



January 30, 2012

Peter Goldmark
Washington State
Commissioner of Public Lands

The Honorable Lynda Ring Erickson, Chair
Mason County Board of Commissioners
411 North Fifth Street
Shelton, WA 98584

Dear Commissioner Erickson:

The Washington State Department of Natural Resources (DNR) manages approximately 28,910 acres of State Forest Lands (formerly known as Forest Board Lands) that benefit Mason County. These lands generated \$2.6 million in calendar year 2011, and are projected to generate \$1.2 million in calendar year 2012 from activities expected to occur under current contracts. (See enclosed report.) This represents an increase of \$224 thousand from the 2012 projection in the October 2011 report. This income information does not include anticipated revenues from additional planned activities for which contracts have not been finalized.

Income projections reflect a reduced management fee of 21 percent, (a decrease of 2 percent) per Resolution No. 1368 as approved and adopted by the Board of Natural Resources on October 10, 2011.

The majority of income contained in this report is derived from timber sales. Market conditions, contract requirements, and regulatory requirements influence when timber purchasers choose to harvest. Harvesting could occur earlier if conditions warrant. Changes in purchasers' plans for harvest will be reflected in future reports.

The next projection of State Forest Land revenues will be available in late April 2012. Should you have any questions in the meantime, please contact Art Tasker, South Puget Sound Region Manager, at 360-825-1631 or at art.tasker@dnr.wa.gov. Art can advise you of possible fluctuations in timber harvest and provide information about DNR management programs and activities in your county.

Sincerely,

Peter Goldmark
Commissioner of Public Lands

Enclosure

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



County Income Report January 2012

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 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 2012. **Table 2** provides an estimate of projected revenue from all activities on state forest lands. **Table 2A** presents projected revenue for each timber sale on state forest lands.

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: 1/25/12

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	5,502,033
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	4,601,597
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	1,534,691
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	1,991,750
Jefferson	1,778,453	889,650	1,631,808	3,200,661	1,075,049	762,629	1,409,138	669,093	981,510	3,082,453
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	2,474,997
Kitsap	31,508	626,030	1,109,673	759,721	218,756	400,093	798,357	244,491	495,884	55,958
Klickitat	263,951	1,207,848	112,777	1,256,702	2,307,063	4,157,236	490,525	1,037,450	327,073	209,403
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	11,076,482
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	2,616,802
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	2,547,153
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	214,159
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	11,679,594
Skamania	55,235	68,576	533,038	308,142	436,890	540,697	324,117	253,914	1,215,005	747,982
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	13,981,341
Stevens	33,815	39,619	36,945	40,922	38,002	42,239	40,587	79,484	47,542	59,973
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	4,200,388
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	1,400,872
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	3,543,071
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	\$71,520,698

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>	January thru June 2012		July thru December 2012	
	<u>High</u>	<u>Medium</u>	<u>High</u>	<u>Medium</u>
Clallam	\$697.4	\$1,026.1	\$2,442.7	\$2,442.7
Clark	1,763.5	2,736.7	1,628.2	2,635.0
Cowlitz	60.0	616.2	17.5	737.9
Grays Harbor	243.0	785.1	412.0	616.5
Jefferson	279.0	279.0	520.0	520.0
King	486.3	745.4	12.7	531.0
Kitsap	32.0	386.9	21.2	21.2
Klickitat	147.4	147.4	284.1	284.1
Lewis	751.3	2,136.0	4.5	4.5
Mason	89.6	823.2	53.4	356.6
Pacific	510.2	837.0	125.2	125.2
Pierce	0.0	40.0	18.2	18.2
Skagit	4,135.5	4,512.9	1,470.4	2,418.1
Skamania	20.1	77.9	26.0	54.7
Snohomish	103.7	173.9	200.7	200.7
Stevens	9.1	9.1	53.1	53.1
Thurston	931.4	1,028.9	235.9	235.9
Wahkiakum	6.6	6.6	1.1	1.1
Whatcom	2,981.8	2,981.8	923.8	923.8
Totals	\$13,248.0	\$19,350.2	\$8,450.8	\$12,180.4

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

Sale App. Number	Sale Name	Expiration Date	Legal Description			January thru June 2012		July thru December 2012		Value Under Contract after Dec-12
			Section	Township	Range	High	Medium	High	Medium	
83925	3 Bears	10/31/12	3 19 24, 25, 34	22N 23N 23N	2W 1W 2W	0.0	77.5	185.2	185.2	0.0
84367	Butterfly	09/30/12	18, 19	23N	7E	0.0	63.6	0.0	299.4	0.0
85196	Barbless	12/31/12	5, 7, 8 24 36	22N 23N 23N	2W 2W 3W	0.0	670.1	0.0	3.8	0.0
Total						\$0.0	\$733.6	\$0.0	\$303.2	\$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 December 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.