
Minutes

Board of Natural Resources Meeting

March 4, 2014

Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT

The Honorable Peter Goldmark, Washington State Commissioner of Public Lands

The Honorable F. Lee Grose, Commissioner, Lewis County

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

The Honorable Randy Dorn, Superintendent of Public Instruction

Ron C. Mittelhammer, Interim Dean, College of Agricultural, Human, and Natural Resource Sciences,
Washington State University –*via conference call*

BOARD MEMBERS ABSENT

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

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 is a quorum for this meeting, with Dean Mittelhammer
4 participating via conference call.

5
6 **SAFETY REVIEW**

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

9
10 **APPROVAL OF MINUTES**

11 Chair Goldmark called for approval of the minutes for the February 4, 2014 Regular Board of
12 Natural Resources Meeting.

13
14 **MOTION:** Ms. Austin moved to approve the minutes.

15
16 **SECOND:** Commissioner Grose seconded the motion.

17
18 **ACTION:** The motion was approved unanimously.

19
20 **PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS**

1 Karen Lewis, speaking on behalf of the marbled murrelet, expressed that by cutting down all the
2 trees the marbled murrelet's habitat will be impacted. Ms. Lewis stated that all the trees will be
3 sold for dollars and this will affect our grandkids.
4

5 Maria Ruth, citizen of the state of Washington, stated that she is a fan of the marbled murrelets
6 and not the Department's timber sales. Ms. Ruth mentioned that on the Department's state lands
7 map, science-based decision making is essential to the sustainability of state trust lands. She
8 encouraged the board to look more closely at the recommendations of the Science Team Report
9 which should not be considered as optional, but should be the guiding principal for the long term
10 conservation strategy and timber sales. She went on to express that the timber sales are very
11 close to occupied habitat and to the buffers. Forest fragmentation is a recently documented threat
12 to the marbled murrelet's survival in Washington State, and a fragmented forest is a dangerous
13 forest. The problem is that no one is taking a look at the larger scale, and the population has
14 declined 29% between 2000 and 2010 in Washington State, Oregon, and California. Ms. Ruth
15 urged the board to oppose the two timber sales.
16

17 Graham Taylor, Conservation Organizer, with the Sierra Club, stated his concern about the
18 marbled murrelet and the long term conservation strategy. The strategy is over 10 years late and
19 the decline of the species during this time has been significant. Mr. Taylor expressed that an
20 issue today is the health of the Goodman Creek Marbled Murrelet Management Area, an
21 essential block of habitat identified as such in the 2008 Science Report that DNR commissioned.
22 DNR should take an experimental approach with timber harvest and projects in the OESF and
23 not suggest clear-cuts. Scientist have identified habitat fragmentation as a key threat to the
24 species, and continued exasperation and fragmentation goes against the principals of the 2008
25 Science Report. Mr. Taylor urged DNR to defer the Rainbow Rock and Goodmint timber sales
26 inside the Goodmint Creek Marbled Murrelet Management Area, and any other sales in Marbled
27 Murrelet Management Areas, until DNR delivers on its promise to adopt the long term
28 conservation strategy.
29

30 Kara Whittaker, Staff Scientist and Policy Analyst with Washington Forest Law Center, urged
31 the board not to approve the Rainbow Rock or Goodmint timber sales, expressing that they will
32 have a significant adverse environmental impact on marbled murrelets. Ms. Whittaker stated
33 that the Rainbow Rock and Goodmint timber sales also violate the expert management
34 recommendations of the 2008 Science Report in multiple ways. She asked the board to refrain
35 from approving the Rainbow Rock and Goodmint timber sales, to avoid these adverse impacts
36 and to avoid precluding the adoption of the Science Report recommendations in the long term
37 conservation strategy.
38

39 Wyatt Golding, with the Washington Forest Law Center, representing the OFCO, the Sierra
40 Club, and Seattle Audubon, stated that for the Goodmint and Rainbow Rock timber sales the
41 environmental impact have already been considered in the Environmental Impact statement for
42 the HCP. Mr. Golding voiced that in his opinion that is not correct. When the EIS for the HCP
43 was written in 1996, it foresaw an interim strategy for at most, ten years. Now in 2014, DNR is
44 without a long term strategy and still operating under an interim strategy. It matters because the
45 impacts we hear today were not considered in 1996, and it matters because there has been a
46 decline. Mr. Golding requested the board to wait on the sales. Once the environmental impacts
47 are thought about, DNR can go forward with the sales. Alternatively, SEPA would require DNR

1 to prepare a supplemental environmental impact statement for logging on Marbled Murrelet
2 Management Areas.

