Minutes
Board of Natural Resources Meeting
September 6, 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
Ron C. Mittelhammer, Dean, College of Agricultural, Human, and Natural Resource Sciences, Washington State University -- via conference call

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

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 Dean Mittelhammer participating via phone.

SAFETY REVIEW
Ms. Vaasot 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 July 5, 2016 Regular Board of Natural Resources Meeting and August 11, 2016 Special Board of Natural Resources Meeting.

MOTION: Commissioner Peach moved to approve the minutes.

SECOND: Director DeLuca seconded the motion.

ACTION: The motion was approved unanimously.

PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST
Jim Stoffer, representing the Sequim School Board and a member of Washington State School Directors’ Association Trust Land Task Force, urged the Board to take action on the arrearage issue.
Doug Cooper, Vice President of Resources for Hampton Tree Farms, spoke of the importance of the timber sales program. He urged the Board to understand enough detail when making policy decisions for the marbled murrelet long-term conservation strategy and the sustainable harvest calculation.

Zack Carlson, Senior at Forks High School, stated his concerns regarding the DNR arrearage.

Cheryl Heywood, Timberland Regional Library Director, stated that as a trust beneficiary and a junior taxing district, the library relies heavily on the timber sales revenue received annually.

PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS
Knox Marshall, Vice President of Murphy Company, spoke about the importance of the timber sales program. Mr. Marshall asked the Board to consider the impacts of any harvest reductions to the rural communities and asked the Department to move forward with the plan to offer the maximum sustained allowable harvest.

TIMBER SALES (Action Item)
Proposed Timber Sales for September & October 2016 | 4 handouts, including the presentation
Tom Shay, Product Sales & Leasing Division

Mr. Shay presented the results of the July and August auctions to the Board. The Department offered 7 sales totaling 10.5 mmbf in July. Of those, sales sold totaling $2.5 million for an average of $265 per mbf with just over 2 bidders per sale on average. The Department offered 6 sales in August, totaling 33.8 mmbf. All August sales sold for a value of $11.8 million for an average of $348/mbf with an average of over 3 bidders per sale.

Mr. Shay noted the average number of bidders was higher than normal for this time of year. Commissioner Goldmark asked about the two sales that received no bids in July. Mr. Shay responded that the sales were reevaluated and road costs adjusted, and are scheduled to be reoffered in September.

Commissioner Peach noted that there appears to be more contract harvest sales moving forward in Olympic Region and asked if that is something the Department is moving towards? Commissioner Peach also noted that contract harvest sales appear to be a product that could do well in Olympic Region. Mr. Shay responded that the Department is moving forward with more contract harvest sales in Olympic Region as well as training more foresters to comply contract harvest sales.

Commissioner Peach commended the Department for these efforts.

Mr. Shay then presented proposed sales to be offered in September and October to the Board, and added that the per mbf value for the proposed sales is low due to varying levels of sale complexity.

Mr. Shay asked for approval of the proposed sales as presented.
MOTION: Director DeLuca moved to approve the sales proposed for September and October 2016.

SECOND: Commissioner Peach seconded the motion.

ACTION: The motion was approved unanimously.

PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS
Rick White, representing the City of Pasco, spoke in favor of the Pasco 16 transaction. Mr. White reaffirmed the City’s and his staff’s commitment to the success of the auction.

LAND TRANSACTION (Action Items)
Old Hwy 99 Transaction, Resolution 1486
Michelle Burbidge, Conservation, Recreation, and Transactions Division
Ms. Burbidge presented the Old Highway 99 Escheat presentation to the Board. The property is located in Cowlitz County, east of the Columbia River, I-5 and the Port of Kalama. The parcel is 0.08 acres in size and generates no revenue. Ms. Burbidge gave the Board an overview of the history. The appraised market value is $5,000 and will be transferred to the Port of Kalama.

Ms. Burbidge recommended approval of Resolution 1486.

MOTION: Commissioner Peach moved to approve Resolution 1486.
SECOND: Director DeLuca seconded the motion.
ACTION: The motion was approved unanimously.

Pasco 16 Transaction, Resolution 1487
Michelle Burbidge, Conservation, Recreation, and Transactions Division
Ms. Burbidge presented the Pasco 16 Land Bank Sale presentation to the Board. The property is located in Franklin County, and lies South of I-182 and North of the Columbia River. The property has 230 acres of land bank land and 5 lots zoned for residential development.

Ms. Burbidge gave the Board an overview of the background, project history, and auction process. She explained the appraised market values stating the amount for Lots 1-5, with a total gross retail value of $5,551,000.

Ms. Burbidge recommended approval of Resolution 1487.

MOTION: Director DeLuca moved to approve Resolution 1487.
SECOND: Commissioner Peach seconded the motion.
ACTION: The motion was approved unanimously.
PUBLIC COMMENTS FOR CHAIR REPORT

Phillip Kitchel, citizen, encouraged the Board to look for an alternative that would allow the maximum amount of revenue back to the trust beneficiaries.

