
Minutes

Board of Natural Resources Meeting

July 7, 2020
“Webinar”, Olympia, Washington

BOARD MEMBERS PRESENT

The Honorable Hilary Franz, Washington State Commissioner of Public Lands

The Honorable Bill Peach, Commissioner, Clallam County

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

BOARD MEMBERS ABSENT

The Honorable Chris Reykdal, Superintendent of Public Instruction

1 **CALL TO ORDER**

2 Chair Franz called the meeting to order at 9:03 AM.

3

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

6

7 Chair Franz introduced Katy Taylor to the Board Members, reminding the Board that Ms. Taylor
8 is the recently hired Chief Operating Officer for the Department. Ms. Taylor shared about herself
9 and work history.

10

11 **WEBINAR FORMAT BRIEFING**

12 Ms. Anderson provided an overview of conducting the meeting via Webinar.

13

14 **APPROVAL OF MINUTES**

15 Chair Franz called for approval of the minutes for the January 7, 2020, April 7, 2020, and
16 June 2, 2020 Regular Board of Natural Resources Meeting.

17

18 MOTION: Dean Wright moved to approve the minutes.

19

20 SECOND: Director Brown seconded the motion.

21

22 ACTION: The motion carried unanimously.

23

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

2 **Irene Nash, resident of Goldbar, WA**, spoke about the proposed timber sales surrounding
3 Wallace Falls and how they will affect the users experience at the park and while traveling on
4 highway 2. She asked the Board to consider the long-term impacts to the local economy in the
5 communities within Snohomish County.
6

7 **Mike Nash, resident of Goldbar, WA**, spoke about the timber sales in Skykomish Valley. He
8 shared his thoughts on impacts to the community and recreational access for members of the
9 public. He anticipates a much stronger desire of the public to go to the parks and walk through
10 the forest.
11

12 **Matt Comisky, Washington Manager, AFRC**, commented on the timeliness of the documents
13 posted to Board of Natural Resources website, noting the lateness of a couple materials to the
14 website. He asked that materials be posted at least three days in advance, as is required of the
15 public to submit written comments.
16

17 **Jim Stoffer, Superintendent, Sequim School District**, reminded the Board of the budget
18 uncertainties across the state and impacts to the schools, and the responsibilities of the Board to
19 the beneficiaries.
20

21 **Rod Fleck, Forks City Attorney**, spoke about the timeliness of documents posted to the
22 website. He also spoke about the Peninsula Land Exchange and the impacts to local revenue,
23 noting the issues with sales and excise tax, adding the excise tax issue is not resolved. He also
24 spoke about the impacts to jobs that has not been addressed. He implied that critical data was not
25 shared by the Department and he recommended more attention should be focused on the issue
26 with Makah Tribe's access and also on the management of lands in the exchange.
27

28 **Sam Chesley, resident of Goldbar**, spoke about timber sales in Snohomish County and the
29 negative economic impact it will cause to the local community. He also mentioned the economic
30 benefit to the community brought on by recreational activities in the area.
31

32 **Reed Blanchard, resident of Kitsap County**, spoke about timber sales and the amount of
33 harvesting and aerial spray of insecticides and that there are other ways to make a profit in the
34 forest.
35

36 **Brian Nelson, resident of Goldbar, WA**, voiced his opposition of the Middle May timber sale.
37 He shared concerns on the aesthetics of the park and views if the harvest were to occur. He spoke
38 about the negative impacts to the economy of the local community.
39

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

41 **Matt Comisky, Washington Manager, AFRC**, spoke about the planned sales for the FY21-22
42 and the benefits to the beneficiaries. He noted questions in regards the planned harvest schedule
43 and that it appears to be a discrepancy in the amount of board feet scheduled for harvest and the
44 presentation of the State of State Lands Chair Report.
45

46 **Mary Rollins**, spoke about the Commissioner's speech on a Women's Empowerment call and
47 the proposed timber harvest in Goldbar, WA. She shared that she frequents the trails and takes
48 her family member out where there is wheel chair accessibility.

