Peter Goldmark
Washington State
Commissioner of Public Lands

October 13, 2009

The Honorable David Sullivan, Chair
Jefferson County Commissioners
PO Box 1220
Port Townsend, WA 98368

Subject: Projection of Income from State Forest Lands

Dear Commissioner Sullivan:

The Department of Natural Resources (DNR) manages about 13,892 acres of state forest lands (formerly known as forest board lands) that benefit Jefferson County. As the attached report shows, in the first three quarters of calendar year 2009, these lands generated $513 thousand and are projected to generate $668 thousand in calendar year 2009. This represents a decrease of $11 thousand from the 2009 projection in the July 2009 report. Net value under contract for harvest in calendar year 2010 is estimated at $15 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 January 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 360.974.6131.

Sincerely,

Lenny Young for

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
October 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 third 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 September 30, 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: 10/12/09

County	2000	2001	2002	2003	2004	2005	2006	2007	2008	Jan-Sept 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	**$3,120,079**
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	**871,707**
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	**1,415,836**
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	**481,764**
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	**513,425**
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	**1,095,373**
Kitsap	599,418	729,223	31,508	626,030	1,109,673	759,721	218,756	400,093	798,357	**115,459**
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	**865,674**
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	**3,454,599**
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	**1,064,887**
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	**2,598,683**
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	**735,248**
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	**4,611,527**
Skamania	755,801	768,791	55,235	68,576	533,038	308,142	436,890	540,697	324,117	**185,118**
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	**7,286,821**
Stevens	30,236	43,769	33,815	39,619	36,945	40,922	38,002	42,239	40,587	**68,704**
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	**2,202,654**
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	**1,488,269**
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	**3,312,687**
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	$35,488,514

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)

	October thru December 2009		Jan thru December 2010	
County	**High**	**Medium**	**High**	**Medium**
Clallam	$549.3	$668.5	$1,255.2	$1,273.8
Clark	333.3	612.4	3,875.4	6,476.4
Cowlitz	523.7	526.2	2,543.7	2,734.5
Grays Harbor	151.2	151.2	976.9	976.9
Jefferson	154.4	154.4	15.1	15.1
King	251.4	407.8	20.6	20.6
Kitsap	1.2	1.2	482.1	482.1
Klickitat	1.2	4.2	17.1	17.1
Lewis	1,131.3	1,135.1	2,040.0	4,056.7
Mason	595.9	595.9	95.5	95.5
Pacific	807.5	844.2	173.2	931.2
Pierce	458.1	458.1	0.0	0.0
Skagit	895.8	895.8	1,188.3	1,188.3
Skamania	38.3	74.3	922.0	1,176.7
Snohomish	1,428.9	1,873.3	5,598.9	5,623.4
Stevens	6.0	6.0	46.0	46.0
Thurston	986.5	1,055.9	1,022.2	1,251.1
Wahkiakum	0.0	0.0	909.3	909.3
Whatcom	200.1	200.1	1,098.4	1,098.4
Totals	**$8,514.1**	**$9,664.5**	**$22,280.0**	**$28,373.3**

[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 September 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 *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	October thru December 2009 High	October thru December 2009 Medium	Jan thru December 2010 High	Jan thru December 2010 Medium	Value Under Contract after Dec-10
81781	Toandos Pole	12/31/09	16, 21	28N	1W	149.4	149.4	0.0	0.0	0.0
			10, 15	26N	1W					
	Total					**$149.4**	**$149.4**	**$0.0**	**$0.0**	**$0.0**

[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 September 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/]

County	Volume (mbf)	Net Value
Clallam	0	$0
Clark	2,228	560,592
Cowlitz	0	0
Grays Harbor	3,557	728,479
Jefferson	0	0
King	0	0
Kitsap	0	0
Klickitat	0	0
Lewis	0	0
Mason	0	0
Pacific	6,753	1,102,142
Pierce	0	0
Skagit	0	0
Skamania	2,320	198,650
Snohomish	0	0
Thurston	5,004	924,397
Wahkiakum	0	0
Whatcom	0	0
Totals	**19,861**	**$3,514,260**

[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 September 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.