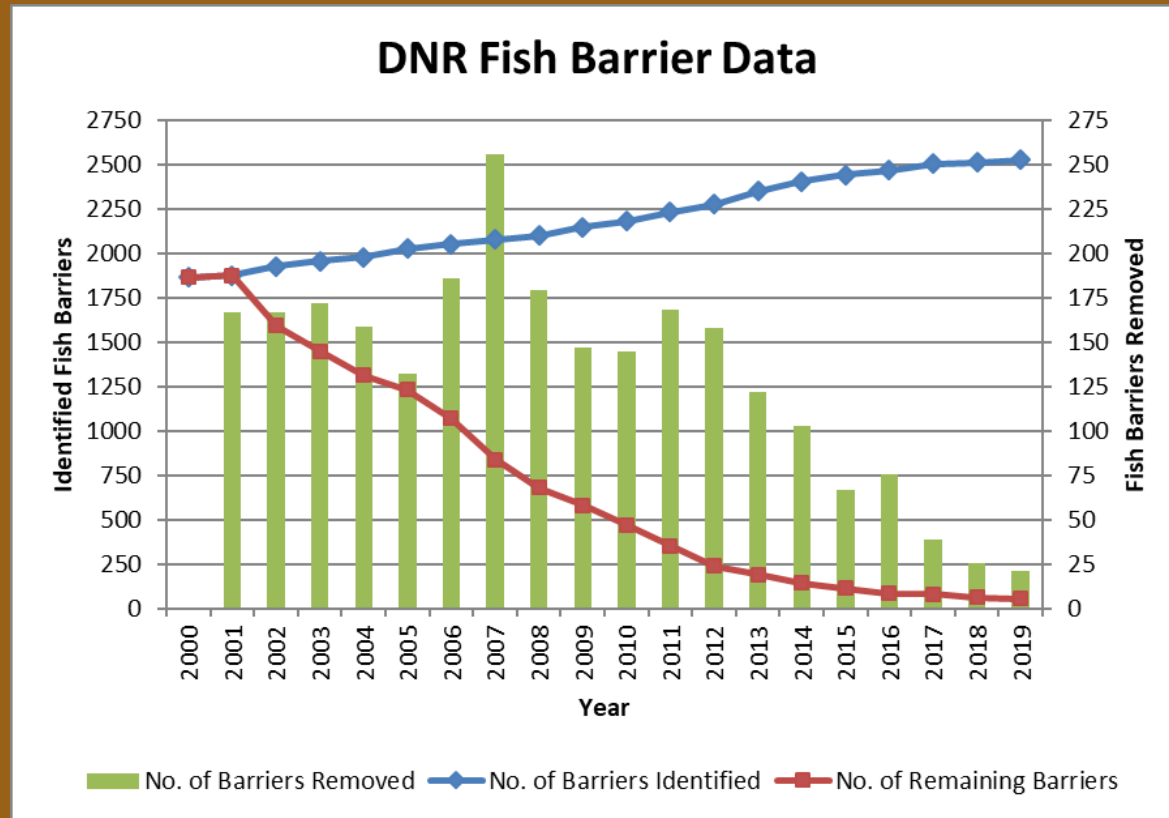


# RMAPS: Fish Passage Culverts

Culverts removed from list through 2019 = 2,527

Miles of habitat gained to date = 792

Number of culverts remaining = 37





# RMAPS: Example

After

## Whalen Creek, NW Region

Before



# Asset Management

## 2019 Trust Transactions

- **18 Projects**
- **Disposition of 1,670 Acres (\$21,049,000)**
- **Acquisition of 1,447 Acres (\$5,855,000 )**

## 2015-19 Trust Transactions (Avg.)

- **18 Projects**
- **Disposition of 2,828 Acres (\$16,720,000)**
- **Acquisition of 1,765 Acres (\$9,617,000 )**





# Conservation Purchases

## 2019 Conservation Transactions

- **1,685 acres protected**
- **21 projects**
  - **19 purchase**
  - **2 easement**
- **\$14,915,000**

## 2015-2019 Averages

- **7,628 acres protected**
- **18 projects**
  - **16.4 purchase**
  - **1.6 easement**
- **\$17,088,180**



# Community Forests

## Manage two community forests

- Klickitat Canyon
- Teanaway

## Criteria and Project List Development



Teanaway



Klickitat Canyon



# Recreation

- **Trust Mandate and Recreation**
- **Diverse Opportunities:**
  - **Horseback riding and pack stock**
  - **Hiking**
  - **Mountain biking**
  - **Camping**
  - **Fishing/hunting**
  - **Rock climbing**
  - **Snow activities**
  - **4x4, ORV, and dirt bikes**

