



Board of Natural Resources

Product Sales & Leasing Division

Product Sales Program

January 18, 2019



Agenda

- December 2018 Results
- Current Fiscal Year Results
- Market Projection Discussion
- Record of Decision Process
- Current Proposed Sales
(Action Item)



December 2018 Results

SALES OFFERED

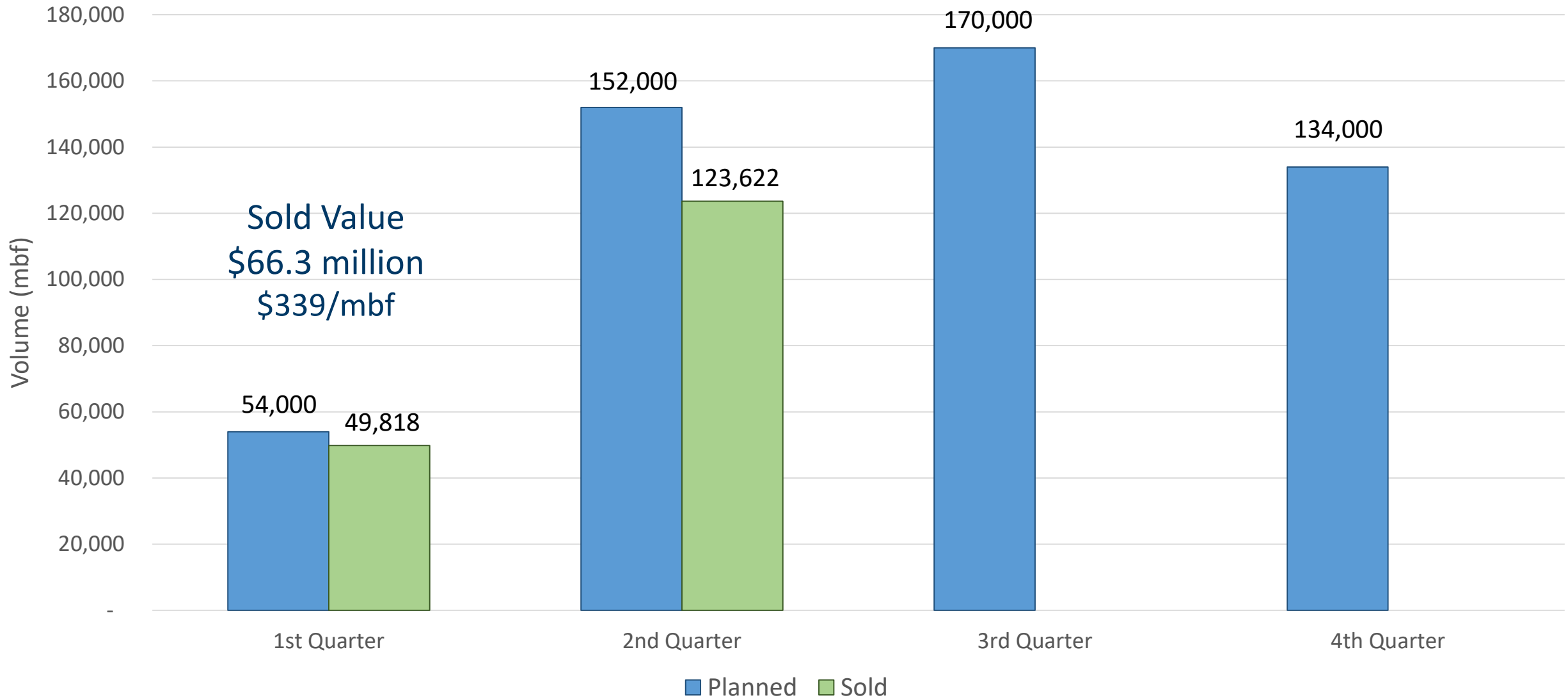
- 13 sales
- 57.8 mmbf
- \$15.9 million
- \$274/mbf

