
Minutes
Board of Natural Resources Meeting
November 1, 2022
Webinar/In-Person, Olympia, Washington

BOARD MEMBERS PRESENT

The Honorable Hilary Franz, Chair & 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

The Honorable Chris Reykdal, Superintendent of Public Instruction

Dr. Wendy Powers, Dean, College of Agricultural, Human, and Natural Resource Sciences,
Washington State University

CALL TO ORDER

Chair Franz called the meeting to order at 9:07 a.m.

Boardmembers provided self-introduction. A meeting quorum was confirmed.

WEBINAR/SAFETY BRIEFING

Ms. Tami Kellogg, Board Coordinator, provided an overview for viewing and participating in a combined webinar and in-person meeting.

APPROVAL OF MINUTES – October 4, 2022

Chair Franz requested a motion to approve the minutes of the October 4, 2022 regular Board of Natural Resources meeting.

MOTION: Commissioner Peach moved to approve the minutes.

SECOND: Mr. Cahill seconded the motion.

ACTION: The motion carried unanimously.

LIGHTNING TALK

Biologist Review of Timber Sales

Noelle Nordstrom, Biologist, State Lands, Olympic Region

Ms. Nordstrom shared a video describing the duties of state lands and fish and wildlife biologists. Biologists within the regions assist regional staff by ensuring appropriate protections for sensitive fish and wildlife species. They provide technical expertise and ecological perspectives to ensure compliance with Habitat Conservation Plan (HCP) commitments during the management of state trust lands.

1 **PUBLIC COMMENTS**

2 **Robert Mitchell** commented on the importance of forests for human mental health,
3 garbage accumulation in forests, and timber forest revenues projected for timber sales
4 offered during the month. He suggested redirecting timber revenue to the Trust Land
5 Transfer (TLT) Program or to the federal government in exchange for funds dedicated to
6 conserving working forests.
7

8 **Brel Froebe, resident of Whatcom County**, spoke against DNR's recent action of
9 sending SEPA Addendums during the previous business day for all timber sales that have
10 completed the SEPA process. The action reflects a negative response to the Jefferson
11 County Superior Court decision directing DNR to conduct an analysis of climate change
12 in timber sales SEPA Checklists. There was no opportunity for the public to comment on
13 the addendum, which is required by SEPA. At the very least, the proposed timber sales
14 should be deferred to afford time for the public to submit comments. The addendum
15 relies heavily on a controversial study conducted by a former marketing consultant for
16 the National Association of Home Builders with no background in climate science. The
17 addendum lacks reference to the analysis of carbon sequestration of greenhouse gas
18 emissions and whether timber sales could have a negative impact on climate change. He
19 cited other missing analyses that should be part of the SEPA review process. The
20 proposed timber sales will affect the Western red cedar as reported in the recent *Seattle*
21 *Times* article on the mysterious deaths of trees across the Pacific Northwest. The Board
22 should defer all timber sales to afford time for DNR to complete an appropriate analysis.
23

24 **Daniel Harm** offered to send the Board a link to a 10-minute Jerry Franklin documentary
25 on the *Future of Forests*. He complimented the work by the carbon project team because
26 it is the right direction to identify ways to create economic value through conservation.
27 However, the success of the project should not be a distraction from DNR's liquidation of
28 the last remaining and unprotected older native forests on public lands. Many legacy
29 forests have been destroyed. The harvest of the last remaining older forests as presented
30 to the Board will not enhance older forest conditions or contribute to the development of
31 fully functional forests. The Policy for Sustainable Forest and HCP implementation
32 procedures constitute DNR's plan for implementing the HCP and serves as mitigation for
33 timber harvests on lands covered by the HCP. Commercial harvest of the oldest and most
34 biologically diverse lowland forests in Western Washington should cease and be
35 preserved to promote biodiversity and the development of older forests. Not only is the
36 Board not following policies, the policies are outdated based on climate change. The
37 Salmon people and the Cedar people as spirits of those lands, as well as a majority of the
38 informed public would rather see responsible action protecting older native legacy
39 forests.
40

41 **Sherri Dysart, resident of Mason County**, questioned the selection of some forestlands
42 that have been harvested within the last two to three years for inclusion within the carbon
43 project while many mature legacy forests located in ecologically sensitive watersheds
44 were not included. Although 10,000 acres is a good start, all 77,000 acres of legacy
45 forests should be protected. She agreed with a recommendation that it would be
46 appropriate for DNR to utilize the mandatory carbon market to generate revenue for trust
47 beneficiaries. The Department should work with the Legislature to make necessary
48 changes to pursue that option. A temporary moratorium should be adopted on all logging

1 of legacy forests until DNR evaluates them for suitability for the carbon project. The
2 proposed timber sales of Baltimore Plot, Thyme Machine, and Box of Rain should be
3 removed from consideration.
4

5 **Ed Bowen, Clallam County**, offered that based on results of the T3 C-1200 timber sale
6 in Jefferson County, the Department may need to conduct some additional evaluation of
7 the sale to determine the correct appraised value. He is also disappointed in public
8 outreach for the carbon project. He listened to half a presentation before he was able to
9 engage with staff. Most of his questions have not been answered. He questioned the
10 selection of many riparian corridors and its impact on the Board's plan for riparian timber
11 management. He asked about the difference in impacts to timber harvests in the Clallam
12 area versus King County. The carbon project will affect four counties on the Olympic
13 Peninsula that surround a major holding of carbon within Olympic National Park.
14

15 **Julie Ratner** asked the Board to participate in a multiple-choice question and answer as
16 to how much one mature tree provides oxygen in one day. The answer is that one mature
17 tree provides oxygen for a family of four in one day. She asked the Board to think twice
18 when approving the sales of legacy forests.
19

