

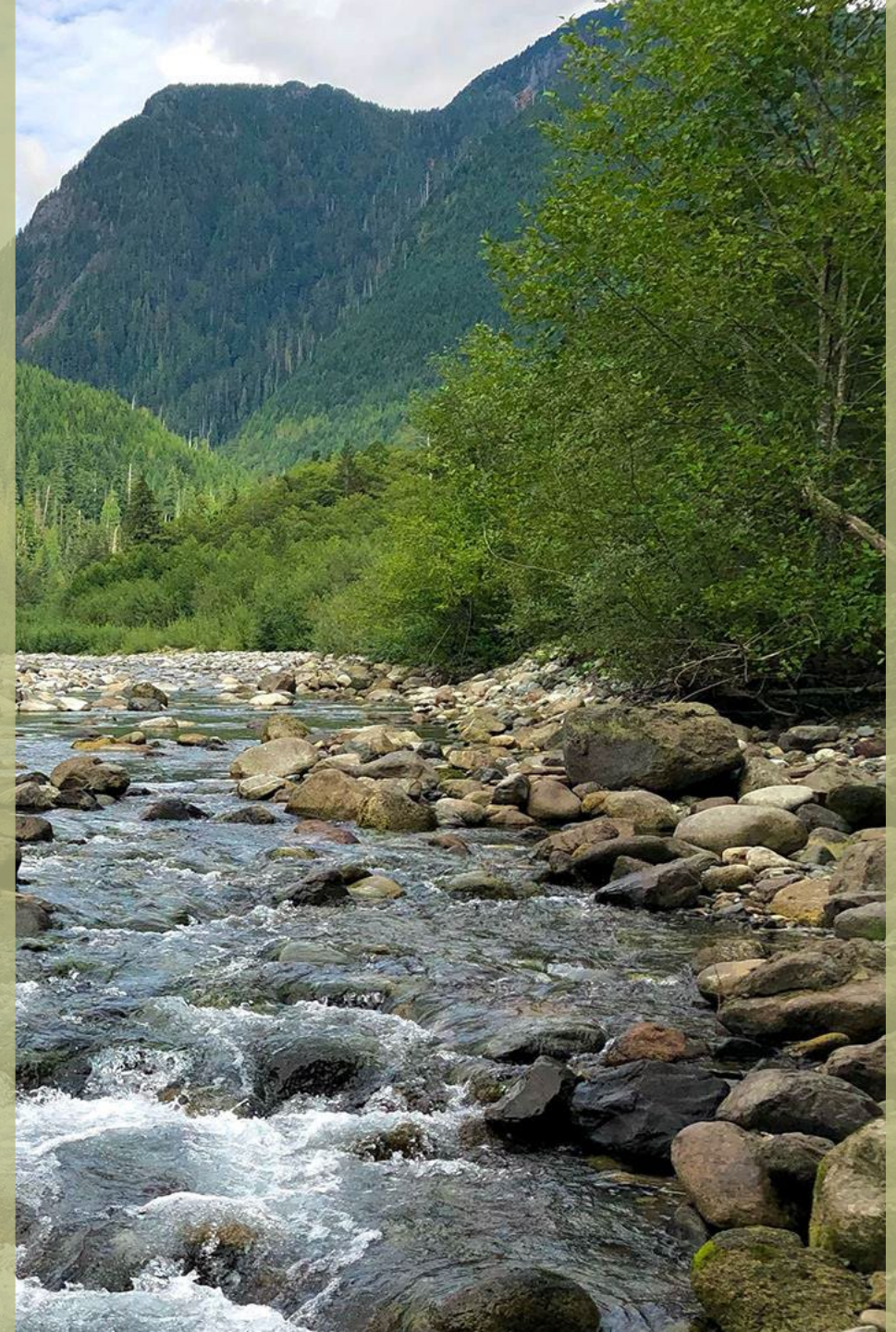
Trust Land Transfer 2023-25

Presentation to the Board
of Natural Resources

September 6, 2022



WASHINGTON STATE DEPT OF
**NATURAL
RESOURCES**



Today's Presentation

- Overview of Trust Land Transfer (TLT): What it is and how it works
- TLT revitalization and the pilot project
- The 10 parcels currently proposed for transfer



What is TLT?

Established in 1989, TLT is a **land portfolio management tool** that is used to reposition economically under-performing* state trust lands.



*Parcel is not generating revenue or is generating less revenue than expected.

Through TLT, DNR:

- **Transfers** underperforming state trust lands out of trust status to a receiving agency.
- **Replaces** the transferred parcel with lands that can generate revenue for trust beneficiaries, through an appropriation from the Washington State Legislature.
- **Conserves** lands with high ecological values and/or public benefits.

32 years | 125,968 acres transferred | 55,546 acres replaced



Nearly 15 percent of state park system | 43 DNR natural areas (20 at 100%)



What is TLT Revitalization?

- An effort to improve TLT to make it more consistent, transparent, repeatable, and effective.
- Work funded in part by a proviso to the 2021-23 Capital Budget (SHB 1080 Sec. 3333).
- Improving TLT was a major recommendation of the 2021 Trust Land Performance Assessment.
- To learn more, visit <https://www.dnr.wa.gov/about/trust-land-performance-initiative/tools-address-underperforming-land-assets>.



Revitalization In Two Phases

Phase 1

July to October, 2021

- Develop a new framework for TLT.



Phase 2

January to August, 2022

- Develop the framework into a strong, new, revitalized TLT tool.
- Test with a pilot project.



Phase 2 Work Group Members

- **Justin Allegro***, Director, State Government Relations, The Nature Conservancy
- **Peter Bahls**, Executive Director, Northwest Watershed Institute, representing Port Gamble S'Klallam Tribe
- **Dylan Bergman**, Wildlife Program Manager, Jamestown S'Klallam Tribe
- **Duane Emmons**, Acting Deputy Supervisor for State Uplands, Department of Natural Resources
- **Matt Comisky***, Washington State Manager, American Forest Resource Council
- **Karen Edwards**, Real Estate Manager, Department of Fish and Wildlife
- **The Honorable Heidi Eisenhour***, Commissioner, Jefferson County

*Returning member



Phase 2 Work Group Members, Continued

- **Jim Freeburg***, Board Member, North Cascades Conservation Council
- **Nikki Fields**, Real Estate Program Manager, ADA Coordinator, Washington State Parks and Recreation Commission
- **The Honorable Randy Johnson***, Commissioner, Clallam County
- **Randy Newman***, Director, Office of Superintendent of Public Instruction
- **Russ Pfeiffer-Hoyt***, Chair, Trust Lands Advisory Committee, Washington State School Directors Association
- **David Troutt**, Natural Resources Director, Nisqually Indian Tribe
- **The Honorable Ron Wesen**, Commissioner, Skagit County

*Returning member



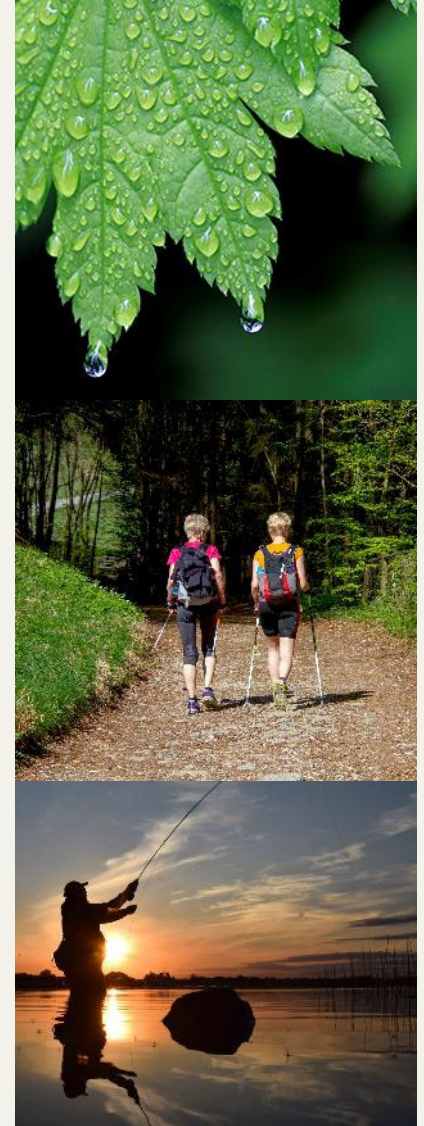
Examples of New Features of the Revitalized TLT Tool

