



**Peter Goldmark**  
Washington State  
Commissioner of Public Lands

July 24, 2014

The Honorable Michael Chapman, Chair  
Clallam County Board of Commissioners  
223 East 4th Street, Suite 4  
Port Angeles, WA 98362-3000

Dear Commissioner Chapman:

The Washington State Department of Natural Resources (DNR) manages approximately 92,525 acres of State Forest Lands that benefit Clallam County. These lands generated \$5,138,000 in the first half of calendar year 2014 and are projected to generate \$7,376,000 for calendar year 2014 from activities expected to occur under current contracts. This represents an increase of \$269,000 from the 2014 projection in the April 2014 report.

Net value under contract after calendar year 2014 is estimated at \$2,448,000. This income information does not include anticipated revenues from additional planned activities for which contracts have not been finalized. Projections of income after July 2, 2013 reflect the management fee of 25 percent, as adopted by the Board of Natural Resources on that date.

Some counties receive portions of their income from leases and fees; however, the majority of income reflected in this report is derived from timber sales. As most revenue stems from timber sales, these projections can fluctuate depending upon when timber harvests actually occur. Market conditions, contract requirements, and regulatory requirements influence timber purchasers' decisions about when to harvest. Harvesting could occur earlier if conditions warrant. Changes in purchasers' plans for harvest will be reflected in future reports. The next projection of State Forest Land revenues will be available in October 2014.

I appreciate how necessary revenue is to the success of county functions. DNR consistently strives to ensure that we realize the maximum available income from the State Forest Lands we manage on behalf of the counties. Should you have any questions regarding this information, please contact Susan Trettevik, Olympic Region Manager, at 360-374-2800 or at [susan.trettevik@dnr.wa.gov](mailto:susan.trettevik@dnr.wa.gov).

Sincerely,

Peter Goldmark  
Commissioner of Public Lands

Enclosures

Department of Natural Resources  
1111 Washington ST SE  
MS 47001  
Olympia, Washington 98504-7001  
(360) 902-1000



COUNTY INCOME REPORT  
EXPLANATION OF TABLES  
July 2014

Two categories of lands are managed by the Washington State Department of Natural Resources (DNR) specifically to benefit counties:

1. **State Forest *Transfer* Lands.** Lands acquired by counties through tax foreclosures were transferred to DNR to manage. Management fee rates are established by the Board of Natural Resources. Currently, counties receive 75 percent of the revenue from these lands.
2. **State Forest *Purchase* Lands.** State-issued bonds were used to acquire certain parcels from private owners. Typically, these forest lands had been severely logged and were in need of active management. Allocation of revenue from these lands was determined when purchase was authorized, as follows: 26.5 percent to the county in which the property is located; 50 percent to DNR for management expenses; and the remaining 23.5 percent to the State General Fund.

Nineteen counties include these types of State Forest Lands within their county boundaries.

Income from management activities on State Forest Lands is designated for allocation to several taxing districts in each county. Only a small amount is available to the county for discretionary use.

Revenue from State Forest Lands originates primarily from timber sales. These amounts vary widely as market conditions fluctuate. Smaller portions of revenue are derived from activities such as communication site leases, rights-of-way easements for utilities and roads, special forest products, special uses, and interest. Income will also vary with the number of revenue-generating activities within a given year. Variables responsible for high revenues in one year can lead to reduced income the following year.

- **Table 1** shows the annual revenue for each county from calendar year 2005 through the second quarter of calendar year 2014. This table illustrates the variability in total revenues from year to year.
- **Table 2** shows *projected* revenue for all 19 counties from all activities on State Forest Lands for the second half of calendar year 2014 and all of 2015.
- **Table 2A** shows *projected* revenue for each timber sale on State Forest Lands *in your county* anticipated to occur for 2014 and beyond (enclosed if applicable).
- **Table 3** shows the volume and net value *under contract* as of June 30, 2014 that is *not currently scheduled for harvest until after December 2015* (enclosed if applicable).

Projections were developed by DNR region staff by contacting each timber purchaser that has rights to an upcoming sale. Purchasers were asked how much and when they planned to harvest the timber from each sale. These projected timber revenues should be considered *rough estimates only*; actual activity will depend on individual sale characteristics (species, volume, location, etc.), combined with outside market factors as determined by each purchaser.