20 **Ed Chadd, Port Angeles**, said the planet and forests are headed to dangerous tipping
21 points, which does not afford the luxury of conducting business as usual. It is important
22 to act today before so much is lost and grandchildren ask why. Timber representatives
23 are correct about the lack of transparency in scientific rigor in the proposed carbon
24 project, though their own science has been thoroughly refuted everywhere except in the
25 world of Washington State politics. The carbon project appears to be a bobble to mollify
26 the public while 90% of older forests; precious storehouses of climate resilience and
27 biodiversity are marched up to the auction block. Jefferson County's court determined
28 last week that DNR has been asleep at the wheel with its SEPA process. To those
29 members on the Board with ears to hear and who are not beholden to the timber industry
30 by interest or ambition, it is time to come to grips with this incoherence before liquidation
31 of irreplaceable forests occur, locking the state into 10 years of another unsustainable
32 harvest calculation. It is time to move to a higher level working with state and federal
33 officials on a forest plan that works for the health, climate targets, and timber
34 communities. Superintendent Reykdal is already working on a piece of the puzzle. If
35 other members joined in those efforts, it might be possible to accomplish some results for
36 forests, people, and for posterity.
37

38 **Lynn Fitz-Hugh** remarked that she continues to be concerned about the lack of
39 appropriate attention by DNR on the climate crisis. She asked the Board to pull
40 Baltimore Plot, Thyme Machine, and Box of Rain timber sales. The upcoming
41 Sustainable Harvest Calculation should align with Washington's 2050 climate goals
42 established by Governor Inslee. The preferred alternative should be the option that
43 sequesters and stores the most carbon. Only 5% of the lands managed by DNR are
44 legacy forests. Most of those forests are performing the highest amount of carbon
45 drawdown. Climate change demands that all 5% should be protected. Instead, DNR
46 announced a carbon project that only protects half of 1% permanently with an initial
47 identification of 3,000 acres of legacy forests. As a resident of Thurston County, she is
48 insulted that with over a dozen potential sites in Capitol Forest and four highly disputed

1 sites at Summit Lake only one site in Thurston County was selected, an area recently
2 clearcut and replanted. The recent Supreme Court ruling indicated the Department has a
3 legal mandate to generate income but that there are myriad ways of generating income.
4 The superior court ruled the Department is not adequately accounting for climate change
5 as part of the SEPA process.
6

7 **Jessica Randall, resident of Jefferson County**, said the carbon project is a step toward
8 conservation. She questioned why unprotected legacy forests were not included on the
9 list, such as Pennywise, Beaver Valley Sorts, and other forest areas that have been the
10 subject of public petitions with hundreds of people opposing the logging of those areas.
11 If conservation was the objective, those forests would be at the top of the list.
12 Unprotected forests are only 5% of DNR's westside forestlands. They should all be on
13 the carbon list. Since 1970, humans have wiped out 60% of all mammals, birds, fish, and
14 reptiles. With climate change, humans will be added to the list. Preserving older forests
15 is key to the survival of people in the Pacific Northwest. She has spoken many times
16 with a gentler voice and is now speaking emphatically because as stewards of public
17 forests, the Board is not being responsible to the public and its actions are harmful to the
18 natural world and very likely harmful to humans as well.
19

20 **Carly Lloyd, resident of Whatcom County**, addressed Superintendent Reykdal because
21 revenue from the Box of Rain timber sale is designated for the state school construction
22 fund. The timber sale is only for 40 acres and the long-term ecological benefits of the
23 forest greatly outweigh the short-term economic benefits of logging. She referred to a
24 July 13, 2022 letter stating how Common School Trust revenue has shrunk from 2% to
25 .7% of total school construction over the last 10 years. The percentage of revenue from
26 logging legacy forests for school construction is infinitesimal. Forests are the future.
27 There are other ways to profit financially without exploiting and destroying. It is
28 terrifying to watch as the Board signs off on logging forests that are vital to thriving and
29 ecological and community futures. The children in public schools do not need .7% of
30 funding from logging forests; they need clean air, water, and ecosystems and the
31 knowledge that they are part of the relationship based on collective growth not
32 exploitation and extraction. The Board should adopt a moratorium on all pre-1945
33 naturally regenerated legacy forests.
34

35 **Sophie McMahon, resident of Whatcom County**, asked Commissioner Peach to defer
36 action on the Box of Rain timber sale so that all governmental parties involved are able to
37 pursue an informed stance on the sale. At least two Whatcom County Councilmembers
38 have submitted letters to DNR seeking a pause on the Box of Rain timber sale to afford
39 time for the county to receive input regarding Phase II of the carbon project and the
40 inclusion of Box of Rain within the carbon project. The county's Climate Impact
41 Advisory Committee unanimously adopted a resolution recommending the county
42 request a pause on the timber sale while the Whatcom Forestry Advisory Committee
43 submitted a letter recommending the county not seek a pause. This is representative of
44 the diverse approaches. The county needs more time to formulate input on the proposed
45 sale. A pause on approving the sale would afford time for the county to achieve a
46 resolution on the matter.
47

1 **Andrew Hansen, resident of Whatcom County,** commented that over 120 concerned
2 residents submitted SEPA comments opposing the Box of Rain timber sale. Over 800
3 people signed a petition to protect the forest. Eight community organizations including
4 the Sierra Club, Whatcom Million Trees Project, and the Multifaith Network for Climate
5 Justice have submitted letters opposing the proposed timber sale. Numerous people have
6 included Box of Rain in their carbon project Phase II survey responses. He questioned
7 whether 30 acres are worth logging considering how incredibly unpopular the sale is in
8 the community where it is located. The 450-acre legacy parcel in which Box of Rain is
9 located would be an excellent candidate for Phase II or for future carbon projects because
10 of high conservation value, high carbon storage and sequestration capacity, and cultural
11 significance because of the proximity to a critical watershed that provides drinking water
12 to over 100,000 residents in Bellingham. He encouraged DNR to listen to its constituents
13 and pause the sale so it can be considered for inclusion in the carbon project, the TLT
14 Program, or some other form of protection.

