
Minutes

Board of Natural Resources Meeting

December 4, 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, departed at 10:30am*

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

1 CALL TO ORDER

2 Chair Franz called the meeting to order at 9:13 AM.

3
4 All Board members introduced themselves. Chair Franz noted there was a quorum for the
5 meeting.

6 SAFETY REVIEW

7
8 Ms. Kellogg gave a safety overview and instruction on evacuating the building in case of an
9 emergency.

10 APPROVAL OF MINUTES

11 Chair Franz called for approval of the minutes for the November 6, 2018 Regular Board of
12 Natural Resources Meeting.

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15 MOTION: Dean Wright moved to approve the minutes.

16
17 SECOND: Commissioner Peach seconded the motion.

18
19 ACTION: The motion carried unanimously.
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1 **PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST**

2 **Linda Lorenz, Citizen of Clark County**, spoke about the Hantwick Trailhead/Michigan Trotter
3 timber sale, stating that in addition to the 200-foot buffer it would only be another 30 feet to
4 remove unit 1. She also shared concerns about the hillside slope.

5
6 **Alice Perry Linker, Citizen of Clark County**, spoke about the Michigan Trotter timber sale
7 and the close proximity to the Hantwick Trail. She requested that unit 1 be removed from the
8 timber sale, and shared concerns in regards to climate change and forest carbons.

9
10 **Tom Lannen, Skamania County Commissioner**, thanked the Department and the Board for the
11 work on the encumbered lands payment. He stated that payment and timber trust revenue makes
12 up about 17% the County's current expense budget, which is significant and greatly appreciated.

13
14 **Heath Heikkila, AFRC**, spoke about the financial analysis of the Marbled Murrelet LTCS. He
15 stated that the Losses and Gain report, in response to HB 2285, paints a picture of 10 years of
16 economic benefit, but in further decades there is a reduction of revenue and activity. He
17 reminded the Board to look at the long-term impact.

18
19 **Bareck Gale, Thurston County Citizen**, spoke about the desecration of earth and loss of
20 species. He encouraged more protection of the habitat for the Marbled Murrelet.

21
22 **Ed Bowen, Citizen**, spoke about the comment process of the Board and the lack of discussion on
23 comments during the meeting. He also spoke about the deferred timber harvest areas, and
24 funding to address the condition of roads.

25
26
27 **PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS**

28 **Doug Cooper, Hampton VP of Resources**, thanked the Board and DNR staff for the timber
29 sales volume, which is critical for the economy of the local community. He also appreciates
30 being able to preview the timber sales before they come to the Board, and go to auction.

31
32 **Ed Bowen, Citizen**, expressed support of the Foot Trail sale. He did share concerns on access to
33 the sale, noting the loss of the bridge on forest service land and the \$300,000 cost to the County
34 to rebuild that bridge. He asked if there is a policy that addresses such anomalies. He also spoke
35 about the GNA, and asked if this could be a way to address the issue. He then noted that the local
36 water district did great work to improve the watershed in that area.

37
38 **TIMBER SALES (Action Item)**

39 **Proposed Timber Sales for January 2019 | 3 handouts, including the presentation**
40 **Koshare Eagle, Assistant Division Manager, Product Sales & Leasing Division**

41
42 Ms. Eagle presented the results of the November 2018 auctions to the Board. The Department
43 offered 12 sales totaling 56.1 mmbf. All sales sold totaling \$20.6 million for an average of \$369
44 per mbf with 1.9 bidders per sale on average. Ms. Eagle noted that one sort of a contract harvest
45 sale did not receive bids in November, but sold the day before the Board meeting, and will show
46 in the December results. Ms. Eagle also noted that eight of the 12 sales sold for 10% or less

1 above minimum appraisal value, demonstrating how closely the Agency's sales are mirroring the
2 current market.

3
4 Ms. Eagle discussed past November auction results, and found that from the years 2013 through
5 2017 the Agency averaged \$345/mbf. With November 2018 average bid value coming in at
6 \$369/mbf, prices are still currently above average for the month of November.

7
8 Ms. Eagle then presented proposed sales offered in upcoming auctions to the Board. Ms. Eagle
9 discussed one sale that is only in need of Board approval in order for the Agency to hire a
10 harvester, with the sorts for that project scheduled for the February 2019 auction.

11
12 Ms. Eagle also addressed a public comment regarding road access and bridge installation for the
13 proposed Foot Trail sale in Olympic Region. The bridge is on US Forest Service (USFS)
14 property; however, USFS does not need further access to the lands beyond the location of the
15 bridge. The DNR requires access to lands behind the proposed bridge installation for Foot Trail
16 and another two potential sales.

