



State Lands

Trust Land Performance Assessment



All contents are draft and do not indicate a preference or decision. Presentation is For discussion purposes only.



Brief updates



- Deloitte Transactions and Business Analytics (DTBA) was selected in January of 2019 as the primary contractor for the valuation and performance assessment
- **Earth Economics (EE), as a sub-contractor to DTBA, is performing the ecosystem services and recreation valuation (together ESV)**
- Valuation methods proposed by DTBA are certified by DNR and valuation of all asset classes is under way with draft results by winter of 2019/20
- **DNR hosted a three day Board of Natural Resources (BNR) field tour to discuss operational and policy challenges/ opportunities for the assets we manage. Many business partners, beneficiaries and stakeholders accompanied the Board**
- DTBA and DNR have conducted interviews with five western states (Minnesota, Montana, Oregon, Idaho, Arizona) that manage trust land, one county (Grays Harbor) that manages trust land, two private land managers on the west coast (medium and large), and the BC ministry of Forests. The goal of these interviews was to assess comparable metrics (such as FTEs per 10,000 acres, funding) and to develop insight into potential performance and business development opportunities



Forest Products



- Timber and log sales
- Special forest products

Agriculture



- Irrigated
- Dryland
- Grazing

Commercial



- Large box stores
- Small family businesses
- Wind power

Communication

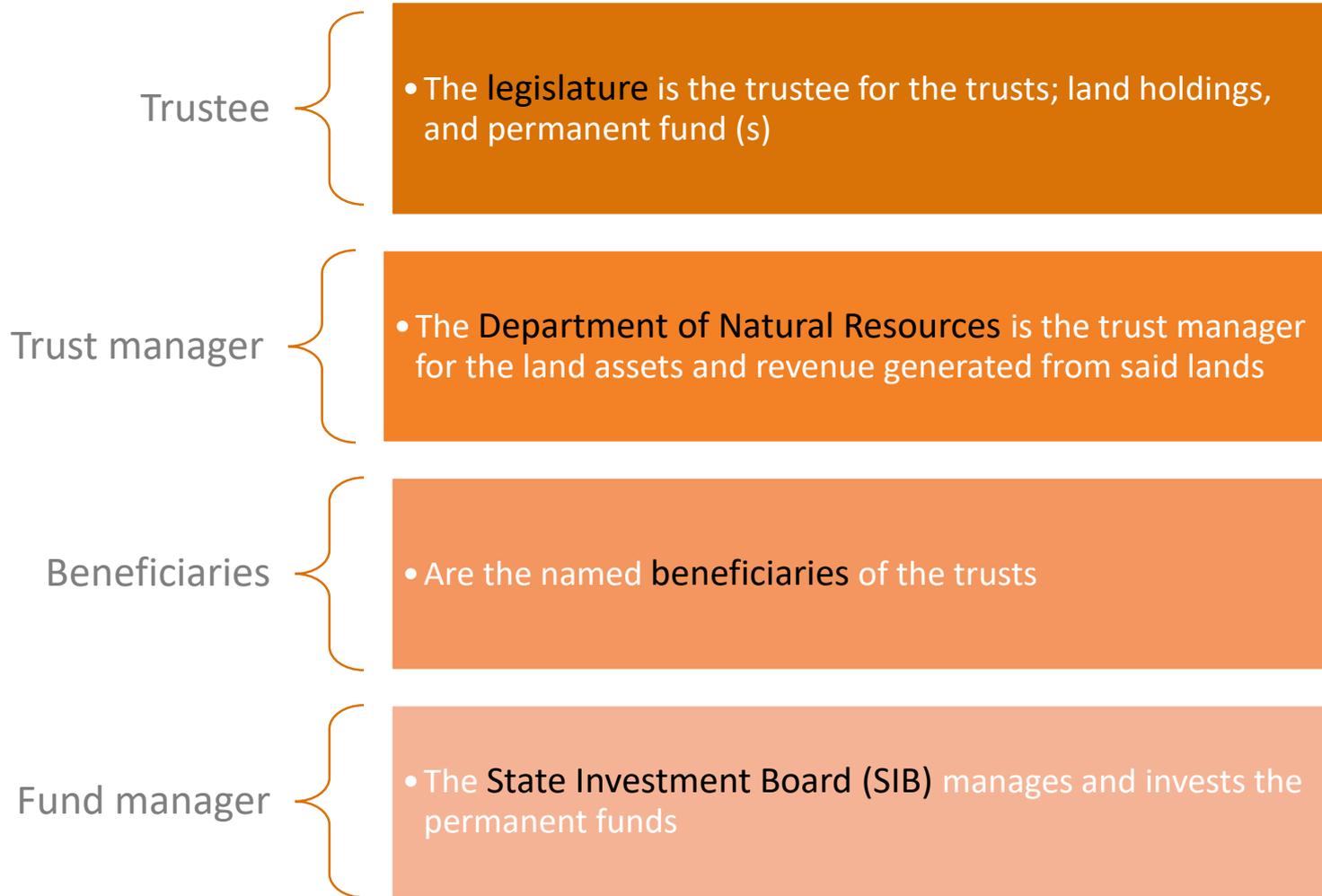


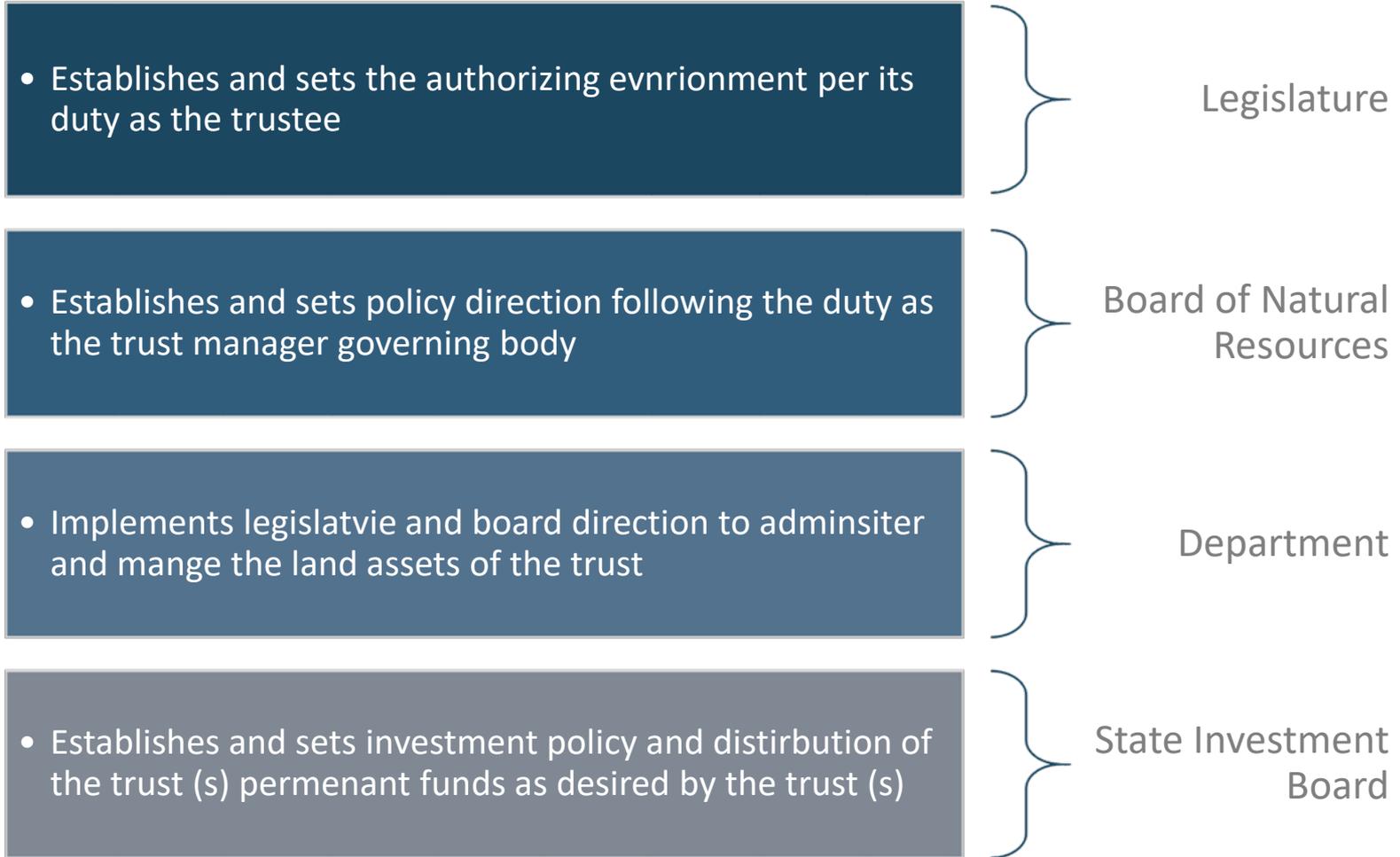
- Typically mountain top sites
- Diverse group of lessees

