
Minutes

Board of Natural Resources Meeting

May 2, 2017
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

Elizabeth Van Volkenburgh, Interim Director, School of Environmental and Forest Sciences,
University of Washington

Ron C. Mittelhammer, 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 9:00 AM.

3

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

6

7 SAFETY REVIEW

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

10

11 APPROVAL OF MINUTES

12 Chair Franz called for approval of the minutes for the April 4, 2017 Regular Board of Natural
13 Resources Meeting.

14

15 MOTION: Commissioner Peach moved to approve the minutes.

16

17 SECOND: Dean Mittelhammer seconded the motion.

18

19 ACTION: The motion was approved unanimously.

20

21

22

23

1 **PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST**

2 **Cheryl Heywood, Timberland Regional Library**; spoke to funding the library receives, which
3 provides benefits to the public, including training for jobs and access to computers and the
4 internet.

5 **Jim Stoffer, Sequim School District**; spoke to a project involving students at Great Wolf
6 Elementary in the Sequim School District, which involves planting seedlings and community
7 events the school district coordinates, adding that the trust revenue benefits the school district.

8
9 **PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS**

10 None

11
12 **TIMBER SALES (Action Item)**

13 **Proposed Timber Sales for June 2017 | 3 handouts, including the presentation**

14 Tom Shay, Assistant Division Manager, Product Sales & Leasing Division

15
16 The results of the April 2017 auctions were presented to the Board by Mr. Shay. The
17 Department offered 12 sales totaling 65.5 mmbf. All sales sold totaling \$22.8 million for an
18 average of \$348 per mbf with 2.6 bidders per sale on average.

19
20 Mr. Shay noted the amount of bidders per sale remained high, with some sales having four to
21 five bidders. He also noted that results were strong given market conditions, although the
22 Department's common 40 percent overbid value was down around 20 percent.

23
24 Mr. Shay asked for questions on the April 2017 results. Commissioner Peach asked how much
25 volume has sold in relation to what has been cut so far this year. Mr. Shay replied that the
26 Department completes a report that has the numbers Commissioner Peach was looking for, but
27 he did not have the current number available. Commissioner Franz added the Department could
28 add this report in future months. Commissioner Peach then asked if land transactions where
29 timber volume is part of the property value is included in annual volume deliverables. Mr. Shay
30 responded no.

31
32 Mr. Shay then presented proposed sales to be offered in June 2017 to the Board. Mr. Shay
33 addressed changes in the original sale packet from which three sales had been removed. One sale
34 in Olympic Region was removed to address a rare plant community, and two were delayed due
35 to accessibility limitations from snow fall.

36
37 Mr. Shay asked the Board for questions. Commissioner Peach asked if the withdrawn Olympic
38 Region sale had gone through the SEPA process, and whether the rare plant community was
39 noted during SEPA review. Mr. Shay answered that the sale had been through SEPA and a
40 comment was received after the SEPA process noting the plant community association.
41 Commissioner asked if the timber sale in Olympic Region was pulled due to comments, and Mr.
42 Shay replied that notification of concern was received after the comment period closed.

43
44 Mr. Shay asked for approval of the proposed sales as presented.

45
46 MOTION: Commissioner Peach moved to approve the proposed sales.

1 SECOND: Superintendent Reykdal seconded the motion.

2
3 ACTION: The motion was approved unanimously.

4
5 **PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS**

6 Russ Pfeiffer-Hoyt, Chair WSSDA, spoke in support of the Cultus land transaction as it
7 contributes to the Common School Trust.

8
9 **LAND TRANSACTION (Action Items)**

10 Dave Gordon, Assistant Division Manager, Conservation, Recreation and Transactions
11 introduced presenters Deb Whitney and Bob Winslow.

12
13 **McCormick 80, No. 08-094775; | 2 handouts, including the presentation**
14 **Resolution 1503**

15 Deb Whitney, Program Manager, Conservation, Recreation, and Transactions Division

16
17 Ms. Whitney presented McCormick 80 to the Board for consideration stating the McCormick 80
18 property is located in Pacific County, Washington, about 4 miles west of the town of Pe Ell and
19 28 miles west of Chehalis. The property lies just north of Highway 6. The 80-acre property is a
20 private in-holding to the DNR-managed Doty Forest landscape and is well stocked with 25-year
21 old, Site Class I timber. The acquisition benefits the Common School Trust.

