
Minutes

Board of Natural Resources Meeting

June 4, 2019

Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT

The Honorable Hilary Franz, Washington State Commissioner of Public Lands

The Honorable Bill Peach, Commissioner, Clallam County

Jim Cahill, Designee for the Honorable Jay Inslee, Washington State Governor

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

André-Denis Wright, Dean, College of Agricultural, Human, and Natural Resource Sciences,
Washington State University

BOARD MEMBERS VIA CONFERENCE CALL

The Honorable Chris Reykdal, Superintendent of Public Instruction

1 CALL TO ORDER

2 Chair Franz called the meeting to order at 1:00 PM.

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

7 APPROVAL OF MINUTES

8 Chair Franz called for approval of the minutes for the May 7, 2019 Regular Board of Natural
9 Resources Meeting.

10
11 MOTION: The Honorable Bill Peach moved to approve the minutes.

12
13 SECOND: Dean Wright seconded the motion.

14
15 ACTION: The motion carried unanimously.

17 PUBLIC COMMENTS FOR GENERAL ITEMS OF INTEREST

18 **Todd Wildermuth, Policy Director / Regulatory Environmental Law and Policy Clinic**
19 **University of Washington School of Law**

20 Presented a petition for a formal forest carbon policy or initiate rulemaking that would govern
21 the management of state forests in an effort to address climate change and carbon policy to the
22 Board of Natural Resources. The petition requests a more robust clean energy. Mr. Wildermuth
23 asks that the Board discuss these issues at the July Board meeting.

1 **Abby Barrett, University of Washington School of Law, Regulatory Environmental Law**
2 **and Policy Clinic**

3 Spoke about a climate change and carbon policy request to address future impacts.

4 **Liam Weiland, University of Washington School of Law, Regulatory Environmental Law**
5 **and Policy Clinic**

6 Spoke about a climate change and carbon policy request.

7 **Keith Cohon, University of Washington School of Law, Regulatory Environmental Law**
8 **and Policy Clinic**

9 Spoke about sustainable forest practices. He stated there should be clear guidelines in the effort
10 to maintain a sustainable forests while working on climate change and carbon footprint. He
11 asked them to evaluate how climate change will effect forests. Future market potential.

12 **Peter Goldman, WA Forest Law Center**

13 Spoke about a holistic approach to climate change, not a request for rule making. Mr. Goldman
14 is asking that the Board think though the next policy steps. What are the important steps to a
15 healthy forest, what can the Board do to achieve these goals. He asked the Board to consider the
16 financial impact to not having a policy. The petition also asks that the Board work with other
17 agencies for long-term forest management.

18 **Sally Paul, Washington Environmental Council, Washington Conservation Voters**

19 Spoke about carbon and climate change petition, and requests for long-term planning for forest
20 health.

21
22 Chair Franz spoke about the Department doing an impact study in regards to climate change and
23 explore developing plan for long-term action.

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

26 None.

27
28 **TIMBER SALES (Action Item)**

29 **Proposed Timber Sales for July 2019 | 3 handouts, including the presentation**

30 Patrick Ferguson, Product Sales & Leasing Division

31
32 Mr. Ferguson presented the results of the May 2019 auctions to the Board. The Department
33 offered 13 sales totaling 66.9 mmbf. Of the 13 sales, 10 sales sold totaling 53.5 mmbf and \$13.0
34 million for an average of \$243 per mbf with 1.5 bidders per sale on average. Mr. Ferguson noted
35 that the 1.5 bidders per sale is misleading as six of the ten sales only had 1 bidder and only one
36 sale had more than two. Mr. Ferguson also noted the reoffering of sales fiscal year 2020, which
37 did not receive bids.

38
39 Mr. Ferguson provided a quick fiscal year 2019 update, stating that the total sold volume for the
40 fiscal year stands at 425 mmbf with one month left of auctions where approximately 19% of the
41 planned fiscal year volume will be offered.

42
43 Mr. Ferguson asked the Board for questions regarding the May 2019 auction results. There were
44 none.

1 Mr. Ferguson then presented proposed sales offered in upcoming auctions to the Board, noting
2 the low value package of sales was due to two forest health sales and a large thinning sale in the
3 OESF to meet 1:1 obligations.

4
5 Commissioner Franz asked the Board for questions regarding the proposed sales.

6
7 Commissioner Peach asked about the fiscal year volume standings with the proposed package.

8
9 Mr. Ferguson remarked that the volume proposed is the start of fiscal year 2020 and that
10 following the June 2019 auctions, fiscal year 2019 volume will be complete.

11
12 Commissioner Peach also asked about the Agency's appraisal process and the level of input
13 region staff have on those appraisals.

14
15 Mr. Ferguson responded that region staff should be doing sale pre-appraisals and they have the
16 opportunity to review the appraised value and appraisal inputs following completion of the
17 official appraisal by Agency appraisal staff.

