



Peter Goldmark
Washington State
Commissioner of Public Lands

April 20, 2010

The Honorable Pete Kremen, County Executive
Whatcom County
311 Grand Ave Ste 108
Bellingham, WA 98225

Subject: Projection of Income from State Forest Lands

Dear Executive Kremen:

The Department of Natural Resources (DNR) manages about 38,074 acres of state forest lands (formerly known as forest board lands) that benefit Whatcom County. As the attached report shows, in the first quarter of calendar year 2010, these lands generated \$281 thousand and are projected to generate \$2.5 million in calendar year 2010. This represents an increase of \$837 thousand from the 2010 projection in the January 2010 report. Net value under contract for harvest after December 2010 is estimated at \$486 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 July 2010. In the meantime, if you have questions about this report, contact Bill Wallace, Northwest Region Manager. Bill can advise you of possible fluctuations in timber harvest and provide information on DNR management programs and activities in your county. Bill can be reached at 360.856.3500.

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 April 2010

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 2001 through the first quarter of calendar year 2010. 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 2010. **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 March 31, 2010 that is not currently scheduled for harvest until after December 2010.

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: 4/14/10

County	2001	2002	2003	2004	2005	2006	2007	2008	2009	Jan-Mar 2010
Clallam	\$6,963,919	\$3,600,540	\$4,777,301	\$4,426,097	\$5,495,006	\$4,470,806	\$5,903,404	\$9,323,340	\$4,173,346	\$939,497
Clark	3,573,835	2,313,003	3,820,106	4,092,569	4,411,237	4,264,442	5,614,184	1,088,753	1,977,893	2,221,246
Cowlitz	1,839,302	5,001,470	2,934,808	215,329	5,345,911	2,348,848	1,599,865	1,299,756	2,914,752	1,271,881
Grays Harbor	1,862,881	3,293,823	2,107,685	1,776,300	2,667,556	700,385	1,078,365	404,882	1,007,779	469,332
Jefferson	518,203	1,778,453	889,650	1,631,808	3,200,661	1,075,049	762,629	1,409,138	669,093	5,471
King	1,835,851	1,976,627	2,889,619	4,388,319	995,578	425,144	3,638,003	1,836,570	1,053,232	19,936
Kitsap	729,223	31,508	626,030	1,109,673	759,721	218,756	400,093	798,357	244,491	341,700
Klickitat	1,988,025	263,951	1,207,848	112,777	1,256,702	2,307,063	4,157,236	490,525	1,037,450	1,469
Lewis	3,945,857	1,534,075	5,493,493	4,356,765	2,606,113	19,053,461	4,421,392	4,715,266	6,738,048	910,139
Mason	1,321,104	2,382,746	2,379,357	5,336,229	4,774,081	1,432,968	2,585,862	2,416,073	1,500,640	1,159,492
Pacific	4,007,787	969,916	1,875,588	2,051,170	2,939,705	2,238,753	2,621,728	963,320	3,428,025	1,151,435
Pierce	1,469,706	2,237,462	3,571,913	5,620,352	1,778,066	2,251,072	1,435,948	1,509,353	742,913	47,954
Skagit	5,509,637	13,209,159	8,973,769	9,620,659	12,532,120	9,021,036	10,635,736	11,723,743	5,704,325	1,024,821
Skamania	768,791	55,235	68,576	533,038	308,142	436,890	540,697	324,117	253,914	13,413
Snohomish	8,543,151	6,452,352	10,398,846	13,664,903	12,756,744	7,069,004	11,391,018	6,323,157	10,138,226	4,229,765
Stevens	43,769	33,815	39,619	36,945	40,922	38,002	42,239	40,587	79,484	0
Thurston	8,080,735	3,770,580	4,523,536	6,270,700	7,777,205	5,344,608	4,915,648	1,777,592	2,625,128	1,592,622
Wahkiakum	2,244,642	2,414,098	2,011,817	1,015,082	2,730,555	2,146,022	571,852	1,170,658	1,516,340	612,536
Whatcom	5,759,368	5,525,028	6,993,439	7,467,518	6,075,055	2,648,374	2,420,510	6,067,453	3,569,263	281,396
Totals	\$61,005,786	\$56,843,841	\$65,583,000	\$73,726,233	\$78,451,080	\$67,490,683	\$64,736,409	\$53,682,639	\$49,374,342	\$16,294,105

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 2010		July thru December 2010	
	High	Medium	High	Medium
Clallam	\$18.1	\$174.7	\$1,437.2	\$1,489.4
Clark	2,270.9	2,427.2	1,384.2	2,060.2
Cowlitz	1,083.1	1,085.5	521.4	522.0
Grays Harbor	443.5	618.3	1,560.4	1,779.6
Jefferson	14.7	265.2	7.1	508.0
King	13.7	135.6	21.1	636.1
Kitsap	23.1	67.1	39.2	39.2
Klickitat	8.2	8.2	10.2	10.2
Lewis	1,589.8	1,642.4	1,006.5	1,375.4
Mason	16.6	686.1	80.5	358.7
Pacific	293.4	293.4	491.9	503.3
Pierce	1.0	761.2	78.8	412.4
Skagit	2,149.4	2,149.4	630.1	630.1
Skamania	374.9	399.0	407.8	407.8
Snohomish	3,518.7	3,518.7	1,885.5	1,885.5
Stevens	7.9	7.9	43.9	43.9
Thurston	1,066.3	1,088.5	3,566.0	3,758.6
Wahkiakum	295.4	295.4	0.4	505.4
Whatcom	590.5	858.0	703.4	1,398.8
Totals	\$13,779.3	\$16,481.8	\$13,875.5	\$18,324.5

^{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 2010](#). 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 [Whatcom 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 2010		July thru December 2010		Value Under Contract after Dec-10
			Section	Township	Range	High	Medium	High	Medium	
81551	Eagle View	09/30/10	10-11, 13-14 18	39N 39N	5E 6E	9.3	9.3	74.3	74.3	0.0
81824	Tall Boy	09/30/10	27, 33, 34	38N	5E	0.0	267.5	0.0	695.4	0.0
82423	Maple Yard	09/30/10	14, 15	39N	5E	8.2	8.2	12.0	12.0	0.0
84190	Pleasant Acres	09/30/10	18, 19	37N	5E	494.5	494.5	0.0	0.0	0.0
84193	Christie Cliffs	09/30/10	34	34N	5E	0.0	0.0	575.3	575.3	0.0
84573	Hello John	09/30/11	2, 3, 10, 11 20	39N 40N	6E 6E	60.7	60.7	0.0	0.0	485.8
84574	Cauliflower	09/30/11	22, 27, 28	38N	4E	8.2	8.2	0.0	0.0	0.0
Total						\$581.0	\$848.5	\$661.6	\$1,357.0	\$485.8

^{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 2010](#). 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 2010 ^{1/}

<u>County</u>	<u>Volume (mbf)</u>	<u>Net Value</u>
Clallam	11,990	\$350,739
Clark	14,085	2,847,351
Cowlitz	292	40,235
Grays Harbor	3,749	1,403,820
Jefferson	2,995	375,688
King	2,613	785,718
Kitsap	0	0
Klickitat	870	163,368
Lewis	18,860	4,114,867
Mason	1,073	246,379
Pacific	5,370	694,277
Pierce	0	0
Skagit	73	14,649
Skamania	6,113	717,842
Snohomish	5,338	1,182,891
Thurston	5,845	863,522
Wahkiakum	1,228	258,109
Whatcom	2,444	485,837
Totals	82,937	\$14,545,293

^{1/} Normally, counties receive 75 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 2010**. 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.