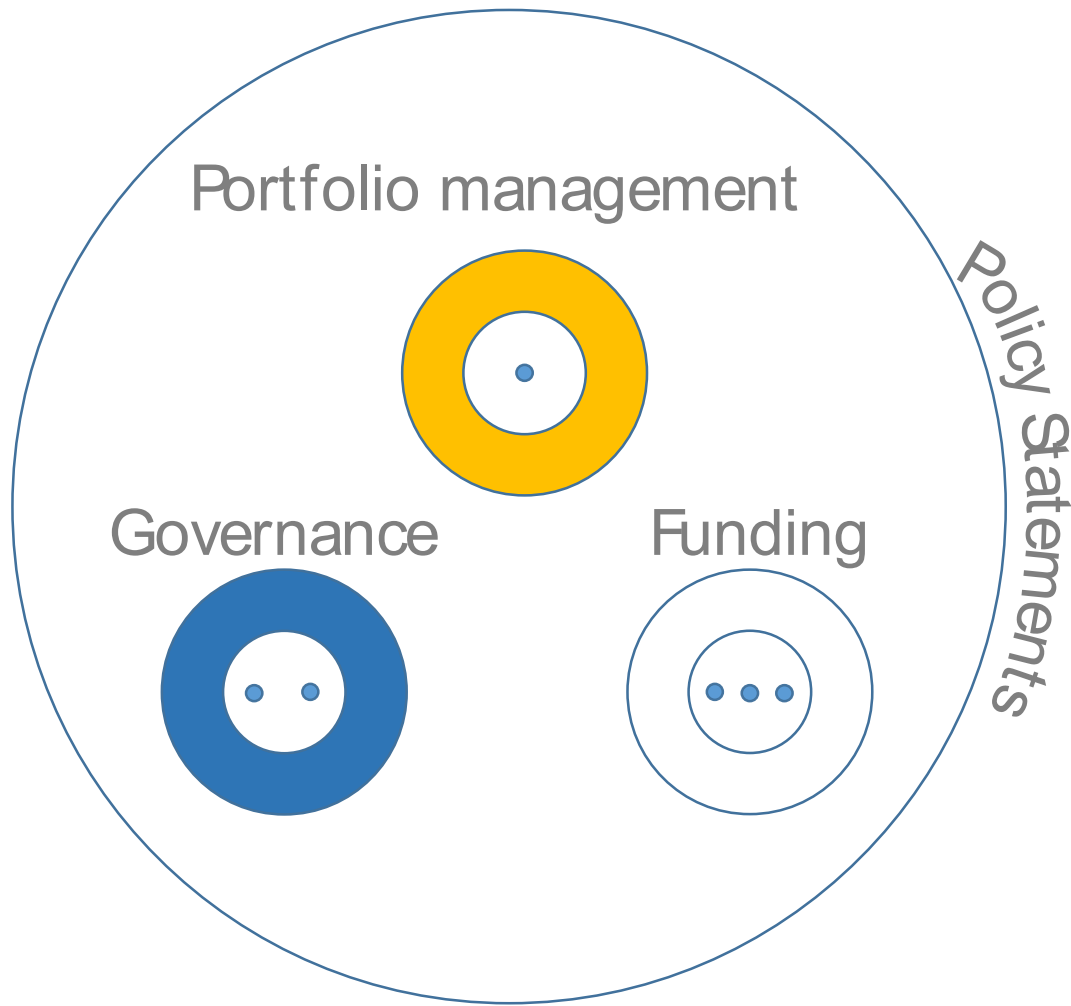




8 months





- . Balance of the asset classes
- . Acquisition/divesture reform and strategies



- ... Investment prudence, protocol and strategies



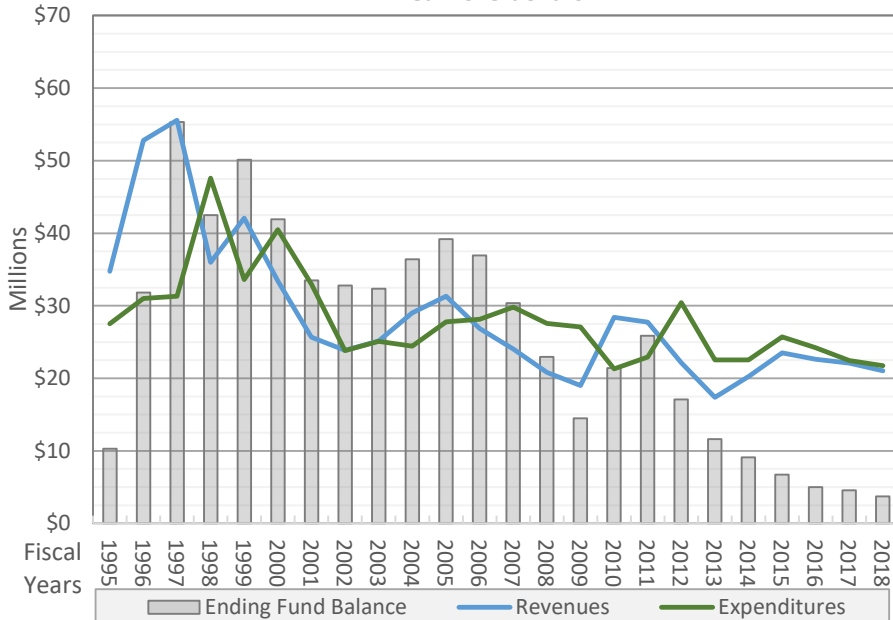
- ... Modernization of funding for direct and indirect costs
- ... Access to working capital for investments