- ✓ Improved best interests of the trusts analysis
- ✓ New advisory committee to rank nominated parcels into a prioritized list
- ✓ More robust tracking and reporting
- ✓ New webpages
- ✓ Possible expansion of the tool to include State Forestlands
- ✓ Discontinuation of the 80/20 ratio to open the tool to non-forested parcels
- ✓ Changes to funding allocation to provide more funding for replacement lands



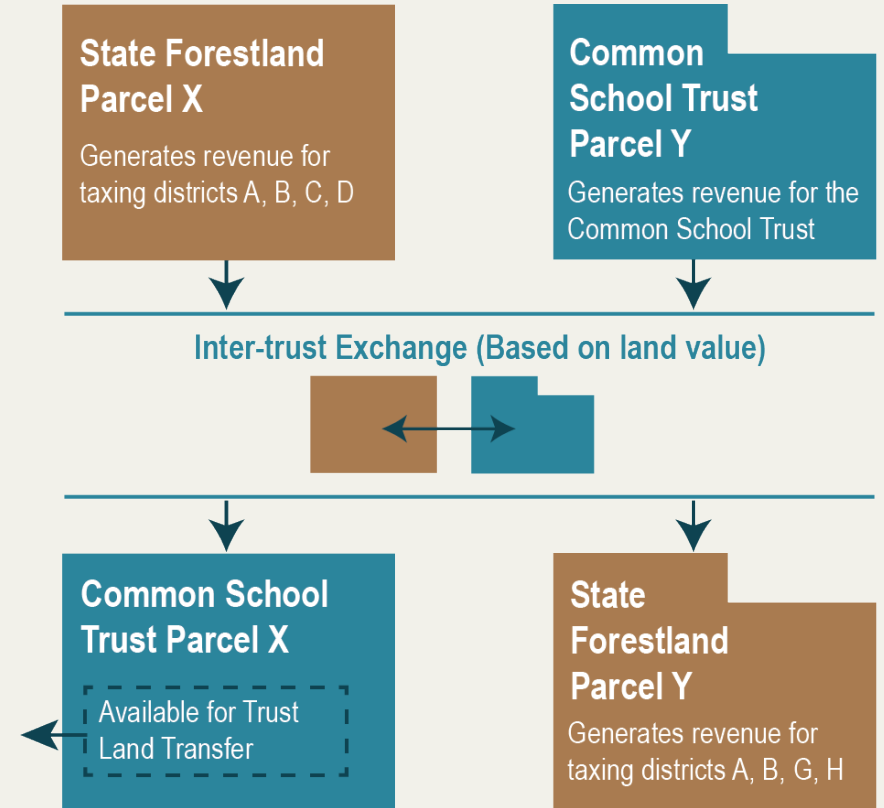
Prioritization

- New advisory committee will score parcels according to five criteria:
 - Community involvement and support,
 - Ecological values,
 - Economic values,
 - Public benefits, and
 - Tribal support.
- DNR will use these scores to put the parcels **in order of priority**. Parcels will be transferred in that order.



Including State Forestland in TLT

- Current tool limited to Common School Trust, so State Forestlands must undergo an inter-trust exchange prior to transfer.
- If TLT is opened to State Forestlands, inter-trust exchange still required because direct transfer of State Forestlands is not allowed.
- If statutes are changed to allow direct transfer of State Forestlands, inter-trust exchange of State Forestlands would be optional.



Possible Impacts on Taxing Districts

- Net revenue from State Forestlands is sent to county treasurer in the county in which the revenue is generated, to be distributed to taxing districts per RCW 79.64. 110.
 - Transferring and replacing lands could affect which taxing districts receive revenue*.
- Taxing districts focus group will meet in September and October to examine these impacts and possible ways to avoid, minimize, or mitigate them.
 - Solutions may require statutory change.



*Immediate financial impact may be minimal if the parcel is producing little to no revenue.



Discontinuing 80/20 Ratio

- Many past budget provisos required an 80/20 split for parcels:
 - At least 80% timber value, and
 - Up to 20% bare land value.
- In the past, DNR has met this requirement for all parcels combined rather than each parcel individually.
- Removing this split better enables DNR to transfer sparsely or non-forested parcels.



Changes to Funding Allocation

Current



Proposed



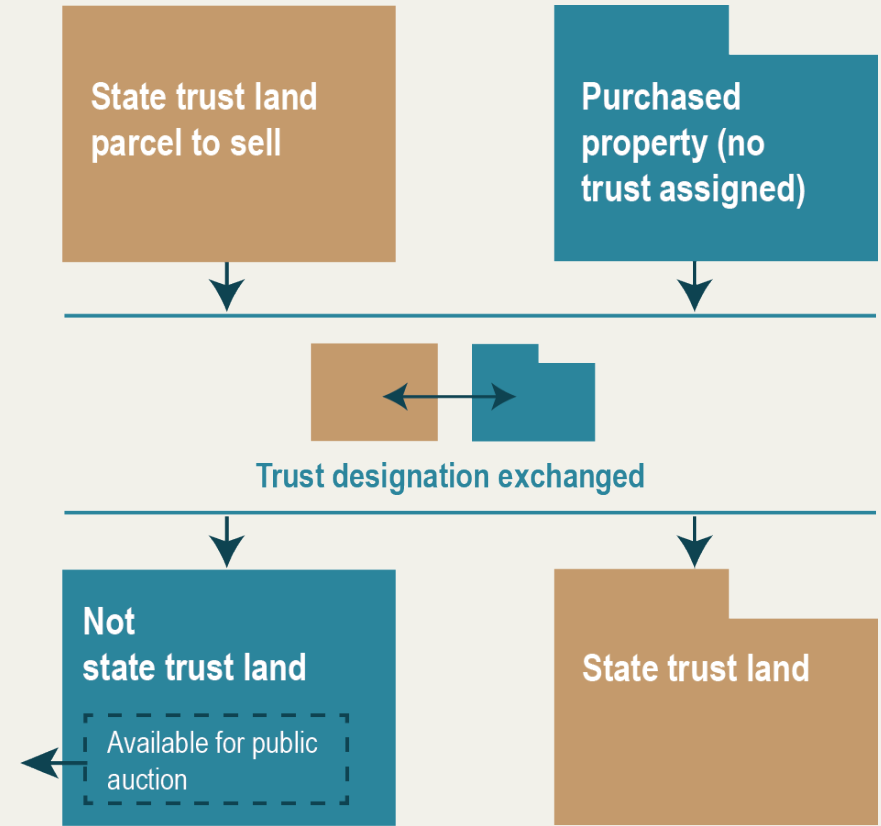
Why Change the Distribution?

- Current distribution severely limits DNR's ability to purchase replacement lands.
- Purchasing productive state trust lands provides a long-term revenue stream for generations of trust beneficiaries, rather than a one-time payment for the current generation.



The new Land Bank Account

- Land Bank currently is a holding area for desirable properties waiting to become state trust land, and former state trust lands waiting to be sold.
- Proposal is to add a cash account to the Land Bank
- Establishing the account requires statutory changes.



Why a new Land Bank Account?

- Account would provide DNR a new source of capital to purchase lands, a major recommendation of the 2021 Trust Land Performance Assessment.
- As with all trust accounts, funding in the new Land Bank account will be tracked by trust and used to acquire productive land for that trust.



Summary of Proposed Statutory Changes

- Codify the intent of TLT in statute to provide the tool long-term stability.
- Establish the new Land Bank account.
- Update statutes to streamline land transactions.
- Potentially make statutory changes related to State Forestlands land transactions.