18
19 There were no additional questions.

20 Mr. Ferguson asked for approval of the proposed sales as presented.

21
22 MOTION: Commissioner Peach moved to approve the proposed sales.

23
24 SECOND: Director Brown seconded the motion.

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26 ACTION: The motion carried unanimously.

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28 **PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS**

29 None.

30
31 **LAND TRANSACTION (Action Items)**

32 **West Roesigner, No. 08-099068; Resolution 1542**

33 Robin Hammill, Recreation, and Transactions Division

34
35 Ms. Hammill presented the Board with The West Roesigner property, which is located in
36 Snohomish County between Lake Stevens and Lake Roesigner. She shared that the property is
37 approximately 210 acres in size and high site class II forest land. This property is located within
38 and adjacent to DNR managed common school trust land. The property is stocked with 79 MBF
39 of merchantable timber and 28-year-old forest reproduction. The property was valued as forest
40 land but the area is zoned 5 acre rural residential. The five tax parcels would permit, with
41 clustering, a minimum of 42 home sites.

42
43 The funding used for this acquisition is from the Land Band. Ms. Hammill stated that the seller
44 accepted a negotiated value of \$650,000, with a land value of \$185,000 and a timber value of
45 \$465,000. There is no compensating tax associated with this property.

46
47 Ms. Hammill concluded by asking the Board to approve Resolution 1542.

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2 MOTION: Dean Wright moved to approve Resolution 1542.

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4 SECOND: Honorable Bill Peach seconded the motion.

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6 ACTION: The motion carried unanimously.

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8 **PUBLIC COMMENTS FOR CHAIR REPORT**

9 **Matt Comisky, Washington Manager, AFRC,**

10 Commented on the continuation of the State of The State Lands, part two, which will show the
11 Board the cost and revenue for trust managers to manage their assets.

12
13 Commissioner Franz commented that the Department is working on the diversity of forest
14 management.

15
16 **CHAIR REPORT**

17 **State of the State Lands Report - continued**

18 **Angus Brodie, Deputy Supervisor for State Uplands**

19
20 Mr. Brodie continued the report from the May 2019 meeting, starting at slide 30, which is
21 showing the revenue of 2018. He reviewed the activity at the Department of Natural Resources,
22 with two business models. He explained the income generated and how the Department evaluates
23 and manages land.

24
25 He shared three challenges: reduced purchasing power, increasing cost, and investments needed
26 to grow. Mr. Brodie then displayed the expenditure, revenue and profit/loss and shared about the
27 funding source, and that the budget provisos are: RMCA at 32% and FDA at 27%.

28
29 He reviewed the funding revenue, which includes forestry, agriculture, commercial leases,
30 communication sites and special use lands. He stated that funding takes about 2 years to filter
31 through the agency. Mr. Brodie displayed a chart showing ending fund balance, expenditures
32 along with the cost of contract prices and the Washington State minimum wage.

33
34 Mr. Brodie reviewed silviculture and the investment of reforestation, site preparation, vegetation
35 management and pre-commercial thinning in the past six years for the Board. He shared that the
36 next biennium 2019-21 goals are to achieve revenue, volume and investment deliverables, and a
37 three-month ending fund balance. The challenges that the Department will face are to absorb a
38 six million dollar COLA for employees, invest one million to grow revenue and 11 million in
39 silviculture. He stated that \$1.1 million is needed to complete the Trust Lands Performance
40 project.

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42 Mr. Brodie then presented the funding projections for the next biennium.

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Trust Land Performance Assessment
David Bergvall, Senior Policy and Project Advisor, Washington State Department of
Natural Resources

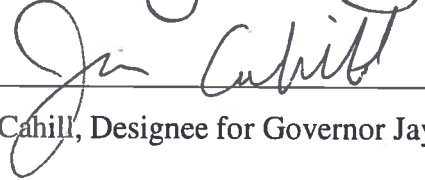
Mr. Bergvall gave an overview of the staff the including their industry experience. He explained the asset valuation of state lands proposed by the contractor and accepted by DNR. He then reviewed the ideas generated by stakeholders, and the revenue based on analysis of the prior 10 years. Analysis will segregate the acreage by factors.

Meeting adjourned at 3:00 PM.

Approved this 2nd day of July, 2019



Hilary S. Franz, Washington State Commissioner of Public Lands



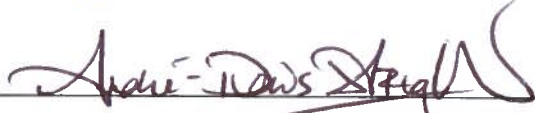
Jim Cahill, Designee for Governor Jay Inslee

Absent

Chris Reykdal, Superintendent of Public Instruction



Bill Peach, Commissioner, Clallam County



André-Denis Wright, 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:



Theresa McGuire, Board Coordinator