

MEMORANDUM OF UNDERSTANDING

Between
The members of the Blanchard Forest Strategies Group;

Backcountry Horsemen of Washington
Conservation Northwest
Friends of Blanchard
Skagit County
Skagit Land Trust
Washington State Department of Natural Resources
Mike Crawford, Citizen
Will Hamilton, Citizen
Ken Osborn, Citizen
Bob Rose, Citizen

(Hereinafter collectively referred to as "the parties")

REGARDING PRINCIPLES AND OBJECTIVES FOR THE MANAGEMENT OF BLANCHARD FOREST

This agreement is made and entered into by and between the parties who are also members of the Blanchard Forest Strategies Group (BFSG). This agreement represents good faith commitments made by each of the parties in a spirit of cooperation. By entering into this agreement the parties confirm their belief that these commitments will be of mutual benefit to the parties as well as to the community and environment as a whole.

STATEMENT OF AUTHORITY AND OF MUTUAL INTEREST AND BENEFIT

Backcountry Horsemen of Washington - *Backcountry Horsemen of Washington Inc. (BCHW) is a state-wide, not-for-profit organization made up of 3,500 members in 37 chapters across the state dedicated to: keeping trails open for all users; educating horse users in Leave-No-Trace practices; and providing volunteer service to resource agencies.*

Conservation Northwest - *Since 1989 Conservation Northwest has worked to protect and connect old-growth forests and other wild areas from the Washington Coast to the Rocky Mountains of British Columbia for the benefit of wildlife and people. Conservation Northwest combines outreach, communication, and science with passion and innovation to build coalitions and partnerships with local communities and to implement science-based solutions that conserve wildlife and habitat.*

Friends of Blanchard – *The Friends of Blanchard is a local, grass roots advocacy group formed to work collaboratively to make Blanchard Forest a permanent recreation area that welcomes the recreational users that currently*

use the Mountain. This includes hikers, mountain bikers, hang gliders, paragliders, horse riders and other low impact recreational users that are typically seen on the Mountain. The Friends of Blanchard include thousands of members and in addition to advocacy for preserving the Mountain, also sponsor day hikes and other outings to enjoy the only place in Skagit County where the Cascades meet the sea.

Skagit County – Skagit County is a state forest trust beneficiary dependent upon the revenues received from state timber sales in the county, including Blanchard Forest. These revenues bring in approximately 3.2 million dollars annually and are dispersed to the following accounts: General Fund (law and justice and operations), County Roads, Conservation Futures, Medic I, Veterans Relief and Mental Health. In addition, revenue from state forest trust land is also distributed to local junior taxing districts. DNR timber sales play a crucial role in the sustainability of the forest industry and state forest trust land is a significant linkage to future land uses, decisions and community development.

Skagit Land Trust – The mission of the Skagit County Land Trust is the protection of wildlife habitat, agricultural and forest lands, scenic open space, wetlands, and shorelines throughout the mainland and islands of Skagit County for the benefit of our community and as a legacy for future generations.

Washington State Department of Natural Resources (DNR) – DNR's mission is 1) To provide professional, forward-looking stewardship of state lands, natural resources, and environment, and 2) To provide leadership in creating a sustainable future for the Trusts and all citizens. In achieving its mission, the following principles guide all DNR employees: Enduring Stewardship; Visionary Leadership; Inclusive Decision-Making; Creative Solutions; Respectful Relationships. In carrying out its management activities, the department will actively communicate and promote collaboration with trust beneficiaries; tribes; local, state and federal governments; stakeholders; and the public (Board Policy on External Relationships)

Mike Crawford – Business Owner; appointed to the BFSG due to his knowledge and perspective on local economic trends and conditions.

Will Hamilton – Consulting Forester; appointed to the BFSG due to his knowledge of forest management and forest land use trends.

Ken Osborn – Industrial forestland manager; appointed to the BFSG due to his knowledge and interest in forest land management in the region.

Bob Rose – Agricultural and forest resource land advisor; appointed to the BFSG due to his knowledge and interest in maintaining working agricultural and forest lands in the region.

Blanchard Forest is highly valued in the region for its very productive forests; its economic importance to Skagit County; its outstanding recreational and open space features; and its important ecological role for wildlife habitat, mature second growth forest, and watershed protection.

