
Minutes

Board of Natural Resources Meeting

April 4, 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

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 – *via conference call*

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 **APPROVAL OF MINUTES**

12 Chair Franz called for approval of the minutes for the March 7, 2017 Regular Board of Natural
13 Resources Meeting.

14
15 **MOTION:** Commissioner Peach moved to approve the minutes.

16
17 **SECOND:** Director Van Volkenburgh seconded the motion.

18
19 **ACTION:** The motion was approved unanimously.

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

2 **Joseph Murray, Citizen;** spoke of forest inventory in Clallam County and recommends further
3 analysis due to striking differences.

4
5 **Rod Fleck, City Attorney of Forks;** spoke to arrearage and the joint resolution passed by the
6 City Council. He raised concerns with using the 462 mbf arrearage number and reducing
7 calculation against Lewis County, and reminded the Board of the adopted policy request. He
8 asked that the Board discuss that aspect, and that it be recorded in meeting minutes.

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

11 None.

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

14 **Proposed Timber Sales for May 2017 | 3 handouts, including the presentation**
15 **Tom Shay, Product Sales & Leasing Division**

16
17 The results of the March 2017 auctions were presented to the Board by Mr. Shay. The
18 Department offered 20 sales totaling 72.0 mmbf. Of those, all sales sold totaling \$23.3 million
19 for an average of \$324 per mbf with 2.7 bidders per sale on average.

20
21 Mr. Shay discussed the sale which did not receive bids. The sale was a small wood thinning that
22 will be reevaluated to look at logging costs.

23
24 Mr. Shay asked for questions on the March 2017 results.

25
26 Commissioner Peach noted that prices have been going up for the sold sales, and asked if the
27 DNR foresees that trend continuing.

28
29 Mr. Shay answered that typically prices this time of year are decreasing, and that the May
30 package of sales has a lower value than previous months based on sale types. Mr. Shay also
31 noted that we appraise our sales lower than the current markets and have typically benefitted
32 from an approximate 35% overbid. This overbid may be reduced for the month of May down to
33 about 25%, based on a small down-turn in the market.

34
35 Mr. Shay then presented proposed sales to be offered in May 2017 to the Board.

36
37 Mr. Shay asked the Board for questions. There were none.

38
39 Mr. Shay asked for approval of the proposed sales as presented.

40
41 **MOTION:** Commissioner Peach moved to approve the proposed sales.

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43 **SECOND:** Director Van Volkenburgh seconded the motion.

44
45 **ACTION:** The motion was approved unanimously.

1
2 **PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS**

3 **Ann Forest Burns, Vice President, AFRC;** spoke to concerns of forest base being removed
4 from Blanchard State Forest, adding that while not opposed to the Cultus purchase she would
5 like to make the Board aware of the reduction of DNR actively-managed forests.
6

7 **Kendra Smith, Skagit County;** spoke to the Cultus transaction and voiced concerns with the
8 transaction due to the effects to junior taxing districts, land surrounding Blanchard mountain, and
9 future funding. She stated the transaction does not protect junior taxing districts nor Blanchard
10 Mountain. She also voiced concerns of future plans that have yet to be determined.
11

12 **Tom Nelson, Citizen;** spoke to the Cultus transaction and stated that based on the work of the
13 two groups, the replacement acres for 1600 acres of core has not been determined. He stated it
14 equates to a net loss of productive timber land and is counter to the agreement of the first group.
15 He went on to state the replacement land being purchased is not in the same junior taxing district,
16 and revenues will not be replaced to the Burlington-Edison School District. He recommends a
17 legislative fix so any land replaced goes to the original junior taxing district and not to the junior
18 taxing district where the acquired replacement property is located.
19

