
Minutes

Board of Natural Resources Meeting

February 3, 2015

Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT

The Honorable Peter Goldmark, Washington State Commissioner of Public Lands

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

The Honorable Jim McEntire, Commissioner, Clallam County

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*

The Honorable Randy Dorn, Superintendent of Public Instruction

1 CALL TO ORDER

2 Chair Goldmark called the meeting to order at 9:00 AM. All Board members introduced
3 themselves. Chair Goldmark noted there was a quorum for the meeting, with Dean
4 Mittelhammer participating via conference call.

6 SAFETY REVIEW

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

10 APPROVAL OF MINUTES

11 Chair Goldmark called for approval of the minutes for the January 6, 2015 Regular Board of
12 Natural Resources Meeting.

14 MOTION: Commissioner McEntire moved to approve the minutes.

16 SECOND: Ms. Austin seconded the motion.

18 ACTION: The motion was approved unanimously.

20 PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS

21 Cheryl Heywood, Timberland Regional Library Director, stated that the Timberland Regional
22 Library is a trust beneficiary that will receive a couple of timber sales being presented to the
23 Board.

1
2 **TIMBER SALES (Action Items)**

3 **Proposed Timber Sales for March 2015| 3 handouts, including the presentation**

4 Tom Shay, Product Sales & Leasing Division
5

6 Mr. Shay presented the results of the January auctions to the Board. The Department offered 13
7 sales totaling 53.5 MMBF in January. Of these, 12 sales sold totaling \$20.4 million for an
8 average of \$415 per MBF.
9

10 Mr. Shay noted that the one sale that did not receive any bids was a thinning sale with a lot of
11 road work. The sale is being reworked to be re-offered at a later date.
12

13 Director Deluca asked if timber prices were holding steady. Mr. Shay noted that the prices are
14 holding and were helped by some sales that had poles in them, including sales in Northeast
15 Region. Mr. Shay believes February prices should hold as well.
16

17 Mr. Shay then presented the proposed March 2015 sales to the Board.
18

19 Mr. Shay asked for approval of the proposed March 2015 sales.
20

21 MOTION: Commissioner McEntire moved to approve the proposed March 2015 sales.
22

23 SECOND: Director Deluca seconded the motion.
24

25 ACTION: The motion was approved unanimously.
26

27 **STATE OF THE STATE LANDS REPORT FY 2014 | 1 Handout**

28 Angus Brodie, Forest Resources Division Manager

29 Darin Cramer, Product Sales and Leasing Division Manager
30

31 Mr. Brodie and Mr. Cramer provided the annual update on the state of the state lands report,
32 which include aspects of forest management, leasing program, transactions, and results to date
33 from the increased management fee. Mr. Brodie reviewed how the Department invests in forest
34 stands, shipping 5.9 million seedlings for reforesting state trust lands. He stated that the woods-
35 run cone collections were extremely low this year at 34 bushels collected, and the seed orchard
36 production was 320 bushels. He noted that weather patterns are believed to be affecting the low
37 numbers.
38

39 Chair Goldmark asked about the significant reduction in both naturally generated seeds and in
40 seed orchard, and if a sustainable level can be maintained? Mr. Brodie stated that from a
41 program prospective DNR is concerned about the continued low levels, and if it maintains at this
42 level over a long period of time DNR would not be able to sustain the seedling program.
43 However, establishing more seed orchards and increasing survey of DNR woods-run can help
44 with that issue. This would mean an increase in the program and investment in those areas.
45

46 Ms. Austin asked what the ideal weather is that produces more woods-run and what the current
47 weather patterns were like. Mr. Brodie answered that most cone crops have a cyclical

1 production of cones, and not having frost and rain during pollination would be the ideal weather.
2 He also noted that it is very important to have moisture during the fall periods.

3
4 Mr. Brodie touched on the forest stand tending stating that 22,000 acres were treated for weeds,
5 and 10,000 acres for pre-commercial thinning, and 5,000 acres for commercial thinning. He also
6 remarked that most of the management fee received was put into this program.

7
8 Mr. Cramer informed the Board of the timber volume sold in FY14 and the stumpage sales
9 values sold, detailing average stumpage prices at \$370/MBF in 2006 and in \$171/MBF in 2009
10 finishing FY14 at \$356/MBF. Mr. Cramer shared the total revenue earned: \$41.8 million for
11 leasing and \$151.9 million for timber, totally \$193.7 million for total revenue. Mr. Cramer then
12 presented the number of RMAPS projects and the number of culverts corrected each year.

