
Minutes

Board of Natural Resources Meeting

October 4, 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

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

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

CALL TO ORDER

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

2
3 All Board members introduced themselves. Chair Goldmark noted there was a quorum with all
4 Board members present.
5
6

SAFETY REVIEW

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

APPROVAL OF MINUTES

10
11 Chair Goldmark called for approval of the minutes for the September 6, 2016 Regular Board of
12 Natural Resources Meeting.
13
14

15 MOTION: Dean Mittelhammer moved to approve the minutes.

16
17 SECOND: Commissioner Peach seconded the motion.

18
19 ACTION: The motion was approved unanimously.
20

PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST

21 Phillip Kitchel, citizen, read a letter from Superintendent Richard Thompson with the Chimacum
22 School District concerning the impacts arrearage has on their school district. He urged the Board
23 to do everything in their power to calculate potential yields so the beneficiaries can get a fully
24 funded education.
25

1
2 Jim Stoffer, representing the Sequim School Board and Washington State School Directors'
3 Association (WSSDA), spoke about the importance of trust funds for school districts.
4

5 Peter Goldman, Director of the WFLC, spoke about the trust mandate. He stated his concerns
6 about an Idaho Attorney General making a presentation on the topic and that he hopes the Board
7 understands the important legal differences between the Idaho and Washington State
8 constitution.
9

10 Eric Lowell, Business and Finance Manager with the Timberland Regional Library, spoke about
11 the importance of timber revenue and the services it helps provide.
12

13 Hector Yulo, Paralegal representing the WSSDA, introduced himself to the Board.
14

15 Mitch Friedman, Director of Conservation Northwest, spoke about the importance of balancing
16 the fiduciary trust with the broader public trust and the importance of having the discretion to
17 assess the risk.
18

19 Ed Bower, citizen, spoke about DNR possibly acquiring property associated with the Elwha
20 project and asked the DNR to look into being a part of the disposition.
21

22 Russ Pfeiffer-Hoyt, Chair of the Washington State School Directors' Association Trust Land
23 Task Force, urged the Board to continue to complete the work being done with the current Board
24 in place. He also urged the Board to select an alternative for the marbled murrelet that provides
25 the highest level of trust revenue.
26

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

28 Charlotte Persons, representing the Mary Bond of Seattle Audubon, asked the Board to keep in
29 mind that when approving timbers sales concentrating timber harvest greatly increases
30 environmental impacts.
31

32 Bill Turner, Timber Manager for Sierra Pacific Industries, stated the importance of the timber
33 sales program to the trust beneficiaries and the communities that rely on it. Mr. Turner
34 encouraged the Board to approve the Singletary Timber Sale as presented.
35

36 Matt Comisky, Washington Manager for AFRC, spoke about his concerns regarding the
37 Singletary Timber Sale and how it is no longer being included in the packet provided to the
38 Board for approval. He urged the Board to direct staff to bring all fully permitted sales to
39 auction, including the Singletary Timber Sale.
40

41 **TIMBER SALES (Action Item)**

42 **Proposed Timber Sales for November 2016 | 3 handouts, including the presentation**

43 Tom Shay, Product Sales & Leasing Division
44

45 Mr. Shay presented the results of the September auctions to the Board. The Department offered
46 7 sales totaling 18.9 mmbf in September. All sales sold totaling \$4.8 million, for an average of
47 \$254 per mbf, with just over 2 bidders per sale on average.

1
2 Mr. Shay noted that two sales that were previous offered and did not sell in July were reoffered
3 and sold in September.

4
5 Mr. Shay then presented proposed sales to be offered in November to the Board, and asked the
6 Board for questions.

7
8 Director DeLuca asked about the Singletary sale which had been removed from the package.
9 Mr. Blum addressed the Board regarding Singletary by stating there are multiple concerns with
10 the sale including recreational, the proximity to Wallace Falls State Park, and a potential indirect
11 impact on local businesses. The sale also received a notice under the Clean Water Act and
12 required a Shoreline Permit to install a bridge. The Singletary sale has been through the SEPA
13 and Forest Practices processes. Mr. Blum then stated that stakeholders who were concerned with
14 the sale were caught off-guard by the DNR moving forward with Singletary, and thought the
15 agency was trying to “sneak” it through the process. Mr. Blum finished by saying the sale will be
16 held for one more month and brought back to the Board in November.

17
18 Director DeLuca asked if there was a buffer between the park and the Singletary sale. Mr. Blum
19 showed a vicinity map of the Wallace Falls Park boundary and the Singletary sale, showing no
20 buffer between the two. Mr. Blum did note there are multiple leave trees near trails in the sale
21 area.

22
23 Mr. Shay closed the topic by stating the Singletary sale will be covered in greater detail in
24 November.

25
26 Commissioner Peach asked if any other sales had been withdrawn from the package initially sent
27 to the Board. Mr. Shay responded that no other sales were removed.

28
29 Director DeLuca asked if the Skullet sale, a sale with steeper slopes, was truly allowing ground-
30 based operations on slopes up to 75% or if that was a typo. Mr. Shay commented that he would
31 look into the issue.

