

# Trust Land Transfer Revitalization | Phase 2

## Public Webinar

July 7, 2022, 6-7:30 pm



WASHINGTON STATE DEPT OF  
**NATURAL  
RESOURCES**



# In Today's Public Webinar

At today's webinar, we will:

- Describe the trust land transfer (TLT) tool.
- Review how this tool is being revitalized with an external work group.
- Introduce the pilot project, a key part of revitalization.
- Introduce the parcels that are being proposed for transfer as part of the pilot project.
- Describe how you can submit your comments.



# What is Trust Land Transfer (TLT)?

Established in 1989, TLT is a **land portfolio management tool** that is used to reposition economically under-performing state trust lands.



\*Parcel is not generating revenue or is generating less revenue than expected



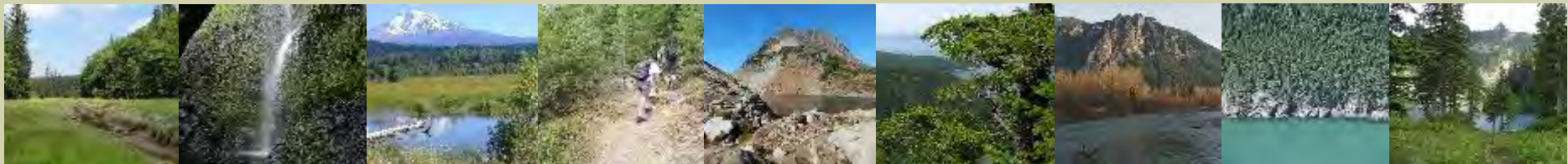


# What is Trust Land Transfer (TLT)?

Through TLT, DNR:

- **Transfers** underperforming state trust lands out of trust status.
- **Replaces** the transferred parcel with lands that can generate revenue for trust beneficiaries.
- **Conserves** lands with high ecological and social values.

32 years | 125,968 acres transferred | 55,546 acres replaced

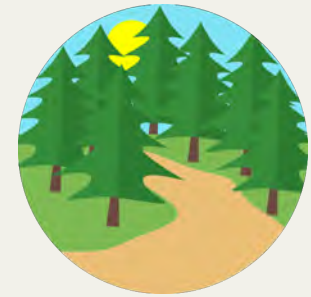


Nearly 15 percent of state park system | 43 DNR natural areas (20 at 100%)



# How Does TLT Work?

- Underperforming lands are transferred to DNR's Natural Areas Program, another state agency, a tribe, a non-profit organization, or a city or county. Receiving agency manages the parcel for its ecological and/or social values.
- Funding received from the Washington State Legislature is used to purchase replacement lands that generate revenue for trust beneficiaries.



# What is TLT Revitalization?

- An effort to improve TLT to make it more consistent, transparent, repeatable, and effective.
- Work funded in part by a proviso to the 2021-23 Capital Budget (SHB 1080 Sec. 3333).





# 2021 Budget Proviso Language

## Work Group

“(1)The department of natural resources shall convene a work group of trust land beneficiaries and stakeholders to develop a recommended process for the way trust land transfer proposals are developed and implemented.

## Considerations

Consideration should be made for increasing the income value of the trusts, limiting impacts to trust lands not being considered for transfer, conservation value of lands that are a potential candidate for transfer, and use of the land bank for securing repositioned land that would result from any transferred projects, and any other items necessary for a well-supported program.

## DNR Tasks

The department of natural resources must report and make recommendations for the establishment of a new trust land transfer program to the fiscal committees of the legislature, by December 1, 2021.

(2) For the 2021-2023 fiscal biennium, the department of natural resources may not trade, transfer, or sell any valuable material from the four parcels that comprised the proposed trust land transfer parcels in the 2019-2021 fiscal biennium, known as Blakely Island, Devils Lake, Eglon, and Morning Star.



# Revitalization In Two Phases

## Phase 1

July to October, 2021

- Develop a new framework for TLT.



## Phase 2

January to August, 2022

- Develop the framework into a strong, new, revitalized TLT tool.





# Phase 2 Work Group Members

- **Justin Allegro\***, Director, State Government Relations, The Nature Conservancy
- **Peter Bahls**, Executive Director, Northwest Watershed Institute, representing Port Gamble S'Klallam Tribe
- **Dylan Bergman**, Wildlife Program Manager, Jamestown S'Klallam Tribe
- **Duane Emmons**, Acting Deputy Supervisor for State Uplands, Department of Natural Resources
- **Matt Comisky\***, Washington State Manager, American Forest Resource Council
- **Karen Edwards**, Real Estate Manager, Department of Fish and Wildlife
- **The Honorable Heidi Eisenhour\***, Commissioner, Jefferson County

\*Returning member



# Phase 2 Work Group Members, Continued

- **Jim Freeburg\***, Board Member, North Cascades Conservation Council
- **Nikki Fields**, Real Estate Program Manager, ADA Coordinator, Washington State Parks and Recreation Commission
- **The Honorable Randy Johnson\***, Commissioner, Clallam County
- **Randy Newman\***, Director, Office of Superintendent of Public Instruction
- **Russ Pfeiffer-Hoyt\***, Chair, Trust Lands Advisory Committee, Washington State School Directors Association
- **David Troutt**, Natural Resources Director, Nisqually Indian Tribe
- **The Honorable Ron Wesen**, Commissioner, Skagit County

\*Returning member





# New Features of the Revitalized TLT Tool

- ✓ Improved process for determining if a transfer is in the best interests of the trust beneficiaries
- ✓ Establishment of an advisory committee to rank nominated parcels into a prioritized list
- ✓ More robust tracking and reporting
- ✓ New webpages
- ✓ Changes to funding allocation to provide more funding for replacement lands
- ✓ Expansion of the program to all types of state trust lands



# Where are we in the Process?

January through Early July, 2022

Meetings

1 2 2.1 3 3.1 4 4.1 5 5.1 6 6.1 6.2

Build the TLT framework established in Phase 1 into an effective tool.

Mid-July to August

Meetings

7 7.1

Facilitate a **pilot project** with the work group.

DNR is currently preparing for the start of the pilot project.

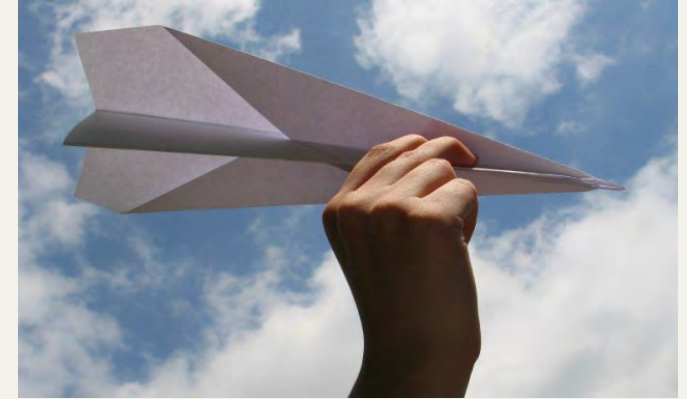




# What is the Pilot Project?

- **Who:** Work group, facilitated by DNR
- **What:** DNR to provide a limited list of eligible parcels; work group members to prioritize them using the process and criteria identified by work group.
- **Why:** Test eligibility and prioritization processes with a limited number of parcels before full implementation.
- **When:** July and August 2022

**Goal:** Attain Board of Natural Resources approval for a prioritized list of parcels and then submit list to the legislature by September, 2022.



# What Makes a Parcel Eligible for TLT?

- Must have an **identified receiving agency** who is willing and able to accept and manage the parcel.
- Transfer must be in the **best interests of the trust beneficiaries.**

As part of determining if a parcel is eligible for TLT, DNR is conducting outreach to county tax districts and tribes.





# What are the Prioritization Criteria?

- Ecological values, such as wildlife habitat
- Public benefits, such as recreation opportunities
- Community involvement and support
- Economic impacts (positive or negative)
- Level of tribal support



# What Happens After the Pilot Project?

- DNR will submit the prioritized list of parcels to the Board of Natural Resources for approval in early September, 2022.
- List of prioritized, Board-approved transfers will be submitted to the Washington State Legislature as a Capital Budget request in late September, 2022.
- Legislature will consider funding request in the 2023 legislative session.
- Once funding is approved, DNR will begin the formal transfer process.