The schedule of future timber sales from State Forest Lands in your county is available upon request from Department of Natural Resources' region staff.

**Table 1. Revenue to Counties from State Forest Transfer and Purchase Lands (Calendar Years)**

Updated: 7/16/2014

County	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Clallam	5,495,006	4,470,806	5,903,404	9,323,340	4,173,346	6,229,596	5,502,033	4,738,336	5,643,329	5,137,994
Clark	4,411,237	4,264,442	5,614,184	1,088,753	1,977,893	8,793,446	4,601,597	8,528,782	7,191,261	5,075,662
Cowlitz	5,345,911	2,348,848	1,599,865	1,299,756	2,914,752	3,709,692	1,534,691	1,557,816	1,598,498	347,911
Grays Harbor	2,667,556	700,385	1,078,365	404,882	1,007,779	2,178,958	1,991,750	2,168,671	1,075,212	671,055
Jefferson	3,200,661	1,075,049	762,629	1,409,138	669,093	981,510	3,082,453	740,481	661,568	408,873
King	995,578	425,144	3,638,003	1,836,570	1,053,232	2,737,595	2,474,997	1,112,153	741,392	1,364,640
Kitsap	759,721	218,756	400,093	798,357	244,491	495,884	55,958	877,589	743,958	217,380
Klickitat	1,256,702	2,307,063	4,157,236	490,525	1,037,450	327,073	209,403	559,355	289,623	2,936
Lewis	2,606,113	19,053,461	4,421,392	4,715,266	6,738,048	6,147,429	11,076,482	3,439,911	4,280,541	4,204,810
Mason	4,774,081	1,432,968	2,585,862	2,416,073	1,500,640	3,062,868	2,616,802	2,024,430	1,337,166	2,050,675
Pacific	2,939,705	2,238,753	2,621,728	963,320	3,428,025	2,060,204	2,547,153	441,369	3,446,724	819,102
Pierce	1,778,066	2,251,072	1,435,948	1,509,353	742,913	1,523,600	214,159	178,426	121,558	0
Skagit	12,532,120	9,021,036	10,635,736	11,723,743	5,704,325	8,746,747	11,679,594	9,093,422	5,976,604	2,703,379
Skamania	308,142	436,890	540,697	324,117	253,914	1,215,005	747,982	926,532	1,367,876	1,447,410
Snohomish	12,756,744	7,069,004	11,391,018	6,323,157	10,138,226	13,132,194	13,981,341	5,682,380	11,786,058	3,826,725
Stevens	40,922	38,002	42,239	40,587	79,484	47,542	59,973	64,654	69,322	18,623
Thurston	7,777,205	5,344,608	4,915,648	1,777,592	2,625,128	7,964,904	4,200,388	1,660,728	5,017,407	920,952
Wahkiakum	2,730,555	2,146,022	571,852	1,170,658	1,516,340	1,820,052	1,400,872	1,956,441	1,742,003	270
Whatcom	6,075,055	2,648,374	2,420,510	6,067,453	3,569,263	2,405,630	3,543,071	4,468,281	3,763,694	1,394,117
<b>Totals</b>	<b>\$78,451,080</b>	<b>\$67,490,683</b>	<b>\$64,736,409</b>	<b>\$53,682,639</b>	<b>\$49,374,342</b>	<b>\$73,579,929</b>	<b>\$71,520,698</b>	<b>\$50,219,757</b>	<b>\$56,853,794</b>	<b>30,612,514</b>

Note: Revenue is received daily by the Department of Natural Resources for activities on State Forest lands and deposited daily at the Office of State Treasurer. Effective February 1998 these monies are remitted to each county via wire transfer a minimum of four times per month. Due to the specific date monies are received by the Department and the cutoff dates used by the State Treasurer for wire transfers, the revenue for the current period may be different than actual remittances to date.

