
Minutes

Board of Natural Resources Meeting

November 1, 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 –
via conference call

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

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

2
3
4 All Board members introduced themselves. Chair Goldmark noted there was a quorum for the
5 meeting with Dean Mittelhammer and Director DeLuca participating via phone.

SAFETY REVIEW

6
7
8 Ms. Vansot gave a safety overview and instruction on evacuating the building in case of an
9 emergency.

APPROVAL OF MINUTES

10
11
12 Chair Goldmark called for approval of the minutes for the October 4, 2016 Regular Board of
13 Natural Resources Meeting.

14
15 **MOTION:** Commissioner Peach moved to approve the minutes.

16
17 **SECOND:** Superintendent Dorn seconded the motion.

18
19 **ACTION:** The motion was approved unanimously.

PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST

1 Bob Hamlin, representing Skamania County, spoke in support of the Skamania transfer and
2 asked the Board to maintain an undivided loyalty to the trust beneficiaries.

3
4 Jim Stoffer, representing Sequim School Board and member of WSSDA, spoke in support of the
5 Sequim transfer and asked the Board to consider a funding stream to the junior taxing districts
6 during their deliberations.

7
8 Commissioner Dan Cothren, representing Wahkiakum County, spoke in support of the
9 Wahkiakum state forest trust transfer and reminded the Board how important the revenue source
10 is for the survival of their county.

11
12 Peter Goldman, Director of the WFLC, spoke about the Singletary Timber Sale. He stated that it
13 is an area with very strong recreational potential, and thanked the DNR for temporarily delaying
14 the timber sale.

15
16 Rod Fleck, City of Forks Attorney, thanked Commissioner Goldmark and Kyle Blum for making
17 a trip to Forks for two very important functions for their region: Forks Warehouse opening and
18 the signing of the Olympic Experimental State Forest Plan.

19
20 **PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS**

21 Bill Turner, representing the Sierra Pacific Industries, stated his disappointment regarding the
22 Singletary Timber Sale being pulled out of the packet once again. Mr. Turner urged the Board to
23 trust in the DNR staff and the Snohomish county staff, who have worked for many years to put
24 this timber sales up. He requested the sale be brought back for open public discussion.

25
26 Doug Cooper, Vice President of Resources for Hampton Lumber Mills, spoke about the
27 Singletary Timber Sale. Mr. Cooper stated that their mills in Washington rely on a stable local
28 timber supply, especially their mill in Darrington. Volume is critical to the economic health of
29 the local beneficiary entities, and he urged the Board to ask DNR staff to bring the sale forward.

30
31 **TIMBER SALES (Action Item)**

32 **Proposed Timber Sales for December 2016 | 3 handouts, including the presentation**

33 Tom Shay, Product Sales & Leasing Division

34 Kyle Blum, Deputy Supervisor for State Uplands

35
36 Mr. Shay presented the results of the October auctions to the Board. The Department offered 7
37 sales totaling 17.4 mmbf in October. All sales sold totaling \$5.1 million for an average of \$294
38 per mbf with just under 3 bidders per sale on average.

39
40 Mr. Shay noted that the Department received a good amount of interest in the sales offered,
41 resulting in a 40% overbid. Mr. Shay also noted that current and future market factors could
42 sway timber prices higher in coming months.

43
44 Mr. Shay then presented the proposed sales to be offered in December to the Board.

45
46 Mr. Shay asked for approval of the proposed sales as presented.

1 MOTION: Commissioner Peach moved to approve the proposed sales.

2
3 SECOND: Superintendent Dorn seconded the motion.

4
5 ACTION: The motion was approved unanimously.

6
7 Mr. Blum addressed the Board regarding the Singletary timber sale in the Northwest Region. Mr.
8 Blum described the location of the proposal in relation to nearby towns, parks, and federal land
9 and described the recreational concerns raised regarding Singletary.

