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# Minutes

## Board of Natural Resources Meeting

April 2, 2019

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

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

Dan Brown, Director, School of Environmental and Forest Sciences, University of Washington – *via  
conference call*

### BOARD MEMBERS ABSENT

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

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### 1 CALL TO ORDER

2 Chair Franz called the meeting to order at 9:05 AM.

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

### 6 SAFETY REVIEW

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

### 9 APPROVAL OF MINUTES

10  
11 Chair Franz called for approval of the minutes for the March 5, 2019 Regular Board of Natural  
12 Resources Meeting.

13  
14  
15 MOTION: Commissioner Peach moved to approve the minutes.

16  
17 SECOND: Dean Wright seconded the motion.

18  
19 ACTION: The motion carried unanimously.

1 **PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST**

2  
3 Sam Low, Snohomish County Council, spoke about the Singletary timber sale and asked the  
4 Board to take control of the sale as previously approved. He provided the members a brief  
5 history on what has taken place to date, and the impact to Snohomish County. He stated that the  
6 county does not plan to, nor have plans to, reconvey this property.

7  
8 Dan Chaplik, Sultan School District Superintendent, spoke about the Singletary timber sale. He  
9 shared the encompassing area of the district and the projects completed and associated costs,  
10 which demonstrate the need for the revenue the sale will generate.

11  
12 Davi Martin, City of Goldbar Councilmember, speaking as a volunteer firefighter, spoke about  
13 the Singletary timber sale and the positive impact the revenue generated by the timber sale would  
14 have on the fire district.

15  
16 Debbie Copple, Sky Valley Chamber of Commerce, spoke about the Singletary timber sale and  
17 the economic future. She stated the timber sale should go forward as it will open options to  
18 improve the local recreational benefits and provide potential to increase the whole region to  
19 outdoor access.

20  
21 Russ Sumpter, Sultan School Board, spoke about the Singletary timber sale and the benefits from  
22 the revenue generated by the sale.

23  
24 Joe Beavers, Citizen of Goldbar, spoke about the Singletary timber sale. He provided a brief  
25 history on what has occurred regarding the sale. He then showed on a map what would happen to  
26 the recreation opportunities if the sale did not go through. He suggested that Board member  
27 Austin meet with Governor Inslee to find 30 million dollars to make the transfer happen.

28  
29 Russell Wiita, Sultan Community Council, spoke about the Singletary timber sale and the  
30 council's support to see the sale go through; noting the benefits, the sale would have on the  
31 community.

32  
33 Peter Goldman, WFLC, spoke about three timber sales on the OESF. He briefly addressed the  
34 comments on Singletary made at the meeting and expressed his disappointment with the  
35 comments made in support of the timber sale. He then spoke about Bull Legged, Willey Ridge,  
36 Claude Summit and concerns with these sales. He requested that DNR commit to replace these  
37 properties in the event the Board adopts Alternative F or Alternative G.

38  
39 **PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS**

40  
41 Bill Turner, Sierra Pacific Division Timber Manager, Mt. Vernon, Washington, spoke about the  
42 proposed timber sales and that DNR is about 15% short of their target, reminding the Board that  
43 the goal is 510 mmbf.

44  
45 Joe Monks, Washington Hardwoods Commission Chairman, spoke about Resolution 1538, and  
46 expressed support for the resolution to increase the limit of allowable region sales.

1 Matt Comisky, Washington Manager, AFRC, spoke about continued challenges with timber sale  
2 appraisals due to the challenging timelines to get the appraisals completed. He noted that DNR is  
3 short of meeting its target, and expressed support of the resolution to allow region sales.

4  
5 **TIMBER SALES (Action Item)**

6 **Proposed Timber Sales for May 2019 | 3 handouts, including the presentation**

7 Koshare Eagle, Assistant Division Manager, Product Sales & Leasing Division  
8

9 Ms. Eagle presented the results of the March 2019 auction to the Board. She stated that the  
10 Department offered 14 sales totaling 65.8 mmbf. The 14 sales sold totaling \$24.7 million for an  
11 average of \$378 per mbf with 2.6 bidders per sale on average. Ms. Eagle noted that the volume  
12 sold is less than offered due to no bids on five of the sorts. Ms. Eagle also noted that one sale had  
13 six bids in total, with the winning bid being 67% over minimum. Five sales had greater than 50%  
14 overbid, and five sales were within 10% of minimum bid.

15  
16 Ms. Eagle asked the Board for questions regarding the March 2019 auction results. There was  
17 none.

18  
19 Ms. Eagle then, based on what was planned, shared the auction results for the 2019 current fiscal  
20 year. She stated that the Department has sold \$117.4 million so far in fiscal year 2019. She then  
21 displayed a graph showing planned and sold sales in each quarter with sale volume only  
22 displayed in the planned section the first time offered, and then the sold section once sold. For  
23 example, the volume shown as planned in the second quarter, which did not sell, will still show  
24 as planned in the second quarter, but will also show as sold in the third or fourth quarter. Based  
25 on the current plan of 510 mmbf, sales are on track for the fiscal year. Ms. Eagle noted that there  
26 is a lot of volume left for the fiscal year due to a combination of work still in process on sales  
27 and unsold sales reoffered. She stated that staff are working towards getting a more even spread  
28 in fiscal year 2020.

