



Peter Goldmark
Washington State
Commissioner of Public Lands

January 22, 2009

The Honorable David Sullivan, Chair
Jefferson County Commissioners
PO Box 1220
Port Townsend, WA 98368

Subject: Projection of Income from State Forest Lands

Dear Commissioner Sullivan:

The Department of Natural Resources (DNR) manages about 13,892 acres of state forest lands (formerly known as forest board lands) that benefit Jefferson County. As the attached report shows, in calendar year 2008, these lands generated \$1.4 million and are projected to generate \$601 thousand in calendar year 2009. This represents an increase of \$440 thousand from the 2009 projection in the October 2008 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 April 2009. In the meantime, if you have questions about this report, contact John Viada, Olympic Region Manager. John can advise you of possible fluctuations in timber harvest and provide information on DNR management programs and activities in your county. John can be reached at 360.974.6131.

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 January 2009

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 1999 through calendar year 2008. 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 2009. **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 December 31, 2008 that is not currently scheduled for harvest until after December 2009.

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: 1/13/09

County	1999	2000	2001	2002	2,003	2004	2005	2006	2007	Jan-Dec 2008
Clallam	\$8,067,336	\$5,758,321	\$6,963,919	\$3,600,540	\$4,777,301	\$4,426,097	\$5,495,006	\$4,470,806	\$5,903,404	\$9,323,340
Clark	5,201,304	2,366,311	3,573,835	2,313,003	3,820,106	4,092,569	4,411,237	4,264,442	5,614,184	1,088,753
Cowlitz	3,348,777	1,212,652	1,839,302	5,001,470	2,934,808	215,329	5,345,911	2,348,848	1,599,865	1,299,756
Grays Harbor	2,028,606	2,352,472	1,862,881	3,293,823	2,107,685	1,776,300	2,667,556	700,385	1,078,365	404,882
Jefferson	1,663,170	1,649,297	518,203	1,778,453	889,650	1,631,808	3,200,661	1,075,049	762,629	1,409,138
King	3,223,396	1,143,568	1,835,851	1,976,627	2,889,619	4,388,319	995,578	425,144	3,638,003	1,836,570
Kitsap	753,902	599,418	729,223	31,508	626,030	1,109,673	759,721	218,756	400,093	798,357
Klickitat	907,813	1,306,269	1,988,025	263,951	1,207,848	112,777	1,256,702	2,307,063	4,157,236	490,525
Lewis	12,730,883	10,052,997	3,945,857	1,534,075	5,493,493	4,356,765	2,606,113	19,053,461	4,421,392	4,715,266
Mason	1,837,711	2,799,623	1,321,104	2,382,746	2,379,357	5,336,229	4,774,081	1,432,968	2,585,862	2,416,073
Pacific	6,323,846	2,771,851	4,007,787	969,916	1,875,588	2,051,170	2,939,705	2,238,753	2,621,728	963,320
Pierce	1,943,460	529,510	1,469,706	2,237,462	3,571,913	5,620,352	1,778,066	2,251,072	1,435,948	1,509,353
Skagit	11,422,067	9,194,478	5,509,637	13,209,159	8,973,769	9,620,659	12,532,120	9,021,036	10,635,736	11,723,743
Skamania	3,933,138	755,801	768,791	55,235	68,576	533,038	308,142	436,890	540,697	324,117
Snohomish	13,750,038	14,528,018	8,543,151	6,452,352	10,398,846	13,664,903	12,756,744	7,069,004	11,391,018	6,323,157
Stevens	43,894	30,236	43,769	33,815	39,619	36,945	40,922	38,002	42,239	40,587
Thurston	7,573,165	6,156,550	8,080,735	3,770,580	4,523,536	6,270,700	7,777,205	5,344,608	4,915,648	1,777,592
Wahkiakum	2,503,796	1,481,581	2,244,642	2,414,098	2,011,817	1,015,082	2,730,555	2,146,022	571,852	1,170,658
Whatcom	6,824,410	4,059,821	5,759,368	5,525,028	6,993,439	7,467,518	6,075,055	2,648,374	2,420,510	6,067,453
Totals	\$94,080,712	\$68,748,774	\$61,005,786	\$56,843,841	\$65,583,000	\$73,726,233	\$78,451,080	\$67,490,683	\$64,736,409	\$53,682,639

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	January thru June 2009		July thru December 2009	
	High	Medium	High	Medium
Clallam	\$151.7	\$897.1	\$435.2	\$435.2
Clark	52.7	84.3	2,011.1	2,122.0
Cowlitz	611.0	981.0	728.0	728.0
Grays Harbor	175.2	384.0	197.6	225.0
Jefferson	381.6	381.6	206.7	206.6
King	5.4	5.4	9.3	812.6
Kitsap	30.2	30.2	6.3	6.3
Klickitat	227.5	227.5	166.6	166.6
Lewis	735.4	1,551.0	2,242.2	2,242.2
Mason	70.6	974.2	84.9	84.9
Pacific	2,240.8	2,601.0	691.4	702.7
Pierce	0.0	228.2	748.1	748.1
Skagit	2,139.7	2,139.7	485.0	485.0
Skamania	20.4	161.7	115.9	177.7
Snohomish	3,608.6	3,608.6	1,284.2	1,284.2
Stevens	4.1	4.1	30.7	30.7
Thurston	58.5	352.2	244.5	389.8
Wahkiakum	1,244.5	1,245.0	1.7	11.5
Whatcom	391.9	391.9	700.7	700.7
Totals	\$12,149.8	\$16,248.7	\$10,390.0	\$11,559.6

^{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 [December 2008](#). 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 *Jefferson County* from State Forest Transfer and Purchase Lands by Legal Description
 (Thousands of Dollars) ^{1/}

Sale App. Number	Sale Name	Expiration Date	Legal Description			January thru June 2009		July thru December 2009		Value Under Contract after Dec-09
			Section	Township	Range	High	Medium	High	Medium	
77387	Hivis	03/31/09	26	27N	2W	281.2	281.2	0.0	0.0	0.0
81781	Toandos Pole	12/31/09	16, 21 10, 15	28N 26N	1W 1W	0.0	0.0	198.2	198.2	0.0
82072	Ten Step	06/30/10	10, 15, 21	26N	1W	84.6	84.6	0.0	0.0	0.0
Total						\$365.8	\$365.8	\$198.2	\$198.1	\$0.0

^{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 [December 2008](#). 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 2009 ^{1/}

<u>County</u>	<u>Volume (mbf)</u>	<u>Net Value</u>
Clallam	0	\$0
Clark	20,605	3,759,975
Cowlitz	1,559	213,803
Grays Harbor	14,514	975,199
Jefferson	0	0
King	63	3,963
Kitsap	0	0
Klickitat	1,909	217,687
Lewis	10,405	1,433,845
Mason	0	0
Pacific	0	0
Pierce	0	0
Skagit	16,704	2,794,859
Skamania	3,688	722,612
Snohomish	21,621	4,504,897
Thurston	10,079	1,993,619
Wahkiakum	6,048	872,826
Whatcom	2,188	1,046,469
Totals	109,381	\$18,539,756

^{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 **December 2008**. 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.