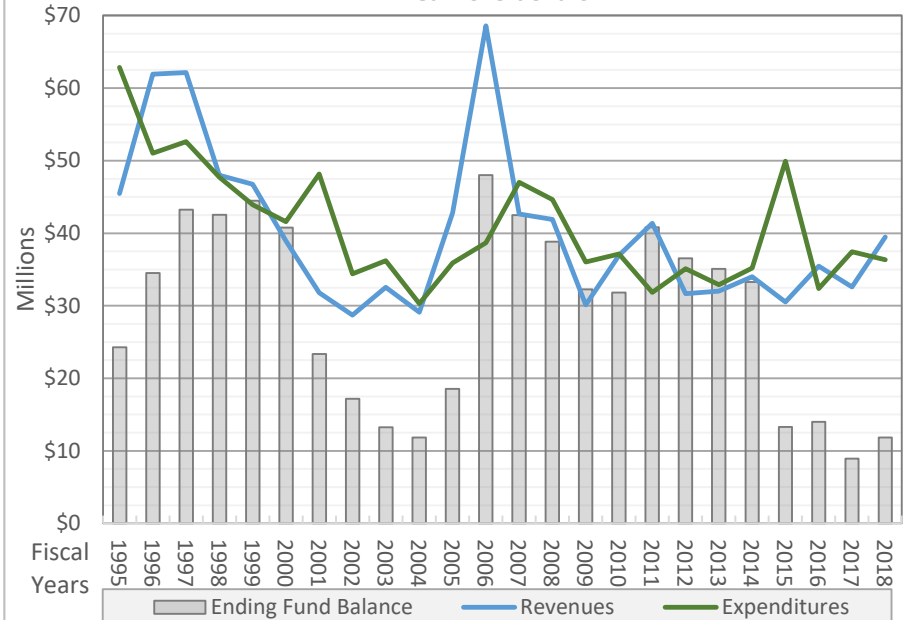
# Expenditures, revenue and funds

For revenue into the FDA and RMCA accounts

Forest Development Account  
real 2015 dollars

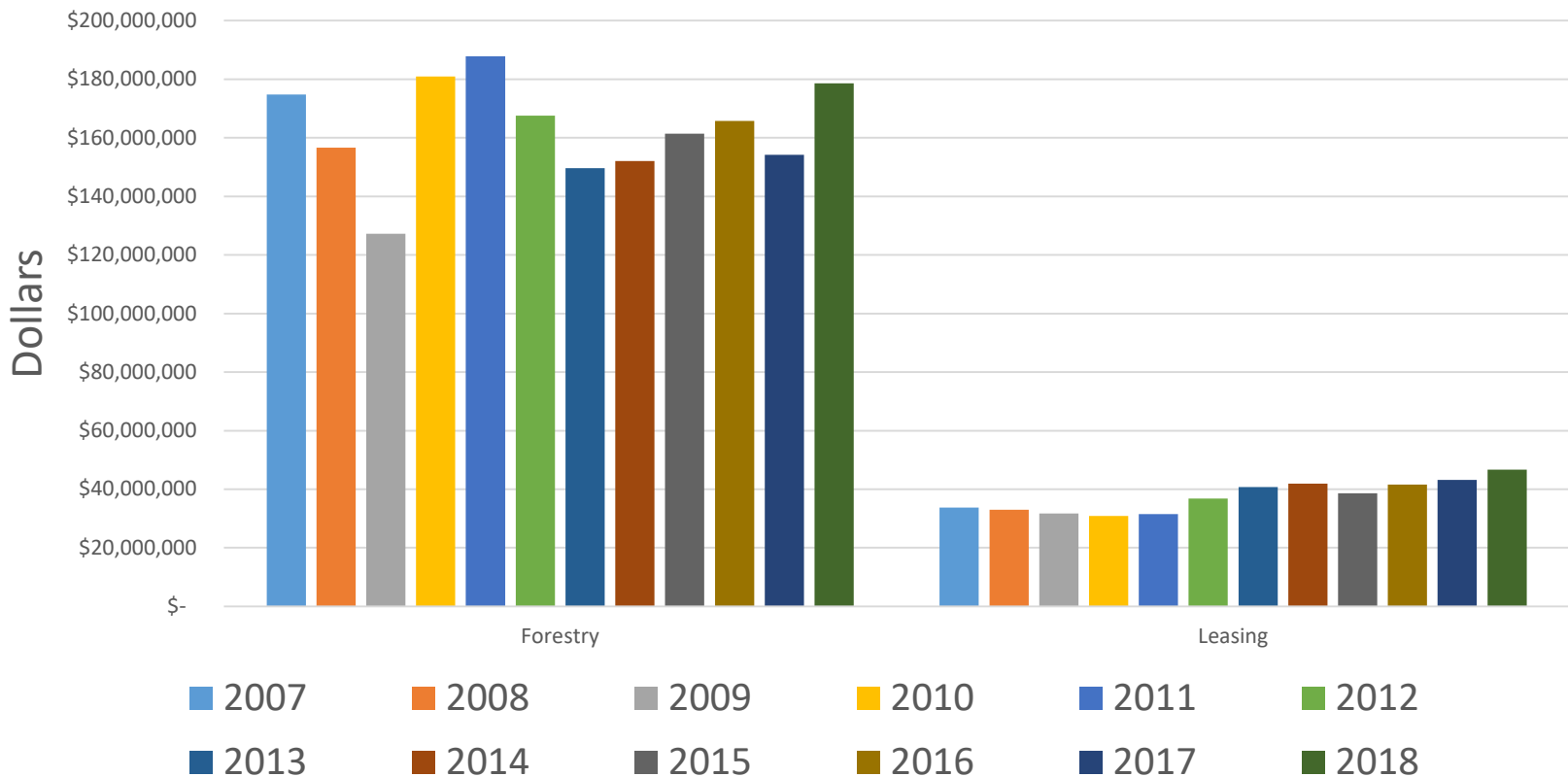


Resource Management Cost Account  
real 2015 dollars



# Gross Revenue

## Gross revenue for all uplands by fiscal year



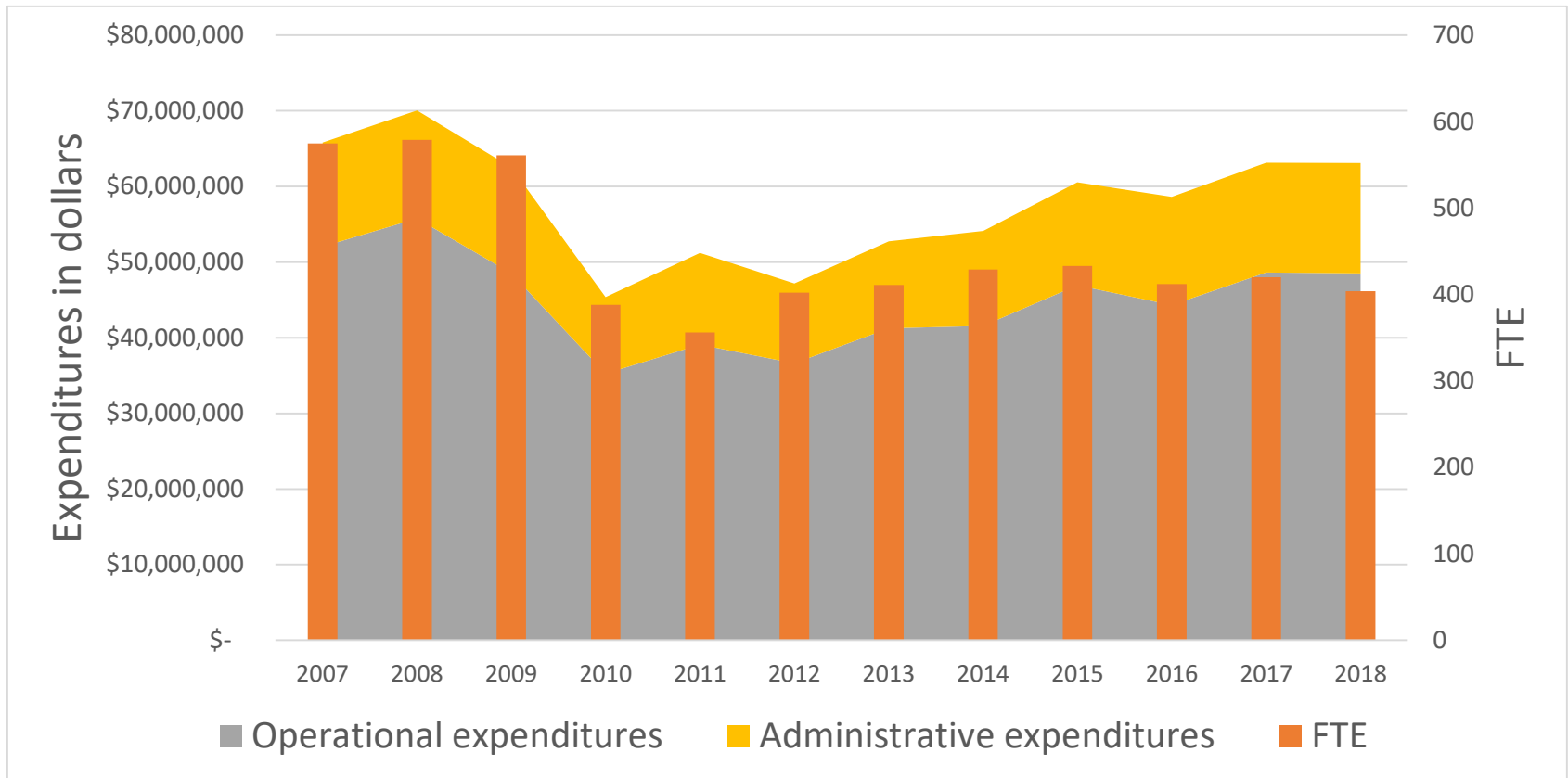