29  
30 Ms. Eagle asked the Board to questions regarding fiscal year 2019 planned sales.

31  
32 Superintendent Reykdal asked if she could present a pie chart by the close of the fiscal year  
33 showing how much revenue went to the beneficiaries from a year's worth of sales. Ms. Eagle  
34 agreed to supply that information in the future.

35  
36 Commissioner Peach asked if the stumpage value of \$326 mbf included sort sale values  
37 converted to stumpage. Ms. Eagle explained that all values reported to the Board as sold are  
38 stumpage value.

39  
40 Commissioner Peach asked if there were any lump sum or cash sales this year, as he is looking at  
41 revenue going to beneficiaries in cash versus accrual accounting systems. Ms. Eagle explained  
42 that the majority of sales are lump sum. The projected sales are reported to the Board, and as  
43 sales are harvested, payments are received. For delivered log sales, money is held in an account  
44 as it comes in, and the harvester is paid out of that account. Ms. Eagle noted that removals,  
45 which payment distribution is from, are reported in the annual Sold, Removed, and Remaining  
46 report.

1 Commissioner Peach asked if the proposed region sales would be cash sales. Ms. Eagle  
2 confirmed that they would be cash sales.

3  
4 Ms. Eagle then presented proposed sales to the Board.

5  
6 Commissioner Franz asked the Board for questions regarding the proposed sales. There were  
7 none.

8  
9 MOTION: Commissioner Peach moved to approve the proposed sales.

10  
11 SECOND: Dean Wright seconded the motion.

12  
13 ACTION: The motion carried unanimously.

14  
15 **TIMBER SALES (Action Item)**

16 **Region Sales Resolution 1538 | 3 handouts, including the presentation**

17 Koshare Eagle, Assistant Division Manager, Product Sales & Leasing Division

18  
19 Ms. Eagle presented proposed Board Resolution 1538. The resolution would bring back the  
20 region sales program, allowing the Department to appraise and sell timber sales less than  
21 \$250,000. Current public auction and advertising requirements would remain in effect. Region  
22 sales can shave 2-3 months off the timber sales timeline. For small areas of fire or wind damaged  
23 trees, or for specific product marketing, a shortened timeline influences whether or not we gain  
24 value.

25  
26 Ms. Eagle asked the Board for questions on Board Resolution 1538.

27  
28 Dean Wright asked about a current threshold that the Department is allowed to appraise to less  
29 than \$250,000 or if the Department is not authorized to appraise and sell at all. Ms. Eagle shared  
30 that sales appraised for less than \$250,000 had been auctioned as region sales in the past. When  
31 Department staff found a discrepancy in the values identified between the RCWs and the Board  
32 Resolutions, we no longer brought regional sales forward. Ms. Eagle noted that regions currently  
33 have the authority to do direct sales up to \$25,000.

34  
35 Commissioner Peach clarified that in the future the Department will want to watch more closely  
36 for legislative changes. Ms. Eagle explained that is something the Department is now more  
37 aware of, and will pay better attention to as well.

38  
39 Superintendent Reykdal asked if the Department considered inflation when determining the  
40 \$250,000 threshold. Ms. Eagle shared that they based the \$250,000 off current legislation, and  
41 that they do not anticipate adjustments to the threshold within the next decade.

42  
43 MOTION: Dean Wright moved to approve Resolution 1538.

44  
45 SECOND: Commissioner Peach seconded the motion.

46  
47 ACTION: The motion carried unanimously.

1  
2  
3 **PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS**

4 Tom Beavers, representing King County Natural Resources and Parks, spoke about the Issaquah  
5 Creek transfer and expressed support of the transaction. He provided a brief history and shared  
6 the purpose of the transaction.  
7

8 **LAND TRANSACTION (Action Items)**

9 **Issaquah Creek Transfer, No. ; Resolution 1539**

10 Bob Winslow, Project Manager, Conservation, Recreation, and Transactions Division  
11

12 Mr. Winslow provided a brief overview of the Trust Land Transfer process and shared the  
13 current Trust Land Transfer leases.  
14

15 Mr. Winslow described the Issaquah Creek transfer property as located in King County near the  
16 southern boundary of Tiger Mountain State Forest, approximately 4 miles north of Maple Valley.  
17 The property is Common School Trust and proposed for transfer to King County, who is the  
18 current Trust Land Transfer (TLT) lessee of the property through 2061. King County has  
19 requested a fee transfer of the property as provided for in the lease. Trust Land Transfer leases  
20 that become fee transfers to the recipient are subject to perpetual deed restrictions, limiting future  
21 uses of the property to wildlife habitat, open space, or recreation purposes.  
22

23 He then shared that the county has provided DNR with an Administrative payment as required in  
24 the lease to cover DNR's costs to prepare this parcel for transfer. The property has a salmon-  
25 bearing stream (Holder Creek that flows into Issaquah Creek) on the property, and plans of the  
26 county include enhancing the riparian habitat on this property. There are several timber harvest  
27 constraints on the property including wetlands, a fish bearing stream, critical areas, and a county  
28 road easement.  
29

