
Minutes

Board of Natural Resources Meeting

June 1, 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

BOARD MEMBERS ABSENT

Dr. Richard Koenig, Interim 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 9:00 AM.

3
4 All Board members introduced themselves. A meeting quorum was attained.

6 WEBINAR FORMAT BRIEFING

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

9 APPROVAL OF MINUTES

10 Chair Franz called for approval of the minutes for the May 4, 2021 Regular Board of Natural
11 Resources meeting.

12
13 MOTION: Commissioner Peach moved to approve the minutes.

14
15 SECOND: Director Brown seconded the motion.

16
17 ACTION: The motion carried unanimously.

19 LIGHTNING TALK

20 Meridian Seed Orchard

21 Jeff DeBell, Manager, Meridian Seed Orchard

22

1 Mr. DeBell described the importance of the Meridian Seed Orchard and how it supports the
2 agency's overall program. Annually, DNR plants approximately 15,000 acres of seedlings. The
3 nursery also supplies seedlings for small landowners following timber harvests or fires. The
4 Meridian Seed Orchard's primary objective is to ensure sufficient seed is available to supply the
5 nursery for growing seedlings. Seeds are obtained through collection in the woods or by
6 production of seeds at the Meridian Seed Orchard. In terms of methods, it depends on the scale.
7 For areas requiring less seed, seeds are collected in the woods. For areas requiring more seed,
8 DNR's orchard identifies good seed parents and plants them together where they can cross
9 pollinate for reliable seed production. When seeking specimen parents, foresters identify healthy
10 trees with good stem quality and overall good tree health. Branches are grafted in the seed
11 orchard providing better than average tree parents. At this point, it is still uncertain if the trees
12 are above average because of genetics or because they were growing within a good micro site.
13 Seeds produced are segregated by parents. The seedlings are planted on sites across the state and
14 monitored; measured; and documented over time for mortality or susceptibility to disease or
15 insects. Performance of the seedlings identifies the best parents to eliminate the parents that did
16 not produce good seeds leaving a block of good trees to produce seeds. Additionally, another
17 cycle of controlled pollination among those best trees creates additional variations and new
18 combinations that can be tested.

19
20 Several videos featuring Stu Olshevski, Regeneration Testing Forester, and Sean Smith, Seed
21 Orchard Manager, described the Douglas fir testing program across testing sites in Western
22 Washington. Pollen extracted from a Douglas fir tree in the orchard is applied to flowers on
23 other trees to ensure only those trees are pollinated from the controlled pollen. Pollination of
24 trees requires most of the month of April to complete.

25
26 Once data is obtained from the test sites, DNR can make new selections and plant new orchards
27 of the highest quality trees. The process involves grafting or making copies of preferred trees.
28 During the establishment of new orchard blocks, trees are grafted onto root stock by cutting a
29 wedge into the root stock and adding scion material and wrapping the plant. After three months,
30 the result is a sealed graft union, which will produce seeds. Once the trees are grafted and
31 healed, they are ready for planting in fields in tree rows. Trees that are nearing five years of age
32 are at the stage where it is possible to manage them for cone production. Once the trees reach a
33 specific size, staff applies horticultural techniques, such as girdling or injecting trees with plant
34 hormones to encourage flowering. The goal is to produce as many flowering trees as possible to
35 maximize seed production. Once trees begin flowering, the next step is managing pollen to
36 ensure flowers receive as much pollen as possible to maximize the amount of seeds in each cone,
37 as well as to ensure only pollen from orchard trees is used and not other trees located outside the
38 orchard. The process produces a high yield of high quality seed. DNR changed conifer orchard
39 management by planting trees closer together as it is more economically advantageous in terms
40 of worker efficiency and safety by keeping the trees small using large hedge trimmers on a
41 tractor to top and side prune trees every few years. In traditional conifer seed orchards, trees are
42 widely spaced and are very tall limiting access by staff. Testing is in cooperation with other
43 major forest landowners in the state with all participants sharing the cost as well as the results.
44 DNR serves as the lead in implementing the program. Working together is helpful to the
45 department when testing is repeated each year to provide new data. Repeated testing helps the
46 department keep up with changes in climate. The program is creating a strong foundation so that
47 trees on state lands and on family forest properties will be healthy in the future.

1
2 Director Brown asked about the length of time seedlings are allowed to grow before determining
3 whether the tree produces good seeds. Mr. DeBell advised that the decision on the status of trees
4 occur when trees reach the age of approximately 12 years.

5
6 **PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST**

7 **Stephen Kropp** commented about inaccurate information presented to the Board last month and
8 the upcoming presentation on Older Forests Policy in conflict with the objectives of the Habitat
9 Conservation Plan (HCP) and the policies for a sustainable forest. The information is misleading
10 and based on a false interpretation of the HCP and existing policies and procedures.
11 Specifically, DNR believes that any forest classified as structurally complex by 2,100 counts
12 toward the 10%-15% older forest target. That information is inconsistent with existing policies
13 and procedures and inconsistent with the definitions and objectives of the HCP. He cited
14 information indicating DNR projects it will meet the 10%-15% target in the South Puget
15 Planning Unit on or about 2070. By 2,100, the target will increase above 20%. He cited HCP
16 implementation procedures and DNR's guidelines for identifying mature and old growth forests
17 in Western Washington. DNR is attempting to rewrite the rules without consulting the Board.
18 He encouraged the Board to read the documents and demanded that staff revise the numbers to
19 be consistent with existing Board approved policies.

20
21 **Robert Mitchell** said the Board has a fiduciary duty to the citizens of the state to consider the
22 potential of financial trades to provide greater and more predictable revenue than timber sales
23 alone.

