
Minutes

Board of Natural Resources Meeting

June 7, 2016

Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT

The Honorable Peter Goldmark, Washington State Commissioner of Public Lands

The Honorable Bill Peach, Commissioner, Clallam County

The Honorable Randy Dorn, Superintendent of Public Instruction

Thomas H. DeLuca, Director, School of Environmental and Forest Sciences, University of Washington –
via conference call

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

BOARD MEMBERS ABSENT

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

CALL TO ORDER

1 Chair Goldmark called the meeting to order at 9:00 AM.

2
3
4 Chair Goldmark asked all members of the public to sign-in to account for everyone in the room
5 in case of an emergency evacuation.

6
7 All Board members introduced themselves. Chair Goldmark noted there was a quorum for the
8 meeting with Director DeLuca participating via phone.

SAFETY REVIEW

9
10 Ms. Vansot gave a safety overview and instruction on evacuating the building in case of an
11 emergency.

APPROVAL OF MINUTES

12
13
14 Chair Goldmark called for approval of the minutes for the May 3, 2016 Regular Board of Natural
15 Resources Meeting.

16
17
18 **MOTION:** Dean Mittelhammer moved to approve the minutes.

19
20 **SECOND:** Commissioner Peach seconded the motion.

21
22 **ACTION:** The motion was approved unanimously.

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

3 Phillip Kitchel, citizen, spoke about the Board's fiduciary obligation for the trust beneficiaries
4 and the K-12 districts.

5
6 Linda Murtfelt, citizen, encouraged the Board and the Department to change the focus on
7 logging younger forest to increase the revenue in the long-term.

8
9 Cheryl Heywood, Timberland Regional Library Director, stated that the library is a trust
10 beneficiary. Ms. Heywood expressed that as a junior taxing district the library relies heavily on
11 the timber sales revenue received annually.

12
13 **NEW DEPARTMENT LOGO**

14 Sandy Kaiser, Communications Director, presented the Board with the new Department logo.
15 Both Dean Mittelhammer and Director DeLuca complimented the new logo.

16
17 **PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS**

18 Ed Martin, representing Columbia Vista Corporation and ARFC member, thanked the Board for
19 approving the timber sales in FY 2016. Mr. Martin spoke about his concerns regarding the low
20 volume being offered in July and not being able to meet their targets for the fiscal year. He then
21 asked the Board to take the appropriate steps to increase the volume.

22
23 Commissioner Steve Rogers, Pacific County Commissioner, thanked the Department for their
24 communication on timber sales and keeping the County well informed.

25
26 **TIMBER SALES (Action Item)**

27 **Proposed Timber Sales for July 2016 | 3 handouts, including the presentation**

28 Tom Shay, Product Sales & Leasing Division

29
30 Mr. Shay presented the results of the May 2016 auction to the Board. The Department offered
31 17 sales totaling 68.4 mmbf in May. Of those, 15 sales sold totaling \$17.7 million for an average
32 of \$274 per mbf. Mr. Shay noted the two sales that received no bids will likely be combined into
33 one contract harvest sale to be offered late first or second quarter of fiscal year 2017. Mr. Shay
34 also noted that bidder interest remained high.

35
36 Mr. Shay commented in response to public comment that for the first quarter of fiscal year 2017,
37 the Department will be ahead of their volume delivered during the same period in fiscal year
38 2016.

39
40 Commissioner Peach commented that prices seem better this time of year than in previous years.
41 Mr. Shay agreed with this point.

42
43 Mr. Shay presented the proposed July 2016 sales to the Board.

44
45 **MOTION:** Dean Mittelhammer moved to approve the sales proposed for July 2016.

46
47 **SECOND:** Commissioner Peach seconded the motion.

