
Minutes

Board of Natural Resources Meeting

June 5, 2018

Natural Resources Building, Olympia, Washington

BOARD MEMBERS PRESENT

The Honorable Hilary Franz, Washington State Commissioner of Public Lands

The Honorable Bill Peach, Commissioner, Clallam County

The Honorable Chris Reykdal, Superintendent of Public Instruction

JT Austin, Designee for the Honorable Jay Inslee, Washington State Governor – *via conference call*

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

1 CALL TO ORDER

2 Chair Franz called the meeting to order at 9:00 AM.

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

6 SAFETY REVIEW

7
8 Ms. Kellogg gave a safety overview and instruction on evacuating the building in case of an
9 emergency.

10 APPROVAL OF MINUTES

11 Chair Franz called for approval of the minutes for the May 1, 2018 Regular Board of Natural
12 Resources Meeting.

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

15
16 SECOND: Superintendent Reykdal seconded the motion.

17
18 ACTION: The motion carried unanimously.

19
20
21 Chair Franz commented on recent correspondence from AFRC and WFLC. She stated that
22 DNR's attorneys would review the letters and provide a response in the coming weeks.

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

2 **Russ Pfeiffer-Hoyt, WSSDA, Trust Lands Advisory Committee Chair**, spoke about the State
3 Forest trust revenue and the recent rule change by OSPI, noting that school districts will now
4 keep all of this revenue. He stated that even though this action will benefit mostly property poor
5 school districts, it also has significance for this Board and DNR. He acknowledged and thanked
6 Superintendent Reykdal for his leadership in bringing this change forward.

7
8 **Jim Stoffer, WSSDA, Sequim School District**, provided an update on the recent Healthy
9 Forests Community meeting and the Wildland Fire Advisory Committee meetings. He also
10 spoke about the rule change implemented by OSPI, and thanked Superintendent Reykdal for his
11 leadership.

12
13 **Carol Johnston, Executive Director, NOTAC**, requested a sooner release date of board
14 materials for the chair reports for the BNR

15
16 **Rod Fleck, Forks City Attorney**, spoke about clarity of process and information. He cited the
17 rounding issues on the charts as an example, and noted that when rounding to the next million it
18 causes significant impacts to the junior taxing districts. He also spoke about the timeline for
19 release of materials, the OESF landscape plan implementation, and carry forward.

20
21 **Scott Swanson, WSAC Consultant**, requested that staff provide information sooner for an
22 opportunity to review materials prior to the BNR meeting.

23
24 **PUBLIC COMMENTS FOR TIMBER SALE ACTION ITEMS**

25 **Doug Cooper, Vice-President of Resources, Hampton Lumber**, thanked the Board for the
26 Timber Sale program. He then noted that timber supply is critical to mills, and asked that the
27 Board keep that in mind when making decisions.

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

30 **Proposed Timber Sales for February 2018 | 3 Handouts**

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

32
33 Ms. Eagle presented the May 2018 auction results. Commissioner Peach asked about total sales
34 for the fiscal year. Ms. Eagle stated that she will report on that next month after the June sales
35 and after we have all totals for the fiscal year 18.

36
37 Ms. Eagle then presented the proposed sales for July 2018. She went on to share the sales plan
38 for FY 19, adding there may be some flexibility in the schedule.

39
40 Commissioner Peach asked if the harvest is set at 530 mbf for the year. Ms. Eagle replied yes,
41 until the new Sustainable Harvest Calculation is complete

42
43 Ms. Eagle asked for approval of the proposed sales as presented.

44
45 **MOTION:** Director Brown moved to approve the proposed sales.

46
47 **SECOND:** Commissioner Peach seconded the motion.

1
2 ACTION: The motion carried unanimously.

3
4 **PUBLIC COMMENTS FOR LAND TRANSACTION ACTION ITEMS**

5 No public comments.

6
7 **LAND TRANSACTION (Action Items)**

8 **Briarwood Purchase, No. 08-096018; Resolution 1520 | 2 Handouts**

9 Bob Winslow, Project Manager, Conservation, Recreation, and Transactions Division

10
11 Mr. Winslow presented the Briarwood Trust Purchase as property located in Skagit County about
12 10 miles southeast of Mount Vernon, Washington, near Big Lake. He stated the property is 368
13 acres in size, and is site class 2 and high site class 3 forestland. The property is located near
14 Hwy 9 and is adjacent to two parcels of DNR-managed trust land. There is 1,393 MBF of
15 merchantable timber and forest reproduction. He stated that even though the property was valued
16 for purchase as forestland, the property also has some features that appear to be favorable for
17 potential as a commercial rock source (mineral overlay district, rock hardness, rock depth, close
18 to state highways). The property has 11 tax parcels numbers, and the current zoning would
19 permit up to 38 home sites with clustering.

