
Minutes

Board of Natural Resources Meeting

May 1, 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 – *via conference call until 10:19*

Dan Brown, 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

BOARD MEMBERS ABSENT

The Honorable Chris Reykdal, Superintendent of Public Instruction

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

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 Chair Franz presented a recognition plaque to Dean Mittelhammer for his time served on the
12 Board.

13 14 APPROVAL OF MINUTES

15 Chair Franz called for approval of the minutes for the April 16, 2018 Regular Board of Natural
16 Resources Meeting.

17
18 MOTION: Director Brown moved to approve the minutes.

19
20 SECOND: Dean Mittelhammer seconded the motion.

21
22 ACTION: The motion was approved unanimously.

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

2 **Jim DeTro, Okanogan County Commissioner Chair and WFAC Member**, spoke about the
3 Virginia Ridge FIT timber sale and stated that while Okanogan County supports the
4 Department's decision, forest health treatment is needed in that area.
5

6 **Russ Pfeiffer-Hoyt, WSSDA Chair of the Trust Lands Advisory Committee**, spoke about
7 irrigated agricultural leases being a bright spot for school trust revenue, and WSSDA's
8 willingness to be involved in promoting revenue for the beneficiaries. He also spoke about solar
9 projects on trust lands, and informed the Board that there are non-trust solar projects on private
10 lands. He recommended the Board push harder to have the infrastructure ready for solar projects
11 on trust land to gain that revenue for the beneficiaries. He also spoke about forest health and how
12 the DNR should not only focus on current projects, but plan for future projects by streamlining
13 the process.
14

15 **Jim Stoffer, Sequim School District, WSSDA Trust Lands Advisory Committee**, informed
16 the Board of recent community activities, referencing the handout of student projects. He also
17 spoke about the upcoming Irrigation Festival in Sequim, emphasizing community involvement.
18

19 **Brian Sims, WSSDA**, spoke about the Virginia Ridge FIT timber sale and the appearance that
20 local interest groups are trumping the Department's fiduciary and environmental responsibility.
21 Mr. Sims recalled a similar situation at another agency involving bridgework, which was
22 resolved by obtaining a programmatic permit under SEPA. Mr. Sims suggested that the
23 Department look in to obtaining a programmatic permit under SEPA for forest health treatments.
24

25 **PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS**

26 **Matt Comisky, Washington Manager, AFRC**, expressed AFRC's support for the timber sale
27 program. He then addressed the Virginia Ridge FIT timber sale and the need for action. He
28 shared his experience of delaying necessary forest health treatment, using the Carlton Complex
29 Fire as an example. He then commented on the 20-Year Forest Health Strategic Plan stating that
30 the land owner objectives are a key point and questioned the meaning of restoration, noting the
31 lack of specificity.
32

33 **TIMBER SALES (Action Item)**

34 **Proposed Timber Sales for June 2018 | 3 handouts, including the presentation**
35 **Koshare Eagle, Assistant Division Manager, Product Sales & Leasing Division**
36

37 Ms. Eagle presented the results of the April 2018 auction to the Board. She stated that the
38 Department offered 11 sales totaling 48.4 mmbf in April. Of those, 10 sales sold totaling \$18.1
39 million for an average of \$427 per mbf with 1.6 bidders per sale on average.
40

41 Ms. Eagle noted that one sale, named Short Circuit, did not sell due to under-estimated road
42 costs. The appraisal for this sale has been adjusted, and the sale will be reoffered this fiscal year.
43 Ms. Eagle also noted that the Agency's auction results would be \$473/mbf if a FIT sale in
44 Northeast Region was taken out of the results as shown in the official auction results document.
45

46 Ms. Eagle asked the Board for questions on the April auction results.
47

1 Hearing none, Ms. Eagle then presented the proposed timber sales to be offered in June 2018 to
2 the Board, noting that 15 mmbf of the proposed 34.2 mmbf are located in Snohomish County and
3 that only one sale received comments during the SPEA comment period.
4

5 Ms. Eagle asked the Board for questions on the proposed sales.
6

7 Director Brown asked why the appraised prices are approximately \$100/mbf less than those sold
8 in April.
9

10 Ms. Eagle responded that these appraisal prices equal simply the minimum bid value for sales to
11 be sold in two and a half months at a time when the Agency predicts a softening in market
12 values.
13

14 Ms. Eagle asked for approval of the proposed sales as presented.
15

16 MOTION: Dean Mittelhammer moved to approve the proposed sales.
17

18 SECOND: Director Brown seconded the motion.
19

20 ACTION: The motion was approved unanimously.
21

22 PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS

23 **Jamie Stephens, San Juan County Council Member**, expressed support of the Lopez Hill
24 transaction.
25

