NATURAL RESOURCES

Strategic Plan for the Department of Natural Resources 2009-2011 Biennium

August 2008

WASHINGTON STATE DEPARTMENT OF
Natural Resources
Doug Sutherland - Commissioner of Public Lands

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Prepared by
Washington State Department
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Part I: DNR Overview

Administered by the Commissioner of Public Lands, the Washington State Department of Natural Resources (DNR) works:

> • *To provide professional, forward-looking stewardship of our state lands, natural resources and environment.*
>
> • *To provide leadership in creating a sustainable future for the Trusts and all citizens.*

The agency carries out its mission through two main functions—land management and resource protection. These functions are spread across a variety of programs. Although some DNR programs are more clearly aligned with one function than the other, these two functions—land management and resource protection—are connected by the resources themselves.

The information that DNR's active scientific research programs provide about silviculture, forest ecology, fisheries, wildlife, natural heritage, wetland and aquatic ecology, geology, and forest health inform the department's management and protection activities. This information also provides valuable information to aid public safety and the long-term protection of Washington's natural heritage.

DNR's stewardship responsibilities are long term, and by its very nature, DNR's work is ongoing. Each year's work is part of a continuum that builds on the past and supports the future.

Land Management – 5.6 Million Acres

DNR manages a legacy of more than 5.6 million acres of state trust land—across time, across landscapes, and across the state. Upholding this legacy requires DNR to look to the future, respond to the present, and learn from the past. And it requires DNR to enhance and protect the lands so that benefits to trust beneficiaries continue to flow from them.

The State is Washington's second largest landowner, and DNR manages about 80 percent of the State's lands. In doing so, DNR manages the resources on those lands and provides recreational opportunities to the public through access to these lands.

DNR cares for a unique mix of lands—a vast and varied domain of public forests, rangelands, farmlands, natural areas, waterways, tidelands, undeveloped urban and rural

lands, and commercial properties. Many of these lands not only provide habitat for wildlife and places for recreation, but also generate income.

TRUST LANDS

3 million acres – upland state trust lands

- Managed to provide perpetual financial support to specific public beneficiaries.
- 2.2 million acres – ***state lands*** granted to Washington by the federal government at statehood and which support construction of public schools, colleges and state government buildings.
- 626,000 thousand acres – ***state forest lands (a.k.a. Forest Board lands)***, which support county services and the state General Fund.
- Chief sources of revenue from these lands include timber sales and leases for agriculture, communication sites, and commercial properties.
- Provide multiple-use and environmental benefits, including recreation, watershed protection, habitat, carbon storage, hunting and fishing, scenic areas, historic areas, scientific studies, and education.

2.6 million acres – state-owned aquatic lands

- Tidelands, shore lands and the beds of navigable waters.
- Managed as a public trust to achieve a balance of benefits for the public—encouraging direct public use and access; fostering water-dependent uses, commerce, and navigation; ensuring environmental protection; and utilizing renewable resources.
- Chief sources of revenue from these lands include geoduck harvest and leases for water-dependent uses such as marinas and easements.
- Four aquatic reserves on state-owned aquatic lands have been set aside from leasing or disturbing critical habitat and spawning grounds to help recover and maintain the health of Puget Sound.
- DNR actively supports the work plan to clean up and restore Puget Sound by 2020 through the Puget Sound Initiative and Puget Sound Partnership.

UNIQUE LANDS AND RESOURCES

125,600 acres – Natural Areas
(Natural Area Preserves and Natural Resources Conservation Areas)

- Managed to protect high-quality examples of Washington's natural heritage and provide opportunities for research, education, and low-impact use.

Resource Protection

In addition to protecting resources on the lands it manages, DNR also protects natural resources across the state. Washington's growing population relies on the state's rich variety of natural resources for jobs, commodities, recreation, and sense of place. The work of protecting these valuable resources while using them and preventing damage and loss of healthy ecosystems takes many forms—prevention, response, regulation, and technical assistance. And it requires DNR to recognize that just as the resources are connected to each other, the needs of today and tomorrow area, too. DNR's resource protection responsibilities focus on forests, fire, geologic resources, and the state's natural heritage.

