

# 2012 Annual Report



WASHINGTON STATE  
**Natural Resources**

**The St. Mary's Mission Road Fire burned 16,840 acres in Okanogan County last October before crews from the Colville Agency, Okanogan County Fire District 8, Okanogan County Sheriff, and DNR brought it under control.**





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#### **Peter Goldmark**

Commissioner of Public Lands

\* Fiscal and Timber pages account for the revenues DNR generated, collected and expended during Fiscal Year 2012.

This report was prepared by the Washington State Department of Natural Resources (DNR). It provides information required by the following statutes: RCW 79.10.010, RCW 79.64.100 and RCW 79.64.030

#### **On the cover:**

DNR thinned this stand of 70-year-old Douglas-fir near Elbe, WA, to create room for a diversity of vegetation to grow

beneath large, stable trees—characteristics of a healthy, older forest. Photo by Richard Bigley / DNR.

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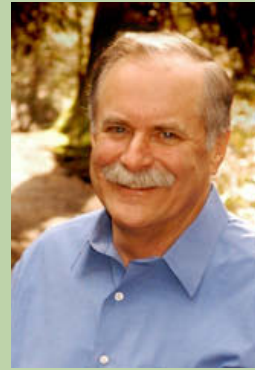
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# Contents

# A Message from the Commissioner of Public Lands



**Peter Goldmark**, a statewide elected official, is Washington's thirteenth Commissioner of Public Lands since statehood in 1889.

Despite significant challenges, 2012 was a productive year in returning value to the trust beneficiaries and citizens of Washington State. Timber values continued their slow recovery last year, enabling the Washington Department of Natural Resources (DNR) to produce \$297 million in non-

tax revenue for public schools and other beneficiaries of state trust lands. Improved management efficiencies and increased market value enabled us to deliver \$10 million in surplus timber account funds to Washington's cash-strapped timber counties.

The 2012 fire season stretched our personnel and wildfire response resources in unforeseen ways. After a severe dry lightning event on September 8 sparked hundreds of wildfires in eastern Washington, DNR firefighters responded with commitment and determination to limit the damage from scores of destructive fires.

Even before the fire season began, we were tackling the forest health crisis in eastern Washington. After calling together a panel of forest health experts and gathering public input, I issued a Forest Health Hazard Warning in portions of Ferry, Klickitat, Okanogan, and Yakima counties this past fall. Our efforts to remediate this crisis through thinning and other forest health treatments got a welcomed boost from the State Jobs Now Act of 2012.

Jobs Now funds also played a role in our ongoing commitment to Puget Sound. Mobilizing the Puget SoundCorps on restoration projects around the Sound, DNR helped create jobs for dozens of young adults and military veterans.

Looking ahead, our work is cut out for us. Our land management and fire suppression responsibilities are made more difficult by a changing climate. Add in the acidifying marine waters linked to higher levels of atmospheric carbon dioxide and the increased population pressure on state trust lands, and the road before us is daunting.

I have great confidence in DNR's ability to prosper and respond. When fires start, we respond; when derelict vessels become a threat, we remove and deconstruct them; when state lands have a difficult timber sale, we figure it out. DNR is a "can do" agency, and we will continue to be successful throughout the full extent of our considerable mission.

**PETER  
GOLDMARK**  
COMMISSIONER  
OF PUBLIC LANDS

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“2012 was a productive year in returning value to the trust beneficiaries and citizens of Washington State.”

Capitol State Forest is a sustainable working forest that supports trust beneficiaries while providing fun and safe recreation.

## REVENUE FROM DNR-MANAGED LANDS MAJOR SOURCES IN FY2012

Source	Revenue
Common School Trust Lands	\$130,893,000
State Forest Lands (for counties)	\$89,995,000
Aquatic Lands	\$38,931,000
Capitol Building Grant Trust Lands	\$12,073,000
Scientific School (WSU) Trust Lands	\$8,244,000
CEP&RI Trust Lands*	\$6,835,000
Normal School Trust **	\$4,265,000
Agricultural School (WSU) Trust Lands	\$3,582,000
University Grants (UW) Trust Lands	\$1,805,000
<b>Total</b>	<b>\$296,623,000</b>

\* Charitable, Educational, Penal & Reformatory Institutions Grant  
 \*\* Managed for revenue to Eastern, Central, and Western Washington State universities and The Evergreen State College



PHOTO BY DON MELTON / DNR

DNR manages 2.6 million acres of aquatic lands and 3 million acres of state trust lands for revenue to trust beneficiaries, and for clean water and vital habitat.

# Healthy Returns, Stronger Partnerships

**DNR worked throughout 2012 to create jobs, increase efficiencies and generate revenue for schools, counties and other state trust land beneficiaries.**

## Revenue Tops \$305 Million

■ During Fiscal Year 2012, DNR's active, science-based approach to natural resource management generated more than \$305 million from operations, including more than \$296 million in product sales and leasing revenue for public school construction and other trust land beneficiaries (see table, opposite page). Additional revenue came from permits, fees, grants and other income sources.

## Aid to 'Timber Counties'

■ The 2012 Legislature approved a one-time distribution, initially proposed by Commissioner Goldmark, of a \$10 million surplus from the state Forest Development Account (FDA) to 20 economically stressed 'timber counties.' Increased timber values created a surplus in this forestland management account, which is funded by a portion of timber sales on the nearly 600,000 acres that DNR manages for the benefit of several counties. The FDA pays for setting up timber sale auctions, planting trees after timber harvests, protecting clean water, and restoring habitat.

## Relief for Encumbered Lands

■ About 67 acres of State Forest Trust land that DNR manages to support Wahkiakum County services were transferred to conservation status in 2012. In return, the county received just over \$500,000 appropriated by the 2011 Legislature, based on the value of the parcel's standing timber. It was the first transaction under a legislatively funded program to replace certain state-owned forestlands encumbered by federal endangered species restrictions. The program targets small and economically stressed rural counties, such as Wahkiakum, that rely on timber revenue to support public services.

To replace the transferred parcel, DNR will purchase working trust forestland elsewhere to provide revenue to the county. The 67-acre parcel will be managed as a Natural Resources Conservation Area because it is occupied by marbled murrelets, a federally listed, threatened sea bird that nests inland in old trees.

[▶ READ MORE](#)

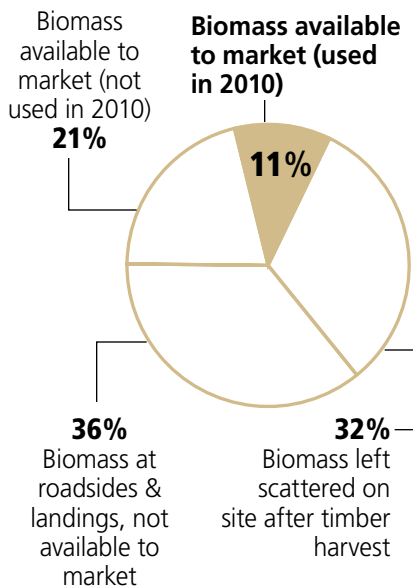
DNR  
produced  
\$296  
million for  
state trust  
beneficiaries  
in FY2012.

About  
2/3 of the  
biomass  
produced in  
logging  
in 2010  
remained  
on the  
landscape.

WASHINGTON FOREST  
BIOMASS SUPPLY  
ASSESSMENT, 2010

### RESIDUAL FOREST BIOMASS USES

WASHINGTON STATE, 2010



## Forest Biomass Supply Study

■ Washington State forests could provide much more forest biomass—a woody byproduct of logging—for manufacturing biofuels and other uses, concluded “Washington Forest Biomass Assessment,” a study commissioned by DNR. Completed in March 2012, the first-in-the-nation study indicates that sustainable uses of forest biomass are commercially viable in Washington State at present harvest levels.

About two-thirds of the biomass produced in logging operations in 2010 remained on the landscape. With that amount of potential supply, the amount removed for other uses could more than double and still leave enough biomass behind to keep forest soils healthy and fulfill other ecological needs.

Because the supply study was a ‘snapshot’ in time, DNR has also developed a tool that can predict biomass availability, over time, at specific locations in the state and at certain haul distances and price points. The calculator can be used to determine the appropriate scale and location for potential biomass facilities in Washington State.

The supply study (funded by a grant from the U.S. Forest Service) emerges from the DNR Forest Biomass Initiative, which Commissioner of Public Lands Peter Goldmark proposed in 2009. The initiative is seeking ways to create and supply new markets for the sustainable use of forest biomass. Ideas for using the product include refining it into jet fuel and other products that would bring more value from the biomass.

The study and calculator were developed by the University of Washington School of Environmental and Forest Sciences, with TSS Consultants.

[➔ READ MORE](#)

Ecologically sustainable removal of residual biomass from forests after timber harvests and forest health treatments can provide income for forest landowners and improve forest health.





# Legislative Accomplishments

## Responding to requests from Commissioner Goldmark and the public, the 2012 Legislature passed and the governor signed legislation strengthening DNR goals for sustainable trust land management:

### Capital 'Jobs Now' Act:

Several DNR projects got a welcomed jump start from the 2012 Legislature's passage of the Jobs Now Act of 2012 that invests \$1.3 billion into various 'shovel-ready' projects statewide.

The job-creation plan, which relies on bonds to be paid by a number of state revenue sources, directs \$37 million to DNR to complete several environmental restoration projects, including:

- ▶ Related Puget SoundCorps projects (see pages 20-21),
- ▶ Natural resource and shoreline restoration projects,
- ▶ Forest health and wildfire hazard reductions and safety,
- ▶ Creosote piling and derelict vessel removals,
- ▶ Urban forest restoration, and
- ▶ Road maintenance and abandonment on state lands.

### Discover Pass Made Transferrable

The 2012 Legislature made several changes to Discover Pass requirements for vehicles on state lands. These include:

- ▶ Discover Passes may now be shared between two vehicles, but still used only on one vehicle at a time.

- ▶ Use of the pass was expanded to include all DNR-managed state trust lands, natural area preserves, and natural resources conservation areas, in addition to state parks and wildlife lands.

- ▶ Street-legal vehicles, such as motorcycles, that do not have windshields must now display the pass in a "prominent location."

### Application Fees

The 2012 Legislature acted to reset Forest Practices Application fees and streamline permit processing. Approved Forest Practices Applications or Notifications (permits) will be effective for a three-year, rather than a two-year, period. Those seeking to renew existing permits will be limited to one renewal for an additional three years—a step that will reduce the number of permits and renewals needing processing by 20 percent. Fees, which pay for the program's operations, were raised from \$50 to \$100 or \$150 for small forest landowners, and from \$50 to \$150 for large forest landowners. Harvest permits involving conversion of forestland to development or other uses increased from \$500 to \$1,500 for any type of forest landowner.

### Additional Achievements

Additional legislation advocated by DNR that was passed by the 2012 Legislature and signed into law by Gov. Chris Gregoire included:

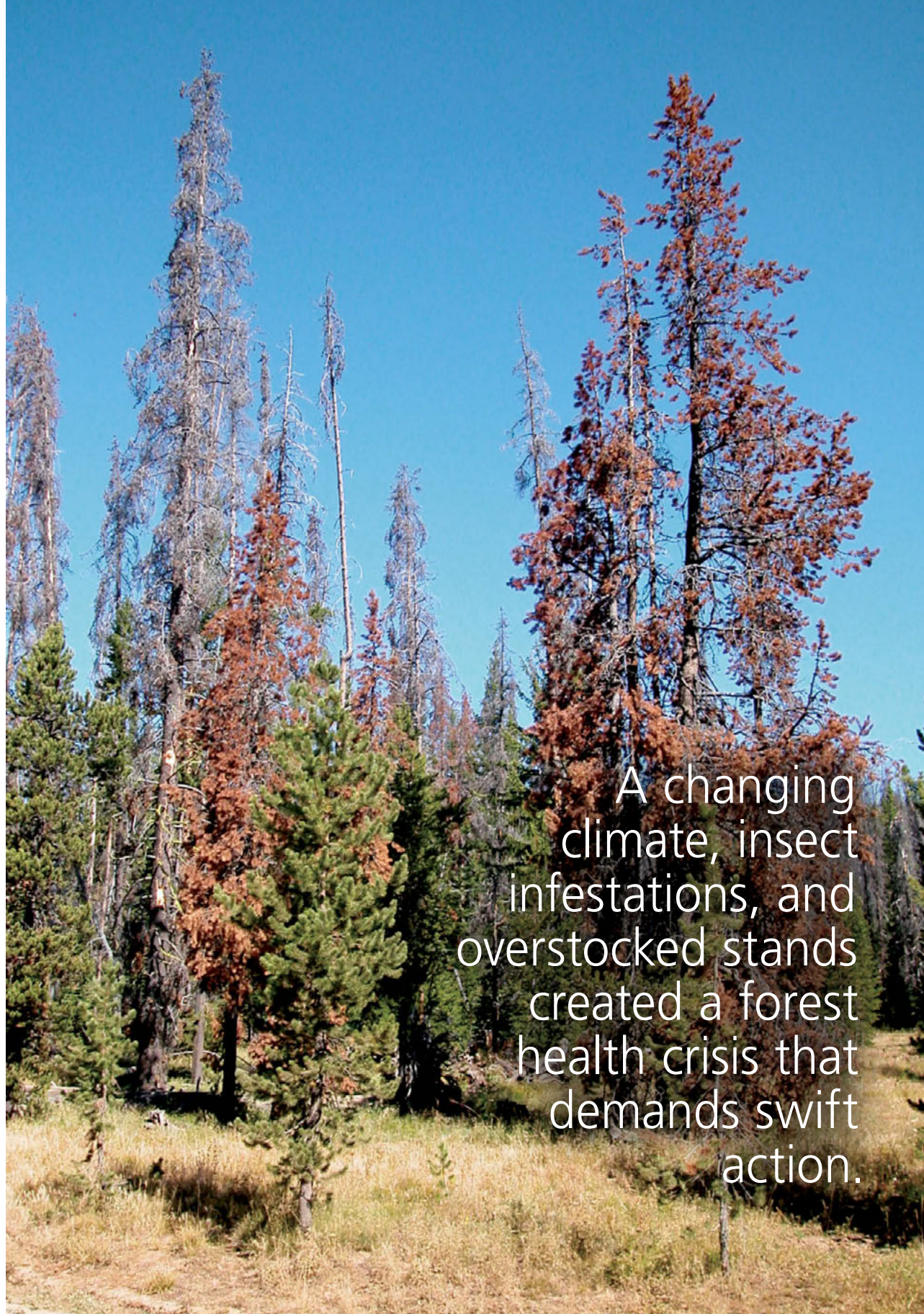
**HB 2329:** Authorizes DNR to pool state forestland replacement dollars for consolidated acquisitions when purchasing replacements in southwest Washington for state forestlands encumbered by endangered species.

**HB 2440:** Authorizes DNR to contract with Department of Fish & Wildlife (WDFW) and State Parks to provide non-forestland wildfire protection services on a cost-reimbursement basis.

**SB 6406:** Integrates forest-based hydraulic project approvals into Forest Practices Applications and other reforms.

**Appropriation:** \$552,000 from the Aquatic Lands Enhancement Account to WDFW law enforcement to help DNR curb wild stock geoduck poaching.

Today's forests are less diverse and more over-crowded than forests of the past, making them more susceptible to insect damage, tree mortality, and catastrophic wildfire.



A changing climate, insect infestations, and overstocked stands created a forest health crisis that demands swift action.

PHOTO BY GLENN KOHLER / DNR

# Forest Health Crisis

## Forest health hazard warning draws attention to deteriorating forest health in eastern Washington.

### Commissioner's Order

Responding to the challenge of deteriorating forest health conditions, especially in eastern Washington, Commissioner Goldmark initiated a Forest Health Hazard Warning last year for portions of Okanogan, Ferry, Klickitat, and Yakima counties.

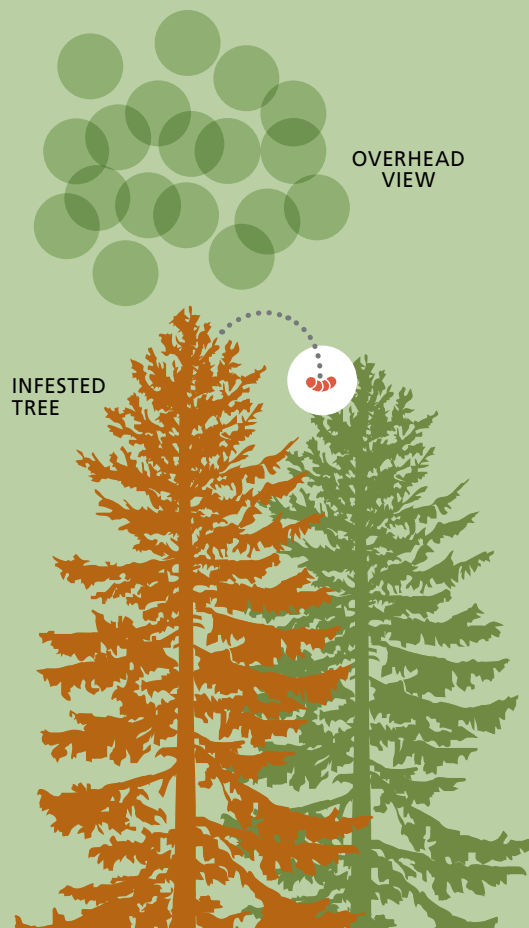
Commissioner Goldmark's order was prompted by concerns over millions of bug-killed trees and the potential for increased wildfires. It calls attention to the deteriorating conditions, helps coordinate a timely response, and encourages landowners to take voluntary actions to protect their property. The warning was preceded by public hearings in affected areas and consultation with local government, tribes, landowners and other public agencies. DNR is using 2012 'Jobs Bill' funds to hire private companies to conduct tree thinning and other forest health treatments. Those actions were recommended by a technical advisory panel that Goldmark formed after initiating the state's forest health warning system in late 2011.

In recent years, Washington has seen a significant deterioration of forest conditions and widespread damage to trees across several counties. Projections show significantly elevated tree-kill is likely to occur across 2.8 million acres in eastern Washington over the next 15 years—roughly one-third of the forested areas on the state's eastside.

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▼ When tree canopies overlap (see illustration), insects that eat tree foliage can more easily spread from tree to tree. Overcrowding also causes tree stress as trees compete for water and nutrients. Careful tree thinning restores forests to historically normal densities and reduces susceptibility to damage-causing insects, such as western spruce budworm and bark beetles.

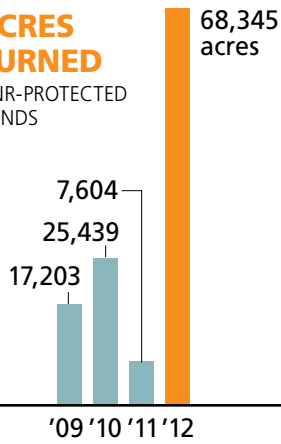
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Restoring forest health is an urgent need.

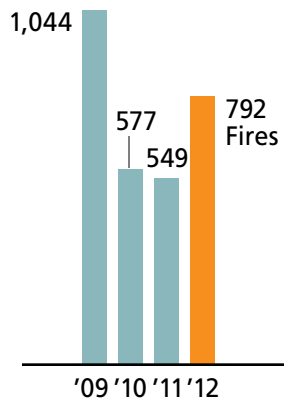
## ACRES BURNED

DNR-PROTECTED LANDS



## FIRES FOUGHT

DNR-PROTECTED LANDS



\* TOTALS INCLUDE ONLY DNR-PROTECTED LANDS. ACREAGE ON PAGE 14 INCLUDES FEDERAL LANDS THAT DNR HELPS PROTECT THROUGH COOPERATIVE AGREEMENTS.

DNR is the state's largest on-call fire department with hundreds of people trained and available for dispatch to wildfires.

# Wildfires Torched Thousands of Acres

**After a quiet start, the 2012 wildfire season intensified in August. By late October, more acres had burned than in the three previous seasons combined.**

## 2012 Fire Season

After a slow start, wildfire danger reached extraordinary levels in August on both sides of the Cascades, and the annual fire season extended into late October. The state's largest outbreak of wildfires originated after an intense lightning storm swept across the east slopes of the Cascades on September 8 and 9, igniting hundreds of fires in several counties. Controlling these fires—several of which merged into larger fires called a “complex”—took weeks of combined efforts by DNR, local and federal agencies. DNR's role resulted in historically high costs to the department.

