





Board of Natural Resources: Objective Function and Discount Rate

A Presentation to the Board of Natural Resources

February 3, 2026



Agenda

- Sustainable Harvest Calculation:
 - Authorization & Policy
- Eastside Sustainable Harvest:
 - Operating Environment, Project Process, Decision Making
- Presentations: Objective Function and Discount Rate
- Staff Recommendations: Objective Function and Discount Rate



DNR's Authorizing Framework

- Enabling Act 1889, Constitution 1889
- Federal Laws, e.g. Endangered Species Act, 1973
- Tribal Treaties 1854-56
- Powers of the Board (RCW 43.30.215), 1957
- Multiple Use (RCW 79.10.100 - .120), 1971
- Natural Area Preserves (RCW 79.70), 1972
- **Sustainable Harvest (RCW 79.10.300 - .340), 1971**
- Natural Resource Conservation Areas (RCW 79.71), 1987
- Laws of General Applicability



Sustainable Harvest

- [RCW 79.10.300\(5\)](#) defines the “Sustainable harvest level” as “the **volume of timber** scheduled for sale from state-owned lands during a **planning decade** as **calculated** by the department and approved by the board.”
- [RCW 79.10.310](#) defines “sustained yield plans” as “management of the forest to provide **harvesting on a continuing basis** without major prolonged curtailment or cessation of harvest.”



