

2017-19 Biennium Budget Decision Package

Agency: 490 Department of Natural Resources
Decision Package Code/Title: FS Fire Suppression
Budget Period: 2017-19 and 2019-21
Budget Level: M2 – Inflation and Other Rate Changes FINAL

Agency Recommendation Summary Text:

The Department of Natural Resources is responsible for responding to and suppressing wildfires. The state’s portion of these costs are paid from General Fund-State and the Disaster Response Account. An estimate of these costs, based upon actual historical fire costs, is appropriated within DNR’s biennial budget. This request adjusts DNR’s biennial fire suppression appropriation to align with updated fire suppression expenditure history.

Fiscal Detail

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
General Fund State 001-1	1,641,000	1,641,000	1,641,000	1,641,000
Total Cost	\$1,641,000	\$1,641,000	\$1,641,000	\$1,641,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs				
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. A	184,000	184,000	184,000	184,000
Obj. B	48,000	48,000	48,000	48,000
Obj. E	766,000	766,000	766,000	766,000
Obj. G	18,000	18,000	18,000	18,000
Obj. T	625,000	625,000	625,000	625,000
Total Cost	\$1,641,000	\$1,641,000	\$1,641,000	\$1,641,000

Package Description

The Department of Natural Resources (DNR) is responsible for responding to and suppressing wildfires. The state’s portion of these costs are paid from General Fund State and the Disaster Response Account. An estimate of these costs, based upon actual historical fire costs, is appropriated within DNR’s biennial budget. This request adjusts DNR’s biennial fire suppression appropriation to align with updated fire suppression expenditure history.

Each biennium DNR prepares an estimate of necessary funding for the ensuing two-year period. The estimate is based on annual expenditures over a period of time most representative of what is expected for the upcoming biennium. This estimate uses the average of the last ten years of fire suppression expenditures without the two highest and lowest cost years. DNR's GF-State 2017-19 carryforward level appropriation for fire suppression is \$15,530,000 per year, with an additional \$8,025,000 per year from the Disaster Response Account, for a total of \$23,555,000 per year. The modified ten year historical average shows this amount should be \$24,571,000. (See attached chart for details)

DNR's fire suppression funding has historically been provisoed in the biennial and supplemental budget bills. This proviso has also included the following prohibition: "None of the general fund and disaster response account amounts provided in this subsection may be used to fund agency indirect and administrative expenses. Agency indirect and administrative costs shall be allocated among the agency's remaining accounts and appropriations." This has created a fund equity problem. The costs of such administrative functions as hiring fire fighters, processing fire payrolls, and paying fire suppression bills cannot be charged to the GF-S/Disaster funds due to this prohibition. This results in those administrative costs being borne by the other funds that pay for DNR administrative programs, such as the Resource Management Cost Account (RMCA) and the Forest Development Account (FDA). It is inappropriate for these funds to be subsidizing wildfire suppression. DNR requests that the administrative prohibition be modified to allow for the charging of directly-related support costs to the fire suppression funds. DNR estimates this direct support cost at \$625,000/year.

A maintenance level biennial adjustment of \$3,282,000 is requested to bring DNR's biennial fire suppression appropriation to the modified ten year historical average level.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.

This proposal provides additional fire suppression appropriation to align with updated fire suppression expenditure history.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

The requested funds are based on a modified ten year historical average of expenditures. Expenditures by object reflect the ratio between objects in the 2013-15 biennium; administrative indirect is shown in Object T. (See fiscal chart for details) All costs are ongoing.

Decision Package Justification and Impacts

What specific performance outcomes does the program expect?

The fire suppression activity is committed to DNR's goals of preventing losses to life, minimizing property loss, and minimizing damage to natural resources. Responding to wildland fires requires support from training firefighting staff and specialized equipment to keep fires small and property losses to a minimum. DNR maintains a performance goal of keeping 95% of all fires contained at or below 10 acres.

This proposal supports Goal 2 of DNR's 2014-17 Strategic Plan – Protect and maintain working forestlands, habitats, and other natural resources, and subgoal 2A – Protect Washington's communities and natural resources from wildfire and other natural hazards.

Performance Measure detail:

Activity A013 - Fire Suppression

This activity suppresses fires on about 13 million acres of private and state forest lands protected by DNR. Fires on private and state forest lands are extinguished.

What are other important connections or impacts related to this proposal?

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	DNR partners with the federal government, other state agencies, local governments and fire districts to successfully combat wildfires.
Other local gov't impacts?	Yes	DNR partners with the federal government, other state agencies, local governments and fire districts to successfully combat wildfires.
Tribal gov't impacts?	Yes	DNR partners with the federal government, other state agencies, local governments and fire districts to successfully combat wildfires.
Other state agency impacts?	Yes	DNR partners with the federal government, other state agencies, local governments and fire districts to successfully combat wildfires.
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions

Identify other important connections		
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What alternatives were explored by the agency and why was this option chosen?

Calculation of last ten years of expenditures, dropping the two highest and two lowest years and averaging the remaining six years.

There are alternatives to calculating a yearly average. This request uses the last ten years of expenditures, dropping the two highest and two lowest years and averaging the remaining six years. A second option would use the average of the last six years. A third option would use the average of the last ten years of expenditures. The goal was to select the methodology that would be most representative of actual fire suppression costs over recent history. Below are the results of these three methods:

<u>Method</u>	<u>Maintenance Level Annual Need</u>
Last six years	\$32,978,000
Last ten years	\$29,472,000
10-year average w/o 2 high & 2 low	\$24,571,000

A second alternative would be to continue to depend upon the supplemental budgets to fund the gap between DNR's annual carryforward level fire suppression appropriation and the projected actual costs. This alternative is not recommended, as the gap between DNR's biennial appropriation and actual fire suppression costs increases the risk of a supplemental budget request, putting belated pressure on the competing needs for GF-State. Increasing DNR's biennial appropriation sets aside a reasonable amount of funding for emergency fire suppression and decreases (but doesn't eliminate) the risk of a supplemental budget request.

Amending the prohibition of administrative costs.

One alternative is to completely eliminate the prohibition of charging administrative indirect costs to the fire suppression activity. This is not considered a viable alternative. With the exception of fire suppression, DNR's administrative indirect charges by fund mirror direct program staff charges by fund. Staff months are considered the best proration mechanism because the administrative indirect cost is most affected by the number of agency staff the administrative programs support. However, the fire suppression activity is unique in that only some of the administrative indirect programs actually provide support to the suppression program. Therefore, applying the standard approach would result in charging fire suppression for administrative services that it does not receive.

The second alternative is to continue the historical prohibition of all administrative indirect costs. This is also not considered a viable alternative, as it creates a fund equity problem. The costs of such administrative functions as hiring fire fighters, processing fire payrolls, and paying fire suppression bills cannot be charged to the GF-S/Disaster funds due to this prohibition. This results in those administrative costs being borne by the other funds that pay for DNR administrative programs, such as the RMCA and FDA. It is inappropriate for these funds to be subsidizing wildfire suppression.

What are the consequences of not funding this request?

DNR would continue to respond to wildfires and require yearly supplemental budget appropriations to fund the appropriation gap. Fire suppression expenditures would continue to be charged to GF-State.

How has or can the agency address the issue or need in its current appropriation level?

No

Other supporting materials:

An effective wildfire suppression program reduces the risk of property damage and economic loss while making the most effective use of available resources, thus supporting both the Governor's Economy priority and his Government Reform priority.

An effective wildfire suppression program supports the Results Washington priorities of Sustainable Energy and a Clean Environment and Health & Safe Communities.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

FIRE SUPPRESSION 10-YEAR HISTORY
ACTUAL EXPENDITURES
Updated through FY 2015

	FY	Agency Total	001 GFS	05H Disaster	14B BSA	001 GFF	001 GFL	030 LOC	189 CMcN~	190 FFPA
1	2015	89,227,713	10,906,547	3,926,079	62,704,000	11,416,009	90,323	184,755		
2	2014	30,894,933	25,271,000	1,073,920		4,076,600	164,323	309,090		
3	2013	47,220,775	41,838,749	1,186,840		4,054,752		140,434		
4	2012	13,281,564	8,030,000	3,813,160		1,344,727		93,677		
5	2011	16,361,856	11,447,289	3,439,131		1,376,322		99,114		
6	2010	25,874,213	22,670,000	1,560,869		1,457,909	12,708	172,727		
7	2009^	30,154,711	25,482,533			4,359,980	7,505	306,983	(2,290)	
8	2008	25,006,230	13,919,999	5,000,000		4,200,626	64,604	212,740	1,612,789	(4,528)
9	2007	47,968,257	34,426,140			12,097,884		1,444,233		
10	2006	22,324,200	10,689,000	5,000,000		2,506,485	12,106	3,395,516	721,093	
10-Yr Average		34,831,445	20,468,126	2,500,000	6,270,400	4,689,129	35,157	635,927	233,159	(453)

Last 10 Years GFS/Dis/BSA/ CMcN	6-Year Avg w/o 2 Hi & 2 Lo GFS/Dis/BSA/C McN	Last 6 Years GFS/Dis/BSA/ CMcN
77,536,626		77,536,626
26,344,920	26,344,920	26,344,920
43,025,589		43,025,589
11,843,160		11,843,160
14,886,420		14,886,420
24,230,869	24,230,869	24,230,869
25,480,243	25,480,243	
20,532,788	20,532,788	
34,426,140	34,426,140	
16,410,093	16,410,093	
29,471,685	24,570,842	32,977,931
23,555,000	23,555,000	23,555,000
5,916,685	1,015,842	9,422,931
625,000	625,000	625,000
315	158	69
6,542,000	1,641,000	10,048,000
13,084,000	3,282,000	20,096,000

* Source - AFRS

^ In FY09 DataMart was different from AFRS in GFS and LOC as follows:
1E2 = \$25,493,156 and LOC = \$307,016.