To help reduce the chances of wildfires escaping from outdoor burning and campfires on DNR-protected forestland, DNR, for the third year, initiated a statewide burn ban from July 1 to September 30. This step contributed to fewer human-caused wildfires requiring DNR's response.

## Taylor Bridge Fire Shows Value of Prevention

The Taylor Bridge Fire erupted on August 13 and swiftly burned through 23,000 acres between Cle Elum and Ellensburg. Fed by the bone-dry conditions that are typical east of the Cascade Mountains in late summer, the blaze destroyed more than 60 homes and forced the evacuation of 1,000 residents.

For the more than 1,000 fire personnel who spent several weeks to bring the wildfire under control, wildfire prevention steps taken by several neighborhoods were welcome sights. Among the neighborhoods spared from the fire was Hidden Valley Vistas/Meadows, which had recently implemented prevention techniques advocated by the national fire prevention program, Firewise. DNR works with Firewise to encourage local wildfire safety and prevention such as fire-resistant landscaping.

[▶ READ MORE](#)



DNR  
protects  
13 million  
acres  
of tribal,  
private,  
and state-  
owned  
forestland.

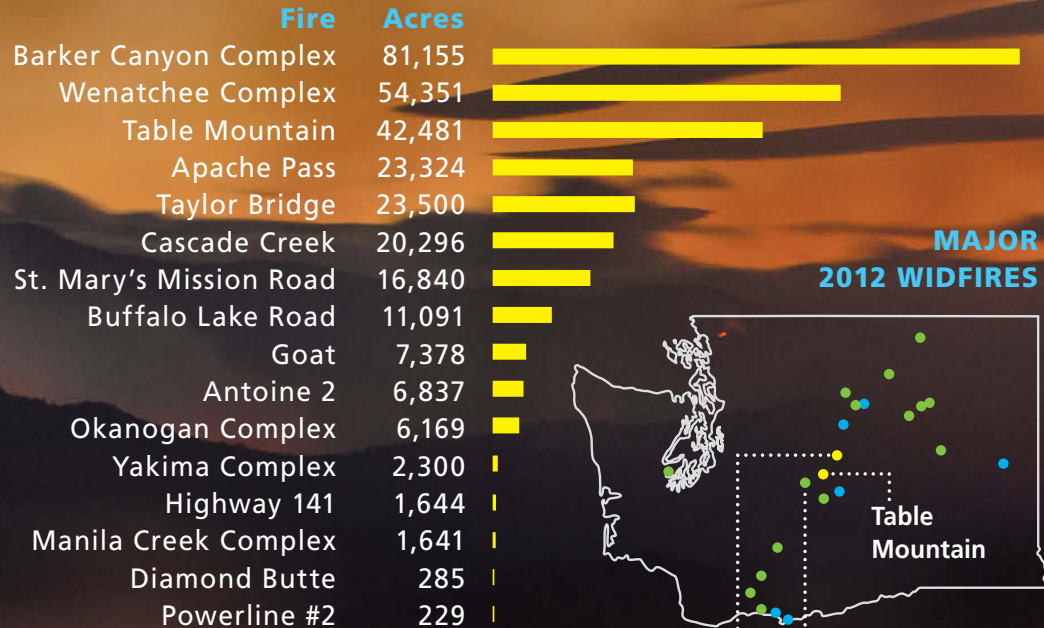


## Major 2012 Fires in Washington State

During the 2012 fire season, DNR and cooperating agencies committed resources to more than a dozen wildfires classified as Type 1 or Type 2 fires—the most hazardous levels in the five-tier ranking system for wildfire response.

Portions of these fires either burned or directly threatened private, tribal, state and other public lands that DNR protects from wildfire. One of the largest incidents was the Wenatchee Complex that burned 54,351 acres (right).

PHOTO BY © LANDON A. MICHAELSON | WWW.BKSECRET.COM. INSET PHOTO BY KEN ROMNEY











**Wildland firefighting crews from DNR, U.S. Forest Service, Kittitas County, and other agencies spent nearly a month battling to control the Table Mountain Fire Complex, which burned 42,481 acres of forestland in Kittitas County. The crews' efforts were hampered by warm and dry conditions, steep terrain, and many stands of bug-killed timber.**



In Washington State, the majority of wildfires (85% on average) are human-caused.

Starting in 2012, DNR began receiving funding from the state Jobs Now Act to create private sector jobs on projects including creosote debris removal and other efforts to restore the health of Puget Sound and other lands.



Jackson's Beach,  
Shaw Island



PHOTOS BY TONI DROSCHEK / DNR

# Aquatic Resources and Lands

**Many DNR aquatic projects create jobs for veterans and young adults while restoring the health of Puget Sound and other waterways in Washington.**

## Puget SoundCorps

Following the DNR-led creation of the Puget SoundCorps in 2011, several work crews of young adults and military veterans were formed to work on projects that protect and restore Puget Sound. By September 2012, DNR had deployed five six-person crews for water quality work in state forests, removal of invasive species on state-owned aquatic lands, and several urban forestry restoration projects in the Puget Sound and Columbia River basins. Most Corps projects include veterans; one crew is made up entirely of veterans.

## Creosote Removal

To help protect and restore Puget Sound, DNR is leading the effort to remove creosote-treated debris, derelict pilings, and docks from Puget Sound marine and estuarine waters. In Fiscal Year 2012, DNR removed 525 tons, 199 pilings, and 7,400 square feet of overwater structure from Woodard Bay, a Natural Resources Conservation Area in Thurston County. On a smaller scale, DNR removed an estimated 50 tons of creosote debris from Indian Island County Park in Jefferson County by using

helicopters to protect the beach, lagoon, and marsh there. The project was funded by the Washington Department of Ecology and the state's voter-approved tax on hazardous substances.

Since 2003, DNR has removed 15,740 tons of creosote-treated piers, pilings and debris from Puget Sound waters and nearshore areas. [➔ READ MORE](#)

## Aquatic Land Results

The 2.6 million acres of state-owned aquatic lands managed by DNR produced \$38.9 million in lease revenue in FY 2012—nearly 5 percent more than the previous year. By law, aquatic lease revenue is divided between two accounts: the Aquatic Lands Enhancement Account (ALEA) for aquatic lands protection, restoration and public access projects; and the Resource Management Cost Account (RMCA) for geoduck leasing auctions, port management and other operational costs. The revenue split varies according to the type of aquatic land from which it is produced. In FY 2012, total annual lease revenue distribution was 53.2 percent for ALEA and 46.8 percent for RMCA aquatic resource management activities.



DNR  
manages  
2.6 million  
acres of  
state-  
owned  
aquatic  
lands.

A person wearing a yellow hard hat, a blue t-shirt, and grey pants is seen from behind, working with a large pile of brush and branches. The person is wearing gloves and appears to be pulling or moving the brush. The background is a bright, overcast sky. Another person in a yellow hard hat is partially visible on the right side of the frame.

## Maury Island Reclamation Jobs

A former gravel mining site in King County's Maury Island Marine Park is getting a substantial makeover from several crews of hard-working young adult and military veteran members of the Puget SoundCorps. The year-long reclamation effort is part of the \$37 million in Jobs Now Act funding that the legislature appropriated to DNR to create jobs. Two dozen SoundCorps members are restoring natural vegetation and trees, improving trails and performing other tasks on the 300-acre site. DNR is managing the project in cooperation with King County Department of Natural Resources and Parks.

DNR works with government agencies and private nonprofits to put Puget SoundCorps and Washington Conservation Corps members to work on riparian revegetation, urban forest restoration, creosote debris removal, and other activities to improve the health of uplands and nearshore areas.

[▶ READ MORE](#)



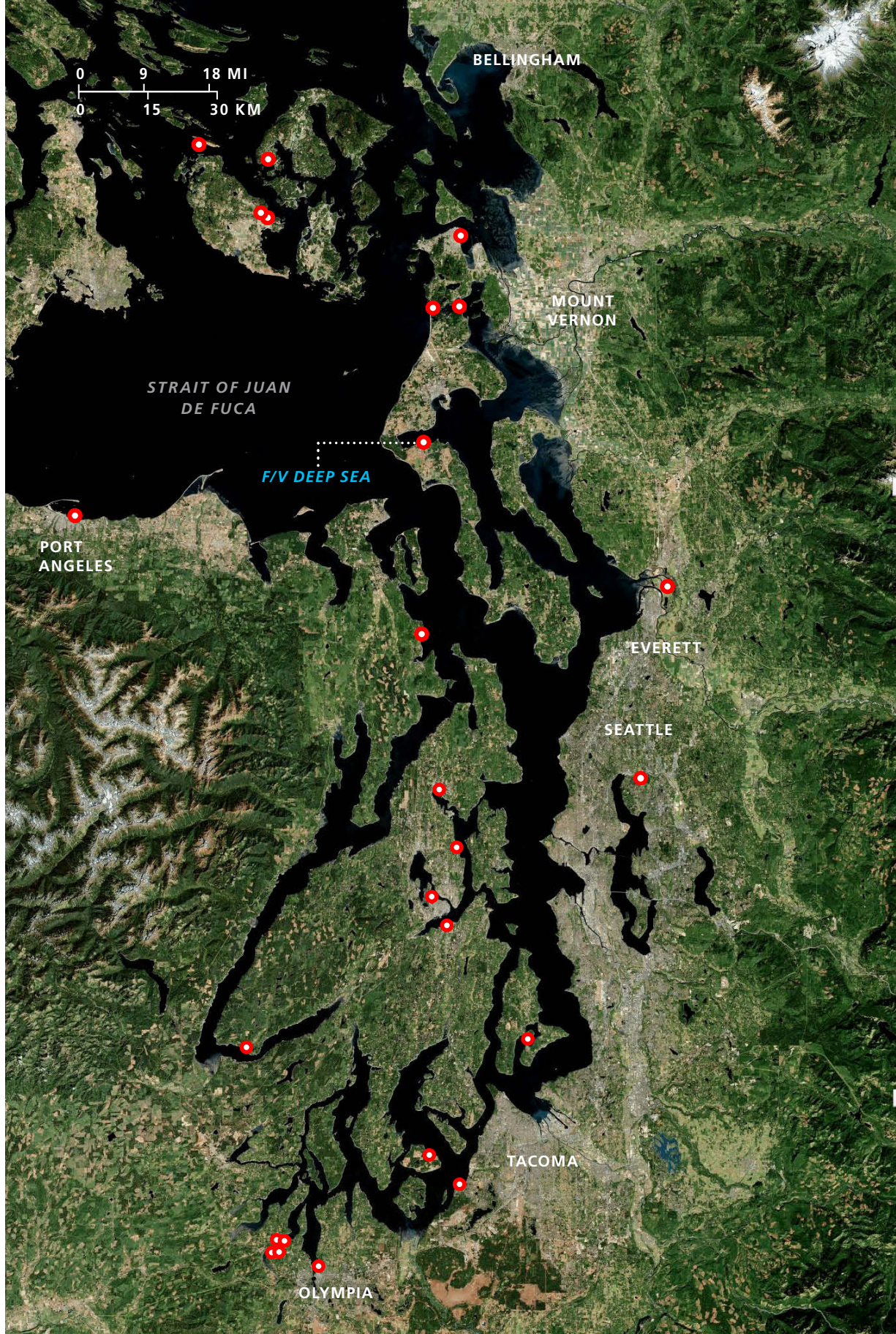
DNR works with public agencies, non-profits, and the public to restore aquatic lands.



## DERELICT VESSELS REMOVED FROM PUGET SOUND IN 2012

At any given time, there are about 200 derelict vessels on the rivers, lakes, and estuaries of Washington. The greatest concentration is in Puget Sound, where dozens of derelict or abandoned vessels are removed each year by DNR and the local agencies it assists. On the map (right), red dots show the locations of the vessels removed from Puget Sound and the Strait of Juan de Fuca in 2012. There were multiple vessels at several locations.

MAP BY MAC MCKAY & LUIS PRADO / DNR. OPPOSITE PAGE, DEEP SEA PHOTO BY CHRIS HANLON-MEYER / DNR.



## Derelict Vessel Removal

DNR works with local governments and vessel owners to remove derelict vessels that pose a threat to navigation and the environment. Since 2003, more than 450 vessels have been removed through the Derelict Vessel Removal Program—many of them from the waters and shorelines of Puget Sound. In 2012, DNR removed 34 vessels and reimbursed other agencies for 21 removals. One of the largest and most expensive was removal and dismantling of the 140-foot *Deep Sea*, a former crabbing vessel that sank in Penn Cove, off of Whidbey Island.

State law authorizes DNR to work with owners and other agencies on solutions—including removal and disposal—when derelict or abandoned vessels pose human health, navigational or environmental hazards.

[➔ READ MORE](#)

DNR's annual budget for derelict vessel removal averages \$800,000. One vessel alone, the 140-foot *Deep Sea*, which caught fire and sank in Penn Cove last May, cost DNR \$1.3 million for dismantling and disposal (in addition to more than \$3 million spent by the Department of Ecology and US Coast Guard for their response).

Derelict vessels are hazardous to public safety and environmental health.



# Diversified Agriculture Helps Stabilize Trust Revenue

**State trust lands in agriculture generate county excise tax income and public school construction revenue.**

## Agriculture Program Revenues

Revenue from DNR's Agriculture Program in Fiscal Year 2012 increased from the previous year in all categories tracked by the program: dryland, irrigated, orchard/vineyard, grazing leases, and range permits.

### Several factors contributed to the increases:


- ▶ Lessees working with DNR's land managers to implement improved management and sustainable land management practices;
- ▶ Commodity prices were generally favorable;
- ▶ Sufficient rainfall in the dryland regions generated higher-than-normal production per acre;
- ▶ Marketing efforts helped increase interest of trust land leases going to public auction;
- ▶ Several orchards and vineyards planted in recent years are maturing and producing higher yields.

DNR manages some 1,700 leases on state trust lands in agriculture. About 85 percent of those lands are Common School trust lands that help build K-12 public schools statewide.

## Orchard-Vineyard Revenue

During Fiscal Year 2012, the orchard and vineyard program on DNR-managed properties generated nearly \$6 million in income for state trust beneficiaries. A significant contribution came from the 90 orchard-vineyard leases on more than 6,000 acres of state trust lands.

Prices for apples and many other orchard products stayed strong in 2012 due to drought and weather-related problems that depressed production in other regions of the nation as well as in Canada, Mexico and Europe.



Revenue from more than 85 percent of state trust lands in agriculture and grazing is dedicated to building K-12 public schools statewide.





## Trust Lands in Agriculture

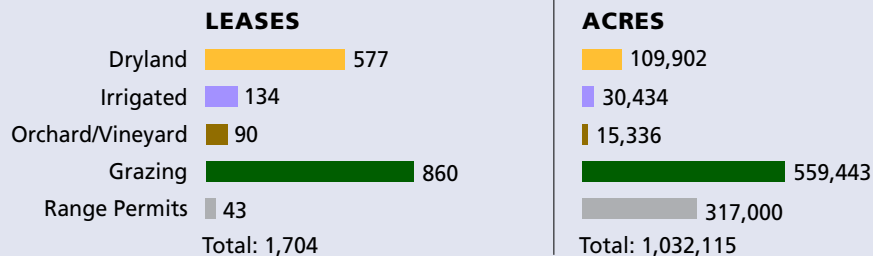
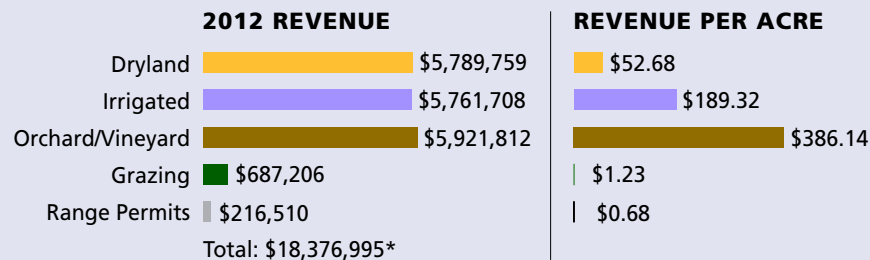
More than one million acres of state trust lands are leased for agriculture—providing economic opportunities to private farmers and ranchers, orchardists, grape growers, and others. These lessees, in turn, support local economies by providing jobs and paying county taxes.

➔ [READ MORE](#)

**\$18  
MILLION**

In Fiscal Year 2012, state trust land in agricultural production produced \$18,376,995. The bulk of the revenue supports K-12 public school construction statewide.

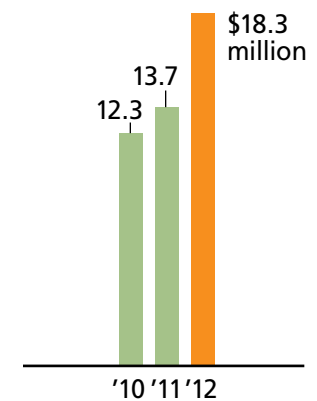
### STATE TRUST LANDS IN AGRICULTURAL PRODUCTION



\*Revenue varies from year to year due to crop rotation, yields and commodity price fluctuation.

### AGRICULTURE REVENUE

FISCAL YEARS



## Fish Barriers

In 2012, DNR removed 134 fish barriers from forest streams on state trust lands, opening an estimated 67 miles of stream to salmon. Since 2000, DNR has removed 1,184 fish barrier culverts from state trust lands, opening nearly 600 miles of stream for fish habitat. About 276 fish barrier culverts under forest roads remain for DNR to remove by October 31, 2016, when the state's Forest and Fish Law requires landowners to complete improvements.

A contractor installs a 22-foot-span bottomless arch culvert over Miller Creek near Hoodspport. It replaces a 12-foot-wide culvert that blocked fish passage to habitat in the creek's upper reaches.