SALES SOLD

- 8 Sales
- 34.2 mmbf
- \$11.6 million
- \$340/mbf
- Average # of Bids=1.6



Fiscal Year 2019 Planned Volume

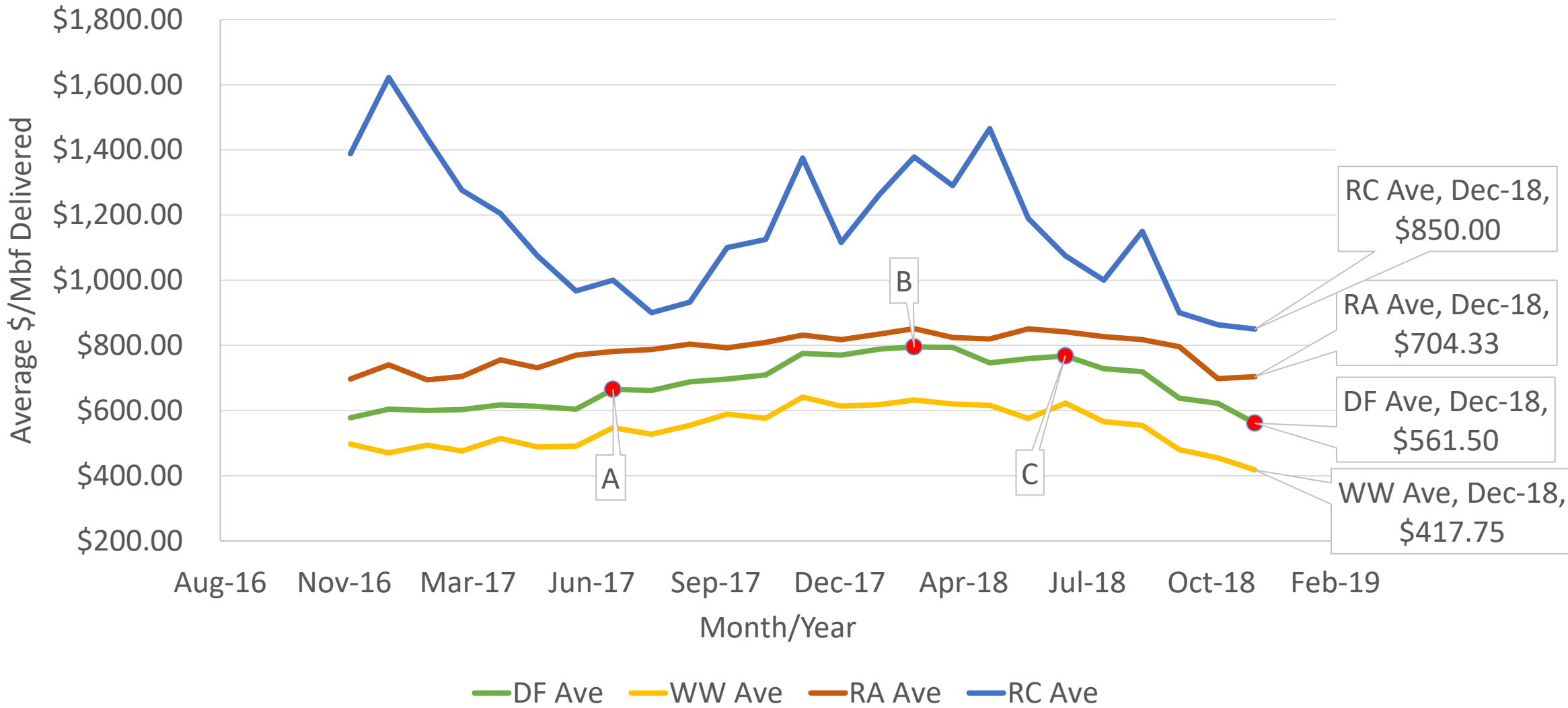


Timber Market Updates

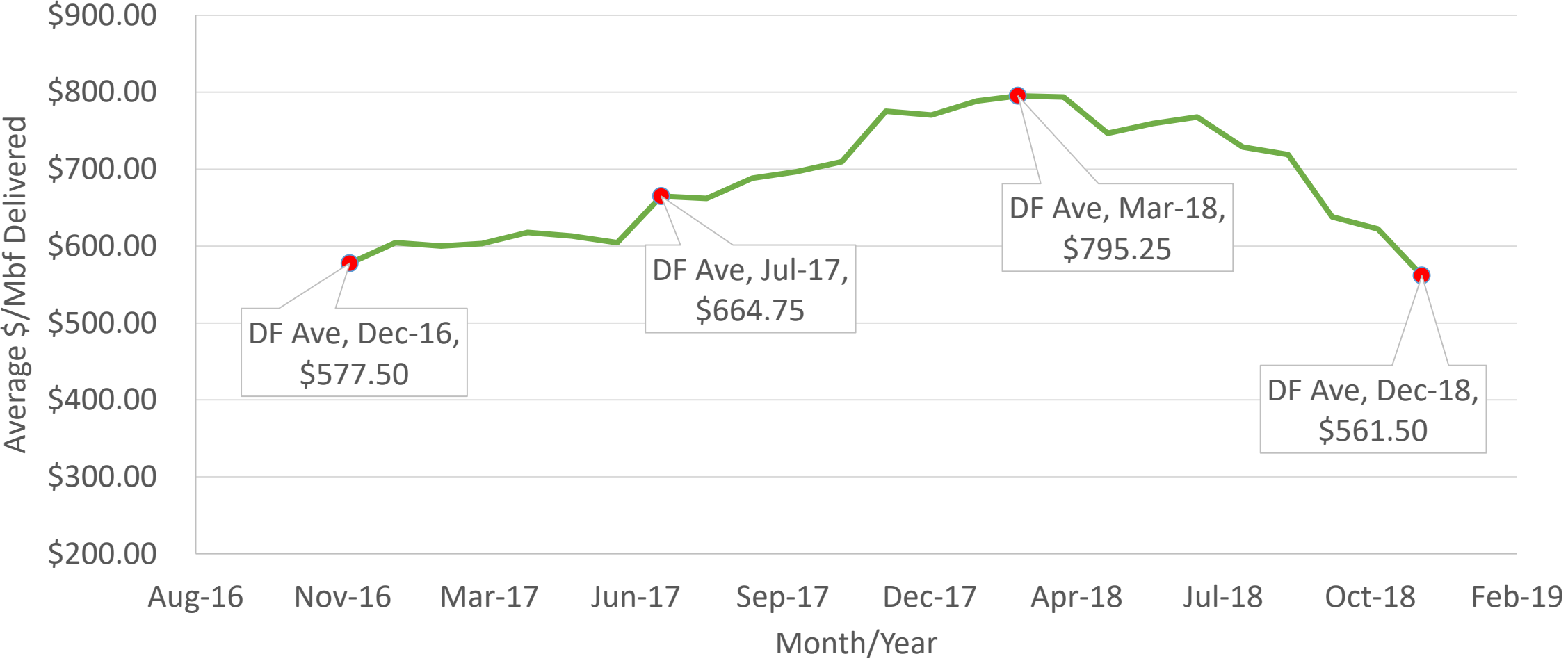
- Delivered prices are gathered from mills every month from a price survey.
 - Prices are for Species and Grade
 - Available Online <https://www.dnr.wa.gov/programs-and-services/product-sales-and-leasing/timber-sales/timber-sale-querylog-prices>
- Prices on next slide reflect the average price per species from the price survey. Average price per species takes in account all grades for that species.



Delivered Price by Species - Westside



Average Delivered Price Douglas-fir



Timber Market Outlook

From Forest Economic Advisors:

- Log prices are predicted to start rebounding later in 2019 and continue to be stronger in 2020 but may not see the same higher prices as in Fiscal Year 2018.
 - There is variability - Some reports are showing a stronger increase in log prices, even above last year's high.
- Prices may begin to fall again in 2021 and 2022.



Record of Decision Process

RCW 79.15.060 – Date of sale limited by time of appraisal—Transfer of authority.

- Board sets “minimum appraisal value”
- Minimum appraisal valid for 180 days
- Board may re-establish minimum appraisal at any time
- This authority may be transferred by resolution:
 - BNR Resolution No. 1301
 - BNR Resolution No. 1304

Record of Decision Process

Resolution No. 1301

“In order to ensure an individual contract harvesting project remains viable”

Authorizes Department to re-appraise and re-offer any unsold log sorts using “any prudent process that ensures competitive bidding.”

*Advertising laws do not apply



Record of Decision Process

Resolution No. 1304

Authorizes Department Supervisor to:

1. establish new minimum appraisal prior to auction
2. establish new minimum appraisal for sales which did not receive bids at auction in order to re-offer those sales

Minimum appraisal values can be lowered, or raised, based on multiple factors:

- current market conditions
- sale adjustments (area, volume, etc.)
- changes to estimated cost



Record of Decision Process

Resolution No. 1304

Advertising of new minimum appraisals

Prior to auction

- Anytime prior to auction so long as competitive bidding is maintained

Re-offer of previous no-bid sale

- Advertising must comply with State law
 - RCW 79.15-080 – Advertising sales of valuable materials

Current Proposed Sales

Total Proposal

- 14 sales
- 59.2 mmbf
- \$17.2 million
- \$291/mbf

Recommend all sales be approved for auction



