



DEPARTMENT OF NATURAL RESOURCES

Annual Report

2005

A year in the life
of our ongoing stewardship,
supporting a sustainable future
for Washington State's trust lands and citizens



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

This report was prepared by the Washington State Department of Natural Resources (DNR)

Doug Sutherland
Commissioner of
Public Lands

This annual report provides information required by the following statutes: RCW 79.10.010, RCW 79.64.100 and RCW 79.64.030

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OVERVIEW

A message from the Commissioner of Public Lands, with a look at how DNR worked to fulfill its mission in 2005.



LAND MANAGEMENT

Examples of DNR's efforts to manage more than 5 million acres for the people of Washington, including upland trust lands, aquatic lands and Natural Areas.



RESOURCE PROTECTION

Examples of DNR's work to protect the state's public and private resources through prevention and response, regulation and technical assistance.



THE NUMBERS

Data on DNR's timber management and fiscal activity (revenues generated, collected, expended and distributed) in Fiscal Year 2005 (July 1, 2004 – June 30, 2005).

See detailed contents list below.

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- 45 General Distribution of Revenue from State Forest Lands (formerly known as Forest Board Lands)



DEPARTMENT OF NATURAL RESOURCES

Annual Report

2005

DID YOU KNOW?

Some facts about DNR.

For example, did you know that many of DNR's duties go back to statehood, and that the agency itself was formed in 1957 by consolidating several state agencies and boards, including the office of the Commissioner of Public Lands, the Division of Forestry and the State Forest Board?

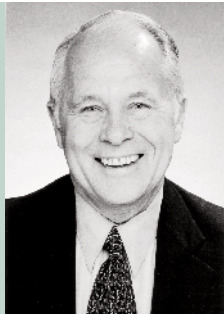
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WASHINGTON STATE DEPARTMENT OF
Natural Resources

Doug Sutherland - Commissioner of Public Lands

A Message from the Commissioner of Public Lands



DNR's mission calls for forward-looking stewardship and creating a sustainable future. By its very nature, this work is ongoing and cannot be achieved in a single day or a single month. Even a year is a short time in the cycle of our work.

The events and accomplishments that punctuated 2005 are part of a continuum—they build on the past and support the future. This past year, seeds sewn much earlier bore fruit in such projects as the Ahtanum Land Exchanges and in “green” certification for forested trust lands we manage in Western Washington. In addition, we planted seeds for future results by continuing to develop plans and policies—some site-specific (such as the management plan for Kennedy Creek Natural Area Preserve) and others overarching (such as the policy to protect old growth).

We teamed up with old partners and friends, such as volunteer groups, and we tried some new things, such as leasing out aquatic lands near Woodard Bay for conservation. ▶

PLANNING AHEAD, ADAPTING TO CHANGE, AND KEEPING THINGS RUNNING. THAT'S OUR RESPONSIBILITY.

2005

Board of Natural Resources unanimously approves Sustainable Harvest Calculation for forested trust lands in Western Washington.



Independent Review Committee recommends increasing management expenditures, repositioning and diversifying trust land assets, and continuing to explore new markets and market niches for trust land product sales. The committee makes a total of 13 recommendations. [See page 5.](#)

Commissioner Sutherland and Governor Gregoire submit the application for the Forest Practices Habitat Conservation Plan to the federal government. [See page 14.](#)



DNR joins with other groups and agencies to clean up crested logs from beaches on Whidbey Island. [See page 8.](#)

JULY AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER JANUARY FEBRUARY MARCH

Fiscal Year 2005 begins

2004 ◀ | ▶ 2005

Kennedy Creek Natural Area Preserve (NAP)



There were surprises, too. In the face of drought we prepared to respond to increased fire levels, but found instead we needed to help in hurricane recovery.

The year also brought the biennium to a close, and I'm pleased to say we hit the target or surpassed 80% of our biennial performance goals, and that we came pretty close to meeting the rest.

All in all, we got a lot done in 2005.

In 2006 we'll continue to work with the legislature and other partners in a mix of efforts—planning ahead, adapting to change and keeping things running.

That is our responsibility as a state agency, and it is the ongoing nature of stewardship.

Doug Sutherland
DOUG SUTHERLAND
 COMMISSIONER OF PUBLIC LANDS

OUR MISSION

+ To provide 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.

North Mason School District students join DNR for the 10th annual Students in the Watershed day at Tahuya State Forest. High school students who have been studying the forest share what they've learned with fourth-graders.



"Green" certification for DNR-managed forested trust lands in Western Washington.
 See page 6.

Board of Natural Resources adopts increase to upland RMCA management share deduction under legislatively approved 2-year budget proviso.

The School Fire, near Pomeroy, burns 52,000 acres of private, federal and state forestlands. Spreading quickly in steep terrain, it eventually destroys 109 homes and 106 outbuildings. Estimated total fire suppression cost (for all agencies) is \$18 million.



The first of 75 DNR employees are sent to the Gulf Coast to aid in hurricane recovery.
 See page 12.

Forest Practices Board approves new rules and resolutions to strengthen protection for the Northern Spotted Owl.
 See page 14.

"Geologic Map of Washington State" produced by DNR wins double honors—Best Geologic Map and Best Map of 2005—in the international Avenza 2005 MAPublisher Map Competition.

APRIL MAY JUNE JULY AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER

Fiscal Year 2005 ends

Fiscal Year 2006 begins

LAND MANAGEMENT

Caring for a legacy, creating a future

Since statehood, Washington's legacy of trust lands has been handed down from one generation to the next. The work of managing this legacy across time, across landscapes and across the state requires DNR to look to the future, respond to the present and learn from the past. And it requires enhancing and protecting the lands so that benefits continue to flow from them.

Preparing for Recreation

Millions of visitors hike, camp, boat, ride, hunt, fish and sightsee on DNR-managed lands every year. Many also volunteer to help maintain the recreation facilities, such as this group resurfacing a trail in Capitol Forest.

Capitol Forest is a popular recreation destination, with a mix of recreation opportunities. In 2005, DNR completed the Capitol State Forest Recreation and Public Use Access Plan. The plan was developed with help from user groups and the general public. DNR intends to use the plan as a model for plans for other state forests.



CHRISTINE M. REDMOND / DNR

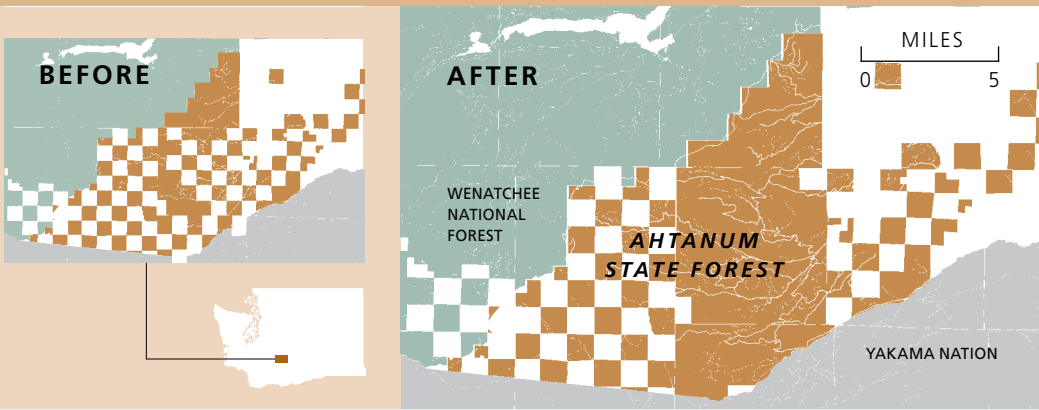


ILLUSTRATION BASED ON MAPS BY JILL JOHNSON / DNR

◀ Consolidating areas of ‘checkerboard’ ownership, such as in the newly named **Ahtanum State Forest**, can reduce land management costs—especially for boundary maintenance and access. With consolidated and less fragmented ownerships, DNR can manage at a landscape level, with a more holistic approach across watersheds.

UPLAND TRUST LANDS

Using Tools Effectively

LAND EXCHANGES

Exchanging land with other landowners is one tool DNR uses to put trust assets in a better position to benefit the trusts and reduce management costs.

In the Ahtanum Land Exchanges, DNR traded about 3,000 acres of scattered trust lands for about 12,000 acres of equal-value private forestlands. This consolidated 35,000 acres of Common School trust land in a large area of checkerboard ownership near Yakima and created the Ahtanum State Forest. It also consolidated trust lands near Cle Elum. The consolidations let DNR manage more effectively across the landscape for revenue, recreation and wildlife habitat. Partners in the exchanges included Plum Creek Timber Company and Elk Haven Tree Farms, LLC, as well as the Rocky Mountain Elk Foundation, which helped with transaction costs.

In the Blue Mountains, another area of checkerboard ownership, opportunities for consolidating trust lands were limited. So, DNR chose to exchange 9,000 acres of scattered trust lands there for 5,000 acres of private lands in two large blocks elsewhere, which have more value for the trusts.

In 2006, DNR will request legislative support to make land exchanges even more effective, as recommended by the Independent Review Committee in 2004.

FOLLOWING UP ON THE INDEPENDENT REVIEW

In December 2004, an Independent Review Committee appointed by Commissioner Sutherland provided recommendations concerning the effectiveness and efficiency of DNR’s trust land management, and ways to enhance revenue to the trusts. In 2005, DNR worked toward implementing those recommendations.



CARL COOK

The committee had determined additional management funds would be needed to implement the 2004

sustainable harvest calculation. This added investment in trust lands would help implement the environmental protections in the Habitat Conservation Plan (HCP) and lead to more total net revenue to the trusts over the next decade.

Through a budget proviso, the 2005 Legislature authorized a two-year increase in the management fee for the granted upland trust lands. The fee is the share of income from trust lands that goes to fund DNR’s management of them. The Board of Natural Resources then approved the temporary increase, raising the fee from 25 percent to 30 percent.

⊕ **3 million acres of forests, crop lands, range lands, and commercial properties managed to perpetually support state trusts for public schools, universities and institutions, and for county governments and services.**

UPLAND TRUST LANDS

Supporting Sustainability

SUSTAINABLE HARVEST LEVEL

DNR used a Sustainable Forestry model to guide the implementation of the HCP standards and set the Sustainable Harvest for the next decade. In the fall of 2004, the Board of Natural Resources unanimously adopted the new Sustainable Harvest level. The Final Environmental Impact Statement (FEIS), part of the information upon which the Board based its decision, was legally challenged shortly thereafter.

While the court did not question the wisdom of the Board's action nor the policies that the Board adopted, in September 2005 the court did find part of the FEIS inadequate.* DNR is seeking to resolve the issues identified about the FEIS, and is exploring all options in an effort to find outcomes that meet both the trust duties and Board-approved environmental commitments. While this matter is being resolved, DNR will hold timber sales to the previous sustainable harvest limit and standards.

*As this report goes to press, the court's decision has not yet been reduced to a final ruling.

POLICY FOR SUSTAINABLE FORESTS

Following the 2004 adoption of the Sustainable Harvest Level, DNR proceeded to develop the Policy for Sustainable Forests. This update of the 1992 Forest Resource Plan provides needed direction from the Board of Natural Resources for DNR to effectively and sustainably manage the forested trust lands for the trust beneficiaries and the people of Washington, today and into the future.

In 2005, DNR gathered input at six public meetings held across the state and anticipated taking the Policy to the Board for approval in November 2005. With the ruling on the Sustainable Harvest FEIS (see above), the Policy is being held until legal issues are settled, to determine if any changes in the Policy's FEIS need to be made before the Policy is acted on by the Board. However, in July, as part of its deliberations on the Policy, the Board did define its preferred alternative to defer harvest of old growth on state-owned trust lands in Western Washington.

SFI® PROGRAM CERTIFICATION

In May 2005, the forested trust lands DNR manages in Western Washington became "green" certified under the *Sustainable Forestry Initiative*® (SFI) program. Acceptance into the SFI® program was based on an independent third-party audit and review that confirmed DNR's forest management meets the SFI Standard. The standard addresses reforestation, water quality protection, wildlife conservation, visual quality, biological diversity, and effective use of forest resources.

SFI program certification is widely accepted by retailers and home builders that favor wood supplies from sustainably managed forests. DNR is seeking SFI program certification for the forests it manages in Eastern Washington as well.

LAKE WHATCOM

Early in 2005, Commissioner Sutherland appointed the members of the Lake Whatcom Interjurisdictional Committee. The committee is an integral component of the 2000 Lake Whatcom Legislation (E2SSB 6731) as well as the resulting Board of Natural Resources' adoption of the the Lake Whatcom Landscape Plan in November 2004. The purpose of the committee is to review and make recommendations to DNR about site-specific activities on state trust lands in the Lake Whatcom watershed.

By the end of the year, the committee had reviewed and indicated its support for the first timber sale proposed under the plan. Expected to go to the Board for approval in early 2006, the North Olsen timber sale (4 million board feet) will be the first from state trust lands around the lake since 1998. State timber harvests had been put on hold there by the Legislature in 1999, and again in 2000, until the plan was adopted and the committee was in place.

Note: E2SSB 6731 is currently the subject of litigation filed by Skagit County, Skagit County Public Hospital District No.304, and the Mt. Baker School District No. 507.

2003-2005 BIENNIAL PERFORMANCE MEASURES

- ⊕ **Achieved 100% of timber sales volume target each quarter.**
- ⊕ **Increased timber revenues more than 10% per year through seasonal marketing, to a total of \$363 million for the biennium.**
- ⊕ **Converted more than 5% of dryland agriculture leases to direct seeding techniques, thereby reducing erosion.**
- ⊕ **Increased revenue from lands involved in transactions by \$1.4 million (toward a target of \$2 million, with some transactions pending).**



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www.aboutsfi.org

UPLAND TRUST LANDS

Responding to Opportunity

RED MOUNTAIN AVA



After a decade of work to develop a new program, in 2005 DNR offered its first leases

in the Red Mountain AVA (American Viticultural Area), on trust lands acquired in a 1999 exchange with the Bureau of Land Management.

The four irrigated parcels of Common School trust land offered for lease are part of a small, focused grape-producing region. Some consider Red Mountain AVA to be the best red-grape-growing site in the state. Red Mountain AVA has been getting a lot of attention in the wine industry. DNR capitalized on this interest and published ads in trade journals, highlighting the features of the sites for lease.

In a move toward more integrated business planning, and involvement in both the commodity and production, DNR is anticipating lessees developing wineries in combination with grape vineyards.

OIL AND GAS LEASING

DNR employed new strategies leading to a very successful oil and gas lease auction in 2005—doubling the requisite minimum auction bids, placing graphic advertising in a prominent trade journal, retaining a professional auctioneer and, on the basis of DNR's knowledge of Washington geology, adding DNR-nominated acreage to the lists of industry-requested acreage.

These strategies, coupled with keen industry interest, resulted in a record average bid of \$17 per acre and more than \$1.8 million in trust revenues for the first year.

DNR is now in the process of developing vigorous marketing strategies for two auctions planned for 2006.

