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# Minutes

## Board of Natural Resources Meeting

May 3, 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

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

JT Austin, Designee for the Honorable Jay Inslee, Washington State Governor – *via conference call*

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

### BOARD MEMBERS ABSENT

The Honorable Randy Dorn, Superintendent of Public Instruction

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### 1 CALL TO ORDER

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

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4 All Board members introduced themselves. Chair Goldmark noted there was a quorum for the  
5 meeting with Ms. Austin participating via phone.

### 7 SAFETY REVIEW

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

### 11 APPROVAL OF MINUTES

12 Chair Goldmark called for approval of the minutes for the April 5, 2016 Regular Board of  
13 Natural Resources Meeting.

14 MOTION: Commissioner Peach moved to approve the minutes.

15 SECOND: Director DeLuca seconded the motion.

16  
17 ACTION: The motion was approved unanimously.

### 21 PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST

22 Bill Turner, Timber Manager, representing Sierra Pacific Industries, spoke about the importance  
23 of timber sale revenue and the impacts it has on the economy. Mr. Turner urged the Board to  
24 continue to find ways to strengthen the timber sales program.

1  
2 Matt Comisky, Washington Manager for AFRC, spoke about the importance of the timber sales  
3 program and urged the Board to approve the Cougar Creek timber sale.  
4

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

6 Russ Pfeiffer-Hoyt, Chair of the Washington State School Directors' Association Trust Land  
7 Task Force, spoke in favor of the Cougar Creek timber sale. He encouraged the Board to  
8 complete the interim long-term strategy for the marbled murrelets and the sustainable harvest  
9 calculation.

10  
11 Laura Berg, representing the Washington State Counties, spoke in support of all the timber sales  
12 as presented to the Board.  
13

14 **TIMBER SALES (Action Item)**

15 **Proposed Timber Sales for June 2016 | 3 handouts, including the presentation**

16 Darin Cramer, Product Sales & Leasing Division  
17

18 Mr. Cramer presented the results of the April 2016 auction to the Board. The Department offered  
19 12 sales totaling 52.5 mmbf in April. All sales sold totaling \$15.9 million for an average of \$304  
20 per mbf.  
21

22 Chair Goldmark asked about current market conditions. Mr. Cramer responded there were better  
23 prices than expected this month due to a combination of sale types and species mix. There was a  
24 lot of volume offered as there will also be in May and June; Mr. Cramer would prefer to see  
25 volumes peak in January through March each year. Prices overall have been steady and were  
26 better than expected in April.  
27

28 Chair Goldmark asked why the overbid value was so high. Mr. Cramer cited that there was a  
29 higher amount of thinnings proposed, and these sales were appraised conservatively not knowing  
30 how the market would react to them.  
31

32 Mr. Cramer then presented the proposed June 2016 sales to the Board and asked for questions.  
33

34 Commissioner Peach asked for an update on total volume for fiscal year 2016 through the sales  
35 presented. Mr. Cramer answered if all sales sold through the month of June, which would  
36 include the proposed action item, total fiscal year volume would be roughly 565 mmbf. An  
37 additional 10 mmbf was offered in FIT sales, bringing the statewide total to 575 mmbf for the  
38 fiscal year. Only one sale has not sold; the West Fork Fire Salvage sale in Northeast Region.  
39

40 **MOTION:** Dean Mittelhammer moved to approve the sales proposed for June 2016.  
41

42 **SECOND:** Commissioner Peach seconded the motion.  
43

44 **ACTION:** The motion was approved unanimously.  
45

46 **PUBLIC COMMENTS FOR CHAIR REPORT**

1 Linda Murtfeldt, citizen, urged the Board to select a long-term conservation strategy for the  
2 marbled murrelets before the sustainable harvest calculation and the leadership changes.

3  
4 Mary Bond, representing the Seattle Audubon, urged the Board to protect the marbled murrelets  
5 and to preserve its habitat by implementing a long-term strategy by using the best available  
6 science (choosing alternative F) without any further delay.

7  
8 Phillip Kitchel, citizen, spoke about the impacts the sustainable yield calculation has on the  
9 junior taxing districts and expressed his interest in where the Board is on arrearage. Mr. Kitchel  
10 urged the Board to continue the discussion on maximizing the amount of revenue possible under  
11 the trust mandate.

## 12 **CHAIR REPORT**

### 13 **Marbled Murrelet Long-term Conservation Strategy Update**

14 Kyle Blum, Deputy Supervisor for State Uplands

15 Angus Brodie, Forest Resources Division Manager

16  
17  
18 Mr. Blum and Mr. Brodie gave a presentation on the sustainable harvest calculation, covering  
19 major factors that influence the calculation outputs. Section one of the presentation covered the  
20 three core documents that govern the sustainable harvest calculation. These are the RCWs,  
21 Policy of Sustainable Forests (PSF), and the Habitat Conservation Plan (HCP). Mr. Blum  
22 provided a brief review of the relevant RCWs.