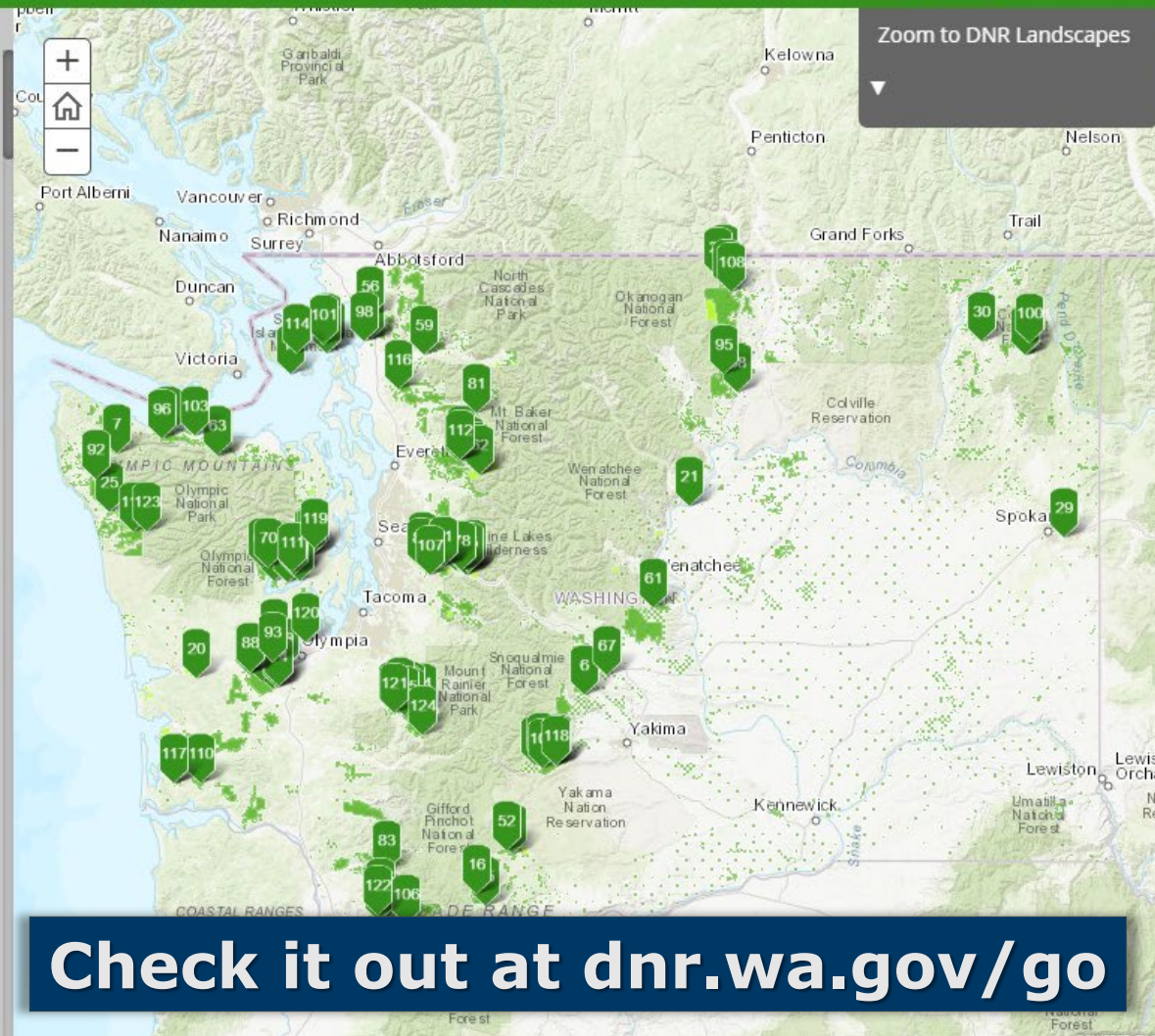
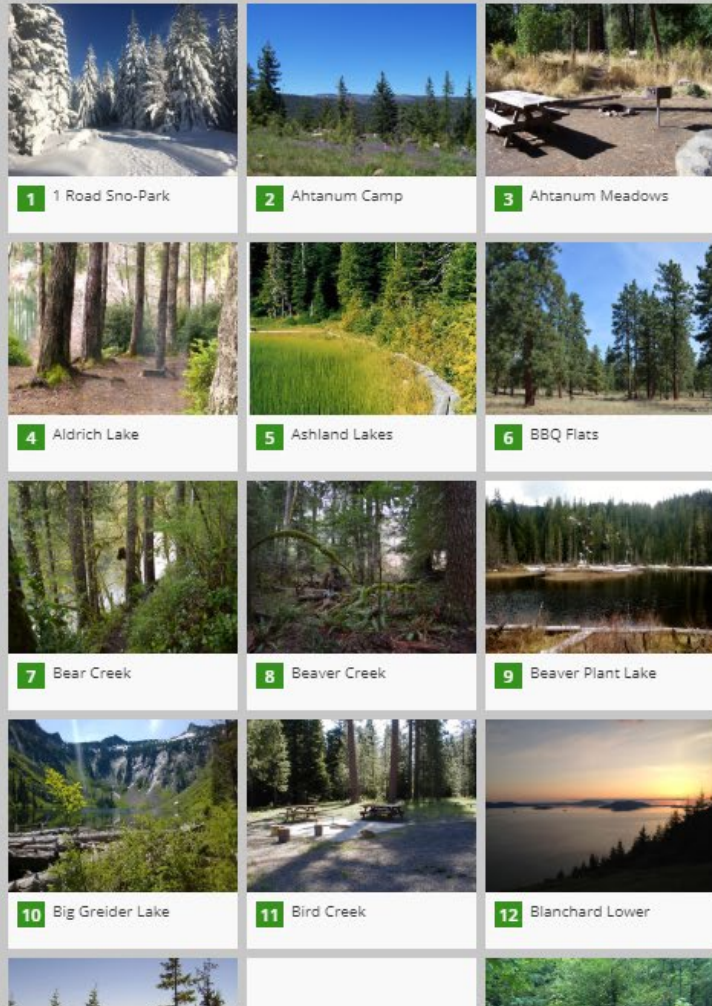