17
18 Commissioner Franz expanded on Good Neighbor Authority (GNA) and potential future finding
19 through the GNA program for road maintenance activities.

20
21 Commissioner Franz asked the Board for questions regarding the proposed sales. Hearing none,
22 Ms. Eagle asked for approval of the proposed sales as presented.

23
24 MOTION: Commissioner Peach moved to approve the proposed sales.

25
26 SECOND: Superintendent Reykdal seconded the motion.

27
28 ACTION: The motion carried unanimously.

29
30 **PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS**

31
32 **Dan Cothren, Wahkiakum County Commissioner**, expressed support of the transfer to
33 convert lands to conservation lands.

34
35 **Tom Lannen, Skamania County Commissioner**, stated his opposition to Alternative H, and his
36 support of Alternative B as the best solution for the Department to meet its fiduciary obligations
37 and provide consistent revenue to the counties.

38
39 **LAND TRANSACTION (Action Items)**

40 **Pacific 4 State Forest Trust Transfer, 02-097364, Resolution 1531; Wahkiakum 4 State**
41 **Forest Trust Transfer, 02-097365, Resolution 1532; Skamania 5 State Forest Trust**
42 **Transfer, 02-097380, Resolution 1533 | 2 handouts, including the presentation**
43 **Deb Whitney, Project Manager for Land Transactions, Conservation, Recreation and**
44 **Transactions**

1 Ms. Whitney described the three transactions, appropriated by the legislature under the State
2 Forest Land Replacement Program, Laws of 2018, Chapter 298, Section 3059, and RCW
3 79.22.060. She stated that they are all State Forest Transfer (SFT) trust, and encumbered with
4 wildlife species listed as endangered or threatened by the Federal Endangered Species Act.

5
6 She stated that as required by legislation, the properties are all within counties with populations
7 of 25,000 or less, and subject to harvest deferrals of greater than 30 years, due to endangered
8 wildlife species.

9
10 The legislative direction is that the properties be appraised as if unencumbered by endangered
11 wildlife species and harvest deferrals. It also provides that the distribution of timber values is
12 75% going to the affected county for continued county services, and 25% to the Forest
13 Development Account. The land values, deposited to the Parkland Trust Revolving Account, are
14 to purchase replacement lands for the SFT trust in the affected county.

15
16 This biennium the legislature has appropriated \$1,480,000 for each of three counties (Pacific,
17 Wahkiakum and Skamania) to transfer encumbered SFT trust land within those counties to
18 Natural Resources Conservation Area (NRCA) status.

19
20 Ms. Whitney then described the property for each transaction. She stated that the Pacific 4 SFT
21 property is an 80.92-acre parcel located approximately 1 mile northwest of Naselle, in Pacific
22 County, Washington. The encumbered property has occupied sites for the Marbled Murrelet,
23 and subject to harvest deferrals greater than 30 years.

24
25 The distribution of the timber value of \$1,419,300 is \$1,064,475 going to Pacific County, and
26 \$354,825 going to the Forest Development Account. The Park Land Trust Revolving Account
27 will receive \$60,700 in land value to purchase replacement lands for the SFT Trust in Pacific
28 County.

29
30 Ms. Whitney explained that the Wahkiakum 4 SFT is an 87.5-acre property located
31 approximately 10 miles northwest of Cathlamet, in Wahkiakum County, Washington. The
32 encumbered property has occupied sites for the Marbled Murrelet, and subject to harvest
33 deferrals greater than 30 years.

34
35 The distribution of the timber value of \$1,412,750 is \$1,059,563 going to Wahkiakum County,
36 and \$353,187 going to the Forest Development Account. The Park Land Trust Revolving
37 Account will receive \$67,250 in land value to purchase replacement lands for the SFT trust in
38 Wahkiakum County.

39
40 Ms. Whitney then explained that the Skamania 5 SFT is a 162.64-acre property located
41 approximately 8 miles northwest of Stevenson, in Skamania County, Washington. The
42 encumbered property is core habitat for the Northern Spotted Owl, and subject to harvest
43 deferrals greater than 30 years.

44
45 The distribution of the timber value of \$1,366,150 is \$1,024,613 going to Skamania County, and
46 \$341,537 going to the Forest Development Account. The Park Land Trust Revolving Account

1 will receive the \$113,850 in land value to purchase replacement lands for the SFT trust in
2 Skamania County.

