



Doug Sutherland
Commissioner of Public Lands

October 26, 2006

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 64,741 acres of state forest lands (formerly known as forest board lands) that benefit Snohomish County. As the attached report shows, in the first three quarters of calendar year 2006, these lands generated \$5.9 million and are projected to generate \$2.9 million in the remainder of calendar year 2006. This represents a decrease of 4.8 million from the 2006 projection in the July 2006 report. Please note that due to our agency's conversion to a new revenue financial system, actual revenues reported in the July 2006 report were erroneously overstated for most counties.

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 January 2007. 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,

Doug Sutherland
Commissioner of Public Lands

Enclosures

ac

Department of Natural Resources
1111 Washington ST SE
PO Box 47001
Olympia, Washington 98504-7001
(360) 902-1000





Doug Sutherland
Commissioner of Public Lands

MEMORANDUM

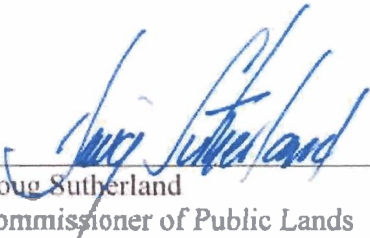
TO: Bonnie Bunning, Executive Director of Policy & Administration

FROM: Doug Sutherland, Commissioner of Public Lands

DATE: October 18, 2006

SUBJECT: Delegation of Signature Authority

During my out-of-state and in-state travel October 23 through November 1 2006, I hereby appoint you the authority to sign all documents for the Washington State Department of Natural Resources on my behalf as Commissioner of Public Lands.



Doug Sutherland
Commissioner of Public Lands

Cc: Fran McNair, Aquatics Steward
Bruce Mackey, Lands Steward
Vicki Christiansen, Executive Director of Regulatory Programs
CPL File

Department of Natural Resources
1111 Washington ST SE
PO Box 47001
Olympia, Washington 98504-7001
(360) 902-1000



County Income Report October 2006

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) come 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 1997 through the first three quarters of calendar year 2006. 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. Please note that actual revenue numbers reported last quarter were in error due to conversion to a new revenue financial system. The year-to-date totals reported in this report reflect the corrected numbers.

Revenue projections for each of the 19 counties with state forest lands were made for the remaining quarter of calendar year 2006 and calendar year 2007. **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 September 30, 2006 that is not currently scheduled for harvest until after December 2007.