22
23 The purchase price is \$300,000 and includes land and pre-merchantable timber.

24
25 Commissioner Peach asked about the adjoining parcels. Ms. Whitney replied they are
26 comparable in price and quality.

27
28 Ms. Whitney concluded by asking the Board to approve Resolution 1503.

29
30 MOTION: Commissioner Peach moved to approve Resolution 1503.

31
32 SECOND: Dean Mittelhammer seconded the motion.

33
34 ACTION: The motion was approved unanimously.

35
36
37 **Morning Star TLT, No. 02-091942; | 2 handouts, including the presentation**
38 **Resolution 1504**

39 Bob Winslow, Program Manager, Conservation, Recreation, and Transactions Division

40
41 Mr. Winslow briefed the Board on the Trust Land Transfer's (TLT) approved by the legislature,
42 for the 2015-2017 biennium. There were five legislatively funded TLT projects proposed for this
43 biennium, and the Morning Star TLT project is the fifth and final TLT project presented to the
44 Board. The current boundary for the Morning Star natural resource conservation area was
45 approved in 2015 by former Commissioner Goldmark, and this is the second trust land transfer
46 into this expanded and approved boundary.

1 The Morning Star Trust Land Transfer (TLT) property currently being considered is located in
2 Snohomish County about 12 miles northeast of Sultan, Washington. The property is 1,804.86
3 acres in size and adjacent to land already placed in conservation status and near Spada Lake.
4 The property will be transferred into the Morning Star NRCA and will be perpetually dedicated
5 to natural areas management. The Morning Star TLT property will add additional conserved
6 land to the 36,000 acre Morning Star Natural Resources Conservation Area that is managed by
7 DNR.

8
9 The property appraisal is \$6,183,000. DNR will transfer the timber value of \$5,300,000 into the
10 Common School Construction Account, and the \$883,000 appraised land value will be
11 transferred into the Real Property Replacement Account for the benefit of future Common
12 School Trust purchases.

13
14 Dean Mittelhammer asked if the funding provided was by the legislature; Mr. Winslow
15 confirmed that it was.

16
17 Commissioner Peach inquired if it might be appropriate to apply the 22mbf to the annual harvest
18 volume. Mr. Winslow replied that is under consideration to be part of the sustainable harvest
19 calculation.

20
21 Mr. Winslow recommended approval of Resolution 1504.

22
23 MOTION: Dean Mittelhammer moved to approve Resolution 1504.

24
25 SECOND: Superintendent Reykdal seconded the motion.

26
27 ACTION: The motion was approved unanimously.

28
29 **Cultus Acquisition, No. 08-094576; | 2 handouts, including the presentation**
30 **Resolution 1505**

31 Bob Winslow, Program Manager, Conservation, Recreation, and Transactions Division

32
33 Mr. Winslow presented the Cultus acquisition, explaining the acquisition is presented today to
34 the Board with a different funding source and the proposal is to purchase this property using
35 funds for Common School Trust replacement.

36
37 The Cultus property is located in Skagit County about 8 miles southeast of Sedro Wooley,
38 Washington. This property is 826.30 acres in size and is a private forest in-holding property
39 located within the 56,000 acre Walker Valley landscape that is managed by DNR. The property
40 is well stocked with forest reproduction aged from 4 to 12 years in age, and the roads are in good
41 condition. The acquisition is for the benefit of the Common School Trust.

42
43 The negotiated acquisition price is \$1,850,000 with a land value allocation of \$700,000 and a
44 timber and forest reproduction allocation of \$1,150,000.