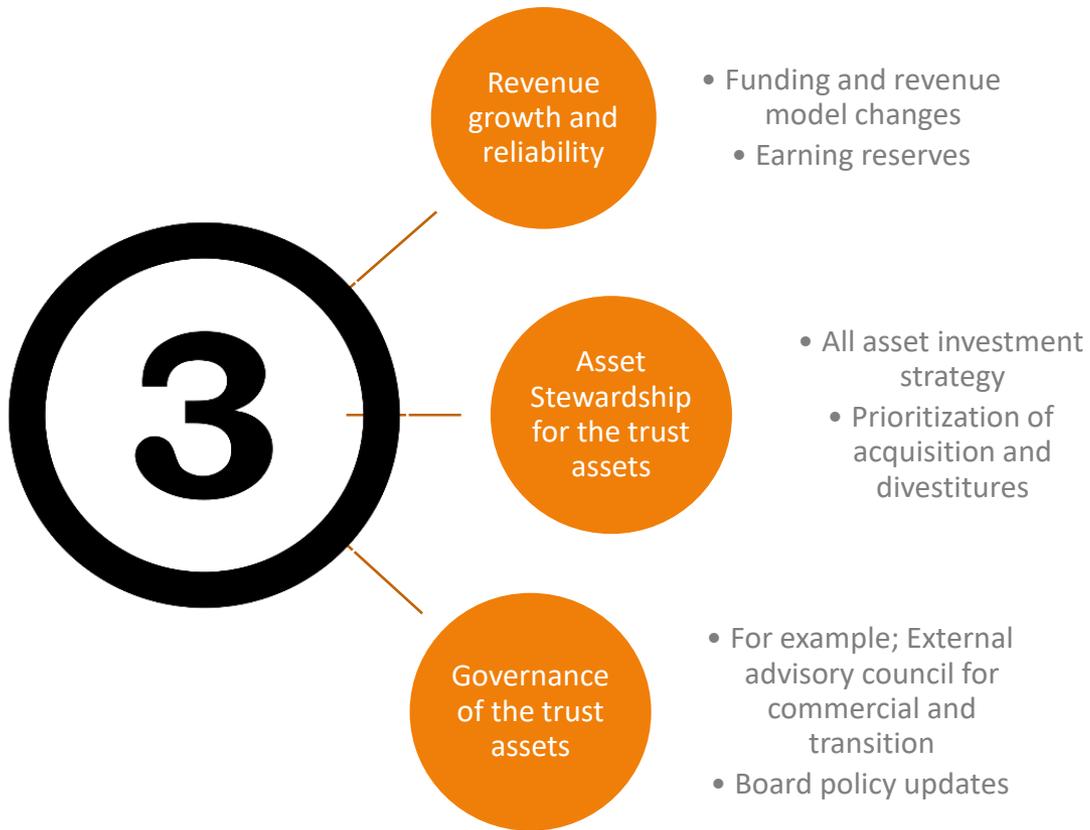
Mineral



- Aggregate
- Sand
- Basalt







Preliminary investigation

Investigating how to create earning reserve accounts for each trust with a goal of 5 years of reserve

- **Case Example-** The state of Idaho is well ahead of Washington in endowment/trust management modernization. Through their State Board of Land Commissioners and Endowment Fund Investment Board, the pooled asset value of the land and permanent funds has created long term reserves for each trust beneficiary

Investigating how the permanent fund and land base can work together to increase the value and yield to beneficiaries over time

- **Case Example-** Through the endowment reform process in Idaho, the pooled assets of revenue and land have grown the value of the endowment from \$300 million in 2006 to over \$3 billion in 2018

Ensuring land management and investment strategies are adequately funded in the near and long term

- **Case Example-** Through the interviews conducted by DTBA and DNR we identified that many land managers (public and private) are not regulated by a set management rate like Washington state managed trust lands. Fixed and variable costs are covered based on need and prudent analysis of return on investment.

8 months