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: 10/18/06

| County | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2,003 | 2004 | 2005 | Jan - Sep 2006 |
|---------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Clallam | \$10,271,598 | \$12,686,274 | \$8,067,336 | \$5,758,321 | \$6,963,919 | \$3,600,540 | \$4,777,301 | \$4,426,097 | \$5,495,006 | \$3,077,208 |
| Clark | 5,021,940 | 6,007,736 | 5,201,304 | 2,366,311 | 3,573,835 | 2,313,003 | 3,820,106 | 4,092,569 | 4,411,237 | 3,623,888 |
| Cowlitz | 3,357,206 | 3,017,014 | 3,348,777 | 1,212,652 | 1,839,302 | 5,001,470 | 2,934,808 | 215,329 | 5,345,911 | 2,019,634 |
| Grays Harbor | 4,943,351 | 1,784,346 | 2,028,606 | 2,352,472 | 1,862,881 | 3,293,823 | 2,107,685 | 1,776,300 | 2,667,556 | 609,013 |
| Jefferson | 556,130 | 1,957,760 | 1,663,170 | 1,649,297 | 518,203 | 1,778,453 | 889,650 | 1,631,808 | 3,200,661 | 1,088,243 |
| King | 2,993,582 | 2,160,183 | 3,223,396 | 1,143,568 | 1,835,851 | 1,976,627 | 2,889,619 | 4,388,319 | 995,578 | 109,594 |
| Kitsap | 3,004,528 | 406,398 | 753,902 | 599,418 | 729,223 | 31,508 | 626,030 | 1,109,673 | 759,721 | 213,521 |
| Klickitat | 15,947 | 15,094 | 907,813 | 1,306,269 | 1,988,025 | 263,951 | 1,207,848 | 112,777 | 1,256,702 | 2,185,976 |
| Lewis | 12,302,198 | 14,631,380 | 12,730,883 | 10,052,997 | 3,945,857 | 1,534,075 | 5,493,493 | 4,356,765 | 2,606,113 | 11,260,612 |
| Mason | 2,081,988 | 2,357,532 | 1,837,711 | 2,799,623 | 1,321,104 | 2,382,746 | 2,379,357 | 5,336,229 | 4,774,081 | 1,301,260 |
| Pacific | 3,194,157 | 2,296,047 | 6,323,846 | 2,771,851 | 4,007,787 | 969,916 | 1,875,588 | 2,051,170 | 2,939,705 | 1,346,203 |
| Pierce | 1,871,447 | 607,701 | 1,943,460 | 529,510 | 1,469,706 | 2,237,462 | 3,571,913 | 5,620,352 | 1,778,066 | 1,492,977 |
| Skagit | 11,372,252 | 9,187,203 | 11,422,067 | 9,194,478 | 5,509,637 | 13,209,159 | 8,973,769 | 9,620,659 | 12,532,120 | 6,735,052 |
| Skamania | 788,119 | 2,385,689 | 3,933,138 | 755,801 | 768,791 | 55,235 | 68,576 | 533,038 | 308,142 | 346,515 |
| Snohomish | 16,030,098 | 3,427,872 | 13,750,038 | 14,528,018 | 8,543,151 | 6,452,352 | 10,398,846 | 13,664,903 | 12,756,744 | 5,740,265 |
| Stevens | 31,821 | 36,075 | 43,894 | 30,236 | 43,769 | 33,815 | 39,619 | 36,945 | 40,922 | 36,543 |
| Thurston | 11,252,520 | 8,127,942 | 7,573,165 | 6,156,550 | 8,080,735 | 3,770,580 | 4,523,536 | 6,270,700 | 7,777,205 | 3,849,800 |
| Wahkiakum | 5,461,307 | 1,164,313 | 2,503,796 | 1,481,581 | 2,244,642 | 2,414,098 | 2,011,817 | 1,015,082 | 2,730,555 | 1,247,034 |
| Whatcom | 8,671,921 | 5,078,947 | 6,824,410 | 4,059,821 | 5,759,368 | 5,525,028 | 6,993,439 | 7,467,518 | 6,075,055 | 2,640,524 |
| Totals | \$103,222,110 | \$77,335,506 | \$94,080,712 | \$68,748,774 | \$61,005,786 | \$56,843,841 | \$65,583,000 | \$73,726,233 | \$78,451,080 | \$48,923,862 |

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 | October thru December 2006 | | January thru December 2007 | |
|---------------|-----------------------------------|-------------------|-----------------------------------|-------------------|
| | High | Medium | High | Medium |
| Clallam | \$1,276.5 | \$2,310.3 | \$269.6 | \$2,555.8 |
| Clark | 1,206.0 | 1,206.0 | 2,597.6 | 2,597.6 |
| Cowlitz | 456.5 | 456.5 | 1,736.4 | 1,736.4 |
| Grays Harbor | 162.7 | 162.7 | 36.5 | 224.8 |
| Jefferson | 881.7 | 881.7 | 19.5 | 19.5 |
| King | 17.0 | 286.4 | 16.5 | 1,046.8 |
| Kitsap | 188.5 | 268.3 | 20.2 | 285.6 |
| Klickitat | 396.1 | 396.1 | 1,076.4 | 1,076.4 |
| Lewis | 2,001.2 | 2,001.2 | 3,429.7 | 3,429.7 |
| Mason | 6.7 | 126.7 | 85.5 | 109.6 |
| Pacific | 1,077.6 | 1,077.6 | 1,801.1 | 2,119.8 |
| Pierce | 0.0 | 1,196.5 | 419.7 | 442.0 |
| Skagit | 5,144.6 | 5,144.6 | 3,802.2 | 3,802.2 |
| Skamania | 493.8 | 493.8 | 408.1 | 408.1 |
| Snohomish | 2,423.8 | 2,423.8 | 2,861.6 | 2,861.6 |
| Stevens | 5.3 | 5.3 | 28.9 | 28.9 |
| Thurston | 1,041.5 | 1,041.5 | 2,072.5 | 2,072.5 |
| Wahkiakum | 1,141.4 | 1,141.4 | 99.0 | 99.0 |
| Whatcom | 863.8 | 863.8 | 593.3 | 593.3 |
| Totals | \$18,784.7 | \$21,484.1 | \$21,374.2 | \$25,509.3 |