10
11 Mr. Blum then provided some basic details of the sale size (178 acres), volume (7.4 mmbf), and
12 value (about 1.7 million dollars), as well as a brief timeline of important approvals (FPA, SEPA,
13 Shoreline Permit). He noted that there are very high road costs associated with the sale in order
14 to install three bridges because the Singletary sale is the first entry into a block of timberland.
15 The newly accessible area is approximately 2,000 acres. Mr. Blum advised the Board that the
16 route planned to enter these 2,000 acres has been looked at from multiple angles, and the chosen
17 route has the least environmental impact. He then went on to discuss the planned acres and
18 volume (about 27 mmbf) within the 2,000 acre area.

19
20 Mr. Blum addressed the concerns raised during the planning of the Singletary sale, primarily
21 those related to recreation and access to the Wallace Falls State Park. Mr. Blum discussed the
22 DNR's involvement in a recreation plan in the area associated with the Park in order to mitigate
23 overflow from the Park. Numerous grants were applied for and obtained to address recreation
24 interests in this area, but due to the length of time it took to receive a Shoreline Permit from the
25 county, these grants were due to expire before the Singletary sale could move forward. Rather
26 than let the grant money expire, the Department chose to build trails, some of which are built
27 through the proposed Singletary sale. A number of trail users are not excited about a new trail
28 going through a harvest unit.

29
30 Mr. Blum then discussed Snohomish County's recent request to re-open dialogue regarding the
31 Singletary sale. Snohomish County has been involved throughout the planning process, and in
32 2014 said they were acceptable to the sale moving forward. He added that Snohomish County
33 originally requested that the share of funds generated from the sale that would go to the County
34 be left as leave trees to buffer the park; however, there is not a method to distribute funds only to
35 certain areas/taxing districts. Mr. Blum noted that the recent call to re-open discussions is likely
36 due to recent elections and a change in the political climate in the County. He also mentioned the
37 County was potentially interested in reconveying the land associated with the Singletary sale.

38
39 Mr. Blum then outlined why he feels reconveying the land to the County is not good public
40 policy. Mr. Blum believes that trust management and recreation are compatible, and require each
41 other. Timber sales provide a sound road system which dramatically improves accessibility and
42 greatly reduces the costs of trail maintenance, especially in comparison with federal lands. Mr.
43 Blum believes the Board and the Department need to keep having discussions about how to
44 handle these situations because a positive social license is most important with a public agency.
45 A reconveyance would greatly diminish the Department's ability to generate revenue for the trust
46 beneficiaries associated with the area, and would hinder the County's ability to provide
47 recreational opportunities in the same area, with limited time and budgets due to other planned

1 recreational improvements. The DNR hopes to invest eight to ten million dollars into the
2 landscape associated with Singletary for recreational improvements/purposes. This would best be
3 completed by working together with the County, along with an active timber sale program.
4

5 Commissioner Peach asked about the reconveyance process with regard to the Board and the
6 County. Mr. Blum answered that there would not be much in regard to the Board involvement.
7 As for the County, they would be required to manage the land as a park and could not manage it
8 for commercial purposes. They would also need a plan for park management of the area, which
9 would be the largest impact to reconveyance. Most of the time spent would be on land surveys to
10 create a plan to bring to the Board of Natural Resources for approval. An estimated timeline
11 could be as early as six months.
12

13 Superintendent Dorn discussed the Sultan School District and that the potential amount of money
14 that would go to this school district would be vast (about five hundred thousand dollars).
15 Superintendent Dorn asked whether the future sales in the area would also generate funds for the
16 Sultan School District. Mr. Blum answered yes.
17

18 Superintendent Dorn noted that the school district has likely been planning on the revenue from
19 the Singletary sale to be generated, and a loss of the revenue could have a negative impact on the
20 District. This also applies to the remaining areas that have been planned for future harvest.
21 Superintendent Dorn also was concerned about the inability to leave a larger buffer near
22 recreational features. Mr. Blum responded that the leave tree plan with the Singletary sale left
23 most of the leave trees around trails; however some stakeholders would prefer to see more trees
24 left.
25