26 **Rick Hughes, San Juan County Council Member**, expressed support for the Lopez Hill
27 transaction and appreciation of assistance the DNR staff have provided. He stated this transaction
28 will allow for public access for the San Juan County residents and visitors. He also asked about
29 sharing information on solar projects with local governments interested in exploring that
30 endeavor.
31

32 LAND TRANSACTION (Action Items)

33 Lopez Hill Transfer, No. 02-095547; Resolution 1519

34 Bob Winslow, Recreation, and Transactions Division
35

36 Mr. Winslow provided a brief overview of the Trust Land Transfer process and current list of
37 Trust Land Transfer lessees was shown.
38

39 He described the Lopez Hill transfer property as located in San Juan County on Lopez Island
40 approximately 14 air miles west of Anacortes. The property is Common School Trust land that is
41 proposed for transfer to San Juan County, who is the current Trust Land Transfer (TLT) lessee of
42 the property through 2059. The County has requested a fee transfer of the property as provided
43 for in the lease. Mr. Winslow explained that Trust Land Transfer leases that become fee transfers
44 to the recipient, are subject to perpetual deed restrictions limiting future uses of the property to
45 wildlife habitat, open space, or recreation purposes.
46

1 He stated that the County is providing DNR an Administrative payment as required in the lease
2 to cover DNR's costs to prepare this parcel for transfer. The property has an existing public trail
3 network managed by San Juan County and that there are several potential timber harvest
4 constraints on the property including wetlands, wildlife habitat, rare and uncommon plant
5 communities and balds. The 400-acre property is zoned Forest Resources, and 90 acres in the
6 northeast portion of the property was harvested in 1988.

7
8 Mr. Winslow went on to explain that DNR received an upfront payment of \$5,005,000.00 for the
9 50-year Trust Land Transfer lease of this property in 2009, which was deposited into the
10 Common School Construction Account. This fee transfer will result in a payment by San Juan
11 County of \$1,030,000.00, all of which will be placed into the Real Property Replacement
12 Account for the benefit of the Common School Trust. The total amount that will be received for
13 this property associated with the two transactions is \$6,035,000.00.

14
15 Director Brown asked if the 80% timber ratio to 20% land ratio was required for all TLT
16 transactions. Mr. Winslow replied that no statute applies and that this has just been the historic
17 wording used by the legislature in previous biennial capital budget TLT appropriations.

18
19 Commissioner Peach asked about the total number of TLT acres conveyed and TLT funded
20 replacement acres received since 1989. Mr. Winslow said that he would get that information to
21 him.

22
23 Mr. Winslow asked the Board to approve Resolution 1519.

24
25 MOTION: Dean Mittelhammer moved to approve Resolution 1519.

26
27 SECOND: Director Brown seconded the motion.

28
29 ACTION: The motion was approved unanimously.

30
31 **PUBLIC COMMENTS FOR CHAIR REPORT**

32 **Rod Fleck, Forks City Attorney**, spoke about the chair report. He reminded the Board of the
33 commitment in November to address arrearage at a policy level, a reporting level and impacts
34 level.

35
36 **Miguel Perez-Gibson, WEC**, spoke to the upcoming chair report on the Marbled Murrelet
37 LTCS and the Sustainable Harvest Calculation and provided historical context on the subject.

38
39 **CHAIR REPORT**

40 **Marbled Murrelet Long-term Conservation Strategy and Sustainable Harvest Calculation**
41 **Update**

42 **Andy Hayes, Forest Resources Division Manager**

43
44 Mr. Hayes began his presentation by first updating the Board on the 2018 legislative session. He
45 described the theme of working with local communities that threaded through discussions this
46 session among legislators. He introduced Engrossed Substitute House Bill 2285 stating that this
47 was one of several bills focused on the marbled murrelet Solutions Table concept, which Chair

1 Franz introduced last year to the Board. The focus of the Solutions Table is to improve
2 conditions for local economies as well as improve conservation for the marbled murrelet. The
3 result with the bill is consistent with the Commissioner's vision. The bill creates a marbled
4 murrelet advisory committee and directs the department to put forth a report that looks at the
5 economic impacts of the Board's preferred alternative. This analysis will inform the committee
6 members so that they can develop solutions that would ameliorate some of those impacts. It also
7 directs the department to put forward recommendations to the legislature for how to improve
8 local economies, maintain revenue for beneficiaries, and improve conservation for the murrelet.
9 Chair Franz added that the value of this legislation is that the Solutions Table will need to bring
10 forward ideas that will require the partnership of the legislature.