# Still to Come: Potential Statutory Changes

DNR is considering pursuing the following:

- **New statutes:** Establish intent of TLT, establish new Land Bank account.
- **Existing statute:** Consider changing statute to reduce restrictions on the direct transfer of State Forestlands.
- **When:** 2023 legislative session or a subsequent session



# Types of State Trust Lands

## Federally granted lands:

- 7 different trusts, ~3 million acres
- Granted at statehood

## State Forestlands

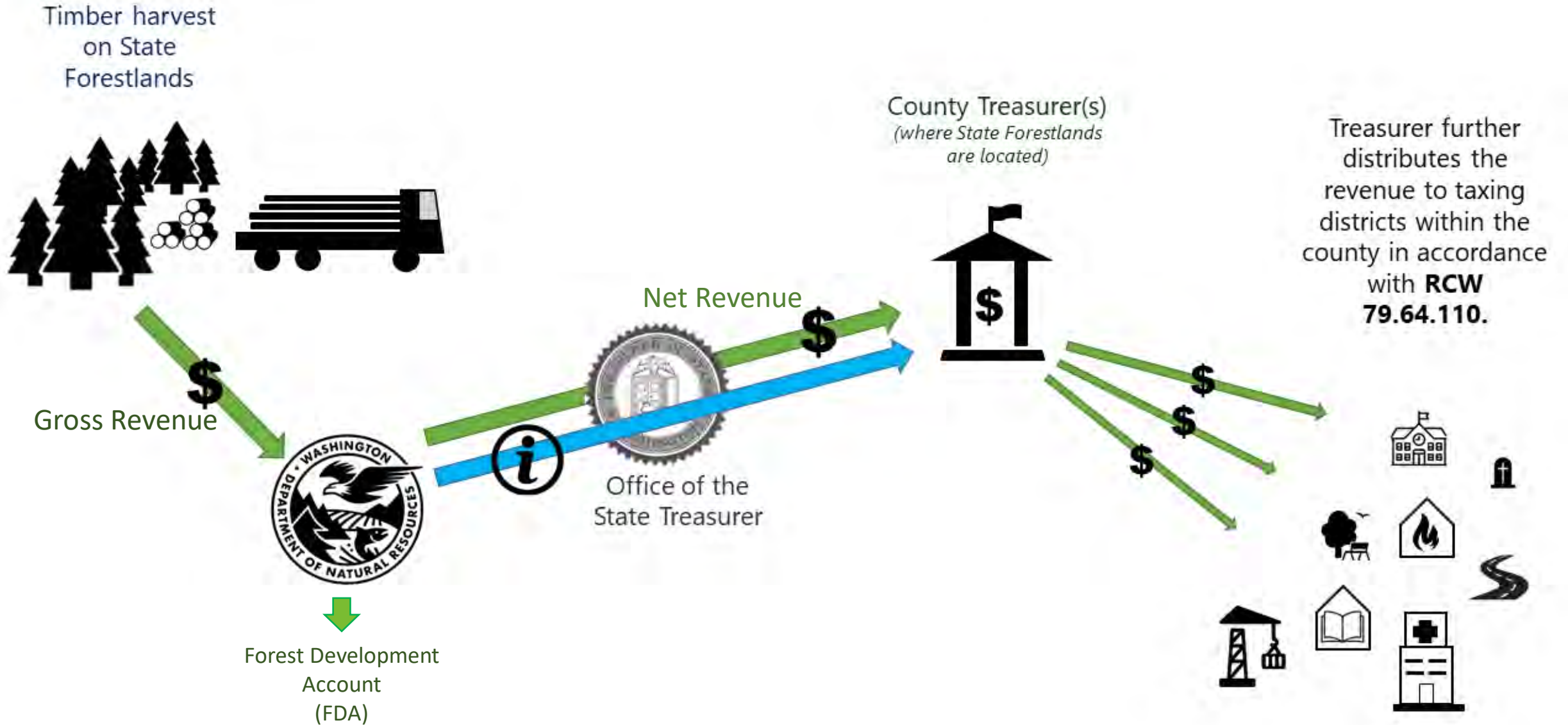
- ~500,000 acres
- Granted from counties
- Per current statute, direct transfer without public auction very limited





# State Forestland Revenue Distribution

RCW 79.64.110



# Still to Come: Tax District Focus Group

- DNR will form a focus group to specifically examine potential impacts (if any\*) and ways to avoid, minimize, or mitigate them.
- **When:** Currently anticipated in Fall 2022; solutions may require additional statutory changes in 2023 or other upcoming legislative sessions.



\* Financial impacts may be minimal if the parcel currently is generating little or no revenue.





*TLT Pilot Project*  
The Proposed  
Parcels



# Blakely Island (184 acres)

## Transfer to San Juan County

### Proposed use:

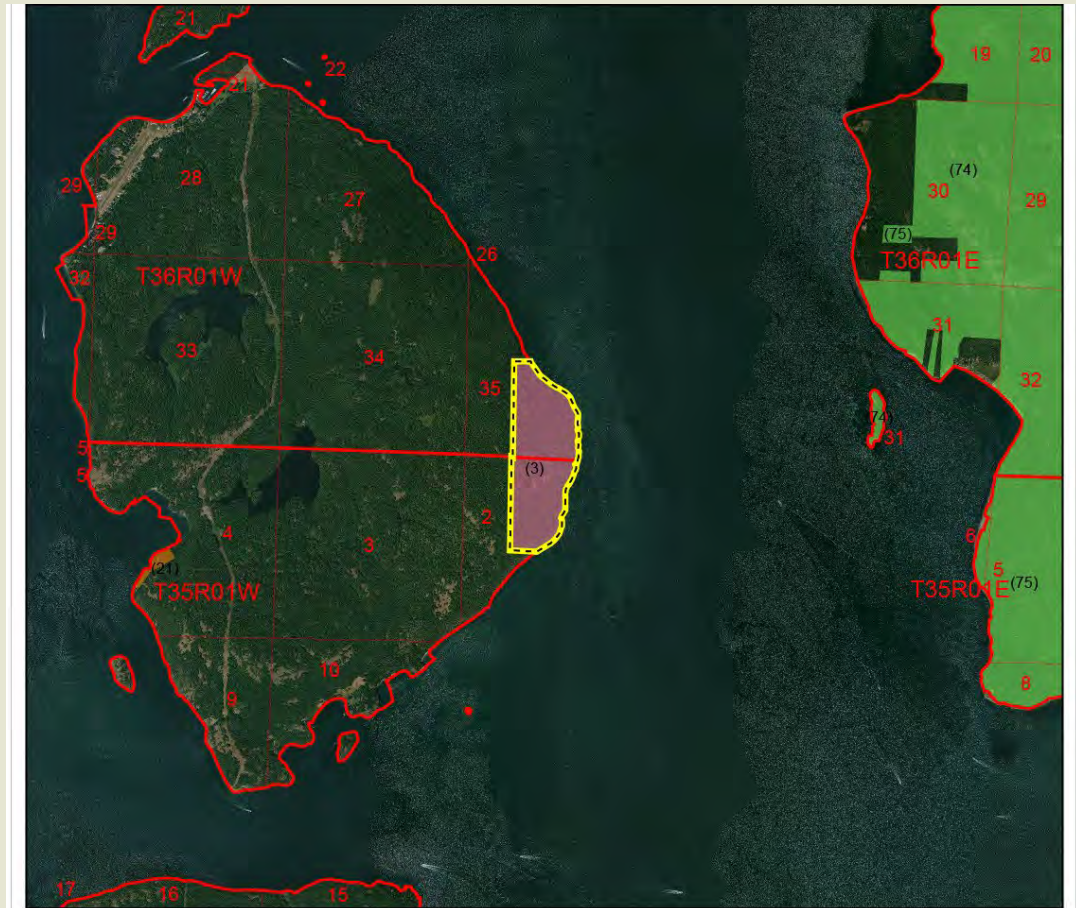
Habitat conservation and open space

### Why This Parcel?

**Difficult to manage.** Entire parcel is unharvestable due ecological values. There is no legal access from land side and no roads within or adjacent to the parcel.

