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# Minutes

## Board of Natural Resources Meeting

May 7, 2019

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

Jim Cahill, 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

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### 1 CALL TO ORDER

2 Chair Franz called the meeting to order at 9:04 AM.

3  
4 All Board members introduced themselves. Chair Franz noted there was a quorum for the  
5 meeting. Chair Franz acknowledged new Board member Jim Cahill.

### 6 SAFETY REVIEW

7 A safety overview and instruction on evacuating the building in case of an emergency was  
8 presented.

### 9 APPROVAL OF MINUTES

10  
11 Chair Franz called for approval of the minutes for the April 2, 2019 Regular Board of Natural  
12 Resources Meeting.

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

16  
17 SECOND: Dean Wright seconded the motion.

18  
19 ACTION: The motion carried unanimously.

### 20 PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST

21  
22 **Sam Low, Snohomish County Council**, spoke about the Singletary timber sale and the  
23 community's interest to move the sale forward. He stated it is the duty of the Board to look out  
24 for the counties best interest and to take steps to move forward.

1 **Dan Chaplik, Superintendent of Sultan School District**, spoke about the Singletary timber  
2 sale and the Department's fiduciary obligations to the trusts. He asked that the Board move the  
3 sale forward as soon as possible.  
4

5 **Dan Hobbs, Evergreen Speedway**, spoke about Singletary timber sale and the benefits the  
6 revenue from the timber sale would bring to the beneficiaries.  
7

8 **Cathy Nelson, Backcountry Horseman of WA**, spoke about the Singletary timber sale and  
9 access to recreation for the Backcountry Horseman. She requested that the Board move forward  
10 with this timber sale.  
11

12 **Heather Rousey, Business Owner, City of Monroe**, spoke about the Singletary timber sale and  
13 the impacts to the community if the timber sale does not move forward.  
14

15 **Davi Martin, City of Goldbar Council Member and Volunteer Firefighter**, spoke about the  
16 Singletary timber sale and asked the Board to go forward with the sale.  
17

18 **Russ Sumpter, Sultan School Board**, spoke about the Singletary timber sale and asked the  
19 Board to go forward with the timber sale.  
20

21 **Renee Jenson, Chief Executive, Evergreen Health Monroe**, spoke about the importance of tax  
22 revenue, including timber tax for the hospitals, and asked the Board to go forward with the  
23 Singletary timber sale.  
24

25 Superintendent Reykdal stepped out of the meeting at 9:30 am.  
26

27 **Josh Martin, CEO Summit Pacific Medical Center**, spoke about the Singletary timber sale  
28 and asked the Board to go forward with the sale. He also noted the importance of tax revenue,  
29 including timber tax for the hospitals.  
30

31 **Tom Jenson, CEO Grays Harbor Community Hospital**, spoke about the Singletary timber  
32 sale and asked the Board to go forward with the sale. He noted the importance of tax revenue,  
33 including timber tax for the hospitals.  
34

35 **Debbie Cople, President of Sultan Education Foundation and member of Skyvalley  
36 Chamber of Commerce**, spoke about the Singletary timber sale and asked the Board to go  
37 forward with the timber sale. She also reminded the Board that outdoor recreation is keystone for  
38 their economy.  
39

40 **Rod Fleck, Forks City Attorney**, noted discussions he has had with DNR staff, and his  
41 appreciation of their time in regards to MMLTCS. He also shared his perspective on the SHAs  
42 and economic analysis.  
43

44 **Ernie Walters, Assistant Chief of Operations, Snohomish County Fire District 26**, spoke  
45 about the Singletary timber sale and asked the Board to go forward with the timber sale.  
46

1 **Russ Pfeifer-Hoyt, WSSDA and Chair for TLAC**, spoke about the Singletary timber sale and  
2 asked the Board to go forward with the sale. He also reminded the Board of their fiduciary  
3 duties.

4  
5 **John Kartack, Mayor of City of Snohomish**, spoke about the Singletary timber sale and  
6 encouraged the Board to go forward with the sale.