17-19 annual carryforward level
funding gap
direct administrative support
rounding
subtotal annual gap
total 17-19 request

2017-19 Biennium Budget Decision Package

Agency: 490 Department of Natural Resources

Decision Package Code/Title: AL Aquatic Land Investigation/Cleanup

Budget Period: 2017-19 and 2019-21

Budget Level: PL - Performance Level FINAL

Agency Recommendation Summary Text:

The Department of Natural Resources (DNR) has obligations as the manager of state owned aquatic lands to cover the state's share of costs associated with contaminated sediment investigations and cleanups related to leasing activities. This request enables three Puget Sound basin cleanup efforts in which DNR has been identified as a Potential Liable Party (PLP) by Department of Ecology (ECY) under their Model Toxic Control Act authority to order DNR to complete remedial investigation work. These efforts will fulfill DNR's current obligations at Whitmarsh Landfill, Mill Site A, and the East Waterway site. Related to Puget Sound Action Agenda Implementation.

Fiscal Detail:

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
State Toxics Control Account 173-1	200,000	0	0	0
Total Cost	200,000	0	0	0
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0	0	0	0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. E	200,000	0	0	0
Total Cost	200,000	0	0	0

Package Description

DNR is obligated to pay for a portion of the full site characterization under an ECY State Toxics Control Act agreed order at the Whitmarsh site near Fidalgo Bay, the Mill A site in Port Gardner Bay, and the East Waterway site in Port Gardner Bay. DNR has been working with regulators and other liable entities to determine appropriate cleanup approaches at all three sites. The funding needed for each site is as follows:

Whitmarsh Landfill Remediation: \$100,000

This funding will cover DNR's obligation to participate in the remedial investigation and feasibility study (RI/FS), Remedial Design, and Consent Decree. The estimate is based on DNR's obligation as a named liable party to participate and contribute to investigation and cleanup including those obligations specifically listed in the ECY Agreed Order # DE-08TCPHQ-5999 and PLP agreement, follow-on liability negotiations with other liable parties, Consent Decree development, and work DNR might be committed to perform by the terms of the Consent Decree.

Mill Site A: \$50,000

This funding will cover DNR's obligation to participate in the remedial investigation and feasibility study (RI/FS) and Remedial Design. The estimate is based on DNR's obligation under the ECY Agreed Order # DE 8979, the PLP agreement, and remedial work related to leasing activities, based on our experience and the assumption that DNR's liability is limited at this site.

East Waterway: \$50,000

This funding will cover DNR's obligation to participate in the remedial investigation and feasibility study (RI/FS) and Remedial Design. The estimate is based on DNR's obligation under the Ecology Agreed Order # DE 11350, the PLP agreement, and remedial work related to leasing activities, based on our experience and the assumption that DNR's liability is limited at this site.

This decision package is essential to implementing the following goals from the agency's 2014-17 strategic plan:

Goal 1.C: Sustainably Manage State-Owned Aquatic Lands.

Goal 4: Clean Up, Restore, and Sustainably Manage Puget Sound.

Goal 4.A.2: Provide leadership in the restoration of important habitats through nearshore restoration, eelgrass protection and restoration, sediment cleanups, and the removal of pilings, derelict vessels, and invasive species.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.

This is new work.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

Expenditures:

In fiscal year 2018, DNR will require one-time costs to contract out the work with purchased service contracts using the amounts stated above.

Decision Package Justification and Impacts

What specific performance outcomes does the program expect?

The outcome of the cleanup efforts will result in cleanup and restoration of contaminated state owned aquatic lands sites in the Puget Sound basin to ensure the Aquatic Resources program's environmental management responsibilities and aquatic lands business management obligations are met.

This request supports the following Governor's Priority:

Reduce toxics. DNR needs a new approach to reduce the impact of toxic chemicals on human health and the environment. The governor proposed legislation to get at the sources of toxics and not simply rely on more stringent permits and standards. After the 2015 Legislature did not take action, Governor Inslee directed ECY to reconsider its draft water quality standards. The state will continue to move forward on finding the best way to protect the health of Washington's people, fish and economy. This request will reduce toxics entering the aquatic environment and affecting Washington's people, fish and shellfish by removing contaminated materials from sediments.

This request supports Goal 3 of Results Washington: Sustainable Energy and a Clean Environment, Clean and Restored Environment, specifically performance target 3.1; Increase number of contaminated sites cleaned up by 17% from 5,815 to 6,803 by 2020. This request contributes to the ongoing cleanup actions at three contaminated sites and will contribute to keeping progress of these cleanup actions on track and moving forward in a timely manner.

Performance Measure detail:

Activity A044 – Aquatics Lands Environmental Management

Fully describe and quantify expected impacts on state residents and specific populations served.

This request will impact Washington State residents, particularly those who consume fish and shellfish from Puget Sound, by reducing the quantity of toxic chemicals they are exposed to in the environment.

What are other important connections or impacts related to this proposal?

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	Identify: Cleanup actions listed above will result in cleaner water and sediment for the regions and counties where these sites are located, Skagit and Snohomish Counties. Additionally Skagit County is a Potentially Liable Party at the Whitmarsh Landfill site.
Other local gov't impacts?	No	Identify:
Tribal gov't impacts?	Yes	Identify: Portions of lands to be cleaned up may be in tribal Usual & Accustomed (U&A) area for fish and shellfish; reducing toxic chemical exposure to tribal members who work in or consume food from those areas
Other state agency impacts?	Yes	Cleanup of sites is overseen by Department of Ecology. Cleanup at these sites will also contribute to a cleaner Puget Sound. This action could result in increased opportunities for fishing and shellfish harvest. Activities that would be supported and managed by Washington Department of Fish & Wildlife and the Department of Health.
Responds to specific task force, report, mandate or exec order?	Yes	Identify: DNR is required to participate in site cleanup work by Agreed Orders under the Model Toxics Control Account.
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:

Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	Yes	The cleanup of State-owned aquatic lands will maximize the use of that property, which will generate a higher rent than its existing use. Some of the revenue generated from these use authorizations is typically appropriated for capital projects and grants through the state's Capital Budget. Without authorizing this spending authority the state's cash-capital budget capacity could suffer.
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	Yes	Cleanup and restoration of contaminated Puget Sound sites.
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

Tribal government: Portions of the cleanup supported by this request may impact U&A areas or other resources tribal governments may have rights to. By cleaning up sediments in these areas, the risk of exposure of tribal members to toxic substances is reduced.

Other state agencies: Department of Ecology is the lead agency on these cleanup efforts; participation by DNR through this request contributes to efficient progress on these efforts.

Capital Budget impacts: Cleanup of state owned aquatic lands will maximize use of that property and generate a higher rent than its existing use; some of the revenue from these use authorizations is appropriated through the state's Capital Budget.

Puget Sound Recovery: This request supports several aspects of the Puget Sound Action Agenda Comprehensive plan, specifically sub-strategy 10.4- Control sources of pollutants and regional priority 10.4-2: Reduce pollutants from onsite sewage system sources, agriculture operations, and/or toxics from residential and commercial uses. This request further reduces the amount of toxic contaminants in the sediments of Puget Sound, preventing them from further impacting the sound and Strategy 21 (Address and clean up cumulative water pollution impacts in Puget Sound).

This request directly supports sub-strategy 21.2 (Cleanup contaminated sites within and near Puget Sound); all three sites covered by this request are cleanup sites in Puget Sound.

The Aquatic Land Cleanup and Investigation will support progress towards several of the Puget Sound Partnership's Action Agenda's statutory objectives, strategic priorities and 2020 ecosystem recovery targets. Supported Puget Sound Partnership objectives include:

Significantly reduce toxics entering Puget Sound fresh and marine waters - Cleanup will prevent toxic substances from entering Puget Sound.

The Partnership's Strategic Priority supported:

Prevent sources of pollution - Cleanup will prevent hazardous substance from entering Puget Sound water.

What alternatives were explored by the agency and why was this option chosen?

DNR has obligations, as the proprietary manager of state owned aquatic lands, to cover DNR's share of costs associated with contaminated sediment investigation and cleanup related to leasing activities. As a potential responsible party, DNR is obligated to participate in remedial costs. The Comprehensive Environmental Response and Liability Act (CERCLA) and the Model Toxics Control Act (MTCA) rules require participation. DNR has been working with regulators and other liable entities to determine appropriate cleanup approaches at these sites.

What are the consequences of not funding this request?

Revenue generating aquatic lands will remain unutilized and DNR will lose the opportunity to support a clean aquatic environment in Puget Sound. In addition, the State and DNR would be at risk of a lawsuit initiated by other potential responsible parties and would have to cover legal costs in addition to cleanup costs.

How has or can the agency address the issue or need in its current appropriation level?

The program does not have existing resources or an appropriation from MTCA to cover the costs associated with this work.

Other supporting materials:

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 Biennium Budget Decision Package

Agency: 490 Department of Natural Resources
Decision Package Code/Title: IV Investment in DNR Conservation
Budget Period: 2017-19 and 2019-21
Budget Level: PL – Performance Level FINAL

Agency Recommendation Summary Text:

The Department of Natural Resources (DNR) builds and maintains a statewide database on the rare species and ecosystems of the state and uses that database to help identify potential areas for acquisition and designation as natural areas. Statutory changes to the Washington Wildlife and Recreation Program (WWRP) includes a requirement for DNR to confer with local governments so that their needs and priorities, where they overlap with statewide priorities, are incorporated into WWRP project proposals. The department is requesting staff and funding to collaborate with local governments and land trusts to incorporate local priorities and needs into statewide conservation efforts.

Fiscal Detail:

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
General Fund-State 001-1	\$513,000	\$435,000	\$448,000	\$435,000
Total Cost	\$513,000	\$435,000	\$448,000	\$435,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	2.8	3.1	3.1	3.1
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. A	\$162,000	\$175,000	\$175,000	\$175,000
Obj. B	\$65,000	\$71,000	\$71,000	\$71,000
Obj. E	\$85,000	\$64,000	\$74,000	\$64,000
Obj. G	\$36,000	\$37,000	\$37,000	\$37,000
Obj. J	\$80,000	\$0	\$0	\$0
Obj. T	\$85,000	\$88,000	\$91,000	\$88,000
Total Cost	\$513,000	\$435,000	\$448,000	\$435,000

Package Description

The DNR, Natural Heritage Program builds and maintains a statewide database on the rare species and ecosystems of the state and uses that database to help identify potential areas for acquisition and designation as natural areas (including both Natural Area Preserves and Natural Resources Conservation Areas). The database is currently available for use by land trusts and others, but DNR is the primary agency/organization that uses it to identify potential natural areas.

