



WASHINGTON STATE DEPARTMENT OF
Natural Resources

Doug Sutherland - Commissioner of Public Lands

Strategic Plan
2007-09 Biennium

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DNR Overview

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

- To provide professional, forward-looking stewardship of our state lands, natural resources and environment.

- To provide leadership in creating a sustainable future for the Trusts and all citizens.

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

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

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

Land Management

5 million acres

DNR manages a legacy of more than 5 million acres of state land—across time, across landscapes and across the state. This requires DNR to look to the future, respond to the present and learn from the past. And it requires enhancing and protecting the lands so that benefits continue to flow from them.

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

DNR cares for a unique mix of lands—a vast and varied domain of public forests, rangelands, farmlands, natural areas, waterways, tidelands, undeveloped urban and rural lands, and commercial properties. Many of these lands not only provide habitat for wildlife and places for recreation, but also generate income.

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Trust Lands

3 million acres – upland state trust lands

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

2.4 million acres – state-owned aquatic lands

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

Unique Lands and Resources

119,000 acres – Natural Areas

(Natural Area Preserves and Natural Resources Conservation Areas)

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

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Resource Protection

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

Forests

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

Fire

- Fighting wildland fire on 12.7 million acres of state, private and tribal lands. DNR is the state's largest on-call fire department with 1400 temporary and permanent employees.
- Providing technical assistance for fire prevention
- Coordinating with other fire prevention and suppression efforts provided by local and federal entities.
- Regulating forest debris burning.

Geology

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

Natural Heritage

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

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Strategic Planning

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

Executive Management also provided additional guidance through Strategic Goals and Directions.

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

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

Performance Measures have been linked to each activity identified in the Activity Inventory. Each Activity is further tied to one of the eleven Priorities of Government. This Strategic Plan shows those linkages.

Priorities of Government

The DNR has identified 28 activity-levels. These activities have been classified primarily into three of the Priorities of Government key result teams.

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

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

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

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

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

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DNR Strategic Priorities

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DNR established the following strategic priorities for the 2007-2009 biennium. These priorities will guide management emphasis and resource allocation as we develop our biennial budget requests and our legislative priorities.

- Continue to align our programs with our vision of natural resource sustainability.
- Prudently manage those financial, land, and ecological assets entrusted to the department's care, increase strategic investments, and pursue strategic repositioning opportunities.
- Foster aquatic and terrestrial ecosystem health.
- Improve the integration of multiple use objectives with conservation and revenue objectives, through planning and partnerships.
- Modernize our public service programs, such as fire control, forest health, and geologic services.
- Modernize our business practices and infrastructure, increase financial resources, and enhance DNR's workforce skills, knowledge, and effectiveness.
- Continue to create and maintain supportive and productive partnerships and relationships.

Our Mission

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

Our Vision

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

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Our Principles

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

Enduring Stewardship

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

Visionary Leadership

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

Inclusive Decision-making

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

Creative Solutions

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

Respectful Relationships

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

Statutory Authority

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

Commissioner of Public Lands:	Chapter 43.12 RCW
Department of Natural Resources:	Chapter 43.30 RCW
Forest and Forest Products:	Title 76 RCW
Forest Protection -	Chapter 76.04 RCW
Forest Health -	Chapter 76.06 RCW
Forest Practices -	Chapter 76.09 RCW
Forest Practices -	Chapter 76.13 RCW
Surface Mining -	Chapter 76.10 RCW
Mines, Minerals & Petroleum:	Title 78 RCW
Public Lands:	Title 79 RCW

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State Land Sales	Chapter 79.11 RCW
Land Leases	Chapter 79.13 RCW
Sale of Valuable Materials	Chapter 79.15 RCW
State Forest Lands (Forest Board Lands)	Chapter 79.22 RCW
Capitol Building Lands	Chapter 79.24 RCW
Natural Area Preserves	Chapter 79.70 RCW
Natural Resource Conservation Areas	Chapter 79.71 RCW
Aquatic Lands	Chapter 79.90 RCW

Public Trust Doctrine: judicial law dating to the ancient Roman Code of Justinian. Numerous other authorities relate to specific programs.