30 The property is 24.59 acres in size and zoned Rural Area 5, but the appraiser determined that the  
31 significant acreages that are encumbered by critical areas and the high costs associated with  
32 bridge construction would limit the highest and best use number of home sites to two potential  
33 undeveloped lots.  
34

35 Mr. Winslow then explained that the Department received an upfront payment of \$373,000 in  
36 2011 for the 50-year Trust Land Transfer lease. The funds were deposited into the Common  
37 School Construction Account. This fee transfer will result in a \$75,000 payment by King  
38 County, to be placed in the Real Property Replacement Account (RPRA) for purchasing  
39 replacement trust land for the benefit of the Common School Trust. The total amount that will  
40 be received for the property associated with the two transactions is \$448,000.  
41

42 Superintendent Reykdal asked about the advantage of retaining mineral rights. Mr. Winslow  
43 stated there is a statute that requires the State to retain the mineral rights, however there is little  
44 to no mineral on the property.  
45

46 Commissioner Peach asked how the value of \$75,000 was determined. Mr. Winslow replied that  
47 after negotiation and appraisal it is most appropriate and prudent amount for the transfer.

1  
2 Mr. Winslow concluded by asking the Board to approve Resolution 1539.

3  
4 MOTION: Superintendent Reykdal moved to approve Resolution 1539.

5  
6 SECOND: Commissioner Peach seconded the motion.

7  
8 ACTION: The motion carried unanimously.

9  
10 **Columbia/Kind Land Exchange, No. ##; Resolution 1540**

11 Julie Armbruster, Project Manager, Conservation, Recreation, and Transactions Division

12  
13 Ms. Armbruster made a presentation on the land exchange between DNR/Bonneville Power  
14 Administration (BPA). She explained the purpose of the transaction and provided background  
15 information regarding the transaction.

16  
17 She shared that BPA encumbered a 640-acre section of DNR grazing land with two transmission  
18 lines that made the property unsuitable for wind power leasing. The Department negotiated a  
19 mitigation agreement that called for BPA to replace the property through a land exchange,  
20 instead of accepting a cash buy-out of the property.

21  
22 She stated that BPA offered 40 acres of forest land it owned that is adjacent to the Raging River  
23 State Forest, which over time would generate more income for the Common School trust than a  
24 grazing lease. The BPA property appraised at \$250,000, including \$120,000 for timber. DNR  
25 traded the Columbia property valued at \$128,000, and paid \$122,000 from the Real Property  
26 Replacement Account to balance the exchange. She shared the details of the properties and  
27 values, and then shared the results of public outreach, what was mainly that the current lessee  
28 would retain access to the property. BPA agreed to grant a lease to the current lessee.

29  
30 Superintendent Reykdal asked about BPA's purpose to acquire the land. Ms. Armbruster replied  
31 that the Department negotiated with BPA to take this property. Chair Franz noted that there is  
32 other land suitable for wind and solar leasing.

33  
34 Commissioner Peach asked if there was a consideration of wind power when determine the  
35 value. Ms. Armbruster replied that due to federal regulations, we could only appraise for current  
36 use of land and not the potential use of land.

37  
38 Chair Franz asked for a motion to approve of Resolution 1540.

39  
40 MOTION: Dean Wright moved to approve Resolution 1540.

41  
42 SECOND: Commissioner Peach seconded the motion.

43  
44 ACTION: The motion carried unanimously.

45  
46 Chair Franz announced that the June Board meeting will take place in Ellensburg, and the Board  
47 Retreat will take place in the Ellensburg/Tri-Cities area. The focus of the field tour will be on the

- 1 commercial and agricultural leasing program and on forest health work. More details are to
- 2 follow.
- 3
- 4 Commissioner Peach requested an update on the Singletary timber sale next month.
- 5
- 6 Meeting adjourned at 10:19 AM.

14

3/16/15

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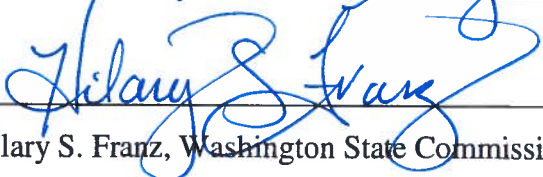
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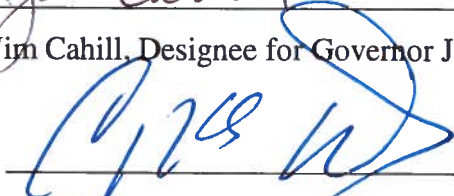
Approved this 7<sup>th</sup> day of May, 2019



Hilary S. Franz, Washington State Commissioner of Public Lands



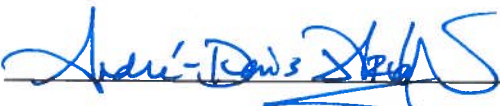
Jim Cahill, Designee for Governor Jay Inslee



Chris Reykdal, Superintendent of Public Instruction



Bill Peach, Commissioner, Clallam County



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



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

Attest:



Tami Kellogg, Board Coordinator