24
25 **PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS**

26 **Matt Comisky, American Forests Resource Council**, thanked staff for their hard work and
27 efforts. Strong demand continues for timber sales. May timber sales reflect an increase in
28 revenues year-to-date of \$205 million with significant over bids, a good indication the market is
29 working and setting prices. He expects to see continued strong demand on log supply in the
30 Pacific Northwest.

31
32 **TIMBER SALES (Action Item)**

33 **Auction Results for May 2021 & Proposed Timber Sales for July 2021| 3 handouts,**
34 **including the presentation**

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

36
37 Ms. Eagle presented the results of the May 2021 auctions. The Department offered 12 sales
38 totaling 54.8 mmbf. All sales sold for \$20.9 million for an average of \$382 per mbf with 2.5
39 bidders per sale on average.

40
41 Ms. Eagle invited questions. No questions were offered by the Board.

42
43 Ms. Eagle presented the first sales proposed in fiscal year 2022. The five sales total 18.3 mmbf.
44 The minimum bid total is \$7.7 million with an average of \$421 per 1,000 mbf. That amount is
45 higher than the previous minimum. The proposed sales include a higher proportion of Douglas
46 fir logs, ground-based harvesting, and less road work.

47

1 Ms. Eagle invited questions. No questions were offered by the Board.

2
3 Ms. Eagle requested approval of the proposed sales as presented.

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5 MOTION: Commissioner Peach moved to approve the proposed sales.

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7 SECOND: Mr. Cahill seconded the motion.

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9 ACTION: The motion was approved unanimously.

10
11 **PUBLIC COMMENTS FOR LAND TRANSACTIONS ACTION ITEMS**

12 **Russ Pfeiffer-Hoyt, Washington School Directors' Association**, thanked DNR staff for
13 recommending the transactions as the forests are high quality and will add long-term value to the
14 Common School and State Forest Trusts.

15
16 **Dan Cothren** experienced technical difficulties and was unable to offer comments. Angus
17 Brodie, Deputy Supervisor, State Uplands, read his comments into the record later in the
18 meeting.

19
20 **LAND TRANSACTIONS – ACTION**

21 **Skamokawa 40s, 08-101505, Resolutions 1578 and 1579**

22 Robin Hammill, Property and Acquisition Specialist

23
24 Ms. Hammill reported the Skamokawa 40s acquisition is the first purchase of forest land in
25 Wahkiakum County to replace lands that were transferred to Natural Resource Conservation
26 Status because the lands were encumbered under the Federal Endangered Species Act. In total,
27 166 acres are to be purchased for the State Forest Trust to be managed on behalf of the county
28 and other junior taxing districts, and an additional 81 acres will go to the Common School Trust
29 to support school construction. All the lands are near State Highway 4 and contain a mix of
30 Douglas fir, Western Hemlock and Red Alder ranging between 15 to 40 years old. The total
31 purchase price of the acquisition is \$580,000 with \$80,000 coming from the Real Property
32 Replacement Account and \$520,000 from the Parkland Revolving Fund.

33
34 Mr. Brodie read comments from Wahkiakum County Commissioner Dan Cothren into the
35 record. Mr. Cothren thanked Commissioner Franz and the Board for pursuing the proposed land
36 transaction. The action is the first step to make Wahkiakum County solvent into the future. The
37 land is very productive timber lands.

38
39 Commissioner Franz invited comments from the Board.

40
41 Director Brown said the proposal represents the type of transaction intended for the funds.

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43 MOTION: Commissioner Peach moved to approve Resolutions 1578 and 1579 as presented.

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45 SECOND: Superintendent Reykdal seconded the motion.

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47 ACTION: The motion was approved unanimously.

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PUBLIC COMMENTS FOR CHAIR REPORT

Paul Butler said he practices sustainable forestry on his 88 acres near Capitol Forest following the tenants of Jerry Franklin’s Ecological Forest Management. Most of the property contains 30 to 60 year old alder and some residual conifers. He preserved a unit of approximately seven acres of mature and mixed hardwood conifers as a conservation area. In 2017, he added two additional acres to the conservation area. He has identified stands of similar age on adjacent state land and assumed DNR was protecting those areas. DNR recently began setting up the Oracle Tree timber sale along Brown Road. The neighborhood conveyed concerns about logging mature second growth forests and replanting the land with a Douglas fir plantation. Following a meeting with DNR foresters, the controversy over legacy forests increased. He supports DNR’s plans to revisit management of legacy forests. Few acres of naturally regenerated older forests remain in southwest Washington under state management. The forests play a critical role in conserving biodiversity and reducing risk of fire damage to nearby communities. The forests cleanse the air, filter water, and store carbon. Douglas Fir plantations are grossly changed forests and unnatural. A *Seattle Times* article suggests there is likely no more than 10,000 acres of state-owned unprotected legacy forests in DNR’s 2.4 million acres of forest land. He encouraged the protection of the last legacy forests as it represents the best chance of increasing the amount of old growth for future generations.

Miguel Perez-Gibson, Washington Environmental Council, thanked Commissioner Franz for including the topic on Older Forests Policy. In 1997 following adoption of the HCP, while serving as DNR’s Division Forests Manager, he was tasked by former Commissioner Belcher to develop field implementation procedures and guidelines. In 2000, under the new administration, changes were made. Board Resolution 1110 in March 2004 eliminated the strategy of allowing any watershed administrative unit without a landscape plan with over 50% of trees younger than 25 years old to be thinned. Any cumulative effects resulting from the new strategy would be handled through the SEPA process. The Board should revisit the prior decision in 2004 that enabled harvesting existing older forests in exchange for growing future trees. DNR committed within the HCP that all westside planning units would retain 25% to 35% of the landscape in complex forests of 70 years or older. He looks forward to beginning the conversation on the future ecological value of state forests.