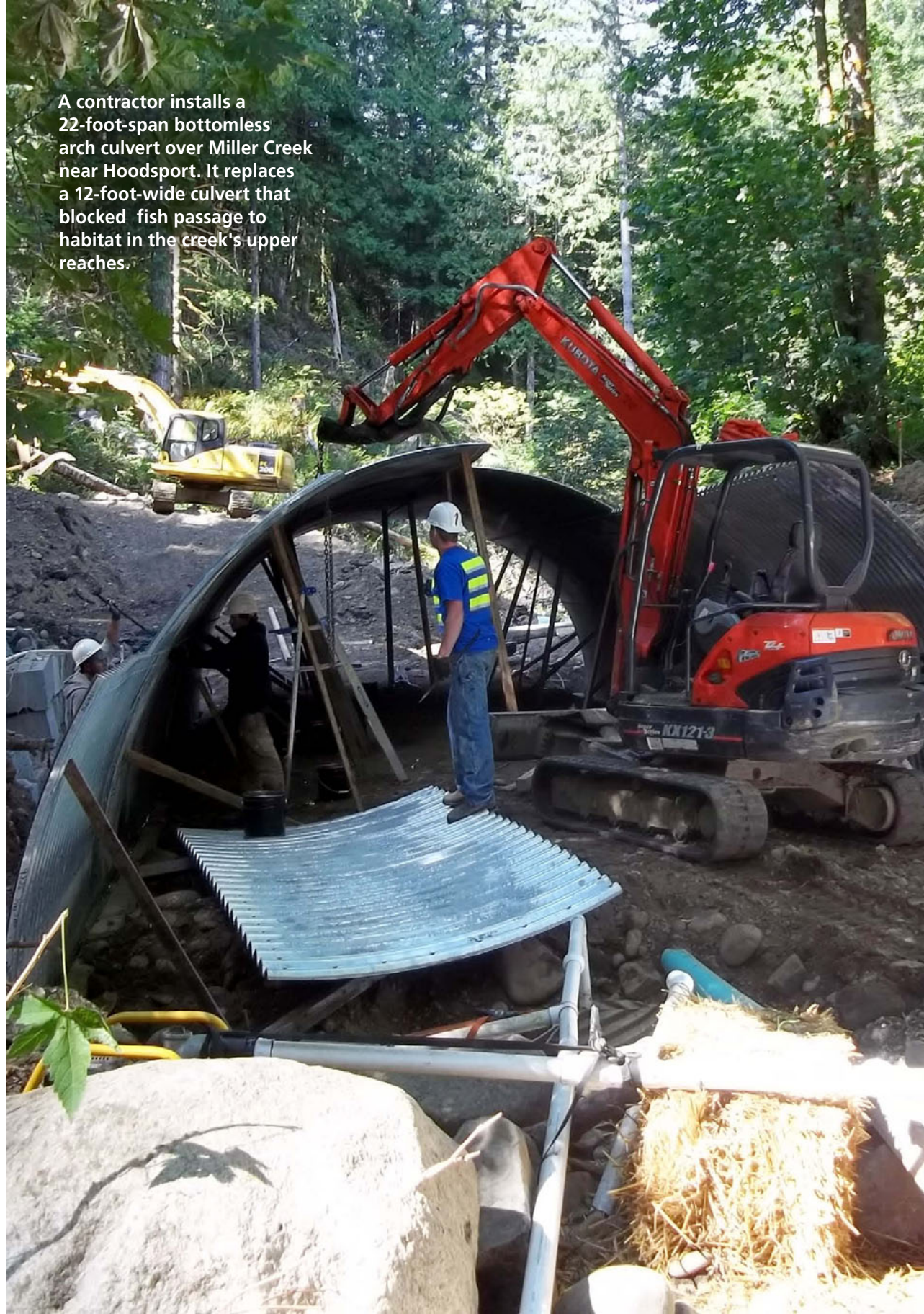


PHOTO BY JASON METTLER / DNR

# Productive and Diverse State Trust Lands

**Assuring clean water, prime habitat, and safe public outdoor recreation complements DNR trust revenue obligations.**

PHOTO BY LUIS PRADO / DNR



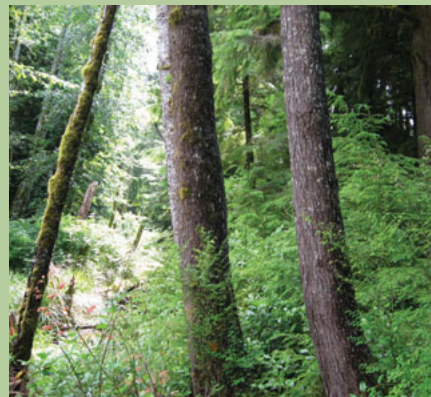
## More Working Forest

The purchase of 1,777 acres of forested land on the western Olympic Peninsula for \$3.28 million from a limited liability company last year will assure the land remains undeveloped while generating long-term revenue for public schools, universities, and other public institutions in the state. The largest section purchased—a 1,506-acre parcel—is five miles southeast of Forks. Two other parcels in the purchase are elsewhere in Clallam County. The purchases help block up state trust lands in the area for more cohesive and sustainable forest management.

Another acquisition in 2012, a 163-acre tract of forestland in Pacific County, purchased for \$1.6 million from a willing, private seller, will provide an additional source of long-term revenue for public school construction statewide. The

property, approximately 10 miles southeast of Raymond and South Bend, includes 3 million board feet of timber valued at \$910,000. The purchase also will allow DNR better access to adjacent state trust lands that contain about \$4 million worth of marketable timber—funds that would also support public school construction.

Funds for both acquisitions came from a land replacement account that DNR uses to acquire working forests and other lands. The account is funded by the sales of trust lands that are less productive or less likely to provide long-term revenue to the public school beneficiaries.



▲ **DNR's management of 1.8 million acres of forested state trust lands is guided by a Habitat Conservation Plan that outlines conservation goals while allowing the department to meet its legal responsibilities to general revenue for state trust beneficiaries.**

DNR manages state trust lands to meet the needs of current and future generations of beneficiaries.

# Natural Areas Program

The Natural Areas Program protects outstanding examples of the state's extraordinary diversity by managing natural, undisturbed ecosystems in state ownership.

## Washington Natural Heritage Program

The Washington Natural Heritage Program, housed at DNR, is the only source for comprehensive scientific data on the rare plants and native ecosystems of Washington. Local governments, state and federal agencies, and private organizations use the program's data to make informed land use decisions, set conservation priorities, and for other purposes. The program has embarked on a major update to the scientific information about wetland ecosystems in the state. Knowing the locations of these high-quality wetlands is integral to protecting the most irreplaceable and significant resources in Washington.

Kings Lake Bog Natural Area Preserve protects wetland ecosystems that are now extremely rare in the Puget Trough Zone.



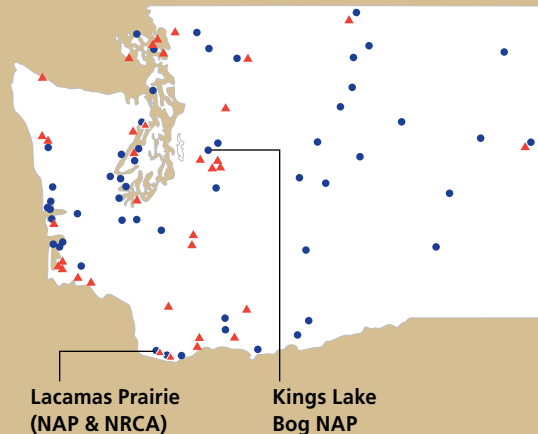
## Lacamas Prairie Natural Area

With two recent land purchases totaling 189 acres completed in 2012, Lacamas Prairie became the newest Natural Area Preserve (NAP) under DNR management. The site protects native plants and ecosystems listed as conservation priorities in the Washington Natural Heritage Plan.

Lacamas Prairie NAP represents the best and only known remnant of the Willamette Valley wet prairie ecosystem in Washington and contains the largest of four known populations of Bradshaw's lomatium, a globally rare and federally listed endangered plant species.

Lacamas Prairie also protects six other plant species rare in Washington and habitat for the slender-billed, white-breasted nuthatch, a bird becoming increasingly rare in our region. Many waterfowl winter in the wetland, and there have been recent sightings of Western Gray squirrel in the Oregon white oak woodland on the site.

The addition of Lacamas Prairie NAP brings the number of natural areas managed by



- ▲ Natural Resources Conservation Area (NRCA)
- Natural Area Preserve (NAP)

DNR's Natural Areas Program to 90 sites, totaling more than 150,000 acres. These sites include 55 natural area preserves and 35 natural resources conservation areas.

Many sites provide excellent opportunities for bird watching and other wildlife viewing, hiking, kayaking and other low-impact public uses. Natural Area Preserves are particularly important for scientific research and environmental education. [▶ READ MORE](#)

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Washington's  
natural lands  
safe and  
sound.

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PHOTO BY JESSICA PAYNE / DNR

# Recreation

**DNR provides an array of outdoor recreation opportunities, including sustainable trail systems developed with community input and based on sound scientific principles.**

## Reiter Foothills Forest

■ Reiter Foothills, near Gold Bar, reopened after a network of user built trails was closed in 2009. The closure enabled staff and volunteers to repair environmental damage caused by unauthorized trails and to professionally plan, design, and build new trails in more sustainable locations. During 2012, this popular recreation area opened a 4x4 challenge course and a single-track trail for trial runs.

## Major Planning Efforts Near Completion


■ Two recreation planning efforts—for the Green Mountain and Tahuya State Forests and the Snoqualmie Corridor—drew closer to completion in 2012. Planning for the two popular outdoor recreation spots included recommendations and other input from citizen-based planning committees formed by DNR. The Snoqualmie Corridor planning includes Tiger Mountain, Mount Si, Rattlesnake Ridge, Middle Fork Snoqualmie, Raging River, and other lands managed by DNR. Open houses held in 2011 and 2012

introduced the public to the two planning areas and explained recreation planning to hundreds of citizens. DNR also provides frequent updates about each project to stakeholders and interested members with electronic newsletters, social media, and other outreach efforts. Also in 2012, DNR started a recreation planning effort with Washington Department of Fish and Wildlife, focusing on 230,000 acres of state-managed lands between Ellensburg and Wenatchee.

## New Bike Trail

■ After nearly a year of construction and hundreds of hours of volunteer efforts, DNR opened a new 1.4-mile mountain bike trail at Tiger Mountain, a unique, multi-use destination near Seattle. In addition to several exciting mountain bike trails, the area offers hiking, paragliding launches, and horseback riding opportunities. The construction of the newest mountain bike trail was funded by grants aimed at improving the mountain bike experience by building a sustainable network of trails.

Safety and sustainability guide DNR recreation planning for state trust lands.



## Samish Overlook Renovations

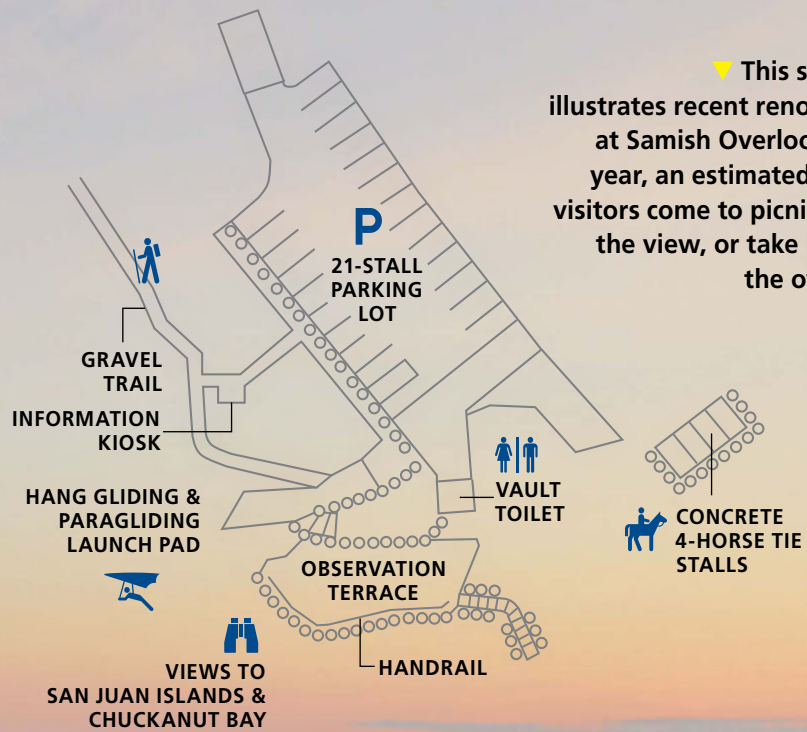


DNR finished renovations at Samish Overlook in Skagit County following a three-month closure while crews improved access to the parking lot and restrooms, built an observation terrace, installed signs, and upgraded links to trails. The project was made possible by a \$325,000 grant from the Washington State Recreation and Conservation Office's Nonhighway and Off-road Vehicle Activities (NOVA) program.

Samish Overlook provides breathtaking views of Chuckanut Bay and the San Juan Islands and offers recreation access for hiking, horseback riding, mountain biking, rock climbing, hang gliding, paragliding, picnicking, and, of course, sightseeing.

[➔ READ MORE](#)





A \$325,000 NOVA\* grant funded the Samish Overlook renovation.

\* NONHIGHWAY AND OFF-ROAD VEHICLE ACTIVITIES (NOVA) PROGRAM

## Volunteers Make a Difference

More than 70,000 volunteer hours on recreation projects were reported in 2012. Volunteers' efforts ranged from cleaning up garbage in Elbe State Forest to building a sustainable and safe trail to Mailbox Peak in the Middle Fork Snoqualmie.

### Volunteer Hero Award



This year, all eyes were on volunteers when the Commissioner of Public Lands Peter Goldmark announced the first annual Volunteer Hero Award. Two recipients,

Bob Langley and Tom Faubion, received this award for their sustained service, superior performance, leadership, and commitment to DNR's volunteer program. [➔ READ MORE](#)

### Volunteers Can Get Rewards

9,787 volunteer hours were redeemed in 2012 for 386 complimentary Discover Pass vouchers.

[➔ READ MORE](#)



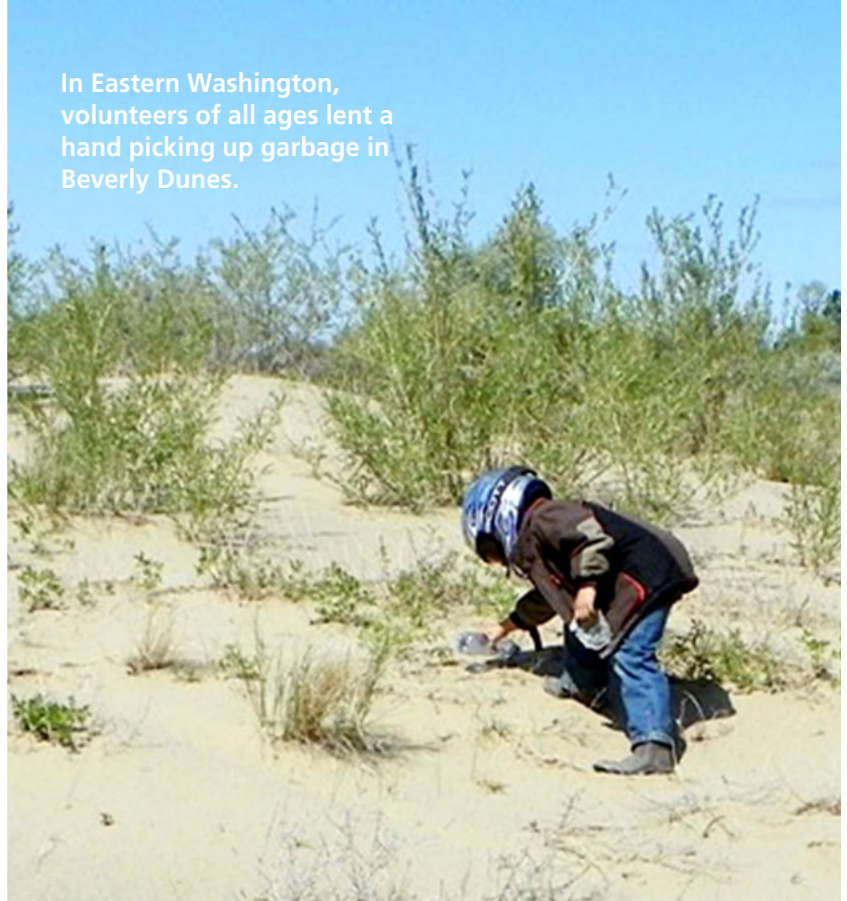
Volunteers spent a day in May cleaning up Elbe State Forest.

PHOTOS (CLOCKWISE FROM TOP): SAMISH OVERLOOK: ALEXIS KODOSKEY. BEVERLY DUNES: EASTERNWASHINGTONADVENTURES.COM. NATIONAL TRAILS DAY: MOUNTAINS TO SOUND GREENWAY. BLANCHARD FOREST: DIANA LOFFLIN / DNR. ELBE STATE FOREST: JORDAN REEVES / DNR.

Volunteers  
get a workout and  
make a difference as  
they help repair roads  
leading to  
Samish Overlook  
in Blanchard Forest.



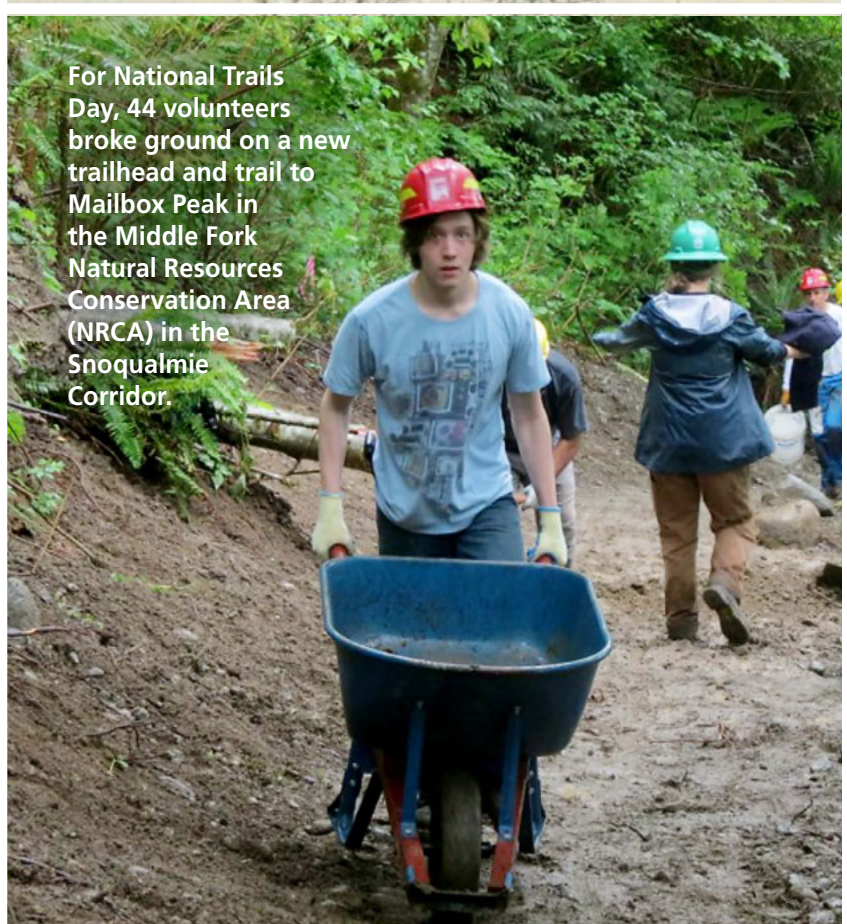
In Eastern Washington,  
volunteers of all ages lent  
a hand picking up garbage in  
Beverly Dunes.



Our equestrian volunteers  
helped pack gravel into the  
Lower Trail of Blanchard  
Forest for trail restoration  
on National Trails Day 2012.



For National Trails  
Day, 44 volunteers  
broke ground on a new  
trailhead and trail to  
Mailbox Peak in  
the Middle Fork  
Natural Resources  
Conservation Area  
(NRCA) in the  
Snoqualmie  
Corridor.



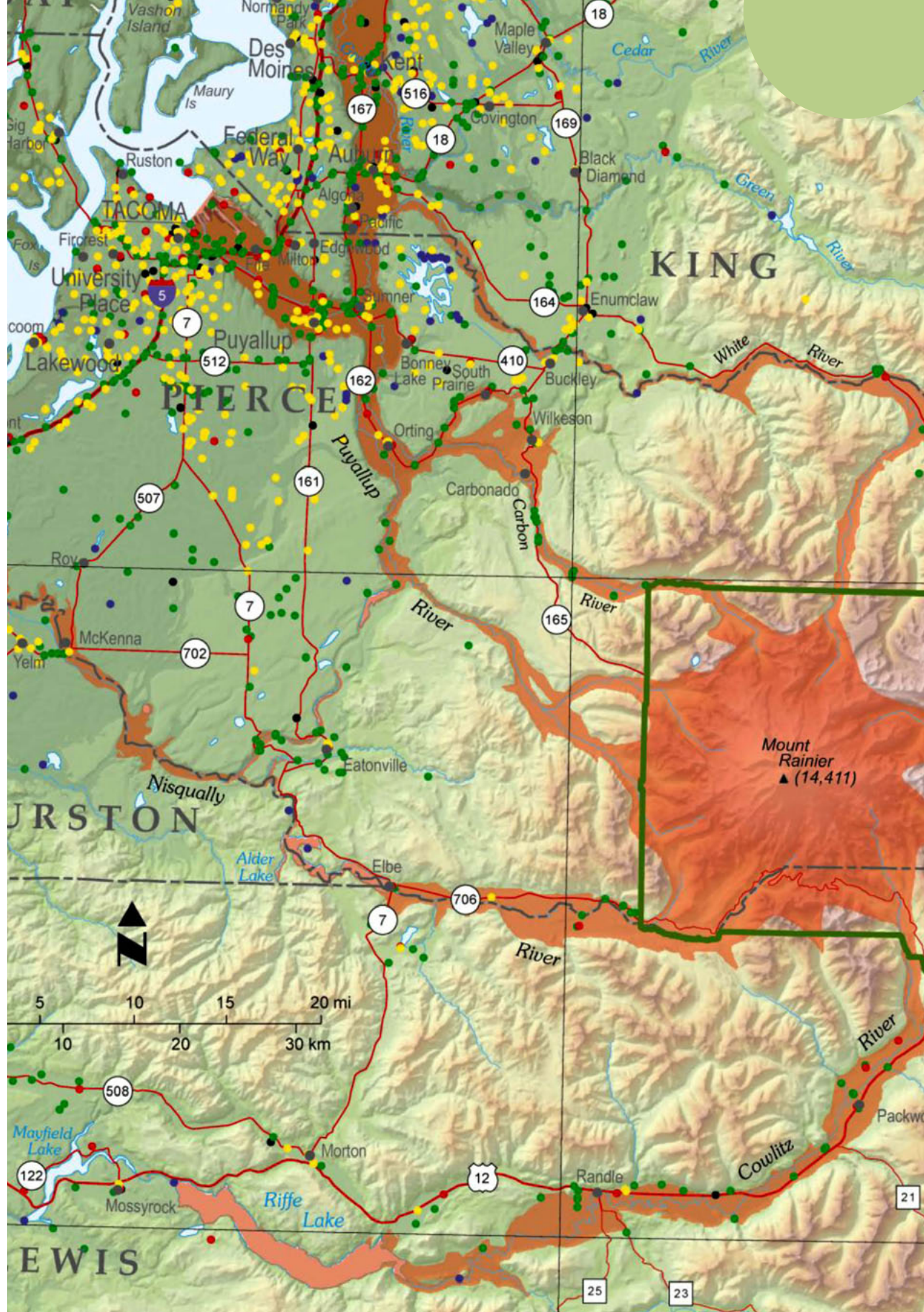
- Volcano hazard zone
- National Park boundary
- Schools
- Fire stations
- Dams
- Bridges
- Police stations
- Towns



## Mount Rainier Lahar Zones

A DNR interactive map shows locations of major infrastructure in the lahar zones.