Blanchard Forest is composed of state forest trust land, owned by the State, and managed by the DNR as a fiduciary trust for the benefit of Skagit County. Revenue from Blanchard Forest benefits Skagit County, Burlington-Edison School District, Hospital District #304, Port District #2 and the State School Fund.

The Blanchard Forest landscape offers an exceptional situation requiring a unique management approach, not appropriate for larger forest blocks, given its relatively small size and its location in the Chuckanut Mountain area with the salt water of Puget Sound adjacent to its slopes on the west and rapidly urbanizing areas to the north, east and south.

DNR, through the Commissioner of Public Lands appointed the BFSG comprised of citizens and organizations, which bring to the table a variety of perspectives and interests reflective of the values of Blanchard Forest, to develop a consensus set of conceptual management recommendations for Blanchard Forest.

The parties recognize that it is in the best interest of the parties and the public to acknowledge and work toward our common interest of protecting the existing landscape, working forests, and the environment, in and around Blanchard Forest and throughout Skagit and Whatcom Counties.

The DNR is governed by various laws related to the management of forested trust lands, including the requirement to produce revenue and protect species and habitats. Of particular significance are Title 79 RCW Public lands, Chapter 76.09 RCW Forest Practices, Chapter 36.70A RCW Growth Management, and Chapter 90.58 RCW Shoreline Management Act of 1971. DNR also operates under a federally approved Habitat Conservation Plan (HCP) built upon an adaptive management process; as well as Board of Natural Resources' policies contained within the Policy for Sustainable Forests. Of particular significance are the policies on Old-Growth Stands in Western Washington, Riparian Conservation, Visual Impacts, Public Access and Recreation, and External Relationships. All of Blanchard Forest is managed under and contributes toward the requirements and objectives of the above laws, policies and the HCP and will continue to under the terms of this agreement.

All parties enter into this agreement in their individual capacity if signing as an individual, in their organizational capacity if signing for an organization, or in their governmental capacity if signing for a governmental entity. All parties signing on behalf of an organization or governmental entity acknowledge that they have full legal capacity and authority to sign on behalf of the organization or governmental entity and that they are fully authorized, under the provisions of their by-laws or other governing documents to enter into this agreement.

As a result of Washington State's Multiple Use Concept (Chapter 79.68 RCW), a variety of non-motorized recreational uses, including hiking, biking, horseback riding, hang gliding, and sight seeing co-exist and are compatible with timber harvesting in Blanchard Forest and should continue to co-exist with forest management activities.

The rapidly urbanizing Interstate 5 corridor as a result of the pressure from population growth in Whatcom County and Skagit County, global competition, and instability in timberland ownership, calls for targeted strategies to be implemented as described in this agreement.

Management of Blanchard Forest must also comply with the Washington State Growth Management Act (GMA, Chapter 36.70A RCW) designed to promote the long-term protection of the forest and agriculture lands.

The BFGS has formulated a unique proposal that is founded on common interests and goals. It is a modern conservation proposal that maintains the natural character of those areas of Blanchard Forest most valuable ecologically and treasured for recreation while also embracing working forests and a vital timber industry as essential to the character of our State's communities and landscape.

NOW THEREFORE, THE PARTIES AGREE THAT:

Principle #1: Management of Blanchard Forest

Subject to Principle #3 below, a core zone is established that is approximately 1,600 acres in size and will be managed in a manner similar to a permanently protected Natural Resources Conservation Area (as defined in Chapter 79.71 RCW) with emphasis on wildlife habitat, older forest conditions, vistas, and maintenance of forest ecosystem health while allowing non-motorized, low-impact recreation such as horseback riding, hiking, mountain biking, and hang gliding. Like a Natural Resources Conservation Area, the area in the core will contribute toward HCP targets for older forests in the North Puget HCP Planning Unit.

A preliminary map roughly representing Blanchard Forest and the core zone is attached as a reasonable representation of the various zones (see attachment #1). This map requires further refinement. DNR will develop a final map more suitable for management purposes (based on additional field inspection and detailed mapping) for review and use with the Blanchard Forest Advisory Committee (BFAC) as later described in this agreement. DNR will consult with the BFAC on the finalization of the map. All references to "the map" in this agreement are to attachment #1. When the final map has been completed it will replace the preliminary map as attachment #1 in this agreement.