Kendra Smith spoke on behalf of Skagit County regarding the current older growth policy and definition. In 2006, the Board adopted the current policy for sustainable forests following a long and thoughtful deliberation based on information in a report prepared by Dr. J. Franklin and other experts. The policy was reviewed by a committee. In 2006, she served as staff to Skagit County Commissioner Ted Anderson in his capacity as the County Government representative on the Board of Natural Resources. She was present during DNR briefings and discussions on the development and adoption of the policy for sustainable forests. The policy was appropriate for meeting the requirements of the HCP and the objectives today. Skagit County urges the Board to acknowledge the past work of the Board as it reviews and considers any future actions that could affect the trust mandate. She urged caution in proceeding with any changes to older growth definitions.

Russ Pfeiffer-Hoyt, Washington School Directors' Association, offered that the Board’s deliberation on Older Forests Policy should consider how any actions add long-term financial

1 value to the trust. He acknowledged the efforts by DNR in preparing the Trust Land
2 Performance Assessment, as it was a promise by Commissioner Franz to complete the
3 assessment.

4
5 **Court Stanley, Washington State Association of Counties (WSAC)**, cited WSAC's strong
6 support for sustainable working forests to support counties, rural communities, and the
7 environment. He cautioned against any decisions on Older Forests Policy that would set aside
8 forests of older second growth because of the potential to create a disincentive for DNR to
9 manage stands for a longer rotation. It would also have negative influences on private forest
10 landowners. Older aged second growth provides high quality building materials that store
11 carbon. Managing for longer rotations with the certainty of harvest creates multiple age classes
12 across the landscape providing habitat characteristics for multiple species. DNR has identified
13 nearly half of its land for maturing into old growth forests. The remaining land needs to be
14 managed to provide multiple benefits for counties, communities, and critters across the state.

15
16 **Beverly Parsons, Kitsap County**, thanked DNR for expanding the comment period for the
17 Trust Land Performance Assessment and the discussion on the Older Forests Policy. She
18 referred to a letter sent to congressional leaders signed by approximately 200 forest and climate
19 change scientists and experts citing no scientific evidence to support increased logging to store
20 more carbon in wood products as a natural climate solution. The growing consensus of scientific
21 findings support an increase in the protection of native forests to absorb and store more carbon,
22 not less in the forests. Scientists and experts debunk the claims of the logging and wood
23 products industry about the relative amount of carbon storage in wood products by the use of
24 unrealistic and erroneous assumptions in modeling. She referred to a book, *Smokescreen –*
25 *Debunking Wildfire Myths to Save Our Forests and Our Climate* authored by Chad Hanson, a
26 member of the Sierra Club National Board of Directors. He points out that the current ideas
27 promoted by the timber industry on thinning are misguided. The primary drivers of wildland
28 fires are weather and climate variables. Logging itself is a secondary factor contributing to
29 wildland fires. She urged the Board to declare a moratorium on clearcutting on state forest lands
30 for at least 10 years to contribute to carbon sequestration, healthy forests, and protection from
31 wildfires. She asked the Board to direct DNR to review the research conducted by scientists that
32 are not accountable to the timber industry.

33
34 **Matt Comisky, American Forest Resource Council**, reminded the Board that existing policies
35 are based on science. The HCP was a multi-species HCP intended to provide a vast range of
36 habitat for several species. Targets established in the HCP were forecasted to be achieved in the
37 next 100 years, not today. In terms of the Trust Land Performance Assessment, he supports
38 additional efforts by DNR and would like to ensure appropriate financial reporting. He
39 suggested revising the purpose and need statement by moving the third recommendation as the
40 first recommendation because of the importance of sound economic and accounting data before
41 recommending any transformational changes.

42
43 Mr. Brodie read comments submitted by Rod Fleck, City Attorney/Planner, City of Forks.
44 Mr. Fleck noted that the Older Forests Policy presentation affirms the diligence DNR utilizes
45 within the rules and procedures of the HCP. DNR has a contractual obligation under the HCP to
46 protect old growth forests and provide the needed structural habitat for species of concern. He
47 urged the Board to avoid yet another attempt to satisfy even more working forests from poor and

1 ascetical devotion. In terms of the Trust Asset Management presentation, one of the slides
2 appears to argue the basic concepts of measuring DNR deliverables for accountability from
3 volume and value. Dr. Brenda Hood noted that volume is like time in class and value was
4 performance in the class. He urged the Board to avoid dressing up the “halls.”
5

6 **CHAIR REPORT**

7 **Older Forests Policy**

8 Andy Hayes, Division Manager, Forest Resources Division
9

10 Mr. Hayes recapped the last month’s presentation on the policy framework defining the
11 management and protection of old growth and older forests on DNR land. The presentation will
12 cover how DNR implements policies on the ground; how DNR monitors progress toward
13 expected landscape outcomes; and expectations of outcome yields in the future over the
14 remainder of the term of the HCP.
15

16 Mr. Hayes introduced experts with DNR who help implement and measure strategies on the
17 ground. Dr. Dan Donato, Natural Resource Scientist will cover how DNR identifies old growth
18 in the field; Dr. Josh Halofsky, Natural Resource Scientist, will present the study on the
19 development of older forests over time; and Mike Buffo will present the latest modeling
20 completed to assess projected growth of landscape conditions over time.
21

22 In 1997, DNR entered into a long-term HCP with the federal government designed to protect the
23 habitats for imperiled species in Western Washington, particularly the Northern spotted owl,
24 Marbled Murrelet, and salmonids. The plan was expected to create a landscape containing at
25 least 10% in fully functional state of forests developments. In 2004, the Sustainable Harvest
26 Calculation established that DNR would measure the creation of habitat in older forests using
27 forest stand development stages instead of age. The Board codified the use of stand development
28 stages to measure the development of the structure at the landscape scale, including expected
29 distribution of stand complexity across the landscape. When the Legislature asked DNR to
30 define an inventory of old growth forests in 2004, DNR assigned four scientific experts in the
31 field to develop a method to identify old growth stands. In 2006, the Board protected those
32 stands in DNR’s policy on old growth. Field staff used guidance developed by the scientists to
33 implement the policy. Eighteen months ago, the Board approved a long-term conservation
34 strategy for Marbled Murrelet that contributed significantly to the conservation of the species
35 with a land-based conservation strategy protecting the best landscapes for the continued
36 management of older forest habitat for the term of the HCP.
37