FORESTS

- Regulating forest practices on 12 million acres of state and private forestlands. DNR administers the state Forest Practice Board rules, which guide logging, road building, and other work in the woods.
- Providing technical assistance on forest stewardship to non-industrial landowners.
- Monitoring and providing technical assistance on forest health.
- Assisting towns and cities with urban and community forestry.

FIRE

- Fighting wildland fire on 12.7 million acres of state, private, and tribal lands. DNR is the state's largest on-call fire department with 1,400 temporary and permanent employees.
- Providing technical assistance for fire prevention.
- Coordinating DNR fire prevention and suppression efforts provided with local and federal entities.
- Regulating forest debris burning.

GEOLOGY

- Regulating surface mining reclamation, metal mining, and oil and gas exploration and production.
- Generating and providing scientific information to the public and local governments for emergency preparedness and risk management about geologic hazards such as earthquakes, landslides, tsunamis, mudflows, and volcanoes.

NATURAL HERITAGE

- Searching for and cataloging at-risk native plant species.
- Providing information about sensitive ecosystems and plants in need of protection.
- Recommending sites to be designated as Natural Area Preserves or Natural Resource Conservation Areas.

Strategic Planning

DNR's Executive Management developed the agency's Mission and Principles early in 2001. Last biennium DNR added a new vision statement to its strategic plan in order to emphasize our commitment to sustainability. These were broadly communicated and discussed within the agency. These discussions led to a common understanding of those statements and how they should guide our day-to-day business.

Executive Management provided additional guidance through Strategic Goals and Directions.

The DNR Mission, Principles, and Strategic Goals and Directions are the foundation for this strategic plan.

Clear and measurable Management Deliverables were established to support the budget process. Subsequently our Regions and Divisions prepared performance measures for each of their activities. Progress on performance measures is measured quarterly. In addition, Executive Management conducts a detailed review of program performance and progress quarterly as part of DNR's Management and Accountability Review.

Performance measures have been linked to each activity identified in the Activity Inventory. Each Activity is further tied to one of the 11 Priorities of Government.

Priorities of Government

The DNR has identified 28 activities. These activities have been classified primarily into three of the Priorities of Government (POG) key result areas.

- Natural Resources: This key result includes the majority of the DNR activities.
- Cultural and Recreational Opportunities: Although only one of DNR's activities is represented in this group, the Recreation Access Program, it represents a significant point of public contact that is intimately connected with other trust land management activities. Washington citizens enjoy the multiple-use benefits of state lands by accessing DNR-managed lands and roads, supported by remote, primitive campsites, and trails.
- Public Safety: Three of DNR's activities are included in this key result: Fire Prevention and Control, Geologic Hazards, Geologic Mapping and Law Enforcement and Environmental Risk Management. Law Enforcement is

integral to our fire suppression, recreation, and trust land management activities, and to public safety on DNR managed lands.

Although DNR activities are not included in all POG key results areas, the agency has a significant impact on several other areas:

- Student Achievement: Revenues from trust lands provide nearly 30 percent of the funding for common school construction. Quality education is directly linked to quality facilities.
- Higher Education: Revenue from trust lands provide funding for capital construction on all six of the state's universities and colleges.
- Economic Vitality: Natural resource industries, agriculture, and timber, provide a significant number of jobs statewide. They are the economic foundation of many rural communities. DNR's agricultural leases and timber harvest provide jobs directly while the Forest Practices regulatory program allows private forestry companies to take advantage of their natural resource inventories in a responsible way. DNR's tideland and bedland leases are the backbone of a robust maritime industry in this Pacific Rim state.
- Government Support: Like all other state agencies, DNR contributes towards the general support of state government.

As matter of reference, the statewide Priorities of Government (POG) key results are:

1. Improve student achievement in elementary, middle and high schools
2. Improve the value of postsecondary learning
3. Improve the health of Washingtonians
4. Improve the security of Washington's vulnerable children and adults
5. Improve the economic vitality of business and individuals
6. Improve statewide mobility of people, goods, and services
7. Improve the safety of people and property
8. Improve the quality of Washington's natural resources
9. Improve cultural and recreational opportunities throughout the state
10. Strengthen government's ability to achieve results efficiently and effectively
11. Improve the ability of state government to achieve its results efficiently and effectively

Part II: DNR Strategic Priorities for the 2009-2011 Biennium

CONSERVE, RESTORE, PROTECT

DNR provides leadership to conserve, restore, and protect Washington's natural resources. These three overarching themes will continue to guide DNR management and employees as they establish budget, legislative, and management priorities for the 2009-2011 biennium.