15
16 **Miguel Perez-Gibson, Washington Environmental Council,** reported that as the
17 climate warms, forests across the Northwest will experience increased disturbance from
18 wildfire, drought, and disease. Parts of the region that historically were habitat for
19 certain tree species will no longer be suitable for those species as temperatures warm.
20 That statement was from the Climate Impact Group at the University of Washington.
21 Later, the Board will receive an overview of the Sustainable Harvest Calculation, a 100-
22 year projection of growth and harvest for current and future generations in perpetuity. It
23 is based on a 100-year planning horizon with a 10-year planning period. DNR utilizes
24 Woodstock, an optimization model to achieve the landowner goal identified as the
25 optimization of present net value. No longer is it possible to rely on forests today to be
26 forests in the next 100 years. Woodstock is not sufficient to forecast the future. Another
27 model is required such as LANDIS-II, a forest landscape model that simulates forests
28 (both trees and shrubs) at decadal to multi-century time scales and spatial scales. DNR
29 needs a landscape model that simulates forest growth and succession as the forest is
30 influenced by rain and disturbances, such as fire, wind, insects, climate, and climate
31 change. The analogy of trees continues to change and DNR's Webster Nursery is
32 currently collecting seeds from southern Oregon. Adding a landscape model will add
33 another year or two to the timeline and additional staff might be required; however if the
34 interest is in legacy forests, timber supply, or wildlife habitat, the Department should be
35 considering the impacts of climate on Washington State forestland management.

36
37 **Sarah Gardam, resident of Blaine, Washington,** said she and a friend have been
38 talking about the precautionary principle, a decision-making guideline that is often
39 applied in European forestry practices. The principle dictates that when faced with
40 uncertainty of potential harmful consequences of an action, preventive action should be
41 pursued and/or explore alternatives to possible harmful actions. Public participation
42 should be increased in decision-making, as well as shifting the burden of proof to the
43 performance of the potentially harmful activity. The precautionary principle exists
44 because in many cases, it is nearly impossible to accurately measure and prove
45 conclusively the affect of an action on complex systems before it is too late to prevent
46 harm. Waiting for conclusive studies to begin regulating harmful practices have
47 backfired many times, as in the case of the tobacco industry and the harmful effects of
48 smoking. Delays have cost many lives as a result. Older forests are complex systems.

1 Scientists understand even the best available research cannot conclusively assess the high
2 cost of logging of the last remaining forests from public lands in the greater Puget Sound.
3 The burden of proof lies with the Board as the Board is approving the logging of older
4 forests. The Board should enact a moratorium on logging of all legacy forests in the
5 state.

6
7 **Beverly Parsons, resident of Kitsap County**, asked the Board to consider a request
8 prior to approving timber sales and the Sustainable Harvest Calculation. The request is
9 for each member to mentally walk through a legacy forest and feel the nurturing soil,
10 breathe the refreshing and living air, listen to the birds, and notice the homes of
11 innumerable forms of wildlife. Next, mentally walk through a clearcut and notice the
12 different feel of the soil, breathe the shallow air, and consider the wildlife whose homes
13 no longer exist. Finally, consider whether each member is sure that approval of the
14 timber sale or the SHC supports a life sustaining cycle of nature in today's climate
15 change, and if not, why not wait until other options are offered for the forests. She asked
16 members to consider their legacy to those that they serve and encouraged members to
17 choose using both their brain and their heart.

18
19 **Connie Beauvais, Port of Port Angeles Commissioner**, commented on surety, TLT
20 projects, and carbon policy leases. Everyone was promised surety during the last set-
21 aside of trust lands for the Habitat Conservation Plan. DNR and the Board assured
22 everyone there would be no further set-asides of lands for conservation for the duration of
23 the HCP to enable the continuation of harvests on public working forests. However, the
24 ever-dwindling working forests managed by DNR continue to be offered up for special
25 set-asides and attacked by well-meaning environmentalists who do not understand forest
26 management. TLT actions are being moved forward by DNR and if lands under
27 consideration are not appropriate for harvest, she questioned why they were not
28 considered part of the set-aside for mitigation in the HCP. She questioned the practice of
29 transferring land now and affecting the corpus of the trust while lacking any provisions
30 for immediately replacing the land. She asked how lands that have been harvested
31 numerous times in this decadal harvest are now considered non-preferred parcels in the
32 program. DNR should be very careful in making a determination of best interest to the
33 beneficiaries. DNR should not be allowed to permanently set-aside harvestable land for
34 the carbon project. The proposed steady revenue to beneficiaries will be minuscule
35 compared to the intended use of the working forests and the family wage jobs they
36 support. Carbon credits will be used by polluting companies that will continue to pollute.
37 The program will not benefit rural communities and will merely make the rich richer and
38 the poor poorer.

