



Solutions Table Meeting Notes

July 31, 2019, Olympia WA

The Solutions Table met for the eighth time on July 31, 2019, in Olympia, Washington. All members were present and participated, except for Travis Joseph (AFRC). Tom Bugert (Senior Strategic Advisor, Office of the Commissioner of Public Lands) and Lenny Young (Executive Policy Advisor) were also present. Commissioner Franz (DNR) could not attend the full meeting, but she joined for a brief discussion with the Solutions Table members during the first meeting session. Connie Beauvais (Port of Port Angeles) had to leave early due to a conflicting commitment.

Agenda items included the following.

- Results of Solutions Table Small Group Work
- Public comment
- Looking across Emerging Potential Recommendations
- Plan for Rest of the Summer and Fall – Getting the Work Done
- Public comment

Tom Bugert (DNR) welcomed everyone to the meeting and thanked the Solutions Table members for working together since the last meeting to identify opportunities for potential Solutions Table recommendations for further consideration by the full group.

Remarks from Commissioner Franz

Commissioner Franz joined during the meeting for a brief discussion with the Solutions Table. She emphasized the value of the Solutions Table and the importance of the conservation, beneficiary, and timber-related jobs constituencies working together to find common solutions. The Commissioner recognized the different perspectives and challenges each constituency faces and encouraged everyone to focus on finding opportunities that address shared needs and present viable solutions for the future.

Members highlighted that individual perspectives across the different constituencies help inform the work of the Solutions Table. One member emphasized that rural communities in particular are being impacted by the increased number of lands set aside for conservation. Other members described the real risk of the marbled murrelet being extirpated from the State of Washington if additional conservation actions are not taken. The Commissioner recognized the long history on

these issues and the deep pain each constituency has experienced. Members of the Solutions Table acknowledged the many challenges rural communities face with declining economies and demographics and emphasized that the primary focus of the Solutions Table discussions is to lay a sustainable path forward for the future

Results of Solutions Table Small Group Work & Looking Across Emerging Potential Recommendations

Several small group calls were held since the last Solutions Table meeting (May 30, 2019) to discuss specific ideas in the DNR topic papers and identify potential areas of common ground. Through conversations, the groups identified a) potential areas of interest that merit further consideration from the full Solutions Table, b) areas for further exploration where the groups felt more discussions are needed before any concrete recommendations are made and c) potential areas that the groups felt may not be worth pursuing and should be set aside for now. A draft summary of key small group discussion highlights was shared with the Solutions Table in preparation for the meeting. The meeting focused on the opportunities that seemed the most promising for Solutions Table recommendations and on which members could potentially work over the next months. Potential recommendations from the small groups are still in the initial phase and they do not represent fully-fledged ideas. The small groups will reconvene after this meeting to further refine these preliminary ideas.

1. Portfolio Management

Brian Sims (WASDA) gave an overview on the potential strategies to optimize the state's trust land asset portfolio discussed by the small group, for further consideration by the Solutions Table, i.e.:

- **Expanding the state's trust land asset portfolio:** This potential solution could entail developing a constitutional amendment to create more flexibility for asset acquisition and disposal and allow DNR to sell and buy assets at different points in time (currently DNR can only sell and buy at the same time). This type of change would allow DNR to sell underperforming lands and buy more productive lands more nimbly when the opportunity arises and at a fair market value. Other actions in this topic area could include updating old provisions of the land acquisition and disposal regulations.
- **Diversifying the state's trust land existing portfolio:** This potential solution includes exploring opportunities to diversify the portfolio through repurposing existing lands (e.g., moving from grazing to energy) or through selling underperforming assets in favor of better performing assets. The focus would be on options that would bring the most benefits and have the most limited impacts on local governments and economies.

Overall, the Solutions Table expressed interest in further exploring these potential solutions, but indicated that more discussions are needed to gain a better understanding on aspects such as timing of land transfers so that trust revenues do not suffer while new assets are pursued, and how funds from land selling could be managed in a temporary investment fund until new land acquisitions can be made at a fair market value. The Solutions Table also showed interest in

looking at underperforming lands that could be sold to allow for other more productive land acquisitions. Work in this area will be informed by the results of the DNR Trust Land Performance Assessment project, which are anticipated in June 2020. The Solutions Table discussed the possibility of expressing support for the Trust Lands Performance Assessment and associated funding.

The Solutions Table highlighted that any portfolio management solutions should have limited impacts to local economies and spoke to the importance of maintaining the base of timberlands to support rural communities. Local governments, in particular, expressed concerns about selling and buying at different points in time noting that county timberlands have been decreasing over time and private investors tend to repurpose acquired lands for different activities that may not produce the same local revenue as timber management. Members also cautioned that diversifying the portfolio should not create negative economic impacts for counties and that more discussions are needed on this topic. Paul Jewell reported that the counties' preferred scenario for a land acquisition strategy is to replace encumbered lands with working forest lands in the same county. Replacement should ideally be done with existing federal forestlands (as opposed to purchasing private lands or replacing lands with other producing revenue lands (like ag lands)).