The DNR Natural Areas Program manages a total of 92 natural areas that total more than 155,000 acres in size. A primary funding source for natural areas has been the Washington Wildlife and Recreation Program (WWRP).

WWRP statutory changes enacted last session make land trusts eligible in various natural areas categories. Land trusts will be expected to help meet statewide conservation priorities that are currently identified in the statewide Natural Heritage Plan (which are derived from the database maintained by the Natural Heritage Program). Another change to the WWRP statute includes a requirement to ‘confer’ with local governments so that their needs and priorities are incorporated, as appropriate, into WWRP project proposals. Additionally, a review of WWRP by the Recreation and Conservation Office emphasized the importance of providing public access to lands acquired using WWRP funds.

The WWRP statutory changes mentioned above create an opportunity for DNR to collaborate with land trusts and local governments to incorporate local priorities and needs, where they overlap with statewide priorities, into our conservation efforts and to identify opportunities to increase public access that will meet local and regional needs. The Natural Heritage and Natural Areas Programs do not currently have the resources to partner with land trusts and local governments to identify shared priorities and opportunities for conservation and to provide public access.

DNR will conduct outreach to local governments and land trusts to: 1) share conservation priorities with them; 2) to learn what their conservation priorities and needs are; and 3) to identify potential projects for collaboration. Projects could include acquisition of new natural areas, management of existing natural areas, and development of opportunities to increase public access to, and educational opportunities within, natural areas. DNR expects that engaging with local governments, land trusts and others will lead to increased local support for establishing natural areas and the addition of local knowledge to the process of identifying potential natural areas.

This decision package is essential to implementing the following goals from the agency’s strategic plan:

Goal 1: (Manage state-owned lands for economic and ecological sustainability) by protecting natural features and ecosystem processes in the statewide system of natural areas (Natural Area Preserves and Natural Resources Conservation Areas) under DNR ownership and management. Sustainable recreation and appropriate public use (Goal 1.E.3) is promoted under implementation of existing management plans, where available, or to ensure resource protection on existing facilities.

Goal 2.E: (Maintain and improve a statewide system of terrestrial and aquatic reserves that protect biodiversity, key habitats and species).

Action 1 states, “Manage Natural Area Preserves (NAP) and Natural Resources Conservation Areas (NRCA) to protect at-risk ecosystems and species.”

Action 2 states, “Provide a strong scientific basis for the identification, development, and protection of natural areas on other public and private lands.”

This funding will allow the Natural Areas Program to refurbish or construct public access and site protection facilities to achieve protection of natural features.

Goal 4.A: (Undertake resource management actions that protect and restore habitats, water quality and ecological function in Puget Sound). This funding will result in additional protection and management of

priority areas for conservation within the Puget Sound region, thereby contributing to the overall ecological health of Puget Sound.

Goal 7.C: (Demonstrate innovative, efficient, and effective management of state resources). By working with local governments and land trusts, and cooperating on acquisition and management of natural areas, DNR can be more efficient and effective with the state’s resources; there will be less duplication of effort.

This request will provide the Natural Heritage and Natural Areas Programs the resources to hire 1.0 FTE to conduct outreach to local governments and land trusts so that shared conservation goals and priorities can be identified. An outcome of that effort will be identification of opportunities for collaboration on conservation efforts, including identification of new natural areas, management of existing natural areas, and increasing/improving public access to natural areas, including providing increased educational opportunities on natural areas. Efficiencies expected include partnerships involving the purchase of lands to include within natural areas and cooperative management of natural areas. Local support for natural areas will be achieved because local interests, values and priorities will be incorporated into DNR’s priorities, and because there will be local involvement in conservation projects.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.

Operating Expenditures – Natural Heritage		FY2014 Expenditures	FY 2015 Expenditures	FY 2016 Expenditures to Date (FM12)*
Staffing		FY 2014	FY 2015	FY 2016
FTEs		7.3	6.9	5.6
Object of Expenditure		FY 2014	FY 2015	FY 2016
General Fund-State	001-1	328,000	286,000	353,000
General Fund-Federal	001-2	287,000	144,000	138,000
General Fund-Local	001-7	6,000	3,000	2,000
Forest Development Acct	014-1	35,000	92,000	37,000
Resource Mgmt Cost Acct	041-1	44,000	94,000	42,000
Agriculture College Trust Acct	830-1	3,000	3,000	3,000
Total		703,000	622,000	575,000

Operating Expenditures – Natural Areas		FY2014 Expenditures	FY 2015 Expenditures	FY 2016 Expenditures to Date (FM12)*
Staffing		FY 2014	FY 2015	FY 2016
FTEs		9.1	9.4	10.0
Object of Expenditure		FY 2014	FY 2015	FY 2016
General Fund-State	001-1	273,000	298,000	199,000
General Fund-Federal	001-2	14,000	14,000	0
General Fund-Local	001-7	156,000	41,000	58,000
Aq Lands Enhance Acct	02R-1	0	0	655,000
Resource Mgmt Cost Acct	041-1	487,000	541,000	0
Nat Res Cons Area Stew	167-1	1,000	27,000	0
Total		931,000	921,000	912,000

*FM12 expenditure data accessed Sept 7, 2016.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

The package will fund 3.0 FTEs (2.5 Natural Resources Specialist 3s and 0.5 Agricultural Research Technician 2). The Natural Resources Specialist 3s would each start with a salary of \$60,000/year, while the Agricultural Research Technician 2 would start with a salary of \$43,500/year.

The two programs will share a Natural Resources Specialist (NRS) 3 which provide the capacity to organize and conduct outreach to local governments, land trusts, and other organizations. A second NRS 3 position will provide the Olympic Region with natural areas management capacity (Within DNR, the State of Washington is broken into six regions). An additional 0.5 FTE NRS 3 will provide other regions (primarily Northeast) with the region staff months to perform a combination of outreach, working with partners, and implementing natural areas management (including providing public access and educational opportunities).

Natural Areas will also require a 0.5 FTE Agricultural Research Technician 2 position to assist with on-the-ground management of natural areas. A primary activity of this position will be to work on weed control projects.

Funding will also be used to support an increased amount of travel for outreach and to support an increased level of volunteer work assisting with management and educational opportunities within natural areas.

One-time \$80,000 costs include:

- Incorporating results from outreach to local governments, land trusts and others into the *State of Washington Natural Heritage Plan*, which would result in the identification of shared priorities and opportunities for collaboration on conservation, public access and educational opportunities within natural areas.
- Two work stations
- Two laptops
- 2 vehicles (one each for the Natural Resources Specialist 3s)

Decision Package Justification and Impacts

What specific performance outcomes does the program expect?

The Programs will conduct outreach to those local governments where there are proposed natural areas or expansions of existing natural areas and to land trusts and others to identify shared conservation priorities and opportunities to work together on conservation actions (outreach to individual land trusts as well as to the Washington Association of Land Trusts). Both Natural Heritage and Natural Areas Programs will incorporate information from local governments and land trusts into their conservation priorities; opportunities to collaborate and share resources will also be identified. Efficiency will increase because DNR will identify projects with local support and will build partners as a result of the outreach.

Performance Measure detail:

Activity A021 – Natural Areas

Activity A022 – Natural Heritage

Performance Measures

The performance measure for the 2015-17 Biennium indicates that the Natural Heritage Program will review 25 percent of the features (species and/or ecosystem types) listed as priorities in the Natural Heritage Plan. This funding will allow the program to more fully engage partners in the review process, which will increase the number of species and/or ecosystems reviewed. The priorities assigned to species and ecosystems will more fully reflect local knowledge as well. The performance measure for the 2015-17 biennium for the Natural Areas Program is the number of natural areas treated to reduce the threat of invasive species. This funding will result in a greater number of natural areas successfully treated, by forming partnerships and collaborating with those partners.

Results Washington

This decision package will indirectly promote the following Results Washington priorities:

- Goal 1: World Class Education. Although not included as a specific metric, increased opportunities for outdoor/environmental education for all ages (grade school through graduate school) will be a result of funding this request.
- Goal 3: Sustainable Energy and a Clean Environment. This request will lead to more successful conservation through collaboration with land trusts and local governments, thereby protecting ecosystem processes for (1) Healthy Fish and Wildlife and (2) Working and Natural Lands.

Fully describe and quantify expected impacts on state residents and specific populations served.

A major component of this request is to increase public access to natural areas. One goal is to conduct outreach to local governments and partners (including land trusts) to identify opportunities to increase public access, including access for educational and research purposes. As a result, all Washingtonians will have increased access to natural areas. Students of all ages will have increased access for educational and research purposes.

Land trusts will benefit through the identification of potential projects on which they can collaborate with DNR to either establish new natural areas or carry out management on existing natural areas. Funding this request will potentially have an impact in any/all counties of the state, as well as on individual land trusts operating anywhere in the state.

What are other important connections or impacts related to this proposal?

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	Identify: Shared conservation priorities of regional and local groups with those of DNR will be identified, enabling more efficient conservation actions and outcomes.

Other local gov't impacts?	Yes	Identify: Shared conservation priorities of local governments with those of DNR will be identified, enabling more efficient conservation actions and outcomes.
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	Yes	Identify: Although not specifically identified as part of this project, DNR already incorporates conservation priorities of other state agencies into natural area priorities and conservation actions. This project will enhance efficiency and effectiveness through the inclusion of local conservation priorities.
Responds to specific task force, report, mandate or exec order?	Yes	Identify: This package is in response to statutory changes to WWRP that emphasize having a dialogue with local governments about conservation projects, partnering with land trusts, and ensuring public access to WWRP-funded acquisition projects.
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

DNR manages more than 20 natural areas within the geographic area covered by the Puget Sound Action Agenda. Each natural area, and the collective system of natural areas, contributes to several of the recovery goals of the Agenda, including human quality of life, maintaining species and the food web,

protecting and restoring habitat, and contributing to water quality. This decision package will support systematically identifying priority places for conservation within the Puget Sound Action Agenda's geographic area, doing so in cooperation with local governments and land trusts, thereby meeting many of the ecosystem strategies and sub-strategies of the Agenda.