20 **LAND TRANSACTION (Action Items)**

21 **Cherry Gardens Acquisition, No. 08-095169; Resolution 1500**

22 Michelle Burbidge, Conservation, Recreation, and Transactions Division
23

24 Ms. Burbidge, Trust Land Transfer Project Manager, presented on the Cherry Gardens
25 Acquisition. The 5.5 acres of property to be purchased from King County Fire District is located
26 within Section 9, Township 26N, Range 07E, W.M., in King County, WA. The purchase price is
27 \$190,000 and the funds to purchase will come from the Real Property Replacement Account.
28 The DNR previously owned the land. When it was sold to the fire district in 2007, DNR reserved
29 a first right of refusal to purchase if the district decided to sell the property.
30

31 Commissioner Peach asked if there is currently an access easement. Ms. Burbidge replied there
32 is an easement, but this is a small parcel and there are concerns with a residence being built. She
33 stated the purchase price of \$190,000.00 is the same as when it was sold and the appraised value
34 is \$230,000.00.
35

36 **MOTION:** Director Van Volkenburgh moved to approve Resolution 1500.
37

38 **SECOND:** Commissioner Peach seconded the motion.
39

40 **ACTION:** The motion was approved unanimously.
41

42 **Cultus Blanchard Acquisition, No. 08-094576; Resolution 1501**

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

45 Mr. Winslow provided a brief history and reviewed the acquisition for the Board members:
46

1 DNR received a \$2,000,000 appropriation from the legislature to acquire replacement timber
2 lands for a portion of the 1,600 acre Core Area at Blanchard State Forest. The Core Area was
3 recommended for conservation in the Blanchard MOU that was signed in 2008, and funding to
4 acquire replacement trust land was also identified in the MOU. DNR has submitted a funding
5 request of \$7.7 million to the State legislature for Blanchard Acquisition funds for the 2017-2019
6 biennium and that is under consideration by the legislators.
7

8 The Cultus Blanchard acquisition property is located in Skagit County about 8 miles southeast of
9 Sedro Wooley, Washington. The property is 826.30 acres in size and is a private forest in-
10 holding property located within the 56,000 acre Walker Valley landscape that is managed by
11 DNR. The property is well stocked with forest reproduction aged from 4 to 12 years in age, and
12 there is also approximately 35 acres of second growth timber that is located in the northeast
13 corner of the property. DNR explored purchase opportunities near Blanchard State Forest and
14 within the Burlington-Edison School District, however DNR staff did not find any willing sellers
15 near Blanchard. In accordance with the MOU, DNR contacted other forest land owners in other
16 areas of Skagit County and found a willing seller of the Cultus property.
17

18 The negotiated acquisition price is \$1,850,000 with a land value allocation of \$700,000 and a
19 timber and forest reproduction allocation of \$1,150,000.
20

21 Commissioner Peach asked questions regarding the ability of the acquisition to be delayed. Mr.
22 Winslow responded that the appropriation expires on June 30, 2017 and the purchase contract
23 timeline with the Seller does not allow much of a delay. Board members asked what would
24 happen if DNR does not receive the remaining Blanchard acquisition funds that are being
25 requested. Mr. Brodie responded it is unknown at this time. Board members asked if the
26 Blanchard acquisition funds could and would be re-appropriated. Mr. Brodie responded that
27 while this can be explored, there is no certainty that the funds will be re-appropriated. Mr. Blum
28 mentioned to the Board that for a motion to pass, four yes votes are needed. A Board member
29 made a statement for DNR to consider changing the 2017-2019 request language that might
30 allow all or some portion of any future Blanchard acquisition funds go to the sub-taxing district
31 beneficiaries whose boundaries fall within the footprint of the Blanchard Core Area.”
32

33 Dean Mittelhammer asked how the \$7.7 million legislative request affect the transaction and
34 saves the remainder for the core since the timeline has passed. Mr. Brodie replied that we hope to
35 reconvene the advisory committee, ½ the acres in this will have been acquired coming to a total
36 request \$14.2, million if acquired. We would review with advisory committee to determine next
37 steps. Mr. Winslow added that \$2 million will go away at the end of the biennium and the sale
38 contract would end with the seller, resulting in a possible loss of seller.
39