Test Run: The TLT Pilot Project

- **What:** Part of the revitalization effort; an opportunity to test eligibility and prioritization processes with a limited number of parcels before full TLT implementation.
- **Who:** Work group, facilitated by DNR, acting in place of advisory committee.



How the Pilot Project Worked

- DNR’s regions nominated a limited number of parcels.
- DNR did the best interests of the trusts analysis, conducted outreach to tribes and affected taxing districts, and verified receiving agencies.
- The work group prioritized the parcels according to the five eligibility criteria.
- DNR is bringing you this list today.

TRUST LAND TRANSFER APPLICATION
 (This application is available electronically.)
 Submit by 4:00 PM on June 18, 2022 for consideration for the next funding cycle.

The Trust Land Transfer program is an incentive tool for the Washington State Legislature, through the Department of Natural Resources, to address several land management needs. Specifically, this tool enables DNR to achieve the following:

- Transfer out of economically under-performing state trust lands and acquire funds to purchase replacement lands with higher long-term income producing potential.
- Conserve lands that have high ecological values or public benefits.

Applicant Information DNR Staff contact (if different)

Applicant's name: WA DNR NE Region Staff name: Jesse Steel
 Address: 878 N. Township Street Address:
 City, State, Zip: Snoho Wacoly, WA 98224 City, State, Zip:
 Phone: Phone: 360 864-8667
 E-mail: E-mail: Jesse.steel@dnr.wa.gov

Parcel name/moniker: Blakely Island

Property Information

For proposals with more than one trust ownership, or in more than one county, describe parcels separately:

1. County:	San Juan	Section:	35	Township:	35	Range:	1W B5M	Parcel:	1032310
									21000
2. County:	San Juan	Section:	2	Township:	35	Range:	1W B5M	Parcel:	1032310
									21000

3. What is the land currently zoned for? Conservancy
 4. What is the current land type/land cover? Forest
 5. What are the current uses of the property? No current uses, potentially some dispersed public recreation.

6. Total project acres: 184 Total acres (total): 184

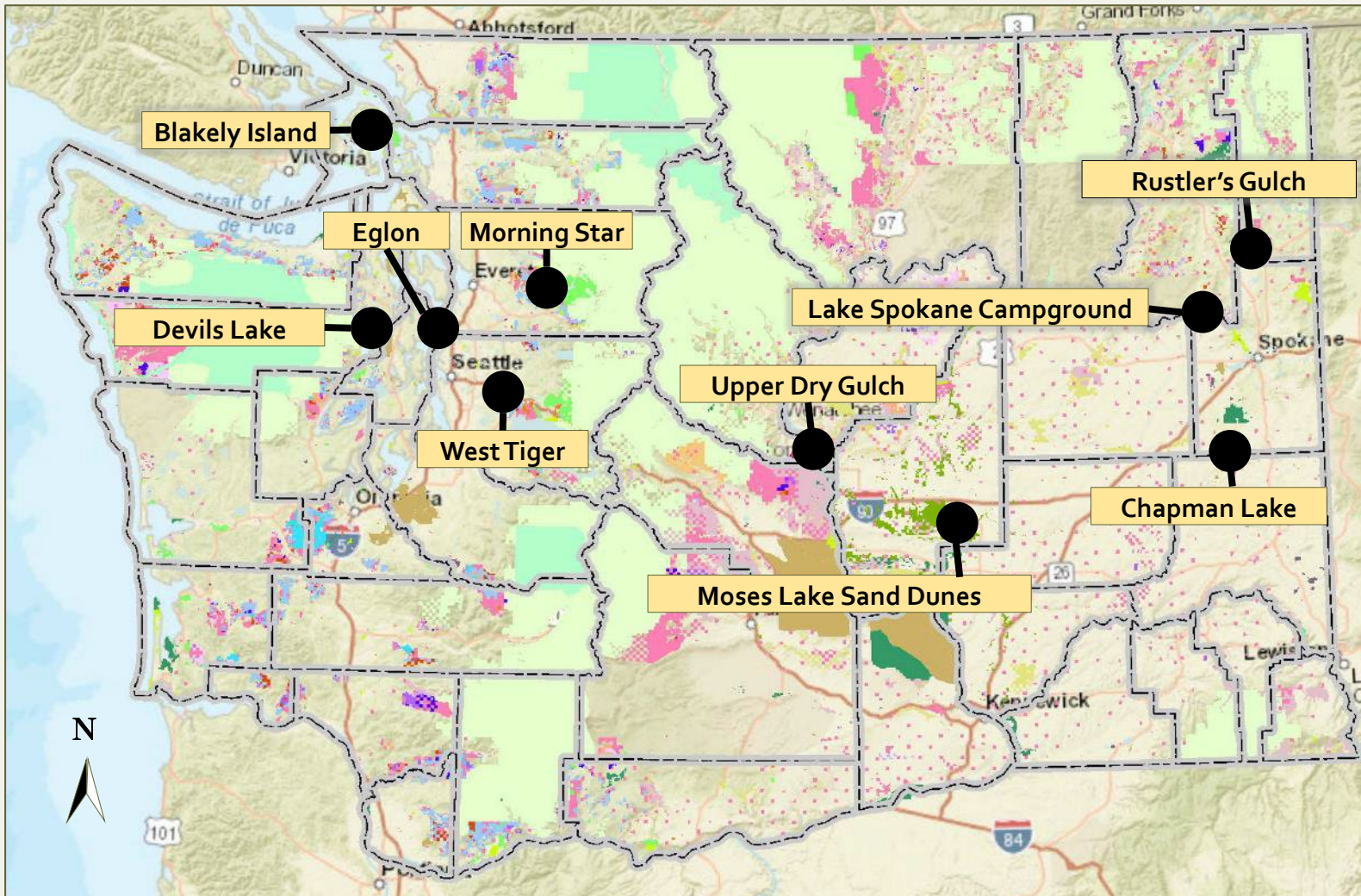
7. Proposed receiving agency: San Juan County Land Bank

8. What trust(s) does the property currently belong to?
 Trust #1: 03 Common School

TLT – Best Interests of the Trust Analysis: Blakely Island (184 acres) Date: June 22, 2022; Many Contributors		
Quantitative assessment (Productivity and Operability)		
1. Forest lands productivity	a. Site index score: Site class 4	Potential Harvestable Acres: 0 Net Present Value and Bare Land Value: n/a Yarding Systems Required: n/a
	b. Tree type: Douglas fir	
	c. Stand condition/Basic age: 132 to 162 years old	
	d. Net present value: no apparent timber value due to no potential harvestable acres	
	e. Topography: Steep, rocky terrain with cliffs adjacent to the Puget Sound	
	f. Climate: ~28 inches of annual rainfall	
	g. Timber Volume: None	
2. Non-forest lands productivity	a. Current Use: n/a	N/A, forested parcel
	b. Lease type/revenue: n/a	
	c. Harvest levels/crop, if any: n/a	
	d. Soils (identified farmlands of commercial significance): n/a	
	e. Water rights: n/a	
	f. Infrastructure improvements: n/a	
3. Physical	a. Access/lack of access: See narrative under 3.a.	3.a. - This property lacks legal access from land; access from the water is difficult due to steep slopes and cliffs on the eastside. There are no roads present within or adjacent to the parcels. 3.c. - Besides the riparian areas, the largest factor limiting harvestable acres on the parcels is from potential old growth stands. In addition, there is potential marbled murrelet long-term forest
	b. Unstable or steep slopes/acres affected: 0 acres	
	c. Unharvestable areas/acres affected: see 3.c	



TLT 2023-25: The Proposed Parcels *in Prioritized Order*



Eglon (707 acres)