1
2 ACTION: The motion was approved unanimously.
3

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

5 David Kimmett, representing King County Parks, spoke in favor of the Preston Ridge Trust Land
6 Transfer and provided a letter of support from the Director of King County Parks and Recreation.
7

8 **LAND TRANSACTION (Action Items)**

9 **Preston Ridge Inter-Trust Exchange, File No. 86-093873; Resolution 1483**

10 Bob Winslow, Conservation, Recreation, and Transactions Division
11

12 Mr. Winslow presented the Preston Ridge Inter-Trust Exchange properties located in King
13 County to the Board. Parcel A is located approximately 3 miles east of Issaquah near the
14 community of Preston and is 35.03 acres in size. Parcel A will change from State Forest Land
15 Trust to the Common School Trust in this exchange. The trees in Parcel A are 90 to 200 years in
16 age. Parcel B is located 9 miles east of Black Diamond and is 33.0 acres in size. Parcel B will
17 change from Common School Trust to State Forest Land Trust, and the trees in Parcel B are 80
18 to 90 years in age.
19

20 Mr. Winslow explained that the appraised values for Parcel A and B were equivalent, with Parcel
21 A valued at \$826,000 and Parcel B valued at \$827,000. Parcel B has a higher timber value and a
22 lower land value than Parcel A. He noted that at the public hearing there was one attendee who
23 spoke in favor of the transfer and the inter-trust exchange, and no written testimony was
24 provided during the written comment period.
25

26 **Preston Ridge Trust Land Transfer, File No. 02-091709; Resolution 1484**

27 Bob Winslow, Conservation, Recreation, and Transactions Division
28

29 Mr. Winslow presented a brief overview of the status of the Trust Land Transfer (TLT) projects
30 for the 2015-2017 biennium. There are 5 legislatively funded TLT projects proposed for this
31 biennium and the Preston Ridge TLT project is the third TLT project presented this biennium to
32 the Board.
33

34 Mr. Winslow stated that the Preston Ridge Trust Land Transfer (TLT) property is located in
35 King County about 3 miles east of Issaquah, Washington. The property is 35.03 acres in size and
36 adjacent to the King County Preston Ridge Natural Area Park on the east and south sides. The
37 property will be transferred to King County and will have a perpetual deed restriction limiting
38 future uses of the property to recreation, open space or wildlife habitat. The Preston Ridge TLT
39 property will add additional open space to the 190 acre Preston Ridge Natural Area Park
40 property that is managed by King County Parks. Near the transfer property there have been
41 extensive public investments in forest lands and public recreation. The property is located within
42 the Mountains to Sound Greenway.
43

44 The property appraisal is \$826,000. The Department will transfer the timber value of \$566,000
45 into the Common School Construction Account, and the \$260,000 appraised land value will be
46 transferred into the Real Property Replacement Account for the benefit of future Common
47 School Trust purchases.

1 Mr. Winslow recommended approval of Resolution 1483 and 1484.

2
3 MOTION: Dean Mittelhammer moved to approve Resolution 1483 and 1484.

4
5 SECOND: Commissioner Peach seconded the motion.

6
7 ACTION: The motion was approved unanimously.

8
9 **PUBLIC COMMENTS FOR CHAIR REPORT**

10 Phillip Kitchel, citizen, referenced the Department's annual report and the listings noted as long-
11 term deferrals. Mr. Kitchel stated that he hopes the Board would look into why the acres are off
12 based and what the financial impacts are. He asked the Board to consider a baseline analysis of
13 the 1.4 million acres on the Westside to determine what will return the maximum revenue to the
14 trust beneficiaries.

15
16 Linda Murtfelt, citizen, encouraged the Board to not only change the logging methods, but to
17 begin thinking of a new revenue stream.

18
19 Russ Pfeiffer-Hoyt, Chair of the Washington State School Directors' Association Trust Land
20 Task Force, urged the Board to wrap-up the Sustainable Harvest Calculation and Marbled
21 Murrelet Long-term Conservation Strategy as they intended, and pick the preferred alternatives
22 in August.

23
24 Kendra Smith, representing Skagit County, thanked Kyle Blum and his staff for the amount of
25 work on the analysis on the marbled murrelets. She then stated her concerns around the financial
26 aspects and the timeline for completion.

