Doug Sutherland
Commissioner of Public Lands

April 22, 2008

The Honorable Phil Johnson, Chair
Jefferson County Commissioners
PO Box 1220
Port Townsend, WA 98368

Subject: Projection of Income from State Forest Lands

Dear Commissioner Johnson:

The Department of Natural Resources (DNR) manages about 13,889 acres of state forest lands (formerly known as forest board lands) that benefit Jefferson County. As the attached report shows, in the first quarter of calendar year 2008, these lands generated $360 thousand and are projected to generate $856 thousand in calendar year 2008. This represents an increase of $338 thousand from the 2008 projection in the January 2008 report.

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 2008. 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 360.974.6131.

Sincerely,

Doug Sutherland
Commissioner of Public Lands

Enclosures

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

County Income Report
April 2008

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 1999 through the 1st quarter of calendar year 2008. 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 2008. **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, 2008 that is not currently scheduled for harvest until after December 2008.

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: 4/08/08

County	1999	2000	2001	2002	2,003	2004	2005	2006	2007	Jan-Mar 2008
Clallam	$8,067,336	$5,758,321	$6,963,919	$3,600,540	$4,777,301	$4,426,097	$5,495,006	$4,470,806	$5,903,404	**$397,684**
Clark	5,201,304	2,366,311	3,573,835	2,313,003	3,820,106	4,092,569	4,411,237	4,264,442	5,614,184	**98,057**
Cowlitz	3,348,777	1,212,652	1,839,302	5,001,470	2,934,808	215,329	5,345,911	2,348,848	1,599,865	**132,438**
Grays Harbor	2,028,606	2,352,472	1,862,881	3,293,823	2,107,685	1,776,300	2,667,556	700,385	1,078,365	**72,304**
Jefferson	1,663,170	1,649,297	518,203	1,778,453	889,650	1,631,808	3,200,661	1,075,049	762,629	**359,739**
King	3,223,396	1,143,568	1,835,851	1,976,627	2,889,619	4,388,319	995,578	425,144	3,638,003	**63,335**
Kitsap	753,902	599,418	729,223	31,508	626,030	1,109,673	759,721	218,756	400,093	**(18,256)**
Klickitat	907,813	1,306,269	1,988,025	263,951	1,207,848	112,777	1,256,702	2,307,063	4,157,236	**2,041**
Lewis	12,730,883	10,052,997	3,945,857	1,534,075	5,493,493	4,356,765	2,606,113	19,053,461	4,421,392	**292,832**
Mason	1,837,711	2,799,623	1,321,104	2,382,746	2,379,357	5,336,229	4,774,081	1,432,968	2,585,862	**654,996**
Pacific	6,323,846	2,771,851	4,007,787	969,916	1,875,588	2,051,170	2,939,705	2,238,753	2,621,728	**192,523**
Pierce	1,943,460	529,510	1,469,706	2,237,462	3,571,913	5,620,352	1,778,066	2,251,072	1,435,948	**(3,365)**
Skagit	11,422,067	9,194,478	5,509,637	13,209,159	8,973,769	9,620,659	12,532,120	9,021,036	10,635,736	**2,208,017**
Skamania	3,933,138	755,801	768,791	55,235	68,576	533,038	308,142	436,890	540,697	**43,392**
Snohomish	13,750,038	14,528,018	8,543,151	6,452,352	10,398,846	13,664,903	12,756,744	7,069,004	11,391,018	**2,536,604**
Stevens	43,894	30,236	43,769	33,815	39,619	36,945	40,922	38,002	42,239	**3,065**
Thurston	7,573,165	6,156,550	8,080,735	3,770,580	4,523,536	6,270,700	7,777,205	5,344,608	4,915,648	**470,872**
Wahkiakum	2,503,796	1,481,581	2,244,642	2,414,098	2,011,817	1,015,082	2,730,555	2,146,022	571,852	**803,982**
Whatcom	6,824,410	4,059,821	5,759,368	5,525,028	6,993,439	7,467,518	6,075,055	2,648,374	2,420,510	**1,705,693**
Totals	$94,080,712	$68,748,774	$61,005,786	$56,843,841	$65,583,000	$73,726,233	$78,451,080	$67,490,683	$64,736,409	**$10,015,953**