Other Strategic Plans

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

- Forest and Fish Report
- Sustainable Harvest Plan
- Habitat Conservation Plan
- Transition Lands Plan
- Agricultural and Grazing Lands Plan
- Asset Management Plan
- Policy for Sustainable Forestry
- Wildland Fire Protection Program Strategic Plan
- Strategic Plan for Healthy Forests

Strategic Goals & Direction

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

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Strategies to Achieve Agency Goals and Supported Statewide Results

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

Statewide Results supported:

8. Improve the safety of people and property.
9. Improve the quality of Washington's natural resources.
10. Improve cultural and recreational opportunities throughout the state.
11. Improve the ability of state government to achieve its results efficiently and effectively.

Strategies:

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

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

Statewide Results supported:

1. Improve student achievement in elementary, middle, and high schools.
3. Improve the value of a state college or university education.
6. Improve the economic vitality of businesses and individuals.
9. Improve the quality of Washington's natural resources.
11. Improve the ability of state government to achieve its results efficiently and effectively.

Strategies:

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

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

Statewide Results supported:

1. Improve student achievement in elementary, middle, and high schools.
3. Improve the value of a state college or university education.
6. Improve the economic vitality of businesses and individuals.
9. Improve the quality of Washington's natural resources.
10. Improve cultural and recreational opportunities throughout the state.
11. Improve the ability of state government to achieve its results efficiently and effectively.

Strategies:

- Stay in the business of land and natural resource management.
- Generate trust revenue in the most effective and efficient manner possible.
- Creatively market trusts resources and services to improve revenue production.
- Maintain a road network that meets critical access needs while restoring and protecting public resources.
- Provide protection for ecologically sensitive lands and functions.
- Manage socially sensitive lands in a manner that is respectful of the public's interests, consistent with trust principles.
- Employ creative ways to meet fiduciary duties and changing societal needs.
- Be a model for natural resource stewardship and sustainable resource management.
- Work with others to define and implement responsible, appropriate uses of public lands, to control damage and liability, and to provide beneficial public access.
- Work to restore and maintain natural resources health.

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

Statewide Results supported:

6. Improve the economic vitality of businesses and individuals.
8. Improve the safety of people and property.
9. Improve the quality of Washington's natural resources.
10. Improve cultural and recreational opportunities throughout the state.
11. Improve the ability of state government to achieve its results efficiently and effectively.

Strategies:

- Establish and maintain an inventory, by category, of aquatic resource assets.
- Maintain the diversity of asset types.
- Work with communities and governmental entities to improve the ecological health of aquatic resources.
- Work with communities to enhance commerce, navigation, and economic development.
- Be responsive to DNR's customers and seek opportunities to diversify the income-producing potential of the aquatic resources portfolio.
- Manage risk to meet the multiple objectives of state-owned aquatic lands.

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- Respond to all requests for use authorizations (leases, rights-of-way, Port Management Agreements, etc.) in a timely, consistent, and fair manner.
- Ensure that all expired and holdover authorizations are resolved in a timely manner.
- Vigorously assert the state's long-term interests in the cleanup of contaminated aquatic areas.
- Work collaboratively with public and private parties to ensure "bay-wide" cleanups, creating opportunities for redevelopment and environmental protection.
- Promote uses that are environmentally sound and will not contaminate or cause recontamination.
- Vigilantly assert public trust doctrine principles, state ownership, and state interests.

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

Statewide Results supported:

8. Improve the safety of people and property.
9. Improve the quality of Washington's natural resources.
11. Improve the ability of state government to achieve its results efficiently and effectively.

Strategies:

- Maintain a high level of readiness to fight major fires.
- Maintain a balance of prevention, detection, initial attack, sustained attack, and large incident management capacity.
- Lead the state in wildland fire prevention and protection.
- Increase protection to homes and communities at risk in the urban/rural interface.

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

Statewide Results supported:

9. Improve the quality of Washington's natural resources.
11. Improve the ability of state government to achieve its results efficiently and effectively.