40 Chair Franz added the focus in the legislature is to get Blanchard funding and she also shared the
41 intent to work on next biennium to seek the other \$7.7 million and the possibility to explore
42 going back to get funding. If the transaction is not approved, operationally it will likely be a loss
43 in the transaction. The Department has asked for re-appropriation of funding, and while it is not
44 in the governor’s budget, it is in the senate’s budget. At this time we haven’t seen the house
45 budget.
46

1 Mr. Brodie referenced principle 3 of the Blanchard MOU, noting paragraph 3 under principle 3;
2 and Chair Franz reminded the Board of following the MOU priorities to look for property under
3 the first priority and looking at ways compensate funds for Burlington-Edison School District.
4 Kyle Blum, DNR Chief of Staff, stated that staff have been working on transactions in the
5 Blanchard core to be sold this summer, which could happen if we don't get funding. He
6 reminded the Board of the need of four members to approve the action. Director Van
7 Volkenburgh asked if DNR considers acquiring farm land to convert back to forest. Mr. Winslow
8 replied that it is uncommon but has happened in the past, and the price of acquiring farm land is
9 an issue.

10
11 MOTION: Dean Mittelhammer moved to approve Resolution 1501.

12
13 SECOND: Director Van Volkenburgh seconded the motion.

14
15 ACTION: The motion did not pass, 3 for the transaction: Dean Mittelhammer, Director Van
16 Volkenburgh, Chair Franz; 1 opposed: Commissioner Peach

17
18 **Olympic View, No. 02-091707; Resolution 1502**

19 Bob Winslow, Conservation, Recreation, and Transactions Division

20
21 Mr. Winslow presented on Olympic View TLT in Kitsap County which is located in Kitsap
22 County about 14 miles southwest of Poulsbo, Washington and east of Hood Canal. The property
23 is 48 acres in size and Naval Base Kitsap borders the east side of the property. He stated the
24 property will be transferred to Kitsap County and will have a perpetual deed restriction limiting
25 future uses of the property to recreation, open space or wildlife habitat. Kitsap County Parks will
26 manage the property.

27
28 The property appraisal is \$1,190,000. DNR will transfer the timber value of \$950,000 into the
29 Common School Construction Account and the \$240,000 appraised land value will be
30 transferred into the Real Property Replacement Account for the benefit of future Common
31 School Trust purchases.

32
33 Mr. Winslow requested approval of the transaction.

34
35 MOTION: Director Van Volkenburgh moved to approve Resolution 1502.

36
37 SECOND: Commissioner Peach seconded the motion.

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39 ACTION: The motion was approved unanimously

40
41 **Snohomish County Reconveyance**

42 **Dave Gordon ADM, Conservation, Recreation and Transactions**

43 Mr. Gordon and Mr. Tom Tigen of Snohomish County, presented a historical briefing on the
44 reconveyance process due to an upcoming reconveyance to Snohomish County. Mr. Gordon
45 reviewed the potential site that could be reconveyed to Snohomish County.

1 Mr. Tigen, Snohomish County, referenced a letter from the County to the Department requesting
2 the reconveyance, and shared how the County is using the area surrounding the land being
3 considered for reconveyance. He noted roadways through the parcel will be deeded DNR.
4

5 **PUBLIC COMMENTS FOR CHAIR REPORT**

6 **Maria Ruth, Black Hills Audubon**; commented on the MMLTCS and encouraged choosing an
7 alternative that supports state lands, wildlife and plant species.

8 **Rod Fleck, City Attorney for Forks**; commented on forest inventory and using LiDAR as a
9 tool.

10 **Peter Goldman, Washington Forest Law Center**; commented on what the Board can do in
11 relation to the trust mandate and fiduciary responsibilities. He reminded the Board of the legal
12 authority to manage K-12 and county forest lands in the best interest of the citizens in the state of
13 Washington. He noted it does not mention the best interest of industry and private trust, and that
14 Skamania does not apply in this scenario. **Dr. Kara Whittaker, Washington Forest Law**
15 **Center**; commented on MMLTCS, sharing her conservation alternative that enhances on
16 alternative F and requested the DNR consider and analyze the conservation alternative in a
17 supplemental EIS or revised DEIS as a preferred alternative.