7  
8 **Joe Beavers, Citizen, Goldbar, WA**, spoke about the Singletary timber sale and asked the  
9 Board to go forward with the sale. He then spoke about maps sent previously to the Board  
10 members in regards to Northern Spotted Owl habitat, and stated that the owls have moved to  
11 higher habitat due to encroachment at the lower and wetter locations. He also spoke about the  
12 recreation map and access for the public with limited abilities, and stated that the proposed sale  
13 of January 2017 is a win for everyone.

14  
15 **Brian Sims, WSSDA**, spoke about the budget from the recent legislative session and expressed  
16 support of the asset valuation study and the importance to ensure its funding.

17  
18 **Miguel Perez-Gibson, WEC**, spoke about the Singletary timber sale and asked the Board to go  
19 forward with the sale. He stated that under the Policy for Sustainable Forests (PSF), there are  
20 policies in place to address issues such as in the Singletary timber sale, referring to the Visual  
21 Impacts Policy. He encouraged the Board to ask the Department to reach out to the community  
22 to develop strategies to address visual impacts, while going forward with the timber sale.

23  
24 **Russel Wiita, City of Sultan**, spoke about the Singletary timber sale and asked the Board to go  
25 forward with the sale. He also mentioned the reconveyance requested by Snohomish, which has  
26 been withdrawn, and noted that there is no intent to move forward with that request.

27  
28 **PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS**

29 None

30  
31 **TIMBER SALES (Action Item)**

32 **Staff Update on Singletary Timber Sale**

33 **Angus Brodie, Deputy Supervisor for State Uplands**

34  
35 Mr. Brodie reminded Commissioner Peach of his request for an update on Singletary. He then  
36 provided a brief history on what has transpired to date, noting that a court vacated the sale and it  
37 no longer exists. He stated that the Department is in the pre-sale design. He explained the  
38 complexity of the sale and stated that there is a commitment (2010) to allow for recreation, both  
39 motorized and non-motorized, which must be within a working forest landscape; and that it all  
40 needs to be compatible with DNRs fiduciary responsibilities, and be financially solvent. He  
41 noted the Policy for Sustainable Forests (PSF) does have policies that the Department will  
42 follow. He re-stated that the Department is in the pre-sale design phase and will bring the plans  
43 for harvest back out to the various stakeholders and the Board before moving forward.

44  
45 Director Brown asked about the policy questions for the Board that Mr. Brodie mentioned. Mr.  
46 Brodie replied that the questions are that this is a landscape next to a popular State park (Wallace  
47 Falls) and DNR has received requests by some members of the community to turn that parcel

1 into a park using TLT. This is the question we should seek Board direction: when do we decide  
2 that a parcel of land no longer fits the trust land mission. Discussion followed.  
3

4 Dean Wright asked for an update on Michigan Trotter. Mr. Brodie reminded the Board of the  
5 issue and then stated that the request for a TLT was not successful. He stated that there have  
6 been ongoing requests from the community and the County to expand that request to the whole  
7 timber sale unit 1, noting that the Department sees this as manageable land yet we need to  
8 consider requests from the County. There is no policy on when the Department should stop  
9 managing the land. Mr. Brodie offered to bring updates when the Department is further along in  
10 the process.  
11

12 Director Brown asked if there is policy direction on when we get out of managing these areas,  
13 within the PSF. Mr. Brodie replied that there is no clear policy of when we can get out of these  
14 areas.  
15

16 **Proposed Timber Sales for June 2019 | 3 handouts, including the presentation**

17 Koshare Eagle, Assistant Division Manager, Product Sales & Leasing Division  
18

19 Ms. Eagle presented the results of the April 2019 auctions to the Board. She stated that the  
20 Department offered 16 sales totaling 61.6 mmbf. The 13 sales sold totaled \$12.6 million for an  
21 average of \$274 per mbf with 1.9 bidders per sale on average. Ms. Eagle noted that while the  
22 average bid price was higher than minimum, it is lower stumpage than March. Ms. Eagle also  
23 noted that two sales had greater than 75% overbid, and two sales sold at minimum bid.  
24