Our strategic priorities guide how we bring our resources to bear on the lands and waters for which we have responsibility. During the next biennium these strategies will be further emphasized by the following action steps.

As we consider the implementation each of our strategies and action steps we will examine ways to mitigate and adapt to the impacts of climate change on Washington's natural resources and to promote energy independence through the development of renewable energy sources, including biofuels and wind and wave energy.

- Protect, restore, and enhance Washington's working landscapes (forests, farms, and fishing) and biodiversity.
    - Support the Washington Biodiversity Council's 30-year "Biodiversity Conservation Strategy" focusing on eastern Washington shrub-steppe habitat and making conservation opportunity maps accessible to our citizens and schools.
    - Explore and develop incentives for private and corporate landowners to maintain and create forest habitat for threatened and endangered species.
    - Expand the Landslide Hazard Zonation program into priority watersheds.
    - Focus trust land investments on natural resource lands at risk of conversion or loss.

- Ensure more trees and healthier forests across Washington landscapes.
    - Fulfill the forest health goals of ESSB 6141.

- Implement an aggressive program of public education and awareness of wildfire risks and Community Wildfire Protection Plans to reduce the number of human caused wildfires.
- Enhance wildfire preparedness to keep fires small.

- Protect, restore, and enhance aquatic ecosystems through innovative stewardship; foster water-dependent uses, navigation, and commerce; and, manage renewable aquatic resources such as shellfish and aquatic vegetation in collaboration with stakeholders to ensure sustainable harvests and ecosystem health.
    - Fully implement the Aquatic Habitat Conservation Plan (HCP) ensuring that DNR's activities in the aquatic environment comply with the Federal Endangered Species Act.
    - Continue removal of creosote pilings and logs and derelict vessels that present hazards to aquatic resources and public welfare.

- Connect people and communities to nature through a variety of department programs including providing recreation on state-owned forest and aquatic lands, promoting the retention of working forest lands in urbanizing counties, enhancing public safety through natural hazard information, and stimulating activities which contribute to economic vitality.
    - Implement the Evergreen Communities Act (Urban Forestry), SHB 2844.
    - Provide sustainable public access to state-owned lands and waters.

- Manage with transparency and fiscal responsibility through proactively communicating with trust beneficiaries and prudent management of trust resources, providing healthy and diversified cash flow for the trusts, improving efficiency and accountability of business practices on aquatic lands, and obtaining fair compensation for use of those lands and their resources.
    - Achieve program efficiencies and reduced travel by implementing information technology solutions, such as mobile mapping and expanding wide area network capabilities to our regional facilities.
    - Authorize the Board of Natural Resources to set the management fee for work on state lands at 30 percent.

Our Mission

- To provide professional, forward-looking stewardship of our state lands, natural resources, and environment.
- To provide leadership in creating a sustainable future for the Trusts and all citizens.

Our Vision

At DNR, we envision a future in which our human and natural environment provides abundant and diverse social, ecological, and economic benefits for all the people of Washington, in this and all future generations. In acting to ensure this vision, we achieve sustainability.

Our Principles

In working within our mission and toward our vision, the following principles guide all DNR employees:

Enduring Stewardship

DNR provides enduring stewardship of our state's natural resources. Combining the best of both public service and a business-like approach enables us to carry out our duties with competence, consistency, and fairness. In exercising these qualities we best serve the environment, trust beneficiaries, our customers, and all citizens, now and in the future.

Visionary Leadership

To create a sustainable future, we in DNR must exercise vision and leadership. Each of us must strive to make a difference in the world. If we are willing to realize our full potential, our work will stand the test of time and be personally rewarding.

Inclusive Decision-making

Decision-making throughout DNR will be timely, open, well informed, and adaptive. The common sense and consistency of our decisions and priorities must always be apparent.

Creative Solutions

Clear, workable solutions to our natural resource issues emerge from the exercise of sound judgment, knowledge of our legal direction, and a bias for action, innovation, and informed risk taking.

Respectful Relationships

Relationships matter, both inside and outside the agency. All voices are heard when we see all interested parties as partners, engaging and listening to them.