Fulfilling Obligations

HCP RIPARIAN RESTORATION STRATEGY

In 2005, DNR completed the Riparian Forest Restoration Strategy, which the U.S. Fish and Wildlife Service signed. The intent of the strategy is to protect and restore riparian areas along salmon-bearing streams and their tributaries on lands covered by the Habitat Conservation Plan (HCP). The strategy outlines the habitat objectives and site-specific management that DNR will use to accomplish that goal. The strategy focuses on creating a more complex structure and mix of species.

When DNR and federal agencies signed the HCP in 1997, the strategy was yet to be completed. Under the HCP implementation agreement, the strategy was to be developed when more scientific data could be gathered and assessed.

REPORT ON OLD GROWTH

The 2004 Legislature directed DNR to inventory old-growth forest stands—as defined by a panel of scientists—on the lands DNR manages. By applying an old-growth habitat indexing method to the data in DNR's Forest Resource Inventory System, stands likely to be old growth were identified. Field sampling is being used to verify their old growth status. In July 2005, DNR issued the results in a report by the panel: *Definition and Inventory of Old Growth Forests on DNR-Managed State Lands*.

To identify likely old-growth stands, the panel of scientists defined old growth as an ecological condition (not the specific age of forest stands). The panel identified four key characteristics of old-growth forests in Western Washington—large trees, large snags, volume of down woody debris, and tree size diversity. While this approach was successful on the westside, the panel found that data required for developing old growth definitions for Eastern Washington forests do not yet exist. DNR will try to collect the needed data and define old growth when it conducts a sustainable harvest calculation for DNR-managed lands east of the Cascade Crest.



JANE CHAVEY / DNR

AQUATIC LANDS

Removing Hazards

SKYKOMISH TRESTLE REMOVAL

A public/private partnership to remove a dangerous railroad trestle over the Skykomish River, near Monroe, combined removal of an upland hazard with aquatic habitat protection, and was timed to minimize impacts to the fall salmon run.

As steward of the bed of the Skykomish River, DNR took the lead in the permitting process and monitoring to protect water quality and habitat. Snohomish County helped find a removal method and helped pay for permitting. The City of Monroe assisted with permitting and access. The adjacent landowner also assisted with access. Cadman, Inc. did the actual removal.

The aging trestle had been damaged, was unusable and deteriorating. A collapse, particularly combined with flooding, could have had serious consequences, endangering life, property and newly restored habitat downstream. Removal of the trestle ensured an enhanced aquatic environment.

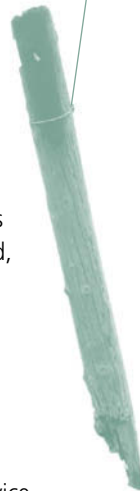
DERELICT GEAR TRAINING

Derelict fishing nets pose a risk to marine life, navigation and divers, who can become entangled in them. In a multi-agency, hands-on training, DNR's commercial dive team shared its expertise in removing derelict nets with U.S. Navy divers, who must deal with hazards that pose environmental risks or affect submarine or general navigation.

Net removal is a dangerous but critical task. The specialized training focused on a more efficient and safer method to remove the submerged nets. The training matched enhanced military readiness to an environmental restoration need, benefiting both the state and national security.

Other agencies and organizations involved in the training included the National Oceanic and Atmospheric Administration, U.S. Army Corps of Engineers, U.S. Fish and Wildlife Service, and Coastal America.

+ 2.4 million acres of tidelands, shorelands and beds of navigable waters, managed to benefit the public



Cleanup on Whidbey Island

In March 2005, DNR teamed up with State Parks and the Island County Marine Resources Committee to remove 38 tons of creosoted logs and other treated wood that had washed up onto the beach at Fort Casey State Park on Whidbey Island. If left there, the chemicals would contaminate both the beach and the adjacent nearshore environment. Creosote is a carcinogen and is toxic to humans and aquatic life.

In November, The Nature Conservancy joined DNR and State Parks to remove 100 tons from Ebey's Landing State Park. The two projects linked together and covered 6 miles of shoreline. Both projects used Washington Conservation Corps (WCC) crews, Frantz Construction and Hi Line Helicopters to gather the materials and airlift them from the beach.

Treated wood that has broken away from old docks and piers is a common problem in Puget Sound. These cleanup projects helped lay groundwork for a comprehensive cleanup project being developed by DNR and the Northwest Straits Commission for beaches around north Puget Sound and the Straits of Juan de Fuca, and for work on the Puget Sound Initiative in 2006.

WASHINGTON STATE PARKS

AQUATIC LANDS

Revising Rules for Clarity and Fairness

DISTRIBUTING HARBOR AREAS REVENUE

Some leases of aquatic lands are in designated harbor areas. The revenue from these leases generally goes into two accounts: one that pays for DNR's management and stewardship of state aquatic lands, and one that pays for grants for local projects for public access to aquatic lands and enhancement of aquatic habitat.

In 1971, the Board of Natural Resources set the share of revenue for the management account at 20 percent (25 percent is the maximum allowed under statute), but that amount doesn't accurately reflect the costs of administering and managing harbor areas today. DNR has proposed a rule change to increase the management account share to 25 percent, and is still considering input from stakeholders.

RENT REVIEW TIMELINE

Sometimes, lessees of state-owned aquatic lands have questions about their rental rates or are concerned about the accuracy of their rent calculation. State rules define a rent review process to address such concerns.

However, at some levels of the review process, both lessees and DNR staff found there was not adequate time to prepare the needed filing materials or conduct the review.

In 2005, DNR proposed, and the Board approved, changes to the rules to increase

both the lessee filing time and DNR review time. The increased time is expected to improve the overall process, especially for larger, complex rent reviews.

WATER-DEPENDENT LEASE RENTS

DNR had found that there was some confusion about the rules that determine how lease rents are calculated for water-dependent uses on state-owned aquatic lands. Water-dependent uses are ones that cannot occur on uplands (e.g., marinas), but the assessed value of adjacent upland parcels is used in the formula for calculating water-dependent rents. (The formula discounts the value by 70 percent.)



WASHINGTON TOURISM

In 2005, DNR proposed changing the rule to make it clear what parcel can be used for the calculation if the adjacent upland parcel has not been assessed or is not appropriate.

The Board of Natural Resources adopted the rule revision.

2003-2005 BIENNIAL PERFORMANCE MEASURES

- + Sold nearly 90% of the state's allowable share of geoducks.
- + Processed 677 aquatic land use authorizations (e.g., leases), including a large backlog of applications, expirations and holdovers.
- + Raised \$110,000 in matching funds for aquatic restoration projects.

Taking the Next Step

AQUATIC RESERVES

Since the aquatic reserve program was initiated in 2000, DNR has steadily worked to firmly establish and refine it—setting program guidelines and establishing procedures for the future development of the program. In 2005, DNR continued this work, completing the management plan for the Maury Island Aquatic Reserve and beginning the one for the Cypress Island Aquatic Reserve.

AQUATIC LANDS | NATURAL AREAS

Woodard Bay

Special places inspire. Sometimes they inspire projects that test innovative ideas. The area around Woodard Bay near Olympia is such a place. In 1987, the Legislature designated it as one of the state's first four Natural Resources Conservation Areas (NRCAs). Now, with the help of funding from public and private grants, DNR and its partners are testing more new ideas there.

WEYER POINT

WOODARD BAY

AQUATIC CONSERVATION LEASE

Below the waters near Woodard Bay, history is being made. In 2005, DNR leased ten acres of state-owned submerged lands to The Nature Conservancy (TNC) expressly for conservation purposes. Nearly two years in the making, the lease is the first of its kind in the nation.

For the next ten years, TNC will manage the lease site to restore habitat for and reseed Olympia oysters—a once plentiful, native species that has nearly vanished from southern Puget Sound. Olympia oysters were a fundamental part of the ecology of the sound. Restoring them at Woodard Bay can help improve the condition of Puget

Sound and improve habitat for other species.

The lease site was chosen partly because it is adjacent to the upland conservation area, which will help protect the water quality in the oyster bed.

UPLAND RESTORATION

DNR is restoring about 1.5 acres of shoreline habitat on Weyer Point in the Woodard Bay NRCA. In 2005, DNR removed several structures and non-native vegetation, and replanted the site with native plants. The structures removed included about 250 feet of bulkhead, an abandoned house and outbuildings.

Working with Olympia Salvage, a non-profit organization that promotes environmental sustainability by diverting building materials from the waste stream, DNR had the structures deconstructed rather than demolished. As a result, DNR was able to divert most of the materials from the landfill and put them back into the construction materials market.

DNR is monitoring not only the waste-stream diversion, but also the effect of the bulkhead removal and the success of the revegetation efforts. Monitoring will provide valuable information for future projects. Members of the Puget Sound Nearshore Ecosystem Restoration Project have supported the bulkhead removal and monitoring projects.



Aquatic Lease Area



NATURAL AREAS

Unique Lands and Resources

A wide range of climates and topography have shaped Washington's landscapes and ecosystems, making the state one of the most ecologically diverse in the nation. The work to conserve the state's natural heritage and biodiversity becomes more vital as population growth and development rapidly alter the natural landscape. And it requires DNR to seek out high-quality examples of this natural heritage and join with partners to protect what once was common but now is rare.

Looking Ahead

NATURAL HERITAGE PLAN UPDATE

As required by law, every two years DNR updates the Natural Heritage Plan. The plan provides a framework for a statewide system of natural areas to protect examples of the state's native plants, animals and ecosystems. The natural areas are owned and managed by a variety of public and private conservation partners. Most of the natural area preserves are owned and managed by DNR, which has the primary responsibility for the statewide system.

The 2005 plan update identifies changes in the priorities for protecting species and ecosystems since 2003. It also includes changes in the legal and policy context, the status of projects undertaken to implement the previous plan, and project priorities for DNR's Natural Heritage and Natural Areas programs for 2005-2007.



NAP MANAGEMENT PLAN

In 2005, the Natural Heritage Advisory Council approved the management plan for Kennedy Creek Natural Area Preserve (NAP) at the southern end of Puget Sound.

Kennedy Creek NAP protects high-quality, native salt marsh plant communities and is important habitat for juvenile salmon. The management plan includes changing access patterns at the site to protect the marsh, and development of an education area. The NAP management plan was developed with the support of local fishing organizations, Washington Department of Fish and Wildlife, the Squaxin Island Tribe and local citizens.

Putting Plans into Action

ADDING ACRES OR EXPANDING BOUNDARIES

In 2005, DNR acquired more than 15 acres from Ruth Kees, a longtime advocate for the preservation of the natural beauty of the Issaquah Basin Watershed, to be included in the West Tiger Mountain Natural Resources Conservation Area (NRCA). The acquisition was made possible with the help of the Cascade Land Conservancy and a grant from the Washington Wildlife and Recreation Program.

DNR also acquired the first acres for two Natural Areas established in 2003-2004—Washougal Oaks NAP/NRCA in Clark County and Stavis NRCA in Kitsap County. At DNR's request, the Natural Heritage Advisory Council and Commissioner Sutherland approved boundary expansions for Mima Mounds NAP in Thurston County and Methow Rapids NAP in Okanogan County.

NEW NATURAL AREA PRESERVE

A new NAP on Whidbey Island now protects 1 of only 11 known populations of golden paintbrush that exist in the world. The new Admiralty Inlet NAP is a collaborative project between DNR and the Whidbey Camano Land Trust. DNR and the land trust are working together on both acquisition and site management. Golden paintbrush recovery work at Admiralty Inlet NAP will be guided by a federally approved recovery plan for the species, which is protected under the Endangered Species Act.

Golden paintbrush



2003-2005 BIENNIAL PERFORMANCE MEASURES

- + Partnered with site stewards and other volunteers on 50% of Natural Areas.
- + Maintained or restored natural biodiversity on 54 Natural Area Preserves and Natural Resource Conservation Areas by controlling invasive species (weeds).

RESOURCE PROTECTION

Reducing risk and responding to threats

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 are too.

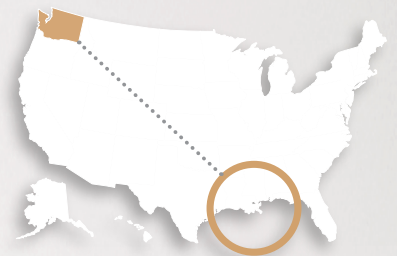
Ready Resources Support Hurricane Recovery

Seventy-five DNR employees were deployed to the Gulf Coast region following hurricanes Katrina and Rita. Forty-one were sent as part of Washington Interagency Incident Management Teams, and the rest were assigned as single resources.

The teams are a vital part of Washington's wildland firefighting efforts, and while deployed they were still on call for fires at home. As "all-risk" teams, they are relied on to meet a variety of emergency needs for the state, and can be used in other states facing catastrophic wildfire or other threats.

The experience of working with hurricane recovery and a large-scale disaster is an asset that all the DNR employees sent to the Gulf Coast have brought back to Washington.

For example, DNR employee Dave Willis was assigned to a California Incident Management Team helping FEMA with obtaining supplies and planning searches, activity that is similar to managing a wildfire.

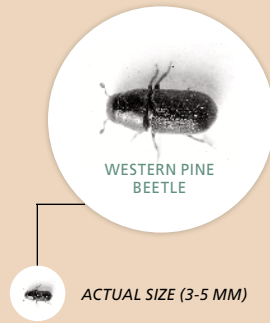


// It is hard to believe...
until you see it for yourself."
—Dave Willis





FOREST HEALTH PROGRAM / DNR



◀ Peeling away the bark of a tree reveals the damage done by one species of bark beetle. The western pine beetle's long sinuous maze-like egg galleries, cut into the tree's inner bark, cut off the tree's supply of nutrients and water, weakening the tree and when they have girdled the tree, killing it. Many bark beetles prefer moisture-stressed trees, but high populations of them can overwhelm even healthy trees.

Preparing to Respond

FOREST HEALTH PROGRESS

Having completed the legislatively directed *Washington State Strategic Plan for Healthy Forests* in December 2004, DNR has been working to carry out the plan and build on the efforts of the work group that helped develop it.

In 2005, DNR was awarded more than \$1.5 million in grant funding by the U.S.D.A. Forest Service for western bark beetle prevention and suppression. DNR is using the funding to provide forest landowners with information, bark beetle analysis, planning classes and cost-share grants for forest management activities that reduce the risk of damaging bark beetle activity (see above).

GEOLOGY AWARENESS

Washington was reminded of the risks of geologic hazards this past year—from the devastating tsunami in southeast Asia at the end of 2004, to the 25th anniversary of the eruption of Mt. St. Helens, to the earthquake in Pakistan, to landslides on I-90 just before Thanksgiving.

