Peter Goldmark
Washington State
Commissioner of Public Lands

April 13, 2012

The Honorable Mike Doherty, Chair
Clallam County Board of Commissioners
223 East Fourth Street, Suite 4
Port Angeles, WA 98362

Dear Commissioner Doherty:

The Washington State Department of Natural Resources (DNR) manages approximately 92,532 acres of State Forest Lands (formerly known as Forest Board Lands) that benefit Clallam County. These lands generated $306 thousand in the first quarter of calendar year 2012, and are projected to generate $4.8 million in calendar year 2012 from activities expected to occur under current contracts. (See enclosed report.) This represents an increase of $1.3 million from the 2012 projection in the January 2012 report. Net value under contract for harvest after calendar year 2012 is estimated at $2.4 million. 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 2012. Should you have any questions in the meantime, please contact Susan Trettevik, Olympic Region Manager, at 360-374-2800 or at susan.trettevik@dnr.wa.gov. Susan 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 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 2003 through the first quarter of calendar year 2012. 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.

Table 3 presents the volume and net value under contract as of March 31, 2012 that is not currently scheduled for harvest until after December 2012.

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: 4/10/12

County	2003	2004	2005	2006	2007	2008	2009	2010	2011	Jan-March 2012
Clallam	$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	**306,301**
Clark	$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	**1,357,669**
Cowlitz	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	**90,229**
Grays Harbor	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	**323,152**
Jefferson	889,650	1,631,808	3,200,661	1,075,049	762,629	1,409,138	669,093	981,510	3,082,453	**554,098**
King	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	**147,507**
Kitsap	626,030	1,109,673	759,721	218,756	400,093	798,357	244,491	495,884	55,958	**19,766**
Klickitat	1,207,848	112,777	1,256,702	2,307,063	4,157,236	490,525	1,037,450	327,073	209,403	**2,558**
Lewis	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	**931,082**
Mason	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	**597,314**
Pacific	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	**50,779**
Pierce	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	**63,021**
Skagit	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	**1,228,309**
Skamania	68,576	533,038	308,142	436,890	540,697	324,117	253,914	1,215,005	747,982	**71,799**
Snohomish	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	**2,557,505**
Stevens	39,619	36,945	40,922	38,002	42,239	40,587	79,484	47,542	59,973	**0**
Thurston	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	**562,687**
Wahkiakum	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	**77,396**
Whatcom	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	**2,376,135**
Totals	$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	$11,317,307

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)

	April thru June 2012		July thru December 2012	
County	**High**	**Medium**	**High**	**Medium**
Clallam	$420.7	$959.5	$3,252.2	$3,502.4
Clark	3,286.9	3,297.5	2,060.1	3,261.1
Cowlitz	435.3	435.3	1,001.1	1,769.1
Grays Harbor	624.4	624.4	505.7	505.7
Jefferson	18.6	18.6	7.0	7.0
King	12.8	12.8	30.0	845.2
Kitsap	100.6	100.6	40.9	713.6
Klickitat	9.6	9.6	11.8	11.8
Lewis	836.1	871.8	381.8	472.2
Mason	146.0	146.0	248.1	248.1
Pacific	0.3	0.3	9.4	9.4
Pierce	0.0	19.2	25.6	36.3
Skagit	2,098.6	2,194.5	2,215.4	2,215.4
Skamania	17.5	17.5	99.8	121.8
Snohomish	34.3	142.6	309.2	309.2
Stevens	7.9	7.9	53.1	53.1
Thurston	615.1	616.0	150.0	150.0
Wahkiakum	6.3	6.3	1.4	1.4
Whatcom	1,312.8	1,312.8	180.9	180.9
Totals	**$9,983.8**	**$10,793.3**	**$10,583.5**	**$14,413.8**

[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.

Note: Projected revenues are based on timber purchaser's logging plans as of March 2012. 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 *Clallam 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	Township	Range	April thru June 2012 High	Medium	July thru December 2012 High	Medium	Value Under Contract after Dec-12
84833	Deep Six	10/31/13	4, 34, 36	31N	11W	25.7	25.7	164.3	164.3	0.0
85750	Icebox	10/31/12	23	28N	14W	0.0	32.7	130.8	261.5	0.0
86131	Southwest Texas	10/31/14	17, 18	29N	4W	0.0	0.0	0.0	0.0	476.9
86132	Blyn Woods	10/31/12	18-20, 29, 30	29N	2W	0.0	0.0	1,606.1	1,606.1	0.0
86136	Eden View	09/30/13	17, 18	30N	7W	0.0	0.0	0.0	119.4	420.8
86137	Headwaters	09/30/13	18	30N	13W	0.0	0.0	0.0	0.0	296.7
86141	Ridges Cleanup	09/30/12	2, 11, 12	31N	13W	75.9	75.9	265.6	265.6	0.0
86783	Blowder Creek	10/31/14	4, 5, 6 31, 32	31N 32N	12W 12W	0.0	0.0	0.0	0.0	1,181.7
87180	Foothills Blowdown #3	06/30/12	29, 32, 33	30N	6W	236.1	236.1	0.0	0.0	0.0
87236	Big Boe	11/15/13	28, 29	31N	14W	0.0	506.1	0.0	0.0	0.0
87237	Big Foot	10/31/13	8, 17, 18	31N	12W	0.0	0.0	856.6	856.6	0.0
	Total					**$337.7**	**$876.4**	**$3,023.3**	**$3,273.5**	**$2,376.2**

[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 2012. 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 2012 [1/]

County	Volume (mbf)	Net Value
Clallam	10,070	$2,376,213
Clark	11,351	4,204,562
Cowlitz	1,221	377,708
Grays Harbor	768	696,524
Jefferson	0	0
King	901	113,663
Kitsap	0	0
Klickitat	2,106	508,132
Lewis	983	279,739
Mason	0	0
Pacific	4,195	428,606
Pierce	11	3,301
Skagit	10,450	3,853,259
Skamania	5,893	1,452,026
Snohomish	6,292	3,832,703
Thurston	510	46,777
Wahkiakum	0	0
Whatcom	2,521	785,123
Totals	**57,271**	**$18,958,336**

[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 2012. 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.