38 DNR’s history and work on the issue of old growth and older forests is based on best available
39 science and analysis. The fundamental purpose of DNR is to manage and generate long-term
40 revenue from trust lands for the beneficiaries. The identification and protection of old growth
41 forests has been pursued with the foremost experts in the field and DNR’s approach is robust and
42 solidly based in science. The landscape approach protects and supports biodiversity broadly and
43 decreases future impacts to species populations on state lands reducing the risk of further ESA
44 listings. Both the HCP and additional broader policies reinforce the objective of establishing a
45 landscape mosaic of stand structures of one-third to one-half of the landscape in structurally
46 complex forest conditions. The Board approved an HCP amendment reinforcing an approach to

1 landscape conservation that extends the network of older forest habitats while limiting isolated
2 patches of older forests that would not exist in secure landscapes to benefit species and habitat.

3
4 Dr. Donato briefed the Board on how DNR assesses old growth in the field. The Old Growth
5 Program is different than the Old Forest Policy. The purpose of field procedures is to implement
6 the policy on deferring old growth forests from harvest. Old growth is defined as structurally
7 developed, has old growth structural character, is of pre-1850 age (171 years old), and exists
8 within a stand of at least 5 acres. DNR's old growth designees are trained to complete
9 assessments. The approach is to expose the training opportunity to DNR staff to the extent
10 possible to increase awareness and to assist staff in identifying old growth in the field. The
11 designee status is conferred only after the individual has completed several assessments.
12 Designees handle approximately 80% of old growth assessments.

13
14 Triggering of an old growth assessment is through the forest inventory data of inventory plots
15 color coded by the likelihood of being old growth based on the weighted old growth habitat
16 index (WOGHI) score that rates the stand on various structural criteria developed by DNR's
17 original old growth panel commissioned in 2005/2006. Dr. Donato shared examples of how old
18 growth is identified in the field using different scoring and coring processes. All evidence is
19 documented on the assessment form to include all structural criteria of the stand, any age
20 information, and how the assessment was determined. Those records are permanently stored by
21 DNR. In the 15 years of the program, DNR has completed 250 field assessments, assessed 920
22 WOGHI points, and identified and protected 41 old growth stands totaling approximately 1,550
23 acres, representing only a fraction of the total old growth forests existing on state lands. The
24 assessment of WOGHI points occurs when a proposed activity is nearby. Many of the
25 conservation areas for Marbled Murrelet, Northern Spotted Owls, and riparian zones contain old
26 growth.

27
28 Commissioner Franz invited questions from the Board.

29
30 Director Brown asked whether areas near active management are prescreened before notification
31 of the need for an old growth assessment. Dr. Donato replied that screening tools help to
32 identify old growth areas near a proposed timber sale. The main assessment tool is WOGHI
33 points that might require adjustment of the proposed activity. Director Brown asked whether the
34 boundaries are ever adjusted within a field assessment. Dr. Donato affirmed the possibility;
35 however, in most cases, the sales boundary follows boundaries of previous harvests.

36
37 Superintendent Reykdal complimented staff for the clarity of the information and for their
38 expertise and knowledge. Many young people do not understand the many job opportunities in
39 natural resources.

40
41 Commissioner Franz commented on workforce development and how natural resources is
42 introduced in the schools. She is looking forward to partnering with Superintendent Reykdal to
43 connect the expertise and talent within the agency with schools.

44
45 Dr. Josh Halofsky, Natural Resource Scientist, reported he is responsible for studying how
46 climate change and other disturbances influence the ability of DNR to sustainably manage state

1 lands across a host of social and ecological boundaries. His presentation focused on monitoring
2 the HCP.

3
4 Dr. Halofsky explained the difficulty of measuring a policy that reflects the way DNR
5 implements different strategies and procedures across the landscape through time. The only way
6 to assess the landscape efficiently is through the use of remotely sensed data products, such as
7 satellite images. Using satellite imagery to examine a policy requires confidence that the method
8 accurately conveys information collected by an individual pixel from a satellite to create actual
9 forest structure information on the ground. A group affiliated with the Pacific Northwest
10 Research Station has developed and refined methods over the last 20 years. The group
11 developed the product known as *gradient nearest neighbor (GNN) data*. GNN data are
12 multivariate, imputed maps of forest attributes in the state of Washington. GNN data is available
13 through time since 1984 through 2016. Peer review literature has documented the validity of
14 GNN data to capture broad-scale trends. GNN data has been demonstrated to be very effective
15 at capturing landscape patterns.

16
17 DNR's analysis includes extracting forest structure information from GNN data for each of the
18 three management categories of riparian lands, uplands, and GEM lands and overlaying GNN
19 data over the forest management groups. Dr. Halofsky shared a graphic depicting 1973 DNR
20 managed land reflecting the famous checkerboard pattern, which, from a management
21 perspective is not beneficial. Over time, DNR has consolidated lands through transfers and
22 trades. Today, the map of DNR lands reflects DNR's success in consolidating the land base
23 benefitting operations and the overall agency perspective.