**Table 2. Total Projected Revenues to Counties from State Forest  
Transfers and Purchase Lands <sup>1/</sup>**  
(Dollars in Thousands)

<b>County</b>	<b>July thru December 2014</b>		<b>January thru December 2015</b>	
	<b>High</b>	<b>Medium</b>	<b>High</b>	<b>Medium</b>
Clallam	\$2,218.5	\$2,238.1	\$1,532.7	\$2,351.8
Clark	1,041.6	1,119.6	1,382.5	1,408.4
Cowlitz	502.8	686.8	1,278.7	1,748.5
Grays Harbor	579.3	579.3	80.7	373.8
Jefferson	939.1	1,060.2	2,609.6	3,172.1
King	735.1	850.4	490.0	1,142.5
Kitsap	33.1	33.1	66.6	66.6
Klickitat	13.1	13.1	17.4	17.4
Lewis	3,637.0	4,225.9	220.8	1,747.1
Mason	2,462.1	2,753.9	2,470.3	2,470.3
Pacific	645.4	645.4	467.8	472.8
Pierce	0.0	470.3	1.2	1.2
Skagit	2,527.4	3,076.0	4,368.2	4,705.8
Skamania	936.1	960.4	111.0	523.8
Snohomish	2,239.8	3,255.8	6,409.8	6,409.8
Stevens	59.1	59.1	70.4	70.4
Thurston	1,573.9	1,619.8	956.8	4,536.9
Wahkiakum	1,254.2	1,254.2	0.2	0.2
Whatcom	974.9	974.9	2,109.5	2,109.5
<b>Totals</b>	<b>\$22,372.5</b>	<b>\$25,876.3</b>	<b>\$24,644.2</b>	<b>\$33,328.9</b>

<sup>1/</sup> High - 90 percent reliability that timber harvest will occur and stated revenue will be transmitted.  
Medium - 50 percent reliability that timber harvest will occur and stated revenue will be transmitted.

**Note:** Projected revenues are based on timber purchaser's logging plans as of June 2014. These plans change with changes in the economy and the business needs of each purchaser. Department of Natural Resources' region staff should be contacted concerning possible fluctuations in timber harvest for sales currently under contract and the schedule of future sales on State Forest Lands in your county.

**Table 2A. Projected Timber Harvest Revenues to *Clallam County* from State Forest Transfer and Purchase Lands by Legal Description**  
(Thousands of Dollars) <sup>1</sup>

Sale App. Number	Sale Name	Expiration Date	Legal Description			July thru December 2014		January thru December 2015		Value Under Contract after Dec-15
			Section	Township	Range	High	Medium	High	Medium	
87240	Center 12 Thinning	10/31/15	9, 15, 17, 22 15, 22, 25-27 15, 27, 33, 34 30 36 17	27N 27N 28N 28N 28N 29N	2W 2W 1E 1W 2W 2W	0.8	0.8	0.0	5.7	0.0
87241	Clallam Combined CT	10/31/15	10, 15, 16 29 25, 26, 35	31N 32N 32N	13W 12W 13W	0.0	19.6	0.0	56.0	0.0
88330	Sieve Test	10/31/16	4, 9, 14, 16 17, 21 28	29N	3W	461.5	461.5	0.0	709.6	0.0
88348	F-1000	11/30/14	11, 14, 15	28N	13W	4.9	4.9	0.0	0.0	0.0
88353	Stumpy's Ride	12/31/14	13 29, 30, 31, 32 36	31N 32N 32N	13W 12W 13W	142.9	142.9	0.0	0.0	0.0
89212	Sad Gerber	08/31/15	18 13 6 31	30N 30N 30N 31N	7W 8W 9W 9W	105.7	105.7	524.1	524.1	0.0
89216	Sadie	12/31/15	5, 6, 7, 8 25, 36	30N 31N	9W 10W	688.7	688.7	53.2	53.2	0.0
89561	Gunder Struck VDT	10/31/16	6 31 13, 14, 15, 22, 23 35	27N 28N 29N 30N	14W 14W 14W 14W	0.0	0.0	0.0	47.8	38.3
89659	Sand Rock VRH & VDT	10/31/15	16, 21	28N	14W	96.0	96.0	0.0	0.0	0.0
89925	Pleasant Beaver	09/30/15	19, 30 25	30N 30N	12W 13W	36.1	36.1	0.0	0.0	0.0
90217	5095	09/30/15	11 25, 26, 35	28N 30N	15W 15W	0.0	0.0	119.2	119.2	0.0