This proposal also supports the goals of the Habitat Strategic Initiative. Specifically, it aligns with sub-strategy 16.2, "Implement prioritized nearshore and estuary restoration projects and accelerate projects on public lands." and regional priority 16.2-2: "Implement a landscape-level strategy (such as drift cell, watershed) that integrates protection, restoration, and enhancement opportunities." If this proposal were funded, the Natural Heritage and Natural Areas Programs will be able to conduct outreach to local governments and land trusts so that shared conservation goals and priorities can be identified. An outcome of that effort will be identification of opportunities for collaboration on conservation efforts, including identification of new natural areas, management of existing natural areas, and increasing/improving public access to natural areas, including providing increased educational opportunities on natural areas.

What alternatives were explored by the agency and why was this option chosen?

No alternatives were considered. This package was developed in response to a review of WWRP conducted by the Washington State, Recreation and Conservation Office suggesting that there is a need for improved outreach from state agency programs to local governments and land trusts so that DNR's WWRP projects incorporate local priorities and that they have local support.

What are the consequences of not funding this request?

The Natural Areas and Natural Heritage Programs are an important part of DNR. The department has invested millions of dollars over the years in support of these two Programs, which has resulted in significant protection for species and ecosystems important to Washingtonians. Without additional funding DNR may not be able to meet WWRP's statutory requirement to 'confer' with local governments on DNR's joint conservation efforts. In addition, the savings from the joint efforts may not be recognized. Conservation efforts of land trusts and local groups may not be as likely to contribute to statewide conservation priorities, therefore causing the state's investments in conservation to be less efficient and effective.

How has or can the agency address the issue or need in its current appropriation level?

DNR does not have any additional funding capacity to support this new responsibility internally. Both Programs are already operating at a minimal level. The Natural Heritage Program relies heavily on federal grants that are never guaranteed. The Natural Areas Program now relies more heavily on ALEA funding, which is becoming increasingly scarce.

Other supporting materials:

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 Biennium Budget Decision Package

Agency: 490 Department of Natural Resources

Decision Package Code/Title: RA RMCA-A and ALEA Fund Shift

Budget Period: 2017-19 and 2019-21

Budget Level: PL – Performance Level FINAL

Agency Recommendation Summary Text:

The Department of Natural Resources, Aquatic Resources Division relies almost exclusively on RMCA-A funding for their operational budget over the past three biennia. Historically the Division’s operating budget was approximately 35 percent ALEA and 65 percent RMCA-A, on average. During the same period revenue has not generated enough to offset increased reliance on RMCA-A funds. The result is a fund balance projected to be at or below zero by 2017-19 biennium’s end. DNR reduced expenditures by \$3 million during 2015-17. DNR requests an ongoing \$5 million ALEA increase and a corresponding \$5 million RMCA-A reduction. Related to Puget Sound Action Agenda Implementation.

Fiscal Detail:

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
ALEA 02R-1	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
RMCA 041-1	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)
Total Cost	\$0	\$0	\$0	\$0
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs				
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. X				
Total Cost	\$0	\$0	\$0	\$0

Package Description

The Department of Natural Resources (DNR) generates approximately \$50 million biennially through the management of State-Owned Aquatic Lands. Revenue is generated through leases, easements, other use authorizations and valuable material sales including Geoduck. The revenue generated is distributed approximately 45% - 55% between Resource Management Cost Account-Aquatics (RMCA-A) and Aquatic Land Enhancement Account (ALEA). DNR is the only agency that generates revenue for either fund. A portion of the ALEA fund is appropriated to several state agencies for grants and programs that result in the restoration, enhancement and improved public access to publicly owned aquatic lands. In

order to address the decreasing RMCA-A fund balance, DNR has implemented numerous cuts to expenditures resulting in a decrease of approximately \$3 million during the 2015-17 biennium. The reductions are made primarily to restoration and large debris removal, aquatic science programs, and through a small number of layoffs and leaving several funded positions vacant. The agency will carry forward those reduction into the 2017-19 biennium, but will still need to reduce RMCA-A expenditures by an additional \$5 million to stabilize the fund, ensure a minimal ending fund balance, and have revenue generation outpace expenditures.

Increasing DNR's ALEA appropriation by \$5 million, in addition to further reducing RMCA-A expenditures by \$5 million biennially will avoid additional cuts to staff and programs that directly generate revenue; therefore not limiting the agency's ability to generate revenue for both RMCA-A and ALEA. Without this funding swap, DNR will be forced to make an additional \$5 million in ongoing cuts to RMCA-A funded programs. Cuts will be made to the programs that provide scientific support to the agency's leasing program, and support the implementation of the Puget Sound Action Agenda.

The \$5 million ALEA appropriation will replace \$3.5 million of RMCA-A appropriation currently allotted to: 1) the Aquatic Assessment and Monitoring Program and Nearshore Science Program for research and monitoring; 2) the Invasive Species Program for eradication and control of aquatic invasive plants; and 3) the Aquatic Reserves Program for conservation, restoration and protection of state-owned aquatic lands.

An additional \$1.5 million ALEA will replace RMCA-A currently distributed to a number of programs as a combination of land management funding, and salary and benefits. An additional \$200,000 will be used to continue supporting marine resource collaboration and ocean acidification research.

The Aquatic Resources Division was appropriated \$5.1 million of ALEA in the 2015-17 biennium. This funding supports the Division's Derelict Vessel Removal Program (\$540,000 ongoing), marine resources collaboration and ocean acidification research (\$150,000 one-time) and supports the restoration, enhancement, environmental protection, and public use and access opportunities on State-Owned Aquatic Lands (\$2.16 million ongoing). Prior to reductions in DNR's ALEA appropriation in the 2009-11 biennium, the Division also funded the Aquatic Reserves Program and Aquatic Science programs with ALEA funding.

This decision package is essential to implementing the following goals from the agency's 2014-17 strategic plan:

Goal 1C: Sustainably manage state-owned lands.

Goal 2E: Maintain and improve a statewide system of terrestrial and aquatic reserves that protect biodiversity, key habitats, and species.

Goal 4A: Undertake resource management actions that protect and restore habitats, water quality, and ecological function in Puget Sound.

Goal 4B: Advance strategic partnerships for Puget Sound recovery.

Goal 4C: Coordinate delivery of DNR programs to support recovery of Puget Sound.

Goal 5A: Design climate adaptation strategies in major areas of DNR management responsibility.

Goal 5B: Develop ocean acidification mitigation and adaptation strategies.

Goal 5C: Encourage clean, renewable energy development on state lands and with state resources.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.

This fund shift will not result in an expansion to any existing programs. It will simply allow DNR to continue at the current service level, which was already reduced by \$3 million internally from the current carry forward level by recent program reductions.

DNR is not seeking an expansion or alteration of current programs or services. This request is to replace \$5 million of current RMCA-A appropriation with \$5 million of ALEA appropriation, an additional \$200,000 will go to support marine resource collaboration and ocean acidification research. The work conducted with the \$200,000 will be directly supported by staff and resources funded through the \$5 million RMCA/ALEA fund shift. The marine resources collaboration and ocean acidification research is currently being funded with a one-time ALEA appropriation and supported by staff and resources funded through RMCA-A.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

This is a fund shift request only.

Decision Package Justification and Impacts

What specific performance outcomes does the program expect?

This funding shift will allow DNR to provide the same services and ability to generate revenue as is currently provided (although at reduced levels due to the recent internal program cut of \$3 million). Specifically, it will allow DNR to continue to operate the aquatic research, monitoring and restoration programs, continue marine resources collaboration and ocean acidification research, provide environmental protection, support public use and access, and generate revenue at the current level. This will ensure continued implementation and support for the Puget Sound Action Agenda, as well as continued scientific support for the agency's aquatic lands leasing program. This work helps ensure that uses authorized on state-owned aquatic lands are avoiding, minimizing or reducing impacts to aquatic habitat and species, and is in the best interest of the people of the State of Washington. This work also ensures that public use and access opportunities are supported and integrated into authorizations to use state-owned aquatic lands when appropriate.

The aquatic science programs that would be impacted by this request are actively involved in the following performance measures reported in Results Washington:

Goal 3: Sustainable Energy and a Clean Environment, Working and Natural Lands.

Habitat Protection – 4.4.b: Reduce annual rate of conversion of marine and freshwater riparian habitat in Puget Sound.

Habitat Protection – 4.4.c: Increase eelgrass beds in Puget Sound.

Habitat Protection – 4.4.d: Increase the acreage of Puget Sound estuaries restored in the 16 major rivers.

Performance Measure detail:

Activity A044 – Aquatics Lands Environmental Management

Fully describe and quantify expected impacts on state residents and specific populations served.

DNR is not seeking an increase in base operating appropriation level for the Aquatic Resources Division. This proposal requests a \$5 million shift from RMCA-A to ALEA funding and replacement of one-time marine resources collaboration and ocean acidification research funding with an ongoing appropriation. The marine resources and ocean acidification research work is directly supported by staff and resources funded through the \$5 million RMCA-A/ALEA fund shift. The result of this package would be to maintain the existing service level of the Aquatic Resources Division.

What are other important connections or impacts related to this proposal?

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	Identify: Many of these programs and projects work directly with regional and county governments to implement monitoring and research. In addition the data and knowledge gained through the research and monitoring support and inform regional/county shoreline planning efforts.
Other local gov't impacts?	Yes	Identify: DNR generated funding is often provided to local governments through ALEA grants.
Tribal gov't impacts?	Yes	Identify: Actively partner with many Tribal governments on the implementation of scientific monitoring and research, and restoration projects. DNR enters into interlocal agreements and partner with Tribes for research and monitoring related to eelgrass recovery, estuarine recovery, shellfish monitoring, and ocean acidification monitoring.
Other state agency impacts?	Yes	Identify: DNR science and restoration programs directly support Puget Sound Action Agenda Implementation. DNR also partners with other state agencies to conduct scientific monitoring, restoration and habitat conservation activities.
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):

Is the request related to Puget Sound recovery?	Yes	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

DNR conducts environmental monitoring, research and restoration in partnership with, and for the benefit of many local, regional, and statewide stakeholders. For example, DNR collects data on the location and health of eelgrass beds throughout Puget Sound. This information is used to support shoreline planning by local entities, Hydraulic Project Approval (HPA) permit considerations by Washington Department of Fish and Wildlife, and for tracking progress towards Puget Sound recovery goals by Puget Sound Partnership. In addition, DNR partners with local governments and environmental organizations to restore aquatic habitats for the benefit of important species such as salmon and forage fish. The revenue generated from that management of state owned aquatic lands also benefits local, regional and state governmental entities, and non-profit organizations through the ALEA grant program at the Washington Recreation and Conservation Office.

