
Minutes

Board of Natural Resources Meeting

February 6, 2018
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

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

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

Ron C. Mittelhammer, 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 9:05 AM.

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

6 7 SAFETY REVIEW

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

10 11 APPROVAL OF MINUTES

12 Chair Franz called for approval of the minutes for the January 5, 2018 Regular Board of Natural
13 Resources Meeting.

14
15 MOTION: Superintendent Reykdal moved to approve the minutes.

16
17 SECOND: Ms. Austin seconded the motion.

18
19 ACTION: The motion was approved unanimously.
20
21
22
23
24

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

2
3 **Jim Stoffer, Sequim School District**, spoke on behalf of WSSDA Trust Lands Task Force and
4 voiced their appreciation of the dialogue on healthy forests and wildland fire prevention efforts.

5
6 **Randy Johnson, Commissioner of Clallam County**, shared the County's frustration of
7 financial information not being relayed to the county and junior taxing districts in a timely
8 manner. He informed the Board of his expertise on budgets and offered to provide suggestions
9 on how the Department could improve in providing accurate financial information. Chair Franz
10 informed Commissioner Johnson that the Department Supervisor will be overseeing this issue to
11 find a resolution.

12
13 **Stan Creasy, Clallam County Auditor**, voiced concerns Clallam County has with revenue
14 expected from the DNR, and the inaccurate information being provided. He also spoke about the
15 issues caused for the county, in regards to relying on this revenue, to pay expenditures in a
16 timely manner.

17
18 **Carol Johnson, Executive Director, NOTAC**, expressed support of only Alternative B and
19 requested a bullet point list of the expected outcomes of the selected preferred alternative. She
20 also requested information on the actual number of acres in reserves, impacts to the trusts, the
21 value of acres in reserves, and the growth and value over time. She also asked how long the
22 acreage will be in reserves and the reason for the timeframe.

23
24 **Rod Fleck, City of Forks Attorney**, echoed previous comments and reminded the Board of the
25 symbiotic relationship between volume and value. He then voiced his concerns of the selected
26 preferred alternative.

27
28 **Joe Beavers, Citizen of Goldbar, WA**, spoke about the Singletary timber sale by sharing a brief
29 history of the process establishing the Reiter Foothills Recreation Plan, the process surrounding
30 the Singletary timber sale and the reconveyance of a portion of the property to Snohomish
31 County. He stated the Board should demand that Snohomish County provide a detail of how they
32 plan to fully reimburse the trusts for the reconveyance and the \$2 million loss to the
33 beneficiaries.

34
35 **Peter Goldman, Director, WFLC**, expressed well wishes for Angus Brodie and acknowledged
36 Dan Brown, the new Director of the School of Environmental and Forest Services, University of
37 Washington. Mr. Goldman also thanked the Department for listening to the communities.

38
39 **Tina Kaps, WFLC**, thanked Commissioner Franz and the Board for convening a stakeholders
40 group to explore sustainable and equitable ways to honor the trust mandate and conservation
41 commitments of the HCP. She also spoke about Senate Bill 6539, and shared concerns with
42 generating \$230 million in revenue from state lands and the potential of conservation
43 commitment conflicts with the HCP.

44
45 **PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS**

46 There were no comments.

1 **TIMBER SALES (Action Item)**

2 **Proposed Timber Sales for February 2018 | 3 handouts, including the presentation**

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

4
5 Ms. Eagle presented the results of the January 2018 auction to the Board. The Department
6 offered 8 sales totaling 45.0 mmbf in January. Of those, 7 sales sold totaling \$15.0 million for an
7 average of \$377 per mbf with 2.3 bidders per sale on average.

8
9 Ms. Eagle then discussed a graph depicting the past one and a half years' values per mbf, which
10 was brought to the Board to address a question from Commissioner Peach at a previous meeting.
11 This graph showed the appraised, sold, and budget forecasted values per mbf. She pointed out
12 that for four of the last six quarters, the revenue forecast and sold prices track closely. In the
13 second quarter of FY 18, the sold prices rose significantly. Although the revenue forecast did not
14 anticipate that steep rise in prices for that time, the appraisals are done just a couple of months
15 before the sale, and were able to anticipate the rise in prices.

