Charting a Course for the Future

Optimizing DNR’s Trust Land Portfolio

A Presentation to the Board of Natural Resources
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July 6, 2021
Agenda

• Update on continued outreach and feedback
• Summary of comments submitted in June
• Finalize project scope
2021 Work Plan

Quarter 1: January - March

- Share Key Findings
- Collect input on:
  - Project scope
  - Ideas for change
- Host Public Webinar

Quarter 2: April - June

- Continue to collect input on:
  - Project scope
  - Ideas for change
- Host Public Webinar

Quarter 3: July - September

- Seek BNR support for project scope
- Continue to collect input
- Develop potential proposals (e.g.):
  - Form Advisory Committee(s) and/or Work Group(s)

Quarter 4: October - December

- Continue to develop proposals
- Collect input on proposals

Quarterly Planning:

Quarter 1:
- January - March

Quarter 2:
- April - June

Quarter 3:
- July - September

Quarter 4:
- October - December

July 2021     Draft - Subject to Change
Beneficiary and Stakeholder Outreach and Feedback

Additional comments submitted in June

• Washington State Association of Counties – Timber Counties Caucus

• Port of Port Angeles

Ongoing tribal outreach
WSAC Timber Counties Caucus Trust Land Performance Assessment Evaluation

- Recommendations engagement with WSAC
- Analysis of Deloitte recommendations, including WSAC’s position and prioritization for each
- Additional recommendations for the department
Additional comments submitted in June
(ideas not previously presented)

- Proposed principles for an engagement strategy that includes an informed and inclusive decision making process
- Consideration for local preferences
- Recommendation for an annual audit
- Replace ‘unharvestable’ lands to improve net revenue – Work with beneficiaries on new strategies
- Support for capital investments in existing property
### Additional comments submitted in June
(ideas not previously presented)

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<tr>
<th>Does not support a Unitary Trust - Concerns about trust accountability</th>
<th>Explore new sources of revenue for recreation</th>
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Suggestions for Need Statement:
- “provide reliable predictions of harvests”
- “increase transparency with beneficiaries and stakeholders”

| Lack of clarity on implications of “transform” state trust land management | Concern about Voluntary Permanent Fund management and investment decision making processes |
As manager of state trust lands, DNR has legal fiduciary responsibilities to:

• Generate revenue and other benefits for each trust, in perpetuity

• Preserve the corpus of the trust

• Exercise reasonable care and skill

• Act prudently to reduce the risk of loss for the trusts

• Maintain undivided loyalty to beneficiaries

• Act impartially with respect to current and future beneficiaries
How did we get to today?

• Completed the Trust Land Performance Assessment *(last one done in 1996)*

• Identified two overarching problems:
  • Declining revenue
  • Lack of reliable revenue

• Recommendations emerged

• Engaged beneficiaries and stakeholders
Framework to Modernize State Trust Lands

Available at:
www.dnr.wa.gov/bnr
Board Materials
• DNR to convene work group to develop a process Trust Land Transfer

• Considerations should include:
  • Increasing the income value of the trusts,
  • Limiting impacts to trust lands not being considered for transfer,
  • Conservation value of lands that are a potential candidate for transfer,
  • Use of the land bank for securing repositioned land that would result from any transferred projects, and
  • Any other items necessary for a well-supported program.

• DNR to report and make recommendations to legislature for the establishment of a new Trust Land Transfer program by December 1, 2021.
Moving forward from today...

Finalize Initiative Scope

Identify lists of projects and proposals

2022 Work Plan