26 Mr. Blum also noted that the amount mentioned which potentially would be generated from the
27 Singletary sale for the Sultan School District replaces revenue from other sources so school
28 district's would still receive funds, but the source of those funds can change with timber sale
29 revenue involved. So even though the full amount generated from the Singletary sale would not
30 potentially impact the Sultan School District, it could impact others.
31

32 Superintendent Dorn finished his comments by stating that if we do not move forward with the
33 sale it will have an impact on the Sultan School District. Mr. Blum agreed.
34

35 Director DeLuca commented that it is important for the timber sales program, recreation
36 stakeholders should continue to work together, and recreational objectives should be met with
37 the same level of concern as habitat and other objectives. Director DeLuca also noted that leave
38 trees along trails can go a long way to reducing the public's concerns with timber harvest
39 because they are not walking directly through what they feel looks like a mess rather than a
40 rapidly reproducing forest.
41

42 Mr. Blum noted that the Department needs to take a bigger picture look at projects like this as
43 well as timber management for the future of Washington, especially in regard to carbon
44 concerns. His concerns were directly related to examples from federal lands, where an absence of
45 a timber sales program has had a negative impact on other resources and land objectives.
46

47 **PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS**

1 Phil Aune, representing the Lake Spokane Parks, spoke in support to the trust land transfer in the
2 Lake Spokane area.

3
4 Lisa Ayers, representing Pacific County, spoke in support of the trust land transfer to Pacific
5 County, and encouraged the Board to approve the Pacific County proposal as presented.

6
7 Commissioner Dan Cothren, representing Wahkiakum County, spoke in support of the
8 Wahkiakum transfer.

9
10 Matt Comisky, Washington Manager for AFRC, spoke about his concerns regarding the trust
11 land transfer program. He urged the Board to assure they are preserving the corpus of the trust,
12 and to fully review the TLT proposals.

13
14 **LAND TRANSACTION (Action Items)**

15 **Wahkiakum County State Forest Trust Replacement, Resolution 1488**

16 **Pacific County State Forest Trust Replacement, Resolution 1489**

17 **Skamania County State Forest Trust Replacement, Resolution 1490**

18 Julie Armbruster, Conservation, Recreation, and Transactions Division

19
20 Ms. Armbruster presented the Board with three transfers of State Forest Transfer trust land to
21 complete the State Forest Trust Replacement Program for the 2015-2017 biennium.

22
23 The Wahkiakum County transfer is 175.3 acres for addition to the Skamokawa Creek Natural
24 Resources Conservation Area (NRCA). The property is classified as occupied Marbled Murrelet
25 habitat. The timber is valued at \$1,237,050 and of that amount \$927,788 (75%) will be
26 distributed to Wahkiakum County to fund services. The Department will receive \$309,262 (25%)
27 for the Forest Development Account, which pays for the cost of managing State Forest Transfer
28 trust lands. The land value of \$262,950 will be placed in the Park Land Trust Revolving Account
29 and used to purchase replacement forest land.

30
31 The Pacific County transfer is 63.4 acres for addition to the Naselle Highlands NRCA. The
32 property is classified as occupied marbled murrelet habitat. The timber is valued at \$1,404,900
33 and of that amount \$1,053,675 (75%) will be distributed to Pacific County to fund services. The
34 Department will receive \$351,225 (25%) for the Forest Development Account, which pays for
35 the cost of managing State Forest Transfer trust lands. The land value of \$95,100 will be placed
36 in the Park Land Trust Revolving Account and will be used to purchase replacement forest land.

37
38 Ms. Armbruster then presented the last proposal. The Skamania County transfer is 203.4 acres
39 for addition to the Stevenson Ridge NRCA. The property is classified as core habitat for northern
40 spotted owl. The timber is valued at \$1,694,900 and of that amount \$1,271,175 (75%) will be
41 distributed to Skamania County to fund services. The Department will receive \$423,725 (25%)
42 for the Forest Development Account, which pays for the cost of managing State Forest Transfer
43 trust lands. The land value of \$305,100 will be placed in the Park Land Trust Revolving Account
44 and will be used to purchase replacement forest land.

