Peter Goldmark
Washington State
Commissioner of Public Lands

February 3, 2015

The Honorable John Lovick
Snohomish County Executive
3000 Rockefeller Avenue m/s 407
Everett, WA 98201

Dear County Executive Lovick:

The Washington State Department of Natural Resources (DNR) manages approximately 64,180 acres of State Forest Lands that benefit Snohomish County. These lands generated $9,252,000 in calendar year 2014 and are projected to generate $6,375,000 for all of calendar year 2015 from activities expected to occur under current contracts. This represents an increase of $1,069,000 from the 2015 projection in the October 2014 report.

Net value under contract after calendar year 2015 is estimated at $588,000. This income information does not include anticipated revenues from additional planned activities for which contracts have not been finalized. Projections of income after July 2, 2013 reflect the management fee of 25 percent, as adopted by the Board of Natural Resources on that date.

Some counties receive portions of their income from leases and fees; however, the majority of income reflected in this report is derived from timber sales. As most revenue stems from timber sales, these projections can fluctuate depending upon when timber harvests actually occur. Market conditions, contract requirements, and regulatory requirements influence timber purchasers' decisions about when 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 April 2015.

I appreciate how necessary revenue is to the success of county functions. DNR consistently strives to ensure that we realize the maximum available income from the State Forest Lands we manage on behalf of the counties. Should you have any questions regarding this information, please contact Jean Fike, Northwest Region Manager, at 360-856-3500 or at jean.fike@dnr.wa.gov.

Sincerely,

Peter Goldmark
Commissioner of Public Lands

Enclosures

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COUNTY INCOME REPORT
EXPLANATION OF TABLES
January 2015

Two categories of lands are managed by the Washington State Department of Natural Resources (DNR) specifically to benefit counties:

1. **State Forest *Transfer* Lands.** Lands acquired by counties through tax foreclosures were transferred to DNR to manage. Management fee rates are established by the Board of Natural Resources. Currently, counties receive 75 percent of the revenue from these lands.
2. **State Forest *Purchase* Lands.** State-issued bonds were used to acquire certain parcels from private owners. Typically, these forest lands had been severely logged and were in need of active management. Allocation of revenue from these lands was determined when purchase was authorized, as follows: 26.5 percent to the county in which the property is located; 50 percent to DNR for management expenses; and the remaining 23.5 percent to the State General Fund.

Nineteen counties include these types of State Forest Lands within their county boundaries.

Income from management activities on State Forest Lands is designated for allocation to several taxing districts in each county. Only a small amount is available to the county for discretionary use.

Revenue from State Forest Lands originates primarily from timber sales. These amounts vary widely as market conditions fluctuate. Smaller portions of revenue are derived from activities such as communication site leases, rights-of-way easements for utilities and roads, special forest products, special uses, and interest. Income will also vary with the number of revenue-generating activities within a given year. Variables responsible for high revenues in one year can lead to reduced income the following year.

- **Table 1** shows the annual revenue for each county from calendar year 2005 through calendar year 2014. This table illustrates the variability in total revenues from year to year.
- **Table 2** shows *projected* revenue for all 19 counties from all activities on State Forest Lands for all of calendar year 2015.
- **Table 2A** shows *projected* revenue for each timber sale on State Forest Lands *in your county* anticipated to occur for 2015 and beyond (enclosed if applicable).
- **Table 3** shows the volume and net value *under contract* as of December 31, 2014 that is *not currently scheduled for harvest until after December 2015* (enclosed if applicable).

Projections were developed by DNR region staff by contacting each timber purchaser that has rights to an upcoming sale. Purchasers were asked how much and when they planned to harvest the timber from each sale. These projected timber revenues should be considered *rough estimates only*; actual activity will depend on individual sale characteristics (species, volume, location, etc.), combined with outside market factors as determined by each purchaser.

The schedule of future timber sales from State Forest Lands 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: 1/15/2015

County	2005	2006	2007	2008	2009	2010	2011	2012	2013	Jan-Dec 2014
Clallam	5,495,006	4,470,806	5,903,404	9,323,340	4,173,346	6,229,596	5,502,033	4,738,336	5,643,329	8,487,731
Clark	4,411,237	4,264,442	5,614,184	1,088,753	1,977,893	8,793,446	4,601,597	8,528,782	7,191,261	6,388,518
Cowlitz	5,345,911	2,348,848	1,599,865	1,299,756	2,914,752	3,709,692	1,534,691	1,557,816	1,598,498	1,067,106
Grays Harbor	2,667,556	700,385	1,078,365	404,882	1,007,779	2,178,958	1,991,750	2,168,671	1,075,212	875,687
Jefferson	3,200,661	1,075,049	762,629	1,409,138	669,093	981,510	3,082,453	740,481	661,568	1,085,477
King	995,578	425,144	3,638,003	1,836,570	1,053,232	2,737,595	2,474,997	1,112,153	741,392	2,818,269
Kitsap	759,721	218,756	400,093	798,357	244,491	495,884	55,958	877,589	743,958	293,314
Klickitat	1,256,702	2,307,063	4,157,236	490,525	1,037,450	327,073	209,403	559,355	289,623	215,737
Lewis	2,606,113	19,053,461	4,421,392	4,715,266	6,738,048	6,147,429	11,076,482	3,439,911	4,280,541	8,677,045
Mason	4,774,081	1,432,968	2,585,862	2,416,073	1,500,640	3,062,868	2,616,802	2,024,430	1,337,166	3,067,093
Pacific	2,939,705	2,238,753	2,621,728	963,320	3,428,025	2,060,204	2,547,153	441,369	3,446,724	1,267,286
Pierce	1,778,066	2,251,072	1,435,948	1,509,353	742,913	1,523,600	214,159	178,426	121,558	222,815
Skagit	12,532,120	9,021,036	10,635,736	11,723,743	5,704,325	8,746,747	11,679,594	9,093,422	5,976,604	7,452,783
Skamania	308,142	436,890	540,697	324,117	253,914	1,215,005	747,982	926,532	1,367,876	2,415,852
Snohomish	12,756,744	7,069,004	11,391,018	6,323,157	10,138,226	13,132,194	13,981,341	5,682,380	11,786,058	9,251,851
Stevens	40,922	38,002	42,239	40,587	79,484	47,542	59,973	64,654	69,322	70,725
Thurston	7,777,205	5,344,608	4,915,648	1,777,592	2,625,128	7,964,904	4,200,388	1,660,728	5,017,407	2,999,025
Wahkiakum	2,730,555	2,146,022	571,852	1,170,658	1,516,340	1,820,052	1,400,872	1,956,441	1,742,003	1,631,697
Whatcom	6,075,055	2,648,374	2,420,510	6,067,453	3,569,263	2,405,630	3,543,071	4,468,281	3,763,694	2,178,129
Totals	$78,451,080	$67,490,683	$84,736,409	$53,682,639	$49,374,342	$73,579,929	$71,520,698	$50,219,757	$56,853,794	60,466,140