27
28 Mary Bond, representing the Seattle Audubon, spoke about the benefits of preserving our state
29 forest lands where the marbled murrelet and many other wildlife species live.

30
31 Joe Monks, representing the Washington Hardwoods Commission, AFRC and Northwest
32 Hardwoods, Inc., spoke about the sustainable harvest calculation, the riparian harvest level
33 assumptions, and the arrearage as it related to the riparian zone management. Mr. Monks stated
34 that the timber can and should be harvested to maximize trust revenues.

35
36 Ann Forest Burns, Vice President for AFRC, reminded the Board of AFRC's scoping comments
37 on the MMLTCS. Ms. Burns stated her concerns about the restrictions on timber management.
38 She expressed that the choices made by the Board will have significant impact to the
39 communities dependent on the forests managed by the Department.

40
41 Wyatt Golding, with the Washington Forest Law Center, representing the Olympic Forest
42 Coalition, the Sierra Club, and Seattle Audubon, asked the Board to be precautionary in its
43 approach on how to assess risk in managing the long-term asset. He also asked the Board to be
44 careful when assessing the interests of the beneficiaries and the mills.

45
46 Kara Whittaker, with the Washington Forest Law Center, spoke in favor of the Marbled Murrelet
47 Long-term Conservation Strategy, alternative F. Ms. Whittaker stated that the alternative to date

1 does not demonstrate whether or not it goes far enough to avoid the expiration of the species.
2 She remarked that understanding the biological potential and population trajectory for murrelets
3 on state lands is important. She asked the Board to include the variables into the analyses
4 presented in the DEIS.

5
6 Derek Poon, citizen, spoke in favor of completing the Marbled Murrelet Long-term Conservation
7 Strategy before the Sustainable Harvest Calculation. Mr. Poon provided several Endangered
8 Species Act and Clean Water Act provisions.

9
10 Wyatt Golding for Marcy Golde, Olympic Forest Coalition Board member, provided the Board
11 with a chart on impacts of the draft Marbled Murrelet Long-term Conservation Strategy by
12 alternatives.

13
14 Matt Comisky, Washington Manager for AFRC, spoke about management costs and the
15 management fee issue. Mr. Comisky reminded Department staff of the request of the Board to
16 bring back the biological capacity of the land bases, and the budget the Department would need
17 to reach the target. He encouraged the Department and the Board to set appropriate goals for
18 economic and ecological outcomes under the HCP, and then discuss what is required to reach
19 those goals.

20
21 John Nutter, Commissioner of Olympic Medical Center in Port Angeles, urged the Board to take
22 a responsible approach in dealing with the arrearage issue, particularly in Clallam County. The
23 impacts of the reduced harvest levels on the County have been dramatic. He stated the value of
24 timber sales, and asked the Board to remember that the sustainable harvest calculations are not
25 just numbers they are jobs that directly or indirectly affect their community.

26
27 Mike Mimmo, with the Port of Port Angeles, spoke about the arrearage and the closure of mills
28 in his county due to the lack of sustainable timber harvest. Mr. Mimmo spoke about the value of
29 timber sales to their county. He urged the Board to harvest the arrearage.

30
31 Carol Johnson, Executive Director of North Olympic Timber Action Committee, spoke about her
32 concerns around developing the sustainable harvest calculation. Ms. Johnson also shared
33 concerns about the riparian management policies and guidelines and how it may negatively
34 impact the harvest levels and contribute to the arrearage.

35
36 **CHAIR REPORT**

37 **Sustainable Harvest Calculation**

38 Kyle Blum, Deputy Supervisor for State Uplands
39 Angus Brodie, Forest Resources Division Manager

40
41 Kyle Blum and Angus Brodie gave a presentation on the Sustainable Harvest Calculation. They
42 discussed six calculation factors, including: the marbled murrelet long-term conservation
43 strategy, riparian harvest levels, arrearage, uncertainty, management costs, and the discount rate.
44 The first three had previously been discussed, and the Board has expressed their interest in being
45 the decision maker. Today's presentation provided a review of those first three and greater
46 information on the remaining three.