25 Ms. Eagle asked the Board for questions regarding the April 2019 auction results. There was  
26 none.  
27

28 Ms. Eagle shared that the June auction book will be number 1,000, and re-designed to include  
29 photos of phases of wood production, as well as benefits to beneficiaries. Ms. Eagle also shared  
30 that she conducted pre-harvest reviews for FY21 over the last 6 weeks to identify sale needs,  
31 such as road access and specialist assessments. These reviews take place well in advance in order  
32 to meet sale targets.  
33

34 Ms. Eagle then presented proposed sales offered in upcoming auctions to the Board.  
35

36 Commissioner Franz asked the Board for questions regarding the proposed sales. There was  
37 none.  
38

39 Ms. Eagle asked for approval of the proposed sales as presented.  
40

41 MOTION: Commissioner Peach moved to approve the proposed sales.  
42

43 SECOND: Director Brown seconded the motion.  
44

45 ACTION: The motion carried unanimously.  
46  
47

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

2 None.

3  
4 **LAND TRANSACTION (Action Items)**

5 **Bloedel 90 Acquisition, No. 08-098531; Resolution 1541**

6 Bob Winslow, Recreation, and Transactions Division

7  
8 Mr. Winslow presented the Bloedel 90 Land transaction to the Board. He described the 89.58  
9 parcel as located in Skagit County about 13 miles south of Bellingham off Barrell Springs  
10 County Road. He stated that the property has site class two soils with a ground lead logging  
11 system and a 12-month timber-marketing window. He stated that the property is an edge holding  
12 that is adjacent to DNR managed trust land, and builds upon several recent trust purchases near  
13 the main entrance into Blanchard State Forest.

14  
15 Mr. Winslow stated that there is a mix of hardwood and conifer species and a variety of age  
16 classes are present with the 28-38 year old age class having the most acres. There are 420 MBF  
17 of currently merchantable timber on the oldest 21 acres on the property. The property has  
18 existing forest roads throughout the property that also assist with access to adjacent trust land.  
19 The existing zoning permits up to three home sites, and DNR anticipates this area is likely to  
20 continue to have a high land appreciation rate.

21  
22 The negotiated acquisition price is \$496,000 with \$354,000 of the allocated value applied to the  
23 timber and forest growth, and \$142,000 allocated to the land value. The funding used for the  
24 acquisition comes from the Land Bank. The seller is paying the compensating tax.

25  
26 Commissioner Peach asked how long the Department has been working on this transaction. Mr.  
27 Winslow replied about a year and a half.

28  
29 Mr. Winslow recommended approval of Resolution 1541.

30  
31 MOTION: Director Brown moved to approve Resolution 1541.

32  
33 SECOND: Commissioner Peach seconded the motion.

34  
35 ACTION: The motion carried unanimously.

36  
37  
38 **CHAIR REPORT**

39 **Forest Health Implementation Update**

40 Angus Brodie, Deputy Supervisor for State Uplands

41 Padraic Callahan, Environmental Planner, Forest Resources Division

42  
43 Mr. Callahan provided an overview of the forest health conditions, noting the increased  
44 denseness within the last 80 years. He explained the process of succession and disturbance,  
45 which could be natural disturbances or human-caused, and trends due to that disturbance.

46  
47 Superintendent Reykdal returned to the meeting at 10:15

1  
2 Mr. Callahan then explained the economic limitations in Eastern WA due to fewer mills, which  
3 limit values of traditional forest products, making it more costly to produce timber products due  
4 to the distance of mills. Mr. Callahan stated that the contributing factors are a warming climate,  
5 longer dry seasons, and an increase in population in the wildland-urban interface (WUI).  
6 Furthermore, most of the fuel reduction treatments to benefit forest health produce forest  
7 products with little or no merchantable value.