Strategies:

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

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

Statewide Results supported:

8. Improve the safety of people and property.
9. Improve the quality of Washington's natural resources.
11. Improve the ability of state government to achieve its results efficiently and effectively.

Strategies:

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

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

Statewide Results supported:

9. Improve the quality of Washington's natural resources.
11. Improve the ability of state government to achieve its results efficiently and effectively.

Strategies:

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

Performance Measures

The Department of Natural Resources has identified performance measures for each of the agency activities. A copy of these performance measures is attached at Appendix A. The status of our performance measures is available on the Office of Financial Management web site.

The Department is tracking 40 performance measures at the agency level for the 2005 – 2007 biennium. The targeted output of the each measured performance supports one or more department activities and one or more strategic goals. In addition to these performance measures, the Department tracks an additional 80 internal performance measures and is

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developing benchmarks to evaluate its programs in comparison to similar private sector and government entities.

Appraisal of External Environment

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

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

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

Timber sale prices have rebounded in the past year. However, there are signs, including the drop in home construction and rising interest rates that have us concerned about future prices. On the upside is the construction of several new mills in Washington.

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

Trends in Customer Characteristics

The Department of Natural Resources serves a diverse base of customers with widely divergent needs, preferences and expectations. The more than 5 million acres of state-owned lands administered by the Department serve multiple purposes.

Nearly 3 million acres are state trust lands, most of them granted by Congress at statehood in 1889. As trust land manager, DNR is charged with generating revenue in perpetuity for specific beneficiaries. State trust lands support construction of public schools, universities, colleges, state

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prisons and institutions, and building improvements at the state Capitol including the over \$100 million renovation of the State Legislative Building. The over \$5 billion generated by state trust lands since 1970 have improved the lives of all citizens of Washington state by building public buildings and reducing the need for additional taxes.

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

DNR resource protection specialists work with landowners, local governments, and others to protect streams, forests, beaches, salmon, and wildlife on private as well as public lands across the state. The Department on nearly 12 million acres enforces Washington's Forest Practices Act. At the same time the Department provides technical assistance and expert information on implementation of "Forest & Fish" legislation. Impact of these laws has led to expanded services for small landowners.

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

Approximately 2.5 million acres of aquatic lands administered by DNR have their own set of customers: from port districts to individual boaters to those impacted and concerned with contamination. DNR leases aquatic lands to private business and agencies for uses such as boat moorages, shellfish cultivation, restaurants and office buildings. Revenues are used to improve public access and enhance environmental protection.

Financial Health and Internal Capacity

In order to assess the internal environment the Department has conducted an agency-wide employee survey for the past three years. Our employees and managers have responded well to the survey and the results. The DNR average score across the survey questions is over 3.8 on a scale of 1 to 5. Those results come from a remarkably high response rate. In addition, this year the Department is conducting its first internal assessment using the Washington Quality Assurance Program assessment tools. Results of both of these surveys were available to executive management during the 07-09 planning process.

The Department of Natural Resources is funded with 16 appropriated funds and six non-appropriated funds. The Department generates the revenues that support all but five of these

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funds (General Fund-State, Disaster, ORV, Water Quality and Air Pollution Control). Revenue-dependent funding makes up 78% of the Department's operating budget. Accordingly, revenues and market trends heavily influence the Department's financial health.

A primary source of revenue is generated by timber sales on public trust lands. Timber revenues have been in decline over the past several years, primarily due to lower market-driven prices. While we are currently experiencing better prices for timber sales we are projecting a modest increase in timber revenues in 07-09. Other revenue sources are projected to stay generate roughly the same amount of revenue as during this biennium.

The Resource Management Cost Account (RMCA) is of specific concern for the 07-09 biennium. Revenue to the RMCA comes as a management fee from the revenue earned from timber sales and leasing of state-owned trust lands. The legislature granted an increase in the management fee from 25% to 30% for the 05-07 biennium. The 30% rate will expire at the end of this biennium. The RMCA revenues generated at the 25% level are insufficient to support the implementation of the Sustainable Harvest Plan adopted by the Board of Natural Resources. This will likely result in decreased timber sales and declining revenue to the trust beneficiaries. The Department will propose legislation that allows the Board of Natural Resources to set the management fee up to 30% for the remainder to the planning decade (through 2014).