Next steps include:

- Brian Sims (WSSDA) will share draft language to create more flexibility for asset acquisition, for review by the Solutions Table.
- The small group on Portfolio Management will further discuss the two proposed strategies, including potential impacts to local economies, timing of land transfers, and management of temporary funds from asset transactions.

2. Funding Mechanisms for Acquisition of New Lands

Brian Sims (WSSDA) and Paula Swedeen (Conservation Northwest) presented the following preliminary ideas on funding mechanisms for acquisitions:

- **Bond financing** for new asset acquisitions (e.g., commercial or clean energy). This option may need legislative support for a potential conservation bonding authority or certificate of participation authority.
- **The Clean Water State Revolving Fund (CWSRF)** is a federal-state loan program that provides funding for clean water projects. The loans can currently be accessed by local governments, but a legislative amendment could broaden eligibility to state agencies.

Solutions Table members indicated that more discussion is needed as to how the CWSRF funds could be accessed by local governments or become available to state agencies. One Solutions Table member noted that local governments are generally less interested in loan programs than in grant programs and expressed some concern about the resources required to put together successful proposals compared to the amount of funding available. Conservation representatives

noted that WEC works with the Department of Ecology to increase the number of successful applications for the CWSRF funds by offering assistance with the application process to local governments.

The following funding mechanisms mentioned by participants were seen as potentially longer-term opportunities because they may require significant legislative changes and multi-stakeholder support and/or because they are separate efforts that (if successful) could create new opportunities for the Solution Table:

- Passing state-specific carbon pricing legislation;
- Federal passage of the Recovering America's Wildlife Act, which would allocate a permanent amount to states for wildlife management every year;
- Establishing a requirement to purchase more habitat when land conversion is being pursued, similar to current approaches in Europe and South America;
- Setting up an endangered species conservation bank.

Next steps include:

- Paula Swedeen (Conservation Northwest) and Brian Sims (WSSDA) will organize some ideas on financing mechanisms for asset acquisition, for further consideration by the Solutions Table members before the September 17 meeting. Ideas will address bond financing, potential conservation bonding authority and certificate of participation authority, potential ways for DNR to be eligible for accessing CWSRF funds, and other ideas (e.g., ecosystem services pilots).

Public Comment

Three members of the public offered comments. One member expressed concerns related to the land acquisition discussions and noted that it may be challenging to buy new lands due to political and economic realities on the ground, including feasibility of obtaining funds for land acquisitions and paying back loans, but also acceptance by local communities that may struggle with economic stability and have other competing infrastructure priorities. A second commenter offered similar remarks, highlighting that acquiring new lands may not produce the expected benefits for conservation. A third commenter suggested that if a new trust was to be established to get revenue from new lands to areas most affected by conservation obligations, it should be set to serve multiple purposes for conservation, jobs, and revenue to beneficiaries.

In response to the public comment, one Solutions Table member clarified that any potential land acquisitions would be funded through some financial mechanisms that members are currently considering. Another member noted that in addition to potential land acquisitions, other conservation strategies should also be considered such as artificial nesting platforms and prey availability for the marbled murrelet. The Solutions Table recognized that more progress needs to be made in order to define the potential solutions that all the three caucuses around the table can support and develop an initial package of proposals by the end of this calendar year. Tom

Bugert (DNR) encouraged everyone to bring forward their concerns and try to understand each other's perspectives in order to work together as a group and find solutions that benefit the different caucuses.

3. Federal Lands

Patricia reported that she is working with Travis to put together a statement of support on the use of the Good Neighbor Authority and Shared Stewardship agreements to increase the pace of restoration on federal forest lands for consideration by the Solutions Table. One member noted that, while the small group advised to set aside the idea of land exchange for the moment, this could be an area on which the Solutions Table could seek more information in the long-term. It is also an area of particular interest to counties who see exchange of encumbered state trust lands for Federal lands (which then could be actively managed for harvest) as a potential preferred way forward.

Next steps include:

- Travis and Patricia will develop a draft Solutions Table statement of support for use of Good Neighbor Authority and Shared Stewardship agreements.
- DNR has been in contact with USFS and will try to schedule a conversation with the Solutions Table to identify new or overlooked ways in which USFS lands can provide greater support for rural economies and discuss a potential Solutions Table statement of support for USFS to meet existing forest treatment / restoration targets. (Meeting these targets results in some volume coming off Federal lands.)
- Paula will coordinate internally with her organization to identify what it would support in terms of harvest volume on federal lands.
- A follow-up small group call may be scheduled after the meeting with Patricia, Paula, and Travis.