16
17 Ms. Eagle then presented proposed sales to be offered in March 2018 to the Board and asked for
18 approval of the sales package.

19
20 Commissioner Franz asked the Board for questions on the proposed sales.

21
22 Superintendent Reykdal asked for clarification on the March 2018 proposed sales and whether or
23 not the \$420/mbf price is just the appraisal process catching up to the market or if there is
24 something special about the sales in the package. Ms. Eagle responded that there are a few sort
25 sales and some sales with high value products and low road costs.

26
27
28 MOTION: Dean Mittelhammer moved to approve the proposed sales.

29
30 SECOND: Commissioner Peach seconded the motion.

31
32 ACTION: The motion was approved unanimously.

33
34 **PUBLIC COMMENTS FOR CHAIR REPORT**

35
36 **Russ Pfeiffer-Hoyt, Chair of Trust Lands Task Force, WSSDA**, expressed appreciation of
37 the Department's approach to address wildfire and forest health issues, and how WSSDA and the
38 DNR are working together in this effort.

39
40 **Matt Comisky, Washington Manager, AFRC**, spoke about forest health and his involvement
41 establishing the 20-year Forest Health Strategic Plan. He expressed support of continued efforts
42 to find a resolution to the forest health and wildfire issues. He noted wildfire and forest health are
43 not only a timber issue, but also a concern for the personal health and well-being of citizens. He
44 spoke about SB 6539 and HB 1711, and stated that there are attempts to shape the cost and
45 management of the land and the costs of obligations coming out of the bills.

1 **CHAIR REPORT**

2 **State Lands Forest Health Implementation Briefing – Part II | 1 handout**

3 Darin Cramer, Product Sales and Leasing Division Manager

4
5 Mr. Cramer began Part II of the forest health briefing with a short review of what was discussed
6 in Part I. He then discussed HB 1711, which passed the Washington State legislature in 2017. He
7 stated the bill has four main components, one of which is that it requires regular reporting to the
8 legislature on what has been completed and what is planned. It also sets up the revolving account
9 from which work will be funded. Mr. Cramer then gave brief definitions from HB 1711,
10 including defining what forest health and forest health treatment mean.

11
12 Mr. Cramer discussed the prioritization criteria for HB 1711, which must be based on an
13 evaluation of the economic and non-economic value of the following: timber or other
14 commercial forest products removed during any mechanical treatments; timber or other
15 commercial forest products likely to be spared from damage by wildfire; homes, structures,
16 agricultural products, and public infrastructure likely to be spared from damage by wildfire;
17 impacts to recreation and tourism; and ecosystem services such as water quality, air quality, or
18 carbon sequestration.

19
20 He stated that HB 1711 also requires coordination with nearby landowners, and focuses work on
21 a landscape level. Mr. Cramer noted the reporting mechanism for HB 1711 as having to be
22 completed every biennium by December of each even numbered year. The reporting will include
23 a six and two-year treatment plan, as well as the funding required.

24
25 Mr. Cramer then discussed the funding aspect of HB 1711. He stated there is a dedicated
26 revolving account to fund all work in eastern Washington; the Forest Health Revolving Account
27 (FHRA). All proceeds generated from treatments and legislative appropriations are deposited
28 into the revolving account. He explained that the Commissioner of Public Lands has authority
29 for expenditures from the FHRA, and that the BNR will receive periodic reports on the program
30 as well. Mr. Cramer noted that at the end of each calendar year, any proceeds over 10 million
31 dollars will be distributed to the appropriate trusts. Also, if the FHRA is no longer needed, funds
32 will be distributed to the appropriate trusts.