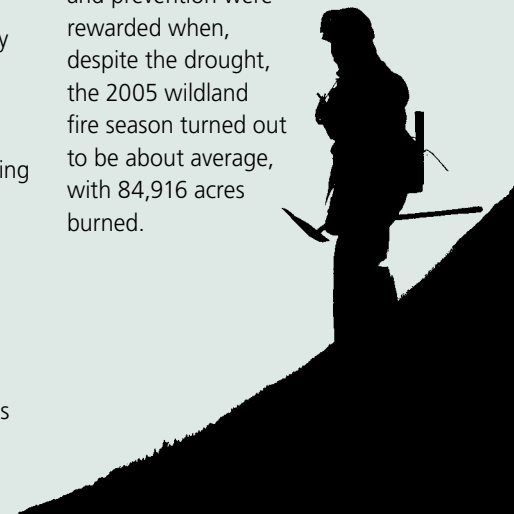
In 2005, DNR continued to map the geology and associated hazards for several areas across the state. Many such hazards in Washington are in areas where people live. Small earthquakes near two of the areas being mapped, Whidbey Island and Granite Falls, underscored the need for such work.

DNR will be working with the Legislature to ensure that the necessary tools and information are available to aid the public and protect the environment, relating to both the geologic opportunities and hazards characteristic of the state.

FIRE SEASON

A statewide drought emergency was declared in March, increasing concerns about the 2005 wildfire season. Commissioner Sutherland supported Governor Gregoire's request to the Legislature for additional funding to assure that Washington was adequately prepared for fire. In July, the Governor and the Commissioner passed the DNR work capacity test and fire shelter training, allowing them access to the front lines at a fire.

Throughout the year, DNR worked closely with the Department of Ecology and other members of the Governor's Emergency Drought Committee to raise awareness about wise water use and fire prevention. DNR also worked with public and private partners to distribute a video on fire-safe landscaping and to produce a television program on the same subject. Preparedness and prevention were rewarded when, despite the drought, the 2005 wildland fire season turned out to be about average, with 84,916 acres burned.



RANDY WARNOCK / DNR

- ⊕ **Protecting 12.7 million acres from fire.**
- ⊕ **Providing technical assistance on forest stewardship, mining, geologic hazards, and fire prevention.**
- ⊕ **Regulating forest practices on 12 million acres.**
- ⊕ **Regulating surface mining reclamation, metal mining, oil and gas exploration and production, and forest debris burning.**

Making Regulations Work

SPOTTED OWL RULES

In late 2005, the state Forest Practices Board adopted resolutions and two emergency rules to provide additional protection for the Northern Spotted Owl. Despite efforts on federal lands, state forest practices regulations and several landowner habitat conservation plans (HCPs), the owl's population has been declining in Washington.



DNR PHOTO FILES

One emergency rule temporarily halts the practice of 'decertifying' spotted owl sites until June 2007, following the anticipated completion of the federally led recovery plan. The other stops landowners without HCPs or similar agreements from benefiting from actions on adjacent lands with such plans. The resolutions support protection for the owl by calling for a review of procedures and habitat information used to implement the forest practices rules; for rule improvements leading to increased management of owl habitat at the landscape level; and for active state participation in the federally led recovery planning process.

FOREST PRACTICES HCP

In February 2005, Commissioner Sutherland and Governor Gregoire submitted an application for the Forest Practices Habitat Conservation Plan (FPHCP) to the U.S. Fish and Wildlife Service and the National Marine Fisheries Service. The plan covers 60,000 miles of stream habitat running through 9.3 million acres of private and state forestland.

Approval of the FPHCP would assure private forest landowners in Washington

that if their forest practices follow the state's forest practices rules, they meet Endangered Species Act requirements for aquatic species. As a 50-year contract with the federal government, the FPHCP would help provide regulatory certainty and long-term viability, and it would require adaptive management, using the best peer-reviewed scientific research available to improve forest management and on-the-ground practices.

DNR developed the FPHCP in collaboration with other Forests and Fish partners, including the federal agencies that must approve it. Public review of the draft continued through the summer, and the state is anticipating the federal agencies' decision in early 2006.

FUNDING FOR FISH PASSAGE

At DNR's request the 2005 Legislature doubled the funding for the Family Forest Fish Passage Program, a cost-share program that DNR administers to help small forest landowners remove fish passage barriers on their lands. Removal of the barriers is required by the forest practices rules but can be costly. The program eases the financial burden and supports family forests remaining as forests.

The increased funding reflects both the recognition that family forest owners play an important role in protecting public resources and the program's success in the previous year. In 2004, 36 projects were funded, opening up nearly 60 stream miles of habitat. The 2005-2007 funding of \$4 million has allowed 27 more projects to be approved, which will open an additional 74 stream miles to fish when completed.



PIERCE CONSERVATION DISTRICT

2003-2005 BIENNIAL PERFORMANCE MEASURES

- ⊕ Contained 95% of all fires at less than 10 acres.
- ⊕ Provided technical assistance about insect/disease management to more than 400 customers.
- ⊕ Completed 121 geologic and geohazard maps.
- ⊕ Transitioned to remote sensing for surface mine permit compliance for 52% of permits.
- ⊕ Achieved 99% compliance with approved reclamation plans on all surface mine permits.
- ⊕ Achieved 97% compliance with forest practices rules on completed and inspected forest practices.
- ⊕ Ensured that almost 97% of all large forest landowners are meeting their road maintenance and abandonment planning requirements.



2005 ANNUAL REPORT

Timber Management Data

DNR manages 2.1 million acres of forest that generate revenue for state trusts, mostly from timber sales. In this section, DNR provides data on timber management activities on forested state trust lands, as required by RCW 79.10.010(3)

- 16 Timber Sold**
- 17 Silviculture**
- 18 Timber Volume Harvested**
- 19 Timber Acres Harvested**
- 20 Acres Off Base for Harvest**

About These Pages

- ▶ These pages include data for federally granted trust lands and for legislatively established trust lands, including State Forest Lands (formerly known as Forest Board lands). Trusts are listed individually.
- ▶ The Community College Reserve is not listed for activities on pages 16-19 because there was no activity on those lands during FY2005.
- ▶ Counties that contain state forest lands (formerly known as Forest Board lands) but are not listed for an activity did not have that activity during Fiscal Year 2005.
- ▶ Numbered notes apply only to the page on which they appear.
- ▶ Totals may not add, due to rounding.

For More Information



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'05

Timber Sold

July 1, 2004 – June 30, 2005

● 2005 Annual Report to
Trust Beneficiaries
per RCW 79.10.010

'05

Trust / Beneficiaries	Number of Acres	Volume ¹ (mbf) ²
State Forest Transfer (formerly known as Forest Board Lands)		
Clallam	1,029	30,310
Clark	397	12,194
Cowlitz	332	13,734
Grays Harbor	34	1,892
Jefferson	329	9,955
King ³	122	3,175
Kitsap	108	2,189
Klickitat	471	6,584
Lewis	1,218	28,756
Mason	512	10,370
Pacific	174	4,335
Pierce	152	5,262
Skagit	1,100	25,145
Skamania	311	3,468
Snohomish	991	40,479
Thurston	643	22,992
Wahkiakum	135	5,230
Whatcom	510	20,839
Subtotal - Transfer	8,568	246,909
State Forest Purchase (formerly known as Forest Board Lands)		
Grays Harbor ⁴	356	8,767
Lewis	0	9
Pacific ⁵	96	3,028
Pierce ⁵	147	5,497
Skamania	32	167
Thurston ⁴	394	9,510
Subtotal - Purchase	1,025	26,978
Common School, Indemnity & Escheat	10,512	201,281
Agricultural School	867	16,649
University - Transferred & Original	1,393	18,398
CEP&RI	1,024	16,400
Capitol Building	1,003	36,025
Normal School	456	6,486
Scientific School	1,286	29,328
Subtotal - Granted Trusts	16,541	324,567
TOTAL – ALL TRUSTS	26,134	598,445

¹ Timber volume sold per acre depends on site-specific conditions and harvest method.

² mbf: thousand board feet

³ Includes Water Pollution Control data.

⁴ Includes Forest Board repayment. (See Fiscal Section, page 23, note 9.)

⁵ Includes University repayment data.

Notes

► Timber is sold before it is harvested. Timber sale contracts average two years in length, with timber harvest schedules determined by individual purchasers. Sale and harvest of timber may or may not occur in the same fiscal year. Revenues are generated when timber is harvested.

► Market conditions can influence number of sales and volume sold.

► Sales which contain more than one trust beneficiary report estimated acres and volume for each specific trust. Sales which benefit more than one trust distribute revenues proportionally by volume and not by acres.

► Numbers may not add due to rounding.

Sources

DNR Revenue Management System database, Report TSC311; 11/05.

Silviculture¹

July 1, 2004 – June 30, 2005

● 2005 Annual Report to
Trust Beneficiaries
per RCW 79.10.010

'05

Trust / Beneficiaries	Acres Planted ²	Stems per Acre ³	Precommercially Thinned Acres ⁴
State Forest Transfer (formerly known as Forest Board Lands)			
Clallam	735	347	1,686
Clark	443	366	0
Cowlitz	239	326	55
Jefferson	260	321	346
King ⁵	198	293	745
Kitsap	105	360	35
Klickitat	35	307	0
Lewis	329	373	256
Mason	592	380	201
Pacific	234	419	31
Pierce	385	245	79
Skagit	647	277	0
Skamania	8	350	0
Snohomish	1,241	299	13
Thurston	150	303	0
Wahkiakum	44	265	278
Whatcom	651	317	5
Subtotal - Transfer	6,296	NA	3,730
State Forest Purchase (formerly known as Forest Board Lands)			
Clallam	0	0	24
Clark	7	650	0
Cowlitz	32	350	0
Grays Harbor	639	351	0
Pacific	90	279	12
Thurston	1,209	345	0
Subtotal - Purchase	1,977	NA	36
Common School, Indemnity & Escheat	6,931	286	9,756
Agricultural School	898	255	1,735
University - Transferred & Original	17	272	490
CEP&RI	939	303	607
Capitol Building	619	285	893
Normal School	149	305	633
Scientific School	503	302	283
Subtotal - Granted Trusts	10,056	NA	14,397
TOTAL - ALL TRUSTS	18,329	NA	18,163

¹ Silvicultural activities are forest management practices; implementation of silvicultural practices varies according to site-specific conditions and availability of management funding.

² Acres planted include all planting processes and all tree species.

³ Stems per acre planted depend on site-specific conditions and anticipated survival rates.

⁴ Precommercially thinned acres increase yield rate per acre by selectively decreasing over-crowding of saplings.

⁵ Includes Water Pollution Control data.

Note

Numbers may not add due to rounding.

Source

DNR Planning and Tracking System database, 10/05.

Timber Volume¹ Harvested

July 1, 2004 – June 30, 2005

● 2005 Annual Report to
Trust Beneficiaries
per RCW 79.10.010

'05

Trust / Beneficiaries	Volume ² (mbf) ³
State Forest Transfer (formerly known as Forest Board Lands)	
Clallam	17,022
Clark	17,610
Cowlitz	3,516
Grays Harbor	1,094
Jefferson	6,699
King ⁴	17,290
Kitsap	3,621
Klickitat	1,761
Lewis	10,853
Mason	17,433
Pacific	11,907
Pierce	15,284
Skagit	52,828
Skamania	2,401
Snohomish	67,581
Thurston	16,175
Wahkiakum	13,540
Whatcom	26,892
Subtotal - Transfer	303,507
State Forest Purchase (formerly known as Forest Board Lands)	
Clark	206
Grays Harbor ⁵	19,036
Pacific ⁶	2,667
Pierce ⁶	2,907
Skamania	189
Thurston ⁵	13,087
Subtotal - Purchase	38,092
Common School, Indemnity & Escheat	226,484
Agricultural School	21,740
University-Transferred & Original	8,629
CEP&RI	19,554
Capitol Building	40,200
Normal School	9,578
Scientific School	27,213
Subtotal - Granted Trusts	353,398
TOTAL - ALL TRUSTS	694,999

¹ Volume harvested is estimated for sales partially harvested.

² Timber volume harvested per acre depends on site-specific conditions and harvest method.

³ mbf: thousand board feet

⁴ Includes Water Pollution Control data.

⁵ Includes Forest Board repayment. (See Fiscal Section, page 23, note 9.)

⁶ Includes University Repayment data.

Notes

▶ Timber is sold before it is harvested. Timber sale contracts average two years in length, with timber harvest schedules determined by individual purchasers. Sale and harvest of timber may or may not occur in the same fiscal year. Revenues are generated when timber is harvested.

▶ Sales which contain more than one trust beneficiary report estimated volume harvested for each specific trust. Sales which benefit more than one trust distribute revenues proportionally by volume and not by acres.

▶ Numbers may not add due to rounding.

Sources

▶ DNR Revenue Management System database, Report TSC311, 11/05.

Timber Acres Harvested¹

July 1, 2004 – June 30, 2005

● 2005 Annual Report to
Trust Beneficiaries
per RCW 79.10.010

'05

Trust / Beneficiaries	Acres Commercially Thinned/ Small Wood ²	Acres Partially Cut/ Older Stand Thinning ³	Acres Clearcut/ Regeneration Harvest	Total Acres ⁴	Average Year of Clearcut Stand
State Forest Transfer (formerly known as Forest Board Lands)					
Clallam	27	0	382	410	1934
Clark	85	6	561	652	1942
Cowlitz	0	13	67	81	1933
Grays Harbor	0	0	19	19	1938
Jefferson	0	0	234	234	1932
King	118	0	377	495	1936
Kitsap	0	0	459	159	1939
Klickitat	246	225	19	491	1918
Lewis	3	0	235	238	1939
Mason	0	381	780	1,161	1937
Pacific	9	0	294	304	1937
Pierce	0	18	298	316	1932
Skagit	164	242	4,288	1,695	1932
Skamania	262	0	12	274	1948
Snohomish	0	0	1,534	1,534	1929
Thurston	36	29	397	463	1936
Wahkiakum	11	0	612	324	1940
Whatcom	141	0	735	877	1926
Subtotal – Transfer	1,105	916	7,711	9,733	NA
State Forest Purchase (formerly known as Forest Board Lands)					
Clark	14	0	2	16	1925
Grays Harbor	168	110	268	548	1940
Pacific	2	0	69	71	1945
Pierce	0	0	53	53	1933
Skamania	15	0	1	16	1945
Thurston	2	138	242	382	1932
Subtotal – Purchase	203	249	636	1,089	NA
Common School, Indemnity/Escheat	1,207	4,726	7,362	13,296	1928
Agricultural School	12	530	531	1,074	1930
University - Transferred/Original	0	67	168	236	1934
CEP&RI	129	296	676	1,102	1933
Capitol Building	325	117	1,558	2,001	1932
Normal School	84	295	413	792	1932
Scientific School	215	225	760	1,202	1940
Subtotal - Granted Trusts	1,972	6,256	11,468	19,703	NA
TOTAL – ALL TRUSTS	3,284	7,424	19,820	30,529	NA

¹ The department tracks harvest method information in ten categories; for purposes of this report, per RCW 79.10.010, the data are aggregated into three harvest methods.

² Commercial thinning/small wood generates revenue, promotes growth of the remaining trees and creates desired future forest conditions.

³ Partial cuts/older stand thinnings generate revenue and help achieve desired future forest conditions.

⁴ Total acres include total of all harvest activities.

Notes

▶ Harvested acres shown are fiscal year 2005 activities only; acres are reported again in the future if additional harvest activities occur. Acres harvested are estimated for sales partially harvested. Timber volume harvested per acre depends on site-specific conditions and harvest method.