DNR will collaborate with the BFAC to conduct an additional review of timber management strategies in three areas: labeled "CC" and "JJ" along the western edge of the core zone and "B" on the southern slope outside the core zone as shown on the map.

Inside the core zone, some ecologically-based management by DNR, generally without the use of roads, may occur. The intent is the development of a late successional forest without roads compatible with recreational objectives for the core zone. Such DNR management will be consistent with management activities described in Chapter 79.71 RCW, the Natural Resource Conservation Area (NRCA) statute. Timber volume and revenue are potential by-products, not objectives, of ecologically-based management inside of the core zone.

Any ecological management inside the core zone will be based on strategies and plans to be developed by DNR, in collaboration with the BFAC. Ecological management will be carefully considered only where such activity will clearly enhance or accelerate the development of older forest structure and wildlife habitat, or maintain and/or restore forest ecological health. Future expansion of areas receiving ecological management in the core will be based on experience in initial phases and review by the BFAC.

The objective of the parties is to conduct ecological management without constructing roads in the core zone. However, if DNR, in consultation with the BFAC, determines that roads in the core zone will assist in enhancing ecological benefits under special circumstances, roads may be constructed so long as they meet the following conditions: 1) be temporary in nature and minimal in length, 2) use a construction standard with minimal impact, 3) be removed (at a standard in between "obliteration" and "abandonment") after use, ideally within 1 year.

All costs associated with management activities in the core will be recouped from any revenues generated from the activity or from alternative non-DNR funding sources. Any revenues generated in excess of costs will be disbursed to Skagit County and its junior taxing districts.

All Habitat Conservation Plan (HCP) areas will be managed by the DNR consistent with the goals, objectives, and conditions of the HCP regarding ecologically sensitive areas and protected species and habitat requirements.

All DNR management activities within a high visual sensitivity zone outside the core zone will be designed by DNR for visual impact mitigation as guided by the Board of Natural Resources Policy for Sustainable Forests through the use of visually sensitive management prescriptions such as commercial thinning, shelterwood harvest, and relatively small patch cuts.

All other areas shown on the map but not specified above will be considered part of a general management zone managed by DNR for trust beneficiaries consistent with the trust mandate, HCP and other applicable laws, regulations, and policies.

Outside of the core zone, DNR will develop a road system to support the anticipated harvest including but not limited to construction of roads in the southwest quadrant (between Max's Shortcut Trail and the trail from Chuckanut Drive to Oyster Dome), in the

eastern quadrant (above the B-2000 road and below the core zone), and a road from the Southwest quadrant to the Eastern quadrant, along the southern slope outside of the core zone. If needed, DNR may construct a road across the narrow finger-like core zone running north and south (serving as a corridor for the Lily/Lizard Trail) to connect the two quadrants. This road system will be designed and constructed to minimize the footprint to the greatest extent possible thus reducing impacts on recreational use, but shall be sufficient to meet DNR's operational needs and comply with the state Forest Practices rules regarding road construction and maintenance. Although the road is for long term use, the standard for this road system will be between DNR road standards for a temporary road and a permanent road.

When proposed harvest activities intersect with trail use, DNR will work with user groups and the BFAC to consider appropriate strategies for managing potential conflicts (i.e., signage and advance notice, potential trail relocation, and other approaches).

Recreational strategies, including trail construction, maintenance, closure, and relocation, will be developed by DNR in collaboration with the BFAC for trails and other recreational uses that provide multiple non-motorized recreational experiences in each of the management zones but do not reduce the net area available for timber production within the general management or high visual sensitivity zone.

Blanchard Forest offers a unique opportunity for DNR, in consultation with the BFAC, to develop future recreational and educational, demonstration working forest programs that emphasize natural resource stewardship, the role of State Forest trust lands and the enduring values of a working forest in an urban setting.

Principle II: Support maintaining working forests and securing sustainable timber supply in Skagit and Whatcom Counties using a variety of tools consistent with local Growth Management policies (Chapter 36.70A RCW).

DNR acquisition of private forest lands from willing landowners in proximity to Blanchard Forest is important to prevent future conversion of those lands to non-forest uses. DNR acquisition activities will be supported and assisted by all parties to this agreement.