13
14 Mr. Brodie informed the Board of transaction highlights noting trust acquisitions, conservation
15 and recreation transfers, and the 50,272 acres acquired in Teanaway, the State's first community
16 forest. In 2005 the Board approved a resolution that allows DNR to purchase properties valued
17 at \$100,000 or less if certain criteria are met. The properties must be in-holdings or edge-
18 holdings to existing ownerships, and must provide economic value to the trust. Further, an
19 annual report of these purchases must be made to the Board. Mr. Brodie then shared with the
20 Board the four properties that met the criteria: Coyle 6, Coyle 40, Blumauer Road, and Wallitner
21 Road.

22
23 Mr. Brodie stated that Mr. Blum came to the Board in July 2013, asking the Board to authorize
24 an increase in the management fee from 21% to 25% for FDA and 27% to 29% for RMCA. He
25 spoke about the trust land investments results to date that included: pre-commercial thinning,
26 LiDAR, the planning efforts on the marbled murrelet long-term conservation strategy, the
27 sustainable harvest calculation, and the OESF.

28
29 Mr. Cramer spoke about the completed easement exchanges securing permanent legal access to
30 more than 43,000 acres of trust land. DNR intends to complete at least one more easement
31 exchange, which would secure legal access to an additional 35,000 acres. Mr. Cramer stated
32 that DNR purchased interest in irrigation infrastructure allowing for irrigation of more than 350
33 acres of trust land, and increasing lease revenue by more than 5 times. He added that DNR is
34 also developing and implementing a grazing lease compliance/rangeland health monitoring
35 program to ensure sustainable use of trust land resources.

36
37 Director DeLuca asked what percentage of the total revenue is going back into maintaining the
38 quality of the trust lands. Mr. Brodie answered that on an annual basis approximately \$10
39 million dollars from the Silviculture Program is going back.

40
41 **PUBLIC COMMENTS FOR SUSTAINABLE HARVEST CALCULATION (SHC)**

42 Steve Courtney, Timber Procurement Manager for Interfor's Pacific Northwest Mills, stated that
43 in the Sustainable Harvest Calculation discussion, riparian management has been discussed as a
44 reason for part of the arrearage and an issue to be addressed in the next calculation. He expressed
45 that riparian management should not be discarded in the next decade. Mr. Courtney asked the
46 Board to include riparian management as a source of volume in the next Sustainable Harvest
47 Calculation.

1
2 Matt Comisky, Washington Manager for American Forest Resource Council (AFRC), stated that
3 they are concerned about the lack of difficult analysis of the “greatest return to the trusts” and the
4 concept of riparian management. Mr. Comisky suggested the Board direct staff to take a
5 renewed look at the causes of underperformance and develop additional alternatives based on
6 hard data. He stated that AFRC would like to continue to work with DNR on these issues which
7 are important to both the purchasers and the trust beneficiaries who depend on the sale of DNR
8 managed timber.

9
10 Russ Pfeiffer-Hoyt, Chair of the Washington State School Directors’ Association Trust Land
11 Task Force, urged the Board to keep the trust responsibility paramount as they review the report
12 on arrearage and the riparian harvest. Mr. Pfeiffer-Hoyt stated that the best way to deal with the
13 arrearage is to make sure the arrearage volume calculation is accurate first. Then, the harvest
14 timing method selected must provide the best returns to the trusts. He again urged the Board to
15 continue to focus on ensuring that the riparian harvest strategy provides the best return to the
16 trusts.

17
18 Shawn Cantrell, Northwest Regional Director for Defenders of Wildlife, urged the Board to
19 amend the Board agenda to allow public comments after the staff presentation.

20
21 Kevin Schmelzlen, with the Marbled Murrelet Survival Project, stated that conservation groups
22 over the last few months have urged the board to prioritize the marbled murrelet long-term
23 conservation strategy over the adoption of a new sustainable harvest calculation because it will
24 continue to be delayed if ran parallel to the harvest calculation.

25
26 Wyatt Golding with the Washington Forest Law Center, representing the Olympic Forest
27 Coalition, the Sierra Club, and Seattle Audubon, asked the Board and DNR staff how the SHC
28 will take into account the OESF land plan. Mr. Golding urged the Board to consider two things
29 regarding the ability to not attain the volume from the riparian buffers: 1.) not enough logging,
30 and 2.) the projections were not accurate, which leads to arrearage. He also asked the Board if
31 the buffers are meeting the HCP objectives.