▶ Sales which contain more than one trust beneficiary report estimated acres harvested for each specific trust. Sales which benefit more than one trust distribute revenues proportionally by volume and not by acres.

▶ Numbers may not add due to rounding.

Sources

▶ DNR Revenue Management System database, Report TSC348P2, 1/1/05.

Acres Off-Base for Harvest

July 1, 2004 – June 30, 2005

● With the adoption of the 2004 Sustainable Harvest Level, DNR no longer classifies lands as “off-base” or “on-base,” but instead designates deferral status. Long-term deferral approximates “off-base.”

● 2005 Annual Report to Trust Beneficiaries per RCW 79.10.010

'05

Trust / Beneficiaries	No Deferral	Short-Term Deferral	Long-Term Deferral
State Forest Transfer (formerly known as Forest Board Lands)			
Clallam	36,330	48,715	2,452
Clark	23,393	902	671
Cowlitz	9,782	39	529
Grays Harbor	1,350	780	41
Jefferson	10,592	2,402	198
King*	13,887	258	10,776
Kitsap	6,470	1	1,199
Klickitat	9,101	8,425	2,469
Lewis	31,333	5,218	1,262
Mason	16,466	3,787	5,489
Okanogan	17	0	0
Pacific	9,540	4,825	162
Pierce	7,197	473	809
Skagit	57,971	6,424	12,531
Skamania	20,759	9,127	6,457
Snohomish	48,895	1,236	7,285
Stevens	138	0	7
Thurston	17,696	1,139	280
Wahkiakum	6,636	4,685	1,016
Whatcom	25,199	777	9,579
Subtotal - Transfer	352,752	99,214	63,212
State Forest Purchase (formerly known as Forest Board Lands)			
Clallam	41	186	0
Clark	643	2,067	940
Cowlitz	243	4	19
Grays Harbor	24,346	2,693	325
Jefferson	17	0	0
Kitsap	78	0	0
Klickitat	39	0	0
Lewis	2,855	0	47
Mason	275	92	132
Pacific	2,206	5,572	73
Pierce	2,643	361	249
Skamania	1,104	2,373	781
Snohomish	37	0	5
Stevens	41	0	0
Thurston	20,259	1,567	140
Whatcom	645	66	218
Subtotal - Purchase	55,471	14,981	2,928
Common School, Indemnity & Escheat	765,441	168,901	97,194
Agricultural School	46,829	5,176	2,310
University – Original & Transferred	32,143	16,450	6,822
CEP&RI	31,439	5,206	3,261
Capitol Building	66,250	19,708	11,213
Normal School	39,430	8,166	5,933
Scientific School	45,554	11,653	6,779
Community & Technical College	3,063	0	15
Forest Reserve			
TOTAL – ALL TRUSTS	1,438,373	349,456	199,664

Notes

► Deferral status is determined by whether the silviculture and land management activities, including harvest, are permitted or deferred for a period of time. *Short-term deferrals* represent forestlands anticipated to be deferred from harvest between 2004 and 2013. *Long-term deferrals* represent forestlands anticipated to be deferred from harvest beyond 2013 and forestlands managed for non-timber harvest revenue objectives.

► Acres are designated as deferrals because they are inoperable, are low site, contain permanent research plots, are upland wildlife management areas, are timber gene pool reserves, are on unstable slopes, in riparian buffers, are located in a northern spotted owl nest patch, contain a northern spotted owl site center, are identified as murrelet habitat, or are included in the Olympic Experimental State Forest deferral areas. A site can be deferred due to one or more factors.

► Deferral classifications are not permanent designations. DNR may change the classification as specific forest stands or sites are re-evaluated. Acreage updates and changes can occur over time due to technological refinements in data gathering and analysis, such as the Forest Resource Inventory System program.

► Numbers may not add due to rounding or potential double counting.

* Includes Water Pollution Control trust data.

Sources

► Deferral Status of State Forestlands, DNR Land Management Division 2005



2005 ANNUAL REPORT

Fiscal Data

These pages account for the revenues DNR generated, collected and expended during Fiscal Year 2005 (July 1, 2004 – June 30, 2005).

Most revenues DNR generated are from activities on state upland trust lands and aquatic lands. (See related stories, pp. 4-10). Distribution of revenue is governed by statute, and varies according to trust and revenue source.

About These Pages

- ▶ Fiscal information is presented as a combination of tables, pie charts and notes. The notes provide context for the tables.
- ▶ Underlined bold numbers are totals or subtotals.
- ▶ Some pages show dollars in thousands. Totals may not add due to rounding.

For More Information



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There is no individual page for the Community College Forest Reserve Trust. See Fund Activity (page 29).

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Fiscal Notes

These numbered notes provide context and explanations for data in the tables on the fiscal pages that follow, where they are referred to by numerical superscript. A note may apply to more than one page. Although similar to notes in prior reports, these notes apply only to this report (FY 2005).

ACRONYMS

ACTMA	Agricultural College Trust Management Account
ALEA	Aquatic Lands Enhancement Account
CEP&RI	Charitable, Educational, Penal and Reform Institution Trust
COLA	Cost of Living Adjustment
CWU	Central Washington University
EWU	Eastern Washington University
FDA	Forest Development Account
FY05	Fiscal Year 2005 (July 1, 2004 – June 30, 2005)
K-12	Kindergarten-12th grade schools
RMCA	Resource Management Cost Account
TESC	The Evergreen State College
UW	University of Washington
WSU	Washington State University
WWU	Western Washington University

1 REVENUE SOURCES

Timber sales-related activities include contract extensions, slash disposal, trespasses, and default settlement payments.

Miscellaneous sales include publications, GIS data, honor camp activities, and surveys and maps.

Miscellaneous leases include special use and special forest products.

Interest income includes interest on contracts, interest assessed for late payments, and interest earned from account (treasurer's interest).

Permits, fees, and related charges include surface mining permits, log patrol licenses, aquatic lands dredged material disposal site fees, forest practices damage assessments and permits, survey records recording fees, application/assignment fees, burning permit fees, and local government assessments.

Miscellaneous other revenue includes prior period adjustments and recoveries of prior biennium expenditures, treasurer transfers, as well as revenue from the Off-Road Vehicle and Natural Resources Conservation Areas Stewardship accounts. FY 2004 miscellaneous revenue includes recovery of \$15,562,266 in General Fund for prior period fire suppression costs.

Operating transfers include transfers attributed to prior period revenue.

2 EXPENDITURE CATEGORIES

Administration includes Executive Management, Internal Audit, Communications, and Budget & Economics.

Interagency payments are payments made to other state agencies such as the Attorney General, State Auditor, General Administration, Dept. of Personnel, Office of Financial Management, Dept. of Information Services, Office of Minority and Women's Business Enterprises, and Secretary of State.

Agency support activities include the following programs: Human Resources (personnel, safety, training), Financial Management (accounting, risk management, purchasing), Information Technology, Geographic Information Systems, Facilities, and Region Administration.

3 LAND TRANSFERS

Real Property Replacement: During FY 2005, a total of \$11,875,853, an amount equivalent to the property value, was received from (1) transfers to other government entities, (2) resolution of trespass violations, or (3) transfers in lieu of condemnation. The above amount includes interest earnings. This money is used to acquire replacement trust lands.

Sale of Compound: During FY 2005, \$12,503,320 was distributed to the Parkland Trust Revolving Account from the sale of the DNR Lacey Compound.

Trust Land Transfer: During FY 2005, a total of \$21,872,000 was distributed to the Common School Construction Account from the Trust Land Transfer program.

4 LAND BANK

DNR uses the Land Bank program (Chapter 79.19 RCW) to reposition trust land assets for better future income production. Through the Land Bank, state trust lands are first auctioned to private buyers. Proceeds of land sales made under this "sell first" process are held in the Resource Management Cost Account (RMCA) until they can be used to purchase replacement trust lands. This revenue from trust property sales should equal or exceed the cost of trust property purchases. However, during any one fiscal year the transactions may not balance. (E.g., a property has been sold, but property to replace it has not yet been purchased.) Land bank transactions are accounted for by trust within each of DNR's management funds.

Revenue from FY 2005 sales and existing contracts were \$5,493,555 to the RMCA. A total of \$7,295,372 in the RMCA is reserved to acquire property to replace trust property previously sold through the "sell first" process of the Land Bank program.

5 AGRICULTURAL COLLEGE TRUST MANAGEMENT ACCOUNT

Per RCW 79.64.090, the revenue on Agricultural College trust lands is distributed 100 percent to the agricultural college permanent fund or WSU bond retirement account. The management of the Agricultural College trust lands is funded from the Agricultural Trust Management Account. This account depends on legislative appropriation for funding. Currently, the legislature appropriates the money for this purpose under a proviso in the General Fund. For FY 2005, the total expenditures related to the management of the Agricultural College trust lands were \$949,153 (\$910,000 of which was recorded under the General Fund proviso).

6 OFF-ROAD VEHICLE (ORV) ACCOUNT

This fund provides for acquisition, planning, development, maintenance and management of ORV recreation facilities, non-highway roads and non-highway road recreation facilities; education and law enforcement programs related to non-highway vehicles; and construction and maintenance of campgrounds and trailheads.

DNR, the Department of Fish and Wildlife, and the Parks and Recreation Commission spend from the fund in support of these functions. The Department of Licensing collects revenue for the fund, and DNR administers the fund according to Legislative appropriations. The following is the total fund fiscal activity for FY 2005:

Beginning Balance		\$1,077,971
Revenue:		
Licensing		2,136,702
Expenditures:*		
Natural Resources	\$(2,148,676)	
Parks and Recreation	(122,732)	
Fish and Wildlife	(328,565)	
Expenditure Subtotal		(2,599,974)
Net Fiscal Activity		(463,272)
Ending Balance		\$614,699

7 AQUATIC LANDS ENHANCEMENT ACCOUNT

This fund provides for the purchase, improvement and protection of aquatic lands for public purposes. DNR, the Department of Fish and Wildlife, the Department of Agriculture, the Parks and Recreation Commission, and the Interagency Committee for Outdoor Recreation spend from the fund for these purposes. DNR administers this fund, and only the DNR fiscal activity is reported in the DNR-Administered Funds section of this report (page 28).

The following is the total fund fiscal activity for FY 2005:

Beginning Balance		\$8,966,032
Revenue:		
Natural Resources	\$10,690,346	
Fish and Wildlife	71	
Interagency Comm. for Outdoor Rec.	51,973	
Distribution to Fourth Class Towns	(86,640)	
Revenue Subtotal		10,655,750
Expenditures:*		
Natural Resources	(4,870,298)	
Fish and Wildlife	(3,307,538)	
Parks and Recreation	(156,414)	
Agriculture	(925,364)	
Interagency Comm. for Outdoor Rec.	(1,761,903)	
Expenditure Subtotal		(11,021,517)
Net Fiscal Activity		(365,767)
Ending Balance		\$8,600,265

*Expenditures for other agencies include Operating Transfers, if any.

8 DERELICT VESSEL REMOVAL ACCOUNT

This fund provides for costs and reimbursements to authorized public entities for the removal of derelict and abandoned vessels. DNR spends from the fund for these purposes, and the Department of Licensing spends from the account for the purpose of administering the collection of revenue for the fund. DNR administers this fund, and only DNR fiscal activity is reported in the DNR-Administered Funds section of this report (page 28).

The following is the total fund fiscal activity for FY 2005:

Beginning Balance		\$458,247
Revenue:		
Licensing	\$548,494	
Revenue Subtotal		548,494
Expenditures:*		
Natural Resources	(260,795)	
Licensing	(31,000)	
Expenditure Subtotal		(291,795)
Net Fiscal Activity		256,699
Ending Balance		\$714,947

*Expenditures for other agencies include Operating Transfers, if any.

9 FDA/RMCA LOAN REPAYMENT

Board of Natural Resources resolutions #635 in 1990 and #756 in 1992 authorized settlement of the FDA debt to the RMCA by transferring timber-cutting rights on State Forest Purchase Lands (formerly known as Forest Board Purchase Lands) to the Common School, Capitol Building, Normal School, and University granted trusts. A one-third interest in assets (timber-cutting rights) of the FDA on 35,655 acres was transferred to these trusts. The value of these transfers eliminated the debt between FDA and RMCA.

A total of \$2,473,294 was distributed to the trusts from timber harvested during fiscal year 2005. The RMCA received \$618,324 from this activity. Because this is repayment of a loan, the transactions are recorded as an operating transfer rather than as current period revenue.

The values from the harvest activity by fund, as well as RMCA trust for FY 2005, and in total since the adoption of resolution 635 in 1990 are:

	FY 2005	Total-to-date
Common School Construction Account	\$618,611	\$15,457,748
Capitol Building Construction Account	235,814	5,892,494
Normal School Permanent Account	754,863	18,862,416
State University Permanent Account	245,682	9,283,787
Total Trust Funds	\$1,854,970	\$49,496,445

Resource Management Cost Account

Common School Trust	\$206,418	\$5,147,786
Capitol Building Trust	78,748	1,964,315
Normal School Trust	251,264	6,265,924
University Trust	81,894	3,094,596
Total RMCA	\$618,324	\$16,472,621

10 OPERATING TRANSFERS

According to the Office of Financial Management's interpretation of generally accepted accounting principles, debt service funds (funds used to pay off debts), such as the UW or WSU Bond Retirement accounts, cannot receive revenue directly. Instead, revenues to these two funds are recorded to the respective permanent funds, and then an operating transfer is made to the appropriate debt service fund.

11 TRUST FUNDS – CURRENT AND PERMANENT

Trust Current Funds are funds that individual trust beneficiaries can draw from. *Trust Permanent Funds* are endowments which generate interest that can be transferred to the Current Funds.

12 NATURAL RESOURCES EQUIPMENT ACCOUNT

Total all funds and activity does not include funds classified as internal service funds. The Natural Resources Equipment Account is DNR's only internal service fund. This fund is used to maintain, replace and provide equipment to DNR's programs on a rental basis. In 2005, this fund had revenue of \$14,531,536 and expenses of \$14,372,543.

13 RMCA PORTION OF TRUST LAND REVENUES

On most transactions, the Resource Management Cost Account receives 25 percent and the trusts receive 75 percent of revenues from trust lands. However, some transactions are subject to a different distribution ratio. These transactions include aquatic resources, miscellaneous non-trust revenues, interest earnings, land sales transactions and interfund loan repayment, the latter of which affects the Common School, University, Capitol Building and Normal School trusts. As a result, revenue on individual trust and grant lands summary pages may not reflect the usual 25 percent/75 percent distribution.

The tables below reflect trust activity with Forest Board Repayment activity. Refer to fiscal note #17 for trust activity related to the University Trust.