3
4 Director Brown asked for clarification on the amount currently in the replacement fund account
5 for Skamania County. Ms. Whitney stated that the current amount is \$2,790.00 and that the
6 \$113,850.00 will add to that amount.

7
8 Superintendent Reykdal questioned the value of the land, and continued revenue to the County.
9 Mr. Brodie clarified that there is no tax on the land, and that there is no income to County as it is.
10 It also is not earning revenue due to the encumbrance by the Endangered Species Act (ESA).
11 Discussion followed surrounding options on how to get continued revenue to the counties. Mr.
12 Brodie offered to bring more detail on this process. Discussion followed on information that the
13 Board would like to hear.

14
15 Chair Franz called for a motion by the Board to approve Resolutions 1531, 1532, 1533.

16
17 MOTION: Commissioner Peach moved to approve Resolution 1531.

18
19 SECOND: Dean Wright seconded the motion.

20
21 ACTION: The motion carried unanimously.

22
23
24 MOTION: Commissioner Peach moved to approve Resolution 1532.

25
26 SECOND: Dean Wright seconded the motion.

27
28 ACTION: The motion carried unanimously.

29
30
31 MOTION: Director Brown moved to approve Resolution 1533.

32
33 SECOND: Commissioner Peach seconded the motion.

34
35 ACTION: The motion carried unanimously.

36
37
38 **PUBLIC COMMENTS FOR BOARD ON GEOGRAPHIC NAMES ACTION ITEMS**

39 None.

40
41 **Board on Geographic Names (Action Items)**

42 **Smith Island New Name Proposal | 2 handouts, including the presentation**

43 Caleb Maki, Executive Secretary, Committee on Geographic Names

44
45 Mr. Maki shared the details of the proposed name change stating that the proposed name
46 commemorates Bill Smith, who acquired the island in 1955 and then transferred the island to the
47 Island Lake Foundation prior to his death on December 11, 2011. The Island Lake Foundation

1 has been involved in fighting the erosion of the island, and Mason County passed a resolution
2 supporting the proposed name in March of 2017.

3
4 The Committee on Geographic Names received no comments opposing the proposed name, and
5 the Committee recommends the Board vote to approve the name “Smith Island”.

6
7 Mr. Maki asked for approval of the name change.

8
9 MOTION: Director Brown moved to accept the proposal for the new name.

10
11 SECOND: Commissioner Peach seconded the motion.

12
13 ACTION: The motion carried unanimously

14
15 **PUBLIC COMMENTS FOR CHAIR REPORT**

16 **Doug Cooper, Hampton Lumber, Vice-President of Resources**, spoke about the RDEIS,
17 MMLTCS, and timber sale values and financial implications.

18
19 **Connie Beauvais, Port of Port Angeles**, shared comments from the Port on the RDEIS, Draft
20 Financial Analysis, and Losses and Gains report. She highlighted three points:

- 21 • The RDEIS, Draft Financial Analysis, and the Losses and Gains report fail to analyze the
22 potential gains to trust beneficiaries from emergent technologies and markets for
23 advanced wood products.
- 24 • DNR should assemble a team, chosen by trust beneficiaries, to work with DNR to
25 develop the methodology and analysis of the impacts to local governments and every
26 trust beneficiary.
- 27 • Every area proposed or set aside should be “ground-truthed” by a team of public and
28 private foresters, to document habitat values, and identify management options and
29 expectation.

30
31 **Scott Swanson, representing WSAC**, expressed his appreciation of the efforts of DNR staff,
32 commented on the RDEIS, and reminded the Board of their fiduciary responsibility.

33
34 **Miguel Perez-Gibson, representing WEC**, spoke about the great work the Department has
35 done on the HCP over the past 20 years. He stated WEC has submitted their comments on the
36 RDEIS. He then stated that the bottom line is that there are two bars to meet, one by the Board
37 and one by USFWS. The Board needs to establish management policies at the benefit of the
38 trusts, and USFWS needs to establish a decision that supports the ESA. He also spoke about the
39 TLT program, and the importance to look at the program as a whole and not just one section.

40
41 **Matt Commisky, WA Manager for AFRC**, spoke about the sustainable harvest calculation and
42 commented on the Board’s interest in the State Forest Trust Transfer process. He stated that the
43 current SHC planning decade ends in about 5 ½ years, and stated that it is unknown what will
44 happen in 11 years. Other than the 100-year net present value analysis, it is unknown what is
45 going to happen. The junior taxing districts would likely struggle to understand how that affects
46 their ability to provide services going forward.

