

Encumbered Lands



a presentation to the
Board of Natural Resources
January 18, 2019



ESSB 6095 Sec. 3059 (2018 Capital Budget)

*“... **assess options to replace timber trust revenues** for counties with populations of twenty-five thousand or fewer that are subject to timber harvest deferrals greater than 30 years due to the presence of wildlife species listed as endangered or threatened under the federal endangered species act. The department must **consult with the qualifying counties and other stakeholders** in conducting the assessment. The department shall **report the findings** of its assessment, including recommendations for addressing decreased revenues from state forestlands and improving the forest products economy in the qualifying counties, by December 15, 2018.”*



State Forestland Replacement Appropriations, 2011-2019

Table 1. State Forestland Replacement appropriations, by biennium.

Biennium	Appropriation
2011-13	\$ 2,000,000
2013-15	\$ 1,500,000
2015-17	\$ 6,000,000
2017-19	\$ 4,440,000
Total	\$ 13,940,000



Disposition of State Forestland Replacement Appropriations

Table 2. Disposition of State Forestland Replacement appropriations, by county.

County	Appropriation (FY 2011-2019)	Timber Value		Land Value		Acres Transferred into NRCA
		County (Revenue)	DNR (Forest Development Account)	Replacement Acquired	Replacement Pending	
Pacific	\$ 4,146,000	\$ 2,986,282	\$ 960,868		\$ 198,850	189
Wahkiakum	\$ 4,147,000	\$ 2,812,938	\$ 903,512		\$ 430,550	379
Skamania	\$ 5,647,000	\$ 3,771,841	\$ 1,223,519	\$ 535,000	\$ 116,640	584
Total	\$ 13,940,000	\$ 9,571,061	\$ 3,087,899	\$ 535,000	\$ 746,040	1,152



Encumbered Lands

Pacific County – 2,779 acres (marbled murrelet)

Wahkiakum County – 998 acres (marbled murrelet)

Skamania County – 13,054 acres (northern spotted owl)



Encumbered Lands Steering Committee

- **Angus Brodie**, Deputy Supervisor for State Uplands, Department of Natural Resources (Chair)
- **Matt Comisky**, Washington State Manager, American Forest Resource Council
- **Dan Cothren**, Wahkiakum County Commissioner
- **Cherie Kearney**, Forest Conservation Director, Columbia Land Trust
- **Cindy Kelly**, Trust Lands Advisory Committee, Washington State School Directors' Association
- **Tom Lannen**, Skamania County Commissioner
- **Randy Newman**, Business Manager, School Facilities and Organization, Office of Superintendent of Public Instruction
- **Bill Robinson**, Consultant to Columbia Land Trust
- **Frank Wolfe**, Pacific County Commissioner (preceded by Pacific County Commissioner **Lisa Ayers**)



Possible Approaches

- ✓ **Exchange Forest Land**
- ✓ **Increase Revenue to Skamania County from Gifford Pinchot National Forest**
 - Seek Private Funds
 - Create a State Forestland Permanent Account



Exchange Forest Land

1. Secure legislative funding for asset replacement
2. Purchase replacement assets for Common School Trust
3. Simultaneously transfer operable, unencumbered Common School Trust land to counties and assign replacement assets to Common School Trust



Exchange Forest Land - Pacific County

Table 4. Acres of State Forestland and Common School Trust land in Pacific County, Washington, by encumbrance status.				
		Marbled Murrelet Long-term Conservation Strategy (Board of Natural Resources Preferred Alternative)		
		Encumbered	NOT Encumbered	Total
State Forestland (acres)				
Other Restrictions	NOT Operable	3740	5650	9390
	Operable	2779	10,083	12,862
	Total	6519	15,733	22,252
Common School Trust Land (acres)				
Other Restrictions	NOT Operable	2932	12,109	15,041
	Operable	1924	16,878	18,802
	Total	4856	28,987	33,843
ratio of unencumbered, operable Common School Trust land to encumbered State Forestland = 6.1:1				



Exchange Forest Land - Wahkiakum County

Table 5. Acres of State Forestland and Common School Trust land in Wahkiakum County, Washington, by encumbrance status.

