

Trust Land Transfer Proviso Workgroup Meeting 4 August 16, 2021 9am-1pm

Member	Attendance
Randy Newman	Present
Heidi Eisenhour	Absent
Robert Gelder	Absent
Jim Freeburg	Present
Justin Allegro	Present
Matt Comisky	Present
Cynthia Wilkerson	Present
Peter Herzog	Present
Angus Brodie	Present
Russ Pfeiffer-Hoyt	Present
Randy Johnson	Present

DNR Staff:

Lisa Anderson
David Gordon
Cyndi Comfort
Tyson Thornburg
Laurie Benson
Bob Winslow
Cathy Chauvin
Ralph Johnson

Workgroup Business

- Workgroup members agreed to record the meeting.
- DNR staff gave an update of the workgroup meeting timeline.
- DNR staff gave an update on the Public Update Meeting held on August 11th from 9:30-11am.
 - A workgroup member asked for a summary of the questions that were asked during the Public Update Meeting. A workgroup member said it might be useful to get a sense of what stakeholder communities the questions came from.
- Workgroup members approved the meeting notes from Meeting 2.

- DNR staff gave an update on the addition information “parking lot” items that are being developed, including:
 - Information on the DNR land value estimate process and the land appraisal process
 - A workgroup member said they wanted to make sure there was a discussion of the land value process as part of the workgroup’s work and recommendations.
 - Information on the annual revenue coming from replacement lands based on land/use-type
 - In-depth discussion of the 80/20 rule
 - 101 on taxes and what the source of tax revenue that supports local taxing districts.

Diversity, Equity, and Inclusion

- Dr. Karen Johnson, Director of the WA Office of Equity, gave a presentation about diversity, equity, and inclusion.
- Meeting with trusted partners who have done work in this area is important to have the benefit of what they’re trying to say and their experience.
- When sharing information about this project, who do workgroup members reach out to and why? Workgroup members who have been impacted by this group should be considered, including Tribes whose treaty rights have been impacted. It’s important to acknowledge the history of the land so that forgiveness, healing, reconciliation, and transformation can take place. This is especially important for people of color who have historically been impacted, specifically monetarily.
- Dr. Johnson recommended contacting someone from Earth Justice because of their expertise in environmental justice.
- The group needs to identify the values that are important to TLT and incorporate those into the project selection process. Ask the people what values they have for TLT. Race Forward has a racial equity impact assessment tool that gives steps in going through the recommendation process.
- Community members from different backgrounds should be invited to meaningfully participate in the process in a way that’s beneficial to them.
- Invite community members who are impacted by projects to be part of the ranking process.
- Use as many methods as possible to get information about the program out into the community.
- A workgroup member asked Dr. Johnson about how to make workgroups more accessible to all communities. Dr. Johnson said it was important to set meetings at times where people can attend, possibly consider providing compensation for participation in workgroups.

Examples of Other Processes

- Kyle Guzlas, Grant Services Section Manager, and Ben Donatelle, Natural Resource Policy Specialist, from the Recreation and Conservation Office, gave a presentation on

some of the grant processes overseen by their agency, including advisory committees, program and project eligibility, and proposal evaluation.

- A workgroup member asked how the workgroup membership requirements were developed and if they were set in statute.
- A workgroup member said one of the issues that school beneficiaries have with the TLT process is where the revenue comes from to fund it. They asked to what extent RCO is managing grants where the funding source is outside of the state operating or capital budgets.
 - RCO staff said most of RCO's programs are funded through the capital budget. There are a couple programs that are funded through fuel tax refunds. They said that is one of the benefits of RCO's process because the development of ranked lists is done in advance of the budget process, so all project lists go to the legislature before the development of the capital budget. Legislators can look at the list and see what projects are in their areas, which may create some momentum for the budget.
- A workgroup member asked if the legislature doesn't approve all the money RCO asks for if the projects are funded down the prioritized list until the money is gone. RCO staff said that's correct, but projects are on the list as alternates so if there is additional funding they could receive funding.
- A workgroup member asked how long it takes to develop the prioritized list. RCO staff said applications open up in March, with the initial application due on May 1. During May and June the projects are reviewed by the advisory committees who provide feedback on the projects. People then go back and work on their proposals and turn in their final application in July. They give their final presentation in August, where the projects are scored. The scored projects are put on a ranked list which is presented to the funding board, and, when approved, are then passed on to the Governor's Office on October 1st.
- A workgroup member said one of the things that is good about the RCO process is the transparency of the process and that everyone knows how the process works. It's also helpful for applicants to know where their projects rank on the list. RCO staff said they have a non-profit partner that does a lot of advocacy for RCO's programs.
- A workgroup member asked about RCO's policy on carbon credits and ecosystem services. RCO staff said that project came together based on the request of several grantees who were interested in developing carbon projects on lands that have been funded with RCO funds. RCO worked with grantees to assess what the needs of the grantees are to participate in the carbon market and how to navigate the legal and policy framework for grantees. With carbon projects,
 - A workgroup member asked if RCO had considered if carbon crediting could be used as part of the match obligation for projects. RCO staff said one of the requirements of the policy is that the grantee must use the revenue from the carbon credit project in accordance with RCO's income use policy that any revenue generated by the land must be used for stewardship of the property or investments in future RCO projects.
- A workgroup member asked how RCO is thinking about diversity, equity, and inclusion as well as environmental justice in projects. RCO staff said this is a big piece of work

that RCO needs to do better with. The makeup of RCO committees has tended to be those who can afford to participate in the process. The stipend policy is one step in making the advisory committee process more accessible. RCO is also shifting its mindset in how it recruits for advisory positions, including how it evaluates those who have knowledge about the work of the advisory committees. They are also working on targeting the membership of committees to reflect the communities the programs are serving. There was also a proviso that directed RCO to perform an equity review of its programs. They have hired a contractor to do this work. The contractors are looking at where the money from the grant programs ends up and how it aligns with the intent and value of the programs and where there are gaps in funding distribution.