Navigate to DNR recreation sites by using the various tabs, below. Click on a site for a window with more information. For site status and details, click the "More Info" link in each site's window.

- Accessible Amenities Available
- Campground
- Day Use Area
- Trailhead use: motorized
- Trailhead use: non-motorized**





# 2019 Recreation Highlights

- 69,000 hours of volunteer engagement and support in 2018
- Approx. 55 miles of new trail
- New kiosks and interpretive panels with information about working forests
- Conducted user survey to collect DEI information
- Plans for 2020 and beyond



# Funding

## State Trust Lands funded by revenue generated

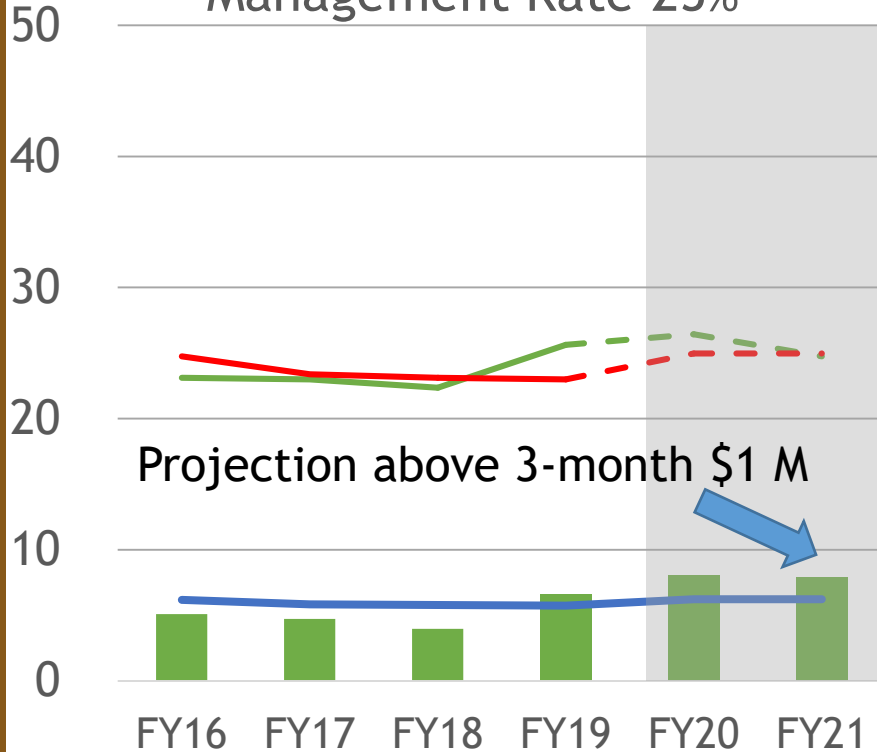
- **Resource Management Cost Account**
  - *RMCA: RCW 79.64.040*
- **Forest Development Account**
  - *FDA: RCW 79.64.100 and RCW 79.64.110*
- **Budget provisos**
  - RMCA – 32%
  - FDA – 27%