45
46 The transfers are authorized by a legislative appropriation to assist timber-dependent counties by
47 providing revenue from lands affected by the Endangered Species Act.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47

Ms. Armbruster asked for approval of Resolution 1488, Resolution 1489, and Resolution 1490.

MOTION: Commissioner Peach moved to approve Resolution 1488, 1489, and 1490.

SECOND: Dean Mittelhammer seconded the motion.

ACTION: The motion was approved unanimously.

Trust Land Transfer Program 2017-2019 Proposal
Bob Winslow, Conservation, Recreation, and Transactions Division

Mr. Winslow gave a brief overview of the Trust Land Transfer (TLT) project criteria and the history of TLT funding and conserved acreages from 1989 to 2016 was provided. The legislature provides funding for the transfer of the properties to designated public recipients. The timber value is distributed to the Common School Construction Account and the land value is distributed to the Real Property Replacement Account for future purchase of replacement Common School trust lands.

Mr. Winslow provided information on the 2017-2019 TLT proposed project list for the 10 proposed projects, which have an estimated total value of \$30,065,000. Nine of the projects are located in western Washington and one is located in eastern Washington. The Department will forward the entire list to the Governor’s Office and OFM for budget planning purposes.

Chair Goldmark reminded the Board that the Department will prepare and present the individual projects that are legislatively approved and funded to the Board for their consideration, formally authorizing each transaction to take place throughout the biennium.

Mr. Winslow asked for approval of the Trust Land Transfer 2017-2019 Proposal.

MOTION: Dean Mittelhammer moved to approve the TLT 2017-2019 Proposal.

SECOND: Commissioner Peach seconded the motion.

ACTION: The motion was approved unanimously.

PUBLIC COMMENTS FOR CHAIR REPORT

Bill Wallace, member of the School Trust Lands Task Force for WSSDA, thanked the Board for their thoughtful deliberation on the long-term conservation strategy and the sustainable harvest calculation. Mr. Wallace urged the Board to select a preferred alternative that has the least impact on trust revenue.

Mary Bond, representing the Seattle Audubon, stated that the Board will need to select an alternative that meets the legal requirements of the Endangered Species Act.

Peter Goldman, citizen, asked the Board and DNR not to release the draft EIS for either the Marbled Murrelet Long-term Conservation Strategy or the Sustainable Harvest Calculation.

1
2 Lisa Remlinger, representing the Washington Environmental Council, asked the Board to think
3 about the long-term sustainable management of our state lands. Ms. Remlinger spoke in favor of
4 the net present value and the 2% discount rate.
5

6 Rod Fleck, City of Forks Attorney, encouraged the Board to support the 702 MMBF arrearage
7 calculation. Mr. Fleck stated that if the Board should consider adopting the 462 MMBF that the
8 Board provide a legal analysis explaining how it complies with the Department's fiduciary
9 obligations.
10

11 **CHAIR REPORT**

12 **Marbled Murrelet Long-term Conservation Strategy and Sustainable Harvest Calculation** 13 Angus Brodie, Forest Resources Division Manager 14

15 Mr. Brodie's presentation provided details about the net present values used in the marbled
16 murrelet scenarios previously presented at the September meeting. He began with the same
17 disclaimer used in the September presentation, stating that the numbers would be for
18 comparative purposes only, and that alternatives in the DEIS would be different. He then showed
19 a slide listing components of the Department's trust mandate, highlighting the obligation to act
20 impartially with respect to current and future beneficiaries. To emphasize the point, Mr. Brodie
21 spoke on the history of sustained yield management, from the origin of modern forestry and
22 even-flow management in Europe, to our current practices with discounting financial returns
23 over time.
24