1 **Rod Fleck, Attorney, City of Forks**, spoke about the RDEIS Financial Analysis and pointed out
2 that the special habitat areas in strategic locations have mislabeled p-stages and that there is
3 significant impact to the Clallam County block with the removal of approximately 25-28% of the
4 block. He asked Commissioner Peach to question the discount rates, and shared his concerns
5 with the model. He also shared concerns with the volume numbers.

6
7 **Ed Bowen, Citizen**, stated that he is part of the depressed population, and spoke about the
8 RDEIS process and that there is need for a solid discussion on the revised financial analysis with
9 the public. He shared concerns with the impact to highly rural communities, and expressed hope
10 that the Board keeps that in mind.

11
12 **CHAIR REPORT**

13 **Trust Land Transfer Project Follow Up | 1 handout**

14 Angus Brodie, Deputy Supervisor for State Uplands

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

16
17 Mr. Brodie presented information on policy and legal framework in relation to the mission of the
18 Michigan Trotter Timber Sale, which includes managing for recreation, visual aspects, and how
19 the Trust Land Transfer project fits into that nexus. He shared what is considered when
20 establishing the TLT lists, such as the trust mandate, generation of revenue for the beneficiaries,
21 and corpus of the trusts. He emphasized that in addition to habitat for wildlife there needs to be a
22 benefit to the trusts.

23
24 Mr. Brodie spoke about the multiple use act, referencing statutes for guidance, and summarized
25 that though the Department strives to manage for multiple uses, the multiple uses must not affect
26 the Department's fiduciary responsibilities. Mr. Brodie then spoke about the Policy for
27 Sustainable Harvest, and the number of policies and procedures that provide guidance for the
28 Agency on further management.

29
30 Mr. Milliern reviewed the process for the Michigan Trotter timber sale and the surrounding
31 landscape. He declared the intention to continue management of the area, and described the
32 process that brought the Department to the decision to add the property to the TLT list. He
33 informed the Board that the Department approached the County to add the 37 acres, and got the
34 County's agreement.

35
36 Superintendent Reykdal asked if the 200 buffer is on both sides of the trail. Mr. Milliern stated
37 that both sides are included with the TLT. The TLT to the County is contingent on funding by
38 the legislature.

39
40 Director Brown restated that to go beyond the 200-foot buffer, we would need to justify the fit
41 with the trust mandate. Superintendent Reykdal asked for confirmation that the slope stability is
42 not an issue. Mr. Milliern confirmed that the Department geologist assessed the area and deemed
43 it acceptable. Mr. Brodie stated that the presentation was being given to apprise the Board of the
44 principles put in place, and the considerations during the process.

1 Mr. Milliern shared that the County and Parks Advisory Committee is in support of the buffer
2 and TLT. Discussion followed surrounding the TLT with the County, slope stability, criteria for
3 the TLT program, and compensation to the beneficiaries.
4

5 Mr. Milliern then completed the presentation by reviewing the criteria for the program. Mr.
6 Brodie shared that the next steps would be getting approval from the legislature for the TLT, and
7 getting approval by the Board for the timber sale. Then the timber sale and the transfer would
8 come back before the Board.
9

10 Chair Franz adjourned the meeting for a 10-minute break.
11

12 **Draft Financial Analysis Update for the MM LCTS and SHC | 1 handout**

13 Angus Brodie, Deputy Supervisor for State Uplands
14

15 Mr. Brodie reviewed the revised draft financial analysis. He stated that the purpose of the
16 financial analysis is to use it as a tool to aid in the decision-making process for marbled murrelet
17 habitat, arrearage, and to make a decision on whether or not to include the riparian harvest in
18 SHC.
19

20 Mr. Brodie shared that 38 scenarios were ran, and then reminded the Board members of what is
21 included in the analysis area: DNR-managed lands west of Cascades, and within 55 miles of
22 marine waters. He stated that the financial analysis includes all the lands managed by DNR in
23 western Washington, noting the slight difference in the land area we are contemplating. He
24 explained that when recalculating the sustainable harvest we look at all the lands in western
25 Washington that are under DNR management.
26

27 He then explained that the metrics analyzed are the same as in 2017, the 10-decade net present
28 value, the harvest volume for 2015-2024, noting we are more than half way through that
29 planning decade, and long-term forest cover. He explained that long-term forest cover is the
30 amount of lands dedicated towards conservation and maintaining forest cover over the life of the
31 habitat conservation plan. We do not anticipate harvest activities such as regeneration scheduled
32 in this area, noting there may be harvest thinning.
33