39
40 **Matt Comisky, American Forest Resource Council (AFRC)**, described legacy as
41 defined in the Merriam Webster Dictionary. Our predecessors who founded the great
42 state provided a legacy to future generations in the form of state trust lands. These lands
43 are to be managed in perpetuity for the benefit of named beneficiaries providing revenue
44 to support a variety of public services that benefit generations past, present, and future.
45 Many in the audience seek to end this great legacy. They have applied the term to stands
46 that were born from the lack of sustainable management. Those stands are in most cases,
47 nothing more than the result of harvesting and walking away. Today, DNR and other
48 large land managers manage on a science-based sustained yield basis. Between sustained

1 harvest calculations and various science-based regulations, the management of lands is
2 considered in the entire ecosystem. Unfortunately, the emotional pleas to stop
3 harvesting, change policies, and ignore science and reality tend to be in his opinion,
4 based in fear - a fear of change, ignorance of policies and a failure to consider the entire
5 system. They fail to consider the wood products that they use every day from a safe
6 warm place to sleep to the cardboard used by Amazon to deliver their packages. They
7 ignore that approximately 53% of forests in Washington are off limits to timber
8 harvesting or that for the first time, the state has dropped below being 50% forested.
9 They claim victory from a shutout loss spinning claims that were not argued and forget
10 the 2006 settlement agreement that provided environmental plaintiffs control over the
11 management of state trust lands, a control that cost beneficiaries. In the end, only 11 of
12 the 23 million acres can be harvested to provide wood products everyone uses each day.
13 A forester plants trees to benefit a generation that they likely will never meet. To him
14 that is the true definition of the legacy forest.

15
16 **Kendra Smith, Skagit County**, reported that over half of forestlands in Skagit County
17 are in protected status. Most of the remaining half has been identified as prime
18 commercial timberland protected from sprawling development from the nation's strictest
19 zoning codes. Skagit County grants approximately 85,000 acres of prime commercial
20 forestland to the state to manage, which funds local schools, fire districts, and hospitals,
21 etc. Those trust lands constitute more than a quarter of the county's prime commercial
22 timberland, a key piece of the county's local forest economy. In 2004, DNR promised
23 upon acceptance of harvest restrictions on trust lands to address various environmental
24 concerns that the county would have 70 years of harvest stability. The county supported
25 the plan. In 2019, DNR's harvest plan cut harvesting by 50% with no explanation. The
26 county filed a lawsuit against the plan, as it was a clear breach of DNR's fiduciary
27 responsibilities. Last summer, a settlement agreement was signed on the state's behalf,
28 which now appears to be unsettled. DNR insists on taking thousands of acres of Skagit
29 County trust lands out of productive use for its so-called carbon project. There is no
30 suggestion that carbon revenue would generate revenue that has been lost. The outcome
31 will be handed over to Finite Carbon, a subsidiary of British Petroleum. The carbon
32 project SEPA review is grossly inadequate and fails to consider other alternatives other
33 than Finite Carbon. From the county's perspective, the carbon project will harm Skagit
34 County and its taxing districts. An optimal approach to carbon sequestration and
35 forestland management and will do little to nothing to help the community and its
36 forestlands adapt to climate change. Skagit County objects to the inclusion of any Skagit
37 lands in the carbon project and reiterates the demand express in our ongoing litigation
38 that the community's trust lands should be returned to the county for its own competent
39 management.

40
41 **Elaine Spencer** addressed two arguments as to why the Board should not approve the
42 Settlement Agreement negotiated by DNR with the plaintiffs in the Concrete School
43 District and Skagit County litigation. The first argument surrounds the opposition by
44 various environmental organizations. DNR has a duty of undivided loyalty to trust
45 beneficiaries. In a world where these groups oppose all commercial forestry, DNR is
46 charged with managing commercial forestlands for income production. You must expect
47 environmental groups will oppose any action that results in sustained harvesting of

1 timber, as required by statute. The duty of undivided loyalty to trust beneficiaries
2 requires DNR to put aside competing interests of groups opposed to commercial forestry.
3

4 The second argument is that government should not engage in sue and settle. Ms. Spencer
5 agreed explaining that when staff has one opinion and the policy makers, who have the
6 final decision-making, have a different opinion. After policy makers have spoken, there is
7 a friendly lawsuit to support the staff position and the lawsuit settled in favor of staff,
8 overruling the policy makers. This is not what happened here. This board...*recording*
9 *dropped*

10
11 **Gregory Bellamy, Clallam County Fire District 5**, updated the Board on
12 communications with DNR's Fire Division to secure equipment for next year's fire
13 season and to prepare for slides during the winter. Clallam County is concerned about
14 the carbon project, as it is understood that oil companies are involved and the potential of
15 carbon leakage and the effects it may have on employment within the timber industry.
16 The Fire District has requested the Office of the Attorney General (OAG) investigate the
17 carbon project process, as there is probable cause of economic damages to the county
18 when logging is ceased, as well as potential violations of the Endangered Species Act. It
19 is also important to ensure that no state resources are being misused, as it appears there
20 have been behind closed-door agreements. The OAG is the watchdog over state
21 agencies. He questioned the need for urgency surrounding the project.
22

23 **Heath Heikkila** said the discussion last month on the Sustainable Harvest Calculation
24 was encouraging. He urged the Board to consider a similar approach on other key issues
25 by putting facts and science ahead of emotion and fear. Leadership is needed by
26 affirming the carbon benefits of active forest management and wood products as
27 recognized by the Intergovernmental Panel on Climate Change and many others. By
28 providing carbon-friendly wood products under the strongest environmental standards in
29 the world with global demand for building materials expected to double by 2050, it is
30 important the state meets the demand with Washington grown carbon-friendly wood
31 products rather than sourcing products through illegal logging, deforestation, or
32 substituted with concrete and steel. By stepping forward to reclaim its duty, the Board
33 ensures the carbon project is subject to an open, transparent process that maintains strong
34 public confidence in the agency and its respect for its statutory requirements and
35 fiduciary obligations. Those statements are from five democratic committee chairs who
36 submitted a letter to the Board in July urging the Board to maintain approval authority for
37 any carbon leases. A decision of that magnitude has major policy, financial, and
38 economic consequences and must be rendered based on thoughtful deliberations by the
39 entire Board rather than the shifting motivations of one elected official in a political
40 system that is often driven by emotion and fear. The Board should also reject the rhetoric
41 from organizations for not approving an agreement that improves inventory data, harvest
42 planning, and transparency to improve productivity of the lands.
43