Kitsap County

Transfer to Kitsap County

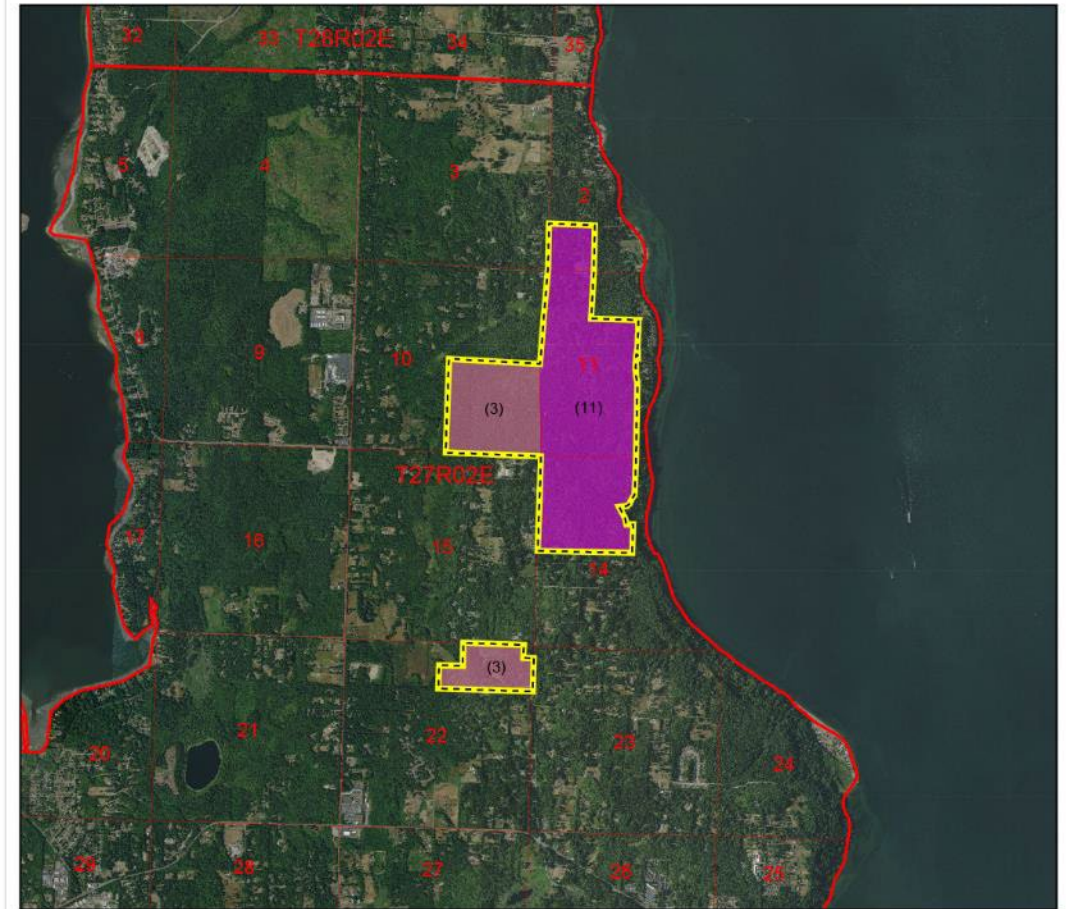
Why transfer?

Limited revenue potential. Approximately 47% not harvestable due to sensitive areas such as wetlands, streams, unstable slopes, and associated buffers.

TLT values. **Ecological values** include mature timber (130+ years old), wetlands, salmon-bearing streams.

Public benefits include a public recreation and commuter trail and a stream popular with anglers. Transfer has strong county and public support.

Learn more [at this link.](#)

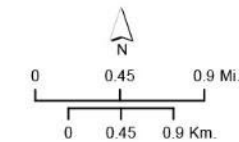


DNR-Managed Trust Lands

- State Forest Transfer (1)
- State Forest Purchase (2)
- Common School (3)
- Agricultural School (4)
- University - Transferred (5)
- CEP and RI (6)
- Capitol Grant (7)
- Normal School (8)
- Scientific School (10)
- University - Original (11)
- Community Forest Trust (48)
- NAP / NRCA (74/75)
- Other DNR-Managed Lands

Located In
Kitsap County, Washington

Transfer Parcel(s)
Boundaries may vary at time of transfer.



Area of Detail



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Devils Lake (415 acres)

Jefferson County

Transfer to DNR Natural Areas Program

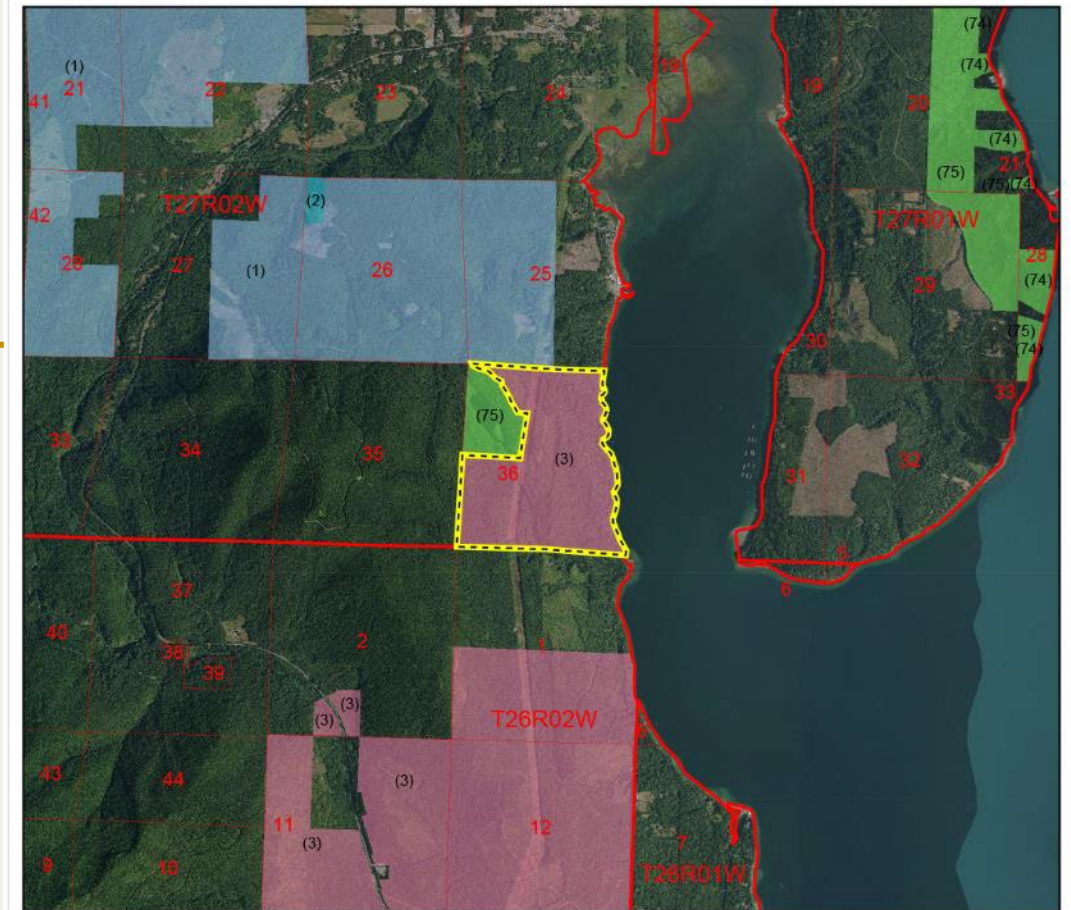
Why transfer?

Limited revenue potential. Approximately 70% not harvestable due to sensitive areas, such as streams and unstable slopes and associated buffers. No road or trail access. Within the approved boundary of the existing Devils Lake Natural Resource Conservation Area (NRCA).

TLT values. **Ecological values** include a rare forested plant community and a mile of Puget Sound shoreline. Protects water quality for shellfish.

Public benefits include limited opportunities for low-impact recreation, such as hiking and birdwatching.

Learn more [at this link](#).



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Located In
Jefferson County, Washington

Transfer Parcel(s)
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Area of Detail

0 0.45 0.9 Mi.
0 0.45 0.9 Km.