20
21 He explained that the funding used for the acquisition is from the Land Bank that became
22 available due to a recent auction of Common School Trust land in Pasco. The negotiated
23 acquisition price is \$991,000, with a land value allocation of \$99,000, and a timber and forest
24 reproduction allocation of \$892,000. The Seller is paying the compensating tax. DNR's
25 negotiated price did not include any allocation for potential rock revenue. The variety of age
26 classes are due in part to the Seller assembling the land from seven landowners between 1986
27 and 2000.

28
29 Director Brown asked the distribution of revenue from this transaction. Mr. Winslow replied that
30 the revenue would go the trust beneficiary, anticipated to be common school.

31
32 Chair Franz added that we are looking at our portfolio of land, and exploring ways to leverage
33 the market to grow our acquisition fund. We want to have the funds to buy strategic pieces of
34 property to generate more revenue for the trust

35
36 Mr. Winslow concluded his presentation by asking the Board to approve Resolution 1520.

37
38 MOTION: Commissioner Peach moved to approve Resolution 1520.

39
40 SECOND: Director Brown seconded the motion.

41
42 ACTION: The motion carried unanimously.

1 **PUBLIC COMMENTS FOR CHAIR REPORT**

2 **Kendra Smith, Skagit County**, reminded the Board of their fiduciary responsibility to the
3 beneficiaries and the need for transparency, and noted the lateness of the presentation. She also
4 asked where the data in the presentation came from and that staff could show their work.
5

6 **Russ Pfeiffer-Hoyt, WSSDA, chair of TLAC**, spoke about the MM LTCS presentation and
7 reminded the Board of their fiduciary duties. He asked that the Board please keep in mind what
8 is best for the trust beneficiaries.
9

10 **Sarah Ghafouri, Staff Attorney, AFRC**, spoke about the Board's fiduciary duties to the
11 beneficiaries and states that the Board must administer and protect the land for the trusts to the
12 exclusion of all other interests and must not use state assets to pursue other obligations or
13 interests.
14

15 **Connie Beauvais; Port of Port Angeles**, spoke about the Marbled Murrelet Long Term
16 Conservation Strategy MMLTCS and the lands set aside as marbled murrelet habitat, adding that
17 the alternative does not seem well balanced.
18

19 **Diane Meyers, Attorney at Northwest Resource Law**, spoke about the preferred alternative for
20 marbled murrelet habitat, and the need for old growth stands as habitat for the bird. She surmised
21 that it appears that DNR lands that do, or could, meet the criteria for habitat during the remaining
22 life of the HCP, are already in protected status.
23

24 **Lawson Fite, General Counsel, AFRC**, spoke about the preferred alternative for the MMLTCS
25 and asked the Board to ask USFWS where is there any additional take from any of these
26 alternatives of suitable habitat above that 74,000-acre level.
27

28 **Peter Goldman, WFLC**, spoke about the letter sent to the BNR on May 30, 2018 and
29 encouraged transparency on the next steps. He also spoke about the Solutions Table, and thanked
30 Commissioner Franz for her vision and commitment to do things differently. He urged the Board
31 to encourage Commissioner Franz to explore Plan B with a conservation strategy, and then
32 explore how to make up the difference.
33

34 **Scott Swanson, WSAC**, spoke about the MMLTCS preferred alternative and shared concerns on
35 the direction of the plan and the impacts to the county trusts. He stated the HCP is a voluntary
36 action, Section 10 of the ESA, and that the Board should keep this in mind.
37

38 **Carol Johnson, Executive Director, NOTAC**, spoke about the Perry Study, stating that it says
39 that 9% ownership of the conservation habitat is of little appreciable benefit in the protection of
40 the marbled murrelet habitat. She queried about the contribution levels from other government
41 landowners for habitat, additional acreage needed, and the number of birds they expect to save
42 from this process. She also asked what the plan is to compensate the beneficiaries.
43

44 **Rod Fleck, Forks City Attorney**, spoke about the Board's fiduciary role for trust beneficiaries,
45 and referenced Attorney General Opinion (AGO 96-11) and the Policy for Sustainable Forests
46 pages 19-22.
47

1 **Heath Heikkila, Governmental Affairs, AFRC**, spoke about the MMLTCS and referenced the
2 letter sent to the Board about reducing impacts and the legislative provisions needed to mitigate
3 impact. He then asked the Board to consider two things: 1) are we protecting actual habitat that
4 we are going to use and need; and 2) did we negotiate the best deal with the USFWS. He then
5 asked the Board to look at the numbers and question the increase. He surmised that it appears we
6 are starting at ground zero and are looking at a new HCP, pointing out that the Department is not
7 starting a new HCP, and that DNR is already setting aside acres for the marbled murrelet habitat
8 and should get credit for that.

9
10 **Matt Comisky, Washington Manager, AFRC**, spoke about the MMLTCS, referencing the
11 photos he provided of possible habitat. He noted that the proposed SHA lands are missing some
12 characteristics for proper habitat for the marbled murrelet.

