
Minutes

Board of Natural Resources Meeting

January 5, 2021
Webinar, 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

Jim Cahill, Designee for the Honorable Jay Inslee, Washington State Governor

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

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

1 CALL TO ORDER

2 Chair Franz called the meeting to order at 9:02 AM.

3

4 All Board members introduced themselves. A meeting quorum was attained.

5

6 WEBINAR FORMAT BRIEFING

7 Ms. Tami Kellogg provided an overview for participating in a Webinar meeting.

8

9 APPROVAL OF MINUTES

10 Chair Franz called for approval of the minutes for the December 1, 2020 Regular Board of
11 Natural Resources meeting.

12

13 MOTION: Dean Wright moved to approve the minutes.

14

15 SECOND: Director Brown seconded the motion.

16

17 ACTION: The motion carried unanimously.

18

19 LIGHTNING TALK

20 Webster Seed Sorting

21 Jeff deGraan, Reforestation Specialist, Forest Resources Division

22

23 Mr. deGraan shared a video describing the steps to ensure DNR's diversity of seeds collected
24 from forests and the Seed Orchard Program are fully represented in DNR's reforestation efforts.

1 The video highlights the steps of seed separating, sorting, categorizing, and storage of high
2 purity seed of 98% or above and a germination capacity of at least 95%. DNR's seed inventory
3 includes 14 different species stored in freezers at 0° Fahrenheit. Each species has a different
4 storage life. DNR is currently storing over 800 different seedlots or 19,000 pounds of seeds.
5 Mr. deGraan described the seed collection process from across the state and from the
6 Department's Seed Orchard Program in response to a question from Commissioner Peach.

7
8 Mr. Brodie added that because the Department lacks one location for the processing and storage
9 of seeds, a legislative request was submitted of approximately \$200,000 for scoping and design
10 of a seed plant. The seed program instituted in 1957 when DNR was established provides
11 genetic resources of forests no longer existing. With climate change and increased fires, the
12 genetic resources will be valuable for reestablishing forests in the future. The Department's
13 Webster Nursery grows all seedlings for the State Trust Program as well as for small and
14 industrial landowners. Today, the industry has fewer suppliers of forest seed and private sector
15 nurseries.

16 17 **PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST**

18 **Reed Blanchard** commented on how impacts from COVID-19 have exposed societal and
19 institutional problems and the struggle to adapt to changing times. He encouraged the reimagining
20 of DNR for the modern setting and to consider new ways of engaging the public to help solve
21 complex problems, such as the Climate Assembly approach being tested in the state. DNR
22 should expand tribal representation on the Board and increase funding for pilot projects to
23 explore forest management innovation. Funding should be increased for the Trust Land Transfer
24 Program to include several sites in Kitsap County. DNR and the Board should acknowledge that
25 clearcutting is no longer in the state's best interest and should not be the approach for harvesting
26 timber. Forests have more value both economically and socially when left intact.

27
28 **Dr. Bruce McCain**, retired from the National Oceanic and Atmospheric Administration
29 (NOAA), acknowledged the contributions of the Trust Land Transfer Program to improve
30 schools, universities, and government facilities. However, demands have changed because of
31 climate change. The Governor and many legislators consider the crisis one of the state's top
32 priorities. DNR should place more emphasis on the social cost of carbon in trust forests
33 compared to the dollar value of harvesting. Harvesting forestlands creates emissions of carbon
34 dioxide and diminish the potential sequestration of CO₂ by harvested trees. Both processes slow
35 efforts to fight climate change. Timber from a significant number of properties are auctioned
36 and harvested prior to transfer, which appears to be an alteration of transfer lands. He asked how
37 DNR justifies the contradiction.

38
39 **Dr. Beverly Parsons** referred to the Trust Lands Performance Assessment and DNR's position
40 that trust lands beneficiaries are the financial managers of educational institutions and not the
41 students and faculty who are the core of the educational system. The federal government
42 provided trust lands to support education. When first established over 60 years ago, timber sales
43 generated funds to build schools and university buildings. The delivery of education is moving
44 to online learning and place-based learning through experience with nature and in the
45 community. DNR should refocus its attention on supporting students and educators through the
46 natural resources it manages rather than narrowly focusing on consuming natural resources to
47 build buildings. She urged DNR to pursue legislative action to focus on the new learning

1 environment rather than focusing on the generation of revenue through the means conveyed in
2 the Trust Lands Performance Assessment. The increase in revenue is insignificant in terms of
3 the overall state budget and the loss to future generations in resource management and protection
4 of habitat and recreation lands. Consuming natural resources to generate funds for schools and
5 counties is disproportionately harming rural communities. She cited other ways DNR could
6 protect natural resources and assist in building innovative education and economic opportunities
7 in rural communities during this time of climate change.