34 He then shared major updates since 2017, such as inventory data, land transactions missed,
35 harvest activities from the mid-90s, and an update to the local database from the regions. Also
36 new timber price data cover types modeled, the time-frame extension, and northern spotted owl
37 habitat management, timber yields, discount rate changed from two percent to three percent. The
38 last update was an update to the OESF management.
39

40 Mr. Brodie shared a comparison of alternatives, noting the two new alternatives G and H. He
41 again noted the original 36 scenarios, plus the 2 new combinations, and then reviewed the 10-
42 decade harvest volume, which now allows the sustainable harvest volume units to fluctuate from
43 one decade to the other 25%.
44

45 Chair Franz asked about the context for this type of fluctuation, such as was it expected in 2004,
46 and if the 2004 Board was comfortable with it. Mr. Brodie responded that the 2004 Board was
47 comfortable with the projections. However, Mr. Brodie stated that the 2004 projections included

1 riparian harvest within the sustainable harvest, which reduced the magnitude of the fluctuation.
2 Chair Franz, in regards to age class distribution, asked about the ability to change 5 decades out.
3 Mr. Brodie shared that there is a plan to have a more detailed presentation on an assessment of
4 trust land performance in January or February, which will tie in with this discussion.

5
6 Superintendent Reykdal restated what Mr. Brodie presented to confirm correctness. He
7 summarized that we are going from roughly 500mbf to approximately 300mbf, and that 100
8 years from now we would never recover to the level we harvest today, which based on the
9 anticipated student growth at 1% per year, is not ideal for future students. Mr. Brodie confirmed
10 this as a significant challenge. Chair Franz reminded the Board that we could start planning now
11 for the low volume 5 decades out.

12
13 Commissioner Peach stated that this is 6-7 decades after the HCP was implemented, and asked if
14 this change was included when the HCP was presented for approval in 1997. Mr. Brodie
15 responded that it wasn't presented in 1997, as the Board policy at that time was non-declining
16 even-flow and expected its harvest level to be around 550-560 on the west side. Commissioner
17 Peach commented that the HCP stated it would not have a financial impact, yet 20 years later,
18 you find that is not the case.

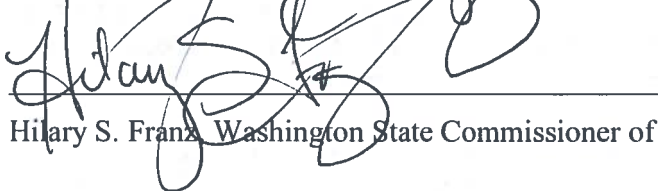
19
20 Mr. Brodie shared a detailed overview of how the data tables are constructed, and explained the
21 data and what it represents to the alternative options. Discussion followed on the scenarios. He
22 then reviewed a summary of impacts to the marbled murrelet, riparian, and arrearage.

23
24 Mr. Brodie then described next steps, stating that the comment period ends on December 6 and
25 the release of the MMLTCS FEIS and the SHC FEIS will take place in July of 2019. The
26 USFWS Record of Decision, Section 10 findings and Incidental Take Permit issuance will then
27 follow in the fall of 2019.

28
29 Commissioner Peach asked when the Board would receive a presentation on the summary of
30 comments. Mr. Brodie replied that a presentation is planned January, with follow up on action in
31 February.

32
33
34 Meeting adjourned at 12:28 PM.

Approved this 18th day of January, 2018



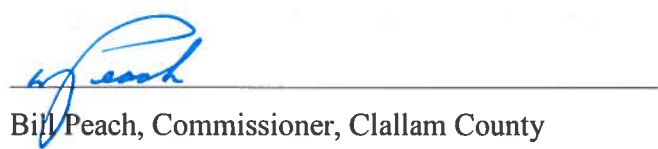
Hilary S. Franz, Washington State Commissioner of Public Lands

approved via phone _____

JT Austin, Designee for Governor Jay Inslee

Absent _____

Chris Reykdal, Superintendent of Public Instruction



Bill Peach, Commissioner, Clallam County

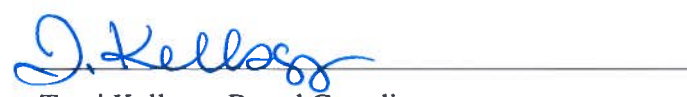
approved via phone _____

André-Denis Wright, Dean, College of Agricultural, Human, and Natural Resource Sciences,
Washington State University

approved via phone _____

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

Attest:



Tami Kellogg, Board Coordinator