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TIMBER SALES (Action Item)
Proposed Timber Sales for August and September 2020 | 3 handouts, including the presentation

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

The results of the June 2020 auctions were presented to the Board by Ms. Eagle. The Department offered 10 sales totaling 50.2 mmbf. 9 sales sold totaling \$10.3 million for an average of \$237 per mbf with 2.4 bidders per sale on average.

Ms. Eagle asked for questions. There were none.

Ms. Eagle then presented proposed sales to be offered in August and September 2020 to the Board. Ms. Eagle asked for approval of the proposed sales as presented.

Chair Franz called for approval of the proposed timber sales.

MOTION: Commissioner Peach moved to approve the proposed sales.

SECOND: Director Brown seconded the motion.

ACTION: The motion carried unanimously.

PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS

No Comments.

LAND TRANSACTION (Action Items)
Casey Road Exchange, No. 86-097952; Resolution 1568

Deb Whitney, Conservation, Recreation, and Transactions Division

Ms. Whitney presented the proposed property for exchange. She described the exchange as a 40-acre DNR-managed property, for a 77-acre property owned by Sanders Wood Products, Inc., dba RSG Forest Products, Inc. (Exchanger). Both parcels are located in Cowlitz County.

She stated that Department will convey a 40-acre escheat trust parcel, located about 20 miles east of the I-5 corridor near Yale, WA. The parcel is completely surrounded by private ownerships in a developing community, and is an edge-holding to the Exchanger's property. The property is zoned forestry and is site class II. DNR will retain use of all road easements to and from the parcel, and will retain an easement over the parcel for continued management of state property to the north. There is no public access to or across the parcel, and this transaction does not change that.

DNR will acquire a 77-acre parcel owned by the Exchanger, and located 2 miles west of the I-5 corridor and 15 miles north of Longview. The parcel is a complete inholding to a large DNR-managed forest block. The property is zoned forestry and is site class II. This property will be managed for the Common School Trust.

1 DNR held a public hearing in Castle Rock, WA on October 10, 2019. One person testified at the
2 hearing against the transaction and sent in written comments, and two others sent in comments
3 neither for nor against, but with questions. A summary of the comments was presented to the
4 Board for consideration.

5
6 Mr. Cahill asked about public access to state lands. Ms. Whitney that there is currently no public
7 access and there will not be public access after the transaction takes place. Mr. Cahill stated that
8 the Board needs to consider public access to state lands, in general. Chair Franz replied that more
9 discussion is slated in regards to access to public lands.

10
11 Ms. Whitney recommended approval of Resolution 1568.

12
13 Chair Franz called for a motion to approve Resolution 1568.

14
15 MOTION: Commissioner Peach moved to approve Resolution 1568.

16
17 SECOND: Dean Wright seconded the motion.

18
19 ACTION: The motion carried unanimously.

20
21 **PUBLIC COMMENTS FOR CHAIR REPORT**

22
23 **Bill Turner, Manager, Sierra Pacific**, spoke about the revenue generation and noted their
24 appreciation of the timber sale program. He also shared the benefits of this program for the
25 timber industry. Remaining comments inaudible.

26
27 **Matt Comisky, Washington Manager, AFRC**, spoke about the chair report and noted that
28 timber revenue is up and the other programs in the report today are essentially static. He
29 understands the interest in diversifying the portfolio. He feels it is clear to provide an even flow
30 and consistency in sales going forward and ensure more predictability all around.

31
32 **Miguel Perez-Gibson, representing WEC**, spoke about the state of the state lands report and
33 hopes this helps the Board to look at the long term issues facing them, and for all people to get a
34 better handle on the timber sales program. He feels it will help the Board in regards to current
35 policies and revenue for future timber sales.

36
37 **Rod Fleck, Forks City Attorney**, spoke about the state of the state lands report, and appreciates
38 the information on funding for the beneficiaries. He noted concerns with the numbers in regards
39 to plans within the Olympic Experimental State Forest. He noted the 2017 annual report was
40 \$190m and the current one is \$186m. He shared concerns with the timeline for harvests to occur
41 over the next four years in Clallam County and the need to ensure consistent revenue throughout
42 the timeframe in regards to the sustainable harvest calculation.