\*DNR data sources

Draft subject to change

# Controlling costs

# Full time equivalents (FTE)

Expenditures (operational and administrative) and uplands FTE count

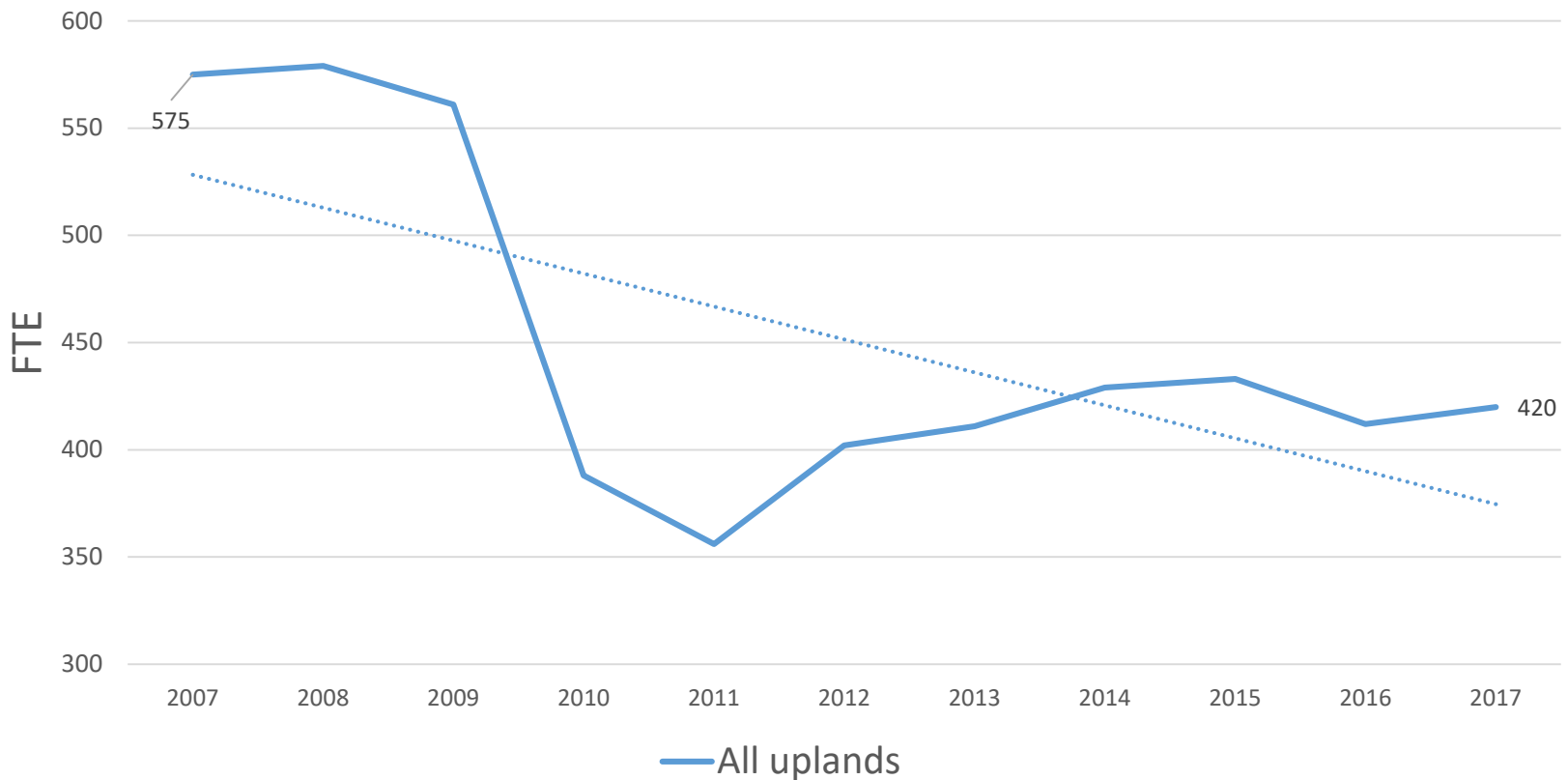


\*DNR data sources- all uplands staff

Draft subject to change

