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

April 20, 2010

The Honorable George Raiter, Chair
Cowlitz County Commissioners
207 Fourth Ave N
Kelso, WA 98626

Subject: Projection of Income from State Forest Lands

Dear Commissioner Raiter:

The Department of Natural Resources (DNR) manages about 11,359 acres of state forest lands (formerly known as forest board lands) that benefit Cowlitz County. As the attached report shows, in the first quarter of calendar year 2010, these lands generated $1.3 million and are projected to generate $2.9 million in calendar year 2010. This represents an increase of $73 thousand from the 2010 projection in the January 2010 report. Net value under contract for harvest after December 2010 is estimated at $40 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 2010. In the meantime, if you have questions about this report, contact Eric Wisch, Pacific Cascade Region Manager. Eric can advise you of possible fluctuations in timber harvest and provide information on DNR management programs and activities in your county. Eric can be reached at 360.577.2025.

Sincerely,

Peter Goldmark
Commissioner of Public Lands

Enclosures

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

**County Income Report**
**April 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 2001 through the first quarter of calendar year 2010. 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 March 31, 2010 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: 4/14/10

| County | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | Jan-Mar 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| Clallam | $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 | **$939,497** |
| Clark | 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 | **2,221,246** |
| Cowlitz | 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 | **1,271,881** |
| Grays Harbor | 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 | **469,332** |
| Jefferson | 518,203 | 1,778,453 | 889,650 | 1,631,808 | 3,200,661 | 1,075,049 | 762,629 | 1,409,138 | 669,093 | **5,471** |
| King | 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 | **19,936** |
| Kitsap | 729,223 | 31,508 | 626,030 | 1,109,673 | 759,721 | 218,756 | 400,093 | 798,357 | 244,491 | **341,700** |
| Klickitat | 1,988,025 | 263,951 | 1,207,848 | 112,777 | 1,256,702 | 2,307,063 | 4,157,236 | 490,525 | 1,037,450 | **1,469** |
| Lewis | 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 | **910,139** |
| Mason | 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 | **1,159,492** |
| Pacific | 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 | **1,151,435** |
| Pierce | 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 | **47,954** |
| Skagit | 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 | **1,024,821** |
| Skamania | 768,791 | 55,235 | 68,576 | 533,038 | 308,142 | 436,890 | 540,697 | 324,117 | 253,914 | **13,413** |
| Snohomish | 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 | **4,229,765** |
| Stevens | 43,769 | 33,815 | 39,619 | 36,945 | 40,922 | 38,002 | 42,239 | 40,587 | 79,484 | **0** |
| Thurston | 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 | **1,592,622** |
| Wahkiakum | 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 | **612,536** |
| Whatcom | 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 | **281,396** |
| Totals | $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 | $16,294,105 |

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 2010 | | July thru December 2010 | |
|---|---|---|---|---|
| **County** | **High** | **Medium** | **High** | **Medium** |
| Clallam | $18.1 | $174.7 | $1,437.2 | $1,489.4 |
| Clark | 2,270.9 | 2,427.2 | 1,384.2 | 2,060.2 |
| Cowlitz | 1,083.1 | 1,085.5 | 521.4 | 522.0 |
| Grays Harbor | 443.5 | 618.3 | 1,560.4 | 1,779.6 |
| Jefferson | 14.7 | 265.2 | 7.1 | 508.0 |
| King | 13.7 | 135.6 | 21.1 | 636.1 |
| Kitsap | 23.1 | 67.1 | 39.2 | 39.2 |
| Klickitat | 8.2 | 8.2 | 10.2 | 10.2 |
| Lewis | 1,589.8 | 1,642.4 | 1,006.5 | 1,375.4 |
| Mason | 16.6 | 686.1 | 80.5 | 358.7 |
| Pacific | 293.4 | 293.4 | 491.9 | 503.3 |
| Pierce | 1.0 | 761.2 | 78.8 | 412.4 |
| Skagit | 2,149.4 | 2,149.4 | 630.1 | 630.1 |
| Skamania | 374.9 | 399.0 | 407.8 | 407.8 |
| Snohomish | 3,518.7 | 3,518.7 | 1,885.5 | 1,885.5 |
| Stevens | 7.9 | 7.9 | 43.9 | 43.9 |
| Thurston | 1,066.3 | 1,088.5 | 3,566.0 | 3,758.6 |
| Wahkiakum | 295.4 | 295.4 | 0.4 | 505.4 |
| Whatcom | 590.5 | 858.0 | 703.4 | 1,398.8 |
| **Totals** | **$13,779.3** | **$16,481.8** | **$13,875.5** | **$18,324.5** |

**[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 2010. 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 *Cowlitz 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 | Legal Description Township | Legal Description Range | April thru June 2010 High | April thru June 2010 Medium | July thru December 2010 High | July thru December 2010 Medium | Value Under Contract after Dec-10 |
|---|---|---|---|---|---|---|---|---|---|---|
| 81310 | Riff Raff | 10/31/10 | 4, 5, 8 | 6N | 4E | 0.0 | 0.0 | 0.0 | 0.7 | 0.0 |
| 81440 | Barnes A Burning Thin & CC | 08/31/10 | 3, 10, 15, 22 | 10N | 2W | 54.7 | 54.7 | 0.0 | 0.0 | 0.0 |
| 82099 | School Board | 10/31/10 | 9, 16, 17 | 9N | 4W | 19.8 | 19.8 | 0.0 | 0.0 | 0.0 |
| 82262 | Dark Roast | 12/31/10 | 29-32 | 9N | 4W | 14.3 | 14.3 | 0.0 | 0.0 | 0.0 |
| 82877 | Agren | 10/31/10 | 6, 7<br>1 | 10N<br>10N | 2W<br>3W | 589.4 | 589.4 | 471.5 | 471.5 | 0.0 |
| 83830 | Ordway Knob | 10/31/11 | 3, 4<br>28, 32-34 | 9N<br>10N | 4W<br>4W | 0.0 | 2.4 | 0.0 | 0.0 | 40.2 |
| 84509 | Mighty Casey | 10/31/10 | 7, 18 | 10N | 2W | 396.7 | 396.7 | 35.2 | 35.2 | 0.0 |
| | **Total** | | | | | **$1,075.0** | **$1,077.4** | **$506.8** | **$507.4** | **$40.2** |

**[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 2010. 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/]**

| County | Volume (mbf) | Net Value |
|---|---|---|
| Clallam | 11,990 | $350,739 |
| Clark | 14,085 | 2,847,351 |
| Cowlitz | 292 | 40,235 |
| Grays Harbor | 3,749 | 1,403,820 |
| Jefferson | 2,995 | 375,688 |
| King | 2,613 | 785,718 |
| Kitsap | 0 | 0 |
| Klickitat | 870 | 163,368 |
| Lewis | 18,860 | 4,114,867 |
| Mason | 1,073 | 246,379 |
| Pacific | 5,370 | 694,277 |
| Pierce | 0 | 0 |
| Skagit | 73 | 14,649 |
| Skamania | 6,113 | 717,842 |
| Snohomish | 5,338 | 1,182,891 |
| Thurston | 5,845 | 863,522 |
| Wahkiakum | 1,228 | 258,109 |
| Whatcom | 2,444 | 485,837 |
| **Totals** | **82,937** | **$14,545,293** |

**[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 2010. 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.**