[▶ READ MORE](#)



# Geology and Earth Sciences

**DNR offers citizens, government officials, and planners technical assistance, mapping, and education about geologic risks.**

## Lahar Risks Quantified

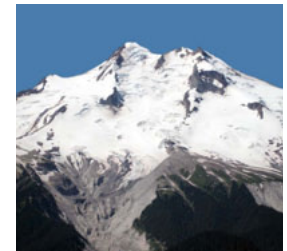
An online map added in 2012 to the Washington State Geologic Information Portal shows hazard zones for lahars (volcanic mudflows or debris flows) coming from Mount Rainier, as determined by the U.S. Geological Survey. This new map displays land parcels at risk of being affected by lahars. Users can find the value of the land, structures, and contents of each parcel, as well as the areas of the state that could be affected by lava flows and pyroclastic flows, post-eruption erosion, sedimentation, and flooding after a lahar or eruption by the volcano posing the greatest threat to populated areas.

Of the 11 river valleys draining Mount Rainier, the Puyallup Valley has the highest population and most property at risk from lahars, floods and landslides originating at the volcano. Using American Recovery and Reinvestment Act (ARRA) funds awarded through a U.S. Geological Survey Volcano Hazard Program grant, DNR estimated that

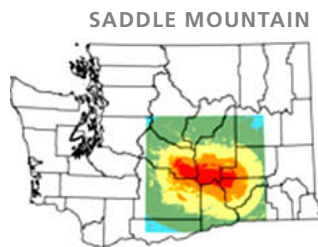
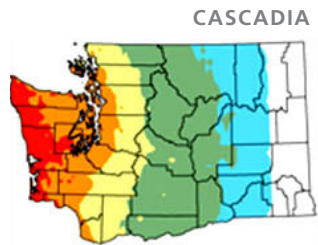
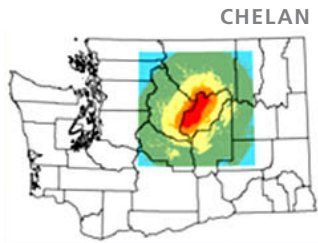
a lahar from Mount Rainier could produce property losses of more than to \$22 billion to communities in the mountain's drainages, including \$6 billion in the Puyallup Valley.

The report, "Loss Estimation Pilot Project for Lahar Hazards from Mount Rainier, Washington," is based on data about previous lahars from the volcano. Using loss-estimation software developed by the Federal Emergency Management Agency (FEMA), the report projected potential property damage costs if similar mudflows occurred again on Mount Rainier's west side.

Weakened rocks in the upper west flank of Mount Rainier make the Puyallup Valley highly susceptible to lahars. Lahar-related flooding has the potential to reach as far as Commencement Bay and Elliott Bay, including the ports of Seattle and Tacoma.



A Mount Rainier lahar would cause more than \$22 billion in devastation to communities in its drainage.



## Seismic Scenarios

▲ DNR's collection of online interactive maps (above) expanded this year with the addition of a seismic scenarios catalog on the Washington State Geologic Information Portal. The catalog displays maps of estimated levels of damage to public and private infrastructure from earthquakes at major faults throughout the state.

## Resilient Washington

DNR worked with other government agencies, universities and seismic safety experts during 2012 to improve earthquake safety and awareness. Through its participation on the Washington State Emergency Management Council's Seismic Safety Committee, DNR published 'Resilient Washington State' in late 2012. The report outlines a comprehensive approach to minimize losses and improve recovery times of schools, hospitals, highways, utilities, housing, and other critical infrastructure after a serious earthquake. It also recommends timeframes for recovery of each major infrastructure component after an earthquake and concludes with recommendations to improve the seismic resilience of critical infrastructure statewide.

➔ [READ MORE](#)

## Landslide Risk Levels

A web-based tool showing generalized landslide risk levels by county was made available on DNR's website in 2012. The Shallow Landslide Hazard Map for Washington State, produced by the DNR Division of Geology and Earth Resources and the National Oceanic and Atmospheric Administration–National Weather Service, shows the relative risk of landslides occurring in a county based on its recent and forecasted precipitation. The map can help public safety personnel and the public by showing current relative risk levels, but is not intended to be an early warning system of landslides at specific locations.

➔ [READ MORE](#)

PHOTO BY TREVOR CONTRERAS / DNR DIVISION OF GEOLOGY & EARTH RESOURCES

A shallow debris flow (mudslide) flowed down a hillside along Highway 12 near Glenoma in 2009.



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**ABOUT THESE PAGES**

- ▶ These pages account for the revenues DNR generated, collected and expended during Fiscal Year 2012 (July 1, 2011 – June 30, 2012).
- ▶ Most revenues DNR generated are from activities on upland state trust lands and aquatic lands. (See related stories, pages 6 to 30.) Distribution of revenue is governed by statute and varies according to trust and revenue source.
- ▶ DNR manages 2.1 million acres of forestlands that generate revenue for state trusts, mostly from timber sales. On pages 67 to 71, DNR provides data on timber management activities on forested state trust lands, as required by RCW 79.10.010(3).
- ▶ Fiscal information is presented as a combination of tables, pie charts, and notes. The notes provide context for the tables.
- ▶ Underlined bold numbers are totals or subtotals.
- ▶ Some pages show dollars in thousands. Totals may not add due to rounding.
- ▶ There is no individual page for the Community College Forest Reserve Trust. (See Fund Activity, page 43.)
- ▶ These pages include data for federally granted trust lands and for legislatively established trust lands, including State Forest Lands (formerly known as Forest Board lands). Trusts are listed individually.
- ▶ Counties that contain State Forest Lands, but are not listed for an activity, did not have that activity during Fiscal Year 2012.

# Total Revenue | FY 2012

REVENUE BY SOURCE <sup>1</sup>	FY 2012	FY 2011
Source	Total Funds	Total Funds
<b>Sales</b>		
Timber Sale Removals	\$185,677	\$196,354
Timber Sales-Related Activities	904	1,085
Forest Road Assessments	12,422	13,557
Nursery Seedling Sales <sup>1</sup>	574	7,596
Miscellaneous	195	460
	<b>\$199,773</b>	<b>\$219,051</b>
<b>Leases</b>		
Agriculture	\$18,323	\$13,721
Aquatic	38,930	37,061
Commercial Real Estate	10,281	10,071
Mineral and Hydrocarbon	1,184	1,156
Communication Sites	3,873	4,012
Rights-of-Way	1,019	788
Miscellaneous	3,253	2,283
	<b>\$76,863</b>	<b>\$69,092</b>
<b>Other Revenue</b>		
Interest Income	\$915	\$1,038
Fire Assessments and Cost Reimbursement	11,782	10,441
Grants and Contributions	12,337	16,724
Permits, Fees and Related Charges	2,421	2,574
Miscellaneous <sup>1</sup>	891	804
	<b>\$28,347</b>	<b>\$31,581</b>
<b>Total Revenue from Operations</b>	<b>\$304,983</b>	<b>\$319,723</b>
<b>Land Transfers <sup>3</sup></b>		
Land Transfers <sup>3</sup>	\$57,614	\$73,757
Land Bank <sup>4</sup>	0	4,235
	<b>\$57,614</b>	<b>\$77,992</b>
<b>Total Revenue</b>		
<b>Total</b>	<b>\$362,598</b>	<b>\$397,715</b>

Amounts are reported in thousands of dollars.

#### ■ About This Page

DNR's expenditures reflect the Department's diverse work.

Land Management activities, funded by trust land revenue, are investments in the long-term benefits and productivity of the resources. Other activities, funded by non-trust revenue sources, support regulatory, assistance and resource protection programs, as well as agency operations.

Capital expenditures include land acquisitions on behalf of state trusts and natural areas.

Revenues are shown for two years for comparison. Differences between the years reflect changes in market conditions, legal requirements, availability of resources, and other factors.

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.



# Total Expenditures | FY 2012

EXPENDITURES BY PROGRAM <sup>2</sup>	FY 2012	FY 2011
<b>Operating</b>		
Agricultural Resources	\$1,648	\$1,493
Asset & Property Management	5,114	4,878
Product Sales & Leasing <sup>2</sup>	50,321	30,946
Land Management	16,062	20,620
Aquatic Resources	10,286	10,658
Law Enforcement Services	833	754
Administration	4,414	4,347
Interagency Payments	8,908	9,821
Agency Support	14,560	19,032
Geology & Earth Resources	2,487	2,125
Forest Practices	13,090	14,285
Engineering Services	15,245	14,068
Resource Protection	16,689	18,867
Fire Suppression	13,232	16,301
<b>Total Operating Expenditures</b>	<b>\$172,887</b>	<b>\$168,194</b>
<b>Capital</b>		
Recreation	\$636	\$1,196
Aquatic Resource Projects	128	3,520
Real Estate and Property Acquisition	25,768	8,290
Trust Land Transfers	56,988	70,622
Facilities	261	272
Miscellaneous	2,478	5,261
<b>Total Capital Expenditures</b>	<b>\$86,258</b>	<b>\$89,161</b>
<b>Total Expenditures</b>		
<b>Total<sup>2</sup></b>	<b>\$259,145</b>	<b>\$257,355</b>

Amounts are reported in thousands of dollars.

#### ■ About This Page

Expenditures are shown for two years for comparison. Differences between the years reflect changes in the programs, legal requirements, salaries and benefits, inflation, and other factors.

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

# DNR-Administered Funds— Revenue and Expenditures | FY 2012

Fund Title	Beginning Balance 7/1/11	Revenue	Expenditure	Ending Balance 6/30/12
<b>Trust Management Accounts *</b>				
Forest Development (FDA)	\$24,028	\$21,009	\$(28,847)	\$16,190
Resources Management (RMCA) **	54,614	48,955	(46,461)	57,108
RMCA Uplands Subtotal	12,717	30,021	(26,525)	16,212
RMCA Land Bank Subtotal	25,199	17	(6,758)	18,459
RMCA Aquatics Subtotal	16,697	18,917	(13,178)	22,436
Agricultural College (ACTMA)	267	711	(873)	105
	<b>\$62,095</b>	<b>\$70,675</b>	<b>\$(76,181)</b>	<b>\$73,403</b>
<b>Other DNR-Administered Funds</b>				
Access Road Revolving	\$9,233	\$12,524	\$(14,122)	\$7,635
Aquatic Lands Dredged Material	594	63	(256)	402
Aquatic Lands Enhancement <sup>7</sup>	n/a	21,483	(69)	n/a
Conservation Areas Stewardship	107	58	(2)	163
Contract Harvesting Revolving	9,455	19,179	(23,195)	5,439
Derelict Vessel Removal <sup>8</sup>	n/a	6	(806)	n/a
Forest and Fish Support <sup>9</sup>	n/a	0	(3,251)	n/a
Forest Fire Protection Assessment	3,176	9,743	(9,377)	3,542
Landowner Contingency Forest Fire	2,793	415	(94)	3,114
ORV and Nonhighway Vehicle <sup>6</sup>	n/a	0	(2,386)	n/a
Park Land Trust Revolving <sup>10</sup>	40	29	(1,130)	n/a
Real Property Replacement <sup>3</sup>	35,968	3,950	(16,543)	23,377
Special Forest Products Outreach & Educ.	1	2	0	3
State Forest Nursery Revolving <sup>14</sup>	5,699	329	(3,900)	2,128
Surface Mining Reclamation	1,091	1,517	(1,561)	1,048
Surveys and Maps	883	489	(571)	801
	<b>\$64,601</b>	<b>\$69,788</b>	<b>\$(77,261)</b>	<b>\$47,651</b>
<b>Total DNR-Administered Funds <sup>14</sup></b>	<b>\$126,696</b>	<b>\$140,463</b>	<b>\$(153,441)</b>	<b>\$121,054</b>

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

Amounts are reported in thousands of dollars.

#### About This Page

DNR's fiscal activity includes generating revenue for a variety of funds and accounts, some of which benefit state trust beneficiaries and some of which fund state programs, including DNR's own. DNR's fiscal activity also includes expenditures supporting its work. Some of the accounts that receive revenue from DNR or that fund DNR's expenditures are managed by DNR; others are managed by other agencies.

\* These accounts fund DNR's management of state trust lands. Revenue may be carried over from year to year. As a result, any given year's expenditures do not necessarily correlate to that year's revenue.

\*\* The RMCA trust balance includes \$18,458,801 dedicated by law (RCW 79.19) to Land Bank purchases of lands that replace previously sold trust lands.

See pages 44, 46, 54, and 58 for more detailed accounting. FDA and RMCA are funded through revenue generated from the lands whose management they support. ACTMA is not funded through such revenue, but instead, through a legislative appropriation from the State General Fund.

N/A = not applicable

# Other Funds— Revenue and Expenditures | FY 2012

Fund Title	Revenue	Expenditure	Net Fiscal Activity
<b>Trust Current Funds</b> <sup>13</sup>			
Common School Construction	\$109,739	\$0	\$109,739
Community College Forest Reserve <sup>17</sup>	(3)	0	(3)
WSU Bond Retirement <sup>19</sup>	1,847	0	1,847
UW Bond Retirement	808	0	808
CEP&RI	4,995	0	4,995
EWU Capital Projects	26	0	26
CWU Capital Projects	26	0	26
WWU Capital Projects	26	0	26
TESC Capital Projects	26	0	26
Capitol Building Construction	8,831	0	8,831
Forest Board Counties	65,185	0	65,185
	<b>\$191,506</b>	<b>\$0</b>	<b>\$191,506</b>
<b>Trust Permanent Funds</b> <sup>13</sup>			
Agricultural College (WSU)	\$3,218	\$0	\$3,218
Normal School (EWU, CWU, WWU, TESC)	3,053	0	3,053
Common School (K-12)	385	0	385
Scientific (WSU)	4,571	0	4,571
State University (UW) <sup>19</sup>	331	0	331
	<b>\$11,558</b>	<b>\$0</b>	<b>\$11,558</b>
<b>Other Funds</b>			
General Fund	\$18,898	\$(42,525)	\$(23,628)
State Building Construction	0	(58,954)	(58,954)
Disaster Response	0	(3,813)	(3,813)
Air Pollution Control	166	(166)	0
Developmental Disabilities Community Trust	6	0	6
NOVA Program	0	(245)	(245)
	<b>\$19,070</b>	<b>\$(105,704)</b>	<b>\$(86,633)</b>
<b>Total Activity - Other Funds</b>	<b>\$222,135</b>	<b>\$(105,704)</b>	<b>\$116,431</b>
<b>Total All Funds and Activities</b> <sup>14</sup>	<b>\$362,598</b>	<b>\$(259,145)</b>	

**Amounts are reported in thousands of dollars.**

Totals may not add, due to rounding. See fiscal notes, pages 62-66.

**About This Page**

All revenue for the Community College Reserve Trust was generated from leases. DNR expenditures from the fund were to purchase land for the trust.

# Resource Management Cost Account (RMCA)

## FY 2012

	EXPENDITURES	REVENUE
Source		
<b>Beginning Balance (July 1, 2011)</b>		<b>\$54,613,547</b>
<b>RMCA Revenue</b>		
Uplands		30,037,826
Aquatics		18,916,930
Operating Revenue		48,954,756
<b>Total Revenue</b>		<b>\$48,954,756</b>
<b>Less Expenditures <sup>2</sup></b>		
Agricultural Resources	\$1,615,829	
Asset & Property Management	1,307,479	
Product Sales & Leasing	9,350,181	
Land Management	5,808,729	
Law Enforcement	378,972	
Correctional Camps	352,042	
Administration	1,059,239	
Interagency Payments	4,173,836	
Agency Support	4,477,970	
Aquatic Resources	9,643,163	
Engineering Services	1,374,797	
<b>Total Operating Expenditures</b>	<b>39,542,237</b>	
<b>Total Capital Expenditures</b>	<b>6,918,665</b>	
<b>Total Expenditures and Other Charges</b>	<b>\$46,460,904</b>	
<b>Ending Fund Balance (June 30, 2012)</b>		<b>*\$57,107,398</b>

### ■ About This Page

The Resource Management Cost Account (RMCA) funds DNR's Land Management activities on state grant lands. DNR deposits a portion of the revenue it generates from these lands into the account, and the legislature appropriates funds from the account to DNR for expenditures. The RMCA can be used only for land management expenses (e.g., reforestation, preparing timber sales, or managing aquatic leases) that support federally granted state lands.

\* RMCA fund balance includes \$18,458,801 in upland trust reserved for Land Bank sell-first purchases. See page 46 for details.

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

# State Grant Lands

## FY 2012

	REVENUE	DISTRIBUTION		
Source	Grand Total All Funds	Trust Current Funds <sup>13</sup>	Trust Permanent Funds <sup>13</sup>	Resource Management Cost Account <sup>15</sup>
<b>Sales</b>				
Timber Sales <sup>11, 15, 19</sup>	\$78,962,243	\$46,240,047	\$12,185,450	\$20,536,746
Timber Sales-Related Activities <sup>1</sup>	854,670	618,461	303	235,906
Trust Land Transfer Program <sup>3</sup>	53,231,000	53,231,000	0	0
Land Sales (Includes Land Bank) <sup>4</sup>	0	0	0	0
	<b>\$133,047,914</b>	<b>\$100,089,508</b>	<b>\$12,185,753</b>	<b>\$20,772,652</b>
<b>Leases</b>				
<b>Agriculture</b>				
Dryland	\$5,763,231	\$3,769,459	\$469,487	\$1,524,285
Irrigated	11,655,748	8,018,478	515,712	3,121,558
Grazing and Other	852,509	592,295	33,900	226,314
<b>Aquatic Lands</b>				
Special Use	2,103,438	1,487,452	53,034	562,951
Commercial Real Estate	10,274,387	7,420,431	80,887	2,773,069
Mineral And Hydrocarbon	1,060,964	627,758	92,497	340,708
Rights-Of-Way	771,123	291,760	223,205	256,158
Communication Sites	2,539,616	1,472,107	415,975	651,534
Special Forest Products	258,585	169,290	19,978	69,317
	<b>\$74,210,703</b>	<b>\$44,706,940</b>	<b>\$1,904,675</b>	<b>\$27,599,088</b>
<b>Other Revenue</b>				
Interest Income	\$511,692	\$107,854	\$10,874	\$392,964
Non-Trust Revenue <sup>16</sup>	229,520	487	0	229,033
Operating Transfer <sup>1, 12</sup>	(361,159)	2,653,985	(2,653,985)	(361,159)
Permits, Fees and Miscellaneous <sup>1</sup>	680,846	247,925	110,744	322,176
	<b>\$1,060,899</b>	<b>\$3,010,252</b>	<b>\$(2,532,367)</b>	<b>\$583,014</b>
<b>Total Revenue</b>	<b>\$208,319,515</b>	<b>\$147,806,700</b>	<b>\$11,558,061</b>	<b>\$48,954,755</b>

### ■ About This Page

State grant lands (upland and aquatic) were granted to Washington at statehood by the federal government. Each upland parcel is assigned to a specific state trust dedicated to financially supporting a specific beneficiary (e.g., the Common School Trust supports construction of K-12 schools).