# Full time equivalents (FTE)

Annual averages for each fiscal year for all uplands staffing

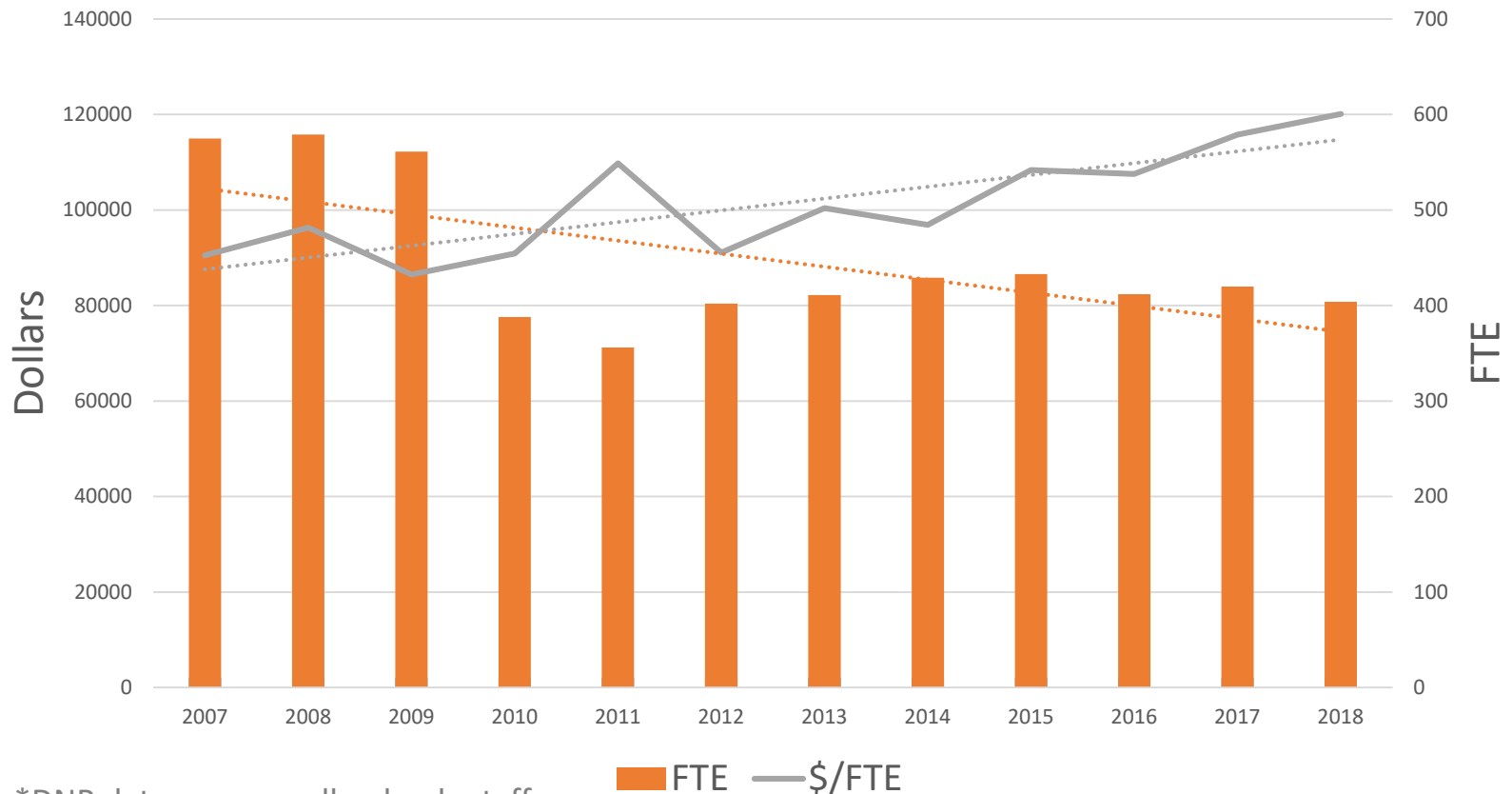


\*DNR data sources- includes all asset class direct staff and indirect



# Full time equivalents (FTE)

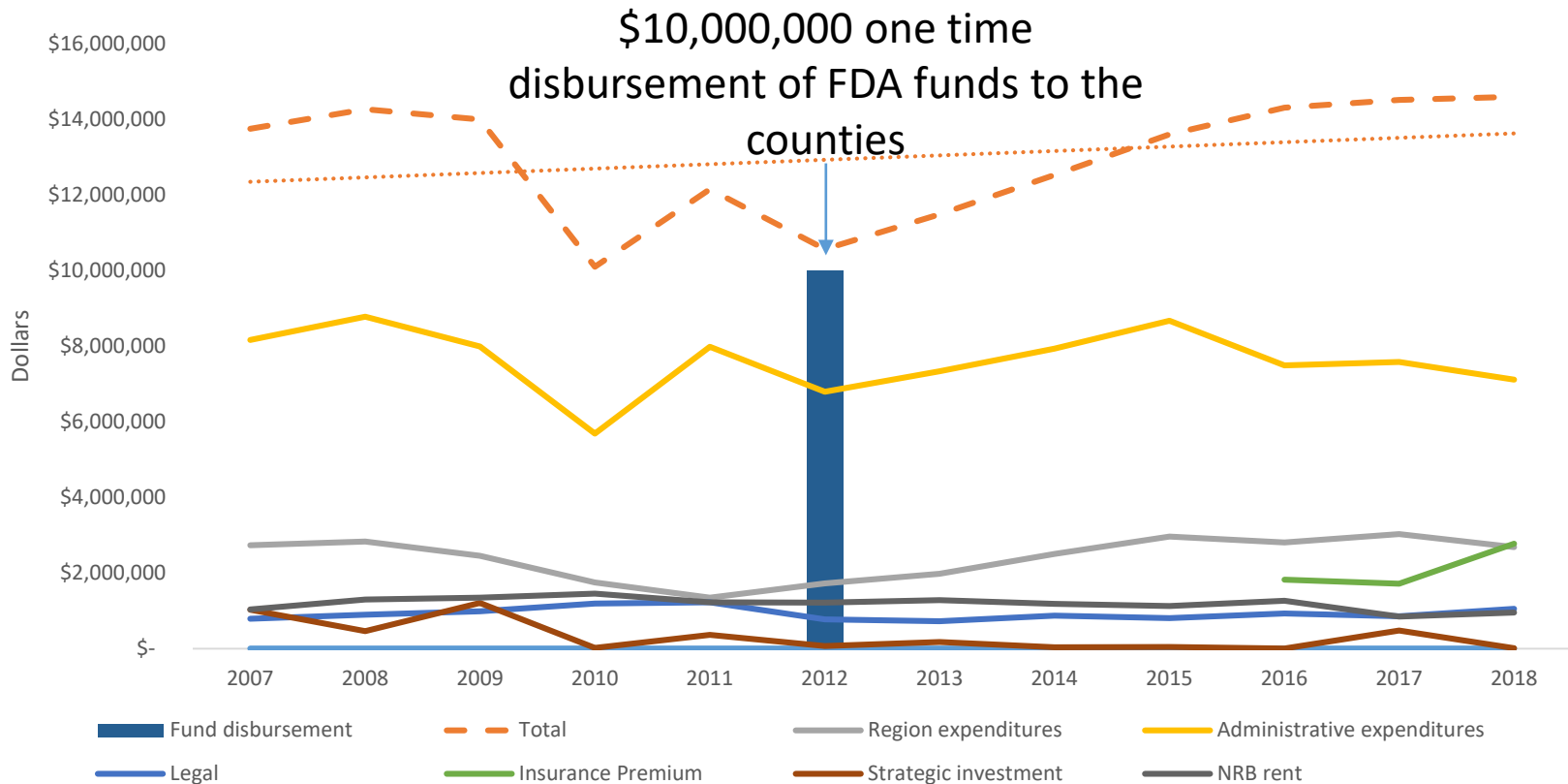
Dollars for an FTE and FTE count by fiscal year



