Minutes
Board of Natural Resources Meeting
July 7, 2015
Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT
The Honorable Peter Goldmark, Washington State Commissioner of Public Lands
JT Austin, Designee for the Honorable Jay Inslee, Washington State Governor
The Honorable Jim McEntire, Commissioner, Clallam County
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
The Honorable Randy Dorn, Superintendent of Public Instruction

CALL TO ORDER
Chair Goldmark called the meeting to order at 9:00 AM. All Board members introduced themselves. Chair Goldmark noted there was a quorum for the meeting, with Director DeLuca participating via conference call.

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

APPROVAL OF MINUTES
Chair Goldmark called for approval of the minutes for the June 2, 2015 Regular Board of Natural Resources Meeting.

MOTION: Dean Mittelhammer moved to approve the minutes.
SECOND: Ms. Austin seconded the motion.
ACTION: The motion was approved unanimously.

PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS
None.
TIMBER SALES (Action Items)

Proposed Timber Sales for August & September 2015| 3 handouts
Tom Shay, Product Sales & Leasing Division

Mr. Shay presented the results of the June auctions to the Board. The Department offered 20 sales totaling 78.2 MMBF in June. All sales sold, totaling $20.6 million for an average of $264 per MBF.

Mr. Shay remarked that markets were beginning to improve from their seasonal lows in June and that the dry weather was reducing log supply, further increasing demand.

The proposed August sales were then presented to the Board.

MOTION: Dean Mittelhammer moved to approve the proposed August 2015 sales.

SECOND: Commissioner McEntire seconded the motion.

ACTION: The motion was approved unanimously.

Mr. Shay presented the proposed September sales to the Board.

Dean Mittelhammer inquired as to the larger volume of sales in August as opposed to September and Mr. Shay responded that a number of Eastside sales were included in the August proposals, which is typically a good month for selling volume in that area.

MOTION: Commissioner McEntire moved to approve the proposed August 2015 sales.

SECOND: Ms. Austin seconded the motion.

ACTION: The motion was approved unanimously.

PUBLIC COMMENTS FOR BOARD ON GEOGRAPHIC NAMES (ACTION ITEMS)

None.

BOARD ON GEOGRAPHIC NAMES (ACTION ITEMS)

Caleb Maki, Executive Secretary, Board on Geographic Names

Mr. Maki presented the following name proposal, recommended by the Committee on Geographic Names, for consideration to the Board on Geographic Names:

Name Proposal: Criss Creek

MOTION: Superintendent Dorn moved to approve.

SECOND: Commissioner McEntire seconded the motion.

ACTION: The motion was approved unanimously.
PUBLIC COMMENTS FOR AQUATICS RENT APPEAL (ACTION ITEMS)
None.

AQUATICS RENT APPEAL (ACTION ITEMS)
Christa Thompson, Assistant Attorney General

Ms. Thompson reviewed the process for appealing rent charged under aquatic lands leases under WAC 332-30-128. A lessee may appeal to the Rental Dispute Officer, the Rental Dispute Appeals Officers (RDAO), and to the Board. The Board must first decide whether it will hear the appeal. If the Board decides not to hear the appeal, the decision of the RDAO becomes DNR’s final decision and the lessee may seek review in Superior Court. If the Board decides to hear the appeal, then the lessee and DNR staff will submit written statements, and at the Board’s option, oral statements. The Board will act like a court rather than a legislative body, and must avoid ex parte communications with DNR staff and the lessee. Another AAG (screened from aquatics matters) will advise the Board on substantive legal issues.

Chair Goldmark requested a motion to decline review of this particular matter.

MOTION: Commissioner McEntire moved to decline review.

SECOND: Ms. Austin seconded the motion.

ACTION: The motion was approved unanimously.

PUBLIC COMMENTS FOR CHAIR REPORT
Amy Imsdahl, student at the University of Washington, representing the Washington Environmental Council, stated that she believes the best way to protect the marbled murrelets is to discontinue logging within their nesting sites and establish a protective buffer of 150 meters around the occupied habitat.

Cady Moris, representing the Washington Environmental Council, stated that the Board needs to take action to protect and restore our state forests. Ms. Moris urged the Board to not log in the marbled murrelet management areas until the long-term conservation strategy is complete.

Melinda Craig, Evergreen State College student, stated that: she understands the Board has fiduciary responsibilities, but believes protecting the marbled murrelets and our state forests is very important.

