Annual Review of State Trust Lands Management Fiscal Year 2012

A Report to the Board of Natural Resources

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December 2012
Trust Lands Topics
Fiscal Year 2012

• 5-year Review of the Policy for Sustainable Forests

• Aspects of Forest Management
  – Investing in our Forest Stands
  – Seed Resources for Forest Ecosystem Health
  – Volume Sold/Value Earned
  – Sustainable Harvest
  – Forest Land Planning
  – Roads

• Leasing

• Transactions
Policy for Sustainable Forests

• Recently completed a year long implementation status review

• Findings
  – Found high levels of compliance with PSF
  – Noted areas for improvement

• Response to Findings
  – In process of developing new/revised internal procedures
  – May be back to the Board with policy recommendations in 2013
Investing in Forest Stands
Fiscal Year 2012

• Webster Nursery
  – Shipped 7.4 million seedlings to regions for reforesting trust lands
  – Sold 1 million seedlings to the public

• Silvicultural Activities
  – Planting and vegetation management fully funded for 11-13 biennium
  – Young stand thinning activities resumed in FY 13

• Genetic Resources
  – Established orchards for eastern Washington (Southeast and Northeast Regions)
  – DNR seed orchards, and Forest Service seed orchards in areas of critical need
## Total Revenue Earned

<table>
<thead>
<tr>
<th>Fiscal Year 2012 – Dollars in Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasing</td>
</tr>
<tr>
<td>Timber Revenue</td>
</tr>
<tr>
<td>Total Revenue</td>
</tr>
</tbody>
</table>

Total Revenue Earned: $201.8 million
Timber Volume Sold
FY05-FY12 Sold Sales + Projected Sustainable Harvest Targets to End of Planning Decade
Western Washington Sustainable Harvest Units
FY05-FY12 Sold Sales and Percent of Projected Sustainable Harvest

<table>
<thead>
<tr>
<th>Target class</th>
<th>Percent of Sustainable Harvest Level Achieved</th>
<th>Sustainable Harvest Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceeded target</td>
<td>&gt;100%</td>
<td>Clark, Cowlitz, Mason and Pierce</td>
</tr>
<tr>
<td>Near or On-target</td>
<td>60-100%</td>
<td>Kitsap, Lewis, Snohomish, Pacific, Skagit, Whatcom, Capitol Forest, Clallam, Jefferson, King, Thurston, Wahkiakum, Federally Granted Trusts and State Board Purchase</td>
</tr>
<tr>
<td>In-arrears</td>
<td>&lt; 60%</td>
<td>OESF, Skamania</td>
</tr>
</tbody>
</table>
Stumpage Sales Values
FY01-FY15

AVG STUMPAGE VALUE

$/MBF

FY01  FY02  FY03  FY04  FY05  FY06  FY07  FY08  FY09  FY10  FY11  FY12  FY13  FY14  FY15
Volume: Sold, Removed, Remaining FY01-FY12

- Volume Remaining
- Volume Removed
- Volume Sold

FY01 FY02 FY03 FY04 FY05 FY06 FY07 FY08 FY09 FY10 FY11 FY12

MMBF (Million Board Feet)
Forest Land Planning

• Plan for the Olympic Experimental State Forest (OESF) HCP Planning Unit
  – Completed Draft EIS – June 2010
  – Revised Draft EIS expected in 1st quarter of 2013

• OESF Research & Monitoring Strategy
  – Components to be included in OESF Forest Land Plan
  – Installation of monitoring site for Status and Trends completed during summer/fall 2012 in collaboration with USFS PNW Research Station
RMAPS: Fish Passage Culverts

Number of projects completed per year
Potential lineal habitat gain in miles (cumulative)
## Leasing Programs

### Revenue Earned

<table>
<thead>
<tr>
<th>Fiscal Year 2012</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Leases</td>
<td>$17,473,000</td>
</tr>
<tr>
<td>Grazing</td>
<td>$904,000</td>
</tr>
<tr>
<td>Commercial Real Estate</td>
<td>$10,256,000</td>
</tr>
<tr>
<td>Special Forest Products</td>
<td>$581,000</td>
</tr>
<tr>
<td>Property Leases</td>
<td>$2,137,000</td>
</tr>
<tr>
<td>Communication Sites</td>
<td>$3,823,000</td>
</tr>
<tr>
<td>Minerals, Oil, &amp; Gas</td>
<td>$147,000</td>
</tr>
<tr>
<td>Rock, Sand, &amp; Gravel</td>
<td>$787,000</td>
</tr>
<tr>
<td>Rights of Way</td>
<td>$634,000</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>$122,000</td>
</tr>
<tr>
<td><strong>Leasing Total</strong></td>
<td><strong>$36,864,000</strong></td>
</tr>
</tbody>
</table>
Land Transactions Objectives
Fiscal Year 2012

• Improve financial performance of trust assets
  – Consolidate/block up trust lands
  – Transition out of under performing assets

• Acquire productive natural resource lands

• Protect the existing land base

• Diversify State Trust Land Portfolio
Transactions Highlights
Fiscal Year 2012

- 12,000 acres of checkerboard ownership consolidated in Phase 2 of the DNR-DFW exchange
- 5,400 acres of replacement farm and forest land acquired for trusts
- 3,100 acres transferred under TLT for conservation and recreation
### 2012 Purchases under $100,000
BNR Resolution 1164

<table>
<thead>
<tr>
<th>Property</th>
<th>Acres</th>
<th>Price</th>
<th>County</th>
<th>Trust</th>
<th>Date</th>
<th>Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belcali</td>
<td>5</td>
<td>30,000</td>
<td>Spokane</td>
<td>School</td>
<td>12/28/11</td>
<td>Provides access to timber sale</td>
</tr>
</tbody>
</table>