



2016 Capital Budget Request Proposal Summary

| # | Project (Biennialized FTE) | FTEs | Total | SBCA |
|---|---|------|-------------------|-------------------|
| 1 | Trust Land Transfer – Teanaway | | 18,810,000 | 18,810,000 |
| 2 | Blanchard Working Forest | | 7,571,000 | 7,571,000 |
| 3 | State Forest Land Replacement (incl all counties) | | 3,000,000 | 3,000,000 |
| | Total Capital Request | | 29,381,000 | 29,381,000 |



1. Trust Land Transfer – Teanaway

This request funds the transfer of 5,160 acres of State Common School Trust Lands in the Teanaway Community Forest to the Community Forest Trust.

The 5,160 acres of state trust lands within the Teanaway Community Forest are isolated inholdings that are managed for a different purpose than adjacent community forest lands. The timbered portions of state trust lands have already been cut to their legal limits, and it will be decades before they will be capable of producing revenue.

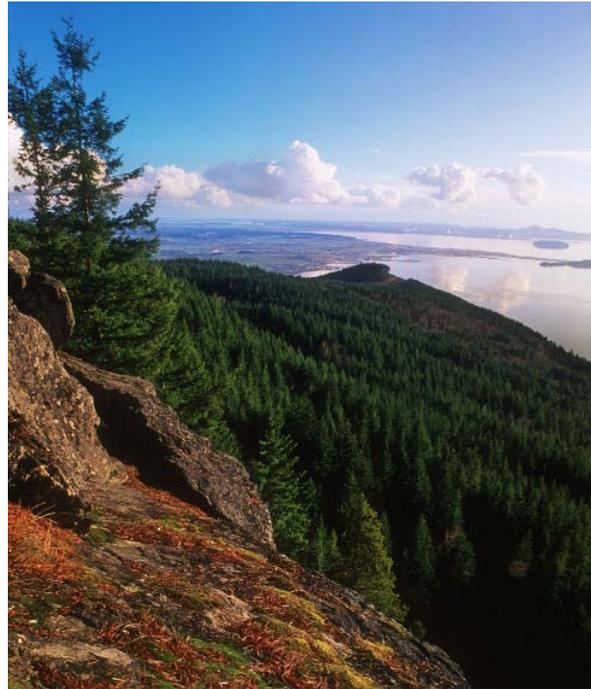
Transferring these properties to the Community Forest Trust would remove administrative and legal barriers to allow for more efficient, effective, and seamless management. Managing these lands under the Teanaway Community Forest management plan would increase the ability to restore the watershed to meet Yakima Basin Integrated Plan goals, increase recreation opportunities, reduce barriers to wildlife movement, and eliminate public confusion over different management goals and structures.

The trust would be compensated for lands it disposes of. A portion of the appraised value of this land transfer provides revenue to the Common School Construction fund. The remainder is deposited into the Real Property Replacement Account where it is used to purchase replacement trust land.



2. Blanchard Working Forest

This request fulfills the binding commitment made by the legislature and the Department of Natural Resources (DNR) to Skagit County citizens, businesses and local government officials to purchase replacement properties for Blanchard Forest trust lands. A key component of the commitment was to create a 1,600-acre “core management zone” managed by DNR to maintain the natural and backcountry recreational values of the forest. DNR committed to seek funding from the legislature over a five-year period to acquire replacement parcels of private in-holdings and adjacent forest lands to compensate the State Forest Trust (which benefits Skagit County) for the reduction of “working forest” acreage. The original five-year time period given for project completion has expired. Full compensation for the 1,600-acre core has not yet been realized.



To date, the legislature has appropriated \$6.5 million towards the estimated \$12 million market value for the 1,600-acre core. However, this request is for a total of \$7,571,000. It covers the remaining \$5.5 million of the estimated market value plus \$311,000 interest on the unfunded balance calculated at 5.66 percent and a \$1.76 million adjustment for the increased value of additional timber growth since 2007 (the year when the 1,600-acre core’s market value was determined).

3. State Forest Land Replacement

Certain counties in Washington are beneficiaries of state forest trust lands. The federal Endangered Species Act (ESA) has had a significant effect on revenue for counties that depend heavily on income from forest products.

State forest lands not harvestable because of ESA regulations are designated as natural resource conservation areas. Timber values will then be transferred to counties as revenue. This is designed to assist Klickitat, Pacific, Skamania and Wahkiakum counties by replacing the income they would have received if the timber had been harvested and adds to the state’s natural areas while complying with ESA imperatives.

The 2015 capital budget allocated \$3 million for this purpose, but dedicated the entire amount to Skamania County. This request is for an additional \$3 million to preserve the program’s operational flexibility and balance the benefits among all the participating counties.