44 **Asa Menlove** said his comments pertain to the Box of Rain legacy forest. Naturally
45 regenerated legacy forests, such as Box of Rain, are much different than homogenous tree
46 plantations that exist in much of the state. Legacy forests are biodiverse and structurally
47 complex and sequester more carbon than young forests. Box of Rain's location between
48 the middle fork of the Nooksack River and Clearwater Creek makes it of tremendous

1 value to the stream. The streams are home to federally endangered species, such as
2 steelhead, Chinook salmon, and bull trout. A clearcut would have detrimental impact on
3 the fish by warming water and speeding erosion creating sediment and pollution and
4 destroying critical habitat. The area is home to the Western red cedar, a culturally and
5 ecologically significant species. Box of Rain is home to dozens of culturally modified
6 cedars, traditionally harvested for bark. Those legacy trees are of great cultural
7 significance and create genetic resiliency. It is important to consider the long-term
8 affects legacy forests have on watersheds and salmon habitat. Box of Rain's age,
9 location, and biodiversity makes it critical for promoting resiliency in the Nooksack
10 watershed. Clearcuts lead to reductions in stream flow and can affect water shortages for
11 decades. For the future of all Whatcom County residents, watersheds, and for
12 biodiversity, the Board should protect the forests into perpetuity by passing a moratorium
13 on logging of any legacy forest on state lands.

14
15 **Judith Akins** requested removal of Box of Rain from the list of proposed timber sales.

16
17 **Sonja Lerner, resident of Whatcom County**, asked Boardmember Cahill to consider
18 the impacts of logging culturally significant and ecologically complex forests that have
19 naturally regenerated after logging before 1945. In the last several months, legacy forests
20 important to the prevention of wildfires, flooding, heat waves, and landslides have
21 comprised 50% of timber sales while representing only 5% of DNR managed forests in
22 Western Washington. Three of the forests – Baltimore Plot, Thyme Machine, and Box of
23 Rain are under threat. She urged the Board to include all legacy forests in Whatcom
24 County within the carbon project and to impose a temporary moratorium on logging of all
25 pre-1945 forests until evaluated for eligibility in the carbon project.

26
27 **Paul Butler, a small forest landowner in Thurston County**, addressed the myth that
28 producing 2' x 4' boards from older and mature forests is an effective way to sequester
29 carbon. This zombie idea refuses to die, despite being debunked by numerous peer
30 review studies since the 1990s. When an old growth forest is converted to a plantation,
31 sequestered carbon volume converts to long-term storage as plywood or lumber at a rate
32 significantly less than half the volume stored by the forest prior to harvest. It is a fallacy
33 stated numerous times to the Board by proponents of increased access to state timber. It
34 is inferred in House Bill 2528 that recognizes the contributions of the state forest
35 products sector as part of the state's global climate response. As currently practiced, the
36 state's plantation system is a global climate response, but it should not be categorized as
37 positive. In fact, a recent superior court judge ruled DNR violated SEPA by failing to
38 consider climate impacts of two timber sales in Jefferson County. He urged the Board to
39 take the outcome seriously. It is essential that the state protects all remaining 80,000
40 acres of older and mature forests permanently while still adequately funding trust
41 beneficiaries.

42
43 **TIMBER SALES - Action**

44 **Auction Results for October 2022, Proposed Timber Sales for December 2022**

45 **Joe Koontz, Assistant Division Manager of Timber Sales, Product Sales & Leasing**
46 **Division**

47 Mr. Koontz presented the results of the October 2022 auctions.

1 In October, the Department offered 13 sales totaling 42.5 mmbf. Twelve sales were sold
2 totaling \$18.9 million for 42.3 mmbf for an average of \$447 per mbf and 3.2 bidders per
3 sale on average. A small region sale in Olympic did not sell. Mr. Koontz invited
4 questions from the Board.
5

6 Mr. Cahill requested additional information on one sale that received a higher bid price
7 than the original appraisal. Mr. Koontz replied that one of the factors was a robust
8 bidding pool. Staff continually adjusts appraisals based on information from the market.
9 Mr. Cahill inquired on the status of the market with the advent of rising interest rates and
10 the effects on construction costs. Mr. Koontz advised that despite uncertainty in the
11 economy, the demand for timber sales remain strong. Pricing at this time appears to be
12 reasonably stable. The forecast in the future may change if prices begin dropping on
13 logs. Some of the factors influencing log supply are continued production capacity issues
14 and trucking capacity.
15

16 Commissioner Franz added that the Department has been experiencing an increase in the
17 number of bids, which increases the value of timber sales. Staff has been working on
18 increasing bids over the last several years, which is reflected in today's average bid of 3.2
19 bidders. She acknowledged the work of the DNR team for their efforts.
20

21 Commissioner Peach asked about the status of volume of timber sales in October,
22 November, and December. Mr. Koontz responded that the timber sale program is adding
23 sales as quickly as possible based on staffing capacity. It is likely timber sales would
24 increase in the third quarter from second quarter sales.
25

