
Minutes

Board of Natural Resources Meeting

July 3, 2018
Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT

The Honorable Hilary Franz, Washington State Commissioner of Public Lands

The Honorable Bill Peach, Commissioner, Clallam County

The Honorable Chris Reykdal, Superintendent of Public Instruction

JT Austin, Designee for the Honorable Jay Inslee, Washington State Governor

Dan Brown, Director, School of Environmental and Forest Sciences, University of Washington

André-Denis Wright, Dean, College of Agricultural, Human, and Natural Resource Sciences,
Washington State University

1 CALL TO ORDER

2 Chair Franz called the meeting to order at 9:03 AM.

3
4 All Board members introduced themselves. Chair Franz noted there was a quorum for the
5 meeting.

6 SAFETY REVIEW

7
8 Ms. Kellogg gave a safety overview and instruction on evacuating the building in case of an
9 emergency.

10 APPROVAL OF MINUTES

11 Chair Franz called for approval of the minutes for the June 5, 2018 Regular Board of Natural
12 Resources Meeting.

13
14 MOTION: Superintendent Reykdal moved to approve the minutes.

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16 SECOND: Ms. Austin seconded the motion.

17
18 ACTION: The motion carried unanimously.

19 PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST

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21
22 Joe Beavers, Citizen, spoke of the Singletary timber sale stating that the solid plan is to put the
23 timber sale, as approved at the January 2017 meeting, back out for bid.

1 **Heath Heikkila, AFRC**, spoke about the marbled murrelet and a letter AFRC sent last week.

2
3 **Maria Ruth, Black Hills Audubon**, stated that the marbled murrelet spends 95% of its life on
4 the water and the remaining 5% inland only to nest, and that the 9% of suitable habitat on DNR
5 land is critical to the survival and existence of the bird.

6
7 **PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS**

8 **Matt Comisky, AFRC**, spoke about the volume of timber sales approved at the monthly Board
9 meetings. He then spoke about the Singletary timber sale stating that although there are multiple
10 planning efforts by multiple agencies, the DNR should focus on completing that timber sale
11 process.

12
13 **TIMBER SALES (Action Item)**

14 **Proposed Timber Sales for August and September 2018 | 3 handouts, including the**
15 **presentation**

16 Koshare Eagle, Assistant Division Manager, Product Sales & Leasing Division

17
18 Ms. Eagle presented the results of the June 2018 auction to the Board. She shared that the
19 Department offered 10 sales totaling 43.7 mmbf. All sales sold totaling \$14.9 million for an
20 average of \$341 per mbf with 1.8 bidders per sale on average.

21
22 Ms. Eagle then presented the final FY 2018 volume graph that depicts the planned versus sold
23 volumes by quarter. Ms. Eagle also presented a similar graph showing total sold volume, which
24 includes forest improvement treatment (FIT) volumes. She noted that the calculation of FIT sales
25 is by an acreage deliverable rather than a volume deliverable, and that the Agency is treating
26 4,066 acres of forestland under the FIT program. Ms. Eagle also mentioned two sales planned for
27 fiscal year 2018 that did not sell, one reoffered in July due to no bids and the other offered in
28 August to distribute regional volume better. Ms. Eagle asked the Board for questions on fiscal
29 year 2018 volumes. Commissioner Peach complimented Ms. Eagle and DNR staff for meeting
30 volume targets.

31
32 Ms. Eagle then presented some value statistics for fiscal year 2018 showing that the agency
33 estimates a total revenue for non-FIT sales at \$225 million and approximately \$3 million for FIT
34 projects. Ms. Eagle noted that the total final sale values will change based on timber harvests
35 since approximately 27% of Agency sales are paid upon delivered logs (contract harvests and
36 scale sales).

37
38 Commissioner Peach asked whether the Agency was tracking gross (delivered) sale values.
39 Ms. Eagle responded that yes, the numbers are more of a gross representation of what was
40 offered and bid in 2018. Commissioner Peach also noted that it is difficult to do any analysis on
41 the financial data because of the variability. Ms. Eagle offered to present the data in other
42 formats in the future, if desired.

43
44 Commissioner Peach also asked if the values shown were “stumpage” (net) values. Ms. Eagle
45 responded that the values are stumpage as the Agency can better estimate costs for those sales,
46 contract harvest sales, which have Agency costs associated with them. As a note, all non-contract
47 harvest sales bid are at stumpage values.