Many of DNRs programs are actively involved in the implementation of the Puget Sound Action Agenda. DNR is responsible for the following strategic initiatives, sub-strategies and near-term actions would be affected.

- Habitat Near Term Actions
 - Near Term Action # 2016-0277, Sub-strategy 16.2 – Seed Nursery and New Restoration Techniques for Puget Sound Eelgrass.
 - Near Term Action # 2016-0405, Sub-strategy 16.2 – Ocean Acidification Hotspots and Sources of Shellfish Resilience.
 - Near Term Action # 2016-0357, Sub-strategy 16.2 – Implement Eelgrass Recovery Strategy in Quartermaster Harbor.
- Shellfish Near Term Actions
 - Near Term Action # 2016-0193, Sub-strategy 19.1 – Map Stormwater Outfalls in Unpermitted MS4 Areas.

What alternatives were explored by the agency and why was this option chosen?

DNR explored several alternatives during the 2015-17 biennium in an effort to stabilize the RMCA-A account balance. These alternatives included reductions to existing program funding, elimination of filled positions, leaving unfilled positions vacant, and eliminating project positions earlier than planned. Many of these alternatives have already been implemented. To date the agency has voluntarily reduced RMCA-A expenditures by \$3 million. These reductions will be carried forward into the 2017-19 and 2019-21 biennium. These reductions include the following actions;

- Reduced science, restoration, large debris removal and outfall program expenditures by \$2.25 million including the elimination of one filled FTE permanent position and one FTE project position.
- \$532,400 expenditure reductions by leaving four recently vacated positions vacant. Future biennia savings will increase because two of the positions were vacated several months into the 2015-17 biennium.
- \$226,400 expenditure reductions through elimination of one permanent FTE position and one FTE project position.

DNR also explored alternatives to increase revenue generated for the RMCA-A fund. Because revenue is almost entirely dependent on: 1) the leasing of state-owned aquatic lands with lease rates based on assessed property values, or fair market value; and 2) the sales of Geoduck from state-owned aquatic

lands, economic forces outside of DNR's control are largely responsible for the growth rate of DNR's revenue. DNR is reviewing leases where statute requires fair market value to ensure the state is being properly compensated. In addition, DNR was able to add significant Geoduck pounds to one auction during the 2015-17 biennium. This addition increased 2015-17 biennium revenue by approximately \$500,000. DNR is also exploring a legislative policy change that will allow more flexibility in the sales of Geoduck, potentially increasing future revenues. The agency will continue to explore ways to increase revenue growth.

What are the consequences of not funding this request?

Lack of requested funding will result in staff and financial reductions to the scientific support, restoration, environmental protection and leasing support programs within the Aquatic Resources division. The reductions would likely result in significantly less funding to ensure environmental protection and support and foster public use and access, support partnership efforts, less in-kind and direct match for grant applications, as well as fewer DNR managed research projects. These programs are actively involved in the implementation of the Puget Sound Action Agenda. The Puget Sound Partnership strategic initiatives, sub-strategies and near-term actions listed above will likely be affected by further reductions in expenditures.

How has or can the agency address the issue or need in its current appropriation level?

As described above, DNR has already taken steps to reduce current and future expenditures by approximately \$3 million per biennium. The agency is concerned that any further reductions to RMCA-A expenditures without replacement funding from ALEA will result in a significantly reduced level of service, including reduced revenue generation for both RMCA-A and ALEA funds. The area of aquatic sciences and in particular DNR's involvement in the implementation of the Puget Sound Action Agenda will be negatively impacted, as well as programs that ensure environmental protection and foster public use and access of state-owned aquatic lands.

Other supporting materials:

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 Biennium Budget Decision Package

Agency: 490 Department of Natural Resources

Decision Package Code/Title: SF Small Forest Landowner Assistance

Budget Period: 2017-19 and 2019-21

Budget Level: PL - Performance Level

FINAL

Agency Recommendation Summary Text:

Approximately \$997,200 of GF-State is requested to fund four FTEs within the Small Forest Landowner Office (SFLO). This request adds field capacity to provide small forest landowners with forestry technical assistance, including explaining forest practices application (FPA) preparation and assisting with forest road repair and maintenance issues with a focus on reducing introduction of sediment into watercourses. This request will almost restore SFLO GF-State funding reductions made necessary by the 2008 recession, helping keep prior commitments to small landowners through the Forests and Fish framework. This request also supports the 2016 Puget Sound Action Agenda Implementation.

Fiscal Detail:

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
General Fund – State 001-1	469,000	528,000	528,000	528,000
Total Cost	469,000	528,000	528,000	528,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	3.00	4.00	4.00	4.00
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. A	180,000	244,000	244,000	244,000
Obj. B	70,000	97,000	97,000	97,000
Obj. E	46,000	43,000	43,000	43,000
Obj. G	25,000	37,000	37,000	37,000
Obj. J	70,000			
Obj. T	78,000	107,000	107,000	107,000
Total Cost	469,000	528,000	528,000	528,000

Package Description

The Small Forest Landowner Office (SFLO) was established in 2001 to fulfill requirements in [WAC 222-12-0402](#) by providing assistance to small forest landowners (SFL) to promote their economic and ecological viability and protect public resources. Small forest landowners own approximately 3.2 million acres of forest, or about one-half of the private forestland in the state. The portion of the SFLO funded with GF-State (GF-S) is currently comprised of two positions devoted to providing landowners with forestry advice and information they need to keep their land in forestry. As the focal point for information and advice, the SFLO guides small forest landowners in approaches to forest management

and accessing publicly funded programs. The legislature has directed the office to develop educational guidance and alternate plan templates and to help small forest landowners prepare alternate harvest plans appropriate to small forest landowners (see RCW [76.13.100](#) and [76.13.110\(3\)](#)). In addition, the SFLO uses funding from sources other than GF-S to administer two conservation easement programs (Forest Riparian Easement Program; Rivers and Habitat Open Space Program) and the Family Forest Fish Passage Program, and administers federal forest stewardship grants to help small landowners manage their lands and preserve working forests.

The 2008 economic downturn resulted in a reduction of SFLO staffing levels relying on GF-S from a peak of 6.67 FTEs to 2.0 FTEs in the 2015-17 biennium (Table 1).

Table 1: Small Forest Landowner –General Fund-State Allotment Levels 2003-2017

Biennium	Total	Funding Type (GF-State /Water Quality/ALEA/State Toxics)	FTE
2007-2009	2,515,000	GF-State & Water Quality	6.67
2009-2011	320,000	GF-State	2.00
2011-2013	372,000	GF-State	2.00
2013-2015	372,000	Aquatics Lands Enhancement Acct	2.00
2015-2017	400,000	GF-State & State Toxics Ctrl Acct	2.00

This request will restore SFLO capacity lost over the past four biennia due to the state’s economic downturn. Small forest landowners own and manage approximately 3.2 million acres of Washington's forest lands and exert a tremendous influence on public resources, particularly in low elevation areas that contain major fish bearing streams, rivers and important habitat. The SFLO program staff provide advice and assistance to these landowners to help them protect water quality, provide fish and wildlife habitat, improve forest health, reduce the risk of wildfire and otherwise accomplish their forest management objectives on an individualized basis. Particularly important with this request is to add capacity to provide assistance regarding full implementation of the forest practices rules including roads and stream crossings. Small forest owners and the Washington Farm Forestry Association have repeatedly told DNR that they have a substantial demand for help that cannot be met by DNR at the present staffing level (See attached letter).

This proposal supports the Department of Natural Resources' 2014-17 Strategic Plan as follows:

Goal 2: Protect and maintain working forestlands, habitats, and other natural resources.

Goal 3: Deliver exemplary public resource protection through the Forest Practices Program.

Goal 4: Clean up, restore, and sustainably manage Puget Sound.

- Work with the legislature to increase DNR’s capacity to support family forest landowners through the SFLO;
- Help family forest landowners keep their lands in forestry;
- Preserve forest cover and protect working forests from conversion; and
- Clean-up and restore Puget Sound.

Base Budget:

Operating Expenditures – Small Forest Landowner Office Activity A027	FY2014 Expenditures	FY 2015 Expenditures	FY 2016 Expenditures to Date (FM12)*
Staffing	FY 2014	FY 2015	FY 2016
FTEs	2.0	2.0	1.4
Object of Expenditure	FY 2014	FY 2015	FY 2016
Aquatic Lands Enhance Acct 02R-1	178,000	184,000	
General Fund-State 001-1			116,000
State Toxics Control Acct 173-1			27,000
Total	178,000	184,000	143,000

*FM12 expenditure data accessed Sept 13, 2016.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:**Fiscal Detail**

Small Forest Landowner Office - Forestry Technical Assistance: This request will support 4.0 FTE Natural Resource Specialist 3 (NRS 3) and associated costs, including \$70,000 for one-time equipment costs in FY 2018. This request reflects a phased in approach by which two of the NRS 3 positions will begin six months after the start of FY 2018.

These positions will help address an unmet demand from small forest landowners for expert help in navigating the forest practices rules to address forest roads issues (fish barrier removal and reduction of sediment into water courses), prepare FPAs, accurate typing of streams, develop alternate plans, and access landowner assistance programs including Forestry Riparian Easement Program (FREP), Rivers and Habitat Open Space Program (RHOSP) and Family Forest Fish Passage Program (FFFPP). This added capacity to the SFLO will help alleviate pressure sometimes felt by DNR regulatory forest practices field staff that assist small forest landowners with these issues at the expense of carrying out their regulatory functions.

Decision Package Justification and Impacts**What specific performance outcomes does the program expect?**

With additional capacity, the SFLO will provide forestry technical assistance to a greater number of small forest landowners. More small forest landowners will manage their lands to provide optimal protection for public resources while maintaining healthy, productive forests.

