Peter Goldmark
Washington State
Commissioner of Public Lands

April 14, 2009

The Honorable Mike Doherty, Chair
Clallam County Commissioners
223 E Fourth St Ste 4
Port Angeles, WA 98362

Subject: Projection of Income from State Forest Lands

Dear Commissioner Doherty:

The Department of Natural Resources (DNR) manages about 92,531 acres of state forest lands (formerly known as forest board lands) that benefit Clallam County. As the attached report shows, in the first quarter of calendar year 2009, these lands generated $735 thousand and are projected to generate $1.5 million in calendar year 2009. This represents an increase of $148 thousand from the 2009 projection in the January 2009 report. Net value under contract for harvest after December 2009 is estimated at $847 thousand. This timber could be harvested earlier if market conditions, purchaser harvesting plans, and/or regulatory requirements warrant.

Most of this income is from timber sales. Timber markets, supply concerns, contract requirements and regulatory requirements influence when timber purchasers choose to harvest. The revenue projections rely on purchasers' plans for harvest and may change in future reports if those plans change.

The next projection of state forest land revenues will be available in late July 2009. In the meantime, if you have questions about this report, contact John Viada, Olympic Region Manager. John can advise you of possible fluctuations in timber harvest and provide information on DNR management programs and activities in your county. John can be reached at 360.374.6131.

Sincerely,

Peter Goldmark
Commissioner of Public Lands

Enclosures

ba

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

County Income Report
April 2009

Income from management activities on state forest lands is designated for allocation to several taxing districts in each county, depending upon the location of the activity in that county. Only a very small amount is available for discretionary use by the county.

Revenue from state forest lands (formerly known as forest board lands) comes primarily from harvested timber. Lease activities and rights-of-way applications provide additional sources of revenue. Another source of revenue to the counties is leasehold tax returns, which will vary with the amount of lease activity in any given year.

Table 1 shows the annual revenue for each county from calendar year 2000 through the first quarter of calendar year 2009. As is evident in Table 1, total revenue varies considerably from year to year. Many of the key variables responsible for high revenues in one year can also lead to reduced income the following year.

Revenue projections for each of the 19 counties with state forest lands were made for calendar year 2009. **Table 2** includes the summary of all timber harvest projections listed in Table 2A, and is combined with an estimate of additional revenue from leases, rights-of-way applications, and other activity on state forest lands. **Table 2A** presents projected revenue for each timber sale on state forest lands.

Table 3 presents the volume and net value under contract as of March 31, 2009 that is not currently scheduled for harvest until after December 2009.

These projections were developed by Department of Natural Resources' region staff who contacted each timber sale purchaser with sale rights, to determine approximately how much and when they planned to harvest the timber in each sale.

Projections for each sale's anticipated harvest should be considered a rough estimate only, as actual removal activity depends on individual sale characteristics (species, volume, location, etc.), combined with outside market factors as determined by each purchaser.

The schedule of future state forest land timber sales 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: 4/8/09

County	2000	2001	2002	2,003	2004	2005	2006	2007	2008	Jan-Mar 2009
Clallam	$5,758,321	$6,963,919	$3,600,540	$4,777,301	$4,426,097	$5,495,006	$4,470,806	$5,903,404	$9,323,340	**$734,797**
Clark	2,366,311	3,573,835	2,313,003	3,820,106	4,092,569	4,411,237	4,264,442	5,614,184	1,088,753	**38,755**
Cowlitz	1,212,652	1,839,302	5,001,470	2,934,808	215,329	5,345,911	2,348,848	1,599,865	1,299,756	**464,304**
Grays Harbor	2,352,472	1,862,881	3,293,823	2,107,685	1,776,300	2,667,556	700,385	1,078,365	404,882	**21,681**
Jefferson	1,649,297	518,203	1,778,453	889,650	1,631,808	3,200,661	1,075,049	762,629	1,409,138	**276,734**
King	1,143,568	1,835,851	1,976,627	2,889,619	4,388,319	995,578	425,144	3,638,003	1,836,570	**154,937**
Kitsap	599,418	729,223	31,508	626,030	1,109,673	759,721	218,756	400,093	798,357	**93,129**
Klickitat	1,306,269	1,988,025	263,951	1,207,848	112,777	1,256,702	2,307,063	4,157,236	490,525	**6,050**
Lewis	10,052,997	3,945,857	1,534,075	5,493,493	4,356,765	2,606,113	19,053,461	4,421,392	4,715,266	**1,153,999**
Mason	2,799,623	1,321,104	2,382,746	2,379,357	5,336,229	4,774,081	1,432,968	2,585,862	2,416,073	**606,166**
Pacific	2,771,851	4,007,787	969,916	1,875,588	2,051,170	2,939,705	2,238,753	2,621,728	963,320	**800,919**
Pierce	529,510	1,469,706	2,237,462	3,571,913	5,620,352	1,778,066	2,251,072	1,435,948	1,509,353	**116,680**
Skagit	9,194,478	5,509,637	13,209,159	8,973,769	9,620,659	12,532,120	9,021,036	10,635,736	11,723,743	**1,293,632**
Skamania	755,801	768,791	55,235	68,576	533,038	308,142	436,890	540,697	324,117	**538**
Snohomish	14,528,018	8,543,151	6,452,352	10,398,846	13,664,903	12,756,744	7,069,004	11,391,018	6,323,157	**1,821,845**
Stevens	30,236	43,769	33,815	39,619	36,945	40,922	38,002	42,239	40,587	**3,671**
Thurston	6,156,550	8,080,735	3,770,580	4,523,536	6,270,700	7,777,205	5,344,608	4,915,648	1,777,592	**566,296**
Wahkiakum	1,481,581	2,244,642	2,414,098	2,011,817	1,015,082	2,730,555	2,146,022	571,852	1,170,658	**270**
Whatcom	4,059,821	5,759,368	5,525,028	6,993,439	7,467,518	6,075,055	2,648,374	2,420,510	6,067,453	**1,207,384**
Totals	$68,748,774	$61,005,786	$56,843,841	$65,583,000	$73,726,233	$78,451,080	$67,490,683	$64,736,409	$53,682,639	$9,361,787

