





Charting a Course *for the* Future

Optimizing DNR's Trust Land Portfolio



A Presentation to the Board of Natural Resources

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Agenda



- Update on continued outreach and feedback
- Summary of comments submitted in June
- Finalize project scope





2021 Work Plan



Quarter 1:
January - March



Quarter 2:
April - June

Quarter 3:
July - September

- Seek BNR support for project scope
- Continue to collect input
- Develop potential proposals (e.g.):
 - Form Advisory Committee(s) and/or Work Group(s)

Quarter 4:
October - December

- Share Key Findings
- Collect input on:
 - Project scope
 - Ideas for change

- Continue to collect input on:
 - Project scope
 - Ideas for change
- Host Public Webinar

- Continue to develop proposals
- Collect input on proposals

Beneficiary and Stakeholder Outreach and Feedback



Additional comments submitted in June

- Washington State Association of Counties – Timber Counties Caucus
- Port of Port Angeles



Ongoing tribal outreach

WSAC Timber Counties Caucus Trust Land Performance Assessment Evaluation

- Recommendations engagement with WSAC
- Analysis of Deloitte recommendations, including WSAC's position and prioritization for each
- Additional recommendations for the department



Additional comments submitted in June

(ideas not previously presented)



Proposed principles for an engagement strategy that includes an informed and inclusive decision making process



Consideration for local preferences



Recommendation for an annual audit



Replace 'unharvestable' lands to improve net revenue –
Work with beneficiaries on new strategies



Support for capital investments in existing property



Additional comments submitted in June

(ideas not previously presented)

Does not support a Unitary Trust -
Concerns about trust accountability

Explore new sources of
revenue for recreation

Suggestions for Need Statement:

- “provide reliable predictions of harvests”
- “increase transparency with beneficiaries and stakeholders”

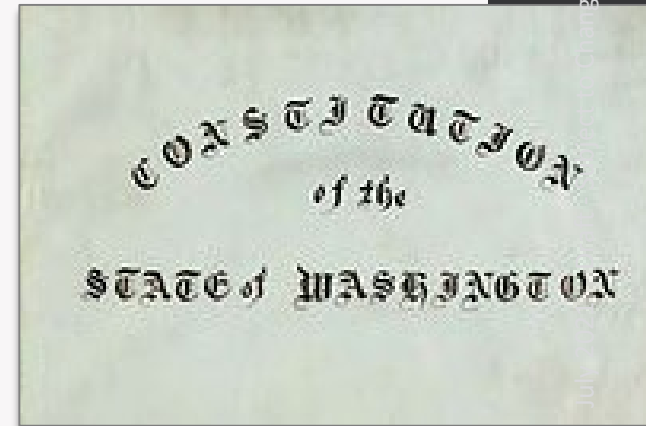
Lack of clarity on implications of
“transform” state trust land
management

Concern about Voluntary Permanent
Fund management and investment
decision making processes

Trust Responsibilities

As manager of state trust lands, DNR has legal fiduciary responsibilities to:

- Generate revenue and other benefits for each trust, in perpetuity
- Preserve the corpus of the trust
- Exercise reasonable care and skill
- Act prudently to reduce the risk of loss for the trusts
- Maintain undivided loyalty to beneficiaries
- Act impartially with respect to current and future beneficiaries





How did we get to today?

- Completed the Trust Land Performance Assessment *(last one done in 1996)*
- Identified two overarching problems:
 - Declining revenue
 - Lack of reliable revenue
- Recommendations emerged
- Engaged beneficiaries and stakeholders



Framework to Modernize State Trust Lands

Available at:

www.dnr.wa.gov/bnr

Board Materials

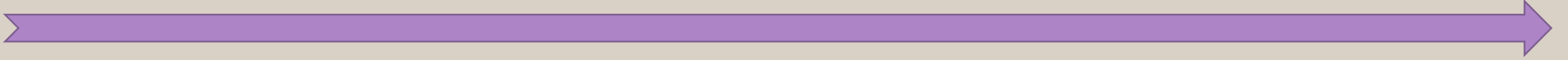


TLT Work Group (2021-23 Capital Budget, SHB 1080 Sec. 3333)

- DNR to convene work group to develop a process Trust Land Transfer
- Considerations should include:
 - Increasing the income value of the trusts,
 - Limiting impacts to trust lands not being considered for transfer,
 - Conservation value of lands that are a potential candidate for transfer,
 - Use of the land bank for securing repositioned land that would result from any transferred projects, and
 - Any other items necessary for a well-supported program.
- DNR to report and make recommendations to legislature for the establishment of a new Trust Land Transfer program by December 1, 2021.



Moving forward from today...



Finalize Initiative Scope



Identify lists of projects and proposals



2022 Work Plan