32
33 **SUSTAINABLE HARVEST CALCULATION (SHC)**

34 Angus Brodie, Forest Resources Division Manager

35
36 Mr. Brodie introduced the topic of the Sustainable Harvest Calculation by stating that the
37 presentation was for informational purposes to provide background information and staff
38 recommendations around arrearage and riparian options for future development of a range of
39 alternatives.

40
41 Mr. Brodie provided an overview of the scoping comment period, including upcoming dates for
42 the public meeting webinar and the end of the comment period.

43
44 Mr. Brodie presented information on the arrearage from the 2004-2014 planning decade. He
45 reviewed the definition of arrearage, and discussed causes for the arrearage from the previous
46 decade. Staff recommendations on options to consider for creating alternatives were described
47 for management of the arrearage.

1
2 JT Austin asked about the Department's ability to harvest the arrearage in a short time frame like
3 the two year option. Mr. Brodie responded by stating that an analysis would be done around that
4 option to understand its feasibility and impact.

5
6 Commissioner McEntire asked if there is a way to include market, production or mill capacity
7 dynamics into the model for the sustainable harvest level. Mr. Brodie responded by stating he
8 sees two parts to the question. The first part is the econometric piece of the volume the
9 Department generates and how it contributes to the infrastructure in the state. Traditionally DNR
10 hasn't done that as a part of the model for setting the sustainable harvest level. The second part
11 of the question is around what influence the Department has on the market, for example if the
12 Department is a price taker or price maker. He stated that the Department would think about
13 options to include information like this.

14
15 Mr. Brodie also presented information around options for riparian management to be considered
16 for future development of alternatives to be analyzed. He explained that riparian management is
17 determined by State Trust Lands Habitat Conservation Plan (HCP) objectives, forest conditions
18 in riparian areas and linkage to upland harvests. The options would vary the amount harvested
19 from the riparian areas.

20
21 Director DeLuca asked about the options for riparian areas in the Olympic Experimental State
22 Forest. Mr. Brodie explained that the OESF Forest Land Plan Revised Draft Environmental
23 Impact Statement had two alternatives for riparian management within the OESF. Riparian
24 management in the OESF will use those alternatives within the sustainable harvest calculation
25 for the OESF.

26
27 Mr. Brodie concluded the presentation by talking about next steps for the Sustainable Harvest
28 Calculation and Marbled Murrelet Long-term Conservation Strategy.

29
30 **PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST**

31 Maria Ruth, member of the Black Hills Audubon Society and author of a non-fiction Marbled
32 Murrelet book, stated that the sustainable harvest calculation has derailed the marbled murrelet
33 long-term conservation strategy. Ms. Ruth would like to see staff provide the biological
34 consequences for the alternatives and move towards an EIS in March.

35
36 Cheryl Heywood, Timberland Regional Library Director, stated that the Timberland Regional
37 Library is a beneficiary and they would like to continue to see good outcomes.

38
39 Kathleen Snyder, President of Pilchuck Audubon, stated that she believes DNR's 2008 Science
40 Report lays out a clear science base recommendation to achieve the recovery of the marbled
41 murrelets, and that the long-term conservation strategy should follow these recommendations.
42 Ms. Snyder expressed that for the North and South Puget regions she would support the
43 conservation group's proposed alternative number four because it will ensure critical habitat is
44 protected for marbled murrelets and other at risk forest species.

1 Kevin Schmelzlen, with the Marbled Murrelet Survival Project, urged the Board and the
2 Department to have the alternatives based on the 2008 Science Report. Mr. Schmelzlen
3 recommended the Board to consider the conservation group's proposed alternative number four.
4
5 Chair Goldmark thanked the Board members for their presence and engagement, the public for
6 their comments, and staff for their hard work.
7
8 Meeting adjourned at 10:57 AM

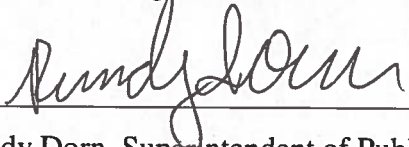
Approved this 10th day of March, 2015



Peter Goldmark, Washington State Commissioner of Public Lands

absent

JT Austin, Designee for Governor Jay Inslee



Randy Dorn, Superintendent of Public Instruction



Jim McEntire, Commissioner, Clallam County

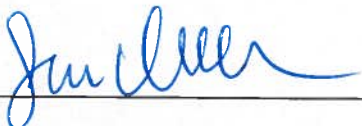


Ron Mittelhammer, Dean, College of Agricultural, Human, and Natural Resource Sciences,
Washington State University

na conference call

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

Attest:



Sarah Vansot, Board Coordinator