33
34 Mr. Cramer then showed a graph of total management fund revenue versus costs for eastern
35 Washington timber sales for FY 2011 through FY 2017. During this time the DNR has spent \$2
36 million more than what was generated. This highlights the necessity of an account such as the
37 FHRA to cover costs when there is not likely a chance of positive return for forest health
38 treatments.

39
40 Commissioner Peach asked for the amount of acres treated that resulted in the \$2 million
41 negative balance. Mr. Cramer responded that there is variation in the total acres treated by year,
42 but the DNR was treating about 14,000 acres per year.

43
44 Commissioner Peach then clarified that as a silvicultural investment or a fire prevention activity,
45 the cost could be perceived as \$7/acre. Mr. Cramer agreed that the \$2 million was an investment
46 into eastern Washington lands as part of the DNR's obligation to manage the land, but ideally is
47 weighed against other trust asset investments.

1 Mr. Cramer informed the Board that the DNR's Strategy to Restore Forest Health publication
2 should be available soon.

3
4 Mr. Cramer then updated the Board on the current biennium, including the amount of funds
5 currently available, projected revenue, and the amount of planned treatment acres.

6
7 Director Brown asked for clarification on commercial versus non-commercial treatments. Mr.
8 Cramer responded that a commercial activity would be a timber sale where revenue is projected
9 to be received, whereas a non-commercial activity would be something similar to a vegetation
10 management activity or an investment into the landscape.

11
12 Mr. Cramer gave an update on the current biennium status, noting that a report will be due to the
13 Board in the fall of 2018.

14
15 Commissioner Franz noted the successful relationship between the DNR and the state legislature
16 in implementing the forest health program. The DNR is rapidly getting the program moving.
17 Commissioner Franz then asked for questions.

18
19 Director Brown asked for clarification of the revolving fund. Mr. Cramer answered the revolving
20 account is primarily funded with revenue from active sales. Management funds will be handled
21 separately, as will Capital funds.

22
23 Commissioner Peach clarified that all funds generated from timber sales will be held in this
24 revolving account and that there is no other capital being generated from timber sales. Mr.
25 Cramer agreed.

26
27 Commissioner Peach provided his support and approval of the program. Commissioner Peach
28 also asked if finances will be covered at the review in the fall of 2018. Mr. Cramer responded
29 that even though there will only be a few months' worth of data, that information will be
30 provided. Mr. Cramer added that the DNR has already done much preliminary work in affected
31 stands, and moving forward, much work will be maintenance related.

32
33 Commissioner Peach asked for confirmation that all the revenue will be dispersed to the
34 beneficiaries, and some type of quantification of benefit to the landscape in regards to fire
35 prevention. Mr. Cramer replied that the DNR will attempt to provide some sort of quantifier and
36 that yes, all funds will be dispersed to beneficiaries.

37
38 There were no more questions.

39
40 **Post Disturbance Management on State Lands Briefing | 1 handout**

41 Koshare Eagle, Product Sales and Leasing Assistant Division Manager

42
43 Ms. Eagle began the next portion of the presentation on post-disturbance management on State
44 Trust Lands, which include impacts of fire in eastern Washington and the DNR's response to
45 those fires.

1 Ms. Eagle showed maps of eastern Washington from 2011 through 2017, depicting large fires
2 each year, to demonstrate the magnitude of the impact from fires across all ownerships.
3

4 Ms. Eagle discussed how the DNR evaluates post-disturbance activities by adhering to some
5 guiding principles, retaining pre-disturbance objectives (fiduciary, habitat, etc.), and recognition
6 that valuable materials can be recovered.
7

8 Director Brown asked if the most effective management is to retain the same objective if the
9 disturbance damaged the habitat, or if it makes more sense to revisit the management objective.
10 Ms. Eagle responded that managers would look at the original objective and what the future
11 objective was intended to be, and see how it fits with what exists following the disturbance.
12

13 Director Brown noted that a disturbance may not only impact the immediate stand/forest, but
14 would likely also change the adjacent stand objectives.
15

16 Commissioner Peach asked for clarification on the amount of acres burned, and recommended
17 that landowners consult with biologists for their habitat recommendations.
18