8
9 **Matt Comisky**, Washington Manager, American Forest Resource Council, spoke to a different
10 legislative session this year because of COVID-19. He plans to track various legislative and
11 budget requests by DNR through the virtual legislative session. He cited previous comments
12 urging DNR to focus on value from timber harvesting on trust lands and DNR-managed lands to
13 provide revenue to a broad range of beneficiaries beyond education. Alder is a high-value
14 product and some opportunities might exist as DNR considers upgrades to DNR's seed nursery
15 to ensure the market need is fulfilled for alder seedlings for reforestation on both state and
16 private lands. DNR will be a key supplier of alder seeds in the future.

17
18 **Rod Fleck** conveyed appreciation to Mr. Brodie for a conversation following the last meeting on
19 his concerns surrounding the Trust Lands Performance Assessment and some of the
20 recommendations. He was able to share some examples of state constitution provisions with
21 several members of the Board and explained why the provisions were included. He looks
22 forward to DNR's implementation process and some legislative agenda items. One example that
23 requires more explanation is the request for the \$10 filing fee for real estate transactions for the
24 survey monuments provision and how that amount was established.

25
26 **Pedro Valverde** reported he volunteers with the Kitsap Environmental Coalition. After
27 reviewing the video from the Board's last meeting and the report from the Carbon Sequestration
28 Advisory Group, he was unclear as to the amount of sequestration that could be utilized as a
29 contribution to reduce greenhouse gases emissions in the state. He asked for the information as
30 the document reflects that all efforts for sequestration should be pursued based on the provisions
31 in the Paris Agreement. According to the agreement, the state of Washington should be pursuing
32 efforts to reduce 100 million metric tons of carbon in different stages. Reductions in emissions
33 are advised of 40 metric tons by 2030. He asked how much of the total would be attributed to
34 sequestration and to provide that information to enable conversations on the best methods for
35 sequestering carbon using forests.

36
37 Commissioner Hilary affirmed staff would forward information on the carbon inventory for
38 DNR lands as well as other research and analysis on carbon sequestration and climate change
39 impacts on land.

40 41 **PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS**

42 **Matt Comisky** conveyed appreciation to all DNR staff for continued efforts to bring sales to
43 market and tracking efforts over time. In response to Superintendent Reykdal's previous
44 question about log and lumber prices, Mr. Comisky said the issue is complicated as most lumber
45 is a commodity product and both the commodity and futures markets set prices. Log prices to
46 lumber prices are a loosely correlated aspect because of lumber commodity pricing processes.
47 Market conditions for logs drive the price of lumber. Specialty lumber is a niche product and

1 most companies have proprietary grades and processes for delivering product and pricing to
2 customers. Other factors are the residual markets of bark, sawdust, etc., that factor into what a
3 mill can afford to pay for logs. Other factors attributed to sales include stumpage values DNR
4 and others impose at auction for roads, logging, trucking, and timing restrictions. Pricing is
5 challenging to describe in terms of a connection and correlation to what occurs in the industry.
6 He offered to meet with Superintendent Reykdal offline to share more information on the
7 process.
8

9 **Doug Cooper**, Vice President of Resources, Hampton Lumber, shared that last year was an
10 extraordinary year as demand for wood products was great because so many people had the time
11 and desire to complete home improvement projects. This year, wood products demand forecasts
12 remain positive and the company envisions a year of mill operations continuing to provide
13 employment and economic benefits to rural communities. He thanked Commissioner Franz, the
14 Board, and DNR staff for continued support of the timber sales program and the revenue
15 produced for trust beneficiaries and the economic value produced by wood product industries
16 that serve as the foundation of the economic health of many rural communities. The Darrington
17 land transfer proposal will support economic development in the Darrington community. He
18 advocated for continuation of DNR's Timber Lands Management and the addition of the
19 Lightning Talk on the agenda as it recognizes the entire scope of management activities
20 necessary for DNR staff to develop a stand of timber until ready for harvest.
21 .