Statutory Authority

Most of the lands managed by DNR were granted to the state through the Enabling Act, as accepted by the State Constitution as endowments to be managed in trust to support designated beneficiaries. The majority of the Department's authority comes from the following statutes:

Commissioner of Public Lands:	Chapter 43.12 RCW
Department of Natural Resources:	Chapter 43.30 RCW
Forest and Forest Products:	Title 76 RCW
Forest Protection-	Chapter 76.04 RCW
Forest Health -	Chapter 76.06 RCW
Forest Practices -	Chapter 76.09 RCW
Forest Practices -	Chapter 76.13 RCW
Surface Mining -	Chapter 76.10 RCW
Mines, Minerals & Petroleum:	Title 78 RCW
Public Lands:	Title 79 RCW
State Land Sales	Chapter 79.11 RCW
Land Leases	Chapter 79.13 RCW
Sale of Valuable Materials	Chapter 79.15 RCW
State Forest Lands (Forest Board Lands)	Chapter 79.22 RCW
Capitol Building Lands	Chapter 79.24 RCW
Natural Area Preserves	Chapter 79.70 RCW
Natural Resource Conservation Areas	Chapter 79.71 RCW
Aquatic Lands	Chapter 79.90 RCW

Public Trust Doctrine: Judicial law dating to the ancient Roman Code of Justinian.

Numerous other authorities relate to specific programs.

Other Strategic Plans

In addition to the statutory authorities listed above and this strategic plan, the Department of Natural Resources is guided by a significant number of strategic planning documents and agreements. Some of these plans have been incorporated into our statutory authorities. All serve to guide our day-to-day operations and guide our long-term decisions. These other strategic plans include, but are not limited to:

- Forest and Fish Report
- Sustainable Harvest Plan
- Transition Lands Plan
- Agricultural and Grazing Lands Plan
- Asset Management Plan
- Policy for Sustainable Forestry
- Wildland Fire Protection Program Strategic Plan
- Strategic Plan for Healthy Forests
- Forest Practices Habitat Conservation Plan
- State Trust Lands Habitat Conservation Plan
- Aquatic Resources Habitat Conservation Plan
- Aquatic Resources Strategic Plan
- Sustainable Forestry Initiative (SFI) Certification
- Forest Resources Council (FSC) Certification
- Natural Heritage Plan
- Forest Health Strategic Plan

Strategic Goals & Direction

- The public we serve widely and consistently holds DNR in high esteem.
- Trust assets are continually enhanced and managed to generate substantial financial support for current and future trust beneficiaries.
- Upland resources provide substantial levels of trust revenue, conservation, and public benefits consistent with our fiduciary duty and legal commitments.
- Aquatic resources are managed with demonstrated environmental stewardship to optimize the full range of public benefits.
- Losses to life from fire are prevented and property loss is minimized.
- Forest systems enjoy equal or greater health and productivity.
- DNR is faithfully implementing its responsibilities as a regulator.
- DNR’s workforce is skilled, knowledgeable, motivated, and effective.

Strategies to achieve Agency Goals

GOAL: The public we serve widely and consistently holds DNR in high esteem.

STRATEGIES:

- Develop and maintain external relationships that are respectful, healthy, productive, and responsive.
- Listen, learn, change, and grow when presented with new ideas that help achieve the success of the agency.
- Develop and maintain active and helpful relationships with the media.
- Work to meet community expectations for public services and business opportunities from the lands we manage.
- Uphold the law, agency mandates, and commitments in a manner that considers current and future generations.
- Protect public safety.
- Be fiscally responsible.
- Provide accurate, useful, and timely information and assistance.
- Maintain high standards of integrity and consistent performance in conducting the public's business.

GOAL: Trust assets are continually enhanced and managed to generate substantial financial support for current and future trust beneficiaries.

STRATEGIES:

- Manage trust assets in the interest of each trust beneficiary for both the short and long term.
- Pursue cost-effective transactions and investments having a high potential to generate increased revenue or reduce management costs.
- Ensure our natural resource decisions are scientifically sound and incorporate state-of-the-art management principles.
- Manage risk to limit agency liability.

GOAL: UPLAND RESOURCES provide substantial levels of trust revenue, conservation, and public benefits consistent with our fiduciary duty and legal commitments.