11
12 Mr. Hayes then described two additional legislative budget provisos. The first proviso, General
13 Fund state budget proviso on marbled murrelet alternatives initially required the Department to
14 forward Alternative B to USFWS as its application for an incidental take permit. After much
15 discussion and work with the legislature and interested stakeholders, the proviso ultimately
16 directed DNR to develop an amendment to the HCP consistent with the ESA and the
17 Department's fiduciary responsibilities.

18
19 Director Brown asked for clarification on including Alternative B with the preferred alternative
20 and if this was part of the proviso or a reaffirmation of the preferred alternative. Mr. Hayes
21 replied that it is reaffirmation of the preferred alternative.

22
23 The second proviso, Capital budget proviso on assessing and improving economic performance
24 of state trust lands, requires DNR to develop an analysis to conduct a trust asset valuation of its
25 lands and establish a baseline value for those lands over the next two years. Mr. Hayes
26 underscored the significance of this report to the management of trust lands over the next couple
27 decades, and emphasized the important outreach work to Board members, trust beneficiaries,
28 legislators and interested stakeholders to assure that this analysis is robust and transparent.

29
30 Mr. Hayes then went on to provide an update on the Marbled Murrelet Conservation Strategy
31 and reminded the Board that the last update to the Board occurred at November 2017 meeting.
32 He provided the Board with an update on the process staff has been undertaking since then. Mr.
33 Hayes also recalled for the Board that back in November, the Board provided guiding principles
34 to direct staff in developing a preferred alternative. Since November, staff has updated data,
35 consulted with DNR region staff, consulted with USFWS and, based on the Board's guiding
36 principles, rebalanced take and mitigation.

37
38 Commissioner Peach arrived in person at 10:19.

39
40 Director Brown asked what is meant by balance in regards to take and mitigation. Mr. Hayes
41 replied that take is essentially meant as harvest and mitigation is essentially growing habit and
42 that the goal is to provide at least as much mitigation as take. He noted that the way we've
43 measured it, we have more mitigation than take. Adding that the concept is to mitigate your
44 impacts.

45
46 Staff has begun to develop a revised draft environmental impact statement (RDEIS) and an
47 amendment to the HCP for the marbled murrelet long-term habitat conservation strategy. Along

1 with that work, DNR will also be updating the population viability analysis. The next steps will
2 be to finish both documents, release them in September 2018 and hold 60-day comment periods.
3

4 Mr. Hayes notified the Board that he will return to the June 2018 Board meeting to provide an
5 overview of the preferred alternative to be analyzed in the RDEIS.
6

7 Chair Franz provided an update on the Solutions Table stating that we are finalizing the list of
8 participants, have hired a facilitator to facilitate and coordinate the meetings, and have
9 established the scope of the Solutions Table. She stated more will be shared later on the meeting
10 dates and participants of the Solutions Table. Mr. Hayes added that DNR is viewing this as a
11 participant driven process.
12

13 Commissioner Peach asked for a general overview of the USFWS proposal how it compares with
14 DNR's. Mr. Hayes replied that it reflects their attempt to respond to what they heard in public
15 comment and incorporates some new strategies. Commissioner Peach said he would be
16 interested in a copy.
17

18 Commissioner Peach also asked how the USFWS proposal compare to Alternative F or the
19 preferred alternative in terms to additional land already set aside. Mr. Hayes replied that he
20 believes most of their numbers are already within alternatives A-F.
21

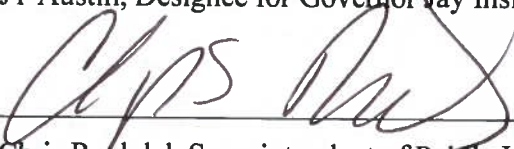
22 Meeting adjourned at 10:42 AM.


Approved this 5th day of June, 2018

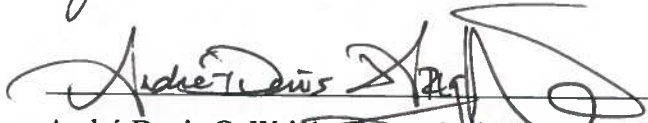

Hilary S. Franz, Washington State Commissioner of Public Lands

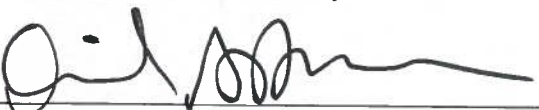
approved via conference line

JT Austin, Designee for Governor Jay Inslee


Chris Reykdal, Superintendent of Public Instruction


Bill Peach, Commissioner, Clallam County


André-Denis G. 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