**Table 2A. Projected Timber Harvest Revenues to Clallam County from State Forest Transfer and Purchase Lands by Legal Description**  
(Thousands of Dollars) <sup>1</sup>

Sale App. Number	Sale Name	Expiration Date	Legal Description			July thru December 2014		January thru December 2015		Value Under Contract after Dec-15
			Section	Township	Range	High	Medium	High	Medium	
90218	Sol Duc Scatter	10/15/16	1, 12 19, 25, 30-32	29N 30N	13W 12W	0.0	0.0	530.4	530.4	0.0
90761	Good Spread VDT VRH	10/31/18	3, 4, 6-11, 15 19, 29, 30 24, 26, 35, 36	27N 28N 28N	13W 13W 14W	0.0	0.0	0.0	0.0	58.2
91110	Indian Creek Sorts #1	09/30/14	15, 20, 22, 23	30N	8W	9.2	9.2	0.0	0.0	0.0
91111	Indian Creek Sorts #2	09/30/14	15, 20, 22, 23	30N	8W	34.2	34.2	0.0	0.0	0.0
91112	Indian Creek Sorts #3	09/30/14	15, 20, 22, 23	30N	8W	63.5	63.5	0.0	0.0	0.0
91113	Indian Creek Sorts #4	09/30/14	15, 20, 22, 23	30N	8W	241.6	241.6	0.0	0.0	0.0
91115	Indian Creek Sorts #6	09/30/14	15, 20, 22, 23	30N	8W	14.5	14.5	0.0	0.0	0.0
91116	Indian Creek Sorts #7	09/30/14	15, 20, 22, 23	30N	8W	28.3	28.3	0.0	0.0	0.0
91117	Indian Creek Sorts #8	09/30/14	15, 20, 22, 23	30N	8W	31.2	31.2	0.0	0.0	0.0
91119	Indian Creek Sorts #10	09/30/14	15, 20, 22, 23	30N	8W	26.1	26.1	0.0	0.0	0.0
91120	Indian Creek Sorts #11	09/30/14	15, 20, 22, 23	30N	8W	14.9	14.9	0.0	0.0	0.0
91122	Indian Creek Sorts #13	09/30/14	15, 20, 22, 23	30N	8W	17.0	17.0	0.0	0.0	0.0
<b>Total</b>						<b>\$2,017.2</b>	<b>\$2,036.8</b>	<b>\$1,226.9</b>	<b>\$2,046.0</b>	<b>\$96.4</b>

<sup>1</sup> High - 90 percent reliability that timber harvest will occur and stated revenue will be transmitted.  
Medium - 50 percent reliability that timber harvest will occur and stated revenue will be transmitted.  
Values are cumulative from high to medium probability.

Note: Projected revenues are based on timber purchaser's logging plans as of June 2014. These plans change with changes in the economy and business needs of each purchaser. Department of Natural Resources regional staff should be contacted concerning possible changes in timber harvest plans and for copies of sale area maps for specific locations of timber sales within the legal descriptions listed above.

**Table 3. Volume and Net Value of Timber under Contract on State Forest Transfer and Purchase Lands for Harvest after Calendar Year 2015 <sup>1/</sup>**

<u>County</u>	<u>Volume (mbf)</u>	<u>Net Value</u>
Clallam	775	\$96,439
Clark	2,235	615,063
Cowlitz	1,350	375,880
Grays Harbor	692	234,437
Jefferson	0	0
King	0	0
Kitsap	0	0
Klickitat	0	0
Lewis	60	12,832
Mason	0	0
Pacific	32	4,053
Pierce	0	0
Skagit	0	0
Skamania	0	0
Snohomish	0	0
Thurston	0	0
Wahkiakum	0	0
Whatcom	0	0
<b>Totals</b>	<b>5,143</b>	<b>\$1,338,704</b>

<sup>1/</sup> Counties currently receive 75% of revenue from State Forest Transfer land and 26.5% of revenue from State Forest Purchase land.

**Note: The sales represented here are currently under contract as of June 2014. This timber could be harvested at any time depending on market conditions and business needs as determined by each purchaser. Sales to be sold in the future could provide additional revenue to your county. Department of Natural Resources' region staff should be contacted concerning future sale activity and dates.**