3
4 Marcy J. Golde, Olympic Forest Coalition Board Member, expressed her impressions after being
5 out on the Marbled Murrelet Management Area (4 of the 5 units) in the Goodmint and Rainbow
6 Rock timber sales. Ms. Golde stated that it is very good timber growing land, the trees are
7 growing vigorously, and the roads are in excellent conditions. Ms. Golde urged the board to
8 defer the sales, and not harvest now.

9
10 Peter Goldman, Director of the WFLC and Council for the Sierra Club, Seattle Audubon, and
11 OFCO, urged the board to defer Goodmint and Rainbow Rock because the sales involve
12 traditional DNR clear-cutting in the heart of the Olympic Experimental State Forest, in areas
13 which are eligible to be considered as Marbled Murrelet Management Areas in the Long Term
14 Conservation Strategy. Mr. Goldman stated that this administration announced three guiding
15 principles in its decision making: 1) the states resources would be managed sustainably, 2) sound
16 science will be applied to all decisions, and 3) the decision will be made in the public interest,
17 resulting in the best possible outcome for the citizens of the state. Mr. Goldman voiced that
18 DNR ignores that its timber sales today are logging forest that could provide future habitat to
19 reverse the decline in population of the marbled murrelets. DNR has not adopted the long term
20 conservation strategy and is not considering an alternative in the long term conservation strategy
21 that implements the science report. Mr. Goldman stated that the public deserves the right to make
22 key conservation decisions about whether they want DNR to protect and recover marbled
23 murrelets based on science, and he further claimed that the Department's actions deprive the
24 public of that choice.

25
26 Matt Comisky, Washington Manager for American Forest Resource Council, stated that AFRC
27 counts among its members nearly all of the major purchasers of timber from DNR-managed
28 forests. Mr. Comisky expressed that AFRC would like to voice its support for these timber sales.
29 Based on their review of the forest practices applications and SEPA documentation, it appears
30 both of these sales are in compliance with the Department's policies and procedures as well as
31 the 1997 HCP Interim Strategy for the marbled murrelet habitat management in the OESF.
32 AFRC urged the board to approve all sales. Mr. Comisky voiced that this will keep important
33 volume flowing to the mills, and will continue to provide revenue to the trust beneficiaries.

34
35 Chair Goldmark adjourned the Board of Natural Resources Meeting and he convened an
36 Executive Session to discuss threats of litigation.

37
38 Chair Goldmark reconvened the Board of Natural Resources Meeting at 9:45 AM.

39
40 **TIMBER SALES (Action Item)**

41 **Proposed Timber Sales for April 2014| 3 handouts, including the presentation**

42 Paul Bialkowski, Product Sales & Leasing Division

43 Kyle Blum, Deputy Supervisor for State Uplands

44
45 The results of the February auctions were presented to the board by Mr. Bialkowski. The
46 Department offered 12 sales totaling 51.4 MMBF. Of those, 11 were sold totaling \$21.6 million
47 for an average of \$424/MBF.

1
2 Mr. Bialkowsky noted that the good results were due to a combination of log quality and harvest
3 systems. He also noted that bidder participation remains high, with some sales receiving 5 or 6
4 bidders. The proposed April sales were then presented to the board.

5
6 The department proposes to offer 14 sales in April totaling 63.3 MMBF. The appraised value of
7 these sales is \$23.7 million for an average of \$374/MBF.

8
9 Mr. Blum gave an overview of two proposed sales located in the Olympic State Experimental
10 Forest (OESF), Goodmint and Rainbow Rock. He presented a map of the landscape containing
11 the two sales and discussed the sales in relation to the Department's Habitat Conservation Plan
12 (HCP), Policy for Sustainable Forests and the OESF sustainable harvest calculations.

13
14 Mr. Blum explained that the Science Team Report is not a board adopted policy. For it to be a
15 board adopted policy DNR would have to bring it to the board to propose to make an amendment
16 to the interim strategy to follow the recommendations of the report, while the long term strategy
17 is being completed. The Department has not done that primarily because the Science Team
18 acknowledges upfront that it did not consider the fiduciary obligation with the exception of two
19 smaller counties in Southwest Washington. Mr. Blum stated that with the Science Team Report
20 not being a board adopted policy DNR's interim strategy is to protect occupied sites, to buffer
21 those sites, and to protect reclassified habitat even if it is surveyed and found to be unoccupied.
22 In the OESF planning unit, DNR did not complete all the surveys. The only way you can release
23 any surveyed unoccupied reclassified is if you have completed the surveys and that unoccupied
24 habitat is at least a half mile from occupied sites. Therefore, even if DNR surveyed the habitat
25 and found it to be unoccupied it is deferred until the long term strategy is completed.