COMMON SCHOOL / ESCHEAT TRUST

Source / Activity	Total Revenue	Com. Sch. Construct.	Com. Sch. Perman.	RMCA
<u>Trust Activity</u>				
Timber sales	\$64,027,409	\$48,018,767	\$0	\$16,008,642
Timber sales-related	215,398	161,873	0	53,525
Leases	19,467,467	14,517,196	205,565	4,744,706
Late interest	27,026	13,039	0	13,987
Fees/service charges	88,221	13,085	0	75,136
Operating transfer - in	825,029	618,611	0	206,418
Subtotal	84,650,550	63,642,571	205,565	21,102,414
Forest Board Repayment				
Sales	645,570	0	0	945,570
Operating transfer - out	(825,029)	0	0	(825,029)
Total trust activity	84,771,091	63,642,571	205,565	21,222,955
<u>Non-Trust Activity</u>				
STO interest	126,070	37,813	0	88,257
Land sales/trust land transfer	27,365,555	21,872,000	0	5,493,555
Other Revenue	199,956	0	126,697	73,259
Total non-trust activity	27,691,581	21,909,813	126,697	5,655,071
TOTAL	\$112,462,672	\$85,252,384	\$332,262	\$26,878,026

CAPITOL BUILDING TRUST

Source / Activity	Total Revenue	Cap. Bldg. Construct.	RMCA
<u>Trust Activity</u>			
Timber sales	\$10,826,241	8,119,624	\$2,706,617
Timber sales-related	(185)	(144)	(41)
Leases	171,966	128,449	43,517
Late interest	985	739	246
Fees/service charges	(2,009)	0	(2,009)
Operating transfer - in	314,562	235,814	78,748
Subtotal	11,311,560	8,484,482	2,827,078
Forest Board Repayment			
Sales	360,522	0	360,522
Operating transfer - out	(314,563)	0	(314,563)
Total trust activity	11,357,519	8,484,482	2,873,037
<u>Non-Trust Activity</u>			
STO interest	51,713	4,730	46,983
Other Revenue	7,981	0	7,981
Total non-trust activity	59,694	4,730	54,964
TOTAL	11,417,213	\$8,489,212	\$2,928,001

NORMAL SCHOOL TRUST

Source / Activity	Total Revenue	Capital Projects	Normal School Perman.	RMCA
<u>Trust Activity</u>				
Timber sales	\$2,679,740	\$0	\$2,010,445	\$669,295
Timber sales-related	17	4	0	13
Leases	104,061	73,845	4,201	26,015
Late interest	68	0	51	17
Fees/service charges	0	0	0	0
Operating transfer - in	1,006,127	0	754,863	251,264
Subtotal	3,790,013	73,849	2,769,560	946,604
Forest Board Repayment				
Sales	1,153,128	0	0	1,153,128
Operating transfer - out	(1,006,127)	0	0	(1,006,127)
Total trust activity	3,937,014	73,849	2,769,560	1,093,605
<u>Non-Trust Activity</u>				
STO interest	19,521	1,649	0	17,872
Land sales/trust land transfer	0	0	0	0
Other Revenue	3,038	0	0	3,038
Total non-trust activity	22,559	1,649	0	20,910
TOTAL	\$3,959,573	\$75,498	\$2,769,560	\$1,114,515

14 NON-TRUST REVENUE

Non-trust revenue cannot be attributed to a specific trust. Activities include forest road assessments, miscellaneous services, manuals and publications, prior period adjustments, application fees, and interest income.

15 NEGATIVE TRUST REVENUE

Negative revenue reflects accounting adjustments (such as bad-debt write-offs, credit memos) from a prior fiscal year. FY 2005 negative revenues for rights-of-way were due to funding adjustments of prior period billings for transfers of jurisdiction in agreements with the Washington State Department of Transportation.

16 TREASURER'S REVENUE

Due to the schedule for distributing revenue, revenue from State Forest Lands (formerly known as Forest Board Lands) may earn interest before it is distributed to the appropriate county. Interest earnings cannot be attributed specifically to Transfer Lands or Purchase Lands. This revenue is accounted for as *treasurer's revenue* and is distributed to the appropriate county.

17 UNIVERSITY TRUST — ORIGINAL, TRANSFERRED, REPAYMENT

The accounting for the University Trust combines activity from original University trust lands, lands which have been transferred to the trust, and the University Trust's share of interfund loan repayment as described in fiscal note #9.

The following is a breakdown of the different elements contributing to the information for University Grants.

Trust Source/Activity	Total	Bond Retirement	University Permanent	RMCA
University - Transferred				
Timber sales	\$1,937,544	\$0	\$1,453,158	\$484,386
Timber sales-related	(2,840)	0	(2,130)	(710)
Leases	214,824	0	161,117	53,707
Miscellaneous - trespass	596	0	447	149
Late interest	10	0	7	3
Sale of property - other	9,000	0	6,750	2,250
Fees/service charges	3,365	0	0	3,365
Operating transfer - in	1,818,135	1,490,559	245,682	81,894
Operating transfer - out	(1,490,559)	0	(1,490,559)	0
Total	\$2,490,075	\$1,490,559	\$374,472	\$625,044
University - Original				
Timber sales	\$385,839	\$0	\$289,379	\$96,460
Leases	105,178	0	78,883	26,295
Fines and forfeits	3	0	2	1
Late interest	0	0	0	0
Operating transfer - in	78,883	78,883	0	0
Operating transfer - out	(78,883)	0	(78,883)	0
Total	\$491,020	\$78,883	\$289,381	\$122,756
University Repayment				
Timber sales	\$327,576	\$0	\$0	\$327,576
Operating transfer - out	(327,576)	0	0	(327,576)
Total	\$0	\$0	\$0	\$0
Non-trust allocation				
STO interest	\$12,561	\$943	\$0	\$11,618
Non-trust revenue allocation	2,076	0	0	2,076
Total	\$14,637	\$943	\$0	\$13,694
TOTAL	\$2,995,732	\$1,570,385	\$663,853	\$761,494

18 OVERSTATED REVENUE

Distribution of revenue from Special Use leases to the Common School Construction Account is overstated by \$568,000 because some information was not available in time to make the adjustment for the fiscal year end reports. Revenue and distribution figures (e.g., totals, subtotals) that include the revenue distributed to that account are also overstated by the same amount. The amounts reported on the tables in the fiscal pages reconcile with the state financial reports. In FY 2006, revenue and distribution shown on these tables will be understated by the same amount.

State Trust Lands Management Fund Accounting Report

STATUTORY AUTHORITY AND REQUIREMENTS

Subject to legislative appropriation, the Department of Natural Resources is authorized by RCWs 79.64.100 and 79.64.030 to use funds from the Resource Management Cost Account (RMCA) and Forest Development Account (FDA) interchangeably in the management of State Grant Lands and State Forest Lands (formerly known as Forest Board Lands). The law also states, however, that an annual accounting will be kept of payments made by one fund on behalf of another. For example when RMCA funds are used to pay for activities on State Forest Lands,* it shall be considered a debt against the FDA. RCW 79.64.030 also requires that the results of the accounting be reported to the legislature at the next regular session.

ACCOUNTING PROCEDURES

Beginning with fiscal year 1996, the following Cost Allocation System accounting procedures have been used to calculate any debt or loan between the management funds:

- A.** All operating program expenditures that can be determined to benefit a particular land category are directly charged to that land category.
- B.** Expenditures for the majority of the Department's operating programs for which the benefiting land category cannot be determined (indirect expenditures) are allocated to land categories based on staff month percentages derived from personnel time charged directly to those land categories or by Western Washington forested acres.
- C.** Capital outlay expenditures that benefit particular land categories are determined in advance then charged by land category in the ratio set by appropriations.
- D.** Agency Administration and Support costs are allocated to land category based on Agency work plans for the year as established during the budget process.
- E.** Direct charges and indirect charges are totaled by land category within the Cost Allocation System. Expenditures paid from the RMCA and FDA accounts are compared to these total charges for Grant Lands and State Forest Lands* to determine how much of the charges were paid from one account on behalf of the other. If RMCA funds were used to pay State Forest charges, a debt principal is incurred in that amount. If State Forest funds were used to pay RMCA charges, the debt principal is reduced by that amount. Funding adjustments may be made periodically during the fiscal year to align expenditures by fund with total charges for Grant Lands and State Forest Lands* to prevent the accumulation of any new debt in the year.
- F.** As required by law, interest is charged on the debt incurred. A full year's interest is charged on cumulative debt carried from the previous year. One half-year's interest is calculated on the change in the debt principal occurring during the current year.
- G.** Cumulative debt from the preceding year, plus new principal and interest charges, are totaled to determine the new cumulative debt.

RMCA/FDA DEBT/LOAN ACCOUNTING FOR FISCAL YEAR 2005

	Grant Lands	State Forest Lands*
2005 Trust Charges	\$38,103,058	\$23,031,078
RMCA Expenditures	38,103,058	—
FDA Expenditures	—	\$23,031,078
Cumulative Debt/Loan	0	0

FISCAL YEAR 2005 MANAGEMENT FUND DEBT STATUS

As of June 30, 2005, no debt exists between the State Forest Lands* (Forest Development Account) and the Grant Lands (Resource Management Cost Account).

*Formerly known as Forest Board Lands.

Total Revenue and Expenditures

● DNR generates more revenue than it expends. DNR-generated and collected revenues fund state and county projects and programs, including ones in DNR.

DNR's expenditures reflect the department's diverse work. Land management activities are investments in the long-term benefits and productivity of the resources. Other activities support regulatory, assistance and resource protection programs, as well as agency operations.

Capital expenditures include land acquisitions on behalf of state trusts and Natural Areas.

'05

REVENUE BY SOURCE ¹	FY 2005	FY 2004
Sales		
Timber sale removals	\$211,128	\$175,299
Timber sale-related activities	540	323
Forest road assessments	13,964	11,879
Nursery seedling sales	2,800	2,332
Miscellaneous	456	512
	<u>\$228,887</u>	<u>\$190,345</u>
Leases		
Agriculture	\$9,096	\$8,608
Aquatic	16,760	15,781
Commercial real estate	8,190	7,418
Mineral and hydrocarbon	1,789	969
Communication sites	3,223	2,772
Rights-of-way	1,316	2,418
Miscellaneous ¹⁸	1,865	1,203
	<u>\$42,239</u>	<u>\$39,169</u>
Other Revenue		
Interest income	\$1,283	\$852
Fire assessments and cost reimbursement	9,740	10,362
Grants and contributions	17,194	12,491
Permits, fees, and related charges	3,258	2,876
Miscellaneous	1,766	15,766
	<u>\$33,241</u>	<u>\$42,347</u>
Total Revenue from Operations	<u>\$304,367</u>	<u>\$271,861</u>
Other Activity		
Land transfers ³	\$46,250	\$33,533
Land bank ⁴	5,494	267
	<u>\$51,744</u>	<u>\$33,800</u>
Total Revenue¹⁸	<u>\$356,111</u>	<u>\$305,661</u>

DID YOU KNOW?

DNR generates most of the revenue it collects, and most of that revenue goes to state trust beneficiaries.

Revenues are shown for two years for comparison. Differences between the years reflect changes in market conditions, legal requirements, availability of resources, and other factors.

Amounts are reported in thousands of dollars. Totals may not add due to rounding.

See fiscal notes, pages 22-25

Total Revenue and Expenditures (Continued)

'05

EXPENDITURES BY PROGRAM²	FY 2005	FY 2004
Operating		
Agricultural resources	\$1,494	\$1,276
Asset management & protection	7,579	6,156
Product sales & leasing	18,426	14,128
Land management	16,227	13,088
Aquatic resources*	12,978	7,748
Administration	3,336	3,340
Interagency payments	8,698	9,051
Agency support	17,579	16,358
Geologic resources	2,043	1,715
Forest practices & federal assurances	9,929	11,783
Engineering services	12,777	11,282
Resource protection	19,607	18,944
Fire suppression	17,986	28,929
	<u>\$148,661</u>	<u>\$143,797</u>
Capital		
Radio system upgrade	\$1,041	\$1,232
Recreation	323	84
Aquatic resources projects	46	57
Real estate and property acquisition	52,158	37,612
Facilities	5,214	696
Small timber landowner program	1,907	2,010
Miscellaneous	1,362	115
	<u>\$62,051</u>	<u>\$41,806</u>
Total Expenditures	<u>\$210,711</u>	<u>\$185,603</u>

Expenditures are shown for two years for comparison. Differences between the years reflect changes in the programs, legal requirements, salaries and benefits, inflation, and other factors.

* FY 2005 Aquatic Resources expenditures include one-time settlement costs for contaminated sediment cleanup.

Amounts are reported in thousands of dollars. Totals may not add due to rounding.

See fiscal notes, pages 22-25

DID YOU KNOW?

DNR is largely self-supporting.

About 2/3 of its operating costs are funded by revenue it brings in.

Fiscal Activity by Fund

● DNR's fiscal activity includes generating revenue for a variety of funds and accounts, some of which benefit state trust beneficiaries and some of which fund state programs, including DNR's. DNR's fiscal activity also includes expenditures supporting its work.

Some of the accounts that receive revenue from DNR or that fund DNR's expenditures are managed by DNR; others are managed by other agencies.

'05

DNR-ADMINISTERED FUNDS

Fund Title	Beginning Balance 7/1/04	Revenue	DNR Expenditure	Ending Balance 6/30/05
Trust Management Accounts*				
Forest development (FDA)	\$29,550	\$25,976	\$(23,031)	\$32,495
Resource management (RMCA)	12,407	43,235	(38,103)	17,539
Agricultural college (ACTMA)	237	0	(100)	138
	\$42,194	\$69,212	\$(61,234)	\$50,172
Other DNR-Administered Funds				
Access road revolving	\$4,298	\$13,915	\$(10,249)	\$7,963
Aquatic lands dredged material	457	610	(166)	901
Aquatic lands enhancement ⁷	N/A	10,690	(4,870)	N/A
Clarke-McNary	239	4,840	(4,839)	239
Conservation areas stewardship	105	7	0	112
Contract harvesting revolving	391	2,907	(2,861)	437
Derelict vessel removal account ⁸	N/A	0	(261)	N/A
Forest fire protection assessments	3,004	7,717	(6,915)	3,805
Landowner contingency forest fire	6,147	952	(635)	6,465
Off-road vehicle ⁶	N/A	0	(2,149)	N/A
Park land trust revolving	471	12,629	(4,367)	8,733
Real property replacement ³	22,492	12,334	(11,282)	23,544
School construction revolving	52	1	0	52
State forest nursery revolving	1,346	2,603	(2,353)	1,595
Surface mining reclamation	389	1,022	(1,066)	344
Surveys and maps	1,246	1,138	(1,008)	1,376
	\$40,637	\$71,365	\$(53,023)	\$55,567
Total DNR-Administered Funds	\$82,831	\$140,577	\$(114,257)	\$105,739

Amounts are reported in thousands of dollars.

Totals may not add due to rounding.

N/A = not applicable

* These accounts fund DNR's management of state trust lands. Revenue may be carried over from year to year. As a result, any given year's expenditures do not necessarily correlate to that year's revenue. See pages 30, 32, 40, 42, and 44 for more detailed accounting. FDA and RMCA are funded through revenue generated from the lands whose management they support. ACTMA is not funded through such revenue, but instead, through a legislative appropriation from the State General Fund.