The General Fund-State pressures faced by the State of Washington have had a significant impact on the Department. The reductions imposed in the FY 02 and 03-05 budgets all resulted in the reduction or elimination of program activities and services. In addition, federal deficits have reduced federal funding to some critical department programs. These reductions continue to reduce services to our customers and hamper our regulatory functions.

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

DNR has not been sitting still in face of these expenditure pressures. The agency has taken many steps to reduce costs while maintaining performance commitments. Since 2001, DNR's timber sales program has reduced costs by 41% while increasing revenues by \$15 million through an active timber marketing effort. DNR's commercial and agricultural leasing program has increased revenue by 19% while cutting costs by 13%. DNR merged two of its seven regional offices, which will save up to \$1 million each year beginning in FY 2005. The Department also co-located one of its regional offices with a US Forest Service office. DNR began experimenting with "hubbing" staff from some programs between regions. DNR made many categories of geographic and other data available on its website, saving both DNR employees and members of the public hundreds of hours previously spent processing paper and phone requests. The Department cut costs by joining with Department of Transportation to provide Internet access to

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aerial photos and maps. DNR also improved its internal coordination of IT support, reducing staff providing direct IT support from 10 FTEs to 4 FTEs. Use of electronic funds transfer has also saved thousands of dollars.

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

DNR's aquatic resources program also registered cost savings. By negotiating advantageous settlements of the State's liability at hazardous waste cleanup sites in contaminated urban bays, DNR avoided much higher potential cleanup costs.

Finally, DNR has responded to both legislative budget cuts and shortfalls in proprietary management accounts and general fund reductions by undertaking significant reductions-in-force in recent years. This loss of staffing in most cases has resulted in loss of agency performance in key areas.

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

Information Technology

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

The Department is aggressively pursuing the use of the Internet, video conferencing, and wireless technology and will continue to seek opportunities to move systems from the mainframe environment. The two leading candidates to move off of the mainframe are the cost allocation system (CAS) and the time and reporting system (TARS).

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

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

Capital Requirements

For several biennia the Department has included the replacement or upgrade of our regional office facilities in its ten-year capital plan. Most of these six offices are well beyond their useful life resulting in high maintenance costs and costly energy use. During 2005 the Military Department offered to sell DNR its armory facilities in Port Angeles and Colville. The Port Angeles facility is currently leased by DNR for use as a district office. The Colville armory is adjacent to our regional office.

The Department requested supplemental funding to acquire the facilities in 2006. At the request of the Office of Financial Management, we deferred that request to the biennial budget. The biennial budget will include a request to acquire the Port Angeles facility and a request to acquire the Colville armory and remodel it to replace the current regional office. The projected cost of remodeling the facility is significantly less than building a new facility.

In addition, DNR will request increases to the minor works program to accommodate the increasing maintenance costs of the remaining five regional offices and our district work centers.

Both the facilities and trails at the Department's natural areas and recreation facilities have fallen significantly behind in preventative maintenance over the past several biennia due to budget reductions, while use has increased in area and intensity. This has resulted in more corrective maintenance. Our budget request will reflect this need.

The remainder of our capital budget request will remain essentially unchanged for the 07-09 biennium. This will include continuation of the Trust Land Transfer program, support of aquatic land restoration, creosote log/piling removal, Natural Resources Real Property Replacement Account, Forest Riparian Easement Program, Forest Legacy, Riparian Open Space, etc.

We will be seeking increased spending authority in the Land Bank as requested in the 2006 supplemental budget. This will allow the Department to invest the proceeds from low-earning, under-performing trust assets with assets that deliver higher short- and long-term revenue to the beneficiaries, primarily common schools.