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Upper Dry Gulch (3,023 acres)

Chelan County

Transfer to DNR Natural Areas Program

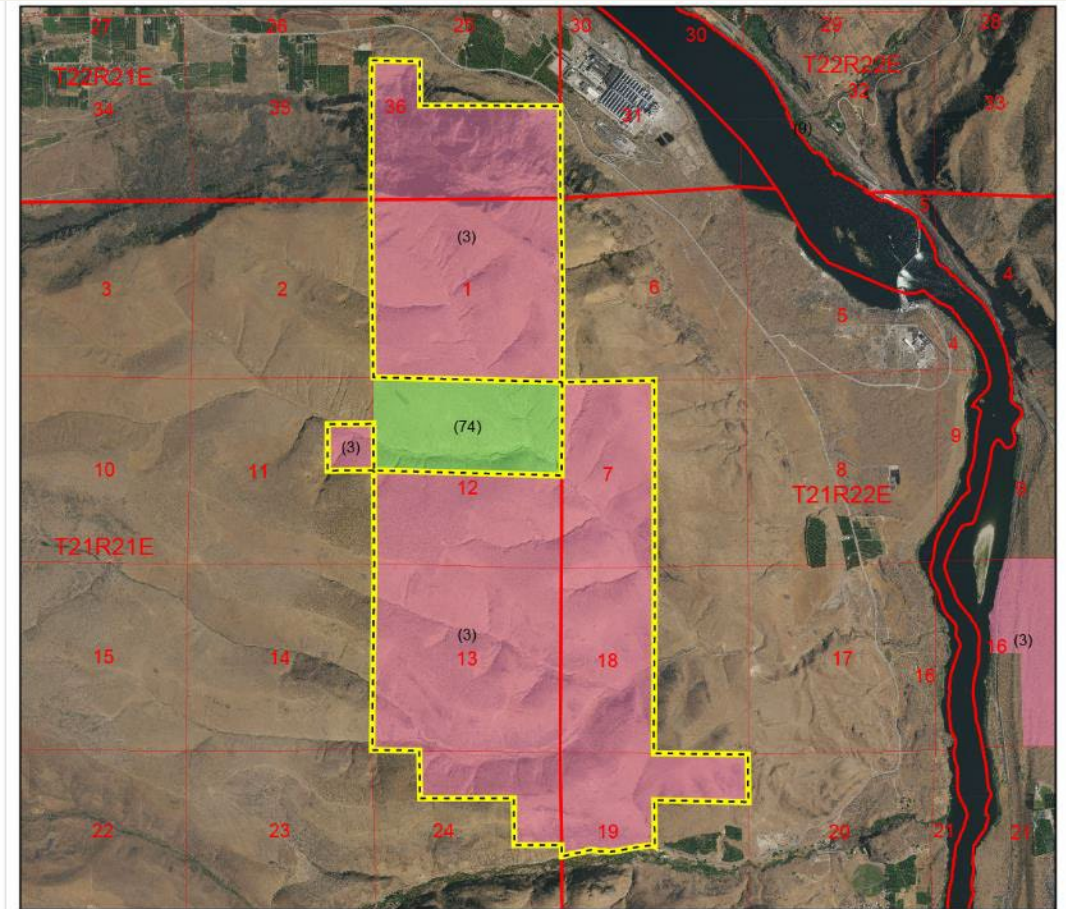
Why transfer?

Limited revenue potential. Steep and arid with no associated water rights and frequent wildfires. Leasing revenue low. Within approved boundary of existing Upper Dry Gulch Natural Area Preserve (NAP).

TLT values. **Ecological values** include globally rare plant community with 95% of all known habitat on this parcel. High usage by mule deer, bighorn sheep, elk, and quail.

Public benefits include research and education opportunities for local schools and community organizations.

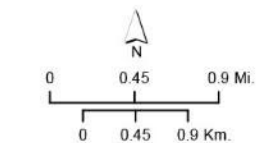
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Located In
Chelan County, Washington

Transfer Parcel(s)
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Chapman Lake (542 acres)

Spokane County

Transfer to WDFW

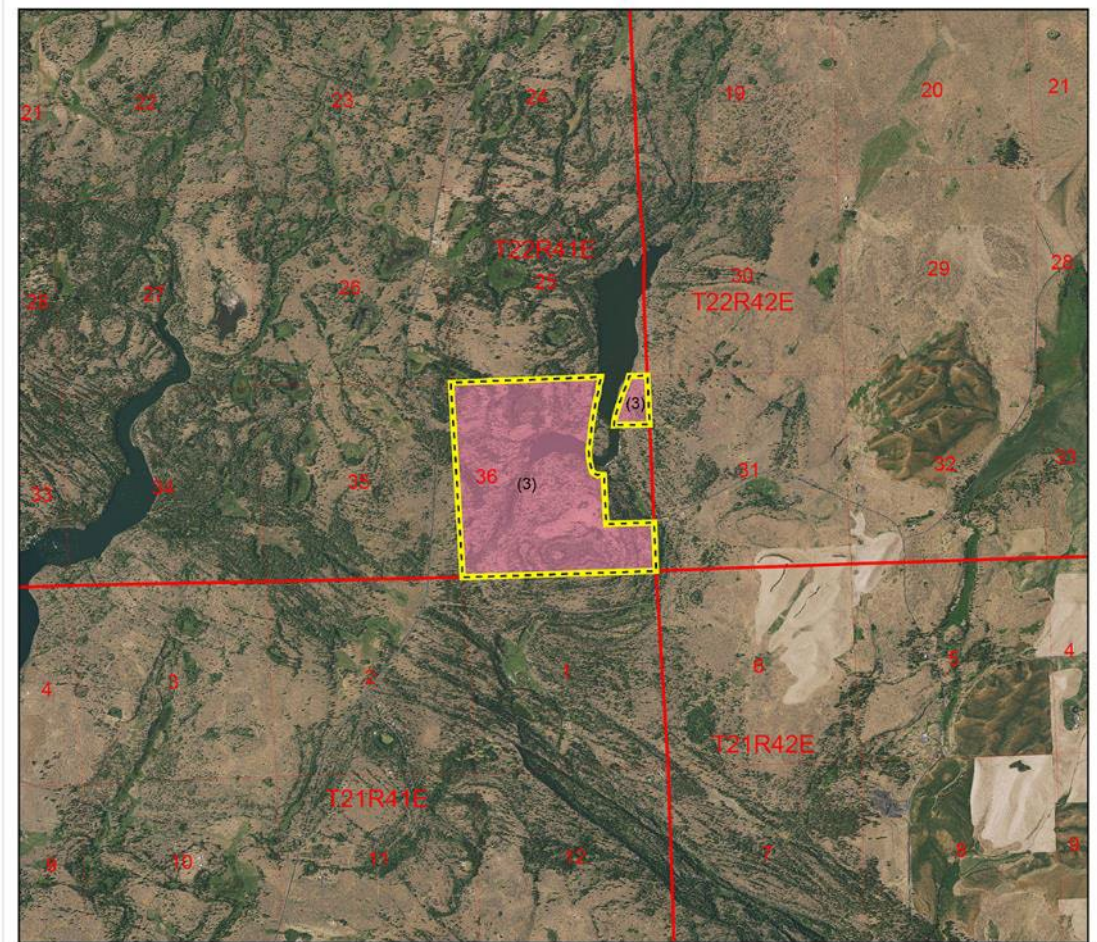
Why Transfer?

Limited revenue potential. Too sparsely forested for timber harvest, ground not suitable for cultivation, low potential for grazing revenue, not suitable for wind or solar power.

TLT values. **Ecological values** include wildlife habitat; located near Turnbull National Wildlife Refuge.

Public benefits include re-established fishing and recreation access to a popular lake.