		Marbled Murrelet Long-term Conservation Strategy (Board of Natural Resources Preferred Alternative)		
		Encumbered	NOT Encumbered	Total
State Forestland (acres)				
Other Restrictions	NOT Operable	1646	3465	5111
	Operable	998	6123	7121
	Total	2644	9588	12,232
Common School Trust Land (acres)				
Other Restrictions	NOT Operable	1523	1944	3467
	Operable	1119	3824	4943
	Total	2642	5768	8410
ratio of unencumbered, operable Common School Trust land to encumbered State Forestland = 3.8:1				



Exchange Forest Land - Skamania County

Table 6. Acres of State Forestland and Common School Trust land in Skamania County, Washington, by encumbrance status.

		Northern Spotted Owl Conservation Strategy		
		Encumbered	NOT Encumbered	Total
State Forestland (acres)				
Other Restrictions	NOT Operable	8929	5748	14,677
	Operable	13,054	13,166	26,220
	Total	21,983	18,914	40,897
Common School Trust Land (acres)				
Other Restrictions	NOT Operable	3614	3617	7231
	Operable	5013	5527	10,540
	Total	8627	9144	17,771
ratio of unencumbered, operable Common School Trust land to encumbered State Forestland = 0.4:1				



Exchange Forest Land

Table 7. Estimated values of encumbered State Forestland and unencumbered Common School Trust land, by county.					
		Pacific County	Wahkiakum County	Skamania County	Total
Encumbered State Forestland ¹	total acres	2779 acres	998 acres	13,054 acres	16,831 acres
	land value ²	\$2.57 million	\$0.92 million	\$8.49 million	\$11.98 million
	timber value ³	\$36.76 million	\$18.66 million	\$217.62 million	\$273.04 million
	total value	\$39.33 million	\$19.58 million	\$226.11 million	\$285.02 million
	average total value/acre	\$14,153/acre	\$19,619/acre	\$17,321/acre	
Unencumbered Common School Trust Land	total acres	16,878 acres	3824 acres	5527 acres	26,229 acres
	land value ²	\$15.61 million	\$3.54 million	\$3.59 million	\$22.74 million
	timber value ³	\$105.63 million	\$29.12 million	\$43.72 million	\$178.47 million
	total value	\$121.24 million	\$32.66 million	\$47.31 million	\$201.21 million
	average total value/acre	\$7183/acre	\$8541/acre	\$8560/acre	
Ratio of unencumbered Common School Trust land value to encumbered State Forestland value (average total value/acre)		0.51:1	0.44:1	0.49:1	
¹ In this table, the term "encumbered" means lands that are encumbered only due to marbled murrelet or northern spotted owl habitat considerations. ² \$900/acre, compiled from comparable appraisals and expressed as 2018 dollars. ³ \$450/mbf, compiled from stumpage reports and expressed as 2018 dollars.					



Exchange Forest Land

Benefits

- Counties – restore State Forestland revenue and support timber economies
- Common School Trust – diversify asset portfolio and improve overall rate of return



Increase Revenue to Skamania County from the Gifford Pinchot National Forest

- Land Exchange
- Community Forest
- Good Neighbor Agreement
- Northwest Forest Plan
- Revenue Distribution



Recommendations

- **Trust Lands Reinvestment** – implement a proof-of-concept pilot project
- **Gifford Pinchot National Forest** – engage USDA Forest Service
- **Biennial Appropriations** – continue biennial state forestland replacement appropriations until long-term solutions are in place



Next Steps

- Secure funding from the legislature for the Trust Land Reinvestment Pilot Project (\$28.3 million capital budget request)
- Open a collaborative dialog with USDA Forest Service and Skamania County aimed at new, creative approaches to improve county revenue and strengthen the local economy
- Advance discussions with trust beneficiaries and stakeholders
- Seek synergies with regional working lands and conservation initiatives



