Doug Sutherland
Commissioner of Public Lands

October 17, 2007

The Honorable John W Ladenburg, County Executive
Pierce County
930 Tacoma Ave S
Tacoma, WA 98402

Subject: Projection of Income from State Forest Lands

Dear Executive Ladenburg:

The Department of Natural Resources (DNR) manages about 12,237 acres of state forest lands (formerly known as forest board lands) that benefit Pierce County. As the attached report shows, in the first three quarters of calendar year 2007, these lands generated $1.0 million and are projected to generate $1.1 million in calendar year 2007. This represents an increase of $280 thousand from the 2007 projection in the July 2007 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 January 2008. In the meantime, if you have questions about this report, contact Randy Acker, South Puget Sound Region Manager. Randy can advise you of possible fluctuations in timber harvest and provide information on DNR management programs and activities in your county. Randy can be reached at 360.825.1631.

Sincerely,

Doug Sutherland
Commissioner of Public Lands

Enclosures

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County Income Report
October 2007

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) come 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 1998 through calendar year 2007. 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 2007. **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, 2007 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: 10/9/07

County	1998	1999	2000	2001	2002	2,003	2,004	2005	2006	Jan - Sept 2007
Clallam	$12,686,274	$8,067,336	$5,758,321	$6,963,919	$3,600,540	$4,777,301	$4,426,097	$5,495,006	$4,470,806	**$3,740,314**
Clark	6,007,736	5,201,304	2,366,311	3,573,835	2,313,003	3,820,106	4,092,569	4,411,237	4,264,442	**4,852,212**
Cowlitz	3,017,014	3,348,777	1,212,652	1,839,302	5,001,470	2,934,808	215,329	5,345,911	2,348,848	**1,181,371**
Grays Harbor	1,784,346	2,028,606	2,352,472	1,862,881	3,293,823	2,107,685	1,776,300	2,667,556	700,385	**693,318**
Jefferson	1,957,760	1,663,170	1,649,297	518,203	1,778,453	889,650	1,631,808	3,200,661	1,075,049	**276,464**
King	2,160,183	3,223,396	1,143,568	1,835,851	1,976,627	2,889,619	4,388,319	995,578	425,144	**2,517,536**
Kitsap	406,398	753,902	599,418	729,223	31,508	626,030	1,109,673	759,721	218,756	**331,717**
Klickitat	15,094	907,813	1,306,269	1,988,025	263,951	1,207,848	112,777	1,256,702	2,307,063	**2,911,130**
Lewis	14,631,380	12,730,883	10,052,997	3,945,857	1,534,075	5,493,493	4,356,765	2,606,113	19,053,461	**3,951,104**
Mason	2,357,532	1,837,711	2,799,623	1,321,104	2,382,746	2,379,357	5,336,229	4,774,081	1,432,968	**1,929,033**
Pacific	2,296,047	6,323,846	2,771,851	4,007,787	969,916	1,875,588	2,051,170	2,939,705	2,238,753	**2,231,866**
Pierce	607,701	1,943,460	529,510	1,469,706	2,237,462	3,571,913	5,620,352	1,778,066	2,251,072	**1,042,577**
Skagit	9,187,203	11,422,067	9,194,478	5,509,637	13,209,159	8,973,769	9,620,659	12,532,120	9,021,036	**7,437,915**
Skamania	2,385,689	3,933,138	755,801	768,791	55,235	68,576	533,038	308,142	436,890	**393,587**
Snohomish	3,427,872	13,750,038	14,528,018	8,543,151	6,452,352	10,398,846	13,664,903	12,756,744	7,069,004	**10,214,715**
Stevens	36,075	43,894	30,236	43,769	33,815	39,619	36,945	40,922	38,002	**42,239**
Thurston	8,127,942	7,573,165	6,156,550	8,080,735	3,770,580	4,523,536	6,270,700	7,777,205	5,344,608	**3,849,106**
Wahkiakum	1,164,313	2,503,796	1,481,581	2,244,642	2,414,098	2,011,817	1,015,082	2,730,555	2,146,022	**475,352**
Whatcom	5,078,947	6,824,410	4,059,821	5,759,368	5,525,028	6,993,439	7,467,518	6,075,055	2,648,374	**1,403,224**
Totals	$77,335,506	$94,080,712	$68,748,774	$61,005,786	$56,843,841	$65,583,000	$73,726,233	$78,451,080	$67,490,683	**$49,474,780**

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 2007 High	October thru December 2007 Medium	January thru December 2008 High	January thru December 2008 Medium
Clallam	$37.5	$1,758.7	$271.1	$4,513.2
Clark	106.2	510.5	414.4	4,054.2
Cowlitz	408.7	1,018.2	1,299.1	1,957.3
Grays Harbor	48.5	142.7	34.4	353.9
Jefferson	2.8	118.8	158.0	766.1
King	7.8	684.8	13.6	724.9
Kitsap	2.1	94.2	29.4	29.4
Klickitat	1,136.2	1,136.5	298.1	298.1
Lewis	99.1	125.9	204.9	4,395.2
Mason	6.7	108.2	87.7	2,285.5
Pacific	142.0	356.2	61.3	1,784.0
Pierce	93.6	93.6	3.4	406.5
Skagit	2,016.4	2,016.4	3,589.7	3,589.7
Skamania	446.8	541.1	72.1	273.9
Snohomish	1,956.4	2,181.4	4,165.9	4,418.2
Stevens	5.3	5.3	29.1	29.1
Thurston	44.4	231.7	624.7	811.9
Wahkiakum	114.1	122.3	834.2	951.6
Whatcom	1,373.1	1,373.1	2,783.6	2,783.6
Totals	**$8,047.8**	**$12,619.7**	**$14,974.6**	**$34,426.3**

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 2007. 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 *Pierce 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 2007 High	October thru December 2007 Medium	January thru December 2008 High	January thru December 2008 Medium	Value Under Contract after Dec-08
77083	South Slope VDT	09/30/08	14-16, 22-25	15N	5E	7.2	7.2	0.0	57.4	0.0
77620	Big Beaver PC	10/31/09	7, 18, 19	15N	6E	86.4	86.4	0.0	345.6	1,123.3
			1, 2, 12, 13	15N	5E					
			35, 36	16N	5E					
	Total					**$93.6**	**$93.6**	**$0.0**	**$403.0**	**$1,123.3**

[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.
Values are cumulative from high to medium probability.

Note: Projected revenues are based on timber purchaser's logging plans as of September 2007. 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	3,032	$499,659
Clark	0	0
Cowlitz	0	0
Grays Harbor	0	0
Jefferson	0	0
King	0	0
Kitsap	0	0
Klickitat	0	0
Lewis	0	0
Mason	0	0
Pacific	0	0
Pierce	5,158	1,123,312
Skagit	3,784	746,893
Skamania	0	0
Snohomish	0	0
Thurston	0	0
Wahkiakum	0	0
Whatcom	0	0
Totals	**11,974**	**$2,369,864**

[1/] Normally, counties receive 78 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 2007. 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.