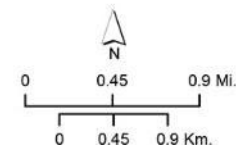
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Located In
Spokane County, Washington

Transfer Parcel(s)
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Morningstar (1,071 acres)

Snohomish County

Transfer to DNR Natural Areas Program

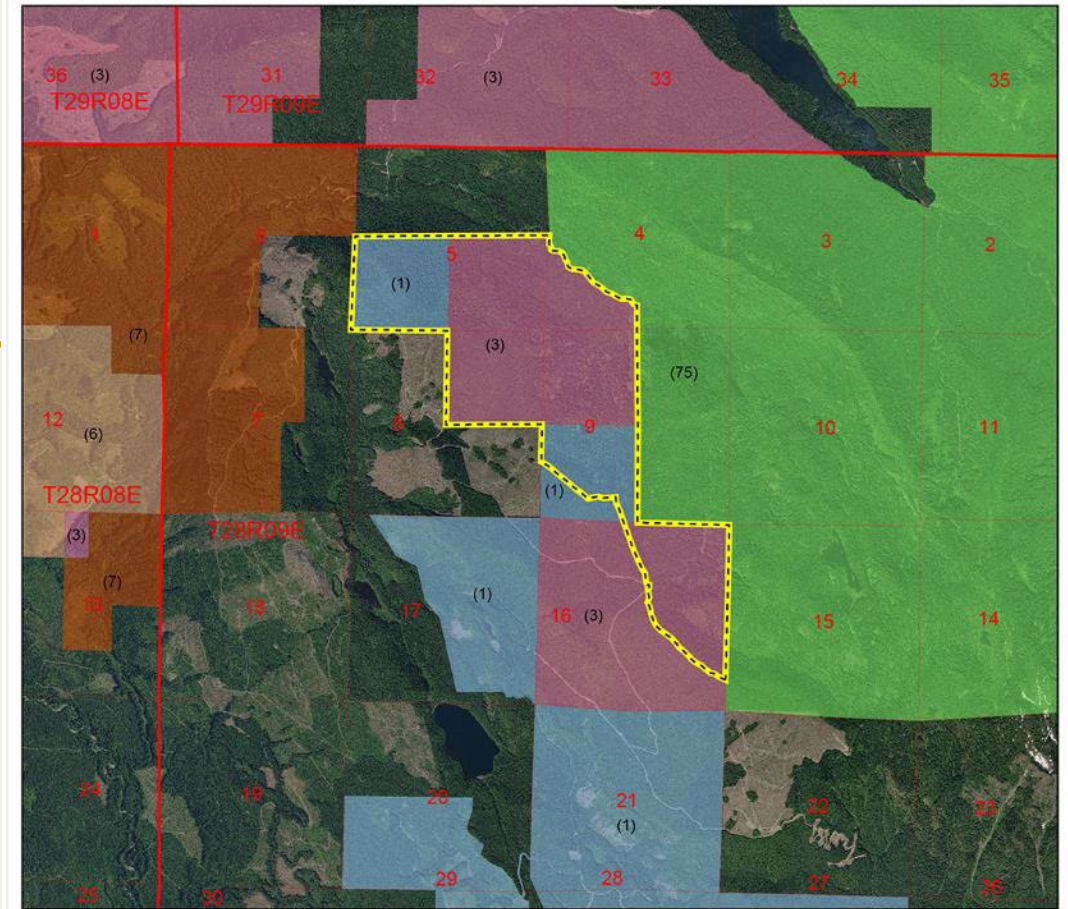
Why transfer?

Limited revenue potential. Approximately 80% of parcel not harvestable due to steep slopes, unstable soils, non-productive areas, and wildlife habitat. Within approved Morningstar NRCA boundary.

TLT Values. **Ecological values** include older forest (120+ years old) and remnant old-growth trees, wildlife habitat, and fish-bearing streams.

Public benefits include low-impact recreation opportunities; located near Wallace Falls State Park.

Learn more [at this link.](#)

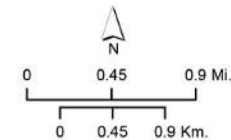


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Located In
Snohomish County, Washington

Transfer Parcel(s)
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Area of Detail



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West Tiger (99 acres)

King County

Transfer to DNR Natural Areas Program

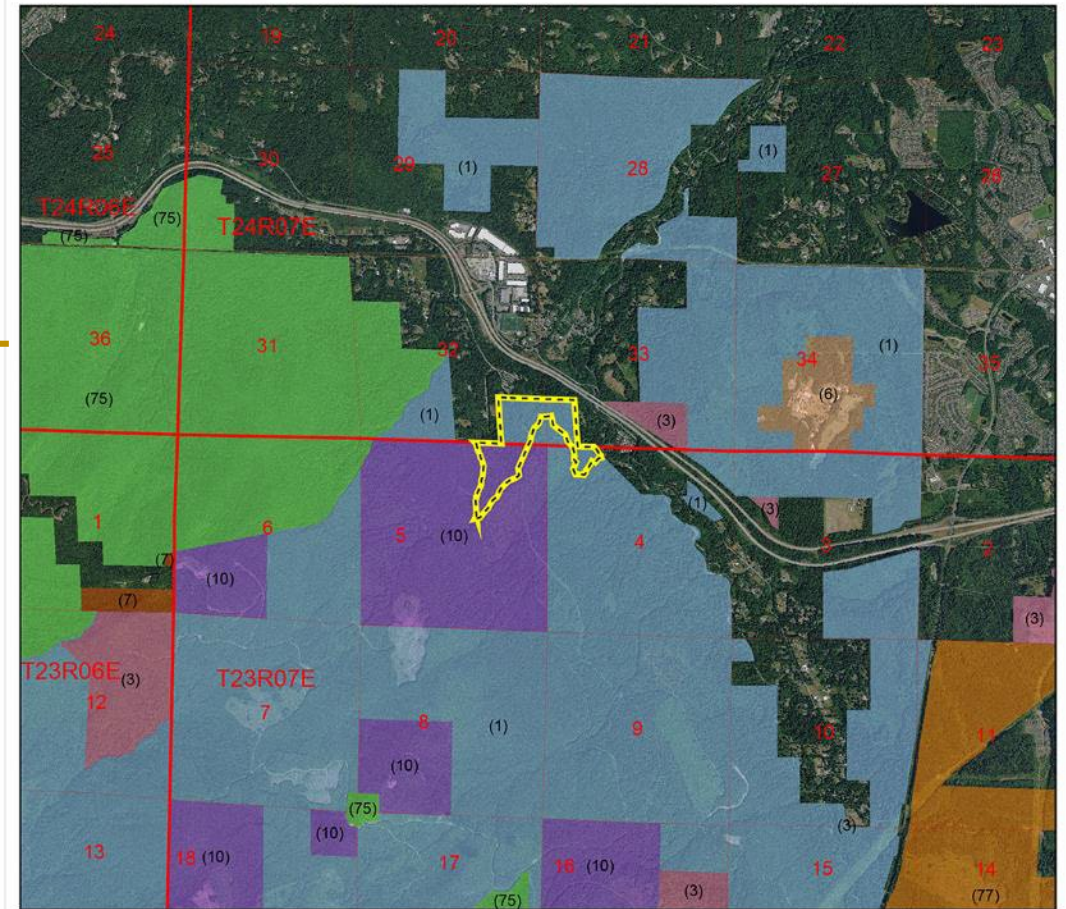
Why transfer?

Limited revenue potential. Approximately 80% of not harvestable due to unstable slopes, streams, and associated buffers; no road access to harvestable areas; located within approved West Tiger NRCA boundary.

TLT values. **Ecological values** include older forests (120+ years old) and salmon-bearing streams.

Public benefits include low-impact recreation and protection of I-90 view shed.