32
33 Mr. Shay asked for approval of the proposed sales as presented.

34
35 MOTION: Director DeLuca moved to approve the proposed sales.

36
37 SECOND: Commissioner Peach seconded the motion.

38
39 ACTION: The motion was approved unanimously.

40
41 **PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS**

42 None.

43
44 **LAND TRANSACTION (Action Items)**

45 **Old Hwy 99, File No. 02-093922; Amendment to Resolution 1486**

46 Kyle Blum, Deputy Supervisor for State Uplands

1 Mr. Blum presented the amendment to Resolution 1486, an escheat property brought to the
2 Board the previous month. Due to a minor staff mistake, the resolution had the small proceeds
3 of land going into the real property replacement account. Mr. Blum stated that it should have
4 been directed into the common schools construction funds according to the laws governing
5 escheat properties.
6

7 Mr. Blum asked the Board for approval of the amendment to Resolution 1486.
8

9 MOTION: Commissioner Peach moved to approve the amendment to Resolution 1486.
10

11 SECOND: Director DeLuca seconded the motion.
12

13 ACTION: The motion was approved unanimously.
14

15 PUBLIC COMMENTS FOR CHAIR REPORT

16 Phillip Kitchel, citizen, read a letter from the President of the Clallam County Fire Chiefs
17 Association, Sam Phillips, requesting the Board's assistance in timber harvest levels and spoke
18 of the impact of reduced revenues on the local fire districts.
19

20 Lisa Remlinger, representing the WEC, spoke about the arrearage and encouraged the Board to
21 get to the "why" of how we got here today. Ms. Remlinger urged the Board to develop an
22 accurate sustainable harvest calculation number.
23

24 Wyatt Golding, with the Washington Forest Law Center, representing the Olympic Forest
25 Coalition, the Sierra Club, and Seattle Audubon, spoke about arrearage and the importance of
26 having an accurate sustainable harvest calculation. Mr. Golding urged the Board not to focus
27 only on the arrearage, and asked the Board not to consider it as an alternative.
28

29 John Nutter, President of Clallam County Public Hospital with Olympic Medical Center, spoke
30 about his concerns regarding arrearage and how the impacts of the funds received from timber
31 harvest directly impacts their community. He urged the Board to consider not only the direct but
32 indirect economic impacts of the harvest decisions.
33

34 Colleen McAleer, President of the Commission of the Port of Port Angeles and the Chief
35 Executive of the Washington Business Alliance, asked the Board to include the unharvested
36 volume in Clallam County in the next cycle.
37

38 Ed Bowen, citizen, spoke about his concerns regarding arrearage and asked the Board to work on
39 providing the unharvested volume.
40

41 Carol Johnson, Executive Director of the North Olympic Timber Action Committee, spoke about
42 arrearage and the impacts it has on Clallam County. Ms. Johnson asked that DNR provide the
43 arrearage number folded into the original sustainable harvest calculation about 14 years ago.
44

45 Jon Pincelli, citizen, thanked DNR's law enforcement and DNR staff. He then expressed his
46 concerns regarding the Blyn Repeater timber sale.
47

1 **CHAIR REPORT**

2 **Trust Mandate**

3 Chair Goldmark welcomed and introduced Idaho Attorney General, Lawrence Wasden.

4
5 Attorney Wasden presented the Board with The Public's Trust in Public Lands' presentation. He
6 stated that he was not offering legal guidance, but engaging in a generalized discussion around
7 fiduciary duty, which is to do what is in the best interest of the beneficiaries. Attorney Wasden
8 then provided the Board with a few examples of legal cases in the State of Idaho.

9
10 **Sustainable Harvest Calculation**

11 Kyle Blum, Deputy Supervisor for State Uplands

12
13 Mr. Blum presented on the subject of arrearage, and shared scenario harvest volumes associated
14 with the four arrearage options. He opened with a disclaimer that the volumes he would be
15 providing were for comparing arrearage options amongst themselves, and that the numbers were
16 neither final nor would they be what goes into the draft environmental impact statement.
17 A lot of discussion around arrearage has occurred in previous Board meetings, so Mr. Blum
18 moved quickly through some of the background definitions and RCW context. He then reminded
19 those in attendance that depending on how you apply the arrearage formula you achieve an
20 arrearage of either 462 MMBF or 702 MMBF (702 MMBF if you only look at the sustainable
21 harvest units in arrears).

22
23 The Board had previously agreed on four arrearage options to be considered and analyzed: roll
24 the arrearage into the inventory, harvest 462 MMBF in 10 years, harvest 702 MMBF in 5 years,
25 and harvest 462 MMBF in 1 year.