See fiscal notes, pages 22-25

Fiscal Activity by Fund (Continued)

'05

FUNDS ADMINISTERED BY OTHER ENTITIES

Fund Title	Revenue	DNR Expenditure	Net Fiscal Activity
Trust Current Funds ¹¹			
Common school construction ¹⁸	\$85,252	0	\$85,252
Community college forest reserve*	1	(70)	(69)
WSU bond retirement	907	0	907
UW bond retirement	1,570	0	1,570
CEP&RI	5,667	0	5,667
EWU capital project	19	0	19
CWU capital project	19	0	19
WWU capital project	19	0	19
TESC capital project	19	0	19
Capitol building construction	8,489	0	8,489
Forest board counties	81,117	0	81,117
	<u>\$183,079</u>	<u>(70)</u>	<u>\$183,009</u>
Trust Permanent Funds ¹¹			
Agricultural college (WSU)	\$4,058	0	\$4,058
Normal school (EWU, CWU, WWU, TESC)	2,770	0	2,770
Common school (K-12)	332	0	332
Scientific (WSU)	5,038	0	5,038
State university (UW)	664	0	664
	<u>\$12,862</u>	<u>0</u>	<u>\$12,862</u>
Other Funds			
General fund	\$19,268	\$(58,271)	\$(39,003)
State building construction	14	(35,468)	(35,454)
Motor vehicle	6	0	6
Air pollution control	231	(146)	85
State toxics control	0	(890)	(890)
State wildlife account	73	0	73
Water quality	1	(1,609)	(1,609)
	<u>\$19,593</u>	<u>\$(96,384)</u>	<u>\$(76,791)</u>
Total other fiscal activity	<u>\$215,534</u>	<u>\$(96,454)</u>	<u>\$119,080</u>
Total all funds and activity^{12, 18} (pages 28 & 29)	<u>\$356,111</u>	<u>\$(210,711)</u>	

* All revenue for the Community College Reserve Trust was generated from leases. DNR expenditures from the fund were to purchase land for the trust.

Amounts are reported in thousands of dollars. Totals may not add due to rounding.

See fiscal notes, pages 22-25

Resource Management Cost Account (RMCA) Upland + Aquatic

Revenue, Expenditures and Fund Balance

● The Resource Management Cost Account (RMCA) funds DNR's land management activities on state grant lands. DNR deposits a portion of the revenue it generates from these lands into the account, and the Legislature appropriates funds from the account to DNR for expenditures. The RMCA can be used only for land management expenses (e.g., reforestation, preparing timber sales or managing aquatic leases) that support state grant lands.

'05

Fund Balance (July 1, 2004)		\$12,406,624
<hr/>		
RMCA Revenue		\$43,235,014
<hr/>		
Less: Expenditures ²		
Agricultural resources	\$2,714,869	
Asset management & protection	1,656,417	
Product sales & leasing	7,375,113	
Land management	6,675,316	
Correctional Camps	988,154	
Administration	1,028,731	
Interagency payments	2,681,966	
Agency support	5,814,160	
Aquatic resources	5,377,977	
Engineering services	1,851,574	
<hr/>		
Total operating expenditures	\$36,164,277	
Total capital expenditures	1,938,782	
<hr/>		
Total expenditures and other charges		<u>38,103,058</u>
RMCA Fund Balance (June 30, 2005)*		<u>\$17,538,580</u>

Amounts are reported in thousands of dollars.

Totals may not add due to rounding.

* The RMCA fund balance includes \$7,295,372 reserved for land bank purchases to replace previously sold trust lands, per Chapter 79.19 RCW.

See fiscal notes, pages 22-25

State Grant Lands Upland + Aquatic

Revenue and Distribution

● State grant lands (upland and aquatic) were granted to Washington at statehood by the federal government. Each upland parcel is assigned to a specific state trust dedicated to financially supporting a specific beneficiary (e.g., the Common School Trust supports construction of K-12 schools). The aquatic lands are designated as a public trust to benefit the public as a whole. Income from state grant lands is divided among trust beneficiary accounts and the RMCA, which DNR uses to manage the lands.

'05

Source	REVENUE		DISTRIBUTION		
	Total All Funds	Trust Current Funds ¹¹	Trust Permanent Funds ¹¹	Resource Management Cost Account ¹³	
Sales					
Timber sales ^{9, 13, 17}	\$99,287,263	\$61,956,439	\$13,617,648	\$23,713,176	
Timber sales-related activities ¹	293,085	161,985	77,968	53,132	
Trust land transfer program ³	21,872,000	21,872,000	0	0	
Land sales (includes land bank) ⁴	5,493,555	0	0	5,493,555	
	\$126,945,903	\$83,990,424	\$13,695,616	\$29,259,863	
Leases					
Agriculture					
Dryland	\$3,191,618	\$2,144,187	\$276,345	\$771,086	
Irrigated	5,223,697	3,620,826	314,258	1,288,613	
Grazing and other	657,794	472,543	23,234	162,017	
Aquatic lands	16,759,603	9,870,597	0	6,889,006	
Special use ¹⁸	1,192,878	1,014,679	22,229	155,970	
Commercial real estate	8,188,642	6,060,554	82,956	2,045,132	
Mineral and hydrocarbon	1,623,390	933,530	235,476	454,384	
Rights-of-way	1,194,607	608,196	29,643	556,768	
Communication sites	2,205,917	1,168,177	499,905	537,836	
Special forest products	402,459	277,368	24,744	100,347	
	\$40,640,605	\$26,170,657	\$1,508,790	\$12,961,159	
Other Revenue					
Interest income	\$425,602	\$97,062	\$2,326	\$326,214	
Non-trust revenue ¹⁴	118,223	380	0	117,842	
Operating transfer ^{1, 10}	492,440	2,471,193	(2,471,193)	492,440	
Permits, fees, and miscellaneous ¹	126,319	(77,873)	126,697	77,495	
	\$1,162,584	\$2,490,763	\$(2,342,170)	\$1,013,991	
Total Revenue ¹⁸	\$168,749,092	\$112,651,843	\$12,862,236	\$43,235,012	

Amounts are reported in thousands of dollars. Totals may not add due to rounding.

See fiscal notes, pages 22-25

Resource Management Cost Account (RMCA) Upland

Revenue, Expenditures and Fund Balance

● This portion of the RMCA supports the land management of upland state grant lands, each of which supports a specific, designated beneficiary.

'05

Trust Balance (July 1, 2004)		\$9,604,659
<hr/>		
RMCA Uplands Revenue		\$35,520,332
<hr/>		
Less: Expenditures ²		
Agricultural resources	\$2,714,869	
Asset management & protection	1,656,417	
Product sales & leasing	7,375,113	
Land management	6,675,316	
Correctional camps	988,154	
Administration	739,462	
Interagency payments	1,927,824	
Agency support	3,896,210	
Engineering services	1,851,574	
<hr/>		
Total operating expenditures	\$27,824,939	
Total capital expenditures	1,938,782	
<hr/>		
Total expenditures and other charges		29,763,721
<hr/>		
Trust Balance (June 30, 2005)*		\$15,361,270

Totals may not add due to rounding.

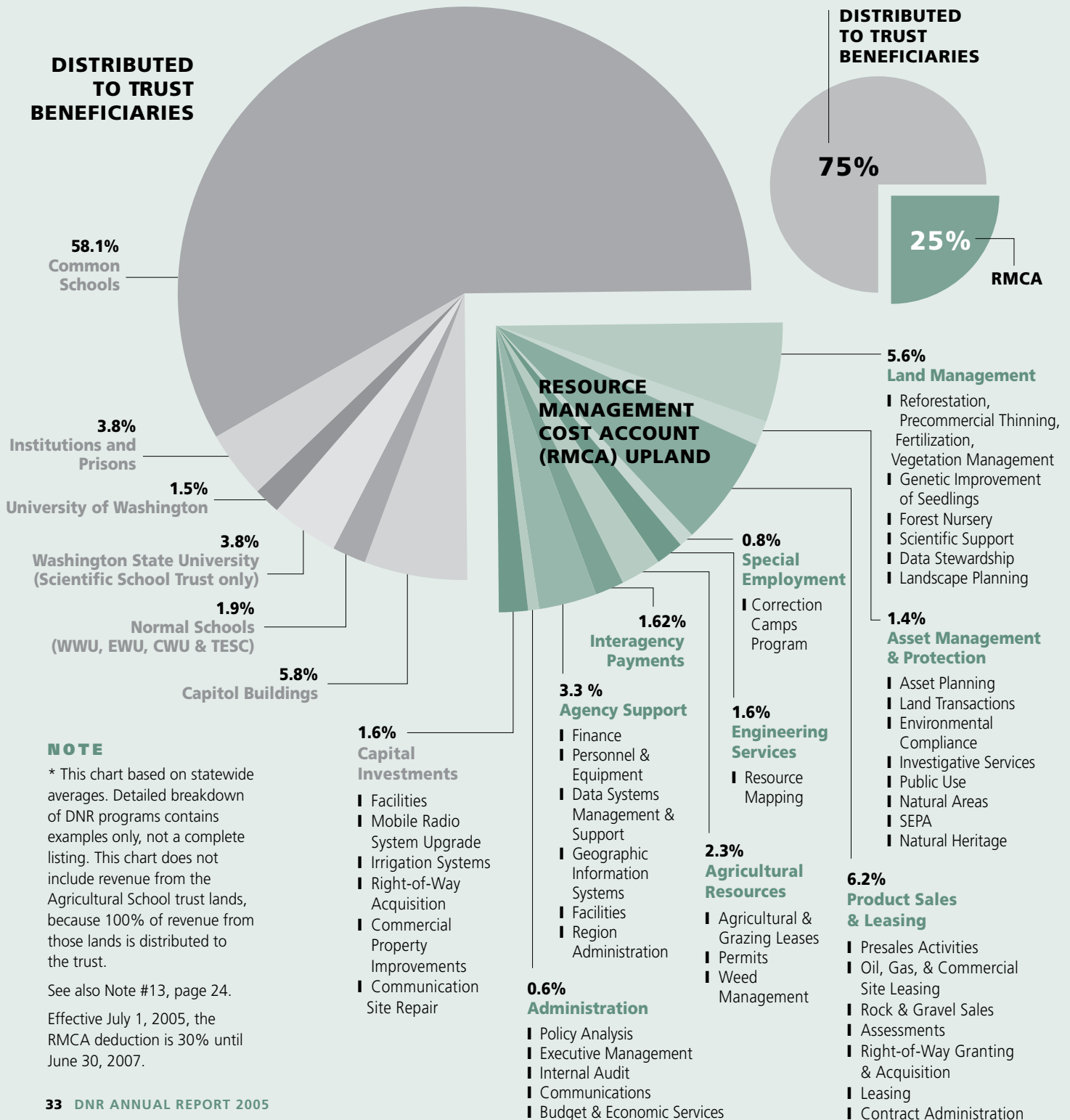
* The RMCA fund balance includes \$7,295,372 reserved for land bank purchases to replace previously sold trust lands, per Chapter 79.19 RCW.

See fiscal notes, pages 22-25

General* Distribution of Revenue from Upland State Grant Lands

● Generally, by law, each beneficiary of the upland state grant land trusts receives 75% of the revenue earned from its lands, and the remaining 25% goes to the RMCA to fund DNR's management of the lands. This chart shows the combined distribution, with each trust beneficiary's share proportional

to its share of the total revenue earned, and with the RMCA share divided among DNR's expenditures from the account for upland management activities. Expenditures are appropriated by the Legislature and are ongoing investments to keep the lands productive and to generate future income for the trusts.



Common School, Indemnity and Escheat Grants

Revenue and Distribution

Income from these state grant lands and escheat lands (those with no known heirs) supports construction of state public kindergarten through 12th grade schools.

The beneficiary's share of income is distributed to the Common School Construction Account and the Common School Permanent Account, which generates perpetual interest for the support of school construction. This distribution varies by activity and is governed by law.

'05

REVENUE		DISTRIBUTION		
Source	Total Funds	Common School Construction	Common School Permanent	Resource Management Cost Account ¹³
Sales				
Timber sales ^{9, 13}	\$64,852,393	\$48,637,378	0	\$16,215,015
Timber sales-related activities ¹	215,398	161,873	0	53,525
Trust land transfer program ³	21,872,000	21,872,000	0	0
Land sales (includes land bank) ⁴	5,493,555	0	0	5,493,555
	\$92,433,346	\$70,671,251	\$ 0	\$21,762,095
Leases				
Agriculture				
Dryland	\$2,527,909	\$1,895,933	0	\$631,976
Irrigated	4,801,623	3,601,217	0	1,200,406
Grazing and other	611,786	458,840	0	152,946
Aquatic Lands	0	0	0	0
Special use ¹⁸	1,131,016	990,262	0	140,754
Commercial real estate	8,067,473	6,051,295	0	2,016,178
Mineral and hydrocarbon	698,052	302,287	221,252	174,513
Rights-of-way ¹⁵	(104,743)	(62,870)	(15,687)	(26,186)
Communication sites	1,405,453	1,033,558	0	371,895
Special forest products	328,898	246,674	0	82,224
	\$19,467,467	\$14,517,196	\$205,565	\$4,744,706
Other Revenue				
Interest income	\$153,122	\$50,852	0	\$102,270
Non-trust revenue ¹⁴	73,259	0	0	73,259
Operating transfer ¹	120,541	0	0	120,541
Permits, fees, and miscellaneous ¹	214,928	13,085	126,697	75,146
	\$561,850	\$63,937	\$126,697	\$371,216
Total Revenue¹⁸	\$112,462,663	\$85,252,384	\$332,262	\$26,878,017

Totals may not add due to rounding.

See fiscal notes, pages 22-25

University Grants (UW) Original and Transferred

Revenue and Distribution

Income from these state grant lands supports construction of buildings for the University of Washington. Some of these lands were acquired at the time of statehood, and some lands were transferred to this trust from the CEP&RI trust by the Legislature in 1893. The beneficiary's share of income is distributed to the University Permanent and UW Bond Retirement accounts. This distribution varies by activity and is governed by law.

'05

Source	REVENUE		DISTRIBUTION	
	Total Funds	UW Bond Retirement	State (UW) University Permanent	Resource Management Cost Account ¹³
Sales				
Timber sales ¹⁷	\$2,472,019	0	\$1,988,219	\$483,800
Timber sales-related activities ^{1, 15}	(2,241)	0	(1,681)	(560)
Land sales (includes land bank)	0	0	0	0
	\$2,469,778	\$ 0	\$1,986,538	\$483,240
Leases				
Agriculture				
Dryland	\$143,603	0	\$107,702	\$35,901
Irrigated	0	0	0	0
Grazing and other	15,427	0	11,570	3,857
Aquatic lands	0	0	0	0
Special use	1,700	0	1,275	425
Commercial real estate	103,472	0	77,604	25,868
Mineral and hydrocarbon	9,000	0	6,750	2,250
Rights-of-way	37,406	0	28,055	9,351
Communication sites	0	0	0	0
Special forest products	18,394	0	13,794	4,600
	\$329,002	\$ 0	\$246,750	\$82,252
Other Revenue				
Interest income	\$12,571	\$943	\$7	\$11,621
Non-trust revenue ¹⁴	2,076	0	0	2,076
Operating transfer ^{1, 10}	178,940	1,569,442	(1,569,442)	178,940
Permits, fees, and miscellaneous ¹	3,365	0	0	3,365
	\$196,952	\$1,570,385	\$(1,569,435)	\$196,002
Total Revenue	\$2,995,732	\$1,570,385	\$663,853	\$761,494

Totals may not add due to rounding.

