Minutes
Board of Natural Resources Meeting
June 5, 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 – via conference call
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

CALL TO ORDER
Chair Franz called the meeting to order at 9:00 AM.

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

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

APPROVAL OF MINUTES
Chair Franz called for approval of the minutes for the May 1, 2018 Regular Board of Natural Resources Meeting.

MOTION: Commissioner Peach moved to approve the minutes.
SECOND: Superintendent Reykdal seconded the motion.
ACTION: The motion carried unanimously.

Chair Franz commented on recent correspondence from AFRC and WFLC. She stated that DNR’s attorneys would review the letters and provide a response in the coming weeks.
PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST

Russ Pfeiffer-Hoyt, WSSDA, Trust Lands Advisory Committee Chair, spoke about the State Forest trust revenue and the recent rule change by OSPI, noting that school districts will now keep all of this revenue. He stated that even though this action will benefit mostly property poor school districts, it also has significance for this Board and DNR. He acknowledged and thanked Superintendent Reykdal for his leadership in bringing this change forward.

Jim Stoffer, WSSDA, Sequim School District, provided an update on the recent Healthy Forests Community meeting and the Wildland Fire Advisory Committee meetings. He also spoke about the rule change implemented by OSPI, and thanked Superintendent Reykdal for his leadership.

Carol Johnston, Executive Director, NOTAC, requested a sooner release date of board materials for the chair reports for the BNR.

Rod Fleck, Forks City Attorney, spoke about clarity of process and information. He cited the rounding issues on the charts as an example, and noted that when rounding to the next million it causes significant impacts to the junior taxing districts. He also spoke about the timeline for release of materials, the OESF landscape plan implementation, and carry forward.

Scott Swanson, WSAC Consultant, requested that staff provide information sooner for an opportunity to review materials prior to the BNR meeting.

PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS

Doug Cooper, Vice-President of Resources, Hampton Lumber, thanked the Board for the Timber Sale program. He then noted that timber supply is critical to mills, and asked that the Board keep that in mind when making decisions.

TIMBER SALES (Action Item)

Proposed Timber Sales for February 2018 | 3 Handouts

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

Ms. Eagle presented the May 2018 auction results. Commissioner Peach asked about total sales for the fiscal year. Ms. Eagle stated that she will report on that next month after the June sales and after we have all totals for the fiscal year 18.

Ms. Eagle then presented the proposed sales for July 2018. She went on to share the sales plan for FY 19, adding there may be some flexibility in the schedule.

Commissioner Peach asked if the harvest is set at 530 mbf for the year. Ms. Eagle replied yes, until the new Sustainable Harvest Calculation is complete.

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

MOTION: Director Brown moved to approve the proposed sales.

SECOND: Commissioner Peach seconded the motion.
ACTION: The motion carried unanimously.

PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS

No public comments.

LAND TRANSACTION (Action Items)

Briarwood Purchase, No. 08-096018; Resolution 1520 | 2 Handouts

Bob Winslow, Project Manager, Conservation, Recreation, and Transactions Division

Mr. Winslow presented the Briarwood Trust Purchase as property located in Skagit County about 10 miles southeast of Mount Vernon, Washington, near Big Lake. He stated the property is 368 acres in size, and is site class 2 and high site class 3 forestland. The property is located near Hwy 9 and is adjacent to two parcels of DNR-managed trust land. There is 1,393 MBF of merchantable timber and forest reproduction. He stated that even though the property was valued for purchase as forestland, the property also has some features that appear to be favorable for potential as a commercial rock source (mineral overlay district, rock hardness, rock depth, close to state highways). The property has 11 tax parcels numbers, and the current zoning would permit up to 38 home sites with clustering.

He explained that the funding used for the acquisition is from the Land Bank that became available due to a recent auction of Common School Trust land in Pasco. The negotiated acquisition price is $991,000, with a land value allocation of $99,000, and a timber and forest reproduction allocation of $892,000. The Seller is paying the compensating tax. DNR’s negotiated price did not include any allocation for potential rock revenue. The variety of age classes are due in part to the Seller assembling the land from seven landowners between 1986 and 2000.