\*DNR data sources- all uplands staff

# Administrative expenditures and other

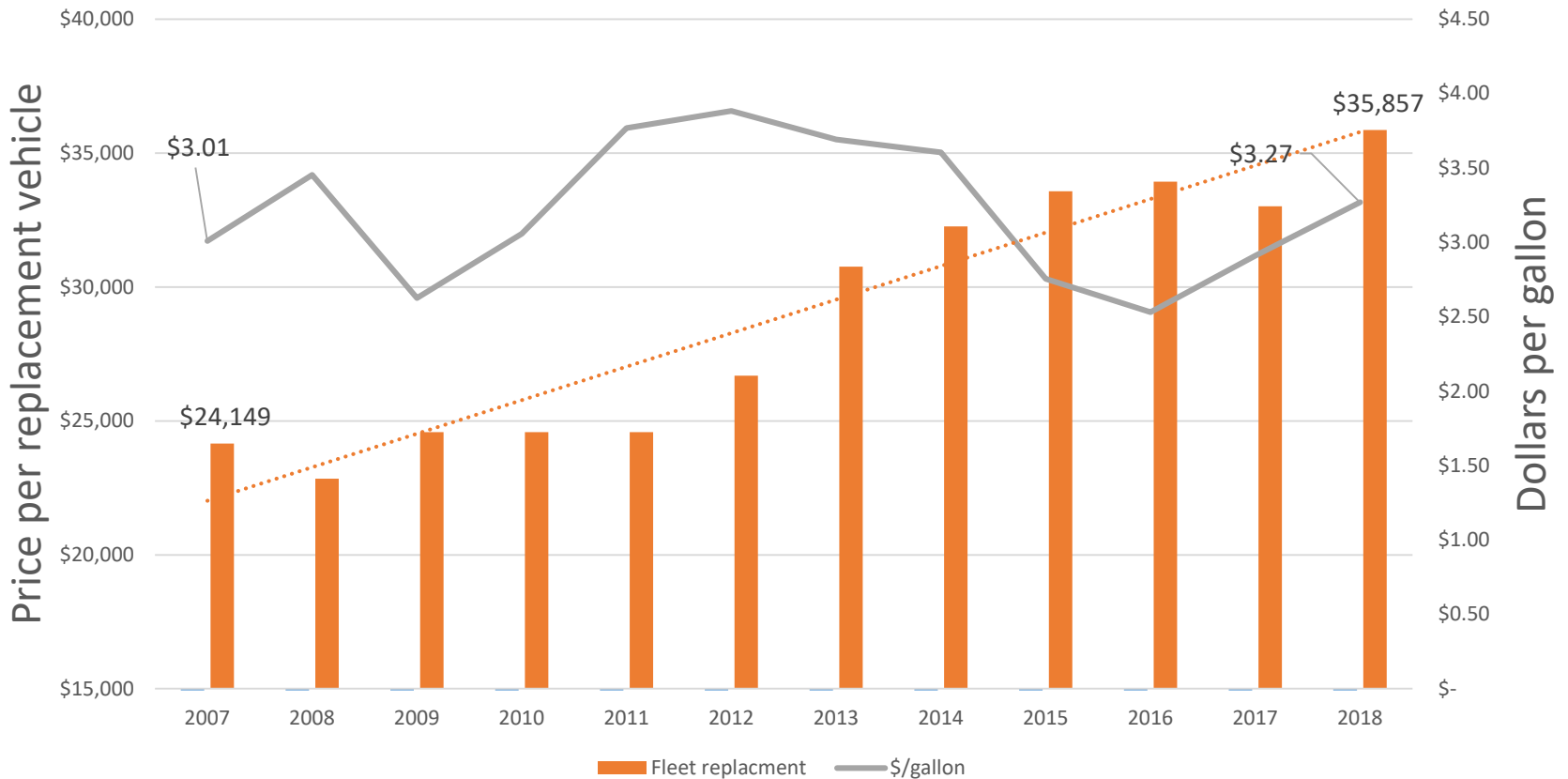
## Administrative expenditures and other payments from management funds by fiscal year