8  
9 Mr. Callahan then reviewed what has been occurring in the legislature to address the forest  
10 health issue, and the requirements of HB 1711 that requires the department to:

- 11 • Develop and implement a policy for prioritizing forest health treatments
- 12 • Prioritize state trust landscapes for forest health treatments for the next 2, 6, and 20 year  
13 periods
- 14 • Authorized Forest Health Revolving Account (FHRA)
- 15 • Report to the Legislature even-numbered years

16  
17 He also noted that second bullet requires the Department to consider certain factors during the  
18 prioritization process:

- 19 • Timber or other commercial forest products removed
- 20 • Timber or other commercial forest products spared
- 21 • Homes, structures, agriculture, and public infrastructure spared
- 22 • Impacts to recreation and tourism
- 23 • Ecosystem services, such as water quality

24  
25 He then showed the Board the progress and assessments on State Trust Lands to date:

- 26 • 2004-2015: ~51,000 acres of forest health treatments under the FIT program
- 27 • 2015: Haugo et al. reported ~257,000 acres needing treatment on state trust lands
- 28 • 2015-2018: ~60,000 acres of forest health treatments on state trust lands
- 29 • 2018: State Lands assessment revealed ~190,000 acres of state trust lands still need  
30 treatment

31  
32 He then informed the Board on plans for next biennium, and how they align with the 20-year  
33 Forest Health Strategic Plan.

34  
35 Mr. Brodie reviewed the funding for next biennium, and reported that revenue from certain sets  
36 of sales seeded the account. He noted a projected excess in funds that could be re-distributed to  
37 the beneficiaries in FY21, if not encumbered.

38  
39 Discussion followed to clarify funding, activities and the relief to the RMCA account in order to  
40 complete the necessary forest health treatments.

41  
42 Chair Franz stated that this is a positive move, as we are not leaning on RMCA to be able to do  
43 the work, as it is revenue positive. She explained that there is no boundary of insect diseased  
44 forests, and forests are dying. She said that the plan tackles 2.5m acres, which are not only state  
45 lands but also private, tribal, and federal lands.

1 Mr. Cahill asked for confirmation that of the \$12.1m excess in the FHRA in FY 21, the  
2 Department would distribute \$2.1m to the beneficiaries, and the fund will maintain the \$10m  
3 fund level. Mr. Brodie confirmed that is correct.  
4

5 Mr. Cahill asked how the \$3m funding interacts. Does it help seed the account or is it in  
6 addition? Mr. Brodie stated it will be an addition, and used to address primarily non-commercial  
7 treatments, such as pre-commercial thinning and shaded fuel breaks.  
8

9 Commissioner Peach asked if by managing RMCA you would be able to fund silviculture on the  
10 westside. Mr. Brodie stated he would address that in the next presentation.  
11

12 Mr. Brodie then shared the next steps in the process for forest health implementation: prioritizing  
13 landscapes/stands, implement and monitor treatments, and develop guidance for Rx fire on STL,  
14 and prepare to establish the eastside sustainable harvest calculation.  
15

## 16 17 **PUBLIC COMMENTS FOR CHAIR REPORT**

18 **Rod Fleck, City of Forks Attorney**, spoke about the State of the State Lands Report. He noted  
19 the diversity of the portfolio the Department manages and the challenges with rising costs. He  
20 observed that the natural process would be to obtain all potential revenue available to the  
21 Department first. He also mentioned that the reports shows revenue earned, but does not predict  
22 the potential revenue. In response to the last line in the State of the State Lands Report, it takes  
23 money to gain money; he commented that to obtain extra money it would take acquiring more  
24 lands. He asked if the opportunity is to get better percentage to get more jobs, and recommended  
25 to narrow land base for higher better use.  
26

### 27 **State of the State Lands Update**

28 Angus Brodie, Deputy Supervisor for State Uplands

29 Brock Milliern, Division Manager, Conservation, Recreation, and Transactions

30 Duane Emmons, Acting Division Manager, Product Sales and Leasing  
31

32 Chair Franz prefaced the State of the State Lands presentation on the diversity of the  
33 Departments portfolio, and that she would like to help the public become more aware of that  
34 diversity. She stated that the report would show the diversity of the landscapes, and that her  
35 priority is to expand and grow the diverse revenue streams of the Department.  
36

37 Mr. Brodie reviewed what would be discussed during the presentation would be the framework  
38 of reporting on a regular basis, and as preparation for the members for the tour in June. He stated  
39 that the presentation would provide an overview of DNR managed lands, a report on revenue  
40 generation in each business area, and describe how the Department manages these public lands  
41 for both their given mandates and for the public. The report will also cover fund balances and  
42 opportunities for growth.  
43