4. DNR Forest Management

The Solutions Table reported that there was interest on the small group in putting together a potential statement around several forest management areas, including the following:

- **Riparian Management:** Calculating the riparian timber volume towards attainment of the Sustainable Harvest Calculation and including this volume in the SHC;
- **Sustainable Harvest Calculation (SHC) Expert Panel:** Creating an expert panel to advise DNR on the SHC model and planning process;
- **Timber Sales Plans:** Developing 2, 3, and 5-year timber sale plans within each DNR region;
- **Region Timber Sales:** Supporting DNR's use of "Region Sales" to expedite low value, timber sales and thereby help DNR achieve SHC volume targets;
- **Forest Inventory:** Implementing a strategy to accurately update the inventory of state trust lands (e.g., fixing GIS data layers, ground-truthing remotely sensed data).

The group will also have a follow-up discussion with DNR experts on the silviculture budget to better understand the current budget shortfall and determine if a Solutions Table recommendation could be made to improve the silviculture funding.

Next steps include:

- The small group will work with Travis to refine a proposed draft list of recommendations
- A silviculture budget briefing will be scheduled with DNR experts and the full Solutions Table
- The small group will discuss a potential recommendation on the silviculture budget following the DNR briefing
- A follow-up small group call may be scheduled after the meeting with Lisa, Dan, Travis, Jim, and Patricia.

5. Small Forest Landowners

The Solutions Table reported that the group is working on a draft statement to recognize the critical importance of small forest landowners in maintaining the health of rural communities and in supporting both timber-related jobs and conservation benefits.

Next steps include:

- The small group will finalize a draft statement of support on small forest landowners before the September meeting.
- A follow-up small group call may be scheduled after the meeting with Jim, Connie, Travis, and Paula.

6. Additional habitat conservation ideas and habitat acceleration ideas

Members reported that this is a topic which could be further addressed as part of ongoing conversations. Lenny Young (DNR) explained that the technical paper that DNR put together on additional murrelet habitat conservation proposes a sequence of steps with the main one being to explore the goal of increasing the amount of DNR-managed forestland dedicated to murrelet habitat conservation beyond the amount conserved through the Long Term Conservation Strategy. The Solutions Table conservation caucus is currently working on developing specific information on their recommendations with regard to additional desired marbled murrelet habitat. The Solutions Table members commented it will be important to determine the amount of additional habitat needed to be acquired in order to produce benefits for increased conservation, revenue, and timber volumes. Habitat acceleration ideas should be discussed with the US Fish and Wildlife Service, and DNR has reached out to them to begin the process of setting up a conversation in the fall.

Next steps include:

- The conservation caucus will develop recommendations on additional marbled murrelet habitat on DNR lands for further discussion with the full Solutions Table. Additional habitat conservation ideas will be discussed on an upcoming Solutions Table meeting.
- DNR will continue to follow up with USFWS on the appropriate timing for conversation on habitat acceleration.

Plan for the Upcoming Months – Immediate and Long-Term Actions

- **Planned WSAC-led Assessment of the economic effects of the Preferred Alternative on Junior Taxing Districts and Counties**

Paul indicated that the Washington Association of Counties is planning to conduct an assessment to better understand the impacts of the preferred alternative on junior taxing districts and counties. WSAC would like to hire a third-party consultant to conduct the assessment with guidance from a multi-stakeholder advisory group (still to be formed). The plan is to finalize the assessment by mid-2020. This study is meant to complement the ongoing DNR Trust Land Performance Assessment which is anticipated in June 2020.

- **Plan for the yearly Legislative report**

Tom Bugert reminded the Solutions Table about the annual reporting requirements to the legislature and asked the members' input on the development of the required annual update report in HB 2285.

Members recommended to use the results of the small group conversations to inform the development of the report. The timeline for DNR to finalize the draft report is September 1, 2019 and submit it to legislators on September 11, 2019. A final report is due in December.

Public Comment

Three members of the public offered comments. One participant noted that there are still some outstanding topics on which the Solutions Table should further coordinate and emphasized the need for a better understanding of the impacts the preferred alternative will have on the different environmental, beneficiary, and conservation caucuses. He further shared his perspective that the focus should be on better managing existing lands rather than acquiring new ones. A second commenter expressed interest in the upcoming assessment that is being planned by the counties and emphasized that it will provide a clearer picture on the volume of acres impacted and the county revenues. A third commenter indicated that more discussion is needed to ensure DNR is meeting its riparian harvest targets and not overestimating volumes as it did in the past. He also emphasized that the environmental caucus may aim to go beyond the EIS Alternative H for murrelet conservation and suggested to discuss additional habitat conservation ideas on the upcoming Solutions Table meeting.

Next Meeting

The next Solutions Table meetings will take place on September 17 in the Olympic Peninsula. More details and logistics will be communicated in the next weeks via email.