Potential performance measures include:

- Numbers of contacts and numbers of field visits with small forest landowners.
- Numbers of field visits related to fish passage barriers and reducing sedimentation from forest roads.
- Acres of forest land managed under approved stewardship plans.
- Rates of conversion of small forest landowner properties to other land uses.

This program is connected to the Results Washington Goal 3 - Sustainable Energy and a Clean Environment – Working and Natural Lands (Forests 4.2.a.) by:

- Preserving, maintaining and restoring natural systems and landscapes;
- Reducing the rate of loss of priority habitats; and

- Reducing the rate of conversion of marine and freshwater riparian habitat in Puget Sound and providing mitigation to ensure maintenance of today's habitat functions.

Performance Measure detail:

A027 Small Forest Landowner Office

Performance Measures

This request will contribute to the agency’s ability to better meet the following Forest Practices performance measures:

- 1) Number of Class III and Class IV Forest Practices Applications approved, conditioned, or disapproved within the 30-day application review period.
- 2) Total number of fish passage barriers repaired under the Family Forest Fish Passage Program on small forest landowner properties to allow fish passage, per requirements in the Forest Practices Rules.
- 3) Visit at least 25 small forest landowners/person/quarter.

Fully describe and quantify expected impacts on state residents and specific populations served.

This request primarily affects small forest landowners who would have greater access to expert forestry assistance offered through the SFLO. Although data are unavailable about how many landowners are served at current staffing levels, the expectation will be that about three times more would be serviced at the requested funding level (because the requested funding would essentially triple the program’s present capacity). Other agencies that rely upon small forest landowner's voluntary forest-management actions and count upon well-informed regulatory decision-making by DNR to help accomplish their missions are positively impacted. This includes the Department of Ecology, Washington Department of Fish & Wildlife, Tribes, the Governor's Salmon Recovery Office, and the Puget Sound Partnership.

What are other important connections or impacts related to this proposal?

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	Identify: Statewide, particularly counties with extensive wildland/urban interface where the preservation of family owned forests provide essential protection of riparian function which contribute to cool, clean water essential for fish and wildlife.
Other local gov't impacts?	Yes	Identify: Conservation Districts; WSU Extension
Tribal gov't impacts?	Yes	Identify: Protection of public resources, fish, wildlife and cultural resources on fee lands within tribal lands
Other state agency impacts?	Yes	Identify: Washington State Departments of Ecology, Fish & Wildlife, Recreation Conservation Office
Responds to specific task force, report, mandate or exec order?	Yes	Identify: RCW 76.09.180 (“Forests and Fish law”); Chapter 76.13 RCW (Stewardship of Nonindustrial Forests and Woodlands)

Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	Yes	Identify: Two cubicles within the Natural Resources Building.
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify: Request will help restore accomplishment of state obligations as required in statute and associated rules
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	Yes	If yes, see budget instructions Section 14.4 for additional instructions.
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

The portion of this proposal requesting statewide roads expertise to serve small forest landowners is included as a 2016 Puget Sound Partnership Near Term Action and supports NTA 2016-0148 as follows:

Priority sub-strategy and regional priorities:

1.3- Improve, strengthen, and streamline implementation and enforcement of laws, plans, regulations, and permits consistent with protection and recovery targets.

1.3-4: Improve compliance with water quality standards on state and privately owned forests and agricultural lands

1.3-6: Improve compliance with existing environmental laws by ensuring adequate resources for the enforcement of existing laws and assessing implementation (permitting and enforcement) and outcome effectiveness of existing laws and regulatory programs.

2.2 – Implement and maintain freshwater and terrestrial restoration projects

2.2-4: Implement prioritized structural barrier removals.

8.3- Improve, strengthen, and streamline implementation and enforcement of laws, regulations, and permits that protect the marine and nearshore ecosystems and estuaries.

8.3-4: Improve compliance with water quality standards on state and privately owned forests and agricultural lands

8.3-5: Improve programs to ensure that current and future culverts meet or exceed fish passage standards.

8.3-7: Streamline permitting for habitat restoration projects to improve speed and reduce costs of the permitting process while maintaining regulatory standards

Specifically, this is tied to the Habitat Strategic Initiative, Sub-Strategy 2.2 Implement and maintain freshwater and terrestrial restoration projects: This proposal will also support strategies listed in the draft Land Development and Cover Implementation Strategy by partnering with small forest landowners,

incentivizing forest protection and management, and reducing conversion of forest cover to developed land uses.

The first four areas of impact have a common interest in benefits that result from retention of land in forest use and/or those that accompany active forest management as provided for by the forest practices act and associated rules. This request will provide resources to help accomplish this by assisting greater numbers of small forest owners who collectively own nearly on-half of the private forest within the state. Retaining and managing healthy forests in partnership with small forest owners across the Puget Sound is a fundamental strategy- "Increase acquisition and incentives to permanently protect ecologically important lands"- in the draft Land Development and Cover Implementation and will most likely be incorporated into the forthcoming Chinook Implementation Strategy.

This proposal will work to educate and provide technical assistance to small forest landowners with a focus on assuring that roads are up to standard, which will prevent sediment from entering nearby water bodies, and informing small forest landowners of incentive programs such as the FFFPP to solve fish passage barriers and FREP to offset the disproportionate cost to small forest landowners for buffers required under the Forests and Fish law. The new staff serve as a vital resource for DNR to help educate and enroll small forest landowners into programs like FFFPP and FREP. Many of the small forest landowners are not subject to the same regulations as are larger landowners so these new staff help educate small forest landowners about the incentives in FFFPP. DNR submitted a NTA for \$294,000 through the Puget Sound Partnership Action Agenda 2016 update to fund one SFLO position to help small forest landowners' inventory their forest roads, enroll more landowners in the FFFPP, and to educate landowners about the potential funding available via FFFPP across the Puget Sound. Unlike most efforts across the region to remove fish passage barriers, the FFFPP is focused on private lands that are often not inventoried by resource agencies and often coincide with some of the most productive salmon habitat within watersheds.

What alternatives were explored by the agency and why was this option chosen?

The Forest Practices Program's budget has been reduced significantly since 2009, and these reductions critically impacted the program's ability to meet statutory requirements to help small landowners manage their lands to provide protection for public resources while maintaining healthy, productive forests.

The SFLO offers advice and assistance to these landowners to help them protect water quality, provide fish and wildlife habitat, improve forest health, and reduce the risk of wildfire. Advice is customized to meet the landowner's objectives. Further, this kind of assistance represents a form of incentive and encouragement for small forest landowners to maintain well-managed forest lands rather than creating unhealthy forest conditions or converting their forest lands to other uses. This request will provide assistance to SFL in the inventory and scheduling of forest road repair and maintenance to meet the statute and rule requirements to bring all forest roads up to the 2001 forest practices rule requirements to provide fish passage and eliminate road surface run-off from entering live waters.

What are the consequences of not funding this request?

The consequences of not taking this action will be to perpetuate the existing capacity deficit within the SFLO. Critical shortages in availability of expert technical assistance for small forest landowners will continue, resulting in some landowners submitting sub-par forest practices applications, missing opportunities for improved forest management, failing to attend to critical road maintenance needs, or becoming disenchanted and deciding to convert forest to other land uses.

How has or can the agency address the issue or need in its current appropriation level?

The program lacks an ability to reprogram other current resources devoted to accomplishing other mandated responsibilities under the forest practices act. Much of what could be considered is now allocated toward ensuring that landowners follow forest practices regulations when they submit forest practices applications and that regulations are followed when forest practices are carried out. Diverting

scarce resources from these functions would pose an unacceptably high risk of experiencing significant adverse impacts.

The SFLO proposal is directed toward providing assistance and knowledge to help small forest owners proactively avoid regulatory problems that they might otherwise experience through their interactions with DNR's forest practices program in the absence of assistance through the SFLO.

Other supporting materials:

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)



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May 27, 2016

Stephen Bernath
Assistant Deputy Director, Forest Practices Division
Washington State Department of Natural Resources

Dear Mr. Bernath.

Thank you for the opportunity to provide input on the 2017-2019 Department of Natural Resources budget request as it pertains to meeting small forest landowner needs. We acknowledge that small forest landowner needs vary widely due to geography, acreage, and management goals, and that the exercise of determining their needs is not always transparent. For those reasons we have worked with our constituency to focus on what would be most beneficial in addressing their needs over the next biennium funding cycle. We also asked for and received input from your office regarding the current funding situation for those positions dedicated to small forest landowner needs.

Based on these conversations and data we recommend that the Department of Natural Resources include the following in their 2017-2019 biennium budget request.

1. Operating Budget
 - a. 6 landowner assistance FTE located in the regions including specialists in geo-tech, alternate planning, and water typing as appropriate
 - b. 3 stewardship forester FTE
2. Capital Budget
 - a. \$15M to bring the Forest Riparian Easement Program current plus cover expected future applications over the biennium
 - b. \$10.3M to address 10% of the backlog of FFFPP culverts that need replacement to ensure fish passage and habitat restoration goals under the Forest and Fish Agreement.

We have attached a budget request summary page for each funding source in support of our recommendation. We are committed to engaging our grassroots to educate legislators and staff about the need for this funding and the environmental and economic benefits it supports. We look forward to teaming with DNR to jointly support this budget request.

Sincerely

A handwritten signature in black ink, appearing to read "Elaine Oneil".

Elaine Oneil, PhD
Executive Director
Washington Farm Forestry Association

Attachments: (2) Budget Request – Operating Budget; Budget Request – Capital Budget



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Small Forest Landowner 2017-2019 Biennial Budget Request – Operating Budget

There are over 220,000 small forest landowners scattered over 3.5 million acres of privately held forest land across the state, many of them with little or no knowledge or experience of forest land management. Emergent trends in land ownership transfer to the younger generation, high ownership turnover rates, climate change, and dialogues about forests, carbon, and the maintenance of working landscapes are indicative of an increasing need for a wide variety of landowner assistance programs – both of a technical and educational nature. For these reasons we see a clear need to not only maintain, but to increase DNR landowner assistance programs. Directing these programs towards small forest landowners would help ensure that their forests continue to provide the many benefits that accrue from maintaining healthy vibrant forests across our watersheds.

