



April 17, 2013

Peter Goldmark
Washington State
Commissioner of Public Lands

The Honorable Sharon Dillon, Chair
Skagit County Board of Commissioners
1800 Continental Place, Suite 100
Mount Vernon, WA 98273

Dear Commissioner Dillon:

The Washington State Department of Natural Resources (DNR) manages approximately 84,704 acres of State Forest Lands (formerly known as Forest Board Lands) that benefit Skagit County. These lands generated \$1.9 million in the first quarter of calendar year 2013, and are projected to generate \$5.8 million in calendar year 2013 from activities expected to occur under current contracts. (See enclosed report.) This represents an increase of \$337 thousand from the 2013 projection in the January 2013 report. Net value under contract for harvest after calendar year 2013 is estimated at \$608 thousand. 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 July 2013. Should you have any questions in the meantime, please contact Chris Hanlon-Meyer, Acting Northwest Region Manager, at 360-856-3500 or at chris.hanlon-meyer@dnr.wa.gov. Chris 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 April 2013

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 2004 through the first quarter of calendar year 2013. 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 2013. **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.

Table 3 presents the volume and net value under contract as of March 31, 2013 that is not currently scheduled for harvest until after December 2013.

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: 4/17/13

County	2004	2005	2006	2007	2008	2009	2010	2011	2012	Jan-Mar 2013
Clallam	4,426,097	5,495,006	4,470,806	5,903,404	9,323,340	4,173,346	6,229,596	5,502,033	4,738,336	1,196,320
Clark	4,092,569	4,411,237	4,264,442	5,614,184	1,088,753	1,977,893	8,793,446	4,601,597	8,528,782	1,338,369
Cowlitz	215,329	5,345,911	2,348,848	1,599,865	1,299,756	2,914,752	3,709,692	1,534,691	1,557,816	4,187
Grays Harbor	1,776,300	2,667,556	700,385	1,078,365	404,882	1,007,779	2,178,958	1,991,750	2,168,671	345,924
Jefferson	1,631,808	3,200,661	1,075,049	762,629	1,409,138	669,093	981,510	3,082,453	740,481	15,004
King	4,388,319	995,578	425,144	3,638,003	1,836,570	1,053,232	2,737,595	2,474,997	1,112,153	24,215
Kitsap	1,109,673	759,721	218,756	400,093	798,357	244,491	495,884	55,958	877,589	214,858
Klickitat	112,777	1,256,702	2,307,063	4,157,236	490,525	1,037,450	327,073	209,403	559,355	3,219
Lewis	4,356,765	2,606,113	19,053,461	4,421,392	4,715,266	6,738,048	6,147,429	11,076,482	3,439,911	569,156
Mason	5,336,229	4,774,081	1,432,968	2,585,862	2,416,073	1,500,640	3,062,868	2,616,802	2,024,430	30,716
Pacific	2,051,170	2,939,705	2,238,753	2,621,728	963,320	3,428,025	2,060,204	2,547,153	441,369	457,431
Pierce	5,620,352	1,778,066	2,251,072	1,435,948	1,509,353	742,913	1,523,600	214,159	178,426	22,853
Skagit	9,620,659	12,532,120	9,021,036	10,635,736	11,723,743	5,704,325	8,746,747	11,679,594	9,093,422	1,896,858
Skamania	533,038	308,142	436,890	540,697	324,117	253,914	1,215,005	747,982	926,532	276,960
Snohomish	13,664,903	12,756,744	7,069,004	11,391,018	6,323,157	10,138,226	13,132,194	13,981,341	5,682,380	4,015,901
Stevens	36,945	40,922	38,002	42,239	40,587	79,484	47,542	59,973	64,654	2,588
Thurston	6,270,700	7,777,205	5,344,608	4,915,648	1,777,592	2,625,128	7,964,904	4,200,388	1,660,728	243,844
Wahkiakum	1,015,082	2,730,555	2,146,022	571,852	1,170,658	1,516,340	1,820,052	1,400,872	1,956,441	284
Whatcom	7,467,518	6,075,055	2,648,374	2,420,510	6,067,453	3,569,263	2,405,630	3,543,071	4,468,281	1,460,195
Totals	\$73,726,233	\$78,451,080	\$67,490,683	\$64,736,409	\$53,682,639	\$49,374,342	\$73,579,929	\$71,520,698	\$50,219,757	\$12,118,882