1
2 In relation to the \$/mbf graph shown on the value slide, Commissioner Peach noted the average
3 fiscal year line demonstrates the cooling off of the timber market. Ms. Eagle confirmed this by
4 adding that the year started out slowly, rose quickly and came down a bit after flattening out for
5 much of the year, albeit at higher than normal average prices.
6

7 Director Brown asked whether the lower first quarter process were indicative of normal market
8 prices for that time-period. Ms. Eagle answered the first quarter of fiscal year 2018 was
9 consistent with past first quarters, where the Agency typically does not offer much volume and
10 prices tend to be lower. Ms. Eagle added that the Agency attempts to meet the needs of both the
11 trusts and purchasers by scheduling more volume in the first quarter and flexing volume to meet
12 stakeholder needs.
13

14 Commissioner Peach noted the Agency utilized the market well in fiscal year 2018.
15 Ms. Eagle agreed that fiscal year 2018 worked out well for the Agency, although the Agency
16 would prefer less volume offered in the fourth quarter.
17

18 Ms. Eagle then presented proposed sales for August and September 2018 to the Board. Ms. Eagle
19 noted that two of the sales were not going to have their full sale volume offered in August as two
20 of the contract harvest sales offered are to pre-road the sale areas for winter operations, with only
21 a small amount of volume planned for auction in August.
22

23 Commissioner Franz asked the Board for questions. Commissioner Peach mentioned it makes
24 sense to pre-road, but asked what financial implications exist for approving prices now if
25 offering the sale later. Ms. Eagle responded that approving full projects now allows the Agency
26 to move forward with planned work. The sorts sales offered later go through reappraisal closer to
27 their auction date, and then approved through the record of decision (ROD) process approved by
28 the Board.
29

30 Ms. Eagle asked for approval of the proposed sales as presented.
31

32 MOTION: Commissioner Peach moved to approve the proposed sales.
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34 SECOND: Superintendent Reykdal seconded the motion.
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36 ACTION: The motion carried unanimously.
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38 **PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS**

39 There were no comments.
40

41 **LAND TRANSACTION (Action Items)**

42 **Vogel Acquisition, No. 08-097213; Resolution 1522**

43 Bob Winslow, Conservation, Recreation, and Transactions Division
44

45 Mr. Winslow presented the proposal for the Vogel Acquisition to the Board. He described the
46 property as located in Skamania County about eight miles north of the town of Prindle,
47 Washington, near Bob's Mountain. The property is 317.72 acres in size and is 85% site class 2

1 and 15% site class 3 forestland. He stated that the property is adjacent to DNR managed trust
2 land and the LaBarre County Road, and that there is approximately 639 MBF of merchantable
3 timber on the property as well as a variety of age classes of forest reproduction. The property
4 was valued for purchase as forestland, but the property also has some features that appear to be
5 favorable for future rural residential use or for commercial rock (rock hardness, rock depth, close
6 to county road). The property has two tax parcels numbers and the current zoning would permit
7 up to 16 home sites with a property segregation.
8

9 Mr. Winslow stated that the negotiated acquisition price is \$1,229,000 with a land value
10 allocation of \$322,000 and a timber and forest reproduction allocation of \$907,000. The funding
11 used for acquisition comes from two trusts: State Forest Land (SFL) – Skamania (\$535,000) and
12 the CEPRI Trust (\$694,000). The SFL Trust will obtain 159.18 acres and the CEPRI Trust will
13 receive 158.54 acres. DNR split the purchase between two trusts, as the SFL Trust did not have
14 sufficient funds in its account to acquire the entire property. The Seller is paying the
15 compensating tax.
16

17 Mr. Gordon added that this transaction, in part, is to offset the impacts of encumbered lands due
18 to the protection of marbled murrelets and spotted owls, and that a portion of the State Forest
19 Trust Replacement Program funds, provided by prior legislation, is for this type of acquisition.
20

21 Mr. Winslow recommended approval of Resolution 1522.
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23 MOTION: Commissioner Peach moved to approve Resolution 1522.
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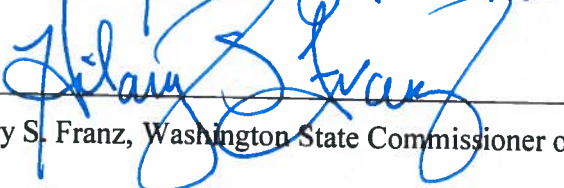
25 SECOND: Superintendent Reykdal seconded the motion.
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27 ACTION: The motion carried unanimously.
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29 Commissioner Peach reminded DNR staff that a discussion needs to take place on the
30 development of an arrearage policy and asked that staff provide a briefing of the OESF for the
31 new members.
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33
34 Meeting adjourned at 9:42 AM.


Approved this 4th day of September, 2018

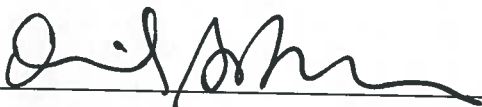

Hilary S. Franz, Washington State Commissioner of Public Lands

Absent
JT Austin, Designee for Governor Jay Inslee


Chris Reykdal, Superintendent of Public Instruction


Bill Peach, Commissioner, Clallam County


André-Denis Wright, Dean, College of Agricultural, Human, and Natural Resource Sciences,
Washington State University


Dan Brown, Director, School of Environmental and Forest Sciences,
University of Washington

Attest:


Tami Kellogg, Board Coordinator

