Mt. Baker-Snoqualmie National Forest
Evolving opportunities with Private TIMOs

Perspectives from a manager of a National Forest

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Forest Supervisor
Mt. Baker-Snoqualmie NF
First, Stephen Colbert sends his regrets…
What is a TIMO?
A TIMO is a management group that aids institutional investors in managing their timberland investments to achieve adequate returns for their investors.
Changes in the PNW forest landscape & Timber Investment Management Organizations

* More prevalent the last 10-15 years
* Increases in land conversions
* Especially in-holdings where many new challenges have been created
* In the Puget Sound area, ~2-3% of the landscape has been converted from open space to urbanization in 5 years
Why are land adjustments an essential component of our agency mission?
Why are land adjustments an essential component of agency mission?

Conserve Habitat for Listed Species

Access for Recreation or Commodity development

Impacts of Growth

Consolidate Ownership
The Forest Service Process is a little complicated!
**Phase 1 - Preliminary**

"Feasibility Analysis" & Agreement To Initiate (ATI)

1. Exchange Proposal - Define Estates
2. LUP Compliance/Public Benefits Summary
3. Title Insurance Commitment
4. Legal Description & Boundary Review
5. Federal Land Status Report
6. Water Rights Analysis
7. Value Consultation (discuss cruise design)
8. Identify Party Responsible for Costs
9. Draft Agreement to Initiate (ATI)

- Review and address anomalies
- Approve NEPA approach & ATI
- Appropriate level of delegations

**Phase 2 - Execute Agreement To Initiate (ATI)**

**Resource Analysis/NEPA Property Inspections**

10. Execute ATI
11. SHPO Concurrency
12. BLM Serialization & Segregation
13. Publish NOE/NEP
14. Letters to Public, Tribal, Local Government, Congressmen, Permittees
15. 4 Week Publication
16. Initiate Public Scoping
17. Public Notice of Intent
18. Property Inspections
19. Request Withdrawal revocation
20. BLM Serialization & Segregation
21. Publish NOE/NEP
22. Letters to Public, Tribal, Local Government, Congressmen, Permittees
23. 4 Week Publication
24. Initiate Public Scoping
25. Public Notice of Intent
26. Property Inspections

**Phase 3 - Valuation**

28. Prepare Appraisal Request
28b. Select appraiser (contract or in-house)
29. Finalize Appraisal
30. Confirm need for cash equalization

**Phase 4 - Draft NEPA Decision**

37. Draft Iterates with valuation
38. NEPA Decision
39. Oversight

**Phase 5 - Exchange Agreement (Ex Ag)**

Final Appraisal to match the:
40. NEPA Decision
41. Draft Deeds; request patents
42. OGC/SOL Review
43. Supplemental Certificate of Poss – Final inspections

**Phase 6 - Closing**

- Establish Escrow
- Execute Deeds
- Close Escrow
- Relocation
- Terminate SUPs

**Post Closing Steps**

- Return Deeds to Non Fed Land w/ Title Insurance Policy
- Return copies recorded patent to RO/SO
- Submit Final Digest to WO
- Final Title Opinion
- Post to Status. DONE!!

Diagram does not include Congressional Oversight steps nor NEPA steps. January 16, 2010
But, there are very good reasons why we have these procedures
It’s about protecting the interests of the taxpayers and the Federal Government.
Audit Findings / Consequences

- Market value – don’t fabricate development potential
- Estate/Title /Encumbrances must be acceptable (DOJ)
- Authority must be properly delegated or does not exist
- Water Rights need to be put to “beneficial use”
- Must not manipulate appraisal or estate to devalue the federal value or bump up the private value
- Must use the Secretary’s Rules and Regulations for Reservations (vs. Use Authorization)
- Must not expend resources processing transaction not currently authorized – regardless of “political pressure”
What is our Land Adjustment Strategy into the 21st Century?
Newly designated Wild Sky Wilderness

It’s about the optimal landscape!
If we are going to be effective Conserving that landscape in the future it will be based in:

(1) Relationships &
(2) Partnerships
What does that mean?

Think of it as a technical climb!
<p>| ✓ You need relationships |
| ✓ You need partners |
| ✓ You need niche players |
| ✓ You need experts |
| ✓ You need facilitators |
| ✓ You need a project strategy |</p>
<table>
<thead>
<tr>
<th>What is the Desired Federal Land (and Minerals) Ownership Configuration?</th>
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<tbody>
<tr>
<td>- Achieve most effective management for your administrative unit</td>
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<tr>
<td>- Consistent with approved land-use planning objectives</td>
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<td>- Developed with public involvement and support</td>
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<tr>
<td>- Interests of the public are foremost</td>
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</tbody>
</table>
Retain public lands that enhance multiple-use and protect significant resource values

Acquire lands and interests that accomplish important land use planning objectives and enhance or compliment existing resource values

Convey lands and interests that are difficult or uneconomic to manage
  - Priority on conveyances that support local community needs

Favor transactions with Willing Property owners

Favor transactions that do not create additional liability or increase management costs for U.S.
Complete legislatively mandated land transactions:
- Alaska Land Conveyance Program (BLM)
- Conveyances and acquisitions authorized under P.L. 111-11 (Omnibus Public Land Management Act of 2009)

Ensure that fair market value is offered and received for land transactions (except as provided for by statutory authority)
The Types of Land Adjustments

- **Land Exchange** - trading federal land (or interest in land) for private land.