18 **Mary Bond, Seattle Audubon**; commented on the MMLTCS asking DNR to provide an
19 additional conservation alternative for the Marble Murrelet.

20 **Arianne Jaco, Washington Environmental Council**; commented on MMLTCS suggesting
21 options in forest management to reduce the decrease in revenue while conserving habitat for the
22 Marbled Murrelet.

23 **Miguel Perez-Gibson, Washington Environmental Council**; commented on the DEIS
24 MMLTCS/SHC asking the Board to consider the trust principles and the long term view
25 entrusted to the Board. He suggested the Board ensure the DNR is getting fair market value for
26 timber sales and that the statutes need to be modernized. He referenced Policies for Sustainable
27 Forest as a land management tool should be reviewed, noting the Recalculating the SHC policy
28 in the Policy for Sustainable Forest.

29 **Patricia Jones, Olympic Forest Coalition**; commented on the MMLTCS/SHC and asked the
30 Board to consider that impacts of forest practices and military training activities on land and in
31 water be included in a supplemental impact statement. She requested the Commissioner convene
32 a high level working group of all stakeholders.

33 **Matt Comisky, AFRC**; commented on the SHC process and shared concerns on remote forest
34 inventory using LiDAR;

35 **Art Wang, Tacoma Audubon Society**; suggested taking comment on informational
36 presentation after the presentations.

37 **Linda Murtfeldt, Citizen**; commented on MMLTCS and suggested finding other sources of
38 funding in order to preserve habitat for the Marbled Murrelet.
39

40 **CHAIR REPORT**

41 **Categories of Public Comments on MMLTCS and SHC**

42 Ms. Ohlson-Kiehn Assistant Division Manager, Project Planning, Forest Resources Division;
43 provided a high level summary of the comments received for the MMLTCS and SHC over a 90-
44 day comment period. She stated the comment period closed March 9, 2017 and the Department
45 received 5,226 written comments for the MMLTCS, and 1, 370 written comments for the SHC.
46

1 An inquiry was made on the time line for the process to be completed on the SHC. Mr. Brodie
2 replied they will bring information to the Board at the next meeting, including potential timelines
3 for consideration.

4

5 **Forest Inventory**

6 David Bergvall, Assistant Division Manager, Forest Informatics, Forest Resources Division
7 Mr. Bergvall presented information on forest inventory, which focused on three main objectives;
8 the objective of DNRs strategic forest inventory, how is it built, and accuracy. Mr. Bergvall
9 explained the need for a strategic inventory is different than what is considered typical in the
10 forest industry, and the DNR inventory utilizes remote sensing technology coupled with on the
11 ground observations (plots) to produce a statistically sound and robust system.

12

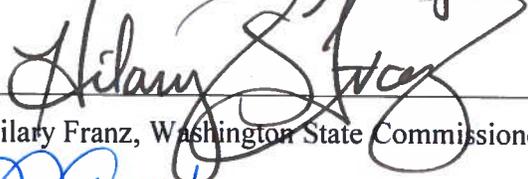
13 Commissioner Peach asked if the Department has been able to access resources to eliminate the
14 issue of slivers. Mr. Bergvall stated the project group is currently working on this issue to resolve
15 it.

16

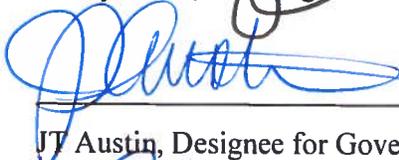
17 Meeting adjourned at 11:22AM.



Approved this 2nd day of May, 2017



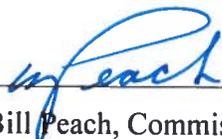
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Washington State University



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

Attest:



Tami Kellogg, Board Coordinator