See fiscal notes, pages 22-25

Charitable, Educational, Penal and Reformatory Institutions Grant (CEP&RI)

Revenue and Distribution

● Income from these state grant lands is used to establish and maintain institutions managed by the Department of Corrections (such as prisons) and the Department of Social and Health Services (such as Western State Hospital). The beneficiary's share of income is distributed to the CEP&RI Account.

'05

REVENUE		DISTRIBUTION	
Source	Total Funds	CEP&RI Account	Resource Management Cost Account ¹³
Sales			
Timber sales	\$6,616,989	\$4,963,623	\$1,653,366
Timber sales-related activities ¹	342	256	86
Land sales (includes land bank)	0	0	0
	\$6,617,331	\$4,963,879	\$1,653,452
Leases			
Agriculture			
Dryland	\$224,667	\$183,500	\$61,167
Irrigated	2,273	1,705	568
Grazing and other	10,471	7,853	2,618
Aquatic lands	0	0	0
Special use	5,316	3,987	1,329
Commercial real estate	11,150	8,363	2,787
Mineral and hydrocarbon	633,969	475,477	158,492
Rights-of-way	67,238	50,429	16,809
Communication sites	117,499	87,450	30,049
Special forest products	16,625	12,469	4,156
	\$1,109,208	\$831,233	\$277,975
Other Revenue			
Interest income	\$21,850	\$(5,324)	\$27,174
Non-trust revenue ¹⁴	5,244	0	5,244
Operating transfer	0	0	0
Permits, fees, and miscellaneous ^{1, 15}	(162,871)	(122,898)	(39,973)
	\$(135,778)	\$(128,222)	\$(7,555)
Total Revenue	\$7,590,761	\$5,666,890	\$1,923,872

Totals may not add due to rounding.

See fiscal notes, pages 22-25

Capitol Building Grant

Revenue and Distribution

● Income from these state grant lands supports construction of state government office buildings at the Capitol Campus in Olympia.

The beneficiary's share of income is distributed to the Capitol Building Construction Account.

'05

REVENUE		DISTRIBUTION	
Total Revenue and Distribution	Total Funds	Capitol Building Construction	Resource Management Cost Account ¹³
Sales			
Timber sale	\$11,140,786	\$8,355,438	\$2,785,348
Timber sales-related activities ^{1, 15}	(185)	(144)	(41)
Land sales (includes land bank)	0	0	0
	\$11,140,601	\$8,355,294	\$2,785,307
Leases			
Agriculture			
Dryland	\$44,115	\$33,086	\$11,029
Irrigated	0	0	0
Grazing and other	3,223	2,417	806
Aquatic lands	0	0	0
Special use	19,069	14,302	4,767
Commercial real estate	1,195	896	299
Mineral and hydrocarbon	12,761	9,571	3,190
Rights-of-way	17,023	12,767	4,256
Communication sites	63,592	47,169	16,423
Special forest products	10,988	8,241	2,747
	\$171,966	\$128,449	\$43,517
Other Revenue			
Interest income	\$52,708	\$5,469	\$47,239
Non-trust revenue ¹⁴	7,981	0	7,981
Operating transfer ¹	49,959	0	45,959
Permits, fees, and miscellaneous ^{1, 15}	(2,005)	0	(2,005)
	\$104,642	\$5,469	\$99,174
Total Revenue	\$11,417,209	\$8,489,211	\$2,927,998

Totals may not add due to rounding.

See fiscal notes, pages 22-25



LEGISLATIVE BUILDING REHABILITATION PROJECT

In January 2005, a grand reopening was held for the Legislative Building. It had been closed for more than 2 years for rehabilitation work, including repairs for damage from the 2001 Nisqually Earthquake. More than \$85 million of the \$120 million project was funded through the Capitol Building Construction Account.

Normal School Grant (EWU, CWU, WWU and TESC)

Revenue and Distribution

Income from these state grant lands supports construction at Eastern Washington University, Central Washington University and Western Washington University (regional universities). These three universities were originally called 'normal schools.' The Evergreen State College was added to this trust by the Legislature to begin receiving revenue after July 1, 1995.

The beneficiary's share of income is distributed to the Normal School Permanent Account and capital project accounts for each university. This distribution varies by activity and is governed by law.

'05

REVENUE		DISTRIBUTION			
Source	Total Funds	EWU, CWU WWU, TESC Capital Projects	Normal School Permanent	Resource Management Cost Account ¹³	
Sales					
Timber sales ^{9, 13}	\$3,685,813	\$ 0	\$2,765,308	\$920,505	
Timber sales-related activities ¹	13	0	0	13	
Land sales (includes land bank) ⁴	0	0	0	0	
	\$3,685,826	\$0	\$2,765,308	\$920,518	
Leases					
Agriculture					
Dryland	\$42,224	\$31,668	\$ 0	\$ 10,556	
Irrigated	23,872	17,904	0	5,968	
Grazing and other	4,577	3,433	0	1,144	
Aquatic lands	0	0	0	0	
Special use	8,171	6,128	0	2,043	
Commercial real estate	0	0	0	0	
Mineral and hydrocarbon	6,304	4,728	0	1,576	
Rights-of-way	5,602	0	4,201	1,401	
Communication sites	0	0	0	0	
Special forest products	13,311	9,984	0	3,327	
	\$104,061	\$73,845	\$4,201	\$26,015	
Other Revenue					
Interest income	\$19,621	\$1,649	\$51	\$17,921	
Non-trust revenue ¹⁴	3,038	0	0	3,038	
Operating transfer ¹	147,001	0	0	147,001	
Permits, fees, and miscellaneous ¹	16	4	0	12	
	\$169,675	\$1,653	\$51	\$167,971	
Total Revenue	\$3,959,562	\$75,498	\$2,769,560	\$1,114,504	

DID YOU KNOW?

'Normal schools' were teachers colleges. By granting Washington lands to benefit normal schools, the Enabling Act supported Washington in educating not only children, but also the teachers who taught them.

Totals may not add due to rounding.

See fiscal notes, pages 22-25

Scientific School Grant (WSU)

Revenue and Distribution

Income from these state grant lands supports construction of buildings at Washington State University. The beneficiary's share of income is distributed to the Scientific School Permanent and the WSU Bond Retirement accounts. This distribution varies by activity and is governed by law.

'05

REVENUE		DISTRIBUTION		
Source	Total Funds	WSU Bond Retirement	Scientific Permanent	Management Cost Account ¹³
Sales				
Timber sales	\$6,626,093	\$0	\$4,970,951	\$1,655,142
Timber sales-related activities ¹	384	0	275	109
Land sales (includes land bank)	0	0	0	0
	\$6,626,477	\$0	\$4,971,226	\$1,655,251
Leases				
Agriculture				
Dryland	\$81,827	\$0	\$61,370	\$20,457
Irrigated	326,685	0	245,014	81,671
Grazing and other	2,584	0	1,938	646
Aquatic lands	0	0	0	0
Special use	26,606	0	19,954	6,652
Commercial real estate	0	0	0	0
Mineral and hydrocarbon	5,668	0	4,251	1,417
Rights-of-way ¹⁵	(44,779)	0	(33,539)	(11,240)
Communication sites	477,691	0	358,223	119,468
Special forest products	13,112	0	9,819	3,293
	\$889,394	\$0	\$667,030	\$222,364
Other Revenue				
Interest income	\$37,432	\$3,592	\$2,264	\$31,576
Non-trust revenue ¹⁴	5,218	0	0	5,218
Operating transfer ¹⁰	0	602,287	(602,287)	0
Permits, fees, and miscellaneous ¹	38	0	0	38
	\$42,688	\$605,879	\$(600,023)	\$36,832
Total Revenue	\$7,558,559	\$605,879	\$5,038,233	\$1,914,447

Totals may not add due to rounding.

See fiscal notes, pages 22-25

Agricultural College Trust Management Account (ACTMA)

Revenue, Expenditures and Fund Balance

● This account funds DNR's management of the Agricultural College trust lands. The ACTMA is funded through an appropriation from the state General Fund. (As of July 1, 1999, Agricultural College trust lands do not contribute to the RMCA, which supports DNR's management of other state grant lands.)

'05

Fund Balance (July 1, 2004) **\$237,114**

Revenue 449

Less: Expenditures ²

Agricultural resources	\$28,018
Asset management & protection	62,655
Product sales & leasing	308,093
Land management	396,098
Correctional camps	28,533
Administration	11,632
Interagency payments	30,326
Agency support	61,291
Engineering Services	22,506

Total operating expenditures \$949,153

Transfer to General Fund (910,000)

Total capital expenditures 60,445

Total expenditures and other charges 99,598

ACTMA Fund Balance (June 30, 2005) **\$137,965**

Totals may not add due to rounding.

See fiscal notes, pages 22-25

Agricultural School Grant (WSU)

Revenue and Distribution

Income from these state grant lands supports construction of Washington State University's buildings. All revenue from these lands is income for the trust, and is divided between the Agricultural College Permanent Account and the WSU Bond Retirement Account. This distribution varies by activity and is governed by law.

'05

REVENUE		DISTRIBUTION	
Source	Total Funds	WSU Bond Retirement	Agricultural College Permanent
Sales			
Timber sales	\$3,893,170	\$ 0	\$3,893,170
Timber sales-related activities ¹	79,374	0	79,374
Asset transfer/loan repayment	0	0	0
Land sales (includes land bank)	0	0	0
	<u>\$3,972,544</u>	<u>\$0</u>	<u>\$3,972,544</u>
Leases			
Agriculture			
Dryland	\$107,273	\$0	\$107,273
Irrigated	69,244	0	69,244
Grazing and other	9,726	0	9,726
Aquatic lands	0	0	0
Special use	1,000	0	1,000
Commercial real estate	5,352	0	5,352
Mineral and hydrocarbon	3,223	0	3,223
Rights-of-way	46,613	0	46,613
Communication sites	141,682	0	141,682
Special forest products	1,131	0	1,131
	<u>\$385,244</u>	<u>\$0</u>	<u>\$385,244</u>
Other Revenue			
Interest income	\$1,790	\$1,786	\$4
Non-trust revenue	0	0	0
Operating transfer ¹⁰	0	299,464	(299,464)
Permits, fees, and miscellaneous	0	0	0
	<u>\$1,790</u>	<u>\$301,250</u>	<u>\$(299,460)</u>
Total Revenue	<u>\$4,359,578</u>	<u>\$301,250</u>	<u>\$4,058,328</u>

Totals may not add due to rounding.

See fiscal notes, pages 22-25

Aquatic Lands

Revenue and Distribution

● State-owned aquatic lands (tidelands, shorelands and beds of navigable waters) are a “public trust”—managed to benefit the public as a whole. Revenue from these state grant lands is divided between two accounts: The RMCA-aquatic supports DNR’s management of state aquatic lands and resources, and the ALEA provides for the purchase, improvement and protection of aquatic lands, largely through grants to public entities. Distribution varies according to activity and land classification, and is governed by law.

'05

REVENUE		DISTRIBUTION	
Source	Total Funds	Aquatic Lands Enhancement	Resource Management Cost Account ¹³
Aquatic Resources Activities			
Leases	\$16,759,603	9,870,597	6,889,006
Mineral and hydrocarbon	254,413	141,467	112,946
Rights-of-way	1,170,247	607,870	562,377
Interest income ¹	126,508	38,095	88,413
Non-trust revenue ¹⁴	21,408	380	21,027
Miscellaneous ¹	72,848	31,936	40,912
Total Revenue	\$18,405,027	\$10,690,345	\$7,714,681

RMCA – AQUATIC

Revenue, Expenditures and Fund Balance

Trust Balance (July 1, 2004)	\$2,801,965
RMCA Aquatic Revenue	7,714,682
Less: Expenditures ²	
Aquatic resources	\$5,377,977
Administration	289,269
Interagency payments	754,142
Agency support	1,917,951
Total operating expenditures	8,339,338
Capital expenditures	0
Total expenditures	8,339,338
Trust Balance (June 30, 2005)	\$2,177,309

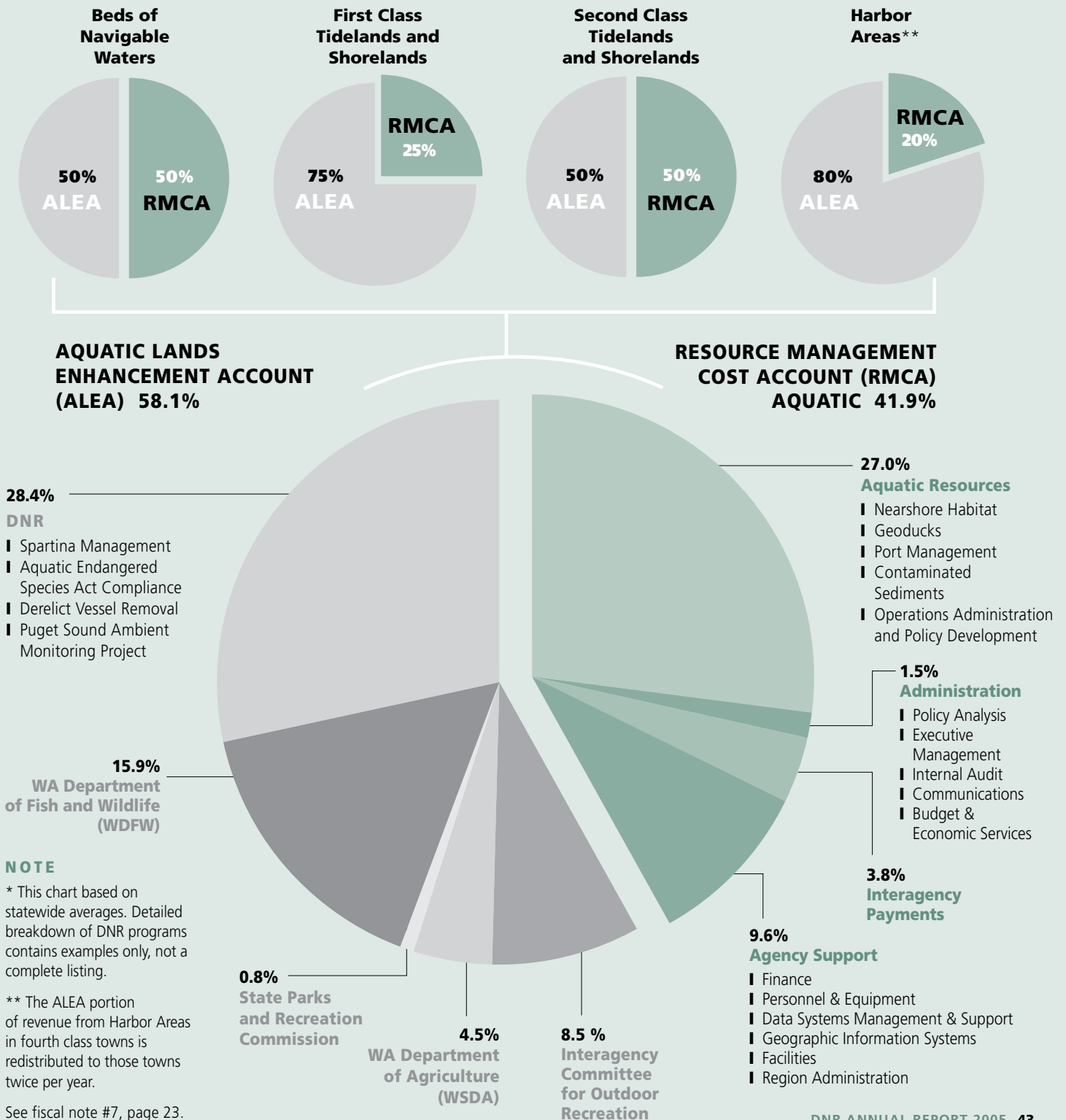
Totals may not add due to rounding.