24
25 Examining how changes in a policy might affect the land base requires examining land use
26 managed continuously through time and not including lands that may be traded or have a legacy
27 from different forest management objectives. Similarly, land traded out should not be included
28 that follow a different set of rules, regulations, and objectives. Once lands are traded in and
29 out, the result is a conservative estimate of approximately 600,000 acres to analyze. That figure
30 represents approximately 40% of DNR's land base on the westside of the state. The land is
31 sufficient to conduct a GNN analysis. The latest GNN data available are from 2016. The
32 timeline is missing a crucial date of 1998, the first year of fully implementing the HCP. The
33 GNN process, however, affords analysis of 14 years of management prior to implementing the
34 HCP and an 18-year post HCP window.

35
36 GNN data have dozens of attributes DNR could use; however, the most relevant attribute is the
37 old growth structural index or OGSi, which encapsulates a range of forest conditions. The index
38 includes many centuries of old growth. Because the index is inclusive of a broad range of
39 categories, the data complements the structural conditions DNR emphasizes for habitat
40 objectives in the HCP.

41
42 The review includes three management areas (land designations), three time periods, and
43 600,000 acres of older forest to answer the question of how well is DNR doing. Of the GNN
44 land included in the analysis, approximately 50,000 acres are younger forest and 30,000 acres are
45 older forest based on 1984 GNN data. In 1998, the trend line remains essentially flat with the
46 ratio of young and old forests not changing to any degree. Since 1998 when the HCP was
47 implemented, GNN data reveals a decline in older forests and an increase in younger forests.

1 The figures are consistent with expectations prior to the analysis because the analysis reveals
2 harvesting of mature forest stands. Harvesting of mature forest stands is consistent with existing
3 policies and procedures and is expected as an outcome of lands managed primarily for economic
4 return to trust beneficiaries. If the HCP has been successful, the opposite trend should be
5 reflected for riparian and upland areas. Riparian lands are typically those areas of conservation.
6 The analysis reveals a decline in younger forests, but an increase in older forests only after
7 implementation of the HCP in 1998. Uplands reflect similar increases in older forest conditions
8 since 1998. The data reflects a 30,000 acre increase of older forests since 1998 with a 5%
9 decline in older forests between 1984 and 1998 on lands assessed.

10
11 GNN data are capable of documenting differences in pattern based on DNR's land management
12 objectives, as well as differences in pattern based on changes in policy through time. The study
13 provides a quantitative pre-HCP baseline to compare future trends of managed lands in the
14 future. The analysis was completed using an independent dataset developed by the Pacific
15 Northwest Research Station. The analysis can be repeated as more GNN data comes online.
16 Analysis completed to date reflects that all decisions by staff over the months and years have
17 cumulatively had a profound and positive impact on the landscape.

18
19 Commissioner Franz invited questions from Boardmembers.

20
21 Director Brown referred to GIS error bars and whether the differences are outside the range of
22 uncertainty. Dr. Halofsky explained that measurement errors are typically associated with data
23 analysis sampling. However, it is difficult to extract from the GNN data. GNN data represents a
24 complete census of the land base rather than a sample. Consequently, error bars do not come
25 into play when the analysis is at the scale of GNN data. Director Brown acknowledged that
26 errors bars are often associated with sampling; however, GNN data should include
27 measurements. Dr. Halofsky replied that it would entail examining the data and working with
28 the Pacific Northwest Research Station to identify any errors.

29
30 Mike Buffo, Assistant Division Manager, Forest Resources Division, provided an overview on
31 DNR's analyses on the development of older forest conditions on DNR managed lands, as well
32 as carbon from DNR managed lands.

33
34 The older forest conditions refer to the two most complex stand development stages of mixed
35 diversification and fully functional stage. The 2004 Sustainable Harvest Calculation defined
36 inventory queries to identify stand development stages based on the forest inventory system in
37 place at that time. Current work is updating the queries to utilize the current inventory system,
38 which is a mix of remote sensing and plot-based data. The presentation focuses on older forests
39 and areas conserved by law, policy, and HCP strategies. Current analysis is a one of a series of
40 analyses completed by DNR and it adds to the body of work. DNR has repeatedly projected the
41 development of older forest conditions as part of forestland planning. Each analysis points
42 toward the development of over 10% of the land base in older forest conditions in respective
43 planning areas by 2100. Not all planning areas project to 2100. The analysis includes the time
44 necessary to attain the level in different planning units because of different forest conditions and
45 forest types. Since 1973, DNR has strived to defragment the land base, which has resulted in the
46 acquisition of land previously harvested.

47

1 Older forest areas are effective in holding carbon. Mr. Buffo shared a diagram of a carbon cycle
2 loop reflecting the generation and retention of carbon in the forest. The cycle is illustrative of
3 different carbon pools including the atmosphere, forest, and wood products. The increase in
4 carbon dioxide and other chemicals in the atmosphere causes climate change. The forest pool
5 removes carbon from the atmosphere as they grow. As the forest ages and growth slows, carbon
6 removed from the atmosphere decreases on an annual basis; however, the quantity of carbon
7 stored in forests increases. Older forest conditions generate higher carbon storage. In areas of
8 harvesting, some of the carbon is transferred to forest wood products. Much of the timber from
9 DNR managed lands is used for building materials with carbon stored longer. Another
10 consideration is the substitution of wood products for other building materials, such as steel and
11 cement. Depending on the extent of substitution, the use of wood products can avoid the release
12 of a significant amount of carbon produced in the production of steel and cement. A second
13 factor is leakage or the use of wood products from other areas. Studies by DNR on the affects of
14 substitution and leakage are not well known in terms of outcomes on atmosphere carbon levels
15 because of the complex interplay of wood and substitute products in the market. The interplay of
16 market conditions can affect the outcome of studies and the subsequent policy recommendations
17 to determine the best actions to reduce carbon. DNR staff continue to work on understanding the
18 interplay because the field of information is so complex.