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	April thru June 2013		July thru December 2013	
	High	Medium	High	Medium
Clallam	\$1,334.3	\$1,334.3	\$1,576.5	\$1,771.6
Clark	950.9	950.9	2,499.4	2,499.4
Cowlitz	165.2	611.9	185.9	824.2
Grays Harbor	338.9	408.7	2.4	63.2
Jefferson	59.9	59.9	96.4	96.4
King	115.6	173.2	112.2	694.8
Kitsap	89.5	89.5	170.3	170.3
Klickitat	4.6	4.6	191.2	246.7
Lewis	5.3	308.4	2.5	171.8
Mason	53.5	919.2	82.1	212.3
Pacific	860.5	860.5	11.9	11.9
Pierce	91.8	123.0	1.2	63.5
Skagit	2,489.2	2,489.2	1,401.3	1,401.3
Skamania	130.8	130.8	213.2	802.0
Snohomish	24.1	4,820.9	4,912.1	4,912.1
Stevens	2.2	2.2	58.4	58.4
Thurston	2,679.0	2,679.0	823.3	850.1
Wahkiakum	2.3	2.3	1.2	1.2
Whatcom	1,298.9	1,298.9	841.6	841.6
Totals	\$10,696.7	\$17,267.6	\$13,182.9	\$15,692.6

^{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 March 2013. 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 Skagit County from State Forest Transfer and Purchase Lands by Legal Description
 (Thousands of Dollars) ¹

Sale App. Number	Sale Name	Expiration Date	Legal Description			April thru June 2013		July thru December 2013		Value Under Contract after Dec-13
			Section	Township	Range	High	Medium	High	Medium	
84231	Lucky Louie	09/30/14	2 35, 36	32N 33N	6E 6E	280.8	280.8	0.0	0.0	0.0
86722	FM Truck Trail	09/13/13	28-29, 32-33	33N	6E	17.0	17.0	0.0	0.0	0.0
86792	Space Exploration	09/30/14	27-28, 33-34	34N	5E	884.0	884.0	110.5	110.5	0.0
87016	Mirror Lake	09/30/14	1 6 36 31	36N 36N 37N 37N	4E 5E 4E 5E	71.1	71.1	565.1	565.1	0.0
87111	8 Plus Plate	09/30/13	33, 34, 35	33N	6E	563.5	563.5	0.0	0.0	0.0
87576	Chamberlains Chalice	09/30/14	25	33N	6E	95.9	95.9	688.7	688.7	0.0
87788	Quartet	09/30/13	19, 20	33N	7E	141.8	141.8	0.0	0.0	0.0
89027	Movie Star Sorts #1	08/05/13	16, 21	34N	5E	4.8	4.8	0.0	0.0	0.0
89028	Movie Star Sorts #2	08/05/13	16, 21	34N	5E	2.7	2.7	0.0	0.0	0.0
89029	Movie Star Sorts #3	08/05/13	16, 21	34N	5E	20.0	20.0	(0.0)	(0.0)	0.0
89030	Movie Star Sorts #4	08/05/13	16, 21	34N	5E	51.9	51.9	0.0	0.0	0.0
89031	Movie Star Sorts #5	08/05/13	16, 21	34N	5E	24.1	24.1	(0.0)	(0.0)	0.0
89032	Movie Star Sorts #6	08/05/13	16, 21	34N	5E	29.3	29.3	0.0	0.0	0.0
89033	Movie Star Sorts #7	08/05/13	16, 21	34N	5E	14.8	14.8	0.0	0.0	0.0
89034	Movie Star Sorts #8	08/05/13	16, 21	34N	5E	35.3	35.3	0.0	0.0	0.0

Table 2A. Projected Timber Harvest Revenues to Skagit County from State Forest Transfer and Purchase Lands by Legal Description
(Thousands of Dollars) ^{1/}

Sale App. Number	Sale Name	Expiration Date	Legal Description			April thru June 2013		July thru December 2013		Value Under Contract after Dec-13
			Section	Township	Range	High	Medium	High	Medium	
89035	Movie Star Sorts #9	08/05/13	16, 21	34N	5E	5.7	5.7	(0.0)	(0.0)	0.0
89036	Movie Star Sorts #10	08/05/13	16, 21	34N	5E	7.2	7.2	0.0	0.0	0.0
89038	Movie Star Sorts #12	08/05/13	16, 21	34N	5E	1.6	1.6	0.0	0.0	0.0
89039	Movie Star Sorts #13	08/05/13	16, 21	34N	5E	0.6	0.6	0.0	0.0	0.0
89085	Ginger	09/30/14	2, 3	34N	5E	233.8	233.8	0.0	0.0	607.8
Total						\$2,485.8	\$2,485.8	\$1,364.4	\$1,364.4	\$607.8

^{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 March 2013. 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 2013 ^{1/}

<u>County</u>	<u>Volume (mbf)</u>	<u>Net Value</u>
Clallam	23,304	\$4,330,278
Clark	14,165	4,670,089
Cowlitz	2,478	827,159
Grays Harbor	923	223,486
Jefferson	3,470	278,004
King	1,695	289,578
Kitsap	800	357,563
Klickitat	0	0
Lewis	7,541	2,536,023
Mason	88	10,467
Pacific	2,393	790,657
Pierce	0	0
Skagit	1,461	607,841
Skamania	5,623	1,198,582
Snohomish	1,668	660,741
Thurston	5,257	2,054,215
Wahkiakum	0	0
Whatcom	2,698	629,168
Totals	73,564	\$19,463,852

^{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 March 2013. 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.