23  
24 Mr. Brodie described the organization of the land base. He stressed that policy decisions that  
25 affect the land base have an influence on the outputs of the sustainable harvest calculation. A  
26 slide of the 20 sustainable harvest units (SHUs) was shown, and Mr. Brodie and Mr. Blum  
27 described the tradeoffs between having more or fewer SHUs. Mr. Brodie then went into  
28 discussing policies and constraints that affect our land base. He grouped them into categories,  
29 which were: deferrals, riparian/wetlands, northern spotted owls, marbled murrelets, and a large  
30 multiple species category. There was one more category, which Mr. Brodie called "other  
31 policies". Those are harder to predict precisely on the landscape, and may need to be dealt with  
32 by making an assumption of their impact.

33  
34 Mr. Blum covered the financial assumptions. One policy that the Board has made is to allow  
35 volume fluctuations of 25% between decades and between years. Mr. Brodie spoke about the  
36 objective to optimize economic value, by way of maximizing net present value. Mr. Blum then  
37 spoke about the relationship between funding and the volume the Department is capable of  
38 harvesting. The legislature sets a ceiling to the amount of revenue the Department may retain,  
39 and the Board then sets the level, somewhere at or below that ceiling. Currently the legislative  
40 ceiling for the RMCA account is 32%, and for the FDA account it is 27%. The Board has set  
41 levels at 31% and 25%, respectively. Chair Goldmark clarified that money for those accounts  
42 does not come solely from Westside forestry operations, and that the funds are not necessarily  
43 used proportional to where the funding comes from. He asked Mr. Blum to bring back a slide  
44 that shows that relationship. The funding level will need to be an input into the model.

45  
46 Mr. Brodie then presented an example from the Olympic Experimental State Forest that showed  
47 the relationship between different annual budgets and the amount of harvested volume. The

1 modeling showed that with more funding the Department would be able to harvest a strikingly  
2 higher volume level. Mr. Blum went over a rough breakdown of Westside forestry expenditures,  
3 showing an example from the '13-15 biennium.

4  
5 Chair Goldmark highlighted that the Department's Leasing & Rights of Way section also helps  
6 bring in a lot of revenue.

7  
8 Director DeLuca asked where roads fit into Mr. Blum's example. Mr. Blum responded that the  
9 displayed table was only for the RMCA and FDA dollars. Aside from those funds, there is the  
10 Access Road Revolving Fund (ARRF), which is a fee tacked on timber sales and is used for  
11 maintenance of road networks. In response to a question by Director DeLuca, Mr. Brodie spoke  
12 about how and where research and monitoring landed within the agency. Director DeLuca asked  
13 if the Department had results from the effectiveness monitoring. Mr. Brodie said the efforts are  
14 ongoing, but that the data the Department does have is certainly available.

15  
16 Mr. Brodie spoke about additional financial assumptions that will have to be decided on for the  
17 model. Those include stumpage prices and discount rates. Mr. Blum reiterated that some of the  
18 policies discussed have been made by the Board previously, and unless the Board vocalizes a  
19 desire to revisit those policies it will be assumed they will remain as is. Other model assumptions  
20 will have to be picked by the Board.


21  
22 Mr. Blum shared future Board presentation topics. On the marbled murrelet subject, big  
23 upcoming topics include updates to the analytical framework, impact and mitigation outputs,  
24 NSO habitat, sensitivity analysis, and Dr. Peery's model. Also, the alternatives for the  
25 sustainable harvest calculation DEIS will be presented in an upcoming presentation. Mr. Blum  
26 said the speed at which this is covered will depend on the desire of the Board.

27  
28 Dean Mittelhammer asked about the relationship the Board will have in picking specific inputs  
29 for the model. Mr. Brodie answered that many policies which are not changing are being  
30 inputted by staff, consistent with the policy direction. For other variables that are less clear and  
31 will have to be chosen, the Board will be relied upon. Chair Goldmark asked that the major  
32 factors that will have a considerable impact be brought back to the Board. This will allow an  
33 open discussion to help decide if there is agreement on those factors.

34  
35 Dean Mittelhammer added that he would like to see the basis of the scientific and industry based  
36 decisions, in addition to the choice variables that the Board will be deciding upon. Dean  
37 Mittelhammer then added his concerns with losing Chair Goldmark, and that because of that, he  
38 wants to move forward as much as possible this year. Director DeLuca echoed Dean  
39 Mittelhammer's comments, and said he was willing to hold a special session to progress as  
40 quickly as possible. Commissioner Peach also agreed with moving through these decisions  
41 quickly. Commissioner Peach had interest of receiving the inventory information, in the shape  
42 it's in, to allow other people to perform their analyses. Commissioner Peach said he would help  
43 provide more information in a shorter amount of time. Chair Goldmark summarized by saying he  
44 felt it was clear that both the Board and the public have supported expediting the process.


45  
46 Meeting adjourned at 10:47 AM.

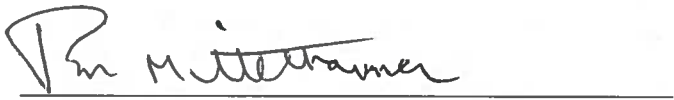
Approved this 7<sup>th</sup> day of June, 2016

  
Peter Goldmark, Washington State Commissioner of Public Lands

absent  
JT Austin, Designee for Governor Jay Inslee

joined at 11 AM  
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

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

Attest:

  
Sarah Vansot, Board Coordinator