Director Brown asked the distribution of revenue from this transaction. Mr. Winslow replied that the revenue would go the trust beneficiary, anticipated to be common school.

Chair Franz added that we are looking at our portfolio of land, and exploring ways to leverage the market to grow our acquisition fund. We want to have the funds to buy strategic pieces of property to generate more revenue for the trust.

Mr. Winslow concluded his presentation by asking the Board to approve Resolution 1520.

MOTION: Commissioner Peach moved to approve Resolution 1520.

SECOND: Director Brown seconded the motion.

ACTION: The motion carried unanimously.
PUBLIC COMMENTS FOR CHAIR REPORT
Kendra Smith, Skagit County, reminded the Board of their fiduciary responsibility to the beneficiaries and need for transparency, and noted the lateness of the presentation. She also asked where the data in the presentation came from and that staff could show their work.

Russ Pfeiffer-Hoyt, WSSDA, chair of TLAC, spoke about the MM LTCS presentation and reminded the Board of their fiduciary duties. He asked that the Board please keep in mind what is best for the trust beneficiaries.

Sarah Ghafoori, Staff Attorney, AFRC, spoke about the Board’s fiduciary duties to the beneficiaries and states that the Board must administer and protect the land for the trusts to the exclusion of all other interests and must not use state assets to pursue other obligations or interests.

Connie Beauvais, Port of Port Angeles, spoke about the Marbled Murrelet Long Term Conservation Strategy MMLTCS and the lands set aside as marbled murrelet habitat, adding that the alternative does not seem well balanced.

Diane Meyers, Attorney at Northwest Resource Law, spoke about the preferred alternative for marbled murrelet habitat, and the need for old growth stands as habitat for the bird. She surmised that it appears that DNR lands that do, or could, meet the criteria for habitat during the remaining life of the HCP, are already in protected status.

Lawson Fite, General Counsel, AFRC, spoke about the preferred alternative for the MMLTCS and asked the Board to ask USFWS where is there any additional take from any of these alternatives of suitable habitat above that 74,000-acre level.

Peter Goldman, WFLC, spoke about the letter sent to the BNR on May 30, 2018 and encouraged transparency on the next steps. He also spoke about the Solutions Table, and thanked Commissioner Franz for her vision and commitment to do things differently. He urged the Board to encourage Commissioner Franz to explore Plan B with a conservation strategy, and then explore how to make up the difference.

Scott Swanson, WSAC, spoke about the MMLTCS preferred alternative and shared concerns on the direction of the plan and the impacts to the county trusts. He stated the HCP is a voluntary action, Section 10 of the ESA, and that the Board should keep this in mind.

Carol Johnson, Executive Director, NOTAC, spoke about the Perry Study, stating that it says that 9% ownership of the conservation habitat is of little appreciable benefit in the protection of the marbled murrelet habitat. She queried about the contribution levels from other government landowners for habitat, additional acreage needed, and the number of birds they expect to save from this process. She also asked what the plan is to compensate the beneficiaries.

Rod Fleck, Forks City Attorney, spoke about the Board’s fiduciary role for trust beneficiaries, and referenced Attorney General Opinion (AGO 96-11) and the Policy for Sustainable Forests pages 19-22.
Heath Heikkila, Governmental Affairs, AFRC, spoke about the MMLTCS and referenced the letter sent to the Board about reducing impacts and the legislative provisions needed to mitigate impact. He then asked the Board to consider two things: 1) are we protecting actual habitat that we are going to use and need; and 2) did we negotiate the best deal with the USFWS. He then asked the Board to look at the numbers and question the increase. He surmised that it appears we are starting at ground zero and are looking at a new HCP, pointing out that the Department is not starting a new HCP, and that DNR is already setting aside acres for the marbled murrelet habitat and should get credit for that.

Matt Comisky, Washington Manager, AFRC, spoke about the MMLTCS, referencing the photos he provided of possible habitat. He noted that the proposed SHA lands are missing some characteristics for proper habitat for the marbled murrelet.