**Ecological values.** Important marine shoreline habitat and trees with old growth characteristics (rare in this area).

**Social values.** Preserve views from San Juan Islands ferries .

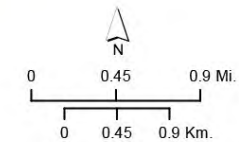


#### DNR-Managed Trust Lands

- State Forest Transfer (1)
- State Forest Purchase (2)
- Common School (3)
- Agricultural School (4)
- University - Transferred (5)
- CEP and RI (6)
- Capitol Grant (7)
- Normal School (8)
- Scientific School (10)
- University - Original (11)
- Community Forest Trust (48)
- NAP / NRCA (74/75)
- Other DNR-Managed Lands

**Located In**  
San Juan County, Washington

**Transfer Parcel(s)**  
Boundaries may vary at time of transfer.



#### Area of Detail



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# Chapman Lake (542 acres)

## Transfer to WDFW

### Proposed use:

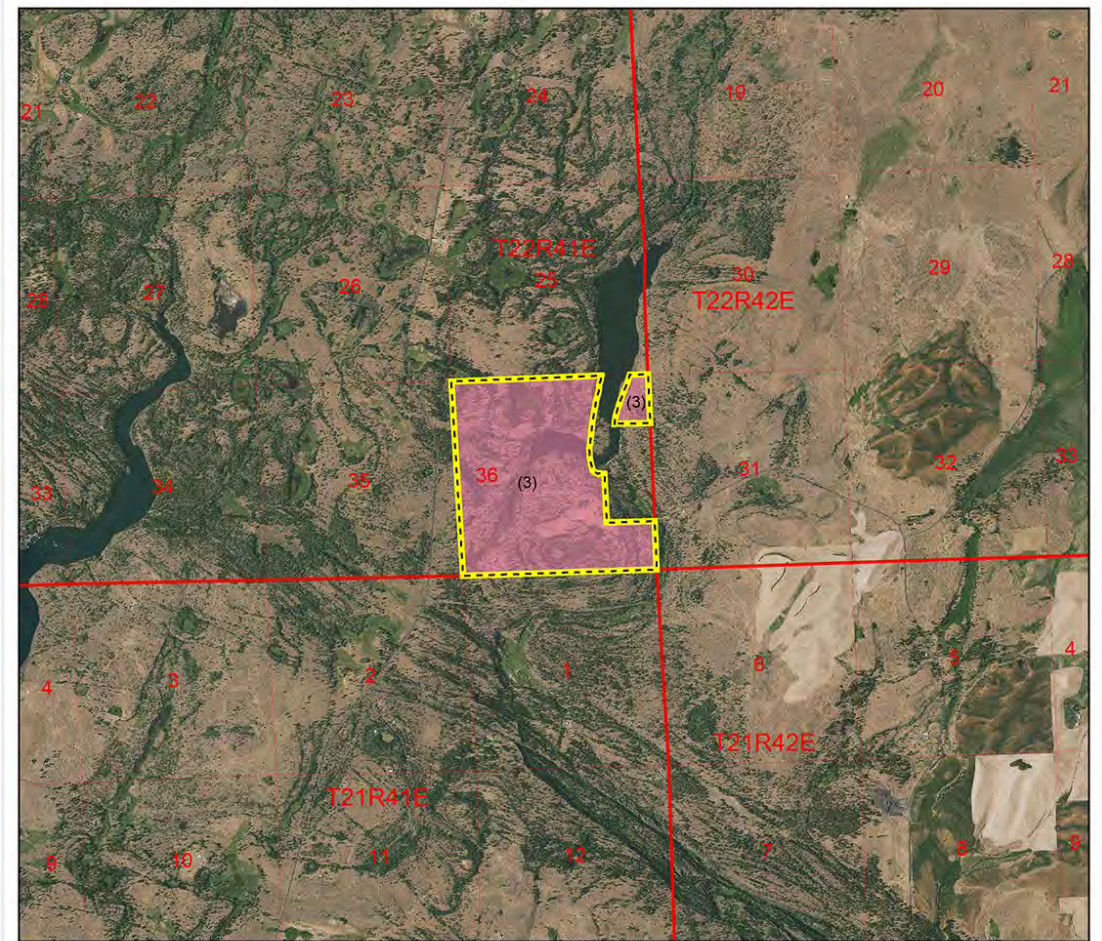
Habitat conservation and recreation

### Why This Parcel?

**Limited revenue potential.** Too sparsely forested for timber harvest, soil and topography not suitable for agriculture, too small for solar power.

**Ecological values.** Habitat for numerous wildlife species; expected to be satellite unit of the Swanson Lake Wildlife Area.

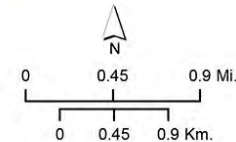
**Social values.** Re-establish fishing and recreation access to a popular lake, benefitting the greater Spokane area.



- DNR-Managed Trust Lands**
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  - Capitol Grant (7)
  - Normal School (8)
  - Scientific School (10)
  - University - Original (11)
  - Community Forest Trust (48)
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  - Other DNR-Managed Lands

**Located In**  
Spokane County, Washington

**Transfer Parcel(s)**  
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# Chelatchie Trail (81 Acres)

## Transfer to Clark County

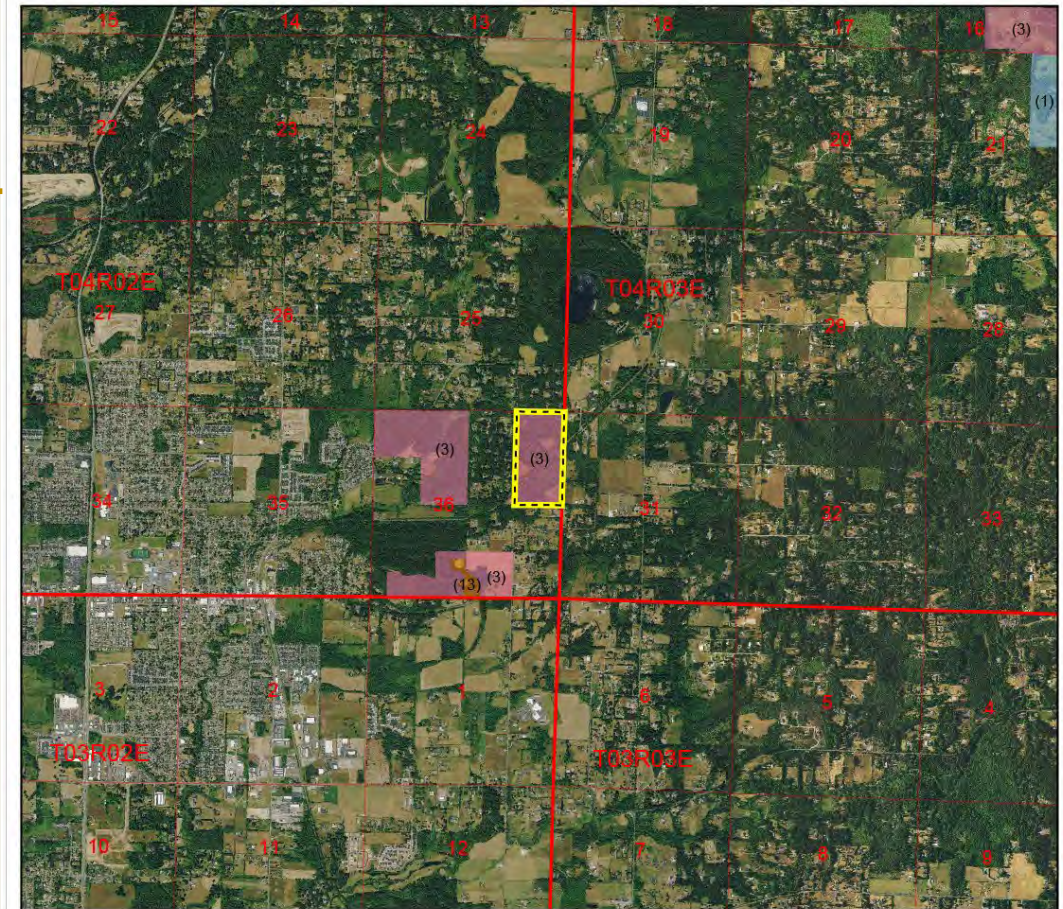
### Proposed use:

Habitat conservation and recreation

### Why This Parcel?

**Difficult to manage.** Approximately 60% of this parcel is unharvestable. Some of these areas are non-forested, and others contain streamside forests protected from harvest.