Steve Courtney, the Timber Procurement Manager for Interfor’s Northwest mills, spoke about the arrearage from the sustainable harvest levels for 2004-2014. Mr. Courtney asked the Board to 1.) Ensure the arrearage volume is accurate, 2.) Examine the cause of the arrearage by region, 3.) Do the analysis on how to best sell the arrearage, and 4.) Ensure DNR can implement the sales program, including arrearage.

Linda Murfeldt, representing the Seattle Audubon, spoke about the importance of protecting the marbled murrelets.
Wyatt Golding, with the Washington Forest Law Center, representing the Olympic Forest Coalition, the Sierra Club, and Seattle Audubon, spoke about the arrearage. Mr. Golding expressed that the conservation communities continue to support the DNR’s preferred plan. He urged the Board to consider where the arrearage volume would come from and how it compares to where it was planned to come from.

David Marshall, representing Sierra Industries, spoke about his concerns regarding the DNR not meeting its annual target set by the Westside Sustainable Harvest Calculation. In FY14, DNR offered 510.8 MMBF statewide, while the target was 550 MMBF for the FY05-FY14. The beneficiaries rely on the timber harvest and failure of DNR to harvest these volumes will impact the services they provide. Mr. Marshall urged the Board to direct DNR to put to auction the sustainable harvest calculation adopted level of 550 MMBF per year.

Rod Fleck, City Attorney for Folks, spoke about his concerns regarding the arrearage. Mr. Fleck does not believe that the trust land transfer would have been properties identified in the 2004-2007 harvest calculation. Mr. Fleck urged the Board to have a candid discussion about why the volume is not being met.

Matt Comisky, Washington Manager for AFRC, urged the Board to dig into the root causes of the arrearage and avoid falling into potentially false assumptions. He remarked that AFRC recommends the Board and staff to include the development of firm timelines for completion of the arrearage analysis and for offering arrearage sales; and that they have an action plan to accomplish the task.

Kevin Schmelzlen, with the Marbled Murrelet Survival Project, spoke about the declining population of the marbled murrelets.

John Anderson, Resource Manager for Northwest Hardwood, spoke about log shortage and the impacts on jobs and family.

Ann Forest Burns, Vice President of AFRC, urged the Board to complete the marbled murrelet long-term conservation strategy without further delay. Ms. Burns expressed that AFRC supports running the sustainable harvest calculation parallel to the marbled murrelet long-term conservation strategy.

Art Wang, President of Tahoma Audubon Society, echoed the importance of completing the marbled murrelet long-term conservation strategy.

**CHAIR REPORT**

**Marbled Murrelet and Sustainable Harvest Calculation**

Kyle Blum, Deputy Supervisor for State Uplands

Mr. Blum provided an update on the Marbled Murrelet Long-term Conservation Strategy. He stated that he was scheduled to have outputs from Professor Zach Perry, Ph.D. and due to some adjustments that needed to be made the outputs will be delayed by a couple of weeks.
Sustainable Harvest Calculation

Mr. Blum presented information that reviewed some of the causes of the arrearage volume. Mr. Blum reviewed the purpose of the arrearage subcommittee. He stated the purpose as determining the arrearage number, providing options to the Board to pursue an economic and environmental analysis and determining a course of action for the arrearage.

Mr. Blum presented five specific questions or analysis requests that the arrearage subcommittee wanted to explore. The first thing the subcommittee wanted to understand was what we have done in the past for the arrearage. The second question was to determine the planning horizon the industry uses for log supplies, for both long and short term. The third question is to understand the research on the best times to sell an arrearage. The fourth analysis question is to look at additional analysis on the economic factors of an arrearage. The fifth analysis request was to look at additional analysis on the impacts to the Department and future harvests if the arrearage was sold.

Dean Mittelhammer asked what the options will be if the economic analysis is not completed by the August deadline?

Mr. Blum responded by stating that additional conversations with our purchasers about timing and the staffing levels are needed. Then the Board will be able to identify a range of options; once DNR staff do a more thorough analysis the Board will have a range of options to pick from.

Dean Mittelhammer asked about the plan for doing an economic analysis and how the industry will react to an additional 450 MMBF being put on the market. He stated that we cannot do it without embracing the industry to get their input, and that he believes this is an economic dynamic type of problem.

