Minutes
Board of Natural Resources Meeting
September 6, 2011
Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT

The Honorable Peter Goldmark, Washington State Commissioner of Public Lands

Daniel J. Bernardo, Dean, Washington State University - *via conference call*

The Honorable Jon C. Kaino, Commissioner, Pacific County

John Mankowski, for the Honorable Christine Gregoire, Washington State Governor

Dr. Thomas Hinckley, Interim Director, School of Forest Resources, College for the Environment, University of Washington - *via conference call*

BOARD MEMBERS ABSENT

The Honorable Randy Dorn, Superintendent of Public Instruction

CALL TO ORDER

Chair Goldmark called the meeting to order at 9:07 AM. All board members introduced themselves. Chair Goldmark noted a quorum for this meeting.

SAFETY REVIEW

Ms. Ishler gave a safety overview and instruction on evacuating the building in case of an emergency for the audience and board members.

APPROVAL OF MINUTES

Chair Goldmark called for approval of the minutes for the July 5, 2011 Board of Natural Resources meeting.

MOTION: Commissioner Kaino moved to approve minutes for the July 5, 2011 Board of Natural Resources meeting.

SECOND: Dr. Hinckley seconded the motion.

ACTION: The board members approved the July 5, 2011 minutes unanimously.

CHAIR REPORTS

Leadership Transition Update

Chair Goldmark, Commissioner of Public Lands

Chair Goldmark introduced new leadership of the Forest Resources and Conservation Division; Julie Sackett as Division Manager and Dave Gordon as Acting Assistant Division Manager, and Cullen Stephenson as the Deputy Supervisor for State Uplands.

Discover Pass Update

Cullen Stephenson, Deputy Supervisor for State Uplands
Mark Mauren, Assistant Division Manager, Asset and Property Management

Mr. Mauren provided the board an overview of the Discover Pass including a map of the designated recreation land in DNR-managed lands of over 1000 acres. Mr. Mauren went over the challenges of the pass and reviewed the revenue split. He noted the split ratio is based on what is needed to keep all recreation lands open to the public. Mr. Mauren updated the board on revenue received to date and an estimate of future revenue generation. He stated that the department is required to use the funds received from Discover Pass sales for operating and maintaining public use and recreational facilities.

Commissioner Kaino asked if revenue was expected from the funds received for infractions. Mr. Mauren stated the funds from infractions will not be received by the agency and that these funds typically go to the local law enforcement offices within the counties.

Mr. Mankowski noted the controversy with the implementation of the Discover Pass. He indicated that this is a good move overall and will bring a net increase for DNR revenue. There is the known need for managing recreation lands and expects that, even though there is currently a lot of negativity, the Discover Pass will be well received by next year.

Chair Goldmark noted that a portion of DNR's general funds, received for recreation lands, had been re-directed by the legislature. The revenue received from the Discover Pass will replace some of what was reduced from our portion of general funding for recreation.

A short discussion followed, ending with Mr. Stephenson stating the date to get the pass up and running was July 1, 2011. He noted that there are some issues and the agencies are working to get these issues resolved.

PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS

No comments.

TIMBER SALES (Action Item)

Proposed Timber Sales for May 2011| 5 handouts

Dave Gordon, Acting Assistant Division Manager, Forest Resources and Conservation

Mr. Gordon presented the results of the July auctions to the board. DNR auctions averaged 1.9 bidders per sale. Of the 12 sales offered 7 were sold, resulting in 28.9 mmbf of the volume offered being purchased.

Sales brought an average of $375/mbf for a total of $10.9 million.

Commissioner Kaino remarked that three of the no-bid sales were located in Clallam County and asked whether we knew the reason for the no-bids. Mr. Gordon replied that the sales are located in a fairly isolated marketing area which presents challenges with product mix, higher haul distances and perceived risk all coming into play. He noted that these sales would be reappraised and brought back using the department Record of Decision process.

Mr. Gordon then presented the results of the August auctions. Of 8 sales offered all 8 sold with an average of 2.5 bidders per sale. Sales resulted in 25.9 mmbf of volume being sold at $320/mbf for a total of $8.3 million.

Dean Bernardo noted that with the volume of sales being brought forward in the first quarter of the fiscal year it appears the department will be in a substantial hole in its volume targets. He asked if we would be able to hit our sustainable harvest volume if this continues.

Mr. Gordon replied that we are in a cyclical market and that purchasers traditionally purchase less volume in July – October but begin to purchase again to meet their spring and summer volume demands over the winter months.

Dean Bernardo asked whether this year was significantly different from previous years.

Mr. Gordon remarked that there were slightly higher no-bids this year but that those no-bid sales would be brought back at the appropriate time in order to meet our sustainable harvest levels.

Chair Goldmark reminded the board that timber markets are seasonal in nature and that the department historically experiences a lower volume of sales in July and August but that sales will pick back up in the winter.

Finally, Mr. Gordon presented the October sales packet to the Board. He remarked that the packet originally provided to the board contained eight sales but that only seven sales were being presented to the board for their consideration. One sale was rescheduled to allow additional time to ensure that it was in line with department management strategies.

Commissioner Kaino asked whether the sale would be coming back in the future. Mr. Gordon remarked that the sale would be brought back.

MOTION: Commissioner Kaino moved to approve the proposed October 2011 sales.

SECOND: Mr. Mankowski seconded his motion.

ACTION: The Board members approved the proposed October 2011 sales unanimously.

RMCA SUPPLEMENTAL BUDGET REQUEST – FY 2013 (Action Item)
Cullen Stephenson, Deputy Supervisor for State Uplands

Mr. Stephenson informed the board that the proposed Resolution 1367 is an effort to continue managing state resources by requesting a supplemental budget increase during the 2012 legislative session, noting the overall budget reduction of over 42 million dollars.

Mr. Stephenson made note of the department's two requests in the proposed resolution; first, support from the board to request additional spending authority during this legislative session of up to 9 million dollars; second, requesting the same authority in FY13 as in FY12; legislative authority to increase the RMCA management fee increase up to 30%, at the boards discretion.

Chair Goldmark stated the importance that the public recognize this is not a General Fund request; these are funds we need for forest management, such as silviculture practices. The department had to pull back on forest management activities during the contraction in funds; we need these funds to manage our resources responsibly.

Commissioner Kaino stated his agreement with the reasoning of this request. He has heard a lot from the counties in regards to forest management and the need to get this program up and running again. He asked Mr. Stephenson to confirm the request is for RMCA.

Mr. Stephenson stated the request is for both accounts, FDA and RMCA.

Commissioner Kaino reiterated that the request is for spending authority only

A short discussion followed.

MOTION: Commissioner Kaino moved to approved Resolution 1367.

SECOND: Dean Bernardo/Mr. Mankowski seconded the motion.

ACTION: Approved: The board members approved Resolution 1367 unanimously.

PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST
No Comments.

Meeting adjourned at 9:47.

Approved this 10 day of October, 2011

Peter Goldmark, Washington State Commissioner of Public Lands

Bob Nichols for Governor Christine Gregoire

not present

Randy Dorn, Superintendent of Public Instruction

Jon C. Kaino, Commissioner, Pacific County

not present

Daniel J. Bernardo, Dean, Washington State University

Thomas Hinckley

Dr. Thomas Hinckley, Interim Director, School of Forest Resources, College for the Environment, University of Washington,

Attest:

Tami Ishler, Board Coordinator

not present

not present