19
20 The amount of carbon projected to be stored in Western Washington forests and in building
21 materials from DNR lands has been analyzed in the 2019 Sustainable Harvest Final
22 Environmental Impact Statement (EIS). Carbon stored in the forests and in wood products
23 minus emissions from decomposition of wood products is projected to increase by 17% over the
24 next 50 years. Further work is necessary to understand the complete picture of the effect of
25 DNR managed lands on the total amount of carbon in the atmosphere.

26
27 Mr. Cahill referred to the projections on old growth forest conditions and asked staff to speak to
28 how future harvests are calculated within the projections. Mr. Buffo replied that different
29 planning processes use different methods. Many of the calculations are from the Sustainable
30 Harvest Calculation and models. The analysis only considered areas expected to be conserved
31 under the HCP. The analysis considers land not considered for conservation and harvested at
32 some point. The forecast does not include any effect of management. The HCP and the 2004
33 Sustainable Harvest Calculation both anticipate management could help hasten the development
34 of older forest conditions; however, the information presented does not reflect that assumption.

35
36 Mr. Cahill said it appears that the Department has some strategies for some areas that have lower
37 levels of older growth and it might be a way of accelerating in some places over-forested
38 conditions. Mr. Buffo agreed with the assumption.

39
40 Director Brown surmised that the HCP could result in areas of older forests aggregated into
41 particular parts of the landscape spatially rather than numerous five-acre plots scattered across
42 the landscape creating special habitat areas. He asked whether that was the intent of the HCP.
43 Mr. Buffo affirmed that a substantial amount of old forests would develop into special habitat
44 areas; however, many occupied sites may be over-forested in some areas, but aggregation would
45 also be likely. In riparian areas, which are typically disbursed across the landscape, they are
46 typically narrower as per the requirements within the HCP. Director Brown asked whether it is
47 reasonable to assume that the goal is aggregating older forests whereas those areas of older forest

1 that are being harvested tend to be more scattered than those areas that are expected to regrow.
2 Mr. Buffo said the distribution of where older forests are located is one of the outcomes of the
3 HCP. Some areas excluded within a harvest will likely include some small acres of older forest
4 stands.

5
6 Mr. Hayes reported DNR's efforts to develop forested landscape conditions including older
7 forests, suggest signs of success over both near and long-term. As Dr. Donato reviewed, field
8 staff uses a robust science-based approach to identify old growth and protect old growth from the
9 impacts of management activities. That is expected to continue into the future in areas of old
10 growth for protection into perpetuity. As Dr. Halofsky indicated that the studies of
11 implementing strategies demonstrate that even over the short-term of the first 18 years of the
12 HCP, progress for desired landscape structural goals has occurred. Model projections in the
13 future suggest that older forests conditions will increase over the remainder of the HCP and store
14 carbon.

15
16 Next steps of the process include a discussion at the Board's July meeting about next steps in
17 terms of concepts and additional discussions. Mr. Hayes invited the Board to offer any concepts
18 for further discussion.

19
20 Superintendent Reykdal recommended staff provide as much research as possible on the question
21 of the most efficient way to bank carbon. It has been a question most often addressed by the
22 public and it drives many questions surrounding DNR's policies. To the extent possible, it is
23 important for the Board to understand the science surrounding carbon storage. Carbon is only
24 one of many critical variables in the larger questions considered by the Board. It is difficult to
25 engage in conversations with many individuals definitively asserting that either growing or
26 harvesting trees will result in more carbon storage. He urged staff to research the science of
27 carbon storage.

28
29 Mr. Brodie advised that staff would provide a full range presentation in July and some existing
30 information from published reports or work completed by DNR. The discussion will be an
31 attempt to define DNR's mission. Staff will provide the science and status of information as
32 known to date.

33
34 Mr. Cahill agreed with the request after spending time reviewing some of the materials from the
35 public. His conclusion is similar because the topic is very complicated and very difficult to
36 identify with certainty as to the best method of either retaining or harvesting trees for storage of
37 carbon. Any science-based information would be helpful for the Board.

38
39 Mr. Brodie acknowledged the requests and noted that staff plans to provide a range of
40 information to aid in the conversation, as it is a fairly broad and detailed issue.

41
42 Director Brown added that it is possible to drill into the science to seek the answer of what
43 optimizes carbon storage, but as a land management agency with a specific mission; optimizing
44 carbon storage may not be the only value to consider; as there are other objectives to consider.
45 The Board and DNR have an opportunity to consider carbon storage as a relatively new value
46 that has not been part of the strategy for sustainable forest management in the past. For future
47 generations, the Board should consider that value in the context of other mission values.

1
2 Mr. Brodie noted that the July meeting will also include a discussion on DNR's existing policy
3 framework and whether the Board is interested in any changes. It is important to discuss the
4 policy raised by the public about harvesting naturally regenerated more mature stands on
5 production lands. Some information could also be provided to the Board on the level of imports
6

7 *Commissioner Franz recessed the meeting at 11:33 a.m. for a five-minute break.*
8

9 **TRUST LANDS PERFORMANCE ASSESSMENT PROJECT UPDATE**

10 Kristen Ohlson-Kiehn, Assistant Division Manager, Forest Resources Division
11

12 Ms. Ohlson-Kiehn updated the Board on the Trust Land Performance Assessment project. Her
13 briefing focused on the results of many conversations with the public, beneficiaries, and
14 stakeholders on the Trust Lands Performance Assessment project, timeline of the project,
15 information on the outreach process, draft scope for the Trust Lands Performance Assessment
16 project, summary of comments on the scope, and a staff proposal for scoping language for
17 consideration by the Board.
18

19 The 2021 work plan for the Trust Lands Performance Assessment project focused primarily on
20 outreach during the first two quarters of 2021. The findings of all reports and the scope of the
21 project have been released. A public webinar was held in late April to provide an opportunity to
22 review the assessment materials; ask questions; and complete a survey to provide feedback. In
23 July, feedback from the Board on finalizing the Trust Lands Performance Assessment project
24 scope is scheduled to enable staff to prioritize work and explore ways to take advantage of
25 recommended ideas and develop them into actionable proposals.
26