The aquatic lands are designated as a public trust to benefit the public as a whole. Income from state grant lands is divided among trust beneficiary accounts and the RMCA, which DNR uses to manage the lands.

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

# Resource Management Cost Account (RMCA) Upland | FY 2012

Source	Granted Trusts	Land Bank*	Total Uplands
<b>Beginning Trust Balance (July 1, 2011)</b>	<b>\$12,717,325</b>	<b>\$25,199,294</b>	<b>\$37,916,619</b>
<b>Upland Revenue</b>			
<b>Total Upland Revenue</b>	<b>\$30,020,769</b>	<b>\$17,057</b>	<b>\$30,037,826</b>
<b>Less: Expenditures <sup>2</sup></b>			
<b>Agricultural Resources</b>	\$1,615,829	\$0	\$1,615,829
<b>Asset &amp; Property Management</b>	1,307,479	0	3,488,475
<b>Product Sales &amp; Leasing</b>	9,350,181	0	7,169,185
<b>Land Management</b>	5,808,729	0	5,808,729
<b>Law Enforcement</b>	378,972	0	378,972
<b>Correctional Camps</b>	352,042	0	352,042
<b>Administration</b>	716,506	0	716,506
<b>Interagency Payments</b>	2,537,345	0	2,537,345
<b>Agency Support</b>	2,947,686	0	2,947,686
<b>Engineering Services</b>	1,374,797	0	1,374,797
<b>Total Operating Expenditures</b>	<b>\$26,389,566</b>	<b>\$0</b>	<b>\$26,389,566</b>
<b>Total Capital Expenditures</b>	<b>\$135,713</b>	<b>\$6,757,549</b>	<b>\$6,893,262</b>
<b>Total Expenditures</b>	<b>\$26,525,279</b>	<b>\$6,757,549</b>	<b>\$33,282,828</b>
<b>Ending Trust Balance (June 30, 2012)</b>	<b>\$16,212,815</b>	<b>\$18,458,802</b>	<b>\$34,671,617</b>

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

## About This Page

This portion of the RMCA supports the management of upland state grant lands, each of which supports a specific, designated beneficiary.

\* Land Bank revenue is dedicated by law (RCW 79.19) to purchases of lands that replace previously sold trust lands.

## ► About Next Page

Generally, by law, each beneficiary of the granted land trusts receives 70 percent of the revenue earned from its lands, and the remaining 30 percent goes to the RMCA to fund DNR's management of the lands. This chart shows the combined distribution in Fiscal Year 2012, with each trust beneficiary's share proportional to its share of the total revenue earned, and with the RMCA share divided among DNR's expenditures from the account for upland management activities.

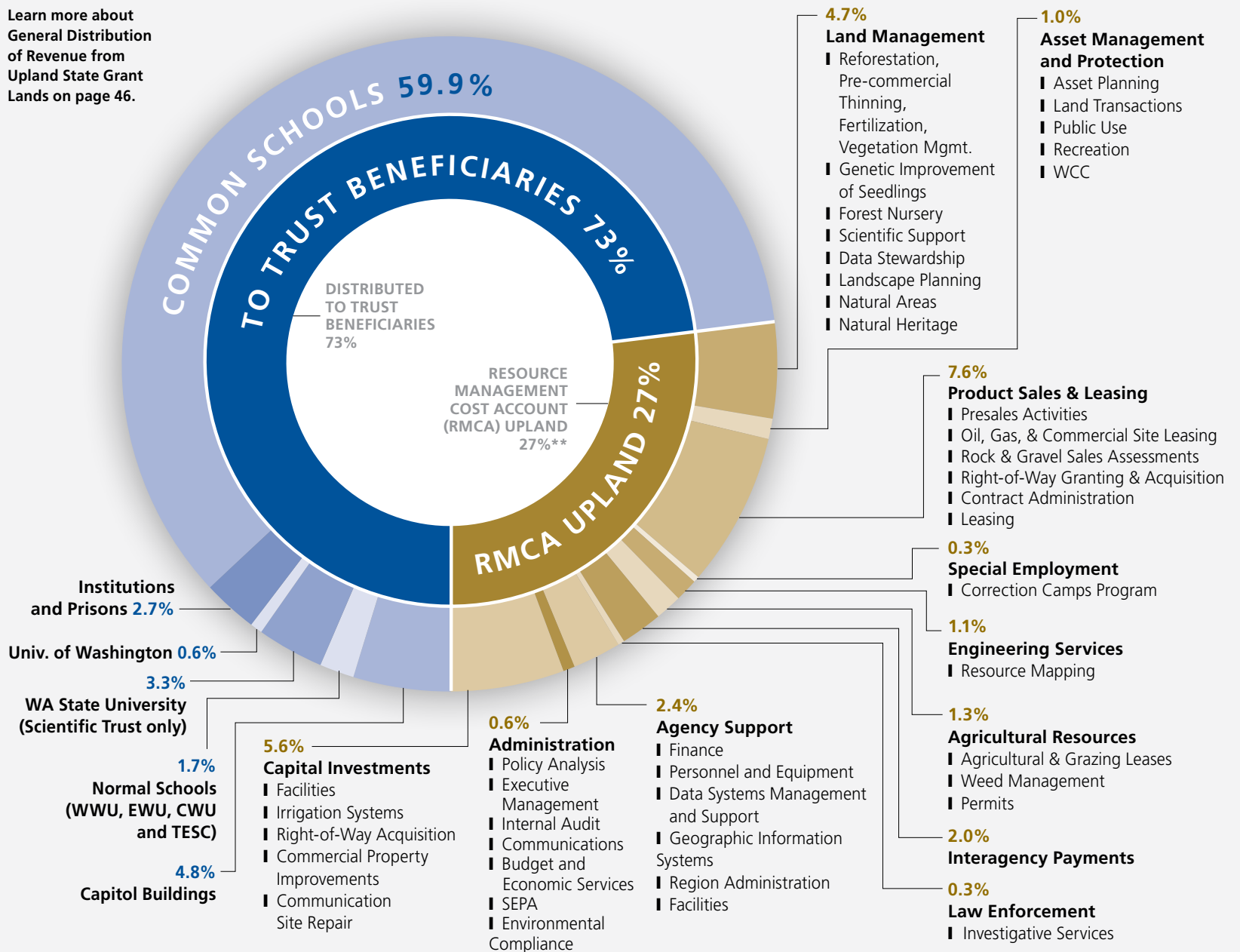
Expenditures are appropriated by the legislature and are ongoing investments to keep the lands productive and to generate future income for the trusts.

\* This chart is based on statewide averages. Detailed breakdown of DNR programs contains examples only, not a complete listing. This chart does not include revenue from the Agricultural School trust lands, because 100 percent of revenue from those lands is distributed to the trust.

\*\* Per Board of Natural Resources Resolution #1388, the management fund deduction of revenues from granted lands was established at 27 percent, effective July 3, 2012, through June 30, 2013.

# General Distribution of Revenue from Upland State Grant Lands\* | FY 2012

Learn more about General Distribution of Revenue from Upland State Grant Lands on page 46.



# Common School, Indemnity and Escheat Grants | FY 2012

Source	REVENUE	DISTRIBUTION		
	Total Funds	Common School Construction	Common School Permanent	Resource Management Cost Account <sup>15</sup>
<b>Sales</b>				
Timber Sales <sup>11, 15</sup>	\$45,883,662	\$33,526,872	\$0	\$12,356,789
Timber Sales-Related Activities <sup>1</sup>	846,494	612,799	0	233,696
Trust Land Transfer Program <sup>3</sup>	53,231,000	53,231,000	0	0
Land Sales (Includes Land Bank) <sup>4</sup>	0	0	0	0
	<b>\$99,961,156</b>	<b>\$87,370,671</b>	<b>\$0</b>	<b>\$12,590,485</b>
<b>Leases</b>				
<b>Agriculture</b>				
Dryland	\$4,565,376	\$3,333,130	\$0	\$1,232,246
Irrigated	10,924,009	7,974,518	0	2,949,491
Grazing and Other	791,106	577,624	0	213,482
Aquatic Lands	0	0	0	0
Special Use	1,995,920	1,457,974	0	537,946
Commercial Real Estate	10,153,171	7,411,385	0	2,741,786
Mineral And Hydrocarbon	227,297	81,136	84,791	61,370
Rights-Of-Way	294,017	26,643	188,917	78,457
Communication Sites	1,797,581	1,296,746	0	500,835
Special Forest Products	182,758	133,413	0	49,345
	<b>\$30,931,236</b>	<b>\$22,292,569</b>	<b>\$273,708</b>	<b>\$8,364,959</b>
<b>Other Revenue</b>				
Interest Income	\$112,938	\$76,252	\$637	\$36,049
Non-Trust Revenue <sup>16</sup>	99,456	0	0	99,456
Operating Transfer <sup>1</sup>	(16,921)	0	0	(16,921)
Permits, Fees and Miscellaneous <sup>1</sup>	156,069	0	110,744	45,325
	<b>\$351,542</b>	<b>\$76,252</b>	<b>\$111,381</b>	<b>\$163,909</b>
<b>Totals</b>	<b>\$131,243,934</b>	<b>\$109,739,492</b>	<b>\$385,089</b>	<b>\$21,119,353</b>

## ■ About This Page

Income from these state grant lands and escheat lands (those with no known heirs) supports construction of state public kindergarten through 12th grade schools.

The beneficiary's share of income is distributed to the Common School Construction Account and the Common School Permanent Account, which generates perpetual interest for the support of school construction. This distribution varies by activity and is governed by law.

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.



# University Grants Original and Transferred (UW) | FY 2012

	REVENUE	DISTRIBUTION		
Source <sup>19</sup>	Total Funds	UW Retirement Bond	State (UW) University Permanent	Resource Management Cost Account <sup>15</sup>
<b>Sales</b>				
Timber Sales	\$1,457,145	\$0	\$887,487	\$569,658
Timber Sales-Related Activities <sup>1</sup>	76	0	56	21
Land Sales (Includes Land Bank)	0	0	0	0
	<b>\$1,457,221</b>	<b>\$0</b>	<b>\$887,543</b>	<b>\$569,678</b>
<b>Leases</b>				
<b>Agriculture</b>				
Dryland	\$195,982	\$0	\$143,067	\$52,915
Irrigated	0	0	0	0
Grazing and Other	25,146	0	18,357	6,789
Aquatic Lands	0	0	0	0
Special Use	2,629	0	1,919	710
Commercial Real Estate	103,472	0	75,535	27,937
Mineral And Hydrocarbon	998	0	729	269
Rights-Of-Way	8,026	0	5,859	2,167
Communication Sites	0	0	0	0
Special Forest Products	7,048	0	5,145	1,903
	<b>\$343,301</b>	<b>\$0</b>	<b>\$250,609</b>	<b>\$92,691</b>
<b>Other Revenue</b>				
Interest Income	\$7,289	\$318	\$819	\$6,152
Non-Trust Revenue <sup>16</sup>	1,637	0	0	1,637
Operating Transfer <sup>1, 12</sup>	(317,151)	807,935	(807,935)	(317,151)
Permits, Fees and Miscellaneous <sup>1</sup>	147	0	0	147
	<b>\$(308,078)</b>	<b>\$808,252</b>	<b>\$(807,115)</b>	<b>\$(309,215)</b>
<b>Totals</b>	<b>\$1,492,444</b>	<b>\$808,252</b>	<b>\$331,037</b>	<b>\$353,154</b>

## ■ About This Page

Income from these state grant lands supports construction of buildings for the University of Washington. Some of these lands were acquired at the time of statehood, and some lands were transferred to this trust from the CEP&RI trust by the legislature in 1893.

The beneficiary's share of income is distributed to the University Permanent and UW Bond Retirement accounts. This distribution varies by activity and is governed by law.

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

# Charitable, Educational, Penal and Reformatory Institutions Grant (CEP&RI) | FY 2012

Source	REVENUE	DISTRIBUTION	
	Total Funds	CEP & RI Account	Resource Management Cost Account <sup>15</sup>
<b>Sales</b>			
Timber Sales	\$5,507,569	\$4,022,182	\$1,485,387
Timber Sales-Related Activities <sup>1</sup>	38	28	10
Land Sales (Includes Land Bank)	0	0	0
	<b>\$5,507,607</b>	<b>\$4,022,210</b>	<b>\$1,485,397</b>
<b>Leases</b>			
<b>Agriculture</b>			
Dryland	\$476,100	\$347,453	\$128,647
Irrigated	3,248	2,371	877
Grazing and Other	9,642	7,038	2,603
Aquatic Lands	0	0	0
Special Use	2,828	2,064	764
Commercial Real Estate	11,150	8,139	3,011
Mineral And Hydrocarbon	565,586	412,878	152,708
Rights-Of-Way	24,127	17,612	6,514
Communication Sites	208,340	151,101	57,239
Special Forest Products	26,744	19,588	7,156
	<b>\$1,327,764</b>	<b>\$968,246</b>	<b>\$359,518</b>
<b>Other Revenue</b>			
Interest Income	\$37,717	\$4,905	\$32,812
Non-Trust Revenue <sup>16</sup>	8,752	0	8,752
Operating Transfer	0	0	0
Permits, Fees and Miscellaneous <sup>1</sup>	1,853	0	1,853
	<b>\$48,322</b>	<b>\$4,905</b>	<b>\$43,418</b>
<b>Totals</b>	<b>\$6,883,694</b>	<b>\$4,995,361</b>	<b>\$1,888,333</b>

## ■ About This Page

Income from these state grant lands is used to establish and maintain institutions managed by the Department of Corrections (such as prisons) and the Department of Social and Health Services (such as Western State Hospital).

The beneficiary's share of income is distributed to the CEP&RI Account.

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

# Capitol Building Grant | FY 2012

	REVENUE	DISTRIBUTION	
Source	Total Funds	Capitol Building Construction	Resource Management Cost Account <sup>15</sup>
<b>Sales</b>			
Timber Sales	\$11,888,102	\$8,690,993	\$3,197,109
Timber Sales-Related Activities <sup>1</sup>	7,561	5,634	1,927
Land Sales (Includes Land Bank)	0	0	0
	<b>\$11,895,663</b>	<b>\$8,696,627</b>	<b>\$3,199,036</b>
<b>Leases</b>			
<b>Agriculture</b>			
Dryland	\$66,455	\$48,375	\$18,080
Irrigated	0	0	0
Grazing and Other	3,750	2,738	1,013
Aquatic Lands	0	0	0
Special Use	19,731	14,404	5,327
Commercial Real Estate	1,242	906	335
Mineral And Hydrocarbon	9,670	7,059	2,611
Rights-Of-Way	23,658	17,270	6,388
Communication Sites	33,233	24,260	8,973
Special Forest Products	19,398	14,160	5,237
	<b>\$177,137</b>	<b>\$129,173</b>	<b>\$47,964</b>
<b>Other Revenue</b>			
Interest Income	\$61,393	\$5,115	\$56,278
Non-Trust Revenue <sup>16</sup>	15,353	0	15,353
Operating Transfer <sup>1</sup>	(6,452)	0	(6,452)
Permits, Fees And Miscellaneous <sup>1</sup>	272	0	272
	<b>\$70,567</b>	<b>\$5,115</b>	<b>\$65,451</b>
<b>Totals</b>	<b>\$12,143,367</b>	<b>\$8,830,916</b>	<b>\$3,312,452</b>

## ■ About This Page

Income from these state grant lands supports construction of state government office buildings at the Capitol Campus in Olympia.

The beneficiary's share of income is distributed to the Capitol Building Construction Account.

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

# Normal School Grant (EWU, CWU, WWU and TESC) | FY 2012

Source	REVENUE	DISTRIBUTION		
	Total Funds	EWU, CWU, WWU, TESC Capital Projects	Normal School Permanent	Resource Management Cost Account <sup>15</sup>
<b>Sales</b>				
Timber Sales <sup>11, 15</sup>	\$4,126,064	\$0	\$3,053,855	\$1,072,209
Timber Sales-Related Activities <sup>1</sup>	109	0	54	54
Land Sales (Includes Land Bank)	0	0	0	0
	<b>\$4,126,172</b>	<b>\$0</b>	<b>\$3,053,910</b>	<b>\$1,072,263</b>
<b>Leases</b>				
<b>Agriculture</b>				
Dryland	\$55,482	\$40,502	\$0	\$14,980
Irrigated	56,971	41,589	0	15,382
Grazing and Other	6,706	4,895	0	1,811
Aquatic Lands	0	0	0	0
Special Use	17,821	13,010	0	4,812
Commercial Real Estate	0	0	0	0
Mineral And Hydrocarbon <sup>17</sup>	(1,500)	0	(1,095)	(405)
Rights-Of-Way	759	0	554	205
Communication Sites	0	0	0	0
Special Forest Products	2,915	2,128	0	787
	<b>\$139,154</b>	<b>\$102,124</b>	<b>\$(541)</b>	<b>\$37,572</b>
<b>Other Revenue</b>				
Interest Income	\$19,052	\$489	\$83	\$18,480
Non-Trust Revenue <sup>16</sup>	5,159	0	0	5,159
Operating Transfer <sup>1</sup>	(20,635)	0	0	(20,635)
Permits, Fees and Miscellaneous <sup>1</sup>	224	0	0	224
	<b>\$3,800</b>	<b>\$489</b>	<b>\$83</b>	<b>\$3,228</b>
<b>Totals</b>	<b>\$4,269,127</b>	<b>\$102,612</b>	<b>\$3,053,452</b>	<b>\$1,113,063</b>

## ■ About This Page

Income from these state grant lands supports construction at Eastern Washington University, Central Washington University, and Western Washington University (regional universities). These three universities were originally called 'normal schools.' The Evergreen State College (TESC) was added to this trust by the legislature to begin receiving revenue after July 1, 1995.

The beneficiary's share of income is distributed to the Normal School Permanent Account and capital project accounts for each university. This distribution varies by activity and is governed by law.

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

# Scientific School Grant (WSU) | FY 2012

Source	REVENUE		DISTRIBUTION	
	Total Funds	WSU Bond Retirement	Scientific Permanent	Resource Management Cost Account <sup>15</sup>
<b>Sales</b>				
Timber Sales	\$6,894,262	\$0	\$5,038,667	\$1,855,595
Timber Sales-Related Activities <sup>1</sup>	261	0	63	198
Land Sales (Includes Land Bank)	0	0	0	0
	<b>\$6,894,523</b>	<b>\$0</b>	<b>\$5,038,730</b>	<b>\$1,855,793</b>
<b>Leases</b>				
<b>Agriculture</b>				
Dryland	\$286,837	\$0	\$209,421	\$77,416
Irrigated	577,063	0	421,256	155,807
Grazing and Other	2,282	0	1,666	616
Aquatic Lands	0	0	0	0
Special Use	64,508	0	51,115	13,393
Commercial Real Estate	0	0	0	0
Mineral and Hydrocarbon	4,932	0	3,600	1,332
Rights-Of-Way	26,207	0	19,131	7,076
Communication Sites	369,143	0	284,656	84,487
Special Forest Products	18,671	0	13,782	4,889
	<b>\$1,349,643</b>	<b>\$0</b>	<b>\$1,004,627</b>	<b>\$345,016</b>
<b>Other Revenue</b>				
Interest Income	\$46,318	\$863	\$6,631	\$38,825
Non-Trust Revenue <sup>16</sup>	10,436	0	0	10,436
Operating Transfer <sup>12</sup>	0	1,479,195	(1,479,195)	0
Permits, Fees and Miscellaneous <sup>1</sup>	1,402	0	0	1,402
	<b>\$58,156</b>	<b>\$1,480,058</b>	<b>\$(1,472,564)</b>	<b>\$50,662</b>
<b>Totals</b>	<b>\$8,302,322</b>	<b>\$1,480,058</b>	<b>\$4,570,794</b>	<b>\$2,251,471</b>

## ■ About This Page

Income from these state grant lands supports construction of buildings at Washington State University. The beneficiary's share of income is distributed to the Scientific School Permanent and the WSU Bond Retirement accounts. This distribution varies by activity and is governed by law.

