



Peter Goldmark
Washington State
Commissioner of Public Lands

January 20, 2010

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 92,532 acres of state forest lands (formerly known as forest board lands) that benefit Clallam County. As the attached report shows, in calendar year 2009, these lands generated \$4.2 million and are projected to generate \$1.3 million in calendar year 2010. This represents a decrease of \$9 thousand from the 2010 projection in the October 2009 report. Net value under contract for harvest after December 2010 is estimated at \$254 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 April 2010. In the meantime, if you have questions about this report, contact Susan Trettevik, Acting Olympic Region Manager. Susan can advise you of possible fluctuations in timber harvest and provide information on DNR management programs and activities in your county. Susan can be reached at 360.374.6131.

Sincerely,

Peter Goldmark
Commissioner of Public Lands

Enclosures

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County Income Report **January 2010**

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 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 2010. **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 December 31, 2009 that is not currently scheduled for harvest until after December 2010.

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: 1/11/10

County	2000	2001	2002	2003	2004	2005	2006	2007	2008	Jan-Dec 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	\$4,173,346
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	1,977,893
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	2,914,752
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	1,007,779
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	669,093
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	1,053,232
Kitsap	599,418	729,223	31,508	626,030	1,109,673	759,721	218,756	400,093	798,357	244,491
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	1,037,450
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	6,738,048
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	1,500,640
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	3,428,025
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	742,913
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	5,704,325
Skamania	755,801	768,791	55,235	68,576	533,038	308,142	436,890	540,697	324,117	253,914
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	10,138,226
Stevens	30,236	43,769	33,815	39,619	36,945	40,922	38,002	42,239	40,587	79,484
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	2,625,128
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	1,516,340
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	3,569,263
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	\$49,374,342

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)

County	January thru June 2010		July thru December 2010	
	High	Medium	High	Medium
Clallam	\$647.8	\$1,068.6	\$174.3	\$195.8
Clark	1,632.0	4,418.0	1,649.2	1,649.2
Cowlitz	323.0	1,620.7	1,184.4	1,185.1
Grays Harbor	223.8	779.1	1,449.1	1,576.8
Jefferson	14.8	14.8	5.3	255.8
King	21.0	21.0	10.4	10.4
Kitsap	31.4	384.4	11.1	11.1
Klickitat	9.8	9.8	8.7	8.7
Lewis	818.7	1,130.6	635.6	635.6
Mason	147.2	147.2	49.3	49.3
Pacific	719.4	786.0	631.8	652.0
Pierce	0.0	726.6	0.0	0.0
Skagit	2,387.1	2,387.1	556.4	556.4
Skamania	568.6	737.7	214.6	383.8
Snohomish	5,733.2	5,733.2	179.3	179.3
Stevens	10.2	10.2	41.7	41.7
Thurston	1,686.3	2,231.4	543.6	684.6
Wahkiakum	672.8	672.8	235.4	235.4
Whatcom	162.9	162.9	1,538.6	1,538.6
Totals	\$15,810.1	\$23,042.3	\$9,118.7	\$9,849.6

^{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 [December 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			January thru June 2010		July thru December 2010		Value Under Contract after Dec-10
			Section	Township	Range	High	Medium	High	Medium	
83200	Something Else	12/31/10	15-16, 19-21	30N	7W	491.0	883.8	0.0	0.0	0.0
83204	DRHP #1	10/31/10	7, 8, 17, 18	29N	3W	0.0	27.9	0.0	21.5	0.0
84302	High N Dry	09/30/10	21	28N	14W	89.0	89.0	0.0	0.0	0.0
84830	Kari Rat	12/31/11	15, 22, 23	30N	8W	0.0	0.0	0.0	0.0	254.4
Total						\$580.0	\$1,000.8	\$0.0	\$21.5	\$254.4

^{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 **December 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 2010 ^{1/}

<u>County</u>	<u>Volume (mbf)</u>	<u>Net Value</u>
Clallam	1,487	\$254,391
Clark	15,304	3,325,800
Cowlitz	0	0
Grays Harbor	2,485	473,951
Jefferson	5,990	876,605
King	0	0
Kitsap	0	0
Klickitat	0	0
Lewis	12,054	2,166,779
Mason	0	0
Pacific	7,331	1,043,120
Pierce	2,006	493,836
Skagit	0	0
Skamania	776	432,442
Snohomish	4,659	718,153
Thurston	1,988	955,274
Wahkiakum	3,069	763,097
Whatcom	0	0
Totals	57,148	\$11,503,448

^{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 **December 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.