22 **TIMBER SALES (Action Item)**

23 **Auction Results for December 2020 & Proposed Timber Sales for February 2021| 3** 24 **handouts, including the presentation**

25 Koshare Eagle, Assistant Division Manager, Product Sales & Leasing Division
26

27 Ms. Eagle presented the results of the December 2020 auctions. The Department offered 9 sales
28 totaling 52.5 mmbf. Eight of those sales sold totaling \$16.8 million for an average of \$383 per
29 mbf with 2.3 bidders per sale on average.
30

31 Ms. Eagle invited questions on the December sale results. No questions were offered by the
32 Board.
33

34 Ms. Eagle displayed a graph showing planned, offered, and sold volume for each quarter of fiscal
35 year 2021. Ms. Eagle reviewed unsold fiscal year 2021 sales planned to be reoffered in the third
36 and fourth quarter.
37

38 Another graph was shared depicting planned, offered, and sold volume remaining from fiscal
39 years 2019 and 2020.
40

41 Ms. Eagle invited questions from the Board.
42

43 Commissioner Peach asked about the cumulative arrearage within the data. Ms. Eagle explained
44 that the arrearage is based off sustainable harvest calculations, which are decadal and end in
45 fiscal year 2024. The Department plans to offer all volume intended for this decade.
46

1 Mr. Brodie added that at the end of the current fiscal year, the Department will provide numbers
2 on the arrearage.

3
4 Ms. Eagle invited questions from the Board. No questions were offered by Board members.

5
6 Ms. Eagle presented nine sales proposed for future auction totaling 53.1 mbf.

7
8 With no questions from the Board, Ms. Eagle requested approval of the proposed sales as
9 presented.

10
11 Chair Franz called for a motion on the proposed timber sales.

12
13 MOTION: Commissioner Peach moved to approve the proposed sales.

14
15 SECOND: Dean Wright seconded the motion.

16
17 ACTION: The motion was approved unanimously.

18
19 **PUBLIC COMMENTS FOR LAND TRANSACTIONS ACTION ITEMS**

20 **Dan Rankin**, Mayor, Town of Darrington, said the proposed land acquisition of approximately
21 three acres is adjacent to the Town of Darrington’s cemetery and airport. The Town is
22 developing an industrial complex for wood innovation and secured a 92-acre industrial site of
23 which 33 acres will be placed in conservation futures enabling the Town to develop
24 approximately 60 acres for wood innovation and education. The proposed land transaction is a
25 triangle parcel abutting SR 530 on the south, the airport to the north, and the cemetery to the
26 east. The property enables the best location for access to the industrial complex from SR 530
27 and serves as a traffic buffer for the airport and the cemetery.

28
29 **Lisa Hurt**, Kitsap Environmental Coalition, stressed the urgent need to modernize the model of
30 the DNR trust lands. Unfortunately, the conclusion and next steps contained in the Trust Land
31 Performance Assessment focus primarily on the bottom line. The Department’s mission is to
32 manage, sustain, and protect the health and the productivity of Washington’s lands and waters to
33 meet the needs of present and future generations. The mission of DNR was developed at a time
34 when everyone was unaware of the devastating effects humans have had on the planet in the last
35 100 years. It is important to consider the moral responsibility of ceasing the unbridled
36 clearcutting of forests and the social costs to the planet from the release of carbon currently
37 sequestered by forests. She advocated for saving Eglon Cut near Kingston. The property is
38 adjacent to the Rose Point timber sale and is considered for transfer but only after clearcutting.
39 She believed selected lands for transfer would be transferred unaltered to the appropriate
40 receiving agencies, which in this case is the North Kitsap Parks Department. Clearcutting Eglon
41 Forest as well as Rose Point seems foolish considering climate change and the potential for
42 devastating mudslides. Since COVID-19, the use of parks has increased 10 fold. Communities
43 need wilderness areas for recreation and to connect with nature. That property could serve as a
44 safe passageway for pedestrian and bicyclists between Bonn Road and Eglon.

45
46 **Peter Bales**, Director, Northwest Watershed Institute, thanked DNR staff and Commissioner
47 Franz for removing Canal 40 and Paradise 40 parcels in Jefferson County from the proposed land

1 bank exchange. DNR received letters opposing the action from the Department of Fish and
2 Wildlife, Point No Point Treaty Council, Port Gamble S'Klallam Tribe, Jefferson County Board
3 of Commissioners, and conservation groups including Northwest Watershed Institute, Jefferson
4 Land Trust, and others. Strong support was conveyed to retain the parcels in public ownership as
5 both parcels are productive timber lands. The Canal 40 parcel is 40 acres of core habitat for the
6 Duckabush elk herd and adjoins a 2,000 acre conservation corridor along the Duckabush River.
7 The Paradise 40 parcel is located near Port Ludlow, a rapidly developing area adjacent to large
8 DNR and private forest lands and is key to keeping the area in forest land zoning over the long
9 term. The only tool DNR has is the Trust Land Transfer Program to move land from timber
10 management while retaining land in public ownership. DNR has a large backlog of unfunded
11 Trust Land Transfer projects, some of which are extremely important. He is hopeful that over
12 the next several years, his organization and other stakeholders will work with DNR to revitalize
13 the Trust Land Transfer Program.