An array of tools, such as purchase of development rights and conservation easements to permanently conserve timberlands as working forests and to prevent conversion of additional forest lands will be used and supported by all parties to this agreement.

Development and implementation of strategies to conserve and stabilize private industrial timber supply while exploring ways to encourage sustainable timber production from non-industrial forest landowners is a key component to stabilizing timber supply and will be supported by all parties to this agreement.

The formation of public and private partnerships to work with the U.S.D.A. Forest Service (Forest Service) on implementing federal land management plans on the Mount Baker - Snoqualmie National Forest with an initial focus on the Finney Adaptive Management Area¹, is a very important component of stabilization of timber supply and will be supported by all parties to this agreement. This includes parties seeking support from Washington's Congressional delegation and the Forest Service.

Principle III: Provide Skagit County Trust Compensation

The DNR will work with Skagit County to develop strategies to fully compensate the Skagit County State Forest trust, which includes junior taxing districts that currently receive revenue from Blanchard Forest through Skagit County, for revenues that would otherwise be lost from the core zone. The amount of compensation for value of the timber in the core (\$11,600,000) and the transaction costs (\$450,000) for acquiring replacement land for the Skagit County State Forest trust has been established at \$12,050,000 as of January 5, 2007.

The first priority for compensation of the trust beneficiaries will be the acquisition by DNR of lands suitable for forest management within or adjacent to Blanchard Forest in Skagit County or other DNR-managed forest blocks within the same junior taxing districts, as replacement for lands in the core zone.

The second priority for compensation will be acquisition by DNR of lands suitable for forest management within or adjacent to other DNR managed forest blocks within Skagit County.

As funding is secured for the core for acquisition of lands as described above, areas of the core zone with timber values roughly equal to the compensation amount secured, as determined by the Blanchard Forest Core Timber appraisal dated January 5, 2007, will be placed in long-term harvest deferral status by the department. The first priority for protection will be the most environmentally and socially sensitive areas of the Blanchard Forest core zone. These areas are the lakes basin on top of the mountain and the connections to Larrabee State Park and to Puget Sound to the northwest and southwest respectively. DNR will identify the areas for acquisition in collaboration with the BFAC.

Five years from the date of this agreement, if any portion of the core has not been compensated for, then DNR, in collaboration with the BFAC, will review those areas to determine if: a) additional funding is likely, warranting continued inclusion in the core; (b) the area should come out of the core and placed in the general management zone; or (c) the area should remain in the core with removal of other equal value areas from the core to compensate.

¹ The Northwest Forest Plan created the Finney Adaptive Management Area to encourage innovative and creative resource management approaches, with a management objective of restoring late-successional and riparian habitat components.

Principle IV: Implementation and Long-term Durability of Blanchard Forest Agreement

The members of the "Blanchard Forest Strategies Group" and the organizations they represent, who are now parties to this agreement, will fully support all aspects of this agreement and will speak and act in their support of this agreement in order to ensure the parties' future vision of Blanchard Forest as a working forest in an urban setting.

A Blanchard Forest Advisory Committee will be formed that will assist DNR by making recommendations for management of Blanchard Forest (both inside and outside of the core) and will serve as the community-based entity to help implement and support this agreement.

At a minimum, membership on the advisory committee will represent the following interests: non-motorized recreation, beneficiaries, forest landowners/industry, land trusts, conservation/forest ecology, and local community.

The BFAC will, to the greatest extent possible, utilize an interest-based, consensus, decision-making process. All members of the BFAC will be appointed by the Commissioner of Public Lands and will serve for 4 years.

All parties to this agreement support immediate resumption of harvest activities by DNR in both the general management and high visual sensitivity zones consistent with this agreement. DNR will review proposed harvests with the BFAC and the local community.

During the initial five-year-implementation phase of this agreement, DNR will conduct harvest in areas outside of the core zone consistent with the DNR sustainable harvest model (currently covering the period of 2004 to 2014) for the Skagit County State Forest Trust Lands. Based on that model, the annual area harvested in Blanchard Forest will average approximately 2% of the entire ownership (currently 4,827 acres) in that area until such time a revised sustainable-harvest level is calculated. The revision will reflect the area of the core for which compensation has been received and the replacement forest land that has been acquired.

