Asset Management
Plan

- Profiles the assets and sets key benefits and future direction set against key questions

External players

- Portfolio Advisory Group
- Beneficiary Group
- Key Publics Group

Strategies (Board adopted)

- Set strategies by category
  - Entirety of the land holdings
  - Related to specific trusts
  - Asset-related business practices of the department
Early 2000s

- Early 2000s- with the asset stewardship plan, transition lands plan, and strategic leadership the internal Asset Management Council (AMC) was created

- Then AMC dissolved as administrations changed and priorities shifted

Today

- Leadership and staff are rebuilding fundamental concepts from the AMC

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**From the Plan**

**RISK:** What level of risk is tolerable?
- How speculative should DNR be?
- How aggressive should DNR be in trying to predict future development trends and positioning assets to capture potential returns?

How should the portfolio be repositioned to respond to business cycles?

**CORE BUSINESSES:** What types of businesses should DNR be in and how should that affect the portfolio of assets?
- Is DNR a land management “company” or a portfolio manager? How should that drive the management of the asset portfolio?
- What types of businesses would the DNR engage in, either by itself or in partnership?
- Does the portfolio need to be focused on particular current and potential markets?

Should the scale and breadth of the portfolio be used to create new markets?
Asset Stewardship

ANTICIPATED OUTCOMES OF THE BOARD’S WORK

Modernizing the asset stewardship strategies

- Ensure that state lands provide the same, or even greater, benefits in the future as today
- Build upon the programs successes and expand
- Modernize the Asset Stewardship Plan (1998)
- Optimize the entire portfolio (land and funds)
The Plan In Practice
Population Growth
- 5.6 million in 1998
- 7.6 million in 2020
- 8.5 million in 2030

Portfolio
- 76 properties
- 7800 acres
- Largest 655 acres
- Smallest 0.11 acres

Policy Plans
- Transition Lands Policy Plan
Asset Stewardship Plan

GUIDING PRINCIPLES

- The asset value of Washington's public lands will be protected and enhanced over time. We recognize the asset value to include economic, ecological and social values.
- Where trust lands are involved, the trust mandate will be our primary consideration.
- The trust lands shall be managed in a way that both protects and advances the fiduciary best interests of the designated trust beneficiaries.
- The economic and ecological values of our lands are inherently related, and we will integrate these values in our decision making for the lands we manage.
Commercial Real Estate

OVERVIEW AND PURPOSE

Growth potential and great variety characterize the commercial real estate asset class, which consists of 48,100 acres of urban and rural lands. Urban lands include those zoned for commercial, industrial and high/moderate density residential uses; rural lands include those zoned for low density residential, forest and agriculture uses that are expected to be zoned for urban uses within approximately 20 years. Current conditions range from fully developed properties with buildings to unimproved land.
MANAGEMENT APPROACH

This asset class was established to foster strategic development of lands with a higher and better use than for commodity production. This strategy is articulated in the Transition Lands Policy Plan adopted by the Board of Natural Resources in 1988.

Local government comprehensive planning under the state's Growth Management Act and increasing population greatly affect which transition lands have income generation potential.

The purpose of this asset class is to take advantage of opportunities created by local planning decisions and population growth. The central questions for these transition properties relate to the timing and character of conversion to an urban-type land use and whether the department should make investments to directly enhance the property value or market the property for others to develop.
FUTURE DIRECTION

Local community preferences concerning the *conversion and development* of resource lands present the most significant challenge in managing this asset class. Preferences by neighbors and the general public for outdoor recreation and preservation of open spaces affect undeveloped lands in this asset class. Those properties with an existing urban-type use will remain urban in nature. Those designated for *future urban-type uses*, currently in historical commodity production usage, may face neighborhood challenges. Properly managed, the transition property base shows *outstanding potential* for *income generation* and *value growth*.
City of Kirkland
0.11 acres
Residential Zoning
City of Richland
316 acres
Commercial/Residential
City of Richland
316 acres
Commercial/Residential
City of Lacey
18.3 acres
Commercial Zoning
City of Lacey
18.3 acres
Commercial Zoning
Interconnection