25 The Department uses a linear programming formulation model to determine the sustainable
26 harvest level. The model is directed to maximize the financial return over the long-term, as
27 represented by net present value (NPV). The generation of NPV is comprised of four
28 components: timber volume, price, cost, discount rate.
29

30 Mr. Brodie explained that the timber volume that goes into the model is based on yields, land
31 base, harvest types, and other additional management constraints. For price, the model used a
32 price based off records from 2011-2015. Mr. Brodie noted that the model used for the DEIS
33 alternatives has a more complex price structure than what was used in these scenarios. Costs
34 were also based on a review of previous DNR costs.
35

36 Chair Goldmark asked if inflation was accounted for in the calculation. Mr. Brodie responded
37 that inflation and appreciation is accounted for in the discount rate. The next component of NPV,
38 discount rate, was analyzed at between 1 and 5 percent. To achieve a suitable and stable flow
39 over the planning period, a discount rate of 2 percent was chosen.
40

41 Before presenting NPVs for the scenarios, Mr. Brodie showed two slides summarizing the
42 differences between the marbled murrelet alternatives. He then presented a chart that showed
43 how the scenarios ranked amongst themselves, by NPV for each trust. All trusts ranked
44 Alternative B as the alternative with the highest NPV, Alternative F with the lowest, and
45 differing rankings for alternatives A, C, D, and E.
46

1 A table with NPV by trust and alternative was then shown. Mr. Brodie spoke on patterns he saw.
2 Chair Goldmark commented that the difficulty in seeing a clear pattern makes for a difficult
3 decision for the Board. Mr. Brodie then showed NPV for State Forest Transfer Lands, and then
4 for Sustainable Harvest Units (SHUs). While the differences between some of the alternatives
5 seemed small at the trust level, several of the differences between the counties seemed even
6 smaller. Superintendent Dorn acknowledged that Wahkiakum County showed one of the biggest
7 differences, and therefore had a lot at stake. Mr. Brodie agreed, and highlighted that Pacific
8 County is also in a similar position. Both of those counties are highlighted within the DEIS for
9 that reason.

10
11 Commissioner Peach reported he had recently spoke with the Washington Association of
12 Counties Timber Subcommittee and received positive feedback from them about the use of NPV
13 as a decision criteria for the selection for the marbled murrelet alternative.

14
15 Commissioner Mittelhammer asked about next steps. Mr. Brodie responded that the DEIS
16 releases will take place on December 2. Mr. Brodie has also noted that the Board has requested
17 to see the analysis of interactions between the different model variables, which will require
18 additional analysis and compiling of the analyses.

19
20 Chair Goldmark thanked the staff for their thoughts, and for the work being put into the projects
21 and presentations.

22
23 Meeting adjourned at 11:13 AM.

Approved this 10th day of December, 2016



Peter Goldmark, Washington State Commissioner of Public Lands

present

JT Austin, Designee for Governor Jay Inslee

via conference call

Randy Dorn, Superintendent of Public Instruction

(see next page)

Bill Peach, Commissioner, Clallam County

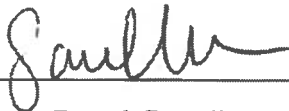
via conference call

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

(see next page)


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

Attest:



Sarah Vansot, Board Coordinator


Approved this 14th day of December, 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 Vansot, Board Coordinator

Approved this 14th day of December, 2016



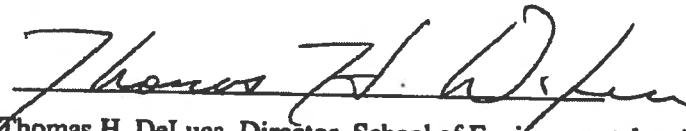
Peter Goldmark, Washington State Commissioner of Public Lands

JT Austin, Designee for Governor Jay Inslee

Randy Dorn, Superintendent of Public Instruction

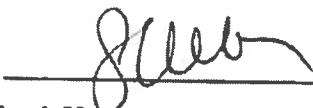
Bill Peach, Commissioner, Clallam County

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 Vansot, Board Coordinator