STRATEGIES:

- Stay in the business of land and natural resource management.
- Generate trust revenue in the most effective and efficient manner possible.
- Creatively market trust resources and services to improve revenue production.
- Maintain a road network that meets critical access needs while restoring and protecting public resources.
- Provide protection for ecologically sensitive lands and functions.
- Manage socially sensitive lands in a manner that is respectful of the public's interests, consistent with trust principles.

- Employ creative ways to meet fiduciary duties and changing societal needs.
- Be a model for natural resource stewardship and sustainable resource management.
- Work with others to define and implement responsible, appropriate uses of public lands, to control damage and liability, and to provide beneficial public access.
- Work to restore and maintain natural resources health.

GOAL: AQUATIC RESOURCES are managed to optimize the full range of public benefits.

STRATEGIES:

- Establish and maintain an inventory, by category, of aquatic resource assets.
- Implement a Habitat Conservation Plan in order to support the recovery of threatened and endangered fish and wildlife species with critical habitat on state-owned aquatic lands.
- Protect, restore, and enhance significant marine and freshwater ecosystems in cooperation with private and public interests through designation and management of aquatic reserves.
- Reduce hazards to navigation, public safety, and the environment through the derelict vessel removal and creosote piling and log removal programs.
- Maintain the diversity of asset types.
- Work with communities and governmental entities to improve the ecological health of aquatic resources by taking an assertive stewardship role in promoting the conservation, restoration, and enhancement of ecosystem processes and services.
- Work with communities to enhance commerce, navigation, economic development, and public use and access of state-owned aquatic lands.
- Be responsive to DNR's customers and seek opportunities to diversify the income-producing potential of the aquatic resources portfolio.
- Respond to all requests for use authorizations (leases, rights-of-way, Port Management Agreements, etc.) in a timely, consistent, and fair manner.
- Ensure that all expired and holdover authorizations are resolved in a timely manner.
- Ensure that contaminated lands are cleaned and restored to an environmentally acceptable condition by responsible parties in a timely manner and at minimum expense to the State.
- Authorize activities or placement of physical improvements only after ensuring public resources will not be significantly damaged or that potential damages will be adequately mitigated.
- Vigilantly assert public trust doctrine principles, state ownership, and state interests.

GOAL: Losses to life from fire are prevented and property loss is minimized.

STRATEGIES:

- Maintain a high level of readiness to fight major fires.
- Maintain a balance of prevention, detection, initial attack, sustained attack, and large incident management capacity.
- Lead the state in wildland fire prevention and protection.

- Increase protection to homes and communities at risk in the urban-rural interface.

GOAL: Forest systems enjoy equal or greater health and productivity.

STRATEGIES:

- Promote the establishment, maintenance, or restoration of forest stands so they can resist serious damage from fire, insects, and diseases.
- Establish, restore, and maintain healthy urban forests.
- Maintain a vigilant insect and disease monitoring system.

GOAL: DNR is faithfully implementing its responsibilities as a regulator.

STRATEGIES:

- First pursue regulatory obligations through education and partnerships, but use full authority when necessary to achieve compliance.
- Be fair, impartial, and consistent.
- Make enforcement actions timely and appropriate to the circumstances.
- Effectively pursue partnerships with small forest landowners, and provide leadership in dealing with their unique issues.
- Make timely responses to permit applications.

GOAL: DNR's workforce is skilled, knowledgeable, motivated, and effective.

STRATEGIES:

- Transfer institutional knowledge to the DNR workforce of the future.
- Develop employee leadership skills to anticipate emerging management challenges.
- Communicate actively with employees and involve them in decisions.
- Maintain high professional standards in all programs.
- Provide essential support services to all programs in the most efficient and effective ways possible.
- Use information technology to maximize investments, continue progress toward digital government, and support integrated business solutions.
- Employ efficient and effective budget, financial, and administrative systems.
- Protect employee safety.
- Promote a work atmosphere of fun and mutual respect.
- Attract a well-educated, technologically advanced workforce.
- Enhance the diversity of our workforce.
- Successfully utilize unique perspectives, backgrounds, and contributions from all employees.

Performance Measures

The Department of Natural Resources has identified performance measures for each of the agency activities. A copy of these performance measures is included in the DNR 2009-2011 Biennial Operating Budget. The status of our performance measures is available on the Office of Financial Management web page at http://www.ofm.wa.gov/budget/activity/07-09/490inv.pdf.

