



Peter Goldmark
Washington State
Commissioner of Public Lands

July 21, 2009

The Honorable Aaron Reardon, County Executive
Snohomish County
3000 Rockefeller Ave MS: 407
Everett, WA 98201

Subject: Projection of Income from State Forest Lands

Dear Executive Reardon:

The Department of Natural Resources (DNR) manages about 64,344 acres of state forest lands (formerly known as forest board lands) that benefit Snohomish County. As the attached report shows, in the first two quarters of calendar year 2009, these lands generated \$4.3 million and are projected to generate \$9.2 million in calendar year 2009. This represents an increase of \$4.1 million from the 2009 projection in the April 2009 report. Net value under contract for harvest in calendar year 2010 is estimated at \$4.9 million. 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 October 2009. 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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Olympia, Washington 98504-7001
(360) 902-1000



County Income Report July 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 2000 through the second quarter of calendar year 2009. 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 June 30, 2009 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: 7/21/09

County	2000	2001	2002	2,003	2004	2005	2006	2007	2008	Jan-June 2009
Clallam	\$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	\$2,132,568
Clark	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	218,440
Cowlitz	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	957,743
Grays Harbor	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	138,543
Jefferson	1,649,297	518,203	1,778,453	889,650	1,631,808	3,200,661	1,075,049	762,629	1,409,138	520,637
King	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	312,526
Kitsap	599,418	729,223	31,508	626,030	1,109,673	759,721	218,756	400,093	798,357	107,505
Klickitat	1,306,269	1,988,025	263,951	1,207,848	112,777	1,256,702	2,307,063	4,157,236	490,525	206,491
Lewis	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	2,895,903
Mason	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	719,890
Pacific	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	1,639,540
Pierce	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	562,063
Skagit	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	1,892,654
Skamania	755,801	768,791	55,235	68,576	533,038	308,142	436,890	540,697	324,117	158,287
Snohomish	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	4,280,626
Stevens	30,236	43,769	33,815	39,619	36,945	40,922	38,002	42,239	40,587	24,181
Thurston	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	1,144,400
Wahkiakum	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	901,124
Whatcom	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	1,406,542
Totals	\$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	\$20,219,663

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	July thru December 2009		Jan thru December 2010	
	High	Medium	High	Medium
Clallam	\$959.1	\$1,122.2	\$658.0	\$658.0
Clark	180.6	360.1	6,504.7	6,504.7
Cowlitz	795.2	989.7	2,019.7	2,019.7
Grays Harbor	148.3	395.5	938.6	938.6
Jefferson	157.9	157.9	23.3	23.3
King	693.0	1,101.4	113.6	113.6
Kitsap	22.9	21.4	37.6	37.6
Klickitat	496.6	496.6	80.8	162.9
Lewis	2,358.4	2,793.1	602.7	602.7
Mason	668.1	842.0	78.6	78.6
Pacific	590.3	1,749.7	26.1	832.3
Pierce	59.9	109.4	1.6	1.6
Skagit	1,707.7	2,261.9	1,318.6	1,488.1
Skamania	174.3	236.1	749.5	749.5
Snohomish	1,558.8	4,908.0	4,785.3	4,852.7
Stevens	30.7	30.7	40.9	40.9
Thurston	342.9	480.4	1,705.9	1,705.9
Wahkiakum	293.0	849.1	1,151.9	1,153.0
Whatcom	2,038.6	2,038.6	1,101.8	1,101.8
Totals	\$13,276.5	\$20,943.8	\$21,939.3	\$23,065.6

^{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 June 2009. 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			July thru December 2009		Jan thru December 2010		Value Under Contract after Dec-10
			Section	Township	Range	High	Medium	High	Medium	
75795	Daisy Jane	10/31/10	5, 6 31	26N 27N	8E 8E	0.0	1,141.7	0.0	0.0	0.0
77242	Segelson 40 PC	09/30/09	1	32N	8E	0.0	171.2	0.0	0.0	0.0
79721	Poro	09/30/09	27, 33, 34	29N	8E	109.7	109.7	0.0	0.0	0.0
80575	Tremble Hardwood	12/31/09	25, 26, 35	32N	6E	157.3	708.1	0.0	0.0	0.0
80582	Porkchop	09/30/10	19, 20, 21	29N	8E	0.0	0.0	1,797.6	1,797.6	0.0
81039	Lower Marsh	09/30/09	4, 5, 32, 33	28N	8E	237.6	1,012.0	0.0	0.0	0.0
81250	Deer Flat PC VDT	09/30/11	8, 9, 17	27N	10E	0.0	28.3	0.0	0.0	0.0
81879	Small Chip	09/30/10	4, 9, 10	29N	7E	386.4	386.4	298.8	298.8	0.0
81986	Par	09/30/10	11-14	28N	7E	0.0	0.0	854.5	854.5	0.0
82129	Worthy Adversary	09/30/12	1-4, 9-12, 15, 16	28N	8E	102.2	102.2	0.0	0.0	511.0
82605	Didgeridoo	09/30/10	3, 4 34	32N 33N	7E 7E	213.3	213.3	1,706.1	1,706.1	0.0
83233	Trailer	10/31/10	12, 13, 16, 17 7	28N 28N	8E 9E	0.0	149.9	0.0	67.4	0.0
83305	Pay Streak	09/30/10	5	28N	8E	0.0	533.0	0.0	0.0	0.0
83702	Oso Low	09/30/10	15, 22	32N	7E	318.3	318.3	0.0	0.0	0.0
Total						\$1,524.8	\$4,874.0	\$4,657.0	\$4,724.4	\$511.0

^{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 **June 2009**. 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	2,127	550,979
Cowlitz	0	0
Grays Harbor	0	0
Jefferson	0	0
King	0	0
Kitsap	0	0
Klickitat	0	0
Lewis	3,798	686,120
Mason	0	0
Pacific	3,208	762,762
Pierce	0	0
Skagit	0	0
Skamania	5,759	608,925
Snohomish	3,128	511,044
Thurston	0	0
Wahkiakum	0	0
Whatcom	0	0
Totals	18,020	\$3,119,828

^{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 **June 2009**. 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.