Mr. Blum agreed with Dean Mittelhammer that the purchasing communities know their business best. He stated that he is not concerned about the outcome as the total volume can fluctuate greatly from year to year and does not feel it will have a substantial impact. He also noted that DNR will continue to communicate with the industries to get more details. Mr. Blum expressed that he believes the volume will sell and that DNR has positioned itself to be successful.

Dean Mittelhammer expressed that he too believes it will sell, but at what price and are we paying attention to our fiduciary responsibility?

Chair Goldmark remarked that we first need to confront if the arrearage is really available for harvest.

Superintendent Dorn asked if the 550 MBF target is realistic. Mr. Blum stated that if you are asking if we change the target that the new number will come 50 million short of that, he does not believe that to be the case. He added that his internal deliverables in terms of volume for FY15 did not add up to 550 MBF.

Mr. Blum noted that we have gone through a thorough review of why the expenditures have gone up but the volume has not corresponded. He expressed that the department is taking
concrete steps to help increase productivity levels. Ms. Austin asked where in the forest did the
arrearage come from? Mr. Blum answered that he hopes Director DeLuca and Commissioner
McEntire will bring forward those options to the Board, but a significant amount came from
projected riparian volume and volume in marbled murrelet related areas.

Ms. Austin then asked where in the forest the arrearage volume will be obtained if we go that
direction? Mr. Blum responded that he cannot preempt the Board’s decision on this. If the Board
decides to harvest the arrearage, it also has the discretion to decide where the volume comes
from. The Board could say “here’s our number and here are the beneficiaries, go get it where and
how you can.” Different choices will have different influences on the baseline calculation.

Ms. Austin asked if an economic analysis has been done on if the arrearage was attained how it
would do on the market and another analysis on environmental impacts. Mr. Blum answered that
we would do an EIS where the Board has blessed a range of options for DNR staff to analyze is
where we would make that assessment.

Commissioner McEntire stated that today’s meeting was what he hoped for as they work their
way through the arrearage subcommittee discussions.

Chair Goldmark echoed Commissioner McEntire, and concluded that the Board has to be very
careful with their assumptions and be cautious about them.

PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST
Cheryl Heywood, Library Director, representing the Timberland Regional Library, stated that as
a trust beneficiary, since the beginning of the year the library has received over $80K, and 75%
of it primarily goes into services and staffing. Ms. Heywood encouraged the Board to learn more
about the programs offered at the Timberland Regional Library.

Wyatt Golding, with the Washington Forest Law Center, representing the Olympic Forest
Coalition, the Sierra Club, and Seattle Audubon, spoke about his concerns regarding salvage
logging in the Carlton Complex fire burn area in the Mattawa Valley. Mr. Golding remarked
that he believes it has environmental impacts, human economic impacts, and human impacts.

Russ Pfeiffer-Hoyt, Chair of the Washington State School Directors’ Association Trust Land
Task Force, stated that Common School Trust revenue is dependent on the wood processing
industry. It is important to help foster conditions that continue to ensure multiple purchasers
continue to bid on DNR timber sales. Mr. Pfeiffer-Hoyt urged the Board and DNR to complete
the marbled murrelet long-term conservation strategy and the new sustainable harvest calculation
as it would bring greater predictability to the log supply.

Rod Fleck, City Attorney for Folks, spoke about his concerns regarding the closures of mills in
the Northwest corner of the North Olympic Peninsula. Mr. Fleck asked the Board what it will
take for leadership to take the necessary steps to address the problem around the lack of timber
supply in the rural communities. He stated that they need the Board to take a position to address
this as a crisis.

Meeting adjourned at 10:45 AM
Approved this 18th day of August, 2015

Peter Goldmark, Washington State Commissioner of Public Lands

not present - N/A

JT Austin, Designee for Governor Jay Inslee

Randy Dorn, Superintendent of Public Instruction

Jim McEntire, Commissioner, Clallam County

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
Meagan Gillum, interim Board Coordinator
Approved this ___ day of _____________, 2015

[Signature]

Peter Goldmark, Washington State Commissioner of Public Lands

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JT Austin, Designee for Governor Jay Inslee

[Signature]

Randy Dorn, Superintendent of Public Instruction

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Jim McEntire, Commissioner, Clallam County

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

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

Attest:

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Sarah Vansot, Board Coordinator
Approved this ___ day of _____________, 2015

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