The Department is tracking 40 performance measures at the agency level for the 2007–2009 biennium. The targeted output for each measure supports one or more department activities and one or more strategic goals. In addition to these performance measures, the Department tracks additional internal performance deliverables.

OFM conducted an Activity Inventory Performance Measure Assessment in June 2007. The OFM Assessment can be found at http://www.ofm.wa.gov/performance/dnrassessment.pdf.

Appraisal of External Environment

Lives, lifestyles, and livelihoods in Washington depend on natural resources. Managing and protecting resources for the long-term benefit of Washington's citizens requires balancing the demands on the resources with their capacity to fulfill those demands and taking advantage of the opportunities those natural resources provide. However, many of the demands are not compatible. In an era of continued rapid population growth, accelerating advances in scientific understanding, and severe constraints on the public budget, DNR, like most agencies, is facing challenges to accomplishing its mission. DNR's primary value is to sustain the resources that provide livelihoods and opportunities to current and future generations.

Washington's population continues to grow at a rapid pace. As more private land is developed or closed to the public, the public lands that DNR manages are placed under greater stress – whether to provide commodities, recreation, habitat, views, or watershed protection.

DNR employees are under stress as well. DNR's Forest Practices foresters, law enforcement officers, and firefighters are not always recognized as public resource protectors and have been greeted with no trespassing signs and loaded guns. The need to respond to emergencies such as wildfires takes staff away from their land management and other resource protection duties. (Nearly half of DNR's permanent employees are involved in firefighting efforts each year.)

Timber sale prices have dropped significantly in the past year. The national subprime mortgage crisis has caused a drop in home construction and put the nation on the verge of recession. Although Washington's economy is weathering the storm better

than that of other states, timber prices are down significantly. Responding to a drop in demand for lumber products, several Washington mills have closed or shut down for long periods of time. The reduction in timber sales prices has caused a significant drop in the agency's operating funds and the revenue going to our beneficiaries. In spring 2008, DNR cut more than 10 percent from the trust land management operating allotments.

The severe December 2007 storm in southwest Washington damaged state trust lands, DNR roads, and DNR recreation facilities. Over 100 million board feet of trust timber was blown down (nearly 17 percent of our annual harvest). Efforts are underway to capture as much value as possible from the blowdown.

These elements and the challenges they represent are added to limitations and challenges offered by the resources themselves. Although new scientific knowledge and new technology are helping, the intricacies of the natural resources that DNR manages and protects are not fully known or understood. While anticipated, events such as wildfires, earthquakes, and floods cannot be precisely predicted.

Trends in Customer Characteristics

The Washington State Department of Natural Resources serves a diverse customer base with widely divergent needs, preferences, and expectations. The more than 5.6 million acres of state-owned lands administered by DNR serve multiple purposes.

Nearly 3 million acres are state trust lands, most of them granted by Congress at statehood in 1889. As trust land manager, DNR is charged with generating revenue in perpetuity for specific beneficiaries. State trust lands support construction of public schools, universities, colleges, state prisons and institutions. They also support building improvements at the State Capitol such as the renovation of the State Legislative Building. The more that $5 billion generated by state trust lands since 1970 has improved the lives of all citizens of Washington state by building public buildings and reducing the need for additional taxes.

DNR foresters, scientists, agriculturalists, conservationists, asset managers, and cartographers enhance the permanent endowment of state-owned lands. A constant source of positive tension is the common law requirement to make trust property productive without unduly favoring present beneficiaries over future beneficiaries. This future-vision or looking forward allows the Department to implement options leaning towards the future and sustainability. These lands also impact a wide range of people by bringing jobs to many communities and recreational opportunities to millions.

DNR resource protection specialists work with landowners, local governments, and others to protect streams, forests, beaches, salmon, and wildlife on private as well as public lands across the state.

The Department enforces Washington's Forest Practices Act on nearly 12 million acres. At the same time, the Department provides technical assistance and expert information on implementation of "Forest & Fish" legislation. The impact of these laws has led to expanded services for small landowners.

Probably the best-known activity of the Department is its role as the state's forest firefighting agency. The year-around services of wildfire prevention and suppression protect lives, protect natural resources, and minimize resource losses and fire suppression costs. Changing approaches to forest management and increasing population in forest areas present a significant challenge and the need for closer relationships with those directly impacted by wildfire.