26
27 Chair Goldmark inquired as to whether either of the sales include marbled murrelet habitat.

28
29 Mr. Blum replied that neither sale contains suitable murrelet habitat, that these sales are
30 primarily younger than 50 years old. He stated that in the Science Team recommendations in
31 Southwest Washington, marbled murrelet management areas are recommended as no harvest
32 areas, unless you are going to contribute to habitat development. You can do an enhancement
33 activity, but not regeneration harvest. In the OESF, the recommendations varied depending on
34 which marbled murrelet management area is being referenced. For this landscape, marbled
35 murrelet management areas in the Goodmint Creek are intended to provide abundant high quality
36 nesting habitat in a minimal fragmented context. Each marbled murrelet management area will
37 be managed to achieve and maintain at least 50 percent of the area trying to maximize interior
38 area in habitat and then maintain at least two-thirds of the remaining area in stance with the
39 tallest 40 trees per acre, at least 80 feet tall. Mr. Blum added that even with the Science Team
40 recommendation there is some availability allowed for management within these areas. The
41 notion for maximizing interior area is subjective and for the board to determine.

42
43 Overall, in the OESF DNR defers more than 40 percent of the landscape from various
44 conservation strategy (i.e.; riparian, wetland, unstable slopes, Northern Spotted Owls, marbled
45 murrelet, old growth). There is a significant percent of this landscape that is unavailable for
46 management.

1 Mr. Blum specified that DNR has a fiduciary obligation that comes from the state constitution
2 and DNR endeavors to meet that to the extent possible. The sustainable harvest calculation is the
3 embodiment of what we need to do.

4
5 The Science Team recommended that 39,000 acres be in proposed marbled murrelet
6 management areas and another 44,000 acres of old forest be managed for long term murrelet
7 habitat in the OESF. The two sales today, are in areas that are not currently protected under the
8 interim policies for the HCP and sustainable harvest calculation, that would be, if the Science
9 Team Report was adopted.

10
11 Mr. Blum expressed that this landscape is particularly complex and difficult to manage in
12 addition to the complexity of the HCP. The HCP and the Sustainable Harvest Calculation are
13 board adopted policy. DNR is bringing forward sales to meet those policies and preserve options
14 for our long term conservation strategy because DNR takes very seriously the commitment under
15 the Endangered Species Act.

16
17 Commissioner Grose noted that the 2008 Science Team Report had not been adopted by the
18 board, but he asked whether the department follows some of the recommendations of the report
19 where consistent with the department's fiduciary responsibilities.

20
21 Mr. Blum replied that the department does, and gave examples where that occurs.

22
23 Mr. Bialkowski asked for approval of the proposed April 2014 sales.

24
25 MOTION: Commissioner Grose moved to approve the proposed April 2014 sales.

26
27 SECOND: Superintendent Dorn seconded the motion.

28
29 ACTION: The motion was approved unanimously.

30
31 **CHAIR REPORTS | 1 Handout**

32 **Western Washington Sustainable Harvest Calculation**

33 Kyle Blum, Deputy Supervisor for State Uplands

34 Angus Brodie, Forest Resources Division Manager

35
36 Mr. Brodie reminded the board that the RCWs, DNRs policies relevant to the sustainable harvest
37 calculation (SHC), and the 2004 and 2007 calculations were presented at last month's board
38 meeting. He then explained that the objective of the current presentation was to describe current
39 SHC modeling assumptions, and provide a summary review of performance in the past decade
40 compared to what was modeled in 2004 and 2007.

41
42 The modeling assumptions are broken into three broad categories: 1) management objectives, 2)
43 current conditions of the forest resource, and 3) how the forest will grow under different
44 silvicultural strategies. Current laws and policies such as the RCWs associated with the
45 sustainable harvest calculation, objectives described in the 1997 Habitat Conservation Plan
46 (HCP) for state uplands, the 2006 Policy for Sustainable Forests, and the Multiple Use Act drive
47 the management objectives.