26 Duane Emmons, Acting Deputy Supervisor, State Uplands, provided additional
27 information on the proposed Box of Rain timber sale. He outlined the location of the
28 proposed timber sale in Whatcom County on an aerial map surrounded by state land and
29 adjacent to national forest land. The timber sale is approximately 30 acres in size. Some
30 state land has been set-aside for habitat protection or for long-term forest cover. The
31 areas to the east adjacent to national forest land is spotted owl habitat and marbled
32 murrelet habitat. Another block of land located to the west is spotted owl habitat. The
33 remaining areas are riparian protected land. The timber sale area has experienced quite
34 a bit of blow down during storms in 2019 and 2020. In some areas, larger pockets
35 experienced blow down of trees. Additionally, because the location is adjacent to a
36 mainline road, the area has experienced timber thefts and illegal activity, such as
37 campfires, shooting, and dumping of garbage. As wood degrades on the ground, the area
38 is prone to risk of wildfires. The area is not suitable for inclusion in the carbon project
39 because much of the timber has fallen. The sale will salvage as much standing timber as
40 possible for the beneficiaries followed by reforestation activities. Mr. Emmons invited
41 questions.
42

43 Superintendent Reykdal requested verification of the Nooksack River location with
44 respect to the proposed timber sale. Mr. Emmons verified that the Nooksack River is
45 located to the east of the sale area; however the stream is actually Clearwater Creek. The
46 Nooksack River is located some distance to the west with a fork of the Nooksack River
47 located to the south.
48

1 Superintendent Reykdal asked whether the area to the west with steep slopes would be
2 preserved or thinned rather than harvested from the Nooksack River to the ridge. Mr.
3 Emmons described the planned timber activities in various areas on an aerial map of the
4 entire area. Harvesting will be by variable retention harvesting methods retaining at least
5 eight trees per acre of varying sizes. The riparian areas along the river will not be
6 harvested.

7
8 With no further questions on the proposed Box of Rain timber sale, Mr. Koontz presented
9 proposed December timber sales for consideration.

10
11 The packet includes seven sales totaling 30.1 mmbf with an estimated value of \$8.5
12 million and a stumpage of \$282 per mbf. Four sales are located in Northwest Region.
13 Three sales are in the Pacific Cascade Region.

14
15 With there being no questions on the proposed sales, staff recommends approval of the
16 sales as presented.

17
18 MOTION: Commissioner Peach moved to approve the proposed sales.

19
20 SECOND: Mr. Cahill seconded the motion.

21
22 ACTION: Motion was approved.

23
24 **AQUATIC RENTAL DISPUTE - ACTION**

25 **Chair Franz, Commissioner of Public Lands**

26 Chair Franz referred members to information from the Assistant Attorney General on a
27 proposed decision for consideration by the Board on whether to accept or decline the
28 appeal. She invited Assistant Attorney General Adrienne Smith to provide background
29 information.

30
31 Ms. Smith explained that the Board received a petition from Dox Moorage Association to
32 have its state-owned aquatic lands rental reviewed by the Board. The Department,
33 according to the Rule, provides for three levels of review of aquatic rental agreements.
34 The first review is by a Rental Dispute Officer followed by another review by the Rental
35 Dispute Appeals Officer, with the last level of a review by the Board. The Board has the
36 option to decline the petition providing the petitioner with the ability to seek review by
37 Superior Court. If the Board accepts review and renders a decision, the petitioner can
38 appeal the Board's decision to Superior Court as well.

39
40 Commissioner Peach requested more information on the steps involving the Board.
41 Assistant Attorney Smith explained that the steps include the Board considering whether
42 to accept or decline. If the Board accepts review, the Petitioner and the Department have
43 30 days to provide written statements to the Board with the Board rendering a decision
44 within 90 days of receipt of the statements. The Board can also request an oral
45 presentation.

46
47 Commissioner Peach asked whether the issue would be settled if the Board declines the
48 review. Assistant Attorney Smith explained that should the Board agree not to review the

1 petition, the decision by the Rental Dispute Appeal Officer would be the final decision by
2 the Department. At that point, the Petitioner has the option to seek review in Superior
3 Court.
4

5 In response to a question on the Department's recommendation, Chair Franz explained
6 that the Board has much work ahead and lacks expertise and involvement in aquatic
7 rental issues. She recommended the Board should trust the efforts by the Department to
8 enable the Petitioner to determine if it should take the ruling to Superior court. Staff
9 recommends the Board decline the appeal to enable the Petitioner to determine whether
10 to appeal to Superior Court.
11

12 MOTION: Dr. Brown moved to decline to consider the Petitioner's appeal.

13
14 SECOND: Commissioner Peach seconded the motion.

15
16 ACTION: The motion was approved unanimously.
17

18 *Chair Franz recessed the meeting for a break from 10:38 to 10:46 a.m.*
19

20 **CHAIR REPORT**

21 **Carbon Project Outreach**

22 **Csenka Favorini-Csorba, Senior Policy Advisor**

23 Ms. Favorini-Csorba reported the presentation will provide an overview of the carbon
24 project, project timeline, SEPA update, Phase II selection of candidate parcels, Phase II
25 consultation, engagement, and outreach, and next steps.
26

27 DNR announced the carbon project earlier in the year to utilize carbon markets to
28 conserve 10,000 acres of operable forest areas that are part of the operable land base to
29 conserve to continue to sequester and store carbon while continuing to generate revenue
30 for trust beneficiaries. Parcels were selected based on important ecological and cultural
31 features that would be removed from the harvest schedule to generate revenue through
32 the sale of carbon credits for beneficiaries.
33