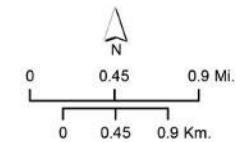
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Located In
King County, Washington

Transfer Parcel(s)
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Lake Spokane Campground (305 acres)

Stevens County

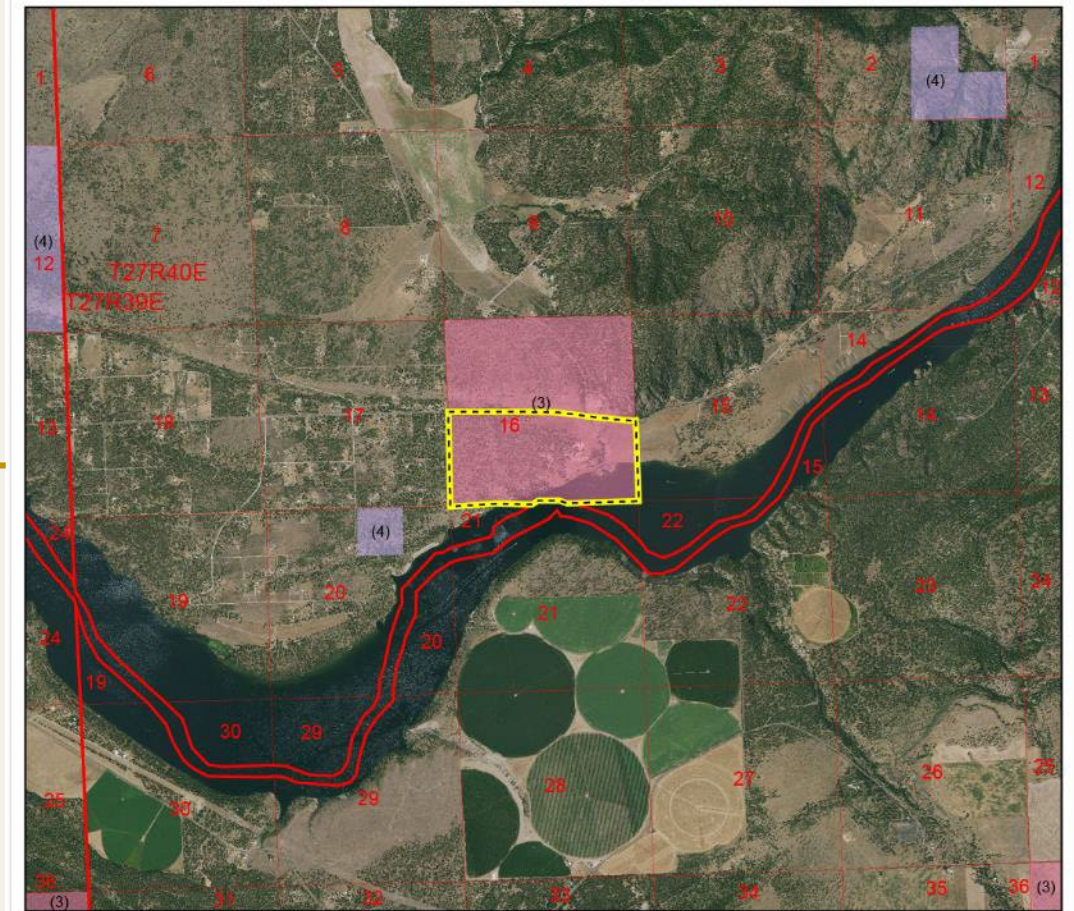
Transfer to Wa. State Parks & Rec. Comm. (State Parks)

Why transfer?

Limited revenue potential. Parcel is a recreation site being managed by State Parks through a lease agreement with DNR.

TLT Values. **Public Benefits** include campground, boat launch access, and parking. State Parks has experience with waterfront parks and on-site law enforcement staff. Site has been used for recreation for over 50 years.

Learn more [at this link.](#)



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Located In
Stevens County, Washington

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Area of Detail

0 0.45 0.9 Mi.
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Blakely Island (184 acres)

Blakely Island

Transfer to San Juan County

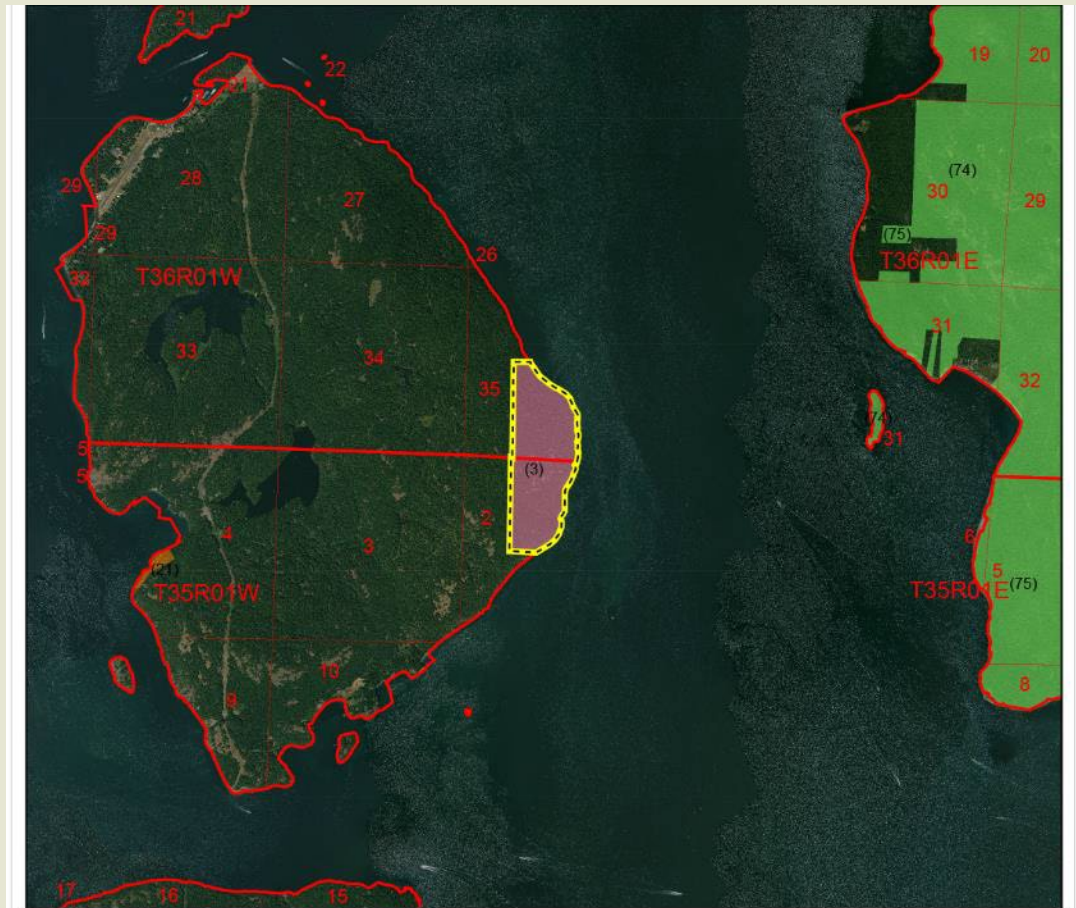
Why transfer?

Limited revenue potential. Parcel not harvestable due to ecological values and lack of legal road access.

TLT values. **Ecological values** include important marine shoreline habitat, potential old-growth forest, and remnant old-growth trees.

Public benefits include protection of shoreline view shed from San Juan Islands ferries.

Learn more [at this link](#).