13
14 **Miguel Perez-Gibson, WEC**, spoke about the MMLTCS and stated that modeling for the
15 preferred alternative for marbled murrelet habitat is ownership blind. He also spoke about the
16 Solutions Table, stating that there is potential to see to it that all trust impacts and benefits are
17 even for all beneficiaries by pulling together all beneficiaries of the trusts in to one unitary trust.

18 19 **CHAIR REPORT**

20 **Marbled Murrelet Long-term Conservation Strategy and Sustainable Harvest Calculation |** 21 **2 Handouts**

22 **Andrew Hayes, Acting Deputy Supervisor for State Uplands**

23
24 Mr. Hayes began by restating that the Department is committed to transparency, and seeks to
25 provide information in a timely manner. He emphasized that there will be opportunities for
26 public comment on the information contained in the presentation at both Board meetings and
27 during comment periods following the release of the revised draft environmental impact
28 statement (RDEIS), when complete updated information will be released to the public.

29
30 Mr. Hayes provided an overview of the preferred alternative for the marbled murrelet long-term
31 conservation strategy as characterized in the RDEIS. He explained that staff developed the
32 preferred alternative following the November 2017 direction by the Board on the marbled
33 murrelet long-term conservation strategy to develop, analyze, and submit for application a
34 preferred alternative that will minimize impacts to the marbled murrelet, offset impacts and
35 address uncertainty, and reduce disproportionate financial impacts.

36
37 The Board's direction intended that the preferred alternative meet the goals of complying with
38 the Endangered Species Act (ESA) and the 1997 State Trust Lands Habitat Conservation Plan
39 (HCP), to reduce the short-term impacts of take, appropriately mitigating uncertainties and risks,
40 and ensuring that the preferred alternative does not impact any trust or beneficiary.

41
42 Commissioner Peach inquired about the timing of an updated financial analysis of trust revenue
43 so that the Board could gauge impacts to individual trusts and beneficiaries. Mr. Hayes clarified
44 that the revised financial analysis would be completed and released subsequent to the release of
45 the RDEIS, just as the initial analysis was released after the publication of the draft EIS.

1 Mr. Hayes then described the work that Department staff have conducted since November 2017.
2 He stated that this work included updating data, collecting new information from discussions
3 between the Department and the United States Fish and Wildlife Service (USFWS) staff, as well
4 as collecting operational feedback from Department field staff. These updates and new
5 information will change the acres of long-term forest cover for alternatives A-F. He presented
6 the change in acreage from those presented in the December 2016 Drafted Environmental Impact
7 Statement (DEIS) to those presented in the forthcoming RDEIS, which is scheduled for release
8 in September 2018.

9
10 Mr. Hayes explained that Department staff designed the preferred alternative, referred to as
11 "Alternative H" in the RDEIS, to implement the Board's direction and build upon the updated
12 data. He presented key features of Alternative H, compared Alternative H with the preliminary
13 preferred alternative presented to the Board at the November 2017 meeting, and presented maps
14 of the special habitat areas (SHA) contained within the preferred alternative.

15
16 Board discussion explored management rules contained within the SHA's, marbled murrelet
17 fidelity to occupied sites, connectivity to federal lands, and concerns about access for operations
18 when managing around conservation areas.

19
20 Next, Mr. Hayes described Alternative G, an alternative that staff developed in response to
21 public comments received during the public comment period following the release of the
22 December 2016 DEIS. The RDEIS will also analyze this alternative.

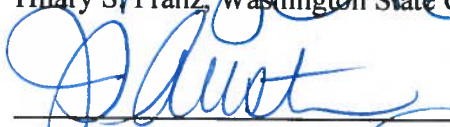
23
24 Board discussion on Alternative G addressed the practicality of implementing this alternative, as
25 well as the benefits of including it in the RDEIS, to provide decision makers with the analysis of
26 conservation strategies that members of the public proposed in their comments.

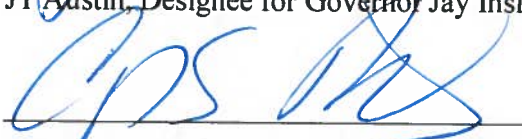
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28 Finally, Mr. Hayes outlined upcoming steps in the process to develop a long-term marbled
29 murrelet conservation strategy. In the short-term, these steps include completing and releasing
30 for public comment the RDEIS, as well as an HCP amendment in September 2018. Once the public
31 comment period has closed, both agencies will prepare a final environmental impact statement
32 and amendment. USFWS staff will complete a biological opinion, Section 10 ESA findings,
33 NEPA record of decision, as well as a final decision on the incidental take permit. Once USFWS
34 has completed their work, the Board of Natural Resources will make a resolution on adoption of
35 the final incidental take permit.

36
37 Meeting adjourned at 11:27 AM.


Approved this 3rd day of July, 2018

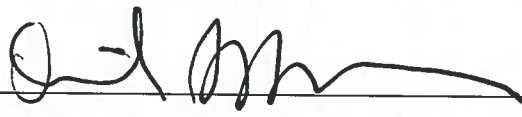

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Attest:


Tami Kellogg, Board Coordinator