**Social values.** A trail converted from abandoned rail line currently runs through this parcel. Transfer would help Clark County develop a hike and bike trail that connect Battleground Lake State Park to Fairgrounds Community Park (2.8 miles). Provides public recreation opportunities in a highly populated area.



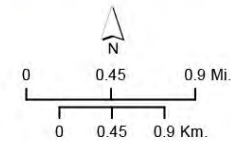
#### DNR-Managed Trust Lands

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- Capitol Grant (7)
- Normal School (8)
- Scientific School (10)
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- Community Forest Trust (48)
- NAP / NRCA (74/75)
- Other DNR-Managed Lands

#### Located In

Clark County, Washington

  **Transfer Parcel(s)**  
Boundaries may vary at time of transfer.



#### Area of Detail



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# Devils Lake (415 acres)

Transfer to DNR Natural Areas Program

## Proposed use:

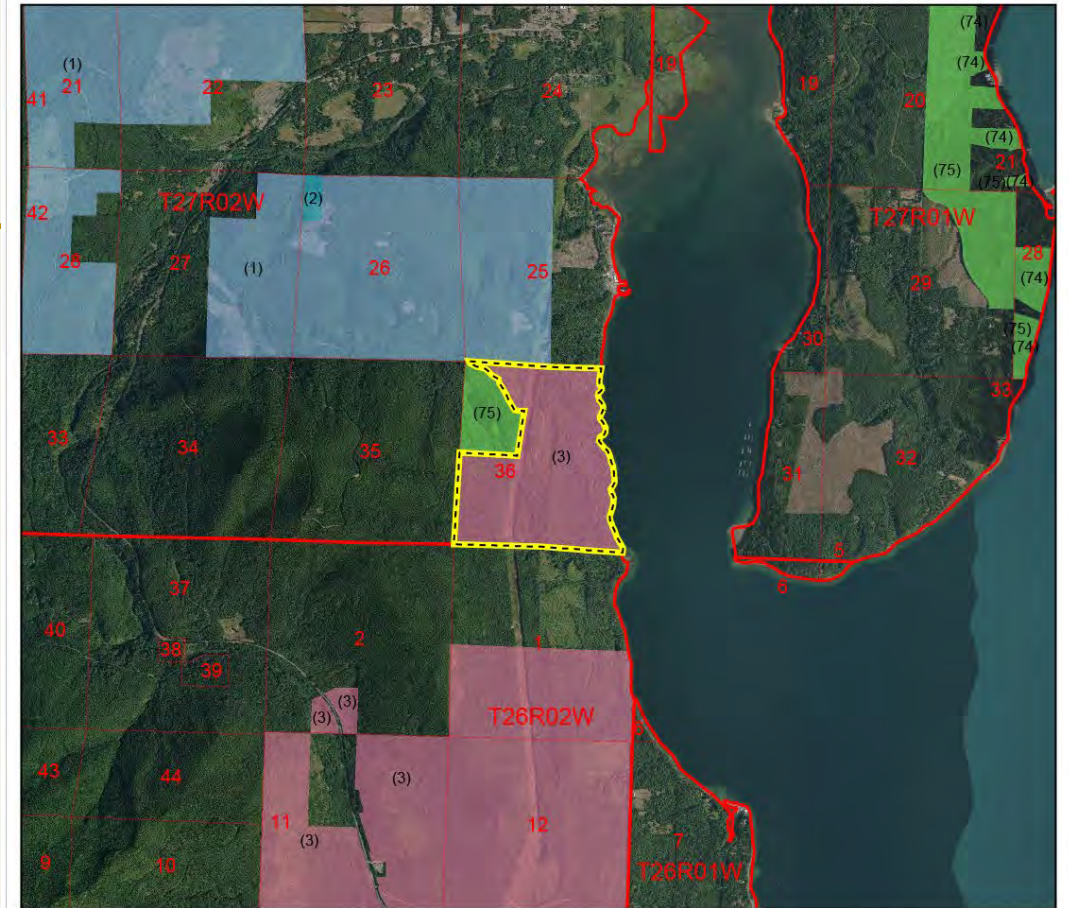
Habitat conservation and recreation

## Why This Parcel?

**Difficult to manage.** Approximately 70% of this parcel is unharvestable due to unstable slopes and sensitive areas (such as riparian forests) protected from harvest. Parcel currently has no road or trail access.

**Ecological values.** Protects a high quality, rare forested plant community and a mile of Puget Sound shoreline.

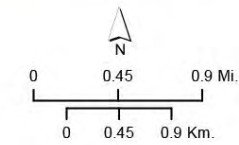
**Social values.** Provides limited opportunities for low-impact recreation such as hiking and birdwatching. Parcel will be added to the adjacent Devils Lake NRCA.



- DNR-Managed Trust Lands**
- State Forest Transfer (1)
  - State Forest Purchase (2)
  - Common School (3)
  - Agricultural School (4)
  - University - Transferred (5)
  - CEP and RI (6)
  - Capitol Grant (7)
  - Normal School (8)
  - Scientific School (10)
  - University - Original (11)
  - Community Forest Trust (48)
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  - Other DNR-Managed Lands

**Located In**  
Jefferson County, Washington

**Transfer Parcel(s)**  
Boundaries may vary at time of transfer.



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# Eglon (707 acres)