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

# Agricultural College Trust Management Account (ACTMA) | FY 2012

	EXPENDITURES	REVENUE
<b>Source</b>		
<b>Beginning Fund Balance (July 1, 2011)</b>		<b>\$266,908</b>
<b>Revenue</b>		
<b>Operating Revenue *</b>		1,295
<b>Interfund Transfer from General Fund</b>		710,000
<b>Total Revenue</b>		<b>\$711,295</b>
<b>Less Expenditures <sup>2</sup></b>		
<b>Agricultural Resources</b>	\$32,348	
<b>Asset &amp; Property Management</b>	30,139	
<b>Product Sales &amp; Leasing</b>	350,165	
<b>Land Management</b>	205,546	
<b>Law Enforcement</b>	11,930	
<b>Correctional Camps</b>	13,069	
<b>Administration</b>	19,152	
<b>Interagency Payments</b>	65,184	
<b>Agency Support</b>	87,534	
<b>Engineering Services</b>	58,229	
<b>Total Operating Expenditures</b>	873,296	
<b>Total Capital Expenditures</b>	0	
<b>Total Expenditures and Other Charges</b>	<b>\$873,296</b>	
<b>Ending Fund Balance (June 30, 2012)</b>		<b>\$104,906</b>

## ■ About This Page

This account funds DNR's management of the Agricultural College trust lands. The ACTMA is funded through an appropriation from the state General Fund. (As of July 1, 1999, Agricultural College trust lands do not contribute to the RMCA, which supports DNR's management of other state grant lands.)

\*Includes treasurer's interest. See accompanying notes on pages 62-66.

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

# Agricultural School Grant (WSU) | FY 2012

Source	REVENUE	DISTRIBUTION	
	Total Funds	WSU Bond Retirement	Agricultural College Permanent
<b>Sales</b>			
Timber Sales	\$3,205,440	\$0	\$3,205,440
Timber Sales-Related Activities <sup>1</sup>	130	0	130
Asset Transfer/Loan Repayment	0	0	0
Land Sales (Includes Land Bank)	0	0	0
	<b>\$3,205,570</b>	<b>\$0</b>	<b>\$3,205,570</b>
<b>Leases</b>			
<b>Agriculture</b>			
Dryland	\$116,999	\$0	\$116,999
Irrigated	94,456	0	94,456
Grazing and Other	13,878	0	13,878
Aquatic Lands	0	0	0
Special Use	0	0	0
Commercial Real Estate	5,352	0	5,352
Mineral and Hydrocarbon	4,472	0	4,472
Rights-Of-Way	8,744	0	8,744
Communication Sites	131,319	0	131,319
Special Forest Products	1,051	0	1,051
	<b>\$376,271</b>	<b>\$0</b>	<b>\$376,271</b>
<b>Other Revenue</b>			
Interest Income	\$3,148	\$445	\$2,704
Non-Trust Revenue	0	0	0
Operating Transfer <sup>12</sup>	0	366,856	(366,856)
Permits, Fees and Miscellaneous	0	0	0
	<b>\$3,148</b>	<b>\$367,301</b>	<b>\$(364,152)</b>
<b>Totals</b>	<b>\$3,584,990</b>	<b>\$367,301</b>	<b>\$3,217,689</b>

## ■ About This Page

Income from these state grant lands supports construction of Washington State University's buildings. All revenue from these lands is income for the trust and is divided between the Agricultural College Permanent Account and the WSU Bond Retirement Account. This distribution varies by activity and is governed by law.

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

# Aquatic Resources | FY 2012

Source	REVENUE	DISTRIBUTION	
	Total Funds	Aquatic Lands Enhancement	Resource Management Cost Account <sup>15</sup>
<b>Aquatic Resources Activities</b>			
Leases	\$38,931,103	\$20,857,909	\$18,073,194
Mineral and Hydrocarbon	249,508	126,685	122,823
Rights-Of-Way	385,586	230,234	155,351
Interest Income <sup>1</sup>	223,836	19,467	204,369
Non-Trust Revenue <sup>16</sup>	88,727	487	88,240
Miscellaneous <sup>1</sup>	520,878	247,925	272,953
<b>Total Revenue</b>	<b>\$40,399,638</b>	<b>\$21,482,708</b>	<b>\$18,916,930</b>

## RMCA | AQUATIC

Source	EXPENDITURES	REVENUE
<b>Beginning Trust Balance (July 1, 2011)</b>		<b>\$16,696,928</b>
<b>Aquatic Revenue</b>		
<b>Total Revenue</b>		<b>\$18,916,930</b>
<b>Less Expenditures <sup>2</sup></b>		
Aquatic Resources	\$9,643,163	
Administration	342,733	
Interagency Payments	1,636,491	
Agency Support	1,530,284	
<b>Total Operating Expenditures</b>	<b>13,152,671</b>	
<b>Total Capital Expenditures</b>	<b>25,403</b>	
<b>Total Expenditures and Other Charges</b>	<b>\$13,178,074</b>	
<b>Ending Trust Balance (June 30, 2012)</b>		<b>\$22,435,784</b>

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

### ■ About This Page

State-owned aquatic lands (tidelands, shorelands and beds of navigable waters) are a “public trust”— managed to benefit the public as a whole. Revenue from these granted state lands is divided between two accounts:

The RMCA-aquatic supports DNR’s management of state aquatic lands and resources, and the ALEA provides for the purchase, improvement and protection of aquatic lands, largely through grants to public entities. Distribution varies according to activity and land classification, and is governed by law.

### ► About Next Page

By law, revenue from state-owned aquatic lands goes to the Aquatic Lands Enhancement Account (ALEA) for aquatic resource enhancement and to the RMCA to fund DNR’s management of state aquatic lands. Distribution differs for different types of aquatic land — see the small pie charts.

The large pie chart shows the combined total distribution, with the ALEA share divided among state agency expenditures from that account, and the RMCA share divided among DNR’s expenditures from the RMCA. Expenditures are appropriated by the legislature and are ongoing investments to keep the submerged lands productive.

\* This chart is based on statewide averages. Detailed breakdown of DNR programs contains examples only, not a complete listing.

\*\* The ALEA portion of revenue from harbor areas in fourth-class towns is redistributed to those towns twice each year. See fiscal note #7, page 62.

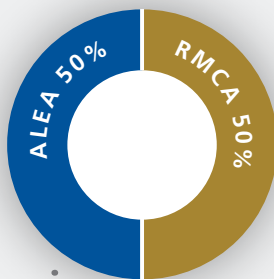
**Department of Health (DOH) and Recreation and Conservation Office (RCO)** spent a very small amount of ALEA funds (see footnote 7, figure 2 on pages 63), which represents less than 0.5 percent of total ALEA expenditures.

Totals may not add, due to rounding. See fiscal notes, pages 62-66.

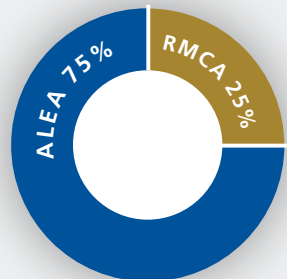


# General Distribution of Revenue from State-Owned Aquatic Lands\* | FY 2012

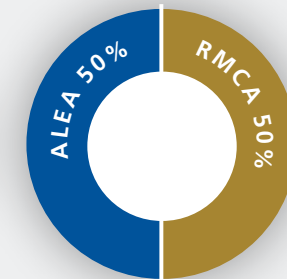
**BEDS OF NAVIGABLE WATERS**



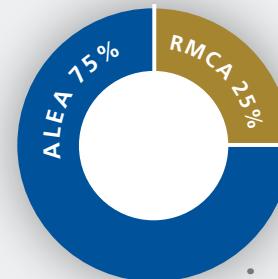
**FIRST CLASS TIDELANDS & SHORELANDS**



**SECOND CLASS TIDELANDS & SHORELANDS**



**HARBOR AREAS\*\***  
Effective 2/6/06



Learn more about general distribution of revenue from state-owned aquatic lands on page 56.

**26.7%** Department of Fish and Wildlife (WDFW)

**0.9%** Puget Sound Partnership

**0.5%** Department of Natural Resources (DNR)

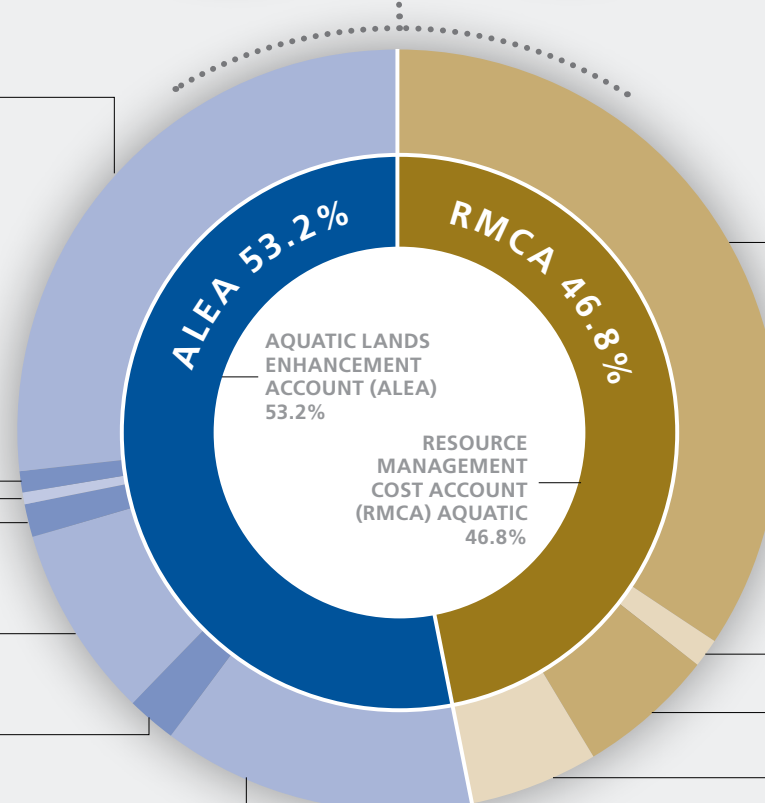
- | Spartina Management
- | Aquatic Endangered Species Act Compliance
- | Derelict Vessel Removal
- | Puget Sound Assessment Monitoring Program

**1.4%** State Parks and Recreation Commission

**8.2%** Department of Agriculture (WSDA)

**2.1%** Department of Health

**13.3%** Recreation and Conservation Funding Board



**34.3%** Aquatic Resources

- | Nearshore Habitat
- | Geoducks
- | Port Management
- | Contaminated Sediments
- | Operations, Administration and Policy Development

**1.2%** Administration

- | Policy Analysis
- | Executive Management
- | Internal Audit
- | Communications
- | Budget & Economic Services

**5.8%** Interagency Payments

**5.4%** Agency Support

- | Finance
- | Personnel & Equipment
- | Data Systems
- | Management & Support
- | Geographic Information Systems
- | Facilities
- | Region Administration

# Forest Development Account (FDA) | FY 2012

	EXPENDITURES	REVENUE
<b>Source</b>		
<b>Beginning Fund Balance (July 1, 2011)</b>		<b>\$24,028,011</b>
<b>Revenue</b>		
<b>Operating Revenue</b>		21,008,933
<b>Total Revenue</b>		<b>\$21,008,933</b>
<b>Less Expenditures <sup>2</sup></b>		
<b>Agricultural Resources</b>	\$0	
<b>Asset &amp; Property Management</b>	460,956	
<b>Product Sales &amp; Leasing***</b>	17,109,202	
<b>Land Management</b>	5,050,142	
<b>Law Enforcement</b>	350,594	
<b>Correctional Camps</b>	340,284	
<b>Administration</b>	539,881	
<b>Interagency Payments</b>	1,552,606	
<b>Agency Support</b>	2,241,588	
<b>Engineering Services</b>	1,075,951	
<b>Total Operating Expenditures</b>	28,721,204	
<b>Total Capital Expenditures</b>	125,305	
<b>Total Expenditures and Other Charges</b>	<b>\$28,846,509</b>	
<b>Ending Fund Balance (June 30, 2012)</b>		<b>\$16,190,435</b>

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

## ■ About This Page

The FDA funds DNR's land management activities on State Forest Lands (formerly known as Forest Board Lands) in 21 counties. DNR deposits a portion of the revenue it generates from these lands into the FDA, and the legislature appropriates funds from the account to DNR for expenditures. The FDA is used for trust land management expenses (e.g., reforestation, preparing timber sales) on State Forest Lands.

## ► About Next Page

By law, revenue from State Forest Lands (formerly known as Forest Board Lands) goes to the county in which the land is located, the State General Fund for the support of Common Schools, and to the FDA to fund DNR's management of the lands. Distribution differs for Transfer lands and Purchase lands—see the small pie charts.

The large pie chart shows the combined total distribution for Fiscal Year 2012, with the FDA share divided among DNR's expenditures from the account. Expenditures are appropriated by the legislature and are ongoing investments to keep the lands productive and to generate future revenue.

\* This chart is based on statewide averages. Detailed breakdown of DNR programs contains examples only, not a complete listing.

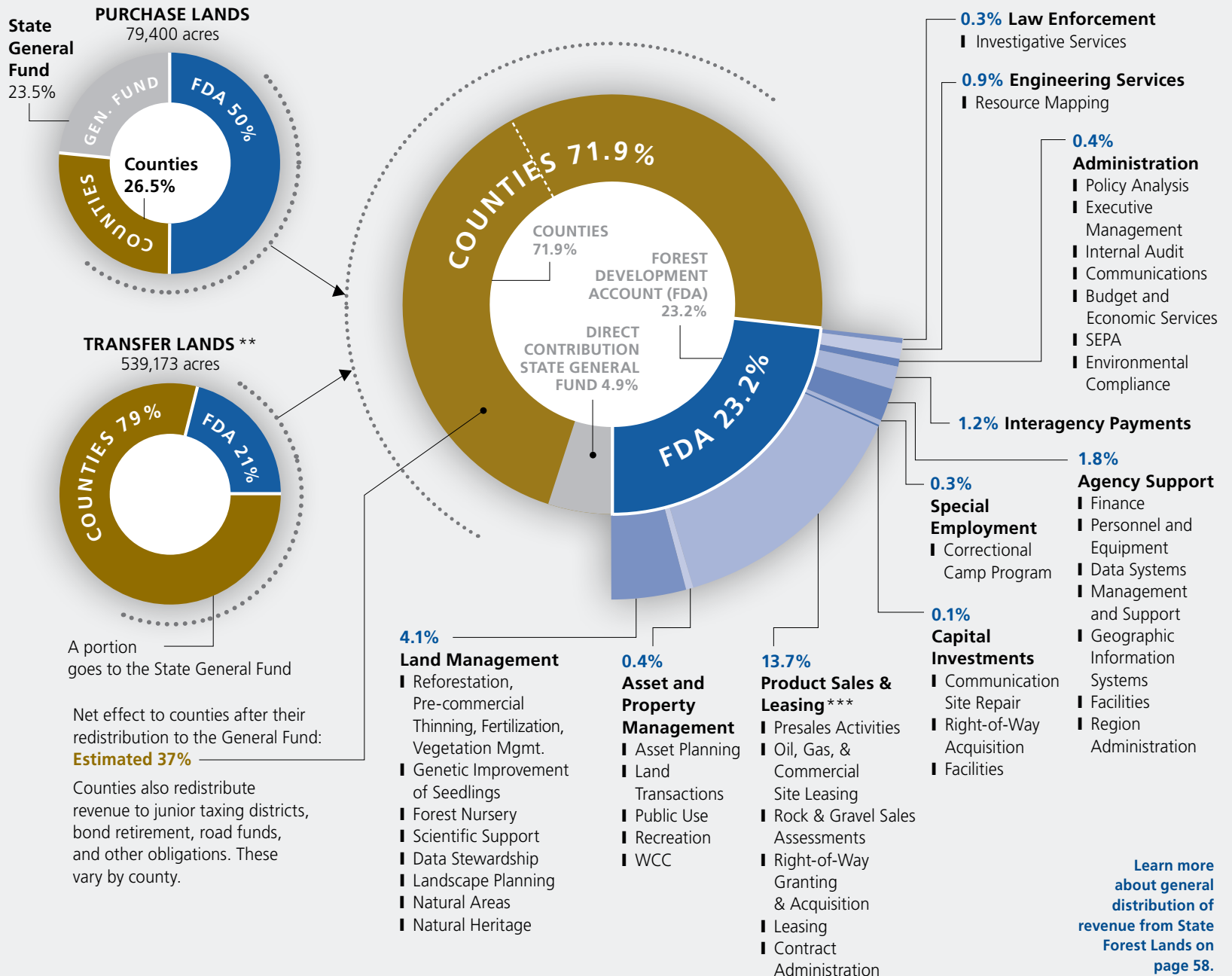
\*\* Per BNR Resolution No.1368, the management fund deduction for FDA was reduced from 23% to 21% effective October 10, 2011, through June 30, 2013.

\*\*\* Product Sales expenditures for Fiscal Year 2012 includes a \$10,000,000 transfer to forest board counties from the Forest Development Account, per 3ESHB 2127.

Totals may not add, due to rounding. See fiscal notes, pages 62-66.

**Purchase lands,**  
see definition on page 60.  
**Transfer lands,**  
see definition on page 61.

# General Distribution of Revenue from State Forest Lands\* | FY 2012



# State Forest Lands | FY 2012

Source	REVENUE	CONTRIBUTING LANDS	
	Total Funds	Transfer Lands	Purchase Lands
<b>Sales</b>			
Timber Sales	\$87,897,279	\$74,761,771	\$13,135,508
Timber Sales-Related Activities <sup>1</sup>	49,382	48,835	547
	<b>\$87,946,661</b>	<b>\$74,810,606</b>	<b>\$13,136,055</b>
<b>Leases</b>			
Agriculture/Minor Forest Products	\$336,581	\$295,918	\$40,663
Commercial/Special Use	64,990	43,788	21,202
Mineral and Hydrocarbon	122,642	122,642	0
Rights-Of-Way	197,166	174,933	22,233
Communication Sites	1,326,558	961,447	365,112
	<b>\$2,047,938</b>	<b>\$1,598,729</b>	<b>\$449,209</b>
<b>Other Revenue</b>			
Interest Income <sup>1</sup>	\$38,138	\$29,938	\$8,200
Permits, Fees and Miscellaneous <sup>1, 17</sup>	599,808	611,808	(12,000)
Treasurer's Revenue <sup>18</sup>	10,023	N/A	N/A
FDA Non-Trust Revenue <sup>16</sup>	10,184	N/A	N/A
	<b>\$658,153</b>	<b>\$641,746</b>	<b>\$(3,800)</b>
<b>Totals</b>	<b>\$90,652,752</b>	<b>\$77,051,081</b>	<b>\$13,581,464</b>

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

## ■ About This Page and Next Page

Income from these lands is distributed to the counties in which the lands are located, the state General Fund for the support of common schools, and the Forest Development Account (FDA) for DNR's Land Management expenses on these lands. There are two categories of State Forest Lands (formerly known as Forest Board Lands): Purchase lands and Transfer lands.

**Purchase lands** were given to the state or purchased by the state at low cost. The FDA receives half the income from these lands. The other half is divided between the respective county and the state General Fund for the support of common schools. N/A: Not applicable.