Currently DNR has 2.0 FTE funded through the general fund that are solely dedicated to meeting the needs of small forest landowners statewide. These staff positions are augmented by federal grants to fund 4 stewardship positions and a small amount of Washington State University Extension funds. A further 15 positions are federally funded to deal solely with fire risk reduction activities in Eastern Washington. For non-fire related landowner assistance, there are 3 stewardship foresters dedicated to providing field services statewide. More critically, their continued presence is dependent on uncertain and insufficient federal funding sources. Those ratios mean that each field stewardship forester position is responsible for meeting the needs of over 70,000 landowners scattered over 1 million acres. We have heard nothing but fabulous reports of the DNR Stewardship Foresters in the field, but the current situation, while heroic, is untenable. It means that small landowners do not have access to information when and how they need it, and it places great stress on great state employees.

Small forest landowners on the smallest holdings are likely to harvest only once or twice in a lifetime. Given the recent, and ongoing, developments in Forest Practices regulation concerning harvest near steep and unstable slopes, potential water typing rule changes, rigorous requirements for developing alternate plans, uncertainty on cultural resource surveys, and the desire to continue to improve small forest landowner rule compliance rates, we are deeply concerned about the lack of small forest landowner technical assistance foresters to help landowners meet current and proposed regulatory requirements.

For these reasons WFFA sees the need to have a minimum of 6 landowner technical assistance forester positions be fully staffed and located at the regional offices. Beyond general forestry expertise, additional skills in water typing, geotechnical assessments, and fire resilience would be desirable depending on the region. In addition, we would like to see the budget request include 3 stewardship foresters funded from a state general fund located in underserved regions of the state. This funding would ensure that we have a minimum of 3 stewardship foresters, and perhaps as many as 6 if current federal funding sources remain viable for an improved ratio of forester to landowner of 35,000:1.



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Small Forest Landowner 2017-2019 Biennial Budget Request – Capital Budget

We understand that there are 4 FTE positions at DNR that are filled from the capital budget to administer the Forest Riparian Easement Program (FREP) and the Family Forest Fish Passage Program (FFFPP). We also understand that the FREP program currently has an 8 year (\$11M) backlog of applicants, and the FFFPP has a backlog of 834 projects totaling more than \$100M.

If past year's trends continue we can expect the backlog from FREP to grow to \$15M over the biennium as approximately 25 applications per year are received with an average cost of \$100,000/project. Therefore, we would like to see full funding for FREP of \$15M included in the 2017-2019 DNR budget request. This request would bring the program current if the application rate remains stable on a year over year basis. Given the Forest Practices Board deliberations about steep and unstable slopes there is a chance that demand for this compensatory program may increase. If there is a significant increase in applications, the minimum request of \$15M would at least ensure that we bring the program current. We anticipate that should the WFFA riparian templates be adopted, the future demand for FREP funding would decrease as the relative loss of economic return would decline. This co-benefit of incorporating policy solutions into the fiscal picture is something we do plan to discuss during the legislative session.

The FFFPP program is seriously underfunded, but we recognize that there is no easy path that can bring that program current. We will support the current DNR proposal of \$10.3 M this biennium as the planning and execution timelines are likely in sync with the number of FTE that are directed towards this program.

2017-19 Biennium Budget Decision Package

Agency: 490 Department of Natural Resources

Decision Package Code/Title: TW Teanaway Community Forest Operations

Budget Period: 2017-19 and 2019-21

Budget Level: PL – Performance Level FINAL

Agency Recommendation Summary Text:

When the legislature created the Teanaway Community Forest, it established five goals for the stewardship of this landscape including improved watershed protection, restoring forest health, retaining working lands, maintaining recreation access, and fostering community partnerships. Implementation of the newly adopted forest management plan and responding to the community’s needs requires a consistent level of staffing. The \$254,000 in current operational funding is directed primarily toward law enforcement, fire and county weed board assessments and noxious weed control. Increased operational funding will provide supplies, materials and salaries for two full-time staff needed to manage this important 50,241 acre landscape.

Fiscal Detail:

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
General Fund-State 001-1	\$406,000	\$350,000	\$352,000	\$352,000
Total Cost	\$406,000	\$350,000	\$352,000	\$352,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	2.0	2.0	2.0	2.0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. A	127,000	128,000	128,000	128,000
Obj. B	47,000	48,000	48,000	48,000
Obj. C	75,000	30,000	30,000	30,000
Obj. E	68,000	55,000	57,000	57,000
Obj. G	23,000	23,000	23,000	23,000
Obj. T	66,000	66,000	66,000	66,000
Total Cost	\$406,000	\$350,000	\$352,000	\$352,000

Package Description

In 2013, the legislature provided five goals for the Teanaway Community Forest (TCF), including water supply and watershed protection, healthy forests, working lands, improved fish passage, maintaining

recreation access, and fostering community partnerships. The Department of Natural Resources (DNR) has been unable to implement actions to achieve those goals due to little day-to-day operational funding.

The operating budget authorized in the 2015-17 biennium for Teanaway was \$282,000 of General Fund-State (GFS). Beginning in 2017-19 biennium, the ongoing carryforward amount was adjusted to \$127,000 each fiscal year (\$254,000 for the biennium). This GFS proviso funding was “provided solely for ongoing law enforcement, which the department may contract with local law enforcement agencies, and for noxious weed control, forest fire protection assessment, and other management costs for the Teanaway Community Forest as provided in the Teanaway Community Forest Management Plan.” Once fire and weed assessments are paid, and law enforcement is provided, there is near to nothing left to fund staff to manage the 50,241 acre landscape. Without staff to develop restoration plans, identify silvicultural needs, or administer contracts for road maintenance, the objectives of the legislature cannot be met.

The TCF will not be financially self-sustaining in the near-term, and revenue generated from grazing and the management of the forest do not provide a level of funding to support even one position. This limits the department’s ability to manage the forest. Prior to purchase, maintenance of these forests had long been neglected. Overstocked stands leave the forest at risk of catastrophic fire. Local communities are concerned about this risk and want these forests to be actively managed. In addition, a forest road maintenance backlog is accruing; impacting management of the forest and degrading fish habitat. Gate structures to control access and dangerous tank traps need repair to reduce liability and damage/vandalism.

This request will fund the staff required to implement the forest management plan and begin to restore this important landscape.

DNR in coordination with the Washington State Department of Fish and Wildlife (WDFW) developed a management plan in 2015 with an advisory committee of local stakeholders that addresses how to accomplish the goals the legislature put forward when purchasing the Teanaway property. This request will provide DNR with the staffing capacity to implement the newly adopted management plan.

The goals from the TCF Management Plan also compliment the Department’s 2014-17 Strategic Plan as follows:

- Goal 1: Manage state-owned lands for economic and ecological sustainability.
- Goal 2: Protect and maintain working forestlands, habitats, and other natural resources.
- Goal 3: Deliver exemplary public resource protection through the Forest Practices Program.
- Goal 5: Mitigate and adapt to a changing environment and climate.
- Goal 7: Ensure that DNR is a well-managed agency that provides excellent public service and value.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service.

The TCF budget authorized in the 2015-17 biennium was \$282,000. The 2017-19 Carryforward adjusted the amount beginning July 1, 2017 to \$127,000 each fiscal year (FY) for a total of \$254,000 for the biennium to carry out the proviso language stated above.

In FY 2016, \$77,000 in salaries and benefits were expended by various department staff, primarily department law enforcement officers, with additional staffing funded by capital dollars to carry out road maintenance and forest health work.

Decision Package expenditure, FTE and revenue assumptions, calculations and details:

Starting in FY 2018, a Teanaway Lands Manager WMS 1 (1.0 FTE) will be required to provide oversight of the TCF and implementation of the management plan. This position will act as the coordinator of the

Teaway Advisory Committee and also coordinate with WDFW, Department of Ecology (ECY), Yakama Nation, Kittitas County, and other stakeholders to ensure that projects on the forest are permitted and processed through SEPA appropriately. Additionally this position will be responsible for developing site-specific prescriptions related to the ecological restoration of the forest.

DNR will require a Natural Resource Specialist 3 (1.0 FTE) to be responsible for the day to day needs related to implementing silvicultural prescriptions, contract compliance for road construction, forest health and pre-commercial thinning, and other purchased services contracts. This position will also oversee the administration of grazing leases, weed control treatments, and the myriad of other day to day needs on the forest.

In addition, both positions will require costs associated with goods and services and travel. Travel includes day to day trips and travel related to public meetings, hosting advisory committee meetings, and working closely with DNR's neighbors on the landscape (Roslyn, Cle Elum, Kittitas County, and the USFS). Other goods and services costs will focus on supplies related to grazing (fencing materials, water tanks, cattle guards), signage related to forest rules, and road maintenance materials. DNR will also contract for an estimated \$105,000 (\$75,000 in FY 2018 and \$30,000 in FY 2019) with WDFW to provide technical assistance on restoration projects, grazing management priorities, and recreation planning efforts on the forest.

Decision Package Justification and Impacts

What specific performance outcomes does the program expect?

The requested funding contributes to the following Results Washington goal areas:

Goal 2: Prosperous Economy

Goal 3: Sustainable Energy and a Clean Environment

Goal 4: Healthy and Safe Communities

Goal 5: Effective, Efficient, and Accountable Government

The idea of a community forest is a forest with a bond to the local economy and communities that contributes to a better quality of life by sustainably managing the forest resources and watersheds to meet community goals. The legislature directed DNR to complete five goals and develop a management plan for doing so; therefore DNR is now accountable to the citizens of Washington and the legislature to implement that forest plan.

The requested funding will allow the department to serve communities through restoration of watershed and fish habitat. It will help DNR ensure working forest and grazing lands are managed sustainably. These improvements in turn will help the local and regional economy, which is heavily dependent on recreation and natural resources for income.

The restoration of fish and wildlife habitat will help meet the needs of several threatened and endangered species, including fish such as spring Chinook, steelhead, and bull trout, and wildlife such as the northern spotted owl and the gray wolf. Outside groups are seeking to bring funding into the TCF to help with these projects and these efforts need to be coordinated.