1
2 The 1997 HCP contains specific strategies for each of the following: northern spotted owl,
3 riparian management zones, wetlands, marbled murrelet, multi-species, and the Olympic
4 Experimental State Forest (OESF). The model developed for the SHC must reflect current laws
5 and policies and must achieve the 1997 HCP objectives. One method of reflecting these is using
6 a geographic information system (GIS) to spatially portray management objectives. Mr. Brodie
7 described the use of spatially explicit land classes as the method the current model uses, with
8 four general classes: deferrals, riparian, uplands with specific objectives, and uplands with
9 general objective. Areas classified as uplands with specific objectives can be site specific, for
10 example unstable slopes, recreation areas, and visually sensitive areas; or they can be at a
11 landscape level, for example the OESF, and nesting, roosting foraging or dispersal habitat for
12 northern spotted owls. Areas classified as having general objectives are the areas DNR manages
13 to grow and harvest trees. Deferred areas are areas deferred from harvest because they contain
14 special features such as habitat for northern spotted owl and/or marbled murrelet, old growth, or
15 unstable slopes; are natural area preserves and natural resource conservation areas; or contain
16 other features that limit the ability to harvest them. The percentage of the 1.46 million acres of
17 forested area on DNR-managed lands in western Washington in each classification is 31 percent
18 uplands with general objectives, 24 percent uplands with specific objectives, 15 percent riparian,
19 and 30 percent deferred.
20

21 Mr. Brodie then described the current age class distribution, in acres, of DNR-managed forested
22 areas in western Washington, in ten-year increments, and showing both managed lands and
23 deferrals. The majority of the forested area contains trees that are less than 80 years old. As the
24 age increases, the proportion of the age class in a deferred status increases. Mr. Brodie then
25 displayed the age class distribution by merchantable volume for DNR-managed forested areas in
26 western Washington, again in ten-year increments, and showing both managed lands and
27 deferrals. The chart shared shows that the majority of the merchantable volume that is not in a
28 deferral is in stands between 30 and 89 years old.
29

30 Mr. Brodie then described assumptions about modeling forest growth. First, an important
31 assumption is made that there will be a future forest; that harvested areas will regenerate and be
32 available for harvest in the future. There are also several assumptions about the cost of
33 regenerating harvested areas associated with site preparation, replanting of trees, managing trees
34 until they reach the free to grow stage, and managing tree density. The average cost per biennium
35 is \$18.3 million. For this biennium it is \$16 million. Costs are an average, and assume that all
36 acres receive all treatment. In reality, site preparation occurs on approximately 80 to 90 percent
37 of harvested areas, and vegetation management and pre-commercial thinning occur on about 60
38 percent of harvested areas.
39

40 The management fee collected by the agency is based on the last ten years of costs. Both VRH
41 and thinning in the uplands cost approximately \$550/acre. Harvest in riparian areas costs more,
42 primarily because it is more labor intensive. Indirect costs, for example IT, human resources, and
43 management, cost approximately \$10/acre. Based on the 2013 Assessment of Indian Forests and
44 Forest Management in the United States, DNR's costs are in the middle of the range for
45 forestland managers in the Pacific Northwest. The Indian Forest Management Assessment Team
46 prepared this report for the Intertribal Timber Council.
47

1 Mr. Blum presented a review of the past ten years of harvest activity in comparison to the harvest
2 activity modeled in the 2004 Final Environmental Impact Statement on Alternatives for
3 Sustainable Forest Management of State Trust Lands in Western Washington and for
4 Determining the Sustainable Harvest Level, as amended in 2007. Mr. Blum presented a chart
5 comparing the volume of timber sold compared to the sustainable harvest calculation. For most
6 years, the timber volume sold was less than the sustainable harvest calculation. He then
7 presented a chart showing which sustainable harvest units exceeded the target, defined as over
8 100 percent; were near or on target, defined as between 80 and 100 percent; and which are in
9 arrears, defined as less than 80 percent of the target. Sustainable harvest units that exceeded the
10 target are Clark, Cowlitz, Lewis, Mason, Pierce, and Snohomish Counties. Those near or on-
11 target are Capitol Forest, and Jefferson, Kitsap, Pacific, Skagit, Thurston, and Whatcom
12 Counties. Those that are in arrears are Federally Granted Lands and SFB Purchase, OESF, and
13 Clallam, King, Skamania, and Wahkiakum Counties. In the counties, this applies to forest board
14 lands only, not all state lands. The total amount of arrearage for the decade is expected to be
15 approximately 519 MMBF. This topic will be discussed at the April board meeting.

16
17 Mr. Blum discussed key policy assumptions and implementation for riparian management zones,
18 the northern spotted owl habitat conservation strategy, the interim marbled murrelet habitat
19 conservation strategy, and management fees.

20
21 The amount of harvest in riparian management zones in the past nine years is approximately ten
22 percent of what was projected. The actual harvest was 39MMBF and the projected harvest for
23 the decade was 394 MMBF. The amount of volume harvested in riparian management zones in
24 the coming decade is expected to be higher than 39 MMBF, but much lower than 394 MMBF.