14

15 Commissioner Franz commented that DNR would like to work with the Institute and others to
16 identify ways to increase the value and profile of the program with the Legislature to secure
17 funding.

18

19 **LAND TRANSACTIONS – (*Action Items*)**

20 **Land Bank Exchange 2019, Resolution 1573**

21 Deb Whitney, Project Manager, CRT Transactions

22

23 Ms. Whitney reported the request is an internal inter-trust exchange between DNR-managed
24 Trust lands and DNR-managed Land Bank lands. The Trust properties are managed for the
25 Scientific School, Normal School, Agricultural School, and Common School Trusts. The Land
26 Bank land was purchased as “replacement lands,” to replace unproductive Trust lands.
27 DNR will perform an equal-valued land exchange to replace 506.41 acres of unsuitable and
28 unproductive Trust land, with 311.25 acres of recently purchased productive Land Bank forest
29 land. The Trust properties are located in Benton, Klickitat, Okanogan, and Spokane Counties,
30 and the Land Bank property is located in Skagit County.

31

32 Ms. Whitney reviewed the location, acreage, and attributes of each parcel.

33

34 The Land Bank property will be designated as Trust property, to be managed for trust revenue
35 production. Additionally, the Trust properties will be designated as Land Bank properties,
36 making them eligible for sale at public auction. Proceeds from any auction of those parcels
37 would be used to purchase more replacement lands.

38

39 DNR held a public hearing in Mount Vernon, WA on November 14, 2019. DNR received
40 feedback on several parcels and those parcels have been removed from the proposed transaction.
41 A summary of the comments was presented to the Board for consideration.

42

43 Ms. Whitney summarized the exchange values and the reason for each exchange.

44

45 Chair Franz called for a motion on Land Bank Exchange 2019.

46

1 MOTION: Superintendent Reykdal moved to approve Resolution 1573, Land Bank
2 Exchange 2019 as presented.

3
4 SECOND: Commissioner Peach seconded the motion.

5
6 ACTION: The motion was approved unanimously.
7

8 **Darrington Industrial, Resolution 1574**

9 Bob Winslow, Program Manager, Conservation, Recreation and Transactions Division
10

11 Mr. Winslow reported the Darrington Industrial direct transfer property is located in Snohomish
12 County immediately west of the Town of Darrington. This Scientific School Trust property is
13 forested and is 3.74 acres in size and located near the Darrington Airport, Darrington Cemetery,
14 and State Highway 530. The property would be directly transferred to the Town of Darrington.
15 The property is zoned Heavy Industrial and is located in the designated Urban Growth Area for
16 Darrington. The timber volume is 77 MBF and is comprised of mixed conifer trees. The
17 property appraisal is \$162,000. The Town of Darrington compensated DNR's administrative
18 costs necessary to bring the transaction before the Board for a transaction decision.
19

20 Mr. Winslow invited questions from the Board.
21

22 Commissioner Peach asked about constraints DNR incurs for land transactions involving federal
23 lands. Mr. Winslow advised that land transactions are highly regulated with flexibility limited
24 because of the scope of laws tied to DNR realty transactions and differences in laws between
25 federal grant trusts and state forest land trusts. Land transactions are limited to parcels no larger
26 than 160 acres as stipulated in the Washington State Constitution.
27

28 Mr. Brodie added that the next phase of work resulting from the Trust Land Performance
29 Assessment is to review some of the constraints on land transactions and propose some changes
30 to statutes.
31

32 Staff requested the Board's approval of Resolution 1574, Darrington Industrial.
33

34 Chair Franz call for a motion from the Board members.
35

36 MOTION: Commissioner Peach moved to approve Resolution 1574, Darrington Industrial as
37 presented.
38

39 SECOND: Director Brown seconded the motion.
40

41 ACTION: The motion was approved unanimously.
42
43

44 **ADJOURNMENT**

45 Commissioner Franz adjourned the meeting at 10:30 a.m.
46

Approved this 2nd day of February, 2021

DocuSigned by:

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Hilary S. Franz, Washington State Commissioner of Public Lands

Approved via webinar

Jim Cahill, Designee for Governor Jay Inslee

Approved via webinar

Chris Reykdal, Superintendent of Public Instruction

Approved via webinar


Bill Peach, Commissioner, Clallam County

Approved via webinar

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

Approved via webinar

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

Attest:


Tami Kellogg, Board Coordinator

Prepared by Puget Sound Meeting Services, psmsoly@earthlink.net