DNR will collaborate with and seek advice from the BFAC as part of its process to further develop management strategies and plans that include Blanchard Forest. The DNR anticipates development of a forest land plan for the North Puget HCP Planning Unit that includes Blanchard Forest within the next 5 years. This process will be used to determine any adjustments in harvest rates on Blanchard Forest as identified above, as a result of this agreement, other developed forest management strategies, and changes in the Skagit County trust land base.

In consultation with the BFAC, the department will consider making changes in forest, ecosystem and recreational management strategies when appropriate based on new information or changing circumstances.

Progress on implementation of this Agreement will be assessed no later than 5 years from the date of the final signature to this agreement. If, in the opinion of the DNR in collaboration with the BFAC, significant milestones have not been achieved for any of the elements, this Agreement will be revisited.

The parties intend to build a relationship of collaboration and trust during the term of this Agreement. Building trust requires that parties acknowledge the legitimacy of the goals and interests of the other parties to this Agreement and conduct themselves in a transparent and respectful manner while working to reconcile competing goals and interests. During the term of this agreement, the parties will commit themselves to open, truthful, serious, and constructive dialog when meeting with each other in private and engaging in public communications.

If any party to this Agreement believes that another is in violation of their commitments under the Agreement, they have a duty to ask for a meeting with the party alleged to be out of compliance before taking any other action. The DNR shall be represented at such meetings by its Northwest Region Manager or equivalent and other participating parties shall be represented through personnel with decision-making authority in their organizations. The meeting will occur within 2 weeks from the time the request is received by the other parties, unless otherwise agreed. The purpose of the meeting is to have all parties mutually understand the issue and resolve it if possible. All parties shall cooperate in good faith in attempting to reach informal agreement through this process.

If such informal attempts are unsuccessful, the parties shall submit the dispute to the Commissioner of Public Lands for resolution. The parties agree that they will follow the issue resolution process outlined above before taking any other informal or formal actions.

Nothing in this agreement shall obligate any party to pay or transfer any funds not already required to be paid or transferred by law. No payment or transfer of funds beyond that required by law shall result from implementation of this agreement. The parties also understand that this agreement does not create any type of principal-agent relationship between the parties.

Modifications to the scope or terms of this agreement may be made but only by mutual consent of the parties through a written modification, signed and dated by all parties. This agreement becomes effective on the date of its last signature. The parties intend for this agreement to continue for so long as is necessary to carry out its management principles. In this regard the parties acknowledge the importance of revisiting this agreement on a regular basis to evaluate its effectiveness and other related matters. Therefore this agreement must be renewed by a written modification of the parties every ten (10) years starting ten years after its effective date. If this agreement is not so renewed it shall automatically expire ten years after its effective date or ten years after the effective date of its most recent extension.

All parties agree that they and their successors and assigns shall be entitled to the benefits of and shall be bound by the terms of this Memorandum of Understanding.

IN WITNESS WHEREOF, each of the parties has caused this agreement to be executed by an authorized representative on the day and year set forth with their signature.

SIGNATURE BLOCKS WITH DATES

Sign: *Eron Berg*

Date: 1-24-08

**Eron Berg,
Friends of Blanchard Forest**

Sign: *Ken Osborn*

Date: 29 JAN 08

**Ken Osborn,
Industrial Forestland Manager**

Sign: *Mike Crawford*

Date: 1-25-08

Mike Crawford, Business Owner

Sign: *Mike McGlenn*

Date: 4 Feb 08

Mike McGlenn, Backcountry Horsemen

Sign: *Molly Doran*

Date: 1-30-08

**Molly Doran, Executive Director,
Skagit Land Trust**

Sign: *Bob Rose*

Date: 1/29/08

**Bob Rose, Agriculture and Forest
Resources Consultant**

Sign: *Mitch Friedman*

Date: 1-30-08

**Mitch Friedman, Executive Director,
Conservation Northwest**

Sign: *Kendra Smith*

Date: 1/29/08

**Kendra Smith on behalf of the Skagit
County Commissioners**

Sign: *Will Hamilton*

Date: 2-7-08

**Will Hamilton,
Consulting Forester**

Sign: *Doug Sutherland*

Date: 2/15/8

**Doug Sutherland,
Commissioner of Public Lands**