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 [1/]

(Dollars in Thousands)

	April thru June 2009		July thru December 2009	
County	**High**	**Medium**	**High**	**Medium**
Clallam	$38.1	$267.9	$415.8	$477.8
Clark	31.2	64.8	137.4	272.3
Cowlitz	6.7	553.6	17.4	749.2
Grays Harbor	0.2	187.9	130.7	249.2
Jefferson	13.6	65.0	8.6	106.6
King	1.1	45.9	15.5	774.6
Kitsap	22.2	22.2	14.5	14.5
Klickitat	21.2	21.2	372.5	372.5
Lewis	39.1	1,217.8	461.3	2,416.9
Mason	201.5	241.0	248.6	248.6
Pacific	418.2	1,437.8	576.0	1,115.0
Pierce	0.0	366.2	413.6	613.7
Skagit	877.8	1,097.4	758.6	909.3
Skamania	19.4	160.5	8.2	178.6
Snohomish	630.2	1,305.1	1,770.1	1,983.4
Stevens	2.9	2.9	33.0	33.0
Thurston	20.0	210.2	162.5	395.8
Wahkiakum	20.8	370.8	106.1	991.4
Whatcom	176.2	176.2	784.8	817.5
Totals	**$2,540.3**	**$7,814.5**	**$6,435.3**	**$12,719.9**

[1/] 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 March 2009. 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) [1/]

Sale App. Number	Sale Name	Expiration Date	Legal Description Section	Township	Range	April thru June 2009 High	April thru June 2009 Medium	July thru December 2009 High	July thru December 2009 Medium	Value Under Contract after Dec-09
77358	Salmonstead	10/31/09	21, 28, 29	29N	2W	0.0	79.6	106.1	110.0	0.0
82073	Dry Elwha	10/31/09	24, 33	30N	7W	0.0	193.4	183.3	183.3	0.0
			33, 34	31N	7W					
			26, 27	31N	8W					
82074	Rainey Daze	06/30/10	21, 22	30N	12W	0.0	36.4	0.0	62.0	0.0
82507	Lyre Low	11/30/10	4, 8-10	30N	9W	0.0	0.0	0.0	0.0	847.4
	Total					**$0.0**	**$229.8**	**$183.3**	**$245.3**	**$847.4**

[1/] 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 March 2009. 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 2009 [1/]

County	Volume (mbf)	Net Value
Clallam	5,757	$847,444
Clark	29,879	6,116,883
Cowlitz	8,347	1,347,799
Grays Harbor	14,737	1,007,633
Jefferson	0	0
King	4	3,303
Kitsap	0	0
Klickitat	1,909	217,687
Lewis	9,096	1,321,664
Mason	76	11,480
Pacific	958	6,171
Pierce	0	0
Skagit	13,074	1,868,405
Skamania	5,748	873,106
Snohomish	26,555	5,072,131
Thurston	10,272	1,858,073
Wahkiakum	6,048	872,826
Whatcom	5,033	1,068,988
Totals	**137,493**	**$22,493,592**

[1/] Normally, counties receive 75 percent of State Forest land Transfer revenues and 26.5 percent of State Forest land Purchase revenues.

Note: The sales represented here are currently under contract as of March 2009. 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.