Approximately 2.6 million acres of aquatic lands administered by DNR have their own set of customers: from port districts to individual boaters to those impacted by and concerned with contamination. DNR leases aquatic lands to private business and agencies for uses such as boat moorages, shellfish cultivation, restaurants and office buildings. Revenue generated from state-owned aquatic lands (a public trust) provide over $2.7 million per year in grants to improve habitat, to increase public use and access, and to preserve the aquatic environment.

Futuring

The Commissioner of Public Lands appointed three internal work groups of agency employees to look at the long-term future of Washington and its resources and then consider how those changes will shape the future of DNR.
The 2008 Futuring Teams looked forward to Washington State and DNR in 2027. While they concluded that the State and DNR may look much like it does today, we will be faced with a number of challenges, both new and familiar. These challenges will involve population growth, technology and environmental issues.

A summary of the issues identified by the three Futuring Teams is attached to this strategic plan. While these may be issues we will face in 20 years, we can begin to work on solutions that address these challenges today.

Financial Health and Internal Capacity

The DNR is participating in the Washington State Quality Assurance Program. The application DNR will submit to the program fall 2008, will include a "self-assessment" of the performance of the agency's management system.

The Department of Natural Resources is funded with 18 appropriated funds and six nonappropriated funds. The Department generates the revenues that support all but five of these funds (General Fund-State, Disaster, ORV, Water Quality and Air Pollution Control). Revenue-dependent funding makes up 78 percent of the Department's operating budget. Accordingly, revenues and market trends heavily influence the Department's financial health.

A primary source of revenue is generated by timber sales on public trust lands. Timber revenues have been in decline over the past several years, primarily due to lower market-driven prices. As noted above, timber prices have fallen markedly. The current forecast is for timber prices to improve beginning in 2010. Other revenue sources are projected to generate roughly the same amount of revenue as during this biennium.

In addition to the drop in timber prices the Resource Management Cost Account (RMCA) faces serious challenges in the 2009-2011 biennium. Revenue to the RMCA comes as a management fee from the revenue earned from timber sales and leasing of state-owned trust lands. The legislature granted an increase in the management fee from 25 percent to 30 percent as a budget proviso in both the 2005-2007 and the 2007-2009 biennia. The 30 percent rate will expire at the end of this biennium. The RMCA revenues generated at the 25 percent level are insufficient to support the implementation of the Sustainable Harvest Plan and Habitat Conservation Plan adopted by the Board of Natural Resources. This will likely result in decreased timber sales and declining revenue to the trust beneficiaries. The Department will once again propose legislation that allows the Board of Natural Resources to set the management fee up to 30 percent for the remainder to the planning decade (through 2014).

The General Fund-State pressures faced by the State of Washington have had a significant impact on the Department. The reductions imposed in the FY 2002 and 2003-2005 budgets all resulted in the reduction or elimination of program activities and services. In addition, federal deficits have reduced federal funding to some critical department programs. These reductions continue to reduce services to our customers and hamper our regulatory functions.

On the expenditure side, inflationary pressures continue. In a period of flat or declining revenues, unavoidable cost increases due to employee health insurance costs and cost of living adjustments; pension rate; fuel and energy costs; and interagency charges must be offset by reductions in programs and service delivery. The revenues in many of our dedicated accounts have not grown at rates to compensate for these expenditure pressures. The fund balances in several of these funds are approaching historic lows.

In DNR’s regulatory programs, cost savings resulted from completing the Forest Practices Application Review System, which provides for much greater speed and efficiency in permit processing and in communicating with stakeholders and the public. DNR’s fire-fighting efforts led to substantial cost avoidance by reducing catastrophic forest fires by 40 percent during years of unusual drought. The fire program kept 96 percent of wildfire starts to less than 10 acres. In addition, DNR provided an increased recovery of wildland fire suppression costs from responsible parties.

DNR’s aquatic resources program also registered cost savings. By negotiating

advantageous settlements of the State's liability at hazardous waste cleanup sites in contaminated urban bays, DNR avoided much higher potential cleanup costs.

DNR has been aggressive and pro-active in its cost-cutting efforts and has made significant productivity and efficiency gains. However, there are limited further opportunities for continued savings while maintaining performance commitments. DNR is committed to seeking greater efficiencies in the future.