# State Forest Lands | FY 2012 CONTINUED

Recipient	REVENUE DISTRIBUTION		CONTRIBUTING LANDS	
	Total Funds	Transfer Lands	Purchase Lands	
<b>County</b>				
Clallam	\$4,125,436	\$4,125,436	\$0	
Clark	9,203,015	9,177,050	25,964	
Cowlitz	1,173,649	1,171,762	1,887	
Grays Harbor	2,207,067	407	2,206,660	
Jefferson	1,602,182	1,602,182	0	
King	2,708,641	2,708,641	0	
Kitsap	538,241	508,851	29,390	
Klickitat	301,943	301,943	0	
Lewis	7,675,264	7,628,201	47,063	
Mason	2,371,325	2,370,479	846	
Okanogan	0	0	0	
Pacific	1,803,739	1,594,864	208,875	
Pierce	275,490	256,322	19,167	
Skagit	10,342,021	10,342,021	0	
Skamania	601,239	449,250	151,989	
Snohomish	11,822,477	11,822,477	0	
Stevens	62,733	62,733	0	
Thurston	3,460,777	1,486,561	1,974,217	
Wahkiakum	755,849	755,849	0	
Whatcom	4,143,832	4,131,899	11,934	
Treasurer's Revenue <sup>18</sup>	10,023	N/A	N/A	
	<b>\$65,184,944</b>	<b>\$60,496,928</b>	<b>\$4,677,993</b>	
<b>Forest Development Account</b>				
Trust Activity	\$20,893,672	\$16,441,176	\$4,452,496	
Permits, Fees & Miscellaneous <sup>1, 17</sup>	105,077	112,977	(7,900)	
Treasurer's Revenue	0	N/A	N/A	
FDA Non-Trust Revenue <sup>16</sup>	10,184	N/A	N/A	
	<b>\$21,008,933</b>	<b>\$16,554,153</b>	<b>\$4,444,596</b>	
<b>General Fund - State</b>	<b>\$4,458,875</b>	<b>\$0</b>	<b>\$4,458,875</b>	
<b>Totals</b>	<b>\$90,652,752</b>	<b>\$77,051,081</b>	<b>\$13,581,464</b>	

**Transfer lands** were forfeited to the counties in which they were located when the private landowners failed to pay property taxes, primarily in the 1920s and 1930s. The counties turned the lands over to the state. DNR now manages these lands and distributes at least 75 percent of the income to the counties and up to 25 percent of the income to the Forest Development Account (FDA).

N/A: not applicable.

See Fiscal Notes, pages 62-66. Totals may not add, due to rounding.

# Fiscal Notes

These numbered notes provide context and explanations for data in the tables on the fiscal pages that follow, where they are referred to by numerical superscript. A note may apply to more than one page. Although similar to notes in prior reports, these notes apply only to this report (FY 2012).

## ACRONYMS

<b>ACTMA</b>	Agricultural College Trust Management Account
<b>AFRS</b>	Agency Financial Reporting System
<b>ALEA</b>	Aquatic Lands Enhancement Account
<b>CEP&amp;RI</b>	Charitable, Educational, Penal and Reformatory Institutions Trust
<b>COLA</b>	Cost of Living Adjustment
<b>CWU</b>	Central Washington University
<b>EWU</b>	Eastern Washington University
<b>FDA</b>	Forest Development Account
<b>FY11</b>	Fiscal Year 2012 July 1, 2011 – June 30, 2012
<b>K-12</b>	Kindergarten to 12th grade schools
<b>RMCA</b>	Resource Management Cost Account
<b>TESC</b>	The Evergreen State College
<b>UW</b>	University of Washington
<b>WSU</b>	Washington State University
<b>WWU</b>	Western Washington University

## 1 | REVENUE SOURCES

Timber sales include non-trust activity for contract harvesting sales.

Timber sale-related activities include contract extensions, slash disposal, trespasses, and default settlement payments.

Miscellaneous sales include publications, GIS data, honor camp activities, and surveys and maps.

Miscellaneous leases include special use and special forest products.

Interest income includes interest on contracts, interest assessed for late payments, and interest earned from account (treasurer's interest).

Permits, fees and related charges include surface mining permits, log patrol licenses, aquatic lands dredged material disposal site fees, forest practices damage assessments and permits, survey records recording fees, application/assignment fees, burning permit fees, and local government assessments.

Operating transfers include transfers attributed to prior period revenue.

Miscellaneous other revenue includes prior period adjustments, recoveries of prior biennium expenditures, treasurer transfers, as well as revenue from the ORV & Nonhighway Vehicle and Natural Resources Conservation Areas Stewardship accounts. In Fiscal Year 2012, this includes the treasurer's transfer from the State Forest Nursery revolving account (193) to the state General Fund--see also footnote #14. Seedling sales for Fiscal Year 2012 reflects the early purchase of seedlings by the silviculture program from Fiscal Year 2011. See also footnote #14.

## 2 | EXPENDITURE CATEGORIES

Administration includes Executive Management & Operations, Internal Audit, Communications, Policy & Governmental Operations, Budget & Economics, Legal Compliance, and Environmental Review.

Interagency payments are payments made to other state agencies (the Attorney General, State Auditor, Financial Management, Dept. of Enterprise Services, OMWBE, and Secretary of State) for services they provide to the department.

Agency support includes the following programs: Human Resources (personnel, safety, training), Financial

Management (accounting, payroll, risk management, purchasing), Information Management (IT), Geographic Information Systems, Facilities, and Region Administration.

Product Sales expenditures for Fiscal Year 2012 includes \$10,000,000 transfer to forest board counties from the Forest Development Account per 3ESHB 2127.

Total Expenditures for Fiscal Year 2012 does not include the interfund transfer (sub-object MB) from General Fund to the Agricultural College Trust Management Account in the amount of \$710,000 (see footnote #5).

## 3 | LAND TRANSFERS

**Real Property Replacement:** During Fiscal Year 2012 a total of \$3,743,439 an amount equivalent to the property value, was received from (1) transfers to other government entities, (2) resolution of trespass violations, or (3) transfers in lieu of condemnation. This money is used to acquire replacement trust lands.

**Trust Land Transfer:** During Fiscal Year 2012 a total of \$53,231,000 was distributed to the Common School Construction Account from the Trust Land Transfer program.

## 4 | LAND BANK

DNR uses the Land Bank program (RCW 79.19) to reposition trust land assets for better future income production. Through the Land Bank, state trust lands are first auctioned to private buyers. Proceeds of land sales made under this "sell first" process are held in the Resource Management Cost Account (RMCA) until they can be used to purchase replacement trust lands. This revenue from trust property sales should equal or exceed the cost of trust property purchases. However, during any one fiscal year the transactions may not balance. (e.g., a property has been sold, but property to replace it has not yet been purchased.) Land Bank transactions are accounted for by trust within each of DNR's management funds.

Revenue from Fiscal Year 2012 sales, existing contracts and interest was \$17,057 to the RMCA. A total of \$18,458,801 in the RMCA is reserved to acquire property to replace trust property previously sold through the "sell first" process of the Land Bank program.

## 5 | AGRICULTURAL COLLEGE TRUST MANAGEMENT ACCOUNT

Per RCW 79.64.090 the revenue on Agricultural College trust lands is distributed 100 percent to the Agricultural College Permanent Fund or WSU Bond Retirement account. The management of the agricultural college trust lands is funded from the Agricultural College Trust Management Account. This account is dependent on legislative appropriation for funding. Currently the legislature appropriates the money for this purpose from the General Fund under a proviso. For Fiscal Year 2012 the total interfund transfer from the General Fund was \$710,000.

## 6 | ORV & NONHIGHWAY VEHICLE ACCOUNT

This account provides for acquisition, planning, development, maintenance and management of ORV recreation facilities, non-highway roads, and non-highway road recreation facilities; education and law enforcement programs related to non-highway vehicles; and construction and maintenance of campgrounds and trailheads.

DNR, the Department of Fish and Wildlife, and the Parks and Recreation Commission spend from the account in support of these functions. The Department of Licensing collects revenue for the account from taxes, licenses, permits and fees. DNR administers the account according to Legislative appropriations.

See **Figure 1** for the account's total fiscal activity for Fiscal Year 2012.

## 7 | AQUATIC LANDS ENHANCEMENT ACCOUNT

This account provides for the purchase, improvement and protection of aquatic lands for public purposes. DNR, the Department of Fish and Wildlife, the Department of Agriculture, the Parks and Recreation Commission, the Recreation and Conservation Funding Board, the Department of Health, and the Puget Sound Partnership spend from the account for these purposes. DNR administers this account, and only the DNR fiscal activity is reported on the Department Administered Funds section of the annual report.

See **Figure 2** for the account's total fiscal activity for Fiscal Year 2012.

Figure 1

ORV & Nonhighway Vehicle Account		
<b>Beginning Balance</b>		<b>\$618,447</b>
<b>Revenue</b>		
Licensing	\$2,450,047	
Natural Resources	481	2,450,528
<b>Expenditures</b>		
Natural Resources	(2,386,379)	
Fish and Wildlife	(187,309)	
Parks and Recreation	(103,733)	(2,677,421)
<b>Net Fiscal Activity</b>		<b>(226,893)</b>
<b>Ending Balance</b>		<b>\$391,554</b>

Figure 3

Derelict Vessel Removal Account		
<b>Beginning Balance</b>		<b>\$760,263</b>
<b>Revenue</b>		
Licensing	\$705,598	
Natural Resources	6,380	
Treasurer's Deposit Income	4	711,983
<b>Expenditures</b>		
Natural Resources	(805,550)	
Licensing	(14,538)	(820,088)
<b>Net Fiscal Activity</b>		<b>(108,105)</b>
<b>Ending Balance</b>		<b>\$652,158</b>

Figure 4

Forest and Fish Support Account		
<b>Beginning Balance</b>		<b>\$4,090,703</b>
<b>Revenue</b>		
Natural Resources	\$306	
Dept of Revenue	4,450,950	4,451,256
<b>Expenditures</b>		
Natural Resources		(3,251,277)
<b>Net Fiscal Activity</b>		<b>1,199,979</b>
<b>Ending Balance</b>		<b>\$5,290,682</b>

Figure 5

Park Land Trust Revolving Account		
<b>Beginning Balance</b>		<b>\$40,560</b>
<b>Revenue</b>		
Parks and Recreation (Discover Pass)	\$1,257,291	
Natural Resources	27,365	
Treasurer's Deposit Income	1,631	1,286,288
<b>Expenditures</b>		
Natural Resources		(1,129,669)
<b>Net Fiscal Activity</b>		<b>156,619</b>
<b>Ending Balance</b>		<b>\$197,179</b>

Figure 2

Aquatic Lands Enhancement Account		
<b>Beginning Balance</b>		<b>\$5,281,993</b>
<b>Revenue</b>		
Natural Resources	\$21,479,797	
Agriculture	14,762	
Fish and Wildlife	7,830	
Treasurer's Deposit Income	2,911	
Health	54	
Distribution to Fourth-Class Towns	(82,177)	
Treasurer's Transfer*	(3,500,000)	17,923,177
<b>Expenditures</b>		
Fish and Wildlife	(3,677,837)	
Agriculture	(1,127,951)	
Recreation & Conservation Funding Board	(1,831,728)	
Health	(283,829)	
Parks and Recreation	(198,767)	
Puget Sound Partnership	(128,636)	
Natural Resources	(69,000)	
Office of Financial Management	(4,159)	(7,321,907)
<b>Net Fiscal Activity</b>		<b>10,601,270</b>
<b>Ending Balance</b>		<b>\$15,883,264</b>

\*Operating transfer out to the state General Fund per SSB 6444.

Figure 6

FDA/RMCA Loan Repayment		
	<b>FY 2012</b>	<b>Total-To-Date</b>
Common School Construction Account	\$1,268,253	\$24,341,059
Capitol Building Construction Account	483,458	9,278,813
Normal School Permanent Account	1,547,594	29,802,335
State University Permanent Account	237,863	14,210,356
<b>Total Trust Funds</b>	<b>\$3,537,169</b>	<b>\$77,632,563</b>
Resource Management Cost Account		
Common School Trust	\$423,191	\$8,111,972
Capitol Building Trust	161,446	3,095,148
Normal School Trust	515,132	9,874,095
University School Trust	79,288	4,736,789
<b>Total RMCA</b>	<b>\$1,179,056</b>	<b>\$25,818,003</b>

## 8 | DERELICT VESSEL REMOVAL ACCOUNT

This account provides for costs and reimbursements to authorized public entities for the removal of derelict and abandoned vessels. DNR spends from the account for these purposes, and the Department of Licensing spends from the account for the purpose of administering the collection of revenue for the fund. DNR administers this account, and only the DNR fiscal activity is reported on the Department Administered Funds section of the annual report.

See **Figure 3** for the account's total fiscal activity for Fiscal Year 2012.

## 9 | FOREST AND FISH SUPPORT ACCOUNT

This account was created in 2007 to provide for activities pursuant to the state's implementation of the Forests and Fish Report as defined in Chapter 76.09 RCW and related activities, including, but not limited to, adaptive management, monitoring, and participation grants to tribes, state and local agencies, and not-for-profit public interest organizations. DNR spends from the account for these purposes and the Department of Revenue spends from the account for the purpose of administering the collection of revenue for the fund. Sources of revenue for this account include surcharge on timber and wood product manufacturers, extractors, and wholesalers, per RCW 82.04.260 (12).

DNR administers this account and only the DNR fiscal activity is reported on the Department Administered Funds section of the annual report. See **Figure 4** for the account's total fiscal activity for Fiscal Year 2012.

## 10 | PARK LAND TRUST REVOLVING ACCOUNT

This account is used for acquiring real property as a replacement for the property transferred to the State Parks and Recreation Commission in order to maintain the land base of the affected trusts and to receive voluntary contributions for the purpose of operating and maintaining public use and recreation facilities. This account may also be used to hold funding for future acquisition of lands for the community forest trust pro-

gram, or to purchase replacement forest land.

In May 2011, the Governor signed the Discover Pass into law (see also RCW Title 79A) intended to provide revenue to maintain recreation access to state lands and meet the increasing demand for outdoor recreation. Effective July 1, 2011, the Discover Pass was required for vehicle access to recreation lands which include state parks, boat launches, campgrounds, heritage sites, wildlife and natural areas, trails and trailheads. DNR's portion (8%) of this revenue is transferred to this account by the State Parks and Recreation Commission. DNR's recreation program spends from this portion of the account.

DNR administers this account, and only the DNR fiscal activity is reported on the Department Administered Funds section of the annual report. See **Figure 5** for the account's total fiscal activity for Fiscal Year 2012.

## 11 | FDA/RMCA LOAN REPAYMENT

Board of Natural Resources resolutions #635 in 1990 and #756 in 1992 authorized settlement of the FDA debt to the RMCA by transferring timber-cutting rights on State Forest Purchase lands to the Common School, Capitol Building, Normal School, and University granted trusts. A one-third interest in assets (timber cutting rights) of the FDA on 35,655 acres was transferred to these trusts. The value of these transfers eliminated the debt between FDA and RMCA.

A total of \$4,716,225 was distributed to the trusts from timber harvested during Fiscal Year 2012. The RMCA received \$1,179,056 from this activity. Since this is repayment of a loan, the transactions are recorded as an operating transfer rather than current period revenue.

The values from the harvest activity by fund as well as RMCA trust for Fiscal Year 2012 and in total since the adoption of resolution 635 in 1990 are in **Figure 6**.

## 12 | OPERATING TRANSFERS

According to the Office of Financial Management's interpretation of generally accepted accounting principles, debt service funds (funds used to pay

off debts), such as the UW or WSU Bond Retirement accounts, cannot receive revenue directly. Instead, revenue to these two funds are recorded to the respective permanent funds, and then an operating transfer is made to the appropriate debt service fund.

## 13 | TRUST FUNDS—CURRENT AND PERMANENT

Trust Current Funds are funds that individual trust beneficiaries can draw from. Trust Permanent Funds are endowments, which generate interest that can be transferred to the Current Funds.

## 14 | FISCAL ACTIVITY FOR OTHER TYPE FUND(S) ADMINISTERED BY DNR

**Natural Resources Equipment Account:** Total other fiscal activity does not include funds classified as internal service funds. The Natural Resources Equipment Account is the Department's only internal service fund. This fund is used to maintain, replace and provide equipment to the Department's programs on a rental basis. In Fiscal Year 2012, this fund had revenue of \$17,453,551 and expenses of \$18,194,145.

**State Forest Nursery Revolving Account:** At the close of the 2009-2011 biennia, the silvicultural program purchased \$4.5 million in seedlings for planting on state trust lands during the 2011-2013 biennia. Fiscal Year 2012 revenue includes \$250,000 treasurer transfer to the state General Fund per 3ESH 2127, section 804.

## 15 | RMCA PORTION OF TRUST LAND REVENUE

The Resource Management Cost Account received 27 percent on most transactions and the trusts received 73 percent of revenue from trust lands during Fiscal Year 2012.

Also, some revenue transactions are subject to different distribution ratios. These transactions include aquatic resources, miscellaneous non-trust revenue, interest earnings, land sales transactions and interfund loan repayment, the latter of which affects the Common School, University, Capitol Building and Normal School trusts.

**Figure 7 (a,b,c)** reflects trust activity with Forest Board Repayment activity. Refer to footnote #19 for trust activity related to University Trust.

## 16 | NON-TRUST REVENUE

Non-trust revenue cannot be attributed to a specific trust. Activities include forest road assessments, miscellaneous services, manuals & publications, prior period recoveries and adjustments, application fees, and interest income.

## 17 | NEGATIVE REVENUE

Any negative revenue reflects accounting adjustments (such as bad-debt write-offs, credit memos) from a prior fiscal year.

## 18 | TREASURER'S REVENUE

Due to the schedule for distributing revenue, revenue from State Forest Lands may earn interest before it is distributed to the appropriate county. Interest earnings cannot be attributed specifically to Transfer Lands or Purchase Lands. This revenue is accounted for as treasurer's revenue and is distributed to the appropriate county.

## 19 | UNIVERSITY TRUST — ORIGINAL, TRANSFERRED, REPAYMENT

The accounting for the University Trust combines activity from original University trust lands, lands which have been transferred to the trust, and the University trust's share of interfund loan repayment as described in footnote #10.

See **Figure 8** for the breakdown of the different elements contributing to the information for University Grants for Fiscal Year 2012.