1 Mr. Blum stated that due to the timeframe of producing a draft EIS, his staff has already made
2 assumptions in the model regarding how these variables are inputted. The hope is that if the
3 Board wishes to make changes to what has been assumed, then those changes can be
4 incorporated into the final EIS.

5
6 Mr. Brodie described how discount rates affect the optimization of economic value over time.
7 The Department set their rate at 5%, basing that off of a stable maturity rate and a low risk rate.
8 An example went on to show how higher discount rates reduce the value of future dollars, and
9 consequently push harvest volumes up in the nearer term.

10
11 Uncertainty is a model factor that broadly adjusts for the inevitable unknown reductions in
12 harvestable volume. Those unknowns come in two categories – areas where imperfect data led to
13 imperfect model outputs on what should be available for harvest, and areas that meet all rules,
14 regulations, and policy, but must be deferred because they are otherwise controversial. Mr. Blum
15 discussed three timber sales that were delayed or partially differed because of uncertainties.
16 Those sales were North Zender, Bangor, and Singletary.

17
18 A major factor in determining the Department's capacity to harvest timber is the amount of
19 resources available to bring that timber forward. Changes in the RMCA and FDA accounts affect
20 the Department's ability to deliver timber. A management cost example from OESF showed how
21 increased resources dramatically influence the harvestable volume. Currently all alternatives
22 except one are using a 48 million/year cap on expenditures. The other alternative is
23 unconstrained.

24
25 Dean Mittelhammer asked about the reasoning behind assuming a fixed management cost when
26 the Department's actual value is dependent on variable factors, including production level. Using
27 a cap helps alleviate unrealistic harvest volumes in the planning period. Mr. Brodie was willing
28 to consider alternative modeling approaches to better capture the management cost variable.
29 Commissioner Peach asked why cost was an input instead of an output, given a volume level.
30 That will be how the unconstrained alternative is ran. Dean Mittelhammer suggested using a
31 sensitivity analysis to see the impacts of harvest and net returns.

32
33 Mr. Blum asked for the Board to vote on which of the three topics (discount rate, uncertainty
34 rate, management cost) the Board wants to be the decision maker on. The other option being to
35 allow Department staff to make a decision, and then return to inform the Board on the choices
36 made. Voting to allow staff to lead the way did not preclude the Board from asking for additional
37 information through the process.

38
39 Mr. Blum asked the Board for approval to allow staff to remain the decision maker at this time,
40 but with an expectation that staff would inform the Board what was chosen and also with some
41 sensitivity analysis of options considered, but not chosen.

42
43 MOTION: Dean Mittelhammer moved to approve the motion.

44
45 SECOND: Commissioner Peach seconded the motion.

46
47 ACTION: The motion was approved unanimously.

1
2 Chair Goldmark convened a lunch break at 11:30 AM, and then reconvened the meeting at 12:30
3 PM.

4
5 **Marbled Murrelet Long-term Conservation Strategy Update**

6 Kyle Blum, Deputy Supervisor for State Uplands
7

8 Mr. Blum presented on the Marbled Murrelet Long-term Conservation Strategy. He began by
9 refreshing the audience on the trust mandate and three evaluation criteria used in choosing a
10 long-term conservation strategy, including two from the issuance criteria of an incidental take
11 permit under the Endangered Species Act, and one from the Department's Habitat Conservation
12 Plan.

13
14 The analytical framework is the tool the Department uses to gage impacts on marbled murrelet
15 habitat. It works by identifying habitat, identifying long term forest cover, calculating positive
16 and negative impacts, and then attempting to evaluate those habitat changes on the marbled
17 murrelet population, at both the statewide and DNR scale. P-stage is the tool used to identify
18 habitat. There are a couple of types of take that influence the quality of habitat. Mr. Blum
19 discussed harvest take and edge take and how those are calculated in the analytical framework.
20 Since presenting the analytical framework in November 2014, the Department has received a lot
21 of good comments and critiques, and has made a few changes.