# Fund Projections

## FDA

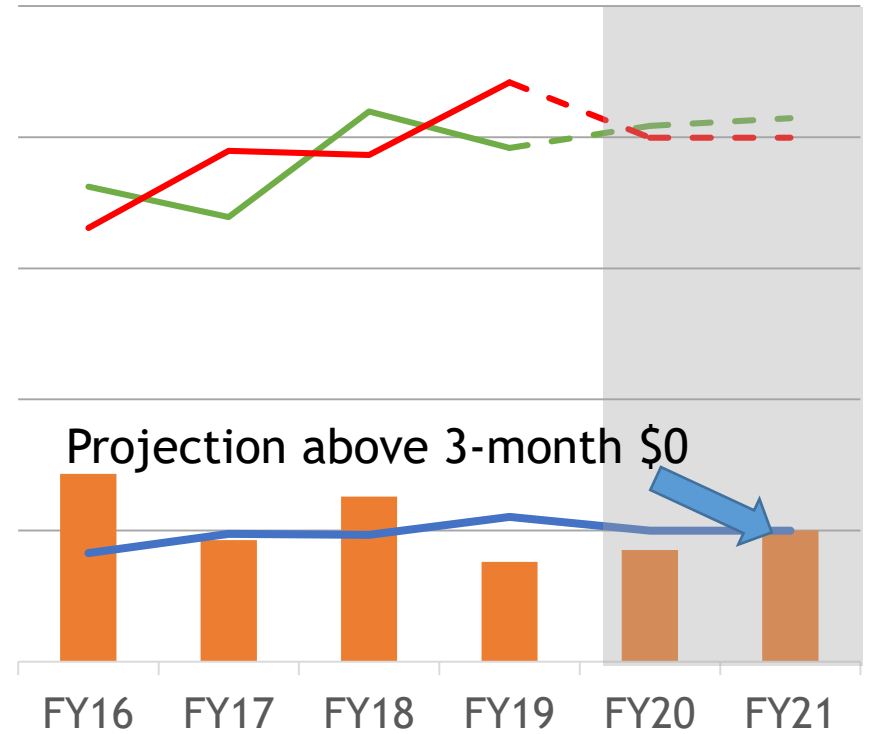
Management Rate 25%



- Ending Fund Balance
- Revenue
- Expenditures
- 3-Month Minimum Fund Balance

## RMCA

Management Rate: 31%

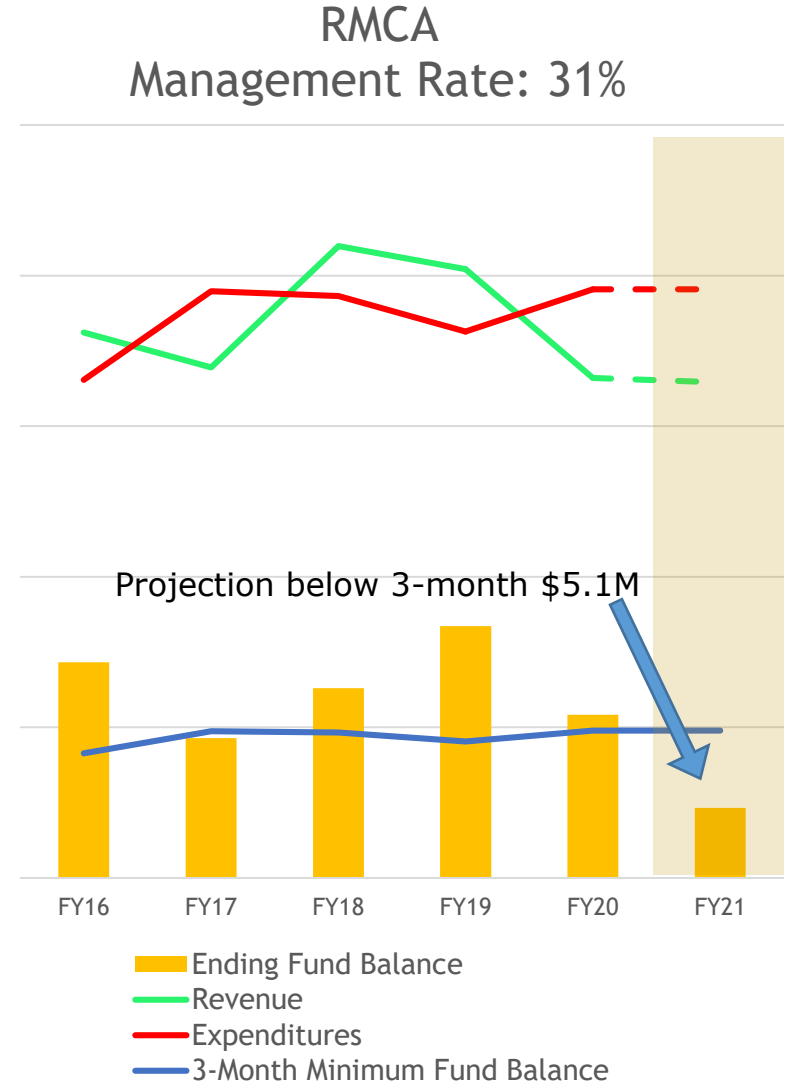
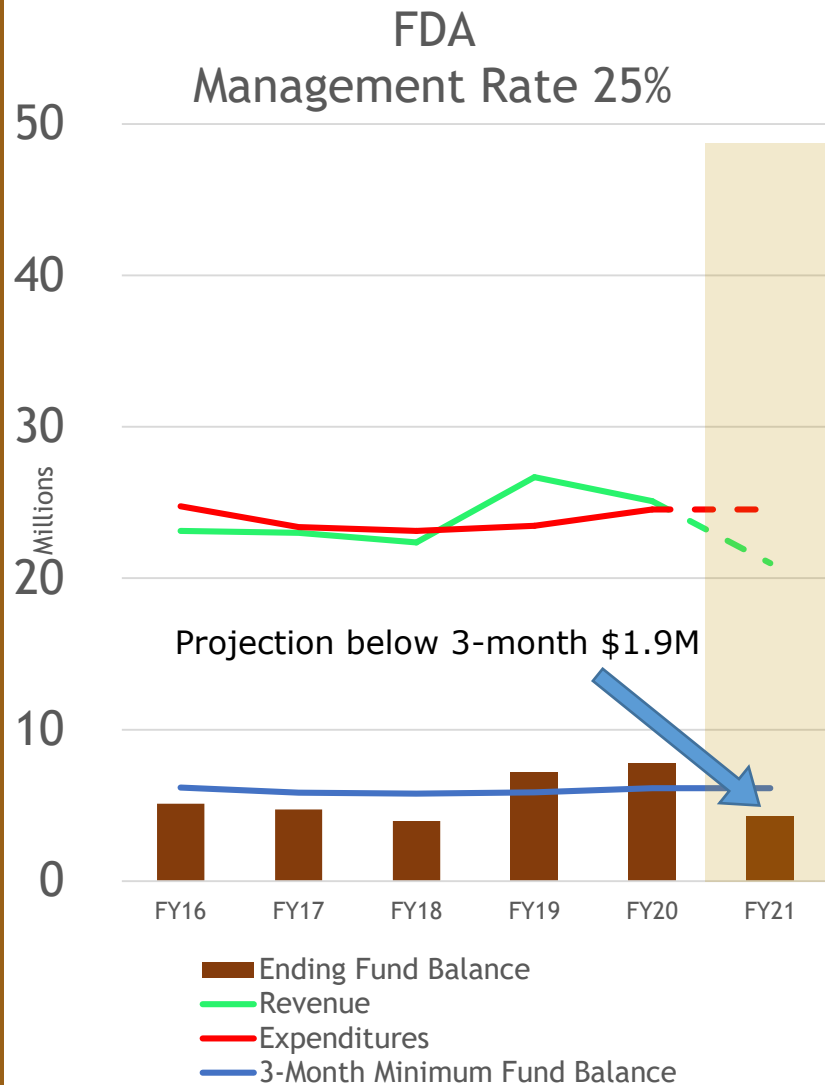


- Ending Fund Balance
- Revenue
- Expenditures
- 3-Month Minimum Fund Balance





# Fund Projections June 2020



# Next Steps

*During these uncertain times*

- Continue revenue generation activities while staying safe
- Focus on commercial and green energy
- Targeting a 3-month fund balance by end of Fiscal Year 2021