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)

	January thru June 2015		July thru December 2015	
County	**High**	**Medium**	**High**	**Medium**
Clallam	$1,127.1	$1,127.1	$905.4	$955.0
Clark	3,748.1	3,748.1	121.7	259.5
Cowlitz	1,611.5	2,479.3	486.2	1,180.5
Grays Harbor	330.7	436.1	652.0	683.6
Jefferson	771.2	2,345.8	481.9	1,087.5
King	37.9	326.7	12.3	717.1
Kitsap	45.2	45.2	21.4	730.2
Klickitat	46.3	46.3	81.2	81.2
Lewis	2,786.4	2,786.4	107.1	973.9
Mason	109.4	4,905.1	26.4	1,778.6
Pacific	580.6	580.6	555.2	555.2
Pierce	1.2	1.2	0.0	0.0
Skagit	2,691.5	2,691.5	364.2	946.4
Skamania	229.6	482.3	360.6	360.6
Snohomish	3,432.7	3,432.7	2,661.5	2,942.1
Stevens	11.4	11.4	57.1	57.1
Thurston	522.2	925.6	798.3	2,982.7
Wahkiakum	0.2	0.2	0.1	0.1
Whatcom	1,983.3	1,983.3	284.6	567.1
Totals	**$20,066.5**	**$28,354.9**	**$7,977.1**	**$16,858.4**

[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 2014. 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 *Snohomish 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	January thru June 2015 High	January thru June 2015 Medium	July thru December 2015 High	July thru December 2015 Medium	Value Under Contract after Dec-15
88464	Nice Marmot	09/30/16	1	28N	8E	0.0	0.0	6.8	6.8	0.0
			35, 36	29N	8E					
88956	Moosehead VDT and VRH	09/30/15	17, 18	32N	9E	611.3	611.3	0.0	0.0	0.0
88958	Shudder	09/30/15	22, 23, 27	32N	6E	207.1	207.1	0.0	0.0	0.0
89219	Sayagain	09/30/15	1, 2, 11, 12	29N	7E	346.6	346.6	0.0	0.0	0.0
89645	Over There	09/30/16	2, 3, 10, 11	28N	8E	0.0	0.0	675.5	675.5	0.0
89860	Fozzie	09/30/16	33	29N	8E	21.4	21.4	0.0	0.0	363.5
			32, 33	29N	9E					
90068	Repeater	09/30/16	12	29N	7E	355.3	355.3	883.0	883.0	0.0
			19, 20	29N	8E					
90077	7 Upp VDT & VRH	09/30/16	24	32N	7E	417.2	417.2	0.0	0.0	0.0
			10, 11, 19	32N	8E					
90079	Totter	09/30/16	24, 25	32N	6E	0.0	0.0	1,050.8	1,050.8	0.0
			30	32N	7E					
90096	Dolly Madison	09/30/16	1	32N	5E	382.0	382.0	0.0	0.0	0.0
			36	33N	5E					
90780	Squire Creek VRH & VDT	09/30/16	17	32N	9E	0.0	0.0	0.0	280.6	224.5
91139	Spot-O-Tea	09/30/16	11	29N	7E	1,020.3	1,020.3	0.0	0.0	0.0
	Total					**$3,361.3**	**$3,361.3**	**$2,616.1**	**$2,896.7**	**$588.0**

[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 2014. 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 2015 [1/]

County	Volume (mbf)	Net Value
Clallam	1,572	$179,695
Clark	644	89,275
Cowlitz	0	0
Grays Harbor	804	299,900
Jefferson	0	0
King	967	247,223
Kitsap	0	0
Klickitat	374	104,553
Lewis	2,130	721,731
Mason	1,139	210,808
Pacific	573	74,190
Pierce	0	0
Skagit	3,924	1,145,334
Skamania	0	0
Snohomish	1,804	588,022
Thurston	6,493	2,090,418
Wahkiakum	0	0
Whatcom	1,603	433,297
Totals	**22,028**	**$6,184,445**

[1/] Counties currently receive 75% of revenue from State Forest Transfer land and 26.5% of revenue from State Forest Purchase land.

Note: The sales represented here are currently under contract as of December 2014. 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.