Information Technology

The Department of Natural Resources has moved assertively to replace antiquated information technology systems. This biennium the Department replaced its mainframe-based Revenue, Timber and Asset Management system (RTA) with a network-based system (NaturE).

The Department has aggressively pursued the use of the Internet, video conferencing, and wireless technology and will continue to seek opportunities to move systems from the mainframe environment. The two leading candidates to move off of the mainframe are the cost allocation system (CAS) and the time and reporting system (TARS). The legislature funded an evaluation of our payroll system for the current biennium. The evaluation and a proposal will be submitted as part of the biennial budget process.

This year the Department pilot tested a Mobile Mapping system. It was successful in significantly reducing the number field trips in the Forest Practices program, saving significantly in fuel costs and staff time. It also provided for improved decision-making and higher citizen-satisfaction as well as improving documentation. DNR will request that this technology be available statewide.

Many of DNR's new and replacement systems have been added within the last five years. Network infrastructure, servers, and telecommunication technology has continued to advance as our systems and servers age. DNR needs to pursue the replacement and modernization of its aging equipment in a deliberate, scheduled manner supported by annual investments. In addition, the costs of licensing and maintenance agreements continue to outpace inflationary increases. Additional resources must be allocated to cover these increases and keep systems online.

DNR is a leader in geographic information systems (GIS) and digital mapping within our Geology and Resource Mapping programs.

As noted above, DNR is continually challenged by the rapidly increasing costs of the information technology environment. These include:

- Vendor rate adjustments to software licenses and equipment maintenance agreements;

- Costs of mandatory and “voluntary” services from the Department of Information Systems (DIS);
- Periodic replacement and upgrade of our infrastructure;
- Increased demand for data storage capacity to support data-rich and mapping systems; and,
- Increased bandwidth to transmit data to our regional offices across the state.

DNR will be submitting a number of budget decision packages to support these core business and infrastructure needs. DNR’s core business functions are increasingly dependent upon IT infrastructure to provide basic services.

Capital Requirements

For several biennia the Department has included the replacement or upgrade of its regional office facilities in its ten-year capital plan. Most of these six offices are well beyond their useful life, resulting in high maintenance costs and costly energy use. We continue to utilize the minor works programs to do corrective and preventive maintenance, as well as, upgrade the facilities to improve energy efficiency.

The Webster Nursery will once again propose the replacement of its 50-year-old Seed Plant. The current Seed Plant faces numerous short-comings including an antiquated electrical system and work processes that do not meet WISHA standards. In addition, the coolers at the Nursery are very old. In addition to the coolers not meeting current energy efficiency standards, numerous maintenance calls on the coolers have been required this year just to keep them functioning. It is essential to keep critical seed inventories in the coolers. A failure in the coolers could result in the loss of millions of dollars worth of seed. Some of these seed stocks represent lost species and are irreplaceable.

Both the facilities and trails at the Department’s natural areas and recreation facilities continue to fall significantly behind in preventative maintenance due to budget reductions. Meanwhile, the public use has increased and intensified. This has resulted in more corrective maintenance. Our budget requests will reflect these needs.

The DNR capital budget request will also include funding for the multi-agency aviation facility in partnership with the Washington State Patrol and the Department of Fish and Wildlife. Predesign was complete in 2007 and design was funded in the 2008 supplemental capital budget. The biennial request will support the construction of the facility.

The remainder of our capital budget request will remain essentially unchanged for the 2009-2011 biennium.

- In addition to the Nursery projects mentioned above, the state trust lands program will request continued funding for the Trust Land Transfer program, appropriation authority to replace trust lands that have been sold or transferred, and appropriation authority for maintenance and rights-of-way acquisition.
- The aquatic lands program will continue support of aquatic lands restoration, creosote log and piling removal, and the Marine Station.
- Forest Practices will request expanded funding for the Forest Riparian Easement Program (FREP) and for the Family Forest and Fish Passage Program (FFFP). Both programs are critical to small forest landowners and to improve salmon habitat.
- Conservation programs will remain a significant part of our capital program including the Forest Legacy and the Federal HCP Land Acquisition grants.
- Building shelters for fire equipment when not in use will also be requested. This will significantly increase the useful life of the equipment.

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