22
23 The first change was adding a category called stringers. Stringers are small strips of long-term
24 forest cover (LTFC) that are narrow enough that they do not contain interior forest. Because of
25 that and the history of management, it is unlikely murrelets will be using stringers. In the
26 analytical framework stringers are now devalued. They are included in LTFC, but they do not
27 count for either take or mitigation. The second update was adjusting habitat value by its
28 proximity to occupied sites. Areas farther away from occupied sites are less likely to be utilized
29 by the murrelet, so a large deduction in habitat quality in those areas was applied. The last update
30 was including a habitat discount for roads, since they do create an edge effect.

31
32 Mr. Blum then walked through how the analytical framework was applied to Alternative F. The
33 slideshow provided an illustration showing how raw acres were divided into categories and then
34 how P-stage quality adjustments were made. This calculation resulted in the final take and
35 mitigation credit for the alternative.

36
37 Mr. Blum then showed outputs from the six alternatives. First, he showed that about 583,000
38 acres in each alternative's conservation is from existing conservation. The additional
39 conservation specific to the marbled murrelet was shown, as well as within what conservation
40 categories those acres are protected. Two charts were shown that depicted the habitat acres in the
41 first decade of the model as well as the increased habitat acres at the end of the model
42 projections.

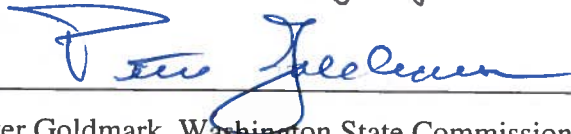
43
44 Take and mitigation for each alternative was shown in a graph. Mitigation for all alternatives
45 except Alternative B is higher than take.
46

1 Despite being a credible model that has been jointly developed with considerable effort, the
2 analytical framework cannot capture every impact on the murrelet, either positive or negative.
3 Mr. Blum discussed factors that were not included in the model.

4
5 The final part of Mr. Blum's presentation covered the population viability analysis modeled by
6 Dr. Zach Peery. The initial female population size on DNR land is 325, and on non-DNR land it
7 is 3,291. Dr. Peery analyzed the different alternative inputs on both the DNR and statewide
8 scales. He also chose two annual non-juvenile survival rates to use, to illustrate that variable
9 factor. At a lower survival rate on the Washington state scale, the alternatives do not produce a
10 very noticeable difference in population effects. At the DNR only scale, the alternatives are more
11 discernable, however the scale is not massive. With a higher survival rate, the general outlook of
12 the marbled murrelet improves, and the alternatives produced registered differences. Dr. Scott
13 Horton joined Mr. Blum to describe the interpretation of the different survival inputs in the
14 model. Mr. Blum then closed the murrelet discussion by again showing the trust mandate and
15 evaluation criteria.

16
17 Meeting adjourned at 2:33 PM.

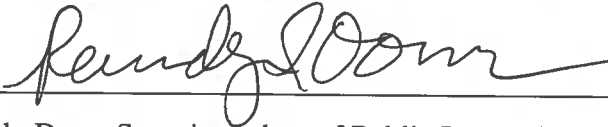
Approved this 5th day of July, 2016



Peter Goldmark, Washington State Commissioner of Public Lands

via conference call

JT Austin, Designee for Governor Jay Inslee



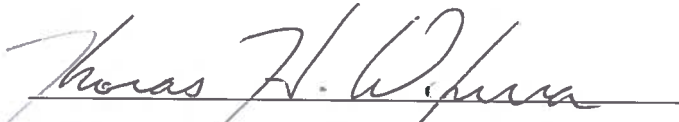
Randy Dorn, Superintendent of Public Instruction



Bill Peach, Commissioner, Clallam County

absent

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



Thomas H. DeLuca, Director, School of Environmental and Forest Sciences,
University of Washington

Attest:



Sarah Vansot, Board Coordinator