25
26 The amount of harvest that occurred in nesting, roosting, foraging (NRF) habitat for northern
27 spotted owls was far below what was modeled in 2004. The economic collapse and associated
28 reduction of DNR's workforce hindered the agency's ability to identify "next best" habitat, and
29 therefore a conservative approach to harvesting in these areas was needed to avoid cutting too
30 much and missing habitat goals. The amount of harvest in northern spotted owl dispersal habitat
31 was over twice the amount modeled, which is a success because the harvest was variable density
32 thinning which enhanced habitat and generated revenue.

33
34 Mr. Blum next described the 2004 modelling assumptions for marbled murrelet. In 2004, it was
35 anticipated that a long-term conservation strategy would be adopted during the decade, and it
36 would be based on occupied sites with no buffers. At that time approximately 40,000 acres were
37 deferred for marbled murrelets. Today the long-term strategy is not in place, and the amount of
38 area deferred for marbled murrelets in the interim is approximately 100,000 acres.

39
40 Mr. Blum presented the financial analysis summary originally presented to the board in February
41 2004. At that time the total west side harvest revenue under the preferred alternative was forecast
42 at approximately \$199 million, and total gross revenue from all sources was forecast at
43 approximately \$238 million. The assumed cost of operations was \$74 million, approximately 31
44 percent of total gross revenue. DNR's management fees over the past nine years have been 25 to
45 30 percent of the Resource Management Cost Account and 21 to 25 percent of the Forest
46 Development Account. The revenue predicted in 2004 was based on the assumption that harvest
47 during the early part of the decade would be ramping up to the new sustainable harvest level,

1 then harvest would be steady at the sustainable harvest level for the remainder of the decade. In
2 reality, the ramp up occurred but then the economy went into recession and hindered DNRs
3 ability to attain the sustainable harvest level. DNR's economic performance has improved over
4 the past several decades as managers learn to be better land stewards, but this comes with added
5 costs. Mr. Blum presented a slide depicting changes in regulation, policy, and management that
6 result in an increased cost of doing business.

7
8 Mr. Blum then reviewed the timeline for bringing a new sustainable harvest level to the board for
9 consideration in June 2014.

10
11 Mr. Grose asked whether DNR has the personnel to respond to a new harvest level, and given the
12 time lag between when a timber sale is in the planning stage until it is harvested, how will
13 introducing a new level affect planned sales?

14
15 Mr. Blum responded that the Division is working with the Regions to minimize any short-term
16 changes in timber sale planning.

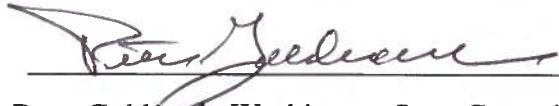
17
18 **PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST**

19 Knox Marshall, Vice President of Resources with Murphy Company: Mr. Marshall urged the
20 board to use extreme care in the work to adopt the Sustainable Harvest Calculation for the
21 decade beginning with Fiscal Year 2015. Mr. Marshall stated that the Department's timber sale
22 program is essential to the continued success of the Murphy's Company's operations, both in
23 Washington and Oregon. Because Washington and Oregon are increasingly a single wood
24 basket, a reduction in DNR timber harvest would have a negative impact on the mills throughout
25 the region. Mr. Marshall expressed that the Murphy Company stands ready to assist as the board
26 considers adoption of a sustainable harvest calculation for the next planning decade.

27
28 Ann Forest Burns, Vice President, with the American Forest Resource Council: Ms. Burns stated
29 that as the board embarks on the adoption of a Sustainable Harvest Calculation for the next
30 decade, AFRC urges the board to undertake this task with great care and to develop a full
31 understanding of the basis of the number that you are working with. An open and transparent
32 public process will be essential to AFRC's ability to assist. In order to not further erode revenue
33 production to the trusts; these acres must be put to as much timber use, compatible with other
34 multiple use objectives, as possible. Ms. Burns voiced that AFRC urges the board not to be so
35 intent on the deadline that the opportunity to fully understand and resolve questions about how
36 you will meet both your statutory and fiduciary responsibilities is overlooked.

37
38 Meeting adjourned at 10:45 AM

Approved this 15th day of April, 2014



Peter Goldmark, Washington State Commissioner of Public Lands



JT Austin, Designee for Governor Jay Inslee

via conference call

Randy Dorn, Superintendent of Public Instruction



F. Lee Grose, Commissioner, Lewis County

via conference call

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



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

Attest:



Sarah Vansot, Board Coordinator