\*DNR data sources- Agency overhead, not all categories displayed

# Fleet

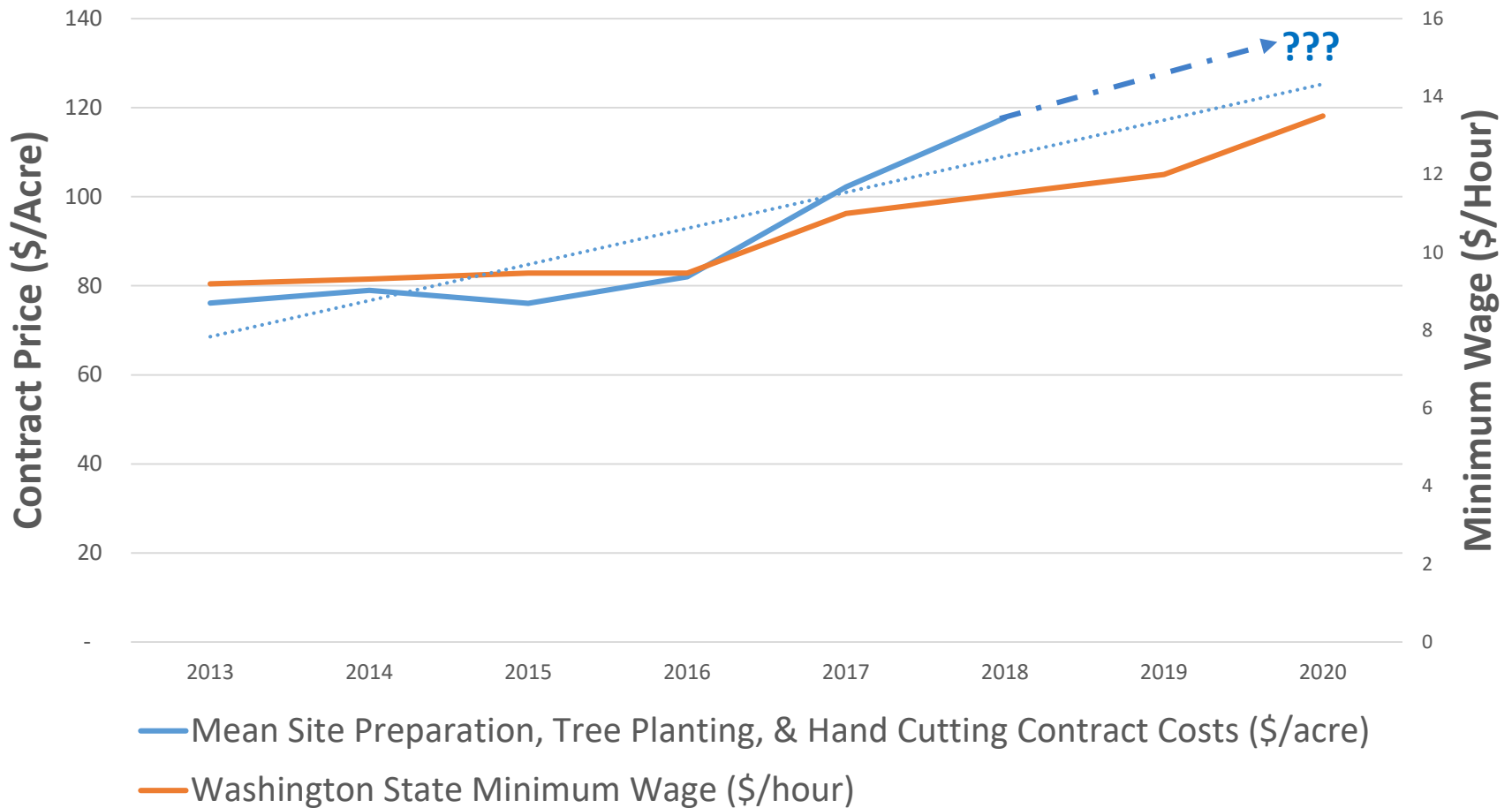
Average cost of standard replacement fleet vehicle (1/2 ton pickup class) and fuel all grades



\*DNR data sources

# Silviculture investments

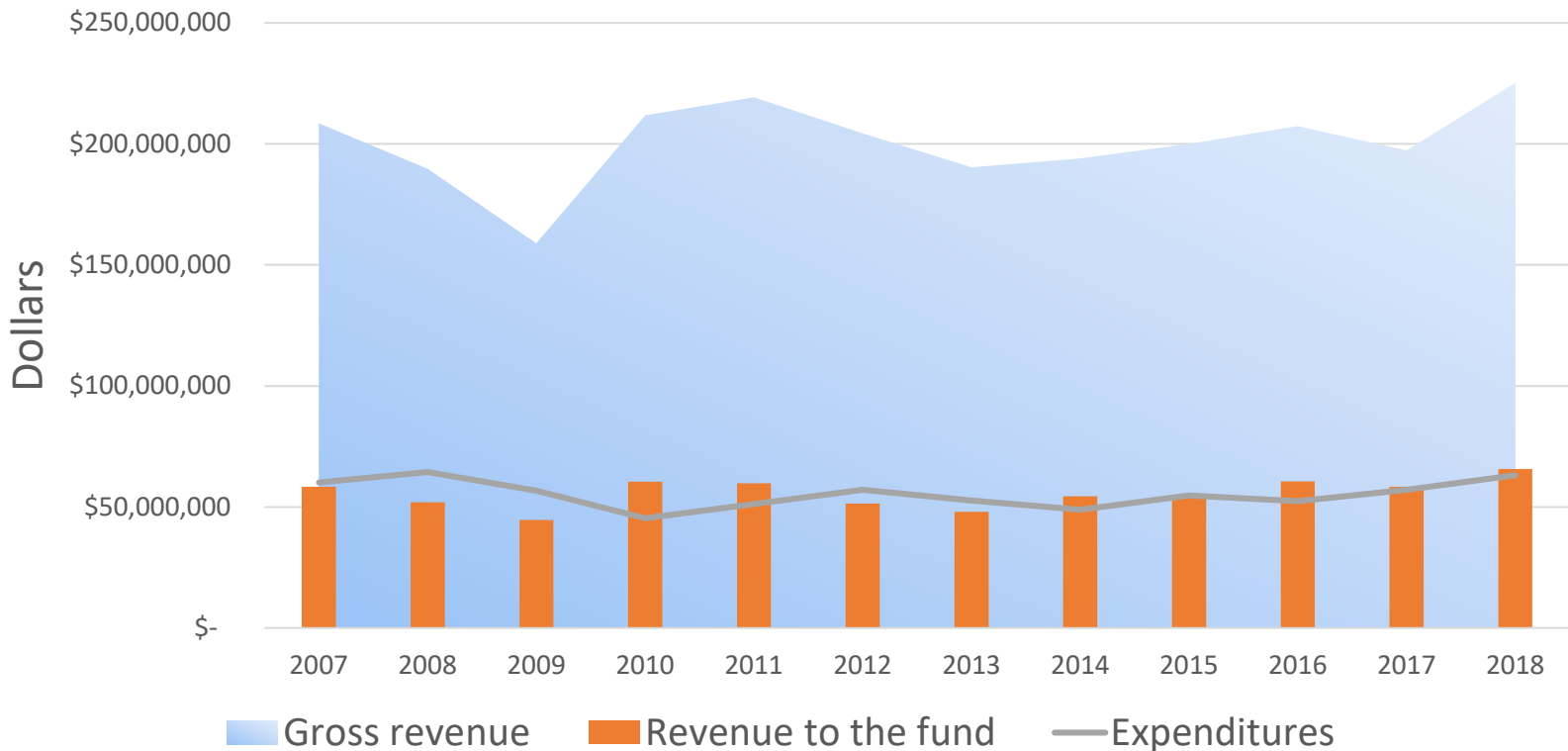
## Labor and contracting for silviculture investments