34 The timeline for the project is important because parcel selection is an important process
35 that will contribute to the ultimate carbon benefit of the project. Since the announcement
36 to include proposed Phase I parcels, internal teams have worked on Phase II to identify
37 candidate parcels for consideration. The Department has initiated the SEPA process and
38 is beginning to engage with beneficiaries, consult with tribes, and engage with the public
39 and other stakeholders on the selection of Phase II parcels. Feedback from the
40 engagement process will inform the final selection of the parcels enabling next steps of
41 listing the parcels in the carbon market and development of lease terms for the parcels to
42 execute lease agreements.
43

44 During the SEPA non-project checklist review process, DNR received 184 comments
45 through Survey Monkey and email, including a form letter from 63 individuals. General
46 themes of the comments included general support for the carbon project (not evaluated
47 through SEPA), general opposition to the carbon project (not evaluated through SEPA),
48 financial and socioeconomic impacts (not evaluated through SEPA), SEPA process

1 concerns, unintended environmental impacts, including potential increased life cycle
2 carbon emissions, and DNR's policy/process concerns (not evaluated through SEPA).
3 SEPA reviews are intended to review any potential significant environmental impacts
4 from a proposed project. The financial analysis will be completed after the 10,000 acres
5 have been identified. Several comments spoke to the inadequate SEPA review comment
6 period with recommendations to extend the comment period to 90 days. Other comments
7 centered on unintended environmental impacts centering on the lifecycle carbon impacts
8 of excluding timber harvests by reducing timber carbon storage in harvested trees. In
9 response to some comments or criticisms that DNR would no longer manage the 10,000
10 acres, the carbon project does not prevent implementing forest health measures to ensure
11 the health of trees. Other comments spoke to DNR policy or process concerns and the
12 role of the Board. Those types of concerns are not evaluated through the SEPA process.
13

14 Agency staff used the High Conservation Value criteria as a framework to identify
15 candidate parcels to make up the remaining 7,500 acres:

- 16 • Significant concentrations of biodiversity
- 17 • Significant landscape-scale ecosystems and ecosystem mosaics
- 18 • Rare, threatened or endangered ecosystems and habitats
- 19 • Basic ecosystem services in critical situations (e.g. watershed protection, erosion
20 control)
- 21 • Areas or resources fundamental to meeting basic needs of Indigenous populations
22 and local communities (e.g. subsistence)
- 23 • Areas or resources critical to Indigenous populations and local communities'
24 traditional cultural identity of an objective to ensure attention is paid to adjacent
25 stands

26 Phase II consultation, engagement, and outreach will solicit feedback on the candidate
27 parcels from beneficiaries, Tribal partners, impacted and interested stakeholders, and the
28 public. Consultation and engagement includes:

- 29 • Tribal webinar
- 30 • General public webinar (recording available on website)
- 31 • 4 in-person beneficiary engagement events (1 per each DNR Westside
32 region)
- 33 • Public Open House
- 34 • Public survey (on DNR website and available through November 18
- 35 • Individual beneficiary, Tribal, and stakeholder meetings

36
37 The objectives/goals of the consultation, engagement, and outreach include:

- 38 • Understanding the ecological, social, and cultural values most important to
39 beneficiaries, Tribes, stakeholders and the public that can guide the final selection
40 of parcels
- 41 • Receive feedback on specific candidate parcels, and which parcels may be
42 preferable to include or exclude from the carbon project

- Understanding concerns or hopes for the carbon project overall

Next steps:

- Continued engagement with beneficiaries
- Surveys open until November 18, 2022
- Individual meetings with impacted or interested stakeholders
- DNR will consider feedback received and the HCV criteria to select the final parcels for inclusion in the project
- Financial analysis will be conducted after the 10,000 acres have been identified

Ms. Favorini-Csorba invited questions and comments.

Superintendent Reykdal asked whether the third party evaluation to ensure net carbon benefits would also include an evaluation of purchaser behaviors and variables. Ms. Favorini-Csorba responded that the calculation of the overall carbon benefit of the project includes existing, established, and vetted methodologies focused specifically on what is occurring in the forest versus what would have occurred if the project did not exist. The evaluation considers leakage, harvested wood products, and pollution offset in the sense of the specific number of credits (1 credit equals 1 ton of removed carbon or prevented from entering the atmosphere). The credit is applied as an offset to carbon pollution entering the atmosphere. The specific purchaser of a carbon credit is not evaluated in terms of carbon inventory or the number of carbon credits generated.

Superintendent Reykdal asked whether staff plans to consult with state and county parks and other existing recreational facilities where adjacency to a carbon parcel would be an added benefit. Ms. Favorini-Csorba affirmed the process has considered natural resource conservation areas and natural area preserves. A number of the parcels are adjacent to those types of areas. Consideration of other parks and recreational areas would be considered during feedback from communities. The definition of cultural importance covers a wide range of uses.

Commissioner Peach said the proposed project applies to timber valued at approximately \$200 million. He asked staff when the Board would be asked to approve the project. Ms. Favorini-Csorba said staff will continue briefing the Board on the proposed project, as leases do not typically require the Board's approval.

Chair Franz added that the agency plans to conduct the public engagement and outreach, as well as pursuing the steps required in the SEPA review process. In this particular context, the agency typically does not present leases for the Board's consideration and approval; however, because of the type of project and the connection it has to forestlands, the agency is providing an opportunity to the Board to decide while the agency continues pursuing a robust public engagement process to tribes, beneficiaries, communities, and the public in addition to the SEPA process.

Commissioner Peach expressed interest in reviewing survey information and other information generated from the outreach process and asked about the possibility of receiving the information by the December Board meeting. Ms. Favorini-Csorba advised

1 that staff will compile the information and prepare a report for an update to the Board for
2 presentation early next year.

3
4 Mr. Cahill inquired about timing of the financial analysis. Ms. Favorini-Csorba replied
5 that the analysis is dependent upon the process for compilation of all feedback and
6 selection of the final parcels. It likely would occur during the first quarter of 2023.