- A workgroup member asked if there were any examples where RCO advisory committees have recommended weighting criteria for particular values.
 - RCO staff said weighting criteria does occur, but it often comes down to a split between objective and subjective criteria. They gave some examples of weighted scoring in grant programs.

Work Group Presentation (Commissioner Johnson)

- Commissioner Randy Johnson gave a presentation with his concerns, priorities, and opportunities for the TLT process.
- Discussion and Questions:
 - A workgroup member asked what the presenter meant by the funding for TLT is political. The presenter said there are limitations on the capital budget that must be taken into account, as well as if there is broad support for proposals.
 - The presenter said all of the junior taxing districts could possibly be combined into one entity for the distribution of benefits.
 - A workgroup member asked the presenter how they navigate differentiating between beneficiaries and stakeholders and to elaborate on what they meant by equity for all stakeholders. The presenter said there are some stakeholders that are adamant about some things. If funding for schools is not equalized, then that funding needs to be replaced with other ongoing funding. They said junior taxing districts let them know if there is a problem with revenue from trust lands.
 - A workgroup member asked how junior taxing districts would understand what their revenue is going to be if the revenue from trusts were put into a large pot and then distributed out to junior taxing districts and how taxing districts would be engaged if they just got a check every quarter. The presenter said it depends on the county, but Clallam county is good about sending out the information put together by DNR staff to junior taxing districts. The presenter said taxing districts look to county commissioners to be the ones who are involved in reviewing what revenue is generated.
 - A workgroup member said WSSDA supports a voluntary account where the state forest revenue could go into for a temporary 5-year delay where the money is invested and generates additional revenue. Junior taxing districts could then tax revenue out of that pot which would be more revenue and more steady. The presenter said they hadn't talked to junior taxing districts about this alternative.

That would be one way to handle it. Cash flow is certainly an issue for most junior taxing districts.

Group Discussion of Work Group Presentations

- A workgroup member said they were surprised that there wasn't more discussion on site selection criteria. They asked if there would be the opportunity to re-do the charter based on the issues brought up by workgroup members. The topics brought up in presentations weren't confined to site selection criteria.
 - DNR staff said the workgroup may not recommend specific criteria, but it may look at things and values that are looked at when properties are put on the list.
 - DNR staff said the criteria that has been used historically include if the property is common school trustland, is it forested, and if the land use had changed or social expectations of the land use had changed (it was no longer beneficial to manage it as a working forest).
- A workgroup member asked if DNR is concerned about resources in the capital budget being prioritized for other uses.
 - A workgroup member said the goal is to secure half of the capital budget for school construction. There's always a political tension there. Higher education is another part of the state operations that may be underfunded. There is an excess of needs for capital funding.
- A workgroup member said the group would need to be conscious of the implications of their recommendations on the capital budget. A discussion should be had about the 80/20 rule as it relates to the funding.

Wrap-Up

- DNR staff asked the workgroup members what an important topic or theme that they see popping up so far in the process.
 - Cynthia Wilkerson: understand what are the targets that need to be hit for funding. How do we engage a broader group in the conversation? Address the 80/20 rule and look holistically at the value of land. Highlight transparency in the process, including for properties that are transferred and the replacement lands.
 - Russ Pfeiffer-Hoyt: the transaction needs to benefit both sides. Exploring more how we can focus the benefit of the transactions on the beneficiaries. He asked if someone from DNR could spend some time with Dr. Johnson and explain the limitations of the trust so recommendations on equity are in keeping with trust law and the constitution.
 - Jim Freeburg: trying to figure out a politically feasible solution that acknowledges changing expectations of state trust lands.
 - Randy Newman: Asset selection and valuation.
 - Commissioner Randy Johnson: Both sides of the transaction need to be looked at, particularly the revenue replacement for schools.
 - Justin Allegro: There is an environmental justice law for WA that applies to state agencies. The group needs to think about how that applies to TLT.

- Matt Comisky: Digging into the equity law and how trust lands are handled. DNR has fiduciary responsibilities. DNR needs to make sure any transactions benefit the beneficiaries.
- Angus Brodie: Building a transparent and repeatable program that is understood by everyone. Understanding the impacts of the trusts to beneficiaries and communities.
- Peter Herzog: Process to identify lands that need to be preserved and set aside for some other purpose. What level of significance a land needs to have to reach that status.

Parking Lot

- A workgroup member asked if DNR has information on what some of the capital budget appropriated dollars are bonded vs non-bonded and what accounts funds are placed into.
 - Another workgroup member said it would be helpful to learn more about where the money that goes to the TLT program comes from.
- A workgroup member said it would be helpful to get more information about the Timber Harvest Excise Tax, adding that some JTDs (west Jefferson County) rely on this revenue source as well.
- A workgroup member said they would like to learn more about why the valuation process is not disclosed to the legislature since these do not appear to be true “arm’s length” transactions.
- A close look at SB5141 and how it applies to TLT.