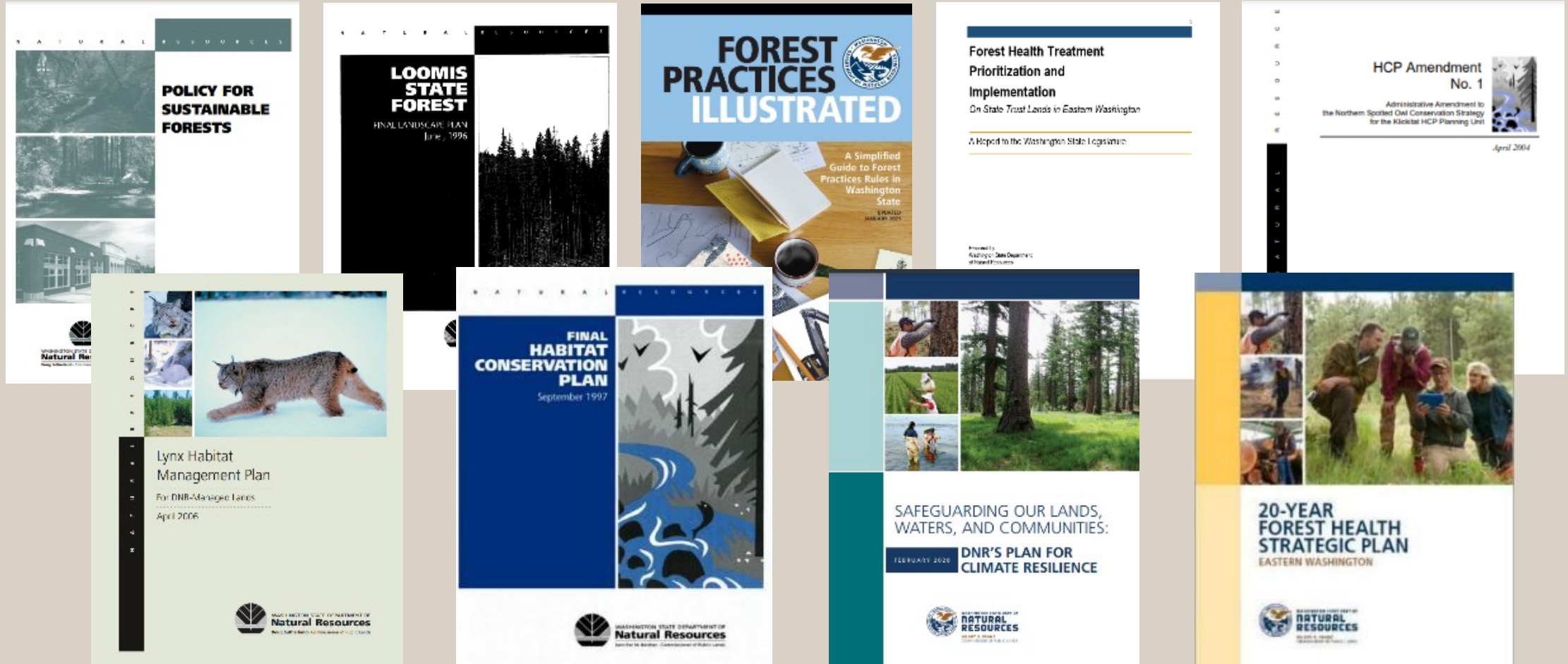
Policy for Sustainable Forests: SHC

Policy on Definition of Sustainability for the SHC:

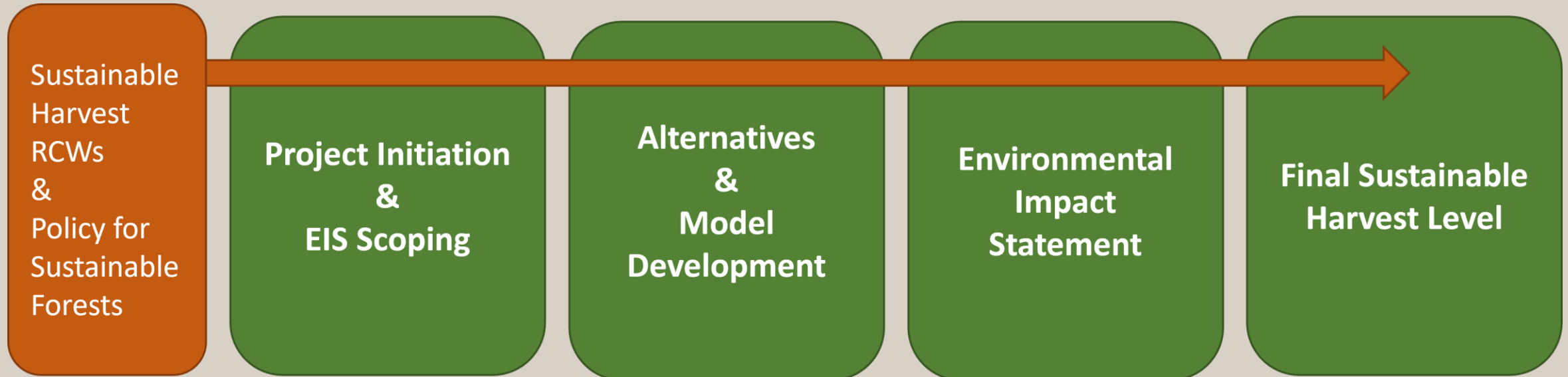
- “...a **separate** long-term decadal sustainable harvest level for each of several distinct sustainable harvest units.”
- “...mean annual timber volume for any decade **should not vary** up or down **more than 25 percent** from the level of the preceding decade...”
- “...**optimize the economic value** of forest stands and timber production over time, in calculating the sustainable harvest level...”



DNR's Eastside Operating Environment



ESHC Project Process



ESHC Decision-making Process

Input from:

DNR Region Staff
DNR Subject Matter Experts
Technical Advisory Committee
Tribes
Public comments from scoping

Staff reports:

Developed to provide staff recommendations

SHC Steering Committee Review:

Deputy Supervisor for State Uplands
Assistant Deputy Supervisor for State Uplands
Uplands Division Managers

BNR presentation:

Some reports will be presented to the BNR with recommendations



No Action Alternative

“...provides a benchmark from which the other alternatives can be compared” and is “...typically defined as what would be most likely to happen if the proposal did not occur.” – SEPA Handbook

No action alternative will model current conditions and current operating environment as a baseline.



Recommendation on objective function will be used for the no action alternative



Recommendation: Objective Function

Continue to maximize Net Present Value (NPV) as the objective for the SHC.

- Use adjusted appraisal prices as the SHC prices.
- Use actual management costs.



Recommendation: Discount Rate

Default the discount rate to the current growth rate of 1.7% for the base model.

- Conduct analysis on a range of discount rates for viability as alternatives.