7
8 Mr. Cahill asked how the project plans to address additionality issues, as some areas
9 would not be harvested because of existing restrictions. Ms. Favorini-Csorba explained
10 that the 10,000 acres for the carbon project are operable acres that would have been
11 eligible for timber harvest. In some parcels, some areas include riparian areas or old
12 growth components. Those acres are not harvestable acres and would not be included
13 within the 10,000 acres resulting in the total acreage exceeding 10,000 acres to include
14 both operable and inoperable acres.

15
16 Dr. Brown commented that it is likely reasonable to expect that the revenue to
17 beneficiaries would be less for acres enrolled in the carbon project that would otherwise
18 have been if the acreage had been harvested. It also appears that the longer and steady
19 term of revenue is a reasonable trade-off as payments from the lease over time is lower
20 but is a more steady and predictable revenue stream. Other benefits gained are embedded
21 in the criteria for enrollment in the project, such as high conservation value criteria to
22 determine which parcels are enrolled. He asked about the plan for a formal trade-off
23 analysis to identify the total revenue potential lost for enrollment in the carbon project, as
24 well as an accounting of what would be gained. Ms. Favorini-Csorba explained that staff
25 has not specifically identified the depth of the financial analysis at this point. She offered
26 to follow-up to learn more about the trade-off analysis. The financial analysis will
27 include an estimate of the value of timber revenue versus the value of carbon revenue.
28 Many of those elements are unknowns at this time lacking a purchase agreement for
29 carbon credits. The question speaks to a request to identify what the potential revenue
30 could be annually to identify the difference between the lump sums beneficiaries might
31 receive. Dr. Brown said the explanation is one piece of the analysis. His question
32 pertains to the fiduciary responsibility for beneficiaries and if the Department generates
33 less return in total, it would be important to identify what the Department receives in
34 exchange for that loss in revenue, such as the value of a regular return to the beneficiaries
35 versus the more intermittent return from harvesting. It would be important to receive
36 returns for beneficiaries while having some comparison between the dollar value
37 difference and other differences that would be gained in addition to the carbon. Ms.
38 Favorini-Csorba affirmed staff could include the request within the financial analysis as
39 the Department has documented within a report ecosystem service values of managed
40 lands.

41
42 Commissioner Peach referred to likelihood of a question being asked during the
43 upcoming meeting with the Washington Association of Counties on November 14, 2022
44 about the range of the carbon credit value. He asked whether staff has identified a range
45 at this time. Ms. Favorini-Csorba said the hope is to exceed expectations in terms of the
46 typical carbon market prices and the price the Department receives for the carbon project.
47 Staff has documentation that the carbon project is higher quality compared to other

1 carbon projects, which staff believes can be monetized at a higher price in the carbon
2 market.

3
4 Superintendent Reykdal asked whether there has been any modeling of Washington, D.C.
5 politics as a different administrations and congress would likely have different
6 perspectives on the carbon market. He asked whether the modeling would capture the
7 possibility of any variable in the changing political system. Ms. Favorini-Csorba advised
8 that she has not considered that particular situation; however, based on information on
9 carbon markets, carbon prices are expected to increase. She is uncertain as to whether
10 political realities are included in the analyses for carbon markets.

11
12 Mr. Cahill noted that D.C. politics are unlikely to have influence as the proposal involves
13 the voluntary carbon market, which is a worldwide market. Changing policies in D.C.
14 would likely not affect the carbon market.

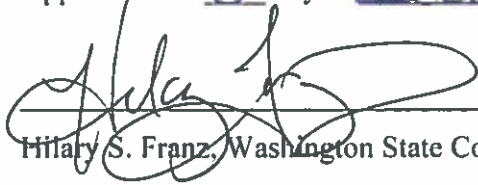
15
16 Dr. Brown asked whether the long-term lease locks in the price. Ms. Favorini-Csorba
17 responded that in typical lease agreements, an escalator for price is included into the price
18 negotiated for the carbon credit for the term of the lease to account for shifts in carbon
19 prices.

20
21 Commissioner Peach said he looks forward to the outreach. Another question that has
22 been asked is acknowledgement of four carbon companies in the United States that
23 broker carbon credits. He questioned the decision to select only one company rather than
24 considering all four companies. Ms. Favorini-Csorba explained that DNR would only
25 work with one company rather than multiple companies. Finite Carbon at this point is a
26 partner. DNR has not executed a formal contract with Finite Carbon and there is nothing
27 at this time that ties DNR to work only with Finite Carbon for the term of the project.
28 The company has completed much work for the agency to identify the most robust carbon
29 project to present to the carbon market without the benefit of a contract.

30
31 **ADJOURNMENT**

32 With there being no further business, Chair Franz adjourned the meeting at 11:25 a.m.
33
34

Approved this 6th day of December, 2022



Hillary S. Franz, Washington State Commissioner of Public Lands



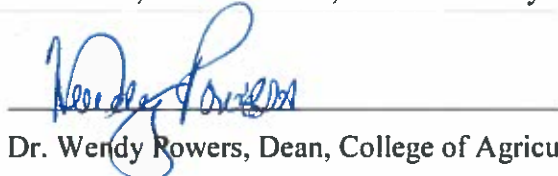
Jim Cahill, Designee for Governor Jay Inslee

Absent

Chris Reykdal, Superintendent of Public Instruction

Approved via Webinar

Bill Peach, Commissioner, Clallam County



Dr. Wendy Rowers, 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

Prepared by Valerie L. Gow, Recording Secretary/President
Puget Sound Meeting Services, psmsoly@earthlink.net