27 Since the end of November 2020, staff has met with numerous organizations and groups. The
28 frequency of meeting with organizations and groups varied. Staff met multiple time with some
29 groups and organizations with a deeper interest in the project to offer more background on trust
30 lands and regulatory and policy framework guiding the management of lands. Conversations are
31 continuing. The April 28, 2021 webinar included 50 participants. Following the meeting, a link
32 was provided to a survey for participants to complete by May 12, 2021 for incorporation into the
33 summary. Survey questions asked about the level of knowledge of the respondent about state
34 lands; the assessment report; and a request for feedback on scoping language, as well as how
35 they would prioritize the four areas of opportunity as presented. The four areas of opportunity
36 include:
37

- 38 1. Improve the business model and system;
- 39 2. Give DNR increased access to capital;
- 40 3. Give DNR greater ability or flexibility to transact land;
- 41 4. Either create new or revitalize existing management tools to help DNR respond to social
42 expectations.

43 Respondents were asked for input on ideas that were presented, ideas that should be prioritized,
44 or ideas the agency should not focus on. Of the 50 webinar participants, 19 offered comments.
45

1 A variety of outreach methods collected feedback on the different elements of the project to
2 include in-person meetings, written comments, and survey results. Staff summarized all
3 feedback into a narrative summary. Staff prepared a proposal for scoping language. All the
4 information is available on the website.

5
6 Ms. Ohlson-Kiehn reviewed the draft scoping language presented to all groups for feedback and
7 comments. The draft scope is framed in the format of Need, Purpose, and Objective statements:

- 8
- 9 • **NEED** – DNR needs to increase the amount and reliability of the revenue it
10 generates through the assets it manages on state trust lands into perpetuity.
- 11 • **PURPOSE** – DNR will transform state trust land management:
 - 12 1) Legislative proposals to increase amount and reliability of
13 revenue.
 - 14 2) Changes to Board of Natural Resources policies to improve
15 trust asset performance.
 - 16 3) Update operational business practices to increase efficiency
17 and effectiveness.
- 18 • **OBJECTIVES** –
 - 19 1. Increase amount and reliability of revenue.
 - 20 2. Sustain the natural resource lands, while seeking opportunities to diversify.
 - 21 3. Maintain or enhance the social, environmental, and cultural benefits of state
22 trust lands consistent with revenue generating purposes of the land.
 - 23 4. Feasible solutions.

24 Ms. Ohlson-Kiehn characterized general feedback received to date:

- 25 • Public expectations and DNR’s legal responsibilities often conflict
- 26 • Scope should reflect there may be different goals for different trust beneficiaries;
27 in particular do not conflate federally-generated lands with those created by
28 statute
- 29 • Include diversification and exploration of new and existing revenue sources
- 30 • Amend terminology to “maximize revenue” throughout the scope
- 31 • Should include equal consideration for ‘*multiple values*’ associated with the asset
32 classes, primarily timber, but also agriculture and others (e.g. carbon
33 sequestration, wildlife, recreation, tribal interests, watershed, etc.)
- 34 • Should account for context of Climate Change
- 35 • Recognize the real value is in ecological systems and health

36 Feedback received to date on the three elements of the draft scope included:

- 37
- 38 • **NEED:**
 - 39 ➤ Revenue implies “gross revenue.” Consider replacing with “net cash flow” or
40 “net income”

- 1 ➤ Change ‘increase revenue’ to ‘optimize revenue’ (increased returns also
2 increases risk – be cognizant of risk tolerance
3 ➤ Including the following concepts:
4 - Ecological and societal goals
5 - Intergenerational equity
6 - Long-term resilience
7 - “*Multiple values*’ of state forestlands
8 • **PURPOSE:**
9 ➤ Include diversity of revenue to improve performance - #1 Statement
10 ➤ Include updating BNR policy to respond to societal needs including climate
11 change and population growth - #2 Statement
12 ➤ Include ‘update marketing’ as well as business practices - #3 Statement
13 • **OBJECTIVES:**
14 ➤ Include language about accountability to environmental and social concerns
15 and intergenerational equity - #All
16 ➤ DNR should not drift away from core areas of expertise; it puts customers and
17 socio-economic well-being of small communities at risk - #All
18 ➤ Include enhancing lands for multiple values, not just sustaining - #2
19 ➤ Support sustaining natural resources, including legacy trees and forests - #3
20 ➤ Diversification of portfolio should focus on natural resources and investments
21 which support rural economies - #2
22 ➤ Remove the “consistent with revenue generation” phrase - #3

23 Ms. Ohlson-Kiehn reviewed the staff proposal for the Trust Land Performance Assessment
24 Project Scope. Staff revised the references to “revenue”, added ecological, social, and cultural
25 environments in Washington State to speak to the authorizing environment and to the larger
26 context, and described the importance of revenue while speaking to how lands provide additional
27 social, environmental, economic, and cultural benefits to the citizens of the state. Within the
28 Purpose section, staff incorporated the idea of optimizing revenue while focusing “optimize” on
29 the portfolio and language that speaks to beneficiaries’ needs today and in the future. The
30 purpose of Objectives is to provide criteria for evaluating ideas and suggestions staff would
31 pursue. Proposed objectives include:
32

33 **Objective 1. Revenue Generation.** Optimize and diversify the portfolio, focusing on high
34 performing properties and efficient business operations for current and future trust beneficiaries.
35

36 **Objective 2. Working Lands.** Sustain the working natural resource lands and their intrinsic
37 ecosystem services through proactive management that adapts to a changing climate as well as
38 evolving social needs.
39

40 **Objective 3. Multiple-Use Values.** Sustain or enhance the social, environmental, and cultural
41 benefits of state trust lands consistent with trust management obligations and purposes of the
42 land.
43

1 **Objective 4. Feasible Solutions.** Promote ongoing, active stewardship over the entire land base
2 by providing flexibility to adopt practical, implementable management actions, and to respond to
3 new information and site-specific conditions.