## 20 | STATE TRUST LANDS MANAGEMENT FUND ACCOUNTING REPORT

### Statutory Authority and Requirements

Subject to legislative appropriation, the Department of Natural Resources is authorized by RCW's 76.12.110 and 79.64.030 to use funds from the Resource Management Cost Account (RMCA) and Forest Development Account (FDA) interchangeably in the management of State Grant Lands and State Forest Lands. The law also states,



Figure 7b

Capitol Building			
Trust Activity	Total Revenue	Cap. Bldg. Construction	RMCA
Timber Sales	\$11,243,198	\$8,207,534	\$3,035,663
Timber Sales-Related	7,561	5,634	1,927
Leases	177,137	129,173	47,964
Late Interest	5,298	3,867	1,430
Fees/Service Charges	272	0	272
Operating Transfer-In	644,904	483,458	161,446
<b>Subtotal</b>	<b>12,078,370</b>	<b>8,829,667</b>	<b>3,248,703</b>
Forest Board Repayment			
Sales	638,453	0	638,453
Operating Transfer-Out	(644,904)	0	(644,904)
<b>Total Trust Activity</b>	<b>12,071,918</b>	<b>8,829,667</b>	<b>3,242,251</b>
Non-Trust Activity			
STO Interest	56,095	1,248	54,847
Other Revenue	15,353	0	15,353
<b>Total Non-Trust Activity</b>	<b>71,448</b>	<b>1,248</b>	<b>70,200</b>
<b>GRAND TOTAL</b>	<b>\$12,143,366</b>	<b>\$8,830,915</b>	<b>\$3,312,451</b>

Figure 7c

Normal School				
Trust Activity	Total Revenue	Capital Projects	Normal Sch. Permanent	RMCA
Timber Sales	\$2,063,338	\$0	\$1,506,261	\$557,077
Timber Sales-Related	222	0	138	85
Leases	139,154	102,124	(541)	37,572
Late Interest	73	53	0	20
Fees/Service Charges	224	0	0	224
Operating Transfer-In	2,062,726	0	1,547,594	515,132
<b>Subtotal</b>	<b>4,265,737</b>	<b>102,176</b>	<b>3,053,452</b>	<b>1,110,109</b>
Forest Board Repayment				
Sales	2,042,091	0	0	2,042,091
Operating Transfer-Out	(2,062,726)	0	0	(2,062,726)
<b>Total Trust Activity</b>	<b>4,245,102</b>	<b>102,176</b>	<b>3,053,452</b>	<b>1,089,474</b>
Non-Trust Activity				
STO Interest	18,866	436	\$0	18,430
Land Sales / Trust Land Transfer	0	0	0	0
Other Revenue	5,159	0	0	5,159
<b>Total Non-Trust Activity</b>	<b>24,025</b>	<b>436</b>	<b>0</b>	<b>23,589</b>
<b>GRAND TOTAL</b>	<b>\$4,269,127</b>	<b>\$102,612</b>	<b>\$3,053,452</b>	<b>\$1,113,063</b>

Figure 7a

Common School / Escheat Trust				
Trust Activity	Total Revenue	Com. Sch. Construction	Com. Sch. Permanent	RMCA
Timber Sales	\$44,192,218	\$32,258,619	\$0	\$11,933,598
Timber Sales-Related	846,494	612,799	0	233,696
Leases	30,931,236	22,292,569	273,708	8,364,959
Misc Interest Income	69,810	50,181	637	18,992
Fees/Service Charges	45,325	0	0	45,325
Operating Transfer-In	54,922,444	54,499,253	0	423,191
<b>Subtotal</b>	<b>131,007,527</b>	<b>109,713,421</b>	<b>274,345</b>	<b>21,019,761</b>
Forest Board Repayment				
Sales	1,674,523	0	0	1,674,523
Operating Transfer-Out	(1,691,444)	0	0	(1,691,444)
<b>Total Trust Activity</b>	<b>130,990,606</b>	<b>109,713,421</b>	<b>274,345</b>	<b>21,002,840</b>
Non-Trust Activity				
STO Interest	43,128	26,071	0	17,057
Land Sales/ Trust Land Transfer	0	0	0	0
Other Revenue	210,200	0	110,744	99,456
<b>Total Non-Trust Activity</b>	<b>253,328</b>	<b>26,071</b>	<b>110,744</b>	<b>116,513</b>
<b>GRAND TOTAL</b>	<b>\$131,243,934</b>	<b>\$109,739,492</b>	<b>\$385,089</b>	<b>\$21,119,353</b>

Figure 9

RMCA/FDA Debt/Loan Accounting For Fiscal Year 2012		
Beginning Balance	Grant Lands	State Forest Lands
2011 Trust Charges	\$46,460,903	\$28,846,509
RMCA Expenditures	46,460,903	0
FDA Expenditures	0	28,846,509
<b>Cumulative Debt/Loan</b>	<b>\$0</b>	<b>\$0</b>

however, that an annual accounting will be kept of payments made by one fund on behalf of another. For example, when RMCA funds are used to pay for activities on State Forest Land, it shall be considered a debt against the FDA. RCW 79.64.030 also requires that the results of the accounting be reported to the legislature at the next regular session.

#### Accounting Procedures

Beginning with Fiscal Year 1996, the following Cost Allocation System accounting procedures have been used to calculate any debt or loan between the management funds:

**A.** All operating program expenditures that can be determined to benefit a particular land category are directly charged to that land category.

Figure 8

University Trust				
Trust Source/Activity	Total	Bond Retirement	University Permanent	RMCA
<b>University-Transferred</b>				
Timber Sales	\$837,579	\$0	\$611,433	\$226,146
Timber Sales-Related	0	0	0	0
Leases	226,166	0	165,101	61,065
Misc-Trespass	75	0	55	20
Late Interest	823	0	600	223
Sale of Property-Other	0	0	0	0
Fees/Service Charges	118	0	0	118
Operating Transfer-In	1,046,228	729,077	237,863	79,288
Operating Transfer-Out	(729,077)	0	(729,077)	0
<b>Total</b>	<b>1,381,912</b>	<b>729,077</b>	<b>285,975</b>	<b>366,860</b>
<b>University-Original</b>				
Timber Sales	52,317	\$0	38,191	14,126
Leases	117,136	0	85,509	31,627
Fines & Forfeits	0	0	0	0
Late Interest	302	0	220	82
Fees/Service Charges	29	0	0	29
Operating Transfer-In	78,858	78,858	0	0
Operating Transfer-Out	(78,858)	0	(78,858)	0
<b>Total</b>	<b>169,784</b>	<b>78,858</b>	<b>45,062</b>	<b>45,864</b>
<b>University-Repayment</b>				
Timber Sales	250,098	\$0	\$0	250,098
Timber Sales Related	0	\$0	\$0	0
Late Interest	0	0	0	0
Operating Transfer-Out	(317,151)	0	0	(317,151)
<b>Total</b>	<b>(67,053)</b>	<b>\$0</b>	<b>\$0</b>	<b>(67,053)</b>
<b>Non-Trust Allocation</b>				
STO Interest	6,166	318	\$0	5,848
Non-Trust Revenue Allocation	1,637	0	0	1,637
<b>Total</b>	<b>7,803</b>	<b>318</b>	<b>\$0</b>	<b>7,485</b>
<b>GRAND TOTAL</b>	<b>\$1,492,446</b>	<b>\$808,253</b>	<b>\$331,037</b>	<b>\$353,156</b>

**B.** Expenditures for the majority of the department's operating programs for which the benefiting land category cannot be determined (indirect expenditures) are allocated to land categories based on staff month percentages derived from personnel time charged directly to those land categories or by Western Washington forested acres.

**C.** Capital outlay expenditures that benefit particular land categories are determined in advance, then charged by land category in the ratio set by appropriations.

**D.** Agency Administration and Support costs are allocated to land category based on agency work plans for the year as established during the budget process.

**E.** Direct charges and indirect charges are totaled by land category within the Cost Allocation System. Expenditures paid from the RMCA and FDA accounts are compared to these total charges for Grant Lands and State Forest Lands to determine how much of the charges were paid from one account on behalf of the other. If RMCA funds were used to pay State Forest charges, a debt principal is incurred in that amount. If State Forest funds were used to pay RMCA charges, the debt principal is reduced by that amount. Funding adjustments may be made periodically during the fiscal year to align expenditures by fund with total charges for Grant Lands and State Forest Lands to prevent the accumulation of any new debt in the year.

**F.** As required by law, interest is charged on the debt incurred. A full year's interest is charged on cumulative debt carried from the previous year. One half-year's interest is calculated on the change in the debt principal occurring during the current year.

**G.** Cumulative debt from the preceding year, plus new principal and interest charges are totaled to determine the new cumulative debt. **See Figure 9.**

#### Fiscal Year 2012 Management Fund Debt Status

As of June 30, 2012, no debt exists between the State Forest Lands (Forest Development Account) and the Grant Lands (Resource Management Cost Account).



PHOTO BY DALE MIX / DNR

2012  
STORIES

FISCAL  
DATA

TIMBER  
DATA

Management

# Timber Data

# Timber Volume | Sold and Harvested | FY 2012

Trust / Beneficiaries	Acres	Timber Volume <sup>a</sup> Sold (mbf) <sup>b</sup>	Timber Volume Harvested <sup>c</sup> (mbf) <sup>b</sup>
<b>STATE FOREST TRANSFER</b> (formerly known as Forest Board Transfer lands)			
Clallam	1,429	53,326	16,854
Clark	1,066	39,305	32,696
Cowlitz	254	11,132	4,408
Grays Harbor	46	2,719	
Jefferson	927	7,035	8,989
King		14	8,839
Kitsap	155	4,237	1,530
Klickitat	186	2,697	1,198
Lewis	431	11,960	28,280
Mason	186	4,012	6,993
Pacific	80	3,593	6,165
Pierce	43	16	972
Skagit	832	34,062	35,175
Skamania	594	12,599	3,556
Snohomish	808	28,436	38,878
Thurston	16	773	4,567
Wahkiakum	81	4,426	1,257
Whatcom	376	16,182	14,854
<b>Subtotal Transfer</b>	<b>7,510</b>	<b>236,524</b>	<b>215,211</b>
<b>STATE FOREST PURCHASE</b> (formerly known as Forest Board Purchase lands)			
Clallam	0	0	0
Clark	18	365	374
Grays Harbor <sup>d</sup>	521	21,732	22,719
Lewis	27	793	742
Pacific <sup>e</sup>		0	8,589
Pierce	45	1,319	210
Skamania	38	730	1,515
Thurston <sup>d</sup>	220	9,808	16,609
Whatcom	32	1,028	0
<b>Subtotal Purchase</b>	<b>901</b>	<b>35,775</b>	<b>50,758</b>
Common School, Indem. & Esch.	8,763	170,665	153,617
Agricultural School	1,085	15,139	12,961
University Transferred & Orig.	274	4,562	3,187
CEP & RI	780	14,109	14,107
Capitol Building	1,367	39,269	35,238
Normal School	375	7,486	7,808
Scientific School	1,193	25,627	21,137
Administrative Sites	2	73	15
<b>Statewide Total</b>	<b>22,250</b>	<b>549,229</b>	<b>514,039</b>

## ■ About This Page

<sup>a</sup> Timber volume sold per acre depends on site-specific conditions and harvest method.

<sup>b</sup> mbf: thousand board feet

<sup>c</sup> Volume harvested is estimated for sales partially harvested.

<sup>d</sup> Includes Forest Board Repayment. (See Fiscal Section, page 64, note 11.)

<sup>e</sup> Includes University Repayment data.

## Notes

Timber is sold before it is harvested. Timber sale contracts are typically two or more years in length, with most timber harvest schedules determined by individual purchasers. Sale and harvest of timber may or may not occur in the same fiscal year. Revenues are generated when timber is harvested.

Market conditions can influence number of sales and volume sold.

Sales which contain more than one trust and/or beneficiary report estimated acres and volumes for each specific trust. Sales which benefit more than one trust distribute revenues proportionally by value based on percentage of area.

Numbers may not add due to rounding.

## Source

DNR NaturE System database, Report TSC311; 11/2012

# Silviculture<sup>a</sup> | FY 2012

Trust / Beneficiaries	Acres Planted <sup>b</sup>	Stems per Acre <sup>c</sup>	Pre-commercially Thinned Acres <sup>d</sup>
<b>STATE FOREST TRANSFER</b> (formerly known as Forest Board Transfer lands)			
Clallam	1,281	366	4
Clark	686	366	0
Cowlitz	437	418	0
Grays Harbor	34	317	0
Jefferson	503	367	0
King	106	337	0
Kitsap	63	303	0
Klickitat	28	367	0
Lewis	902	408	0
Mason	369	334	0
Pacific	419	395	46
Pierce	0		0
Skagit	712	334	0
Skamania	205	328	0
Snohomish	818	316	0
Thurston	687	355	0
Wahkiakum	180	402	0
Whatcom	421	288	0
<b>Subtotal Transfer</b>	<b>7,851</b>		<b>50</b>
<b>STATE FOREST PURCHASE</b> (formerly known as Forest Board Purchase lands)			
Clallam	20	372	0
Grays Harbor	800	314	0
Pacific	204	345	2
Thurston	754	374	0
Whatcom	1	366	0
<b>Subtotal Purchase</b>	<b>1,779</b>		<b>2</b>
Agricultural School	413	337	0
Capitol Grant	1,276	347	29
CEP & RI	343	359	0
Common School and Indemnity	7,407	329	771
Escheat	78	326	0
Normal School	367	381	0
Scientific School	997	326	0
University - Transferred	98	298	0
<b>Total - All TRUSTS</b>	<b>20,609</b>		<b>852</b>

## About This Page

These data are included in the 2012 Annual Report to Trust Beneficiaries per RCW 79.10.010

<sup>a</sup> Silvicultural activities are forest management practices; implementation of silvicultural practices varies according to site-specific conditions and availability of management funding.

<sup>b</sup> Acres planted include all planting processes and all tree species.

<sup>c</sup> Stems per acre planted depend on site-specific conditions and anticipated survival rates.

<sup>d</sup> Pre-commercially thinned acres increase yield rate per acre by selectively decreasing overcrowding of saplings.

Numbers may not add due to rounding.

## Source

Planning and Tracking Database, 1/7/13

# Timber Acres Harvested<sup>a</sup> | FY 2012

Trust / Beneficiaries	Acres Commer. Thinned Small Wood <sup>b</sup>	Acres Partially Cut/Older Stand Thinning <sup>c</sup>	Acres Clearcut/ Regenerat. Harvest <sup>b</sup>	Total Acres <sup>d</sup>	Aver. Year of Clearcut Stand
<b>STATE FOREST TRANSFER</b>					
Clallam	0	0	612	612	1924
Clark	17	0	983	1,000	1949
Cowlitz	0	0	123	123	1940
Jefferson	0	0	410	410	1951
King	3	0	186	189	1930
Kitsap	9	0	53	62	1940
Klickitat	51	0	14	65	1969
Lewis	165	50	610	825	1947
Mason	0	0	317	317	1938
Pacific	0	0	163	163	1937
Pierce	45	0	3	48	1933
Skagit	214	0	773	987	1934
Skamania	118	0	97	215	1950
Snohomish	98	2	1,147	1,247	1924
Thurston	0	44	147	191	1926
Wahkiakum	0	0	21	21	1940
Whatcom	7	1	488	496	1937
<b>Sub-Total Transfer</b>	<b>727</b>	<b>97</b>	<b>6,147</b>	<b>6,971</b>	<b>1936</b>
<b>STATE FOREST PURCHASE</b>					
Clark	0	0	9	9	1910
Grays Harbor <sup>e</sup>	0	0	623	623	1950
Lewis	21	0	21	42	1946
Pacific <sup>f</sup>	0	0	97	97	1940
Pierce	23	0	0	23	
Skamania <sup>f</sup>	0	0	64	64	1950
Thurston <sup>e</sup>	15	0	342	357	1937
<b>Sub-Total Purchase</b>	<b>59</b>	<b>0</b>	<b>1156</b>	<b>1215</b>	<b>1941</b>
<b>Comm. School, Indem. &amp; Esch.</b>	<b>1,230</b>	<b>539</b>	<b>5,814</b>	<b>7,583</b>	<b>1934</b>
<b>Agricultural School</b>	<b>39</b>	<b>36</b>	<b>604</b>	<b>679</b>	<b>1938</b>
<b>University Transf. &amp; Orig.</b>	<b>12</b>	<b>28</b>	<b>132</b>	<b>172</b>	<b>1939</b>
<b>CEP &amp; RI</b>	<b>49</b>	<b>22</b>	<b>393</b>	<b>464</b>	<b>1941</b>
<b>Capitol Building</b>	<b>167</b>	<b>16</b>	<b>989</b>	<b>1,172</b>	<b>1944</b>
<b>Scientific School</b>	<b>196</b>	<b>0</b>	<b>437</b>	<b>633</b>	<b>1946</b>
<b>Administrative Sites</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	
<b>Statewide Total</b>	<b>2553</b>	<b>1283</b>	<b>15927</b>	<b>19763</b>	

## About This Page

<sup>a</sup> The Department tracks harvest method information in ten categories; for purposes of this report, per RCW 79.10.010, the data are aggregated into three harvest methods.

<sup>b</sup> Commercial thinning/small wood generates revenue, promotes growth of the remaining trees, and creates desired future forest conditions.

<sup>c</sup> Partial cuts/older stand thinnings generate revenue and help achieve desired future forest conditions.

<sup>d</sup> Total acres include total of all harvest activities.

<sup>e</sup> Includes Forest Board repayment

<sup>f</sup> Includes University repayment

## Notes

Harvested acres shown are Fiscal Year 2012 activities only; acres are reported again in the future if additional harvest activities occur. Acres harvested are estimated for sales partially harvested. Timber volume harvested per acre depends on site-specific conditions and harvest method.

Sales which contain more than one trust beneficiary report estimated acres harvested for each specific trust. Sales which benefit more than one trust distribute revenues proportionally by value based on percentage of area.

Numbers may not add due to rounding.

## Source

DNR NaturE System database, Report TSC348; 11/2012

# Deferrals | FY 2012

FORMERLY KNOWN AS  
ACRES OFF-BASE FOR HARVEST

Trust / Beneficiaries	No Deferral Acres	Short-Term Def. Acres	Long-Term Def. Acres
<b>STATE FOREST TRANSFER</b>			
Clallam	63,758	0	23,909
Clark	20,325	1,209	3,603
Cowlitz	9,729	30	633
Grays-Harbor	1,903	0	351
Jefferson	12,374	0	1,332
King	15,078	57	6,402
Kitsap	6,176	0	1,010
Klickitat	16,853	0	1,879
Lewis	30,944	0	6,512
Mason	22,175	363	4,022
Okanogan	9	0	0
Pacific	8,567	1	6,018
Pierce	7,407	0	1,065
Skagit	56,054	0	23,499
Skamania	24,215	8	12,423
Snohomish	47,883	67	11,430
Stevens	124	0	7
Thurston	16,266	32	2,046
Wahkiakum	8,372	68	3,893
Whatcom	20,761	0	14,872
<b>Subtotal Transfer</b>	<b>388,975</b>	<b>1,835</b>	<b>124,907</b>

Trust / Beneficiaries	No Deferral Acres	Short-Term Def. Acres	Long-Term Def. Acres
Comm. School, Indemnity & Esch.	806,189	855	182,922
Agricultural School	45,711	0	6,506
CEP&RI	34,379	107	5,064
University, Original & Transferred	42,938	30	13,140
Capitol Building	70,315	21	27,403
Normal School	41,611	10	10,385
Scientific School	50,634	154	12,269
Community & Technical College	3,208	0	97
Other Lands*	0	0	109,182
<b>Total – All TRUSTS</b>	<b>1,548,265</b>	<b>3,212</b>	<b>502,911</b>

Trust / Beneficiaries	No Deferral Acres	Short-Term Def. Acres	Long-Term Def. Acres
<b>STATE FOREST PURCHASE</b>			
Clallam	172	0	58
Clark	2,327	0	1,353
Cowlitz	223	0	42
Grays-Harbor	25,579	0	1,725
Jefferson	15	0	0
Kitsap	77	0	0
Klickitat	40	0	0
Lewis	2,670	0	234
Mason	394	0	108
Pacific	4,624	44	3,109
Pierce	2,785	0	447
Skagit	3	0	0
Skamania	3,077	0	1,203
Snohomish	1,603	0	40
Stevens	40	0	0
Thurston	19,945	156	2,074
Whatcom	731	0	643
<b>Subtotal Purchase</b>	<b>64,304</b>	<b>199</b>	<b>11,036</b>

## About This Page

These data are in the 2012 Annual Report to Trust Beneficiaries, per RCW 79.10.010.

With the adoption of the 2004 Sustainable Harvest Level, DNR no longer classifies lands as "off-base" or "on-base," but instead designates deferral status.

Long-term deferral approximates "off-base."

Deferral status is determined by whether the silviculture and land management activities, including harvest, are permitted or deferred for a period of time. Short-term deferrals represent forestlands anticipated to be deferred from harvest in the next 10 years. Long-term deferrals represent forestlands anticipated to be deferred from harvest beyond 10 years and forestlands managed for non-timber harvest revenue objectives.

Acres are designated as deferrals because they are inoperable, are low site, contain permanent research plots, are upland wildlife management areas, are timber gene pool reserves, are on unstable slopes in riparian buffers, are located in a northern spotted owl nest patch, contain a northern spotted owl site center, are identified as marbled

murrelet habitat, are included in the Olympic Experimental State Forest deferral areas, or are the result of the Settlement Agreement reached in 2006, or the 2006 Policy for Sustainable Forests Old-Growth Policy (all of these decisions were included in the 2007 sustainable harvest adjustment for Western Washington State Trust forestlands). A site can be deferred due to one or more factors.

Deferral classifications are not permanent designations. DNR may change the classification as specific forest stands or sites are re-evaluated. Acreage updates and changes can occur over time due to technological refinements in data gathering and analysis.

Numbers may not add due to rounding or potential double counting.

\* Includes Land Bank, Natural Resources Conservation Areas, Natural Area Preserves, administrative sites, TIDE-2nd, UC-Private, and Water Pollution Control trust data.

**Source:** Deferral Status of State Forestlands, DNR Forest Resources and Conservation Division, 2012



WASHINGTON STATE DEPARTMENT OF  
**Natural Resources**  
Peter Goldmark - Commissioner of Public Lands

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At the end of Fiscal Year  
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permanent workforce was  
1,203 employees.

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#### **Rivers District**

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Castle Rock, WA 98611-0280  
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#### **Orca Straits District**

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