^{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.

Notes: Projected revenues include estimated revenues from non-timber activities. Projected timber revenues are based on timber purchaser's logging plans as of **September 2006**. 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 | | | October thru December 2006 | | January thru December 2007 | | Value Under Contract after Dec-07 |
|------------------|----------------|-----------------|-------------------|------------|----------|----------------------------|------------------|----------------------------|------------------|-----------------------------------|
| | | | Section | Township | Range | High | Medium | High | Medium | |
| 74794 | Final Report | 11/05/06 | 7,18 12 | 29N 29N | 8E 7E | 13.1 | 13.1 | 0.0 | 0.0 | 0.0 |
| 76315 | Trans Siberia | 03/01/08 | 14, 23 | 31N | 6E | 156.0 | 156.0 | 1,248.1 | 1,248.1 | 0.0 |
| 76829 | Stimson Slopes | 09/30/07 | 5, 6 | 32N | 6E | 32.8 | 32.8 | 0.0 | 0.0 | 0.0 |
| 76846 | Sisu | 09/30/07 | 27, 34, 35 | 29N | 8E | 87.4 | 87.4 | 16.3 | 16.3 | 0.0 |
| 77243 | Salish View | 09/30/07 | 8, 9, 16, 17 | 32N | 6E | 58.0 | 58.0 | 0.0 | 0.0 | 0.0 |
| 77260 | Vacillate | 09/30/07 | 23,25,27,28,33,34 | 32N | 6E | 435.7 | 435.7 | 0.0 | 0.0 | 0.0 |
| 77502 | Corner Bear | 09/30/07 | 1, 12 | 31N | 6E | 300.6 | 300.6 | 596.6 | 596.6 | 0.0 |
| 77584 | Teddy R | 09/30/07 | 1,2 35, 36 | 32N 33N | 5E 5E | 783.5 | 783.5 | 99.8 | 99.8 | 0.0 |
| 77585 | Potbelly | 09/30/07 | 15,16,21,22 | 29N | 8E | 163.9 | 163.9 | 42.2 | 42.2 | 0.0 |
| 77644 | Stimson Toes | 09/30/07 | 4, 8 | 32N | 6E | 392.2 | 392.2 | 770.1 | 770.1 | 0.0 |
| Total | | | | | | \$2,423.2 | \$2,423.2 | \$2,773.1 | \$2,773.1 | \$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 [September 2006](#). 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 2007 ^{1/}

| <u>County</u> | <u>Volume (mbf)</u> | <u>Net Value</u> |
|---------------|---------------------|------------------|
| Clallam | 0 | \$0 |
| Clark | 0 | 0 |
| Cowlitz | 0 | 0 |
| Grays Harbor | 0 | 0 |
| Jefferson | 0 | 0 |
| King | 3,219 | 960,938 |
| Kitsap | 0 | 0 |
| Klickitat | 0 | 0 |
| Lewis | 0 | 0 |
| Mason | 0 | 0 |
| Pacific | 0 | 0 |
| Pierce | 0 | 0 |
| Skagit | 86 | 20,492 |
| Skamania | 0 | 0 |
| Snohomish | 0 | 0 |
| Thurston | 0 | 0 |
| Wahkiakum | 0 | 0 |
| Whatcom | 0 | 0 |
| Totals | 3,305 | \$981,430 |

^{1/} Normally, counties receive 78 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 [September 2006](#). 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.