43
44 Chair Franz noted that the chair report will focus on timber revenue and diversifying our revenue
45 portfolio. She reminded the audience that it does not happen overnight and that the asset
46 management analysis will be complete at the end of the year, and will include consideration of
47 the impacts from Covid-19.

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CHAIR REPORT

State of the State Lands Report

Duane Emmons, Product Sales and Leasing Division Manager
Brock Milliern, Conservation, Recreation and Transactions Division Manager
Angus Brodie, Deputy Supervisor for State Uplands

Mr. Emmons shared what will be reviewed during the presentation of the State of the State Lands Report:

- Overview of DNR managed lands
- Revenue in each business area
- Sustainable harvest calculation
- Urban and transition lands
- Management of lands; per mandates and for the general public
- Fund balances and growth opportunity

Mr. Emmons then reviewed the following with the Board Members:

- A summary of trust revenue and activity by business class was presented for fiscal year 2018
- A summary of the 2019 and 2020 timber volume sold and remaining was presented
- A review of the 2021 and 2022 timber sale plan by sustainable harvest unit and a discussion of the harvest trends for the remaining of the planning decade were discussed by sustainable harvest unit. Staff will be reaching out various counties over the next few months to discuss the schedule of sales over the next four years. Staff will be coming back to the board if there are any recommended changes for the board to consider related to decade harvest levels.
- A review of the urban and transition lands portfolio was provided

Chair Franz noted that the Departments objective is to follow the growth management act. She shared the Departments effort to address various challenges and best ways to manage the lands for the beneficiaries.

Mr. Milliern reviewed the following with the Board Members:

- A summary of trust transactions over the last year, including number of projects, aces, value, and mention of large projects was provided; additionally a summary and comparison of the five year averages was provided.
- A summary of conservation transactions, including number of projects, acres, value and mention of large projects was provided; additionally a summary and comparison of the five year averages was provided.
- A summary of the breadth of the recreation program and 2019 highlights was provided.

Director Brown asked about the use of public lands and understanding the diversity of use.

1 Mr. Milliern replied that the Department is working to find the best way to track the use and the
2 diversity, and shared a couple of examples.

3

4 Mr. Brodie reviewed the following with the Board Members:

5

6 • Funding that is generated by state trust land revenue

7 ○ RMCA

8 ○ FDA

9 ○ Budget Provisos

10 ▪ 32% for RMCA

11 ▪ 27% for FDA

12 • Fund Projects into 2021

13 • Current Fund Projections as of June 2020

14 Mr. Brodie shared that the BNR Retreat still in the planning stages, and the Department will
15 decide by July 15 whether the retreat will be in in person or virtual.

16

17 Mr. Brodie then reviewed next steps, noting the current situation of uncertain times:

18 • Continue revenue generating activities while staying safe

19 • Focus on commercial and green energy and

20 • Target a 3-month fund balance by the end of FY 2021.

21 Commissioner Peach asked if, based on current and upcoming data, you could present a scenario
22 that will bring back the management accounts back to a 3-month minimum, by perhaps
23 increasing the harvest level, at a future meeting. Mr. Brodie replied that there would be issues
24 with that scenario due to the time it takes to plan a harvest and have it apply to FY21, but the
25 intent is to explore all our options.

26

27 Mr. Cahill asked about thinning and if that would be cut back in order to balance the accounts.

28 Mr. Brodie replied that it is a possibility, yet he hopes to not go there. Silviculture is still behind,
29 yet there is plan to possibly bring a legislative proposal for help fund silviculture activities.

30

31 Chair Franz added that work needs to be done in order ensure the long-term health of our timber
32 assets, and now we have the challenges due to Covid-19. She shared that conversations are
33 taking place in regards to stimulus funding and our goal is to not continue to fall short.


34

35 Mr. Brodie added that a slowing of the economy it is impacting the Department. This is a
36 resilient organization and still in a healthy place. If we act now, we should be able to ride
37 through this downturn.

38

39 Meeting adjourned at 11:34 AM.

Approved this 1st day of September, 2020

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

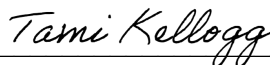
Approved via webinar

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