Department of Natural Resources - Performance Measures by Activity		
#	Agency Activity Title	DNR External Performance Measures for 2005-07
1	Administration	Percent of time vendors and employees are paid within OFM-specified timeframes.
		Percentage of State Environmental Protection Act (SEPA) proposals reviewed, processed, or responded to within 48 hours.
		Percentage of public records requests responded to within 5 days.
		Average rating for all subject areas in the annual employee survey.
		Percentage of time the Information Technology network is up and running.
2	Correctional Camps	Number of handcrews trained, certified and available for fire response.
3	Fire Control - Preparedness	Percentage of total wildfires contained at or below 10 acres on DNR protected land.
4	Fire Regulation and Prevention	Number of Community Wildfire Protection Plans implemented by local communities.
5	Fire Suppression	Percentage of total wildfires contained at or below 10 acres on DNR protected land.
6	Resource Protection	Number of acres treated for bark beetle prevention or restoration, resulting in reduced risk.
7	Forest Practices Act and Rules	Percentage of Forest Practices Applications approved, conditioned, or disapproved within time limits specified in the Forest Practices Rules.
		By followup inspection, percentage of forest practices in compliance with Forest Practice Rules.
		Percentage of large forest landowners meeting or exceeding scheduled work milestones as outlined in their Road Maintenance and Abandonment Plans (RMAPs).
8	Forest Practices - Manage Adaptively	Number of reports completed by the Cooperative Monitoring, Evaluation, and Research Committee.
9	Small Forest Landowner Office	Number of riparian easements purchased from small forest landowners.
10	Geology	Number of geologic and geologic hazard maps published.
11	Surface Mining	Percentage of surface mining permits in compliance with approved reclamation plans.
12	Natural Areas	Number of Natural Areas using integrated weed management methods to contain and reduce priority invasive weed species.
		Dollar value of volunteer time and private dollars donated to maintain natural areas statewide.
13	Natural Heritage	Number of Natural Heritage digital data requests responded to within 30 days of the receipt of the request.
14	Recreation	Dollar value of volunteer time and private dollars donated to maintain 143 recreation sites statewide.
15	Washington Conservation Corps	Cost savings of performing DNR stewardship activities using WCC crews that conserve and enhance the natural resources of Washington.
16	Law Enforcement Services and Environmental Risk Mgmt.	Number of emphasis patrols conducted to educate/enforce recreational use of DNR lands.

Department of Natural Resources - Performance Measures by Activity		
#	Agency Activity Title	DNR External Performance Measures for 2005-07
17	State Lands Management - Product Sales	Volume of timber sold. Non-tax revenue provided to support school construction, university buildings and state institutions derived from sustainable timber harvest and resource management of state lands.
18	State Lands Management - Leasing	Non-tax revenue provided to support school construction, university buildings and state institutions derived from lease management of state lands.
19	State Lands Management - Silviculture	Percent of Sustainable Forestry Initiative (SFI) certification requirements met during annual audit.
20	State Lands Management - Science and Data Stewardship	Percent of Sustainable Forestry Initiative (SFI) certification requirements met during annual audit.
21	State Lands Management - Mapping and Survey	Percentage of land area in the entire state of Washington where updated geographic information is collected and available for use.
22	State Lands Management - Roads	Cumulative percent of fish barriers removed on DNR managed forest roads.
23	State Lands Management - Asset Planning & Transactions	Number of trust upland transactions completed to increase the value of upland trust assets.
		Number of acres of land transferred for conservation and recreation purposes through Trust Land Transfer, Washington Wildlife and Recreation Program and other conservation programs.
24	Aquatics Lands Business Management	Revenue collected on aquaculture leases, geoduck auctions and leasing/land management.
25	Shellfish Program	Percent of the state's share of total allowable catch of commercial geoduck that is auctioned.
26	Aquatic Lands Environmental Management	Volume of creosote treated wood removed from marine waters.
		Number of derelict vessels removed from Washington's navigable waterways.
27	Puget Sound Ambient Monitoring Program (PSAMP) and Stewardship Science	Number of eelgrass sites monitored.