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 2008		July thru December 2008	
County	**High**	**Medium**	**High**	**Medium**
Clallam	$65.1	$1,773.4	$711.3	$4,283.6
Clark	27.1	444.3	383.8	777.2
Cowlitz	5.6	209.5	441.4	656.0
Grays Harbor	0.2	28.8	5.1	33.6
Jefferson	150.2	319.2	11.6	176.6
King	1.1	87.8	12.6	788.9
Kitsap	17.7	126.6	12.7	157.9
Klickitat	6.8	6.8	7.7	7.7
Lewis	6.0	294.0	486.1	1,527.7
Mason	292.3	1,289.4	67.2	335.1
Pacific	67.8	232.4	23.9	433.5
Pierce	0.0	54.8	3.4	490.9
Skagit	5,986.4	5,996.9	1,485.6	1,517.3
Skamania	18.8	23.3	145.1	212.3
Snohomish	1,786.6	1,786.6	2,707.6	2,707.6
Stevens	2.8	2.8	25.9	25.9
Thurston	16.4	199.1	551.8	551.8
Wahkiakum	587.3	587.3	76.8	76.8
Whatcom	1,175.4	1,175.4	885.6	1,226.1
Totals	**$10,213.7**	**$14,638.5**	**$8,045.1**	**$15,986.5**

[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 2008. 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.

***Linked to table 2a--update non-timber revenue numbers below from table 5 for report qtr.**

Updated: 4/15/08

Non-timber revenue Added to				link ck-- s/b zero	
Column 1	**Column 2**				
65.1	**195.4**	260.5	1,708.3	0.0	4,088.2
27.1	**57.6**	84.8	417.2	0.0	719.5
5.6	**17.1**	22.7	203.9	0.0	638.9
0.2	**5.0**	5.2	28.6	0.0	28.6
4.9	**4.0**	8.8	314.3	0.0	172.6
1.1	**12.6**	13.8	86.7	0.0	776.3
17.7	**12.7**	30.4	108.9	0.0	145.2
6.1	**7.2**	13.3	0.7	0.0	0.5
6.0	**13.7**	19.7	288.0	0.0	1,514.0
15.7	**67.2**	82.9	1,273.7	0.0	267.8
6.7	**3.5**	10.1	225.8	0.0	430.0
0.0	**3.4**	3.4	54.8	0.0	487.5
0.9	**8.6**	9.5	5,996.1	0.0	1,508.7
18.8	**3.3**	22.2	4.5	0.0	209.0
25.5	**67.1**	92.6	1,761.2	0.0	2,640.5
2.8	**25.9**	28.7	0.0	0.0	0.0
16.4	**118.6**	135.0	182.7	0.0	433.1
16.9	**0.7**	17.6	570.4	0.0	76.1
0.8	**50.6**	51.4	1,174.5	0.0	1,175.5
238.2	**674.4**	912.6			

Table 2A. Projected Timber Harvest Revenues to *Jefferson 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 2008 High	April thru June 2008 Medium	July thru December 2008 High	July thru December 2008 Medium	Value Under Contract after Dec-08
77387	Hivis	03/31/09	26	27N	2W	0.0	82.5	0.0	165.0	38.5
79331	Q It Up	11/30/08	7, 8, 16	27N	1W	0.0	86.4	7.6	7.6	0.0
			9, 15-17, 21, 22	27N	2W					
79332	Disco Trio	11/30/08	15, 16, 22	29N	2W	145.4	145.4	0.0	0.0	0.0
	Total					**$145.4**	**$314.3**	**$7.6**	**$172.6**	**$38.5**

[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.
Values are cumulative from high to medium probability.

Note: Projected revenues are based on timber purchaser's logging plans as of March 2008. 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 2008 [1/]

County	Volume (mbf)	Net Value
Clallam	1,825	$189,556
Clark	14,530	3,641,534
Cowlitz	3,516	551,000
Grays Harbor	6,790	353,459
Jefferson	427	38,509
King	3,154	758,457
Kitsap	416	57,195
Klickitat	2,641	380,579
Lewis	20,225	4,167,219
Mason	253	47,492
Pacific	22,979	2,840,839
Pierce	8,276	1,827,140
Skagit	5,874	830,133
Skamania	771	178,914
Snohomish	25,954	5,608,565
Thurston	4,451	606,157
Wahkiakum	0	0
Whatcom	2,630	676,772
Totals	**124,712**	**$22,753,519**

[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 2008. 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.