4
5 Staff and Commissioner Franz invited feedback from the Board.

6
7 Mr. Cahill said he plans to review the proposal with other colleagues as he is somewhat confused
8 by the terminology of the Need and Purpose statements versus describing strategies. He
9 encouraged more discussion on the formatting. The public offered many comments about things
10 they would like the Board to consider. He questioned whether the project scope was the right
11 forum to consider some of those suggestions or whether they would be more reflective of other
12 DNR and Board policies. For example, the objective of multiple-use values might require
13 changes in other policies.

14
15 Commissioner Franz responded and explained that the goal of the assessment was identifying the
16 strategy for the management of the land amongst all competing challenges and interests. She
17 views the draft project scope as the foundation for the management of the full suite of lands (not
18 just timber lands) and the future direction, which may result in some changes to existing policies
19 based on the Board’s approval of the foundation within the Trust Lands Performance Assessment
20 and resulting strategy and plan.

21
22 Mr. Brodie added that the proposal is an outline of a macro project for identifying policies that
23 should or could be addressed by the Board.

24
25 Commissioner Franz noted that the body of work surrounding the Trust Lands Performance
26 Assessment recognized that when DNR last completed an assessment 25 years ago, the world
27 was very different both environmentally, socially, and in terms of wildfires, forest health, climate
28 change, drought, the workforce, and the economic natural resources industry and all other
29 commercial, industrial and residential sectors. It was also different socially and culturally. As
30 the world will continue to change over the next 25 years, the intent is to determine how to ensure
31 the land and diversity of the portfolio is based on a strategy and plan for the management of
32 those lands and future lands within the context of the world today and changes in the future.

33
34 Mr. Cahill acknowledged the explanation and plans to review the materials through a broader
35 lens.

36
37 Ms. Ohlson-Kiehn described the rationale for including Need and Purpose statements.

38
39 Director Brown remarked that the scope of the Purpose statement appears to be broader than an
40 assessment and obviously involves other actors. The proposal articulates the need and purpose
41 that the assessment will help inform.

42
43 Commissioner Franz said the assessment involved a body of work that included consultant
44 assistance to inform the development of the trust land performance strategy or plan. The title
45 should likely be revised to reflect “Trust Land Performance Strategy” or “Trust Land
46 Performance Plan” project scope utilizing the work of the assessment to develop the strategy and

1 plan moving forward. All the tools required to complete the project scope are included within
2 the assessment.

3
4 Ms. Ohlson-Kiehn reviewed a summary of recommendations from Deloitte and DNR. During
5 the public webinar, participants distilled the recommendations to a list of 13:

- 6
- 7 1. Improve financial systems to incorporate for-profit-enterprise practices – Deloitte
- 8 2. Reliability Fund - Deloitte
- 9 3. Smooth Revenue Distribution through Loans - Deloitte
- 10 4. Fund studies to compare DNR’s approach to the Endangered Species Act Compliance
- 11 with others - Deloitte
- 12 5. Compare services DNR provides to those of an external manager – Deloitte
- 13 6. Pursue ways to monetize Ecosystem Services – DNR
- 14 7. Borrowing authority – DNR
- 15 8. Capital expenditure funding options examples - Deloitte
- 16 9. Change trust land management and investments funding - Deloitte
- 17 10. Statutory, Constitutional, or Enabling Act improvements - Deloitte
- 18 11. Funding sources for non-trust expenses - Deloitte
- 19 12. Trust Land Transfer – DNR
- 20 13. Trust Land Replacement Program - DNR

21 The four areas of opportunity remain unchanged:

- 22
- 23 • Improve Business Model and Systems
- 24 • Increase Access to Capital
- 25 • Greater Ability to Transact Lands
- 26 • Identify New or Revitalized Management Tools

27 Ms. Ohlson-Kiehn summarized a series of recommended initial ideas that were not attributed to
28 specific issues and recommended initial ideas on the list of 13 recommendations by Deloitte and
29 DNR. Other suggestions addressed management funds and other components of the overall
30 revenue stream that should be included. Other ideas were offered during conversations and
31 comments that did not directly address the Deloitte recommendations. The conversations were
32 positive with participants engaged, which will continue. DNR will continue to outreach to tribes
33 and anticipates receiving a report from the Washington Association of Counties along with more
34 follow-up conversations to share with the Board in July. The goal at the July meeting is to
35 receive feedback from the Board to enable staff to finalize the scoping language to provide clear
36 direction moving forward.

37
38 Mr. Brodie added that the goal of the July meeting is to establish the scope of the project to assist
39 staff in prioritizing future efforts.

40
41 Superintendent Reykdal conveyed appreciation for the recognition of the legislative component
42 of the project and encouraged the Board to proceed objectively to the extent possible as his focus
43 is revenue rather than forest practices, which is how the primary revenue stream has been defined

1 for the last 100 years and will continue to be core in the portfolio over time. As the Board
2 considers changes for wider audiences, it will be important to define the objective role of the
3 Board and DNR.

4

5 **ADJOURNMNET**

6 With there being no further business, Commissioner Franz adjourned the meeting at 12:32 p.m.

7

8

Approved this 6th day of July, 2021

DocuSigned by:
Hilary S. Franz
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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

Dr. Richard Koenig, Interim Dean, College of Agricultural, Human, and Natural Resource Sciences,
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Dan Brown, Director, School of Environmental and Forest Sciences,
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Attest:

Tami Kellogg

Tami Kellogg, Board Coordinator

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