26
27 The cause of the arrearage was covered in greater detail in the August 2015 BNR meeting, but
28 Mr. Blum once again highlighted the four largest contributing factors: trust land transfers, lower
29 than expected riparian harvests, murrelet conservation, and financial resources. Commissioner
30 Peach asked if the low riparian harvest level had to do with the complexity of the riparian harvest
31 rules in the HCP. Mr. Blum answered that the variance had to do with a couple of things, one of
32 which was that there was poor mapping of riparian and unstable areas. The other did involve the
33 HCP, under the Riparian Forest Restoration Strategy. The RFRS was needed to allow the
34 Department to harvest within riparian areas and ensure the Department was meeting the
35 obligations of the HCP, but implementing the RFRS had been complex and expensive. Chair
36 Goldmark also reminded the group that due to the economic downturn there was a time when
37 conducting riparian harvests became economically infeasible.

38
39 Mr. Blum then showed a graph of harvest level projections for each option across a ten decade
40 period. Regardless of the option, after decade four all lines looked pretty identical. In decade one
41 the roll it in option produced the least volume. But for the other options to have more volume in
42 the first decade, it was noticeable that they had less volume in decades two and three. Mr. Blum
43 then pointed out that the 702 MMBF 462 MMBF options did not produce 702 or 462 MMBF
44 more than the roll it in option. To be able to harvest additional arrearage the model had to in turn
45 take volume away from the base. For example, the 702 MMBF option ended up only producing
46 approximately 200 MMBF more in decade one than the roll it in option.

1 To illustrate how those outcomes came to be. Mr. Blum walked through an arrearage schematic.
2 In it, he explained how the arrearage was created and how selecting an arrearage volume to
3 pursue influences the remaining inventory.
4

5 Mr. Blum then focused on the first three decades, providing harvest levels by arrearage option.
6 For the non-roll it in options to harvest higher volumes in the first decade the model had to
7 harvest less in decades two and three. By the end of the three decades all options had performed
8 fairly similarly.
9

10 In another attempt to show how the roll it in option is still capturing the arrearage, Mr. Blum
11 presented decade one harvest volumes for two sustainable harvest units (Skamania and OESF)
12 which had ended with a very high arrearage. Compared to the 2007 harvest volume projection
13 for this same period, even the new roll it in option harvest level was significantly higher. That is
14 because the model was going after extra volume that still existed but which the 2007 model
15 expected would have already been harvested. Even so, the other three options provided even
16 higher volumes for the first decade. But, once again, those higher volumes did come at a cost to
17 future decades.
18

19 Commissioner Peach asked about intergenerational equity with stands that had reached or
20 exceeded their optimal harvest age. Mr. Blum responded that the model is sophisticated enough
21 to weigh that as a consideration, so that the model could choose which stands to harvest based
22 off yield and growth conditions. Commissioner also guessed the model must have used a low
23 discount rate, around 2-3% to achieve this, and Mr. Blum said he believed Commissioner to be
24 about right on.
25

26 Dean Mittelhammer asked why, for these scenarios, the staff decided to use marbled murrelet
27 Alternative A. Mr. Blum responded that since it was the no action alternative it appeared the
28 safest option. Mr. Blum speculated that murrelet alternatives with more conservation would
29 shrink the difference between these arrearage options, and vice versa for alternatives with less.
30 Dean Mittelhammer commented that the impacts of the options are not identical amongst
31 sustainable harvest units, and that would be an issue the Board would have to eventually
32 consider.
33

34 Chair Goldmark stressed that this is an important topic and reminded the group that
35 consideration will have to be paid to the choice the Board will eventually have to make.
36

37 Dean Mittelhammer asked about the progress towards reaching a decision point. Mr. Blum
38 described the remaining timeline. Both the MM and SHC DEIS's will be released on time in
39 early December and a 90 day public comment period will follow. After that, the Department will
40 need to respond to comments and then produce the final EIS's. Those processes are intended to
41 help inform the Board's ultimate decision. The speed at which the Board wants to move is
42 largely up to them. The Board has discretion during the process to dig into additional information
43 as desired, and to make their decision when they see fit.
44

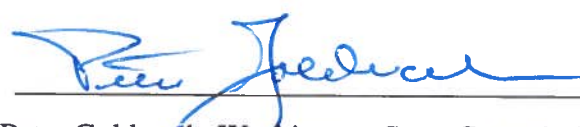
45 Commissioner Peach asked how the riparian variable would compare to the murrelet and
46 arrearage variables. Mr. Blum speculated that the difference between the riparian options could
47 be upwards of 45 MMBF/year, but no less than zero. Mr. Blum estimated that the significance of

1 the difference would be in the ballpark of the other two variables. Riparian scenarios will be
2 presented at the October special Board meeting.

3
4 Chair Goldmark complimented Mr. Blum on a nice presentation and thanked the Board for their
5 time.

6
7 Meeting adjourned at 11:05 AM.

Approved this 15th day of November, 2016



Peter Goldmark, Washington State Commissioner of Public Lands

absent

JT Austin, Designee for Governor Jay Inslee



Randy Dorn, Superintendent of Public Instruction



Bill Peach, Commissioner, Clallam County

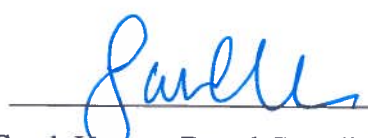
via conference call

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

via conference call

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

Attest:



Sarah Vansot, Board Coordinator