Jim McEntire, citizen, asked the Board to err on the side of more acres available for harvest when looking at the alternatives due to the uncertainty of the actual effect on the survival of the species.

Dan Cothen, Wahkiakum County Commissioner, spoke about his concerns regarding the alternatives and the impacts it will have on his county, and that either way their county will get hit hard.

Matt Comisky, Washington Manager for AFRC, stated that the Board must assure it has sufficient information needed to make informed decisions. Mr. Comisky urged the Board to assure that staff are using the best and most reliable data in developing these alternatives.

Rod Fleck, City of Forks Attorney, asked the Board to ask DNR staff for additional information for each elemental component, what the volume and acreage is associated with it especially when developing the alternative, and stated his concerns regarding slide 7, 10 and 15. He specified that alternative F should be ruled out as a non-viable option for the Board to consider.

Linda Murfelt, citizen, spoke in support of the marbled murrelet survival project. Ms. Murfelt added that alternate sources of revenue are needed to support the trust beneficiaries and the marbled murrelets, and urged the Board to find alternate sources of revenue.

Art Wang, representing the Tahoma Audubon, urged the Board to err on the side of protection of the species and expressed his appreciation for the work staff put into the process.

Arianne Jaco, representing the Washington Environmental Council, stated that the Board has the opportunity to select the strongest conservation alternative. Ms. Jaco expressed that there is only a 14% difference between alternative A and F, adding that she believes the Board should be able to do what is right for the environment and the state beneficiaries.

CHAIR REPORT

Marbled Murrelet Long-term Conservation Strategy

Kyle Blum, Deputy Supervisor for State Uplands

For the purpose of comparing marbled murrelet alternatives by their relative effects on the sustainable harvest level, this presentation focused on harvest output numbers. Mr. Blum stressed that because other sustainable harvest variables have not yet been fixed, these numbers were only intended to help isolate and compare relative differences between the murrelet alternatives, and that final harvest levels will differ.

Mr. Blum prefaced the marbled murrelet scenario discussion with the Trust Mandate and Evaluation Criteria slides that he’s shown in the last several Board presentations. He used the
slides to remind the Board of the legal fiduciary responsibilities of the Department, as well as the
criteria in which the chosen murrelet alternatives will be evaluated.

After those two slides, Mr. Blum gave a refresher on the components that make up the different
murrelet alternatives. Given the proposed scale of conservation under debate, Superintendent
Dorn expressed thoughts on gauging significance between the choices, and the effort going into
the decisions.

Mr. Blum then showed a graph of harvest volumes by scenario over the next 10 decades.
Scenarios B and F were approximately 100 mmbf different per year, with the other scenarios
lining up very closely to each other in between.

Decade 1 scenario numbers fell between approximately 500 and 400 MMBF per year. Given that
the current sustainable harvest level is at 550 MMBF per year, Commissioner Peach asked Mr.
Blum to explain the reduction. Mr. Blum noted that last decade’s prediction also projected a
lower harvest level during this same time period. But Mr. Blum offered several other reasons
driving the difference, including: improved mapping of unstable features; the interim strategy
represented here in Scenario A protecting more acres than what was assumed in the past
sustainable harvest calculation; and lastly, the new model projecting much less riparian volume.

Scenario harvest volumes were then compared by trust. Not all trusts respond similarly to the
scenarios, which could be seen in the table. Chair Goldmark acknowledged that the trust mandate
must be remembered when there’s potential for differential treatment. Mr. Blum, in his
understanding of the Board’s obligation, explained that Board must protect the interest of each
Trust. The selected alternative need not treat each trust alike or benefit all trusts equally, but the
selected alternative must, on balance, serve the economic interest of each trust. One trust cannot
benefit at the expense of another.

In a graph of the same scenario harvest volume by trust data, scenarios could be seen compared
against Scenario A. In general, Scenario B provide higher volume and scenarios C-F provided
lower volume.

The next table showed scenario harvest volumes at the county, State Forest Transfer Lands,
scale. Responding to a comment by Commissioner Peach, Mr. Blum explained that as the
process continues, more detail will need to be explored. In another bar graphic Mr. Blum looked
at scenario impacts more closely within Clallam, Pacific, Skagit, Snohomish, and Wahkiakum
counties.

The last numbers provided were of cumulative net present value over the planning period, by
scenario. Numbers ranged from $5.21 billion in Scenario B to $4.27 billion in Scenario F.

Dean Mittelhammer pointed out that this presentation was intended to look at an isolated variable
(murrelet scenarios), and future presentations will look at other isolated variables (e.g.,
arrearage), but in the end the decision will simultaneously have to include them all. Additional
scenarios, alternatives, and presentations will be intended to provide the information needed to
put all the pieces together.
Meeting adjourned at 10:51 AM.
Approved this 4th day of October, 2016

Peter Goldmark, Washington State Commissioner of Public Lands

JT Austin, Designee for Governor Jay Inslee

Randy Dorn, Superintendent of Public Instruction

Bill Peach, 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 Varsot, Board Coordinator