## Transfer to Kitsap County

### Proposed use:

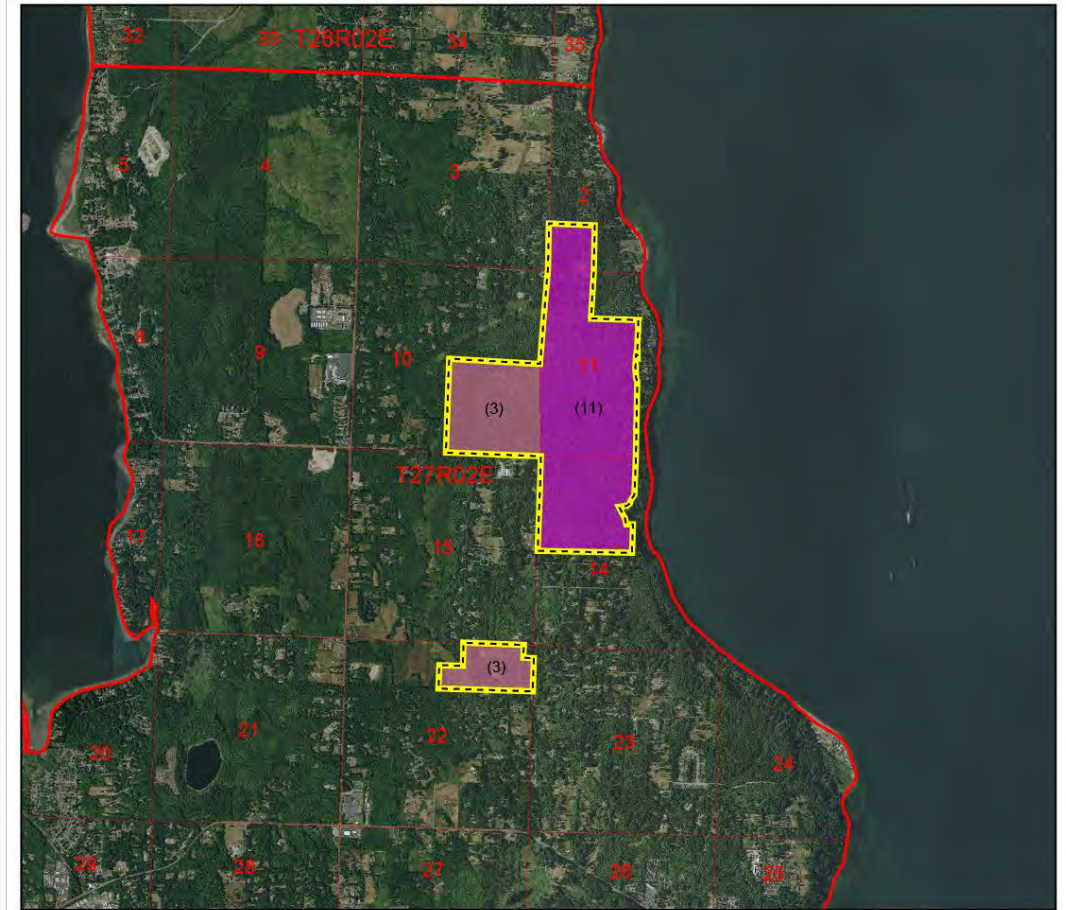
Habitat conservation and recreation

### Why This Parcel?

**Difficult to manage.** 47% of this parcel is unharvestable due to unstable slopes or riparian forests protected from harvest. Parcel also provides recreation opportunities within a very densely populated area.

**Ecological values.** Parcel includes a large wetland, a stream, and older trees (130+ years old).

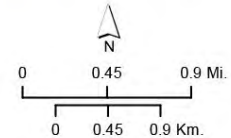
**Social values.** A trail on the property is used for public recreation and for pedestrian and bicycle use and streams are used by anglers. Transfer has strong community support.



- DNR-Managed Trust Lands**
- State Forest Transfer (1)
  - State Forest Purchase (2)
  - Common School (3)
  - Agricultural School (4)
  - University - Transferred (5)
  - CEP and RI (6)
  - Capitol Grant (7)
  - Normal School (8)
  - Scientific School (10)
  - University - Original (11)
  - Community Forest Trust (48)
  - NAP / NRCA (74/75)
  - Other DNR-Managed Lands

**Located In**  
Kitsap County, Washington

**Transfer Parcel(s)**  
Boundaries may vary at time of transfer.



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# Lake Spokane Campground

(305 acres)

Transfer to Wa. State Parks & Rec. Comm. (State Parks)

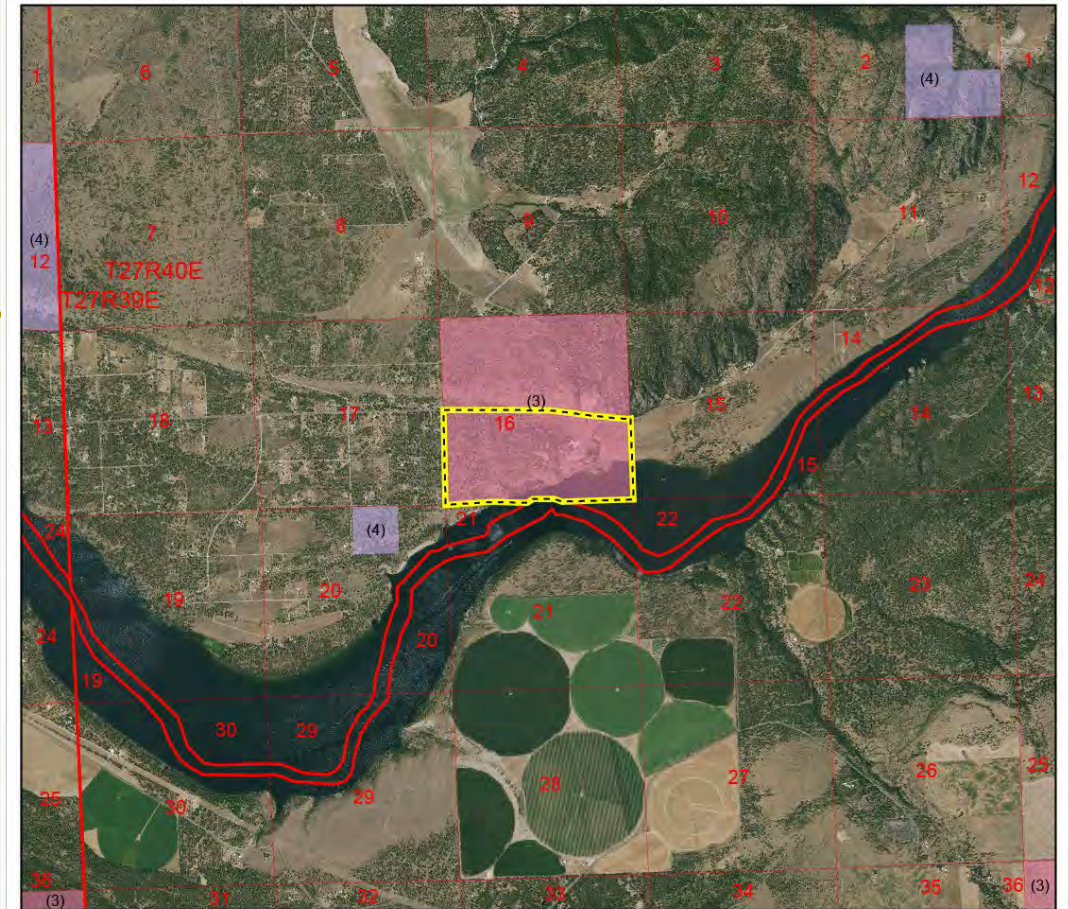
## Proposed use:

Recreation and open space

## Why This Parcel?

**Limited revenue potential.** Parcel is a recreation site being managed by State Parks through a lease agreement with DNR.

**Social values.** Property has a campground, water access, and parking. State Parks would be a better steward of this highly popular property because they have more experience with waterfront parks and on-site law enforcement staff.



### DNR-Managed Trust Lands

- State Forest Transfer (1)
- State Forest Purchase (2)
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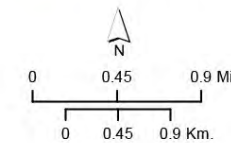
### Located In

Stevens County, Washington

**Transfer Parcel(s)**

Boundaries may vary at time of transfer.

### Area of Detail



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# Morningstar (1,071 acres)

