



Peter Goldmark
Washington State
Commissioner of Public Lands

July 14, 2011

The Honorable Dow Constantine, County Executive
King County
516 Third Ave
Seattle, WA 98104

Subject: Projection of Income from State Forest Lands

Dear Executive Constantine:

The Department of Natural Resources (DNR) manages about 29,909 acres of state forest lands (formerly known as forest board lands) that benefit King County. As the attached report shows, in the first two quarters of calendar year 2011, these lands generated \$17 thousand and are projected to generate \$336 thousand in calendar year 2011. This represents a decrease of \$826 thousand from the 2011 projection in the April 2011 report. Net value under contract for harvest in calendar year 2012 is estimated at \$375 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 October 2011. In the meantime, if you have questions about this report, contact Art Tasker, South Puget Sound Region Manager. Art can advise you of possible fluctuations in timber harvest and provide information on DNR management programs and activities in your county. Art can be reached at 360.825.1631.

Sincerely,

Peter Goldmark
Commissioner of Public Lands

Enclosures

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Department of Natural Resources
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MS 47001
Olympia, Washington 98504-7001
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County Income Report July 2011

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 2002 through the second quarter of calendar year 2011. 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 2011. **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 June 30, 2011 that is not currently scheduled for harvest until after December 2012.

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: 7/12/11

County	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Clallam	\$3,600,540	\$4,777,301	\$4,426,097	\$5,495,006	\$4,470,806	\$5,903,404	\$9,323,340	\$4,173,346	\$6,229,596	2,537,649
Clark	\$2,313,003	\$3,820,106	\$4,092,569	\$4,411,237	\$4,264,442	\$5,614,184	\$1,088,753	\$1,977,893	\$8,793,446	1,948,546
Cowlitz	5,001,470	2,934,808	215,329	5,345,911	2,348,848	1,599,865	1,299,756	2,914,752	3,709,692	912,116
Grays Harbor	3,293,823	2,107,685	1,776,300	2,667,556	700,385	1,078,365	404,882	1,007,779	2,178,958	991,061
Jefferson	1,778,453	889,650	1,631,808	3,200,661	1,075,049	762,629	1,409,138	669,093	981,510	2,050,608
King	1,976,627	2,889,619	4,388,319	995,578	425,144	3,638,003	1,836,570	1,053,232	2,737,595	16,902
Kitsap	31,508	626,030	1,109,673	759,721	218,756	400,093	798,357	244,491	495,884	37,012
Klickitat	263,951	1,207,848	112,777	1,256,702	2,307,063	4,157,236	490,525	1,037,450	327,073	164,624
Lewis	1,534,075	5,493,493	4,356,765	2,606,113	19,053,461	4,421,392	4,715,266	6,738,048	6,147,429	5,337,729
Mason	2,382,746	2,379,357	5,336,229	4,774,081	1,432,968	2,585,862	2,416,073	1,500,640	3,062,868	1,204,168
Pacific	969,916	1,875,588	2,051,170	2,939,705	2,238,753	2,621,728	963,320	3,428,025	2,060,204	1,113,962
Pierce	2,237,462	3,571,913	5,620,352	1,778,066	2,251,072	1,435,948	1,509,353	742,913	1,523,600	17,103
Skagit	13,209,159	8,973,769	9,620,659	12,532,120	9,021,036	10,635,736	11,723,743	5,704,325	8,746,747	5,829,067
Skamania	55,235	68,576	533,038	308,142	436,890	540,697	324,117	253,914	1,215,005	241,147
Snohomish	6,452,352	10,398,846	13,664,903	12,756,744	7,069,004	11,391,018	6,323,157	10,138,226	13,132,194	6,392,264
Stevens	33,815	39,619	36,945	40,922	38,002	42,239	40,587	79,484	47,542	1,943
Thurston	3,770,580	4,523,536	6,270,700	7,777,205	5,344,608	4,915,648	1,777,592	2,625,128	7,964,904	2,310,647
Wahkiakum	2,414,098	2,011,817	1,015,082	2,730,555	2,146,022	571,852	1,170,658	1,516,340	1,820,052	1,226,106
Whatcom	5,525,028	6,993,439	7,467,518	6,075,055	2,648,374	2,420,510	6,067,453	3,569,263	2,405,630	2,932,352
Totals	\$56,843,841	\$65,583,000	\$73,726,233	\$78,451,080	\$67,490,683	\$64,736,409	\$53,682,639	\$49,374,342	\$73,579,929	\$35,265,008

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)

<u>County</u>	<u>July thru December 2011</u>		<u>January thru December 2012</u>	
	<u>High</u>	<u>Medium</u>	<u>High</u>	<u>Medium</u>
Clallam	\$2,363.9	\$2,363.9	\$296.4	\$296.4
Clark	969.4	1,172.3	4,693.7	4,693.7
Cowlitz	145.6	175.2	279.9	279.9
Grays Harbor	237.8	304.9	999.3	999.3
Jefferson	741.2	741.2	25.2	25.2
King	11.0	318.5	38.3	375.1
Kitsap	16.8	16.8	48.8	48.8
Klickitat	29.3	29.3	21.8	21.8
Lewis	4,144.7	5,301.7	1,303.8	1,303.8
Mason	239.9	319.1	687.1	687.1
Pacific	271.3	271.3	8.9	439.0
Pierce	0.0	381.9	0.0	18.3
Skagit	5,203.2	5,203.2	2,765.8	2,765.8
Skamania	180.1	180.1	76.1	76.1
Snohomish	38.3	1,737.7	1,841.4	1,841.4
Stevens	45.3	45.3	54.4	54.4
Thurston	829.6	1,298.2	312.7	312.7
Wahkiakum	3.4	47.1	63.0	63.0
Whatcom	1,057.7	1,057.7	2,271.9	2,271.9
Totals	\$16,528.8	\$20,965.6	\$15,788.6	\$16,573.7

^{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 June 2011. 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 King County from State Forest Transfer and Purchase Lands by Legal Description
 (Thousands of Dollars) ¹¹

Sale App. Number	Sale Name	Expiration Date	Legal Description			July thru December 2011		January thru December 2012		Value Under Contract after Dec-12
			Section	Township	Range	High	Medium	High	Medium	
83925	3 Bears	10/31/12	3	22N	2W	0.0	307.6	0.0	336.7	0.0
			19	23N	1W					
			24, 25, 34	23N	2W					
Total						\$0.0	\$307.6	\$0.0	\$336.7	\$0.0

¹¹ 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 June 2011. 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.