See fiscal notes, pages 22-25

General* Distribution of Revenue from State-Owned Aquatic Lands

By law, revenue from state-owned Aquatic Lands goes to the ALEA for aquatic resource enhancement and to the RMCA to fund DNR's management of state aquatic lands. Distribution differs for different types of aquatic land — see the small pie charts. The large pie chart shows the combined

total distribution, with the ALEA share divided among state agency expenditures from that account, and the RMCA share divided among DNR's expenditures from the RMCA. Expenditures are appropriated by the Legislature and are ongoing investments to keep the submerged lands productive.



Forest Development Account (FDA)

Revenue, Expenditures and Fund Balance

● The FDA funds DNR's land management activities on State Forest Lands (formerly known as Forest Board Lands) in 21 counties. DNR deposits a portion of the revenue it generates from these lands into the FDA, and the legislature appropriates funds from the account to DNR for expenditures. The FDA is used for land management expenses (e.g., reforestation, preparing timber sales) on State Forest Lands (formerly known as Forest Board Lands).

'05

Fund Balance (July 1, 2004)		\$29,550,083
FDA Revenue		25,976,486
Less: Expenditures ²		
Agricultural resources	\$0	
Asset management & protection	915,163	
Product sales & leasing	6,584,943	
Land management	6,718,052	
Correctional camps	1,596,157	
Administration	602,922	
Interagency payments	1,571,853	
Agency support	3,176,778	
Engineering services	1,368,415	
Total operating expenditures	\$22,534,283	
Total capital expenditures	496,795	
Total expenditures and other charges		23,031,078
FDA Fund Balance (June 30, 2005)		\$32,495,491

Totals may not add due to rounding.

See fiscal notes, pages 22-25

General* Distribution of Revenue from State Forest Lands

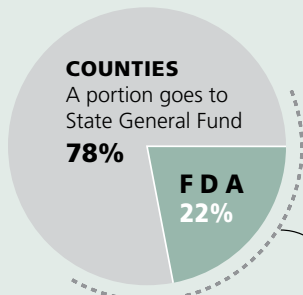
(Formerly Known as Forest Board Lands)

By law, revenue from State Forest Lands (formerly known as Forest Board Lands) goes to the county in which the land is located, the State General Fund for the support of Common Schools, and the FDA to fund DNR's management of the lands. Distribution differs for Transfer lands and Purchase lands — see the small pie charts.

The large pie chart shows the combined total distribution for FY 05, with the FDA share divided among DNR's expenditures from the account. Expenditures are appropriated by the Legislature and are ongoing investments to keep the lands productive and to generate future revenue.

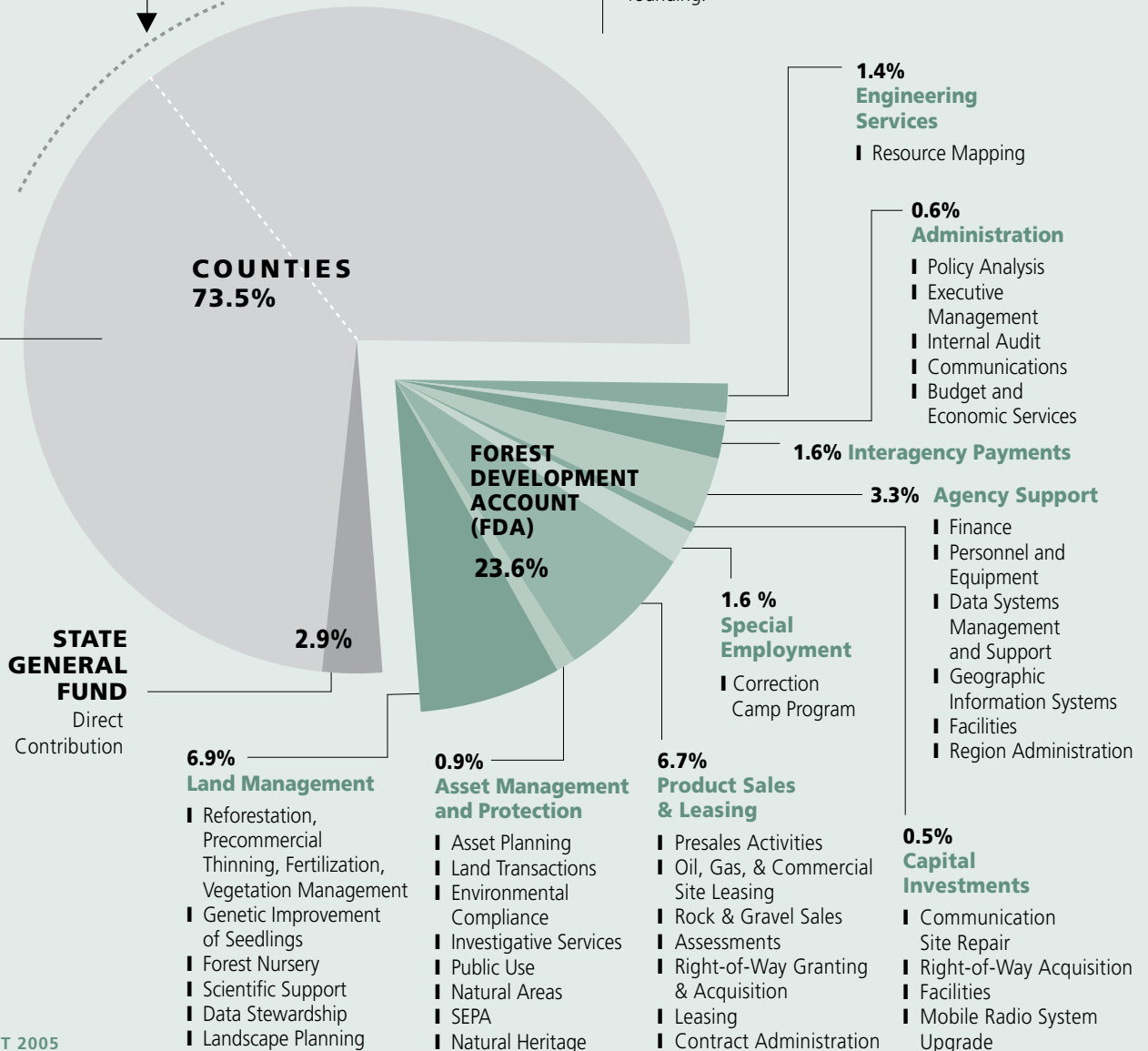
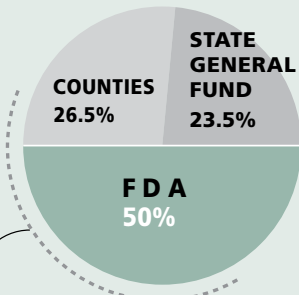
Transfer Lands**

546,100 acres



Purchase Lands

79,400 acres



NOTE

* This chart based on statewide averages. Detailed breakdown of DNR programs contains examples only, not a complete listing.

** Under Board of Natural Resources resolution #97-919, this distribution of revenue will remain in effect until the fund balance reaches six months' operating expenses, at which time DNR is authorized to reinstate the statutory maximum FDA distribution rate (25% FDA / 75% county).

Totals may not add, due to rounding.

State Forest Lands

(Formerly Known as Forest Board Lands)

Income from these lands is distributed to the counties in which the lands are located, the state General Fund for the support of common schools, and the Forest Development Account (FDA) for DNR's land management expenses on these lands. There are two categories of State Forest Lands (formerly known as Forest Board Lands): Purchase lands and Transfer lands.

Purchase lands were given to the state or purchased by the state at low cost. The FDA receives half the income from these lands. The other half is divided between the respective county and the state General Fund for the support of common schools.

'05

REVENUE		CONTRIBUTING LANDS	
Source	Total	Transfer Lands	Purchase Lands
Sales			
Timber sales	\$108,507,821	\$98,056,322	\$10,451,499
Timber sales-related activities ¹	246,167	244,316	1,851
	\$108,753,988	\$93,300,638	\$10,453,350
Leases			
Agriculture/minor forest products	\$201,318	\$149,150	\$52,168
Commercial/special use	56,688	45,829	10,859
Mineral and hydrocarbon	84,800	84,800	0
Rights-of-way	115,500	113,588	1,912
Communication sites	1,014,977	594,240	420,737
	\$1,473,283	\$987,607	\$485,676
Other Revenue			
Interest income ^{1, 15}	\$(9,865)	\$(17,054)	\$7,189
Permits, fees, and miscellaneous ¹	14,854	14,836	18
Treasurer's revenue ¹⁶	44,107	N/A	N/A
FDA non-trust revenue ¹⁴	25,241	N/A	N/A
	\$74,337	\$(2,218)	\$7,207
Total Revenue	\$110,301,608	\$99,286,027	\$10,946,233

N/A—not applicable

Totals may not add due to rounding.

See fiscal notes, pages 22-25



YACOLT BURN STATE FOREST

The Yacolt Burn State Forest near Vancouver is mostly Transfer Land supporting county services in Clark and Skamania counties.

The forest is named for the fire that devastated the area in 1902.

In just 36 hours, the fire took 38 lives, burned more than 238,000 acres in three counties, and destroyed 12 billion board feet of timber.

State Forest Lands (Continued)

Transfer lands were forfeited to the counties in which they were located when the private landowners failed to pay property taxes, primarily in the 1920s and 1930s. The counties turned the lands over to the state. DNR now manages these lands and distributes at least 75 percent of the income to the counties and up to 25 percent of the income to the FDA.

(As of July 1, 1997, under Board of Natural Resources resolution #97-919, the amount distributed to the counties increased to 78 percent, and the amount distributed to the FDA was reduced to 22 percent. This change will remain in effect until the fund balance in FDA reaches an amount equal to operating expenses for six months, at which time DNR is authorized to reinstate the statutory maximum distribution to the FDA: 25 percent.)

'05

Recipient	REVENUE DISTRIBUTION		CONTRIBUTING LANDS	
	Total	Transfer Lands	Purchase Lands	
County				
Clallam	\$4,112,828	\$4,112,828	0	
Clark	5,801,581	5,790,067	11,514	
Cowlitz	1,662,237	1,659,567	2,670	
Grays Harbor	1,772,228	300,322	1,471,906	
Jefferson	2,189,702	2,189,702	0	
King	3,919,163	3,919,163	0	
Kitsap	971,912	952,554	19,358	
Klickitat	426,965	426,965	0	
Lewis	2,656,131	2,656,059	72	
Mason	5,677,420	5,675,022	2,398	
Okanogan	27	27	0	
Pacific	2,996,312	2,697,374	298,938	
Pierce	4,251,289	3,991,947	259,342	
Skagit	11,860,440	11,860,440	0	
Skamania	326,605	318,459	8,146	
Snohomish	16,110,351	16,110,242	109	
Stevens	40,223	40,223	0	
Thurston	6,905,539	5,345,057	1,560,482	
Wahkiakum	3,482,950	3,482,950	0	
Whatcom	5,908,828	5,901,173	7,655	
Treasurer's revenue ¹⁶	44,107	N/A	N/A	
	\$81,116,838	\$77,430,141	\$3,642,590	
Forest Development Account				
Trust activity	\$25,951,257	\$21,859,478	\$ 4,091,779	
Permits, fees, and miscellaneous ^{1, 15}	(11)	(3,589)	3,578	
Treasurer's revenue	0	N/A	N/A	
FDA non-trust revenue ¹⁴	25,241	N/A	N/A	
	\$25,976,487	\$21,855,889	\$4,095,357	
General Fund – State*	\$3,208,284	0	\$3,208,284	
Total Revenue	\$110,301,609	\$99,286,030	\$10,946,231	

N/A—not applicable. Totals may not add due to rounding.

* Income from Transfer lands is not directly distributed to the State General Fund. However, counties redistribute a portion of their share of income from these lands to the fund.

See fiscal notes, pages 22-25

⊕ Every day, all across Washington State, the Department of Natural Resources serves the state's citizens by managing a variety of lands and protecting natural resources in a variety of ways.



DNR MANAGES MORE THAN 5 MILLION ACRES OF STATE LAND

- ▶ 3 million acres of upland trust lands—forests, agricultural and commercial lands that support public schools, state institutions or county services.
- ▶ 2.4 million acres of aquatic lands along the shores and beneath the waters of the state.
- ▶ 119,000 acres of Natural Areas that protect high-quality examples of Washington's natural heritage.

DNR GROWS THE TREE SEEDLINGS IT PLANTS ON FORESTED STATE TRUST LANDS.

DNR grows 8-10 million seedlings each year at its Webster Nursery near Olympia, and plants 5-6 million, matching species and seed source to the planting destination.

DNR IS HOME TO THE STATE BOARD ON GEOGRAPHIC NAMES

The board establishes the official names for the lakes, mountains, streams, places, towns and other geographic features within the state. Each year, the board approves names for about 25 features in Washington.

DNR'S 1,300 PERMANENT EMPLOYEES HAVE A WIDE RANGE OF DUTIES AND EXPERTISE.

DNR employs foresters, geologists, pilots, surveyors, cartographers, clerks, biologists, planners, heavy equipment operators, economists, engineers, carpenters, computer programmers, firefighters, and more.

DNR-MANAGED LANDS PUT FOOD ON THE TABLE

On trust lands leased for agriculture, you can find cattle, sheep, apples, plums, carrots, lentils, onions, wheat, berries, grapes, cherries, and more.

DNR PROTECTS 12.7 MILLION ACRES FROM FIRE

In 2005, DNR received two notable awards for its work in fire protection.



- ▶ The Franklin Award for exceptional service in equipping fire districts and fire departments in underserved communities by using the Federal Excess Personal Property Program.
- ▶ A National Fire Plan Award, with its partners in the Eastern Cascades Interagency Firefighter Training Cadre, for excellence in firefighter preparedness and safety.

SCHOOL KIDS AND AWARD BY ILLIS PRADO / DNR. SURVEY CREW BY FRANK FISCHER. OTHER IMAGES FROM DNR PHOTO FILES

Did You Know?

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



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