1 Commissioner Peach, noting that last time the transaction would have negatively impacted junior
2 taxing districts, asked if it will negatively impact them this time. Mr. Gordon responded stating
3 the transaction will be funded by the common school trust and will benefit all school districts.
4

5 Mr. Winslow recommended approval of Resolution 1505.
6

7 MOTION: Commissioner Peach moved to approve Resolution 1505.
8

9 SECOND: Director Van Volkenburgh seconded the motion.
10

11 ACTION: The motion was approved unanimously
12

13 PUBLIC COMMENTS FOR CHAIR REPORT

14 **Arianne Jaco, WEC**; spoke to comment letters from EPA and WDFW, which recommend
15 taking another look at the alternatives and preserving as much habitat for marbled murrelet as
16 possible. She stated the Marbled Murrelet Coalition recommends another conservation
17 alternative for consideration that would include more contract logging and sort sales.

18 **Kara Whitaker, WFLC**; commented on the MMLTCS and recommends consideration of a
19 conservation alternative.

20 **Steve Courtney, Interfor**; spoke to the SHC and potential risks to mills and jobs. He asked the
21 Board to find alternative B as the preferred alternative.

22 **Pat Carter, Interfor**; spoke to the SHC and how vital the DNR timber program is to businesses
23 and communities. He shared examples of the company's community support by donations and
24 involvement in local activities.

25 **Paul Bialkowski, Interfor**; spoke to the SHC and how vital the DNR timber program is due to
26 the revenue generated for the trusts. He also noted company's involvement in the community by
27 donation and involvement in community activities.

28 **Eric Bauer, Vice-President, Bauer Logging**; spoke to the SHC and how the DNR timber
29 program positively impacts not only their business, but local community;

30 **Bill Herman, Herman Brothers Logging Company**; spoke to the SHC and the impact the
31 DNR timber program has on their company and the local community. He shared concerns with
32 not harvesting trees that are dying and becoming windfall.

33 **Carol Johnson, NWTAC**; spoke to the MMLTCS and the SHC, questioning the value of the
34 preservation of the habitat for the marbled murrelet and how it comes together with other factors
35 protecting the bird.

36 **Rod Fleck, City Attorney of Forks**; spoke to the chair report and asked the members to request
37 details on the arrearage statute and arrearage. He noted the arrearage is significant to the
38 Olympic region/Clallam County and asks the Board to publically vet the financial analysis, as
39 well as the science of the Marbled Murrelet Coalition.
40

41 CHAIR REPORT

42 **Marbled Murrelet Long-term Conservation Strategy and Sustainable Harvest Calculation |** 43 **1 handout, including the presentation**

44 Angus Brodie, Deputy Supervisor for State Uplands
45

46 Mr. Brodie explained in detail the timeline for the adoption of the marbled murrelet long-term
47 conservation strategy (MMLTCS) and sustainable harvest calculation (SHC) in November 2018.

1 He also reviewed the primer on the marbled murrelet and SHC, providing background details on
2 land classes and deferrals. Commissioner Peach noted there were two different timelines
3 previously, and asked why MMLTCS and SHC are on the same timeline. Mr. Brodie replied that
4 it is due to the need to have these processes go parallel yet still make two decisions. Discussion
5 followed on the timeline's separate environmental impact statements and separate decisions. Mr.
6 Brodie pointed out that while on the timeline it's shown that the Board could adopt a new SHC
7 in April 2018, the Department recommends November 2018. Mr. Brodie closed the timeline
8 discussion by noting the Special Meeting scheduled for July 18, 2017 where the Preferred
9 Alternative could be selected.

10
11 Mr. Brodie went on to provide an overview on the MMLTCS, starting with the incidental take
12 permit criteria and components of the HCP. He then reviewed the interim strategy for marbled
13 murrelet, and explained what a long-term strategy would allow. Director Van Volkenburgh asked
14 what is meant by "management program for certainty". Mr. Brodie replied that it means DNR
15 staff are able to come to the BNR with timber sales and transactions and not be challenged, and
16 allow the ability to provide a revenue stream for the beneficiaries.