Additional staff will add capacity to apply for grants, ensure better coordination of volunteer support, improve response to requests for recreation permits, provide reliable education and enforcement patrols, enable effective management of the Teaway Advisory Committee, and maintain relationships with WDFW, ECY, Yakama Nation, Kittitas County, and other stakeholders.

Performance Measure detail:

A037 State Lands Management – Roads

A038 State Lands Management – Silviculture

A047 State Lands Management – Leasing

This program is connected to the following Results Washington goals:

Goal 2: Prosperous Economy - Business Vitality, Thriving Washingtonians, Sustainable, Efficient Infrastructure, and Quality of Life -

- By maintaining a working landscape, jobs will be created as DNR provides goods such as timber and beef.
- Tourism revenue from recreationists will increase as opportunities to access public lands are created and maintained.
- Road infrastructure that will enable a working landscape will be maintained and improved.
- Contractors that accomplish this work create additional jobs.
- Achieving the goals the legislature set for the TCF will help make the Yakima Basin Integrated Plan a success, which is expected to provide additional water supplies to the Yakima Basin.

Goal 3: Sustainable Energy and a Clean Environment - Healthy Fish & Wildlife, Clean & Restored Environment, Working and Natural Lands -

- The Teanaway has nearly 100 miles of fish-bearing streams. Restoring the streams will provide habitat for steelhead, spring Chinook, and bulltrout, among other fish species.
- Maintaining and improving the road system means installing bridges and culverts that will allow fish to pass unhindered. It means reducing sediment into streams that could impact fish habitat. It means removing stream-adjacent roads that reduce the functionality of streams and wetlands.
- Improving forest health means setting the forest on a trajectory to improve wildlife habitat. This means improving the habitat for the northern spotted owl. It also means providing habitat for deer, elk, and grey wolves.
- The Teanaway currently does not meet water temperature standards set by ECY. Restoring streams and wetlands means reducing water temperatures and will help DNR meet the Total Maximum Daily Load limits established by ECY for the Teanaway River.
- Installing infrastructure to control grazing will help prevent damage to streams and wetlands and will help ensure grazing continues.
- Actively managing the forest will reduce fuel loads that could contribute to high severity fires.
- The Teanaway is seeing increases in recreation use as people learn about the area. Recreation permits have increased from prior years and vehicle counts are increasing. Improving recreation opportunities and access will help keep these numbers rising.
- Volunteer opportunities in the Teanaway abound. Staff will be able to engage and direct the public interest in this landscape.

Goal 5: Efficient, Effective and Accountable Government - Customer Satisfaction and Employee Engagement, Resource Stewardship, Transparency and Accountability -

- Funding will help ensure recreation permits are issued in a timely manner. It will provide staff time to engage with the public and respond to questions.
- Stakeholders and advisory committee members will be engaged and their input will be utilized.
- Goals set by the legislature and objectives within the TCF Management Plan will be met.

Fully describe and quantify expected impacts on state residents and specific populations served.

The success of the TCF impacts all of Washington. This includes land conservation and water quality goals in the Yakima Basin Integrated Plan, goals from the Mountains to Sound Greenway Strategic Plan, DNR's 2014-17 Strategic Plan, a recreational hotspot located in the middle of Washington being used by residents from both sides of the state, contractors and others working in the forest, Yakama Nation treaty rights, and the local communities' economies who benefit greatly from these activities..

Protecting and enhancing the water supply and protecting the watershed means water is clean and is available for fish and downstream irrigators. Restoring streams and wetlands will recharge aquifers, deliver cool water to streams, and provide fish habitat. Actively managing forests will create healthy forests that provide wildlife habitat for threatened and endangered species and reduce the risk of wildfire to nearby communities. Providing a working landscape through grazing and forestry will help the local economy. The trends of use on the recreation side have shown a major increase in use. Camping areas are at capacity each weekend during the summer months, many of which are new users.

What are other important connections or impacts related to this proposal?

Impact(s) To:		Identify / Explanation
Regional/County impacts?	Yes	Identify: Improving recreation opportunities in the community forest is a high priority in the county’s recreation plan. In addition, the county is interested in maintaining the working lands component of the TCF, including timber harvest and grazing lands. (Kittitas County has heavily invested in road improvements accessing the community forest with hopes of improving the recreation economy in the upper county).
Other local gov’t impacts?	Yes	Identify: The local communities of Cle Elum, Roslyn, and Ronald are heavily dependent on tourism and recreation. These communities are pushing the department to develop recreation connections to the Teanaway and beyond. They are also concerned about maintaining healthy forests on adjacent public lands.
Tribal gov’t impacts?	Yes	Identify: The Yakama Nation is heavily invested in opportunities to improve the watershed and fish habitat through restoration. Their fish acclimation facility on the North Fork Teanaway adds young salmon to the river systems. The Yakama Nation is actively involved in ongoing restoration activities to improve critical fish habitat.
Other state agency impacts?	Yes	Identify: DNR has a partnership in management of the TCF with WDFW through a conservation easement. DNR also works closely with ECY, Yakima Nation, and NOAA fisheries on water related improvements expected by the management of the forest’s water resources.
Responds to specific task force, report, mandate or exec order?	Yes	Identify: With the purchase of the TCF, the legislature directed DNR and WDFW to meet five goals and complete a management plan that describes how they intend to do so. With the completion of the management plan, the expectation now is the implementation and completion of the actions and objectives in that management plan.
Does request contain a compensation change?	No	Identify:

Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	Yes	Identify: The addition of staff will require additional workplace improvements and equipment.
Capital Budget Impacts?	Yes	Identify: A companion capital request of \$1.4 million is being asked for to provide the materials and contracting for road improvements and maintenance of neglected infrastructure, fencing supplies, and forest health treatments within the 50,241 acre forest to develop silvicultural prescriptions, identify forest health needs, manage current grazing leases and develop road maintenance contracts, both capital and operating funds are needed.
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		This request will take advantage of outside funding to leverage additional work in the TCF. Outside groups are interested in recreation improvements, grazing infrastructure, restoring fish habitat, and developing community partnerships.

Please provide a detailed discussion of connections/impacts identified above.

As a community forest, the management of the Teanaway is a partnership between DNR, WDFW and the communities that care about the forest. An advisory committee made up of local, regional, and statewide stakeholders provides input on management direction. These groups are interested in a wide variety of activities, from grazing to snowmobiling to water quality. Through agency coordination and facilitation, they are aligned on helping the agencies achieve the goals for which the community forest was purchased.

The Teanaway is located in Kittitas County and is a major un-dammed watershed with the potential to provide tremendous benefits to water quality, quantity, fish and wildlife habitat, recreation, working lands and forest products. Kittitas County has invested in road improvements accessing the community forest with hopes of improving the recreation economy in the upper county. The Teanaway is also identified as an important area to be maintained as a working landscape, with the county and local community expressing a strong desire to see the continuation of grazing and forestry operations.

Local communities like Cle Elum, Roslyn, and Ronald are concerned about the risk of catastrophic wildfire coming from public lands and wish the forests to be actively managed so that wildfire risk is low.

The Teanaway is within the lands ceded by the Yakama Nation in the Treaty of 1855, and tribal members continue to conduct their usual and accustomed practices within the Community Forest. The Yakama

Nation has invested heavily in restoring fish populations, including steelhead and Chinook salmon, and they built a fish acclimation facility on the North Fork Teanaway to increase the size of the fish population there. The Nation brings significant monetary resources for the purposes of restoring streams and floodplains. As restoring fish populations is one of the goals of the TCF, the Nation is an ideal partner in leveraging funds to help us achieve those goals.

The partnership on the TCF extends to other state agencies like ECY, federal agencies like NOAA Fisheries, and various non-governmental organizations that are on the TCF advisory committee. As an integral component of the Yakima Basin Integrated Plan, the relationship extends to many other organizations, such as local irrigation districts, the Bureau of Reclamation, US Forest Service, and Washington State Department of Agriculture. These groups are bound to the success of the TCF and the goals that the legislature set for it in 2013.

A companion capital request of \$1.4 million is being asked for to provide the materials and contracting for road improvements and maintenance of neglected infrastructure, fencing supplies, and forest health treatments within the 50,241 acre forest. Fish barrier replacements, culvert installation and other priority road maintenance activities will require \$970,000 in capital money to complete. Fuel reduction, pre-commercial thinning and other forest health treatments will treat 350 acres of fire prone stands. Installation of fencing, off-channel watering and cattle guards will protect sensitive riparian areas from the impacts of grazing. This operating request is needed to oversee the corresponding capital work.

What alternatives were explored by the agency and why was this option chosen?

Describe the pros/cons of the alternatives and why they were not selected. Explain why this request is the best option.

The Department is not able to fund the community forest through the trust land management accounts, the Resource Management Cost Account and Forest Development Account because those accounts are dedicated solely to the management of their respective trusts. Using those funds for management of the Teanaway Community Forest would be contrary to statute.

Shifting existing GF-State appropriations would result in reductions in critical public safety and environmental protection programs such as fire control or forest practices elsewhere in the state. There is not a viable alternative.

What are the consequences of not funding this request?

Without staff to implement the forest management plan, the legislature's five goals for the forest cannot be met. Silvicultural treatments to increase the growth of the forest, restore degraded habitat and improve forest health need staff to design, implement and complete. The forest road system must be adequately maintained so access for the agency and the public can continue. Without funding water quality will continue to suffer. The department will not be able to coordinate as well with interested stakeholders and partners to bring in outside funding. The department must continue to engage on a regular basis with partners to continue building momentum and meet the goals outlined by the legislature. An operating budget is needed to fund this engagement.

How has or can the agency address the issue or need in its current appropriation level?

Other than providing for law enforcement, forest fire assessments and some noxious weed control, the department cannot address the workload challenges within its current appropriations. Piecemeal work has been done to meet minimum health and safety requirements. Much of the needed work has been delayed which is affecting the ability of the forest to meet its goals. Rerouting resources is not possible. With the addition of 50,241 acres, new funds are needed to meet the goals.

Other supporting materials:

The following links reference supporting information for this request:

http://file.dnr.wa.gov/publications/em_tcf_teanaway_plan.pdf

<http://www.ecy.wa.gov/programs/wr/cwp/ybip.html>

<http://www.dnr.wa.gov/Teanaway>

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)