Draft subject to change

# Revenue and expenditure

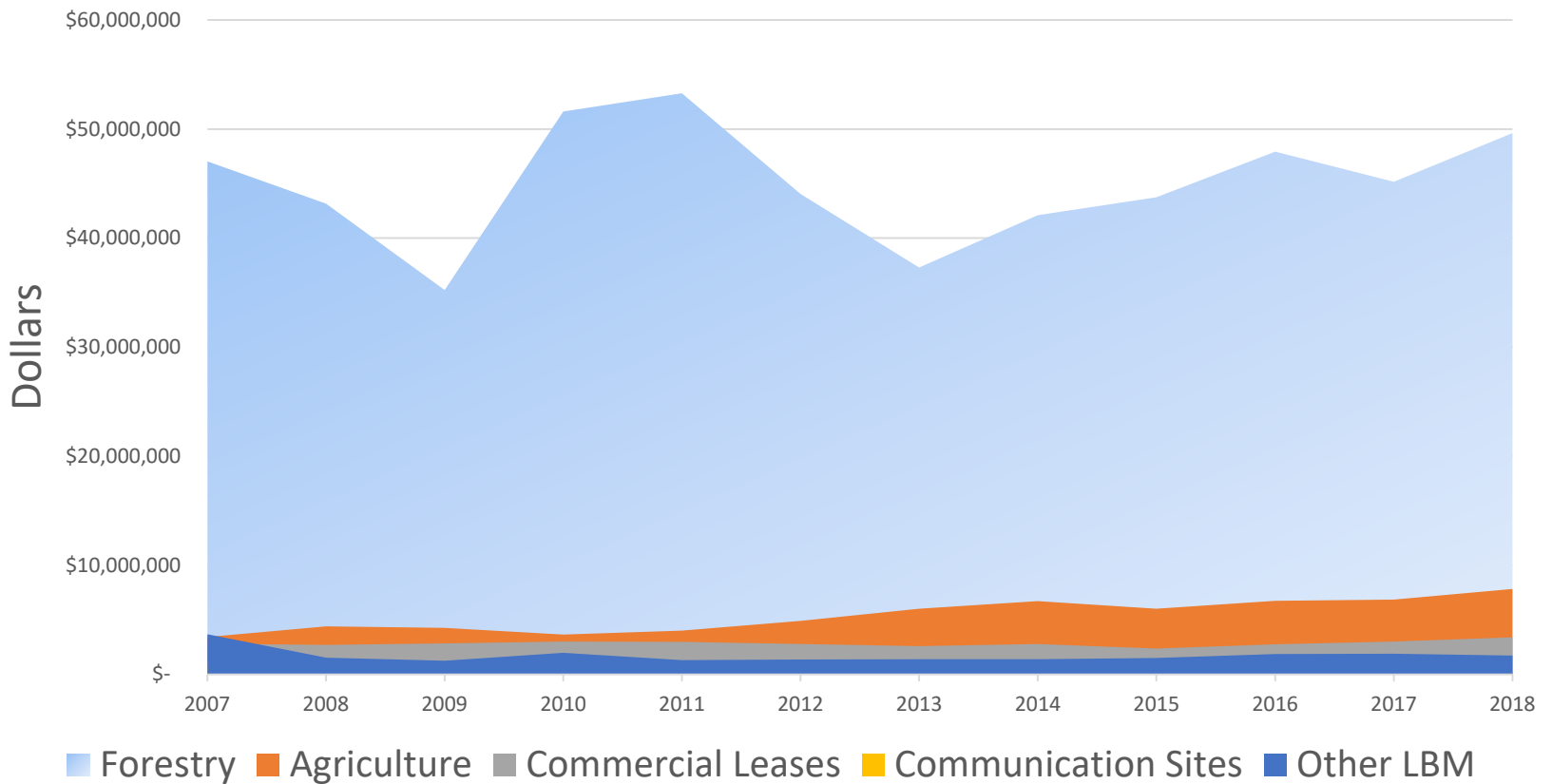
Revenues into the management funds set against expenditures



\*DNR data sources

# Growth areas

## Revenues into the management funds by asset type



\*DNR data sources

# Other costs and investments



# History





# Authorities

Legislature

- Establish and set the maximum “not to exceed” deduction, authorize biennial spending appropriations

Board

- Determine the amount deemed necessary to manage and administer the lands (% deducted) up to the legislative “not to exceed” deduction rate

Department

- Set and implement biennial budget from authorized appropriations to manage and administer the lands

Note the legislative and department processes are set on biennial timeframes. The Board can set a new deduction rate at any time up to the legislative maximum utilizing the Policy on Financial Assumptions (PSF page 28)

# The Accounts

As administered by the department for state trust land management

Accounts all have a history and purpose

- 1.) **Access Road Revolving Fund (ARRF)**
  - for the purpose of maintaining and reconstructing forest roads
- 2.) **Resource Management Cost Account (RMCA)**
  - for the purpose of managing and administering the federally granted trusts
- 3.) **Forest Development Account (FDA)**
  - for the purpose of managing and administering the state forest trusts
- 4.) **Forest Health Revolving Account (FHRA)**
  - for the purpose of direct cost recovery of forest health treatments
- 5.) **Contract Harvest Revolving Fund (CHRF)**
  - for the purpose of direct cost recovery for contract harvest program
- 6.) **Agricultural College Trust Management Account (ACTMA)**
  - for the purpose of cost recovery for management and administration

\* Other accounts are managed for varying purposes such as recreation, public lands survey office, et cetera

# Funding History

## Forest Development Account (FDA)

Original intent of the Forest Development Fund (and like funds, later FDA) in the 1920s

- 1.) Pay back utility bonds issued for reforestation
- 2.) Pay back utility bonds issued for state forest purchase lands
- 3.) Pay for reforestation and care of the lands

The costs in the original language were paid at direct rates

# Funding Model

## History

Year	FDA	Rate deducted from revenue (legislatively authorized)
1923	First version of the account created	At expenses for reforestation and interest payments on bonds
1927	Account updated for state forest transfer lands	10%
1951	Account changed to a revolving account	20%
1955	Rate established for state forest purchase	50%
1971	Rate increased for state forest transfer	25%
1986	County representative added to the board	25%
2015	Rate set by the board for temporary increase	27%
2017	Temporary increase reauthorized	27%

\*Note these are authorized in statute and does not mean the board set the rate at the maximum

# Funding History

## Resource Management Cost Account (RMCA)

### Original intent of the Resource Management Cost Account

- 1.) Facilitate the consolidation of many departments/boards into the modern day Department of Natural Resources
- 2.) “Defraying the cost and expenses necessarily incurred by the department in managing and administering public land and the making and administering of leases, sales, contracts...”\*

\*Costs were always capped at a “not to exceed” rate for the account and thence set by the Board, RCW 79.64.020 (original language)

# Funding Model

## History

Year	RMCA	Rate deducted from revenue (legislatively authorized)
1961	Resource Management Cost Account created	20%
1971	Rate increased and set	25%
1999	Statutory update: “Provided that no deduction shall be made from the proceeds from agricultural college lands”	25%
2003	Contract harvest deductions from net revenue	25%
2005	Rate set by the board for temporary increase	30%
2007	Temporary increase reauthorized	30%
2009	Temporary increase reauthorized	30%
2011	Temporary increase reauthorized	30%
2017	Temporary increase authorized for biennium	32%