## Transfer to DNR Natural Areas Program

### Proposed use:

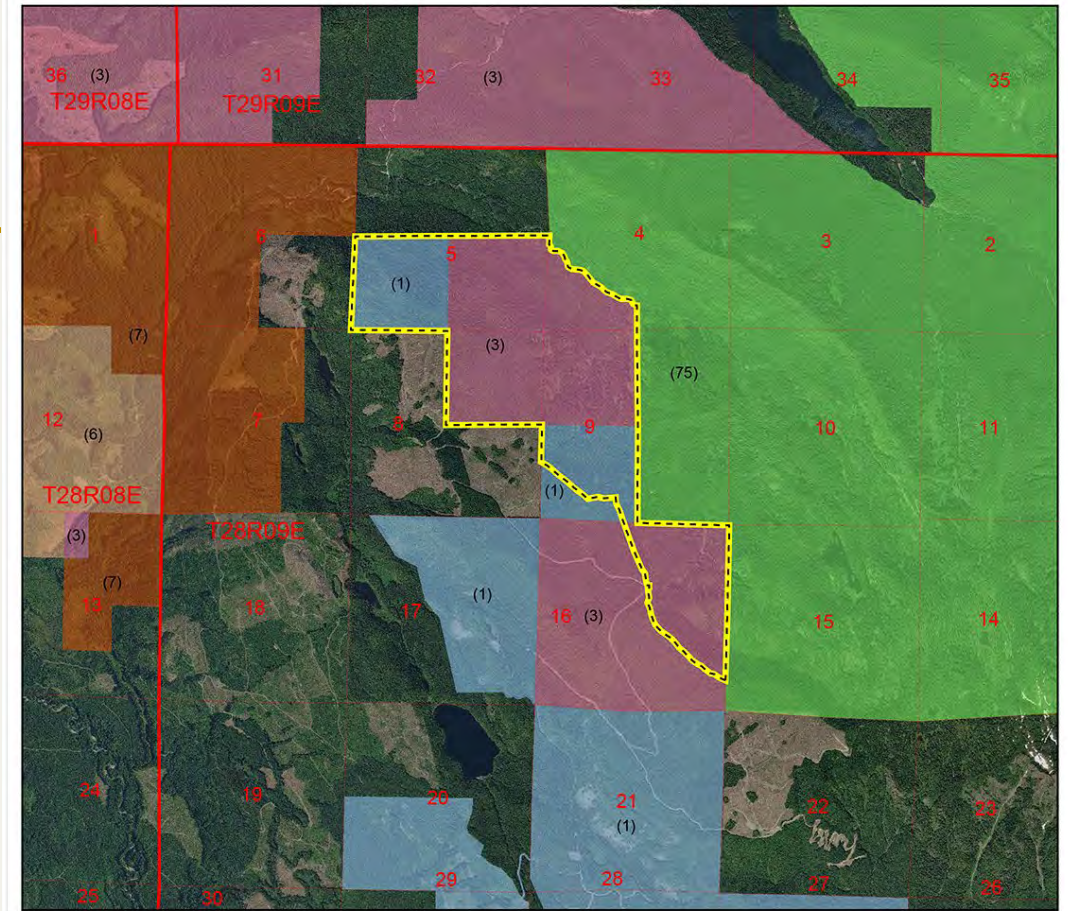
Habitat conservation and recreation

### Why This Parcel?

**Difficult to manage.** Approximately 80% of parcel is unharvestable due to steep slopes and sensitive areas managed as habitat.

**Ecological values.** Parcel includes older forest (120+ years old), wildlife habitat, and fish-bearing streams.

**Social values.** Provides opportunities for low-impact recreation such as hiking. Parcel is located within the boundaries of the Morningstar NRCA, a popular destination for King and Snohomish County residents.

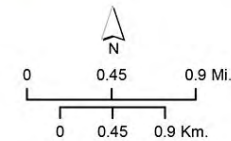


#### DNR-Managed Trust Lands

- State Forest Transfer (1)
- State Forest Purchase (2)
- Common School (3)
- Agricultural School (4)
- University - Transferred (5)
- CEP and RI (6)
- Capitol Grant (7)
- Normal School (8)
- Scientific School (10)
- University - Original (11)
- Community Forest Trust (48)
- NAP / NRCA (74/75)
- Other DNR-Managed Lands

**Located In**  
Snohomish County, Washington

**Transfer Parcel(s)**  
Boundaries may vary at time of transfer.



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# Moses Lake Sand Dunes (648 acres)

## Transfer to Grant County

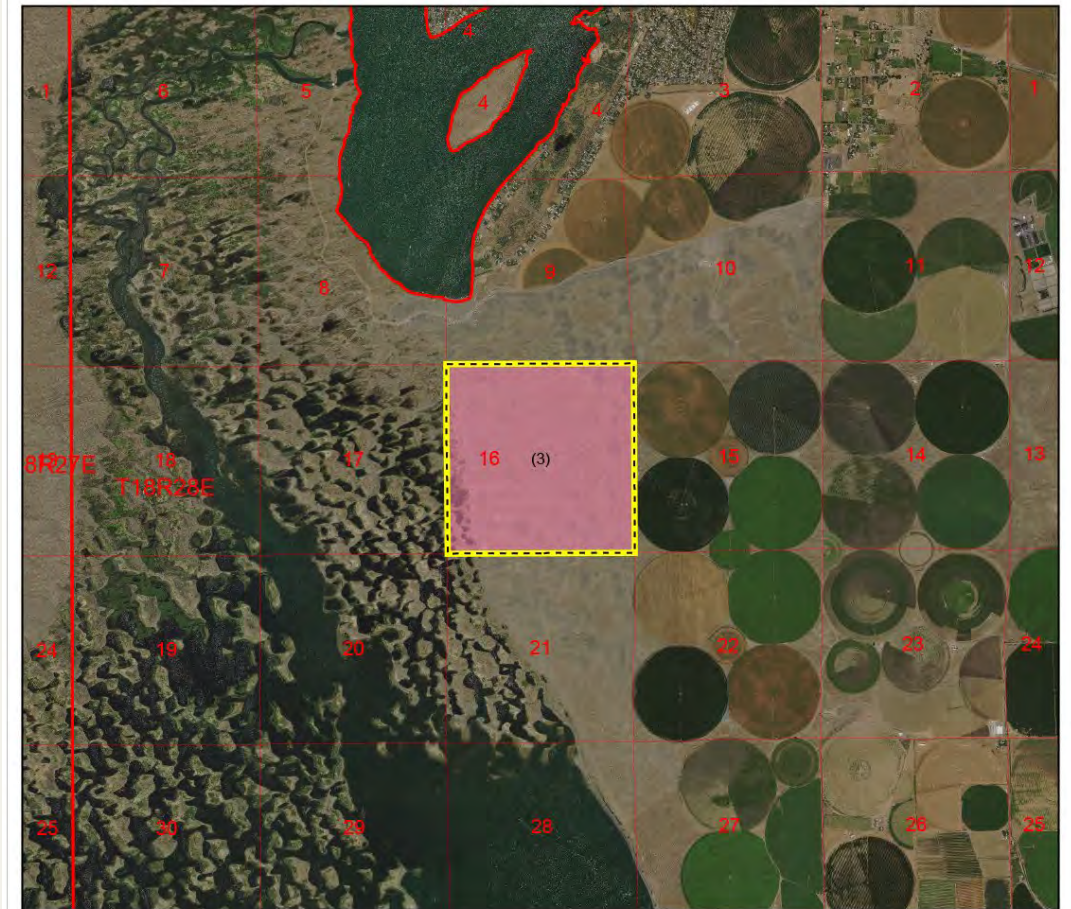
### Proposed use:

Recreation and open space

### Why This Parcel?

**Very limited revenue potential.** Site consists of sand dunes formerly used by off-road vehicles.

**Social values.** Grant County will provide recreational opportunities for the public. Grant County would be a better steward of this property due to having nearby parks and law enforcement staff.



#### DNR-Managed Trust Lands

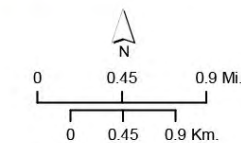
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- Other DNR-Managed Lands

#### Located In

Grant County, Washington

  **Transfer Parcel(s)**  
Boundaries may vary at time of transfer.

#### Area of Detail



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# Rustler's Gulch (40 acres)