44 Mr. Emmons reviewed the area of state owned lands that DNR manages and the variety of uses  
45 of the properties, along with the fiduciary obligations associated with them. He shared that there  
46 are 2.9m acres of federally granted trust lands and state forest lands. He outlined the trust  
47 mandate and the Board's role in managing the trusts. He shared the gross revenue of 2018, prior

1 to distribution to the beneficiaries, and stated that the Department manages approximately 2  
2 million forested acres, with \$166.2m in revenue generation on the westside, and \$8.2m in  
3 revenue generation on the eastside of the state. Mr. Emmons showed the timber volume sold  
4 from 2015-2018 on both west and east side, and the volume sold in the SHU from 2015-2018.  
5

6 Mr. Emmons stated that the second largest business line is agriculture; including irrigated row  
7 crops, orchard, vineyard, dryland, grazing land, generating approximately \$25.7m revenue. Mr.  
8 Emmons spoke about water rights and noted the recently completed Paterson pipeline that started  
9 pumping on May 6. He stated that the change in the land value from \$40.00 per acre to over  
10 \$400 per acre with the irrigation pipeline, and will perfect a water asset worth \$40-50m. He then  
11 reviewed the commercial real estate program, which manages 29 ground leases and 11  
12 commercial buildings. He also reviewed the communications site program and the Department's  
13 Special Use leasing, easements, mining and minerals programs, which generated \$5.4m in FY18.  
14

15 Mr. Milliern reviewed the following on asset management for the Board members for fiscal year  
16 2018. He stated that there were 11 trust transactions. He noted that is not the typical level and is  
17 due to the lack of a capital budget. Mr. Milliern also highlighted the passage of funding to allow  
18 the Department to conduct the asset management study, which includes the creation of the Asset  
19 Management Council.  
20

21 He reviewed the statistics for conservation purchases, noting that while the amount of money  
22 spent is average, the Department nearly doubled the average of acres protected. Mr. Milliern  
23 went on to inform the Board on Community Forests, noting that since RCW 79.155.040 passed  
24 the Department has acquired two community forests, the Teanaway Community Forest, and the  
25 Klickitat Community Forest.  
26

27 Mr. Milliern reviewed the types of recreation managed through the multi-use concept, and shared  
28 where the Department can ensure it will not conflict with its trust obligations. He also shared that  
29 there has been an update to the Department's recreation webpage. He stated it is more user-  
30 friendly, allowing ease when looking for recreation by type of use. He then shared the highlights  
31 for the recreation program in 2018:

- 32 • 69,000 hours of volunteer engagement and support in 2018
- 33 • Approximately 50 miles of new trail
- 34 • Approximately 70 new campsites or renovations statewide
- 35 • Started Discover Pass library checkout program
- 36 • Coordinated with other land managers

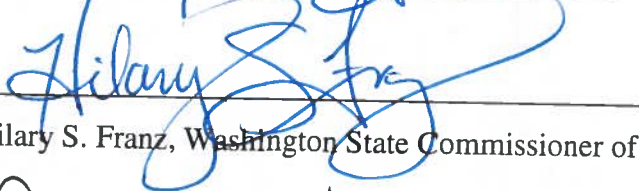
37 Chair Franz excused herself and asked Vice-Chair Peach to take over.  
38

39 Mr. Brodie stated he will finish the State of the State Lands Update presentation at the June 4,  
40 2019 Board meeting.  
41

42 Meeting adjourned at 12:00 PM.



Approved this 4<sup>th</sup> day of June, 2019



Hilary S. Franz, Washington State Commissioner of Public Lands



Jim Cahill, Designee for Governor Jay Inslee

Approved Via Conference line

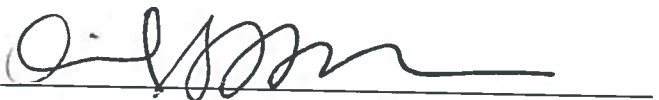
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Dan Brown, Director, School of Environmental and Forest Sciences,  
University of Washington

Attest:



Fami Kellogg, Board Coordinator

Theresa McQuire