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Located In
San Juan County, Washington

Transfer Parcel(s)
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Area of Detail

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Moses Lake Sand Dunes (647 acres)

Grant County

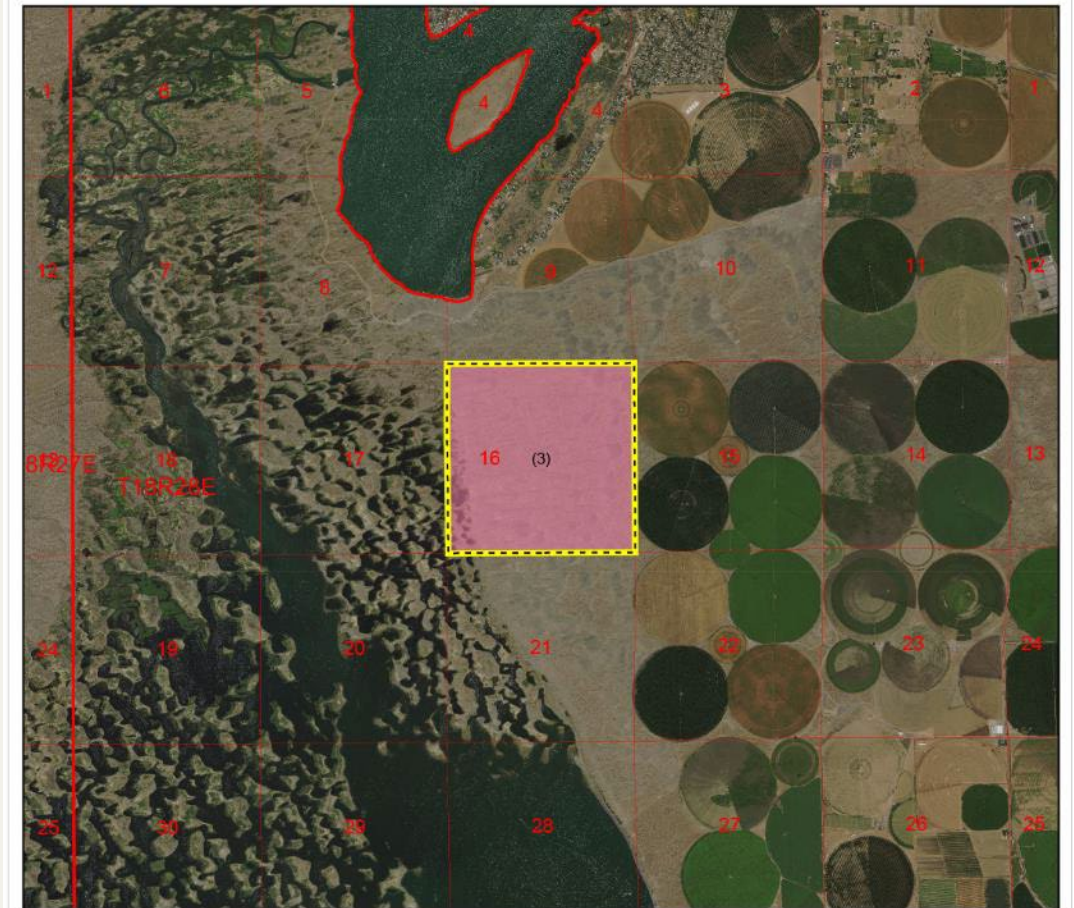
Transfer to Grant County

Why transfer?

Limited revenue potential. No legal road access, no water rights, little to no lease revenue potential, restrictive zoning.

TLT values. **Public benefits** include off-road vehicle (ORV) recreation opportunities. Existing ORV site to the north. Grant County good steward with ORV site experience and law enforcement presence.

Learn more [at this link](#).



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Grant County, Washington

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Rustler's Gulch (40 acres)

Pend Oreille County

Transfer to WDFW

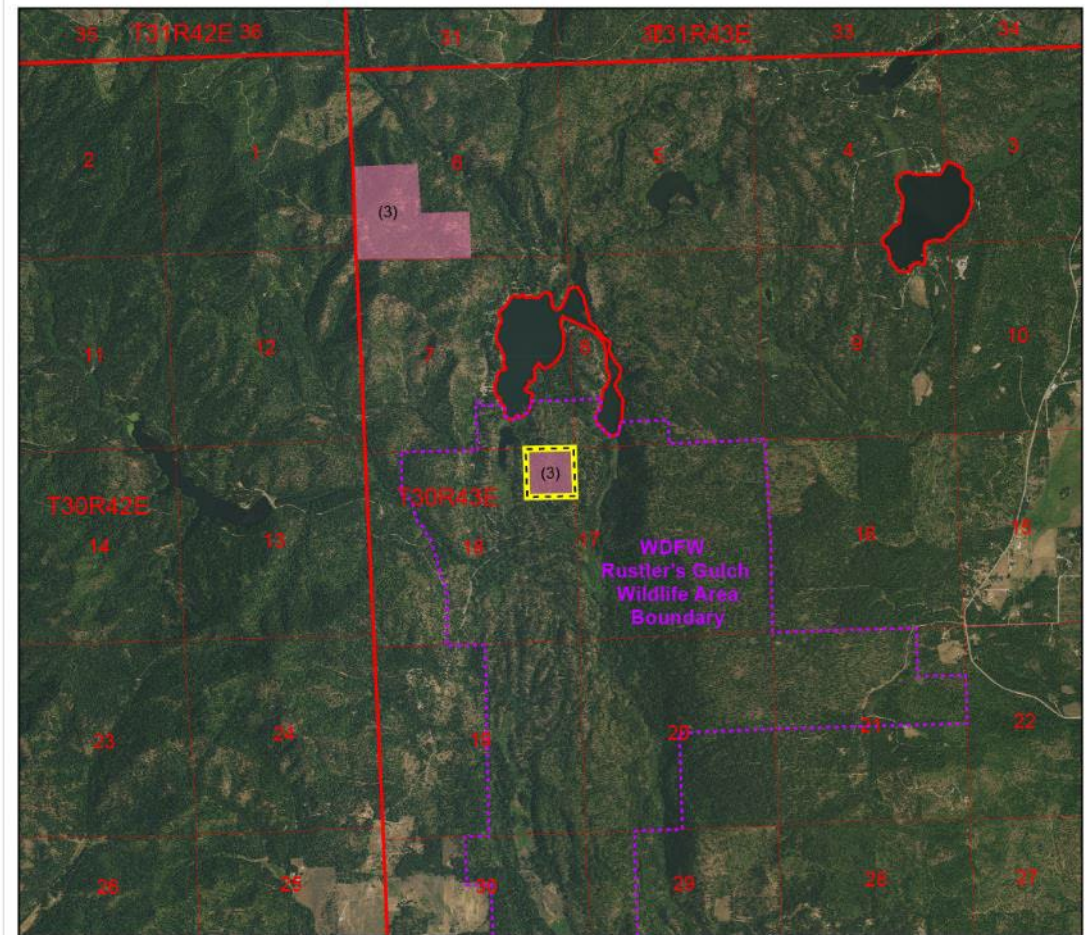
Why transfer?

Limited revenue production. No legal road access, little harvestable timber, completely surrounded by Rustler's Gulch Wildlife Area.

TLT values. **Ecological values** include fish and wildlife habitat, county habitat area located to the east.

Public benefits include recreation opportunities such as hunting, hiking, and wildlife watching.

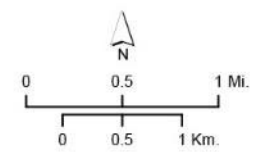
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Located In
Pend Oreille County, Washington

Transfer Parcel(s)
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Summary

Priority	Property Name	Acres	Trust	County	Receiving Agency
1	Eglon	707	Common School (03), University Original (11)	Kitsap	Kitsap County
2	Devils Lake	415	Common School (03)	Jefferson	DNR Natural Areas Program
3	Upper Dry Gulch	3,023	Common School (03)	Chelan	DNR Natural Areas Program
4	Chapman Lake	542	Common School (03)	Spokane	WDFW
5	Morning Star	1,071	Common School (03), State Forest Land (01)	Snohomish	DNR Natural Areas Program
6	West Tiger	99	State Forest Land (01), Scientific School (10)	King	DNR Natural Areas Program
7	Lake Spokane Campground	305	Common School (03), Agricultural School (04)	Stevens	State Parks
8	Blakely Island	184	Common School (03)	San Juan	San Juan County
9	Moses Lake Sand Dunes	647	Common School (03)	Grant	Grant County
10	Rustler's Gulch	40	Common School (03)	Pend Oreille	WDFW



Summary

Estimated Total Acres	Estimated Value
7,033	\$25 million



Recommendation

Approve the 2023-25 TLT list for forwarding to the Office of Financial Management and the Governor's Office

DNR Photo – Looking towards Devil's Lake

Questions?