17
18 Mr. Brodie continued with the SHC overview. He noted the Department is legislatively directed
19 to do a review of the SHC every 10 years, and that review is currently overdue. He reviewed the
20 statutes and briefed the Board on arrearage, how to calculate arrearage, and RCW's 79.10.300
21 and 79.10.330 that direct the process. Discussion followed on arrearage, how the BNR has dealt
22 with it in the past, and options to consider. Superintendent Reykdal asked if a conservation
23 policy would dictate where the DNR harvests in the future. Mr. Brodie replied the DNR can use
24 a policy from the PSF to provide options for harvesting. Dean Mittelhammer noted that
25 Superintendent Reykdal's point emphasizes the reason why we decided to conduct these
26 processes in parallel, and asked what the practical impacts of arrearage are to the beneficiaries
27 and trusts across the differential of the arrearage, and how it is made up. Mr. Brodie replied that
28 if it was 702 arrearage in each SH unit, it would be made up; if 462 in arrearage, we would
29 proportion the deficit across SH units and it would not be completely made up. Mr. Brodie
30 reviewed the riparian thinning and the question of whether that amount the riparian harvests
31 should be included in the calculation level.

32
33 Mr. Brodie shared Preferred Alternative decisions to be made: 1) the long-term conservation
34 strategy for marbled murrelet, 2) arrearage and 3) riparian, which will provide a structure for the
35 final EIS. Chair Franz asked Mr. Brodie to share the process if a preferred alternative is not
36 selected. He replied DNR is not required under SEPA to select one alternative, though the
37 preference would be one alternative, and that it could also be two alternatives. He reviewed the
38 key decision criteria and provided background information to the Board. Commissioner Peach
39 stated he would like to know the difference on these decisions based on impacts to the junior
40 taxing districts. Mr. Brodie replied the Department is unable to show that difference as we don't
41 have information from all taxing districts, and data changes all the time.

42
43 Mr. Brodie shared background information that impacts the land base in the sustainable harvest
44 planning area: deferrals, riparian/wetlands, norther spotted owl, marbled murrelet, other species
45 and other policies. Superintendent Reykdal asked if the number is 10% of the overall habitat or if
46 it is DNR vs. private land. Mr. Brodie will provide that information at the next meeting and also
47 provide analysis available in board feet.

1
2 Mr. Brodie spoke to the background information on the land base included in the SH planning
3 areas. He also spoke on deferrals, riparian areas, uplands with specific objectives and general
4 objectives on the land base, and shared the change in deferrals ranging from 2007-2015.
5 Commissioner Peach asked if the Board is notified when there is a policy change or a rule
6 change. Mr. Brodie replied the Board is notified on policy change and rule changes made by the
7 Forest Practices Board, but for a technical change the Board is not notified. The deferrals are
8 shown in the Annual Report and could be included in the State of the State Lands Annual Report
9 to the Board, adding that decisions to defer acres does occur with the Board policy decision.
10 Chair Franz asked if the deferral information is shown in the timber sales packet. Mr. Brodie
11 replied it is not shown in the timber sale packet information. Mr. Brodie closed his presentation
12 by stating they will go into more details on the MMLTCS/SHC at the June meeting.
13
14 Dean Mittelhammer noted the daunting decision on selecting a preferred alternative, and echoed
15 a comment made earlier by a constituent on how many marbled murrelets are being saved by
16 selection of an alternative and the impacts to the trust beneficiaries and distribution across the
17 beneficiaries, mills and local community. Mr. Brodie replied that while there is an impact on the
18 number of birds, that is not within our purview, and that this process is about the development of
19 a habitat conservation plan and the number of acres to be assigned to conservation.
20
21 Meeting adjourned at 11:06 AM.

Approved this 6th day of June, 2017

Hilary Franz
Hilary Franz, Washington State Commissioner of Public Lands

JT Austin
JT Austin, Designee for Governor Jay Inslee

Chris Reykdal
Chris Reykdal, Superintendent of Public Instruction

Bill Peach
Bill Peach, Commissioner, Clallam County

Ron Mittelhammer
Ron Mittelhammer, Dean, College of Agricultural, Human, and Natural Resource Sciences,
Washington State University

approved via conference line
Elizabeth Van Volkenburgh, Interim Director, School of Environmental and Forest Sciences,
University of Washington

Attest:

Tami Kellogg
Tami Kellogg, Board Coordinator

