



Peter Goldmark
Washington State
Commissioner of Public Lands

October 13, 2011

The Honorable Rex F Johnston, Chair
Klickitat County Commissioners
205 S Columbus MS: CH-4
Goldendale, WA 98620

Subject: Projection of Income from State Forest Lands

Dear Commissioner Johnston:

The Department of Natural Resources (DNR) manages about 20,446 acres of state forest lands (formerly known as forest board lands) that benefit Klickitat County. As the attached report shows, in the first three quarters of calendar year 2011, these lands generated \$185 thousand and are projected to generate \$210 thousand in calendar year 2011. This represents an increase of \$15 thousand from the 2011 projection in the July 2011 report. Net value under contract for harvest after calendar year 2011 is estimated at \$426 thousand. This timber could be harvested earlier if market conditions, purchaser harvesting plans, and/or regulatory requirements warrant.

Revenue projections reflect the new rate of 79% per board resolution 1368 signed October 10, 2011. 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 2012. In the meantime, if you have questions about this report, contact Todd Welker, Southeast Region Manager. Todd can advise you of possible fluctuations in timber harvest and provide information on DNR management programs and activities in your county. Todd can be reached at 509.925.8510.

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 October 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 third 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 September 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: 10/11/11

County	2002	2003	2004	2005	2006	2007	2008	2009	2010	Jan-Sept 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	3,526,512
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	2,784,716
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	1,241,528
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	1,092,732
Jefferson	1,778,453	889,650	1,631,808	3,200,661	1,075,049	762,629	1,409,138	669,093	981,510	3,082,409
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	1,166,027
Kitsap	31,508	626,030	1,109,673	759,721	218,756	400,093	798,357	244,491	495,884	42,867
Klickitat	263,951	1,207,848	112,777	1,256,702	2,307,063	4,157,236	490,525	1,037,450	327,073	185,274
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	6,495,633
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	1,869,542
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	1,982,340
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	18,300
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	7,543,147
Skamania	55,235	68,576	533,038	308,142	436,890	540,697	324,117	253,914	1,215,005	310,946
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	8,887,732
Stevens	33,815	39,619	36,945	40,922	38,002	42,239	40,587	79,484	47,542	56,785
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	3,605,608
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	3,214,009
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	\$48,332,211

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	October thru December 2011		January thru December 2012	
	High	Medium	High	Medium
Clallam	\$105.3	\$105.3	\$811.6	\$811.6
Clark	767.1	1,154.5	4,130.1	5,943.3
Cowlitz	69.8	69.8	120.1	533.0
Grays Harbor	568.1	568.1	728.5	1,027.2
Jefferson	4.5	4.5	22.8	22.8
King	10.8	10.8	298.7	290.3
Kitsap	9.6	9.6	38.4	38.4
Klickitat	24.7	24.7	15.0	15.0
Lewis	2,951.3	3,393.4	1,457.1	2,384.9
Mason	300.5	726.3	128.4	955.8
Pacific	511.5	511.5	741.6	741.6
Pierce	77.4	353.9	20.7	23.6
Skagit	4,122.7	3,649.2	2,087.0	2,018.3
Skamania	144.3	144.3	74.5	74.5
Snohomish	1.1	2,626.0	2,957.9	2,957.9
Stevens	7.7	7.7	55.7	55.7
Thurston	355.6	355.6	389.2	389.2
Wahkiakum	0.0	0.0	116.1	116.1
Whatcom	1,305.9	1,305.9	3,283.1	3,283.1
Totals	\$11,337.9	\$15,021.2	\$17,476.4	\$21,682.1

^{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 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 *Klickitat County* from State Forest Transfer and Purchase Lands by Legal Description
 (Thousands of Dollars) ¹¹

Sale App. Number	Sale Name	Expiration Date	Legal Description			October thru December 2011		January thru December 2012		Value Under Contract after Dec-12
			Section	Township	Range	High	Medium	High	Medium	
84062	Elmer	10/31/11	18, 21, 28	6N	11E	20.8	20.8	0.0	0.0	0.0
87144	Snyder	10/31/13	2	4N	12E	0.0	0.0	0.0	0.0	410.7
Total						\$20.8	\$20.8	\$0.0	\$0.0	\$410.7

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 September 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.

Table 3. Volume and Net Value of Timber under Contract on State Forest Transfer and Purchase Lands for Harvest after Calendar Year 2012 ^{1/}

<u>County</u>	<u>Volume (mbf)</u>	<u>Net Value</u>
Clallam	0	\$0
Clark	0	0
Cowlitz	0	0
Grays Harbor	0	0
Jefferson	0	0
King	0	0
Kitsap	0	0
Klickitat	1,380	410,669
Lewis	0	0
Mason	0	0
Pacific	0	0
Pierce	0	0
Skagit	2,913	1,442,401
Skamania	821	238,222
Snohomish	4,913	2,167,993
Thurston	1,479	331,530
Wahkiakum	0	0
Whatcom	0	0
Totals	11,506	\$4,590,815

^{1/} Counties currently receive 79 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 2011. 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.