- **Land Purchase** - buy land at market value
  - **Condemnations** - the US in rare situations takes private property through eminent domain, compensation with Court adjudicated value.

- **Donations** - private party donates land to the government (for good will or potential tax write-off)
Clean Title to Department of Justice (DOJ) Standards (for acquisitions)
- No anti-deficiency – future obligations
- No reversionary provisions
- No taxes or liens

Try to accept and convey lands free of encumbrances

Avoid accepting or creating split estates
Clean Title before acquiring

- Surface owner or partner acquire
- Use 3rd party assistance
- Extinguish dormant minerals under state statute (Limited - WA, OR, others)
Outstanding Minerals

Assess and Minimize risk

- Mineral Potential Report on Nonfederal land
- Preclude surface occupancy
- Life estate
- Right of first refusal
- Letter of Intent (if State)
ZIGGY...
by Tom Wilson & Tom II

...That's what you get for not keeping the mineral rights!
Unacceptable Encumbrances

- Obligate future expenditures of Federal funds
- Require preferential treatment for future relationship (permits to use NFS/BLM Lands, employment, etc)
- Restrictive Covenants (usually associated with subdivisions)
- Outstanding rights that interfere with management (i.e. minerals)
Tribal Consultation

Usual and accustomed – location specific reserved in treaty

Versus

Open and unclaimed ancestral (that may include treaty resources)
The Mt. Baker-Snoqualmie NF works with 12 to 16 Tribes
Four major Federal land management agencies use expenditures from the fund for purchase of land, interests-in-land, and acquisition management costs.

- Bureau of Land Management
- Fish and Wildlife Service
- Forest Service
- National Park Service
Land and Water Conservation Fund (LWCF)

- Outdoor Recreation and Open space
  - Wildlife
  - Fisheries
  - Endangered species
  - Cultural / Heritage Resources
  - Wetlands, Riparian areas, etc.
- Other purposes (e.g., administrative, etc.)
Partial Interest Acquisitions

Can be done in all transactions:

- Purchases
- Donations
- Exchanges
Land and Water Conservation Fund

FY2011
$37,771,000 proposed for 20 projects
+$42,000,000 for the National Wild Horse Preserve

Recent Levels of Appropriation by Agency
(Includes All Line Item Appropriations)

<table>
<thead>
<tr>
<th>Year</th>
<th>Bureau of Land Management</th>
<th>Fish and Wildlife Service</th>
<th>National Park Service</th>
<th>Forest Service</th>
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<tbody>
<tr>
<td>FY1998</td>
<td>$321,000,000, 28 projects funded</td>
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<td>FY1999</td>
<td>$280,000,000, 24 projects funded</td>
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<tr>
<td>FY2000</td>
<td>$255,000,000, 22 projects funded</td>
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<td>FY2001</td>
<td>$230,000,000, 20 projects funded</td>
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<td>FY2002</td>
<td>$205,000,000, 18 projects funded</td>
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<td>FY2003</td>
<td>$180,000,000, 16 projects funded</td>
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<tr>
<td>FY2004</td>
<td>$155,000,000, 14 projects funded</td>
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<td>FY2005</td>
<td>$130,000,000, 12 projects funded</td>
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<td>FY2006</td>
<td>$105,000,000, 10 projects funded</td>
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<td>FY2007</td>
<td>$80,000,000, 8 projects funded</td>
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<td>FY2008</td>
<td>$55,000,000, 6 projects funded</td>
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A 97.3% Decline Between FY1998 to FY2008

Bureau of Land Management
Fish and Wildlife Service
National Park Service
Forest Service

$8,939,336 proposed for 8 projects
+$42,000,000 for the National Wild Horse Preserve
Recreation Facts
Mt. Baker-Snoqualmie NF

• 5+ million visits annually
• 4th nationally in visitation
• 3rd – didn’t have a three
• 2nd nationally in wilderness visits
• 1st in complexity regionally (a slightly biased statement)
Recreation Facts

- 48% of state outdoor recreation on 2% of public lands of which 92% are NF System Lands
- 1,520 miles of trail
- 158 miles of Wild & Scenic Rivers
- 33 campgrounds under concession
- 7 paved major corridors accessing Forest – ½ million contacts at visitor outlets & increasing website “hits”
Recreation Facts
Mt. Baker-Snoqualmie NF

- Within 3 yrs. 45% of local population can retire
- 17% of the 20-29 years group access NFSL locally compared to 11% across OR & WA
- Users up, $ down, more urban & diverse
- Opportunity to reach an increasing group of underserved populations
People....

- Over 6 million people are now within less than two hours drive of the MBS National Forest.
Change & what will it mean?

The global middle-class wave

Global middle-class consumption will shift heavily toward China, India, and other Asian countries (excluding Japan) as the high-income countries see their share decrease.

What are the Key Elements to a Successful Acquisition?

Besides a money tree?
Key Elements to a Successful Acquisition

- Internal support
- Forest Plan Conformance
- An Authority
- A Project
- A Willing Seller
- Community Support
- Clean Title
- Funding
I-90 Corridor, 1975 checkerboard pattern
I-90 Corridor, 2010 checkerboard map