## Transfer to WDFW

### Proposed use:

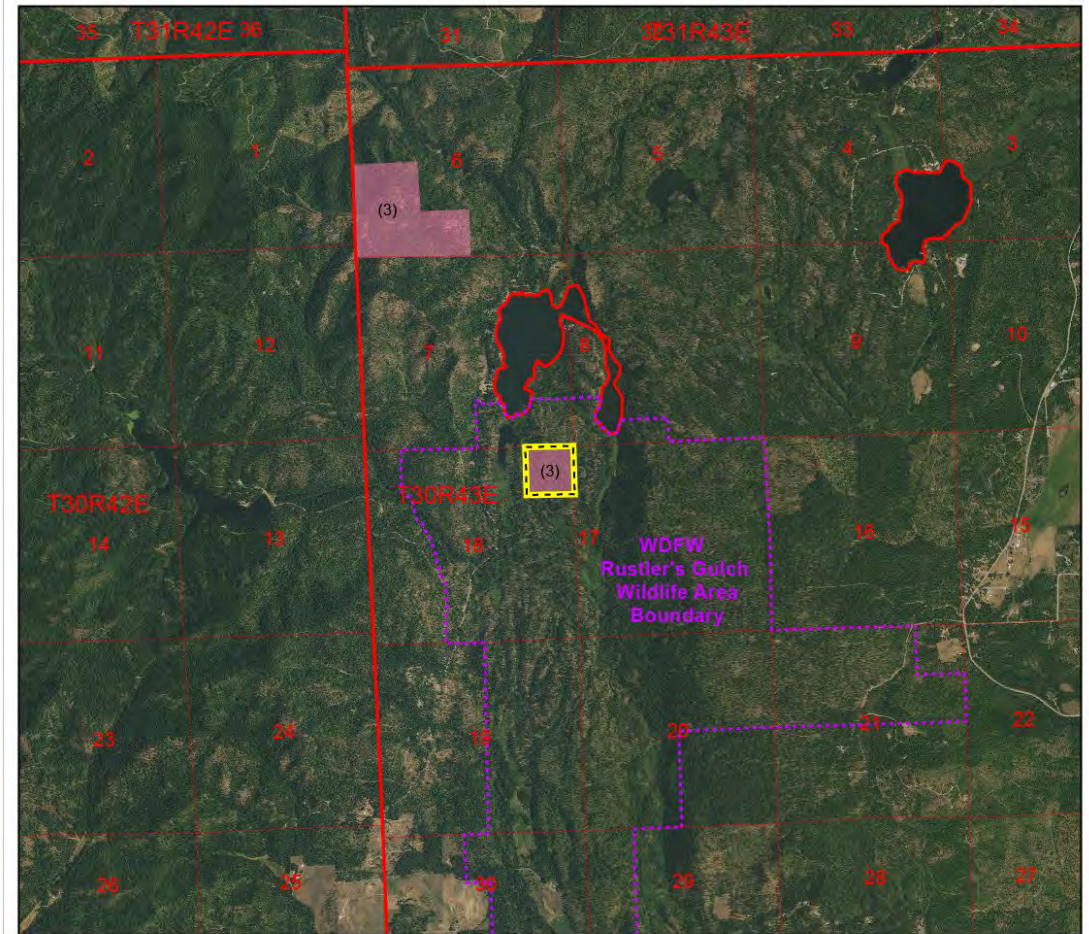
Habitat conservation and recreation

### Why This Parcel?

**Unsuitable for revenue production.** Parcel is an in-holding of the Rustler's Gulch Wildlife Area.

**Ecological values.** Moose, white tailed deer, coyote, and several bird species utilize this parcel as well as the surrounding WDFW wildlife area.

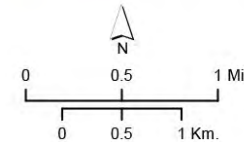
**Social values.** Acquisition of this parcel will help WDFW manage the Rustler's Gulch Wildlife Area and continue providing opportunities for dispersed recreation.



- DNR-Managed Trust Lands**
- State Forest Transfer (1)
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  - Common School (3)
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  - University - Transferred (5)
  - CEP and RI (6)
  - Capitol Grant (7)
  - Normal School (8)
  - Scientific School (10)
  - University - Original (11)
  - Community Forest Trust (48)
  - NAP / NRCA (74/75)
  - Other DNR-Managed Lands

**Located In**  
Pend Oreille County, Washington

**Transfer Parcel(s)**  
Boundaries may vary at time of transfer.



**Area of Detail**



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# Upper Dry Gulch (3,023 acres)

Transfer to DNR Natural Areas Program

## Proposed use:

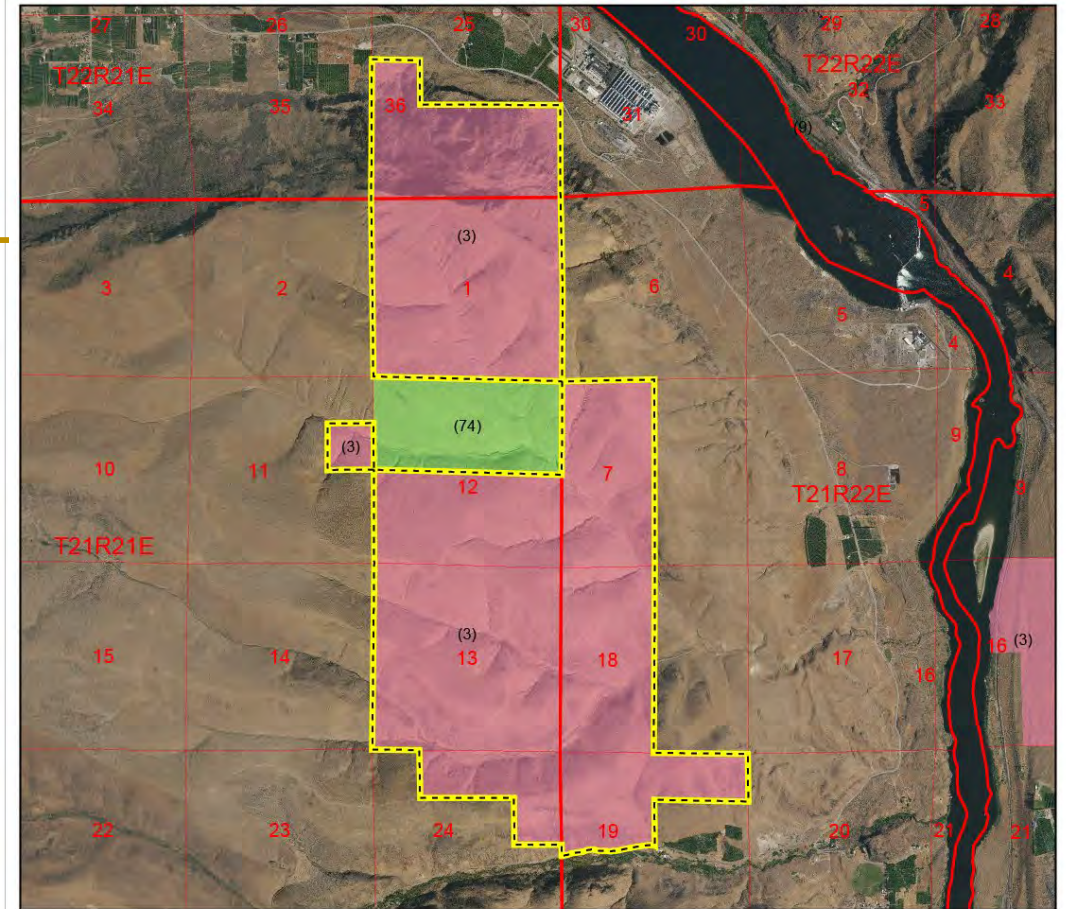
Wildlife habitat, natural area

## Why This Parcel?

**Unsuitable for revenue production.** Property is steep and arid with no associated water rights. It also experiences frequent wildfires. Parcel is located within the approved boundary of the Upper Dry Gulch NAP.

**Ecological values.** Includes globally rare plant community. Also has high wildlife usage by mule deer, bighorn sheep, elk, and quail.

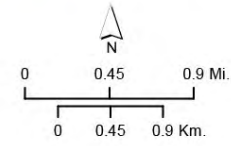
**Social values.** Provides research and education opportunities for local schools and community organizations.



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  - University - Original (11)
  - Community Forest Trust (48)
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  - Other DNR-Managed Lands

**Located In**  
Chelan County, Washington

**Transfer Parcel(s)**  
Boundaries may vary at time of transfer.



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# West Tiger (99 acres)