19 Ms. Eagle noted that when the DNR decides to enter an area to salvage material, it is purely to
20 capture revenue before a product is no longer viable while also minimizing ecological impacts.
21

22 Ms. Eagle also mentioned language guiding the DNR in determining salvage opportunities,
23 which include RCWs 79.15.210 and 79.15.220, the Policy for Sustainable Forests, and the
24 Habitat Conservation Plan.
25

26 Ms. Eagle then outlined the general approach used to identify salvage opportunities, including
27 determining the extent and level of damage, where harvest would be prudent given
28 environmental conditions, and how much damaged material can be recovered.
29

30 Ms. Eagle also discussed screening tools used to determine projects. These include: avoiding
31 harvest on slopes over 40% to reduce damaging soils in steeper areas, access to burned areas, and
32 burn severity that could impact ability to get products from burned areas. A chart was also
33 presented to show the salvage priority level based on proximity to roads.
34

35 Ms. Eagle then discussed the Jolly Mountain Fire and the upcoming Jolly Fire Salvage sale,
36 which should be coming before the Board in a month or two.
37

38 Ms. Eagle asked the Board for questions.
39

40 Superintendent Reykdal asked about reforestation in salvaged lands versus normal timber sale
41 operations.
42

43 Mr. Cramer responded that there is little difference because it is always a cost of stand
44 replacement. Mr. Cramer noted that approximately 5% of burned lands have been salvaged
45 simply because it is costly. Reforestation must be planned well in advance so when a fire
46 happens, funding for reforestation must be found as it was not budgeted for as fire is an
47 unforeseen disturbance.

1 Superintendent Reykdal asked for clarification that reforestation after fire salvage would be
2 allowed under the new FHRA. Mr. Cramer confirmed that money for salvage and reforestation
3 of burned areas is allowed in HB 1711.

4
5 Dean Mittelhammer asked that the Department revisit the principle of retaining the management
6 objective for disturbed lands, as pre-disturbance management may not be feasible. Dean
7 Mittelhammer also asked for clarification between meeting pre-disturbance objectives versus
8 completing a salvage for a net revenue gain.

9
10 Ms. Eagle answered that in areas where generating revenue for beneficiaries is the pre-
11 disturbance objective, then salvaging the area and collecting revenue for the trusts meets the pre-
12 disturbance objective. In areas with northern spotted owl habitat, it may be possible to complete
13 a salvage harvest and continue managing for habitat. It really comes down to a case-by-case
14 basis, since not all burned areas are completely burned.

15
16 Mr. Cramer added that objectives are always revisited based on what exists post-disturbance.

17
18 Commissioner Peach mentioned that he would like to see the economics associated with eastside
19 management as far as the amount of money invested into revenue generating lands on a
20 landscape level, basically what DNR's threshold is for investment costs. Mr. Cramer noted that
21 the DNR has that data and would be happy to share.

22
23 Superintendent Reykdal asked if, in the model the DNR uses, potential future disturbance threats
24 are taken into consideration, primarily for western Washington forests.

25
26 Mr. Cramer responded that there is no real answer to the question other than many people are
27 looking into such an issue. The DNR knows conditions are changing and that disturbance
28 regimes appear to be increasing.

29
30 Commissioner Franz noted that adopting the 20-year forest health plan can be used to look at the
31 westside as well.


32
33 Following the presentation, Chair Franz introduced Brock Milliern as acting deputy supervisor
34 for state uplands.

35
36 Meeting adjourned at 10:31 AM.


Approved this 6th day of March, 2018



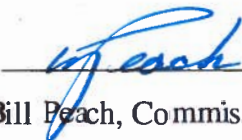
Hilary S. Franz, Washington State Commissioner of Public Lands



JT Austin, Designee for Governor Jay Inslee



Chris Reykdal, Superintendent of Public Instruction



Bill Beach, Commissioner, Clallam County

approved via conference call

Ron Mittelhammer, 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