Miguel Perez-Gibson, WEC, spoke about the MMLTCS and stated that modeling for the preferred alternative for marbled murrelet habitat is ownership blind. He also spoke about the Solutions Table, stating that there is potential to see it that all trust impacts and benefits are even for all beneficiaries by pulling together all beneficiaries of the trusts in to one unitary trust.

CHAIR REPORT

Marbled Murrelet Long-term Conservation Strategy and Sustainable Harvest Calculation | 2 Handouts

Andrew Hayes, Acting Deputy Supervisor for State Uplands

Mr. Hayes began by restating that the Department is committed to transparency, and seeks to provide information in a timely manner. He emphasized that there will be opportunities for public comment on the information contained in the presentation at both Board meetings and during comment periods following the release of the revised draft environmental impact statement (RDEIS), when complete updated information will be released to the public.

Mr. Hayes provided an overview of the preferred alternative for the marbled murrelet long-term conservation strategy as characterized in the RDEIS. He explained that staff developed the preferred alternative following the November 2017 direction by the Board on the marbled murrelet long-term conservation strategy to develop, analyze, and submit for application a preferred alternative that will minimize impacts to the marbled murrelet, offset impacts and address uncertainty, and reduce disproportionate financial impacts.

The Board’s direction intended that the preferred alternative meet the goals of complying with the Endangered Species Act (ESA) and the 1997 State Trust Lands Habitat Conservation Plan (HCP), to reduce the short-term impacts of take, appropriately mitigating uncertainties and risks, and ensuring that the preferred alternative does not impact any trust or beneficiary.

Commissioner Peach inquired about the timing of an updated financial analysis of trust revenue so that the Board could gauge impacts to individual trusts and beneficiaries. Mr. Hayes clarified that the revised financial analysis would be completed and released subsequent to the release of the RDEIS, just as the initial analysis was released after the publication of the draft EIS.
Mr. Hayes then described the work that Department staff have conducted since November 2017. He stated that this work included updating data, collecting new information from discussions between the Department and the United States Fish and Wildlife Service (USFWS) staff, as well as collecting operational feedback from Department field staff. These updates and new information will change the acres of long-term forest cover for alternatives A-F. He presented the change in acreage from those presented in the December 2016 Drafted Environmental Impact Statement (DEIS) to those presented in the forthcoming RDEIS, which is scheduled for release in September 2018.

Mr. Hayes explained that Department staff designed the preferred alternative, referred to as “Alternative H” in the RDEIS, to implement the Board’s direction and build upon the updated data. He presented key features of Alternative H, compared Alternative H with the preliminary preferred alternative presented to the Board at the November 2017 meeting, and presented maps of the special habitat areas (SHA) contained within the preferred alternative.

Board discussion explored management rules contained within the SHA’s, marbled murrelet fidelity to occupied sites, connectivity to federal lands, and concerns about access for operations when managing around conservation areas.

Next, Mr. Hayes described Alternative G, an alternative that staff developed in response to public comments received during the public comment period following the release of the December 2016 DEIS. The RDEIS will also analyze this alternative.

Board discussion on Alternative G addressed the practicality of implementing this alternative, as well as the benefits of including it in the RDEIS, to provide decision makers with the analysis of conservation strategies that members of the public proposed in their comments.

Finally, Mr. Hayes outlined upcoming steps in the process to develop a long-term marbled murrelet conservation strategy. In the short-term, these steps include completing and releasing for public comment the RDEIS, as well an HCP amendment in September 2018. Once the public comment period has closed, both agencies will prepare a final environmental impact statement and amendment. USFWS staff will complete a biological opinion, Section 10 ESA findings, NEPA record of decision, as well as a final decision on the incidental take permit. Once USFWS has completed their work, the Board of Natural Resources will make a resolution on adoption of the final incidental take permit.

Meeting adjourned at 11:27 AM.
Approved this 3rd day of July, 2018

Hilary S. Franz, Washington State Commissioner of Public Lands

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