## Transfer to DNR Natural Areas Program

### Proposed use:

Habitat conservation and recreation

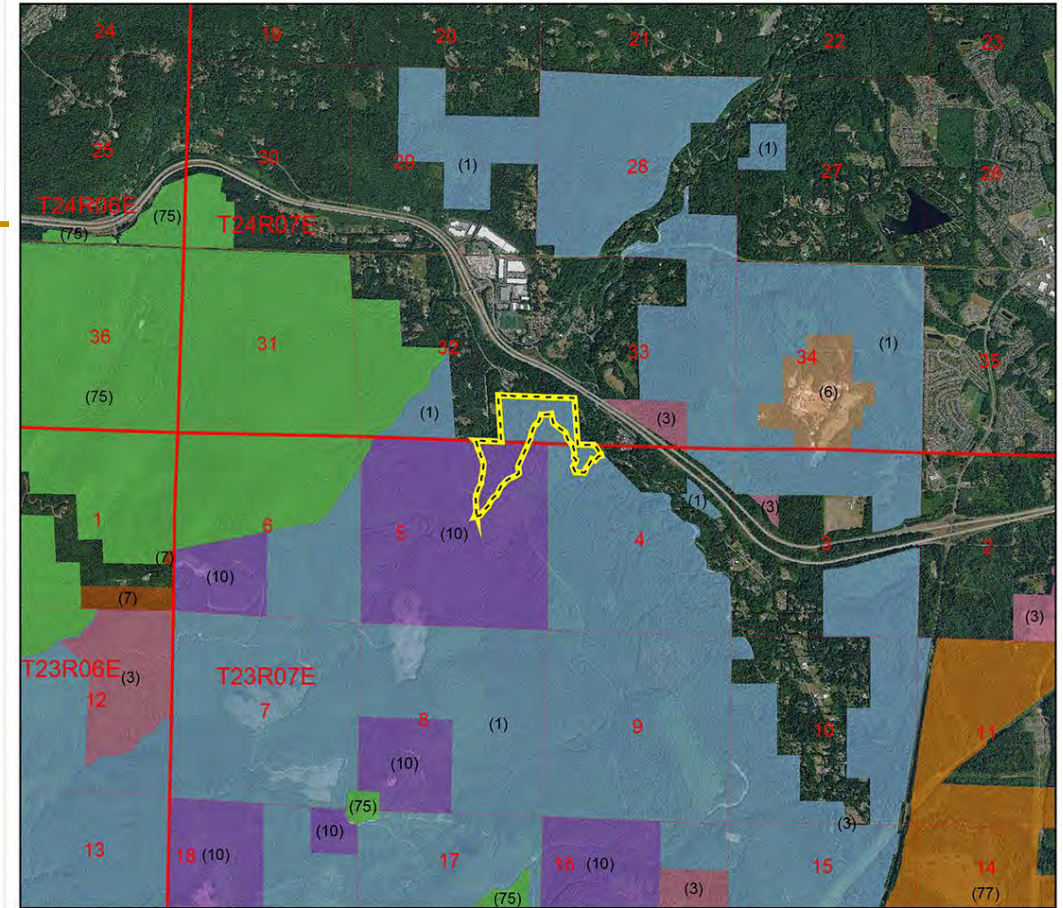
### Why This Parcel?

**Unsuitable for revenue production.**

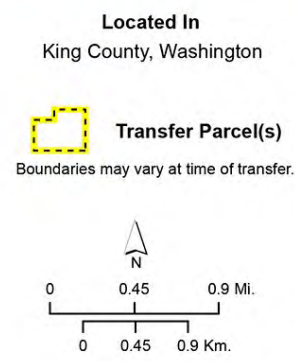
Approximately 80% of this parcel is unharvestable due to steep, unstable slopes and riparian forests protected from harvest. There is no road access to harvestable areas.

**Ecological values.** Older forests (120+ years old) and salmon-bearing streams.

**Social values.** Protects views for motorists along I-90. Will be added to the West Tiger NRCA, which provides recreation opportunities in a densely populated area.



- DNR-Managed Trust Lands**
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  - State Forest Purchase (2)
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  - Other DNR-Managed Lands



WASHINGTON STATE DEPARTMENT OF NATURAL RESOURCES

Disclaimer: Extreme care was used during the compilation of this map to ensure accuracy. However, due to changes in ownership and the need to rely on outside information, the Department of Natural Resources cannot accept responsibility for errors or omissions, and therefore, there are no warranties which accompany this material.





# Summary

Property Name	Acres	Trust	County	Receiving Agency
Blakely Island	184	Common School (03)	San Juan	San Juan County
Chapman Lake	542	Common School (03)	Spokane	WDFW
Chelatchie Prairie	81	Common School (03)	Clark	Clark County
Devils Lake	416	Common School (03)	Jefferson	DNR Natural Areas Program
Eglon	707	Common School (03), University Original (11)	Kitsap	Kitsap County
Lake Spokane Campground	305	Common School (03), Agricultural School (04)	Stevens	Washington State Parks
Morning Star	1,071	Common School (03), State Forest Land (01)	Snohomish	DNR Natural Areas
Moses Lake Sand Dunes	647	Common School (03)	Grant	Grant County
Rustler's Gulch	40	Common School (03)	Pend Oreille	WDFW
South Lake Ozette	360	Common School (03)	Clallam	DNR Natural Areas
Upper Dry Gulch	3,023	Common School (03)	Chelan	DNR Natural Areas
West Tiger	99	State Forest Land (01), Scientific School (10)	King	DNR Natural Areas



# Comments

We want to hear from you!

- Do you have specific concerns about these transfers that DNR should address? For example, economic or environmental impacts?
- Are you aware of any new information about these parcels that DNR needs to consider regarding the transfer of these parcels?
- Do you have comments or concerns about trust land transfer in general?





# How to Submit Comments

- Go to this webpage to enter your comments:  
<https://www.surveymonkey.com/r/XDTLQR9>
- Comments will be received now until close of business on July 14, 2022



# Where Can I Learn More?

A full explanation of the revitalized tool and a description of Phase 2 tasks can be found in the 2021 legislative report under “Project Documents” at:

<https://www.dnr.wa.gov/about/trust-land-performance-initiative/tools-address-underperforming-land-assets>

This site also includes presentations and recordings of all work group meetings to date.



## Part 3: Next Steps and Conclusion

### ► What Makes a Transfer Eligible for TLT?

As a trust lands manager, DNR has specific fiduciary responsibilities to its trust beneficiaries regarding how state trust lands are managed (refer to Appendix B). DNR will evaluate each application to ensure each proposed transfer is in the best interests of the trusts and therefore eligible for TLT. As part of this analysis, DNR will consider the value of the property; the likely, future revenue potential of the proposed transfer; and other factors. Applicants may request a pre-application meeting with DNR to learn more about trust land management and fiduciary considerations. However, the actual decision on eligibility will be made through this formal DNR process, not in a pre-application meeting.

If a parcel is not eligible for transfer, DNR will communicate the rationale of why it is not eligible to the applicant, receiving entity (public agency, Tribe, or DNR's Natural Areas Program), advisory committee, and Board of Natural Resources. DNR's communication with the applicant could include a possible discussion on whether there are ways to change the proposal that could potentially make it eligible for TLT.

### Discussion

Ensuring the transfer is in the best interests of the trusts is crucial to the success of this tool. The work group discussed options for where this evaluation should fall in the process, and ultimately placed it early in the process, before the parcels are evaluated and ranked by the advisory committee (under Step 2). It is DNR's responsibility, as a trust manager, to make this determination.

The current work group had a robust discussion on encumbrances and reversionary clauses that may be needed on transferred property deeds. For example, as part of the eligibility determination, DNR could identify possible encumbrances and reach out to receiving entities to determine if they could accept them. Development of these clauses would likely be an iterative process between DNR and the receiving entities during Step 4 of the TLT process, and would be unique to each parcel. The group also determined that after a parcel has been transferred, no further encumbrances or reversionary clauses should be added to the property deed, which means DNR must thoroughly evaluate each parcel's potential impacts on trust land management at the time of transfer. More clarification on this topic is needed. Discussions on encumbrances and reversionary clauses will continue with the expanded work group.

project is to develop the framework into a strong, new, revitalized TLT tool. To will continue collaborating with a similar but expanded work group. To this work all of the current work group members, Tribal representatives, and burdened communities and vulnerable populations. DNR also will invite others ences, knowledge, and expertise that will help the extended work group complete lish the expanded work group this fall or winter, and plans to schedule work ing in January and running through the end of May, 2022. DNR also will continue public engagement throughout this phase of the project.

### Other Exploration

f the framework, work group members identified specific topics that the must address in the next phase of this project. Following is a description of each topics likely will be identified and addressed throughout this phase of work.

### to County Taxing Districts

tant topics for the expanded work group is how to address the potential impacts T's on county taxing districts. As discussed in Part 1, counties distribute revenue is to specific taxing districts according to the general tax distribution by tax area changes State Forest Lands, taxing districts can lose revenue unless DNR can d land with a parcel that is located in the same tax area code. At times, finding ficult to impossible.





Thank you for  
your interest