\*Note these are authorized in statute and does not mean the board set the rate at the maximum

Draft subject to change



# Funding Model

Anticipated outcomes of the Board's work

## Modernizing the funding model

- Bring stability to fixed and variable costs
- Modernize the funding model to create more revenue growth through strategic access to capital
- Board recommendations and direction for policy and statutory changes moving into 2021 session
- Increase reliability of revenue for beneficiaries
- Use existing Policy on Financial Assumptions to increase transparency with the Board, beneficiaries, and stakeholders



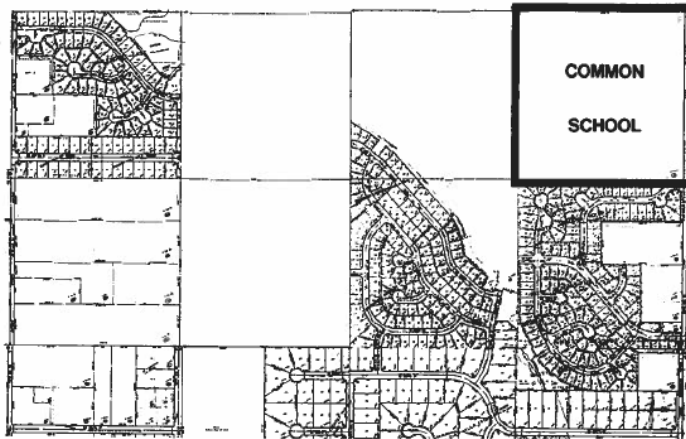


Pause for discussion

# Commercial Lands Program

STATE OF WASHINGTON  
REPORT TO THE LEGISLATURE  
TRANSITION LANDS PROGRAM

EXECUTIVE SUMMARY



*Department of*  
**Natural Resources**

BRIAN J. BOYLE—COMMISSIONER OF PUBLIC LANDS

**December 1, 1981**

1980's

- 1981 Transition Lands detailed inventory
- 1984 Legislative and board direction for Urban 10 parcels (transition lands)
- 1987 Creation of Commercial Real Estate Division (16 staff)
- 1988 Board adopts Transition Lands Policy Plan

1990's

- Commercial Real Estate Division dissolved, sixteen (16) staff to three (3)
- Growth Management Act

Today

- ~80 properties on transition lands list of which ~1/4 are noted as commercial, industrial, or high value with a street value of \$230 million
- 39 commercial properties with street value over ~\$200 million

# TRANSITION TRUST LAND

KING COUNTY

15

STATE OF WASHINGTON

Department of

*Natural Resources*

BRIAN J. BOYLE—COMMISSIONER OF PUBLIC LANDS

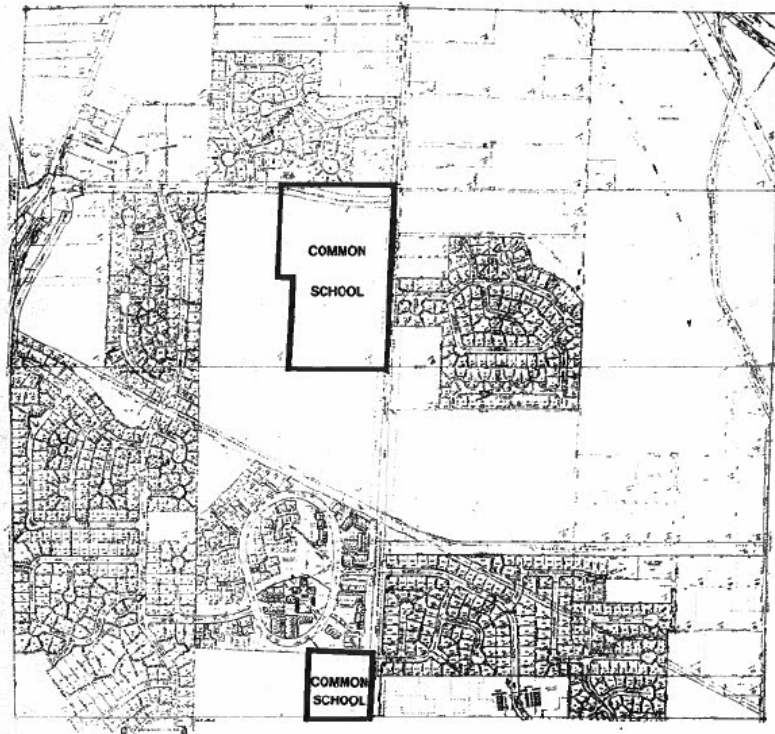
T. 26 N, R. 5E, SEC. 16

PHOTO NO NW-78 63B-9

PHOTO DATE 6-2-78

SCALE: 1" = 1000' Ft.

SCALE: 1" = 1000' Ft.



## Policy

- Detailed policies for optimizing the trust asset and transition lands
- Sets process for inventories of transition and urban lands (defined by RCW)
- Sets tone to cooperate with local planning jurisdictions
- Sets governance for economic models and evaluation

## Roles

- Clearly identifies the role of the Board and the department
- Sets expectations for Board review and input

STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES  
BOARD OF NATURAL RESOURCES

RESOLUTION NO. 590

A Resolution by the Board of Natural Resources, Department of Natural Resources, State of Washington, approving and authorizing The Transition Lands Policy Plan.

BE IT RESOLVED by the Board of Natural Resources, Department of Natural Resources, State of Washington:

1. The Forest Land Management Program prepared by the Department of Natural Resources committed the department to develop a comprehensive transition lands program.

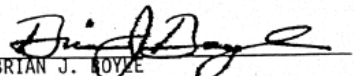
2. The Department of Natural Resources has presented to the Board of Natural Resources a proposed Transition Lands Policy Plan for approval and adoption.

3. The Transition Lands Policy Plan supersedes previous Board of Natural Resources Resolution 286 (1980).

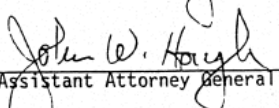
4. The Board of Natural Resources approves and adopts the Transition Lands Policy Plan.

APPROVED AND ADOPTED by the Board of Natural Resources, Department of Natural Resources, State of Washington this 14th day of June, 19 88.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Commissioner of Public Lands.

  
BRIAN J. ROYCE  
Commissioner of Public Lands

Approved as to form this 9<sup>th</sup> day  
of June, 1988.

  
Assistant Attorney General

# Commercial Lands

Anticipated outcomes of the Board's work

## Modernizing the Commercial Lands Program

- Build upon the program's successes and expand
- Reaffirm the Transition Lands Policy Plan (1988)
- Modernize the Asset Stewardship Plan (1998)
- Create access to working capital and increase program funding
- Optimize transition lands development



# NEXT MONTH



