Western Washington
Sustainable Harvest Calculation

For forested State Trust Lands
A Report to the
Board of Natural Resources

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May 2014
Sustainable Harvest Topics

• February and March
  – Reviewed RCW’s, Policy
  – 2004 and 2007 calculations
  – Review of past decade performance
  – Arrearage

• This Month
  – What is the Arrearage?

• June
  – Key Modeling Assumptions

• For Future Meetings
  – Arrearage options (action item)
  – Modeling assumptions (action item)
  – Sustainable Harvest Volume (action item)
Arrearage

Arrearage – RCW 79.10

The summation of the annual sustainable harvest timber volume, less the sum of state timber sales contract default volume and the state timber sales volume deficit.

If an arrearage exists, then the Department will:

- Conduct an analysis
- Identify the greatest return to the trusts
- Offer for sale the arrearage in addition to the sustainable harvest level, if in the best interests of the trusts
Timber Volume Sold
FY05-FY13 Sold Sales + Projected Sustainable Harvest Targets to End of Planning Decade

Harvest volume (MMBF)

Fiscal Year

W.WA Sold  W.WA Planned for the rest of the decade  2007 SHC Planned W.WA
In Numbers

• Western Washington FY 2005-2014
  – Sustainable harvest = 5,500 MMBF
  – Sold Volume* = 5,046 MMBF

  – Arrearage:
    5,500 − 5,046 = 454 MMBF

* Includes an estimate for planned sales in FY 2014
Policy for Sustainable Forests

Sustainable Harvest Units

20 Sustainable Harvest Units
- OESF
- Capitol
- 17 Counties
- 1 Westside unit
Sustainable Harvest Unit Performance FY 2005-2014

Under target = 736 MMBF
Details of the Shortfall

1. Arrearage - RCW 79.10.330
   - \( SHC - Sold\ Volume = Arrearage \)
   - \( 5,500 - 5,046 = 454 \) MMBF

2. Shortfall per Policy of Sustainable Forests
   - For each Sustainable Harvest unit (SHU), calculate if a shortfall exists, then sum the SHUs that under the target volume
   - \( 4,265 - 3,529 = 736 \) MMBF
Arrearage Analysis Options

1. Consider “virtual harvest” of land/timber transactions and offer the remainder in the next 5 years
2. Sell the arrearage in the next decade
3. Keep the arrearage in the inventory
Land Transactions

• Over time, transactions result in disposal of mature forests and acquisition of young forests
### Land Transactions FY 2005 - 2014

<table>
<thead>
<tr>
<th>All Transactions</th>
<th>Acquired</th>
<th>Disposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land (acres)</td>
<td>69,225</td>
<td>57,426</td>
</tr>
<tr>
<td>Timber Volume (MMBF)</td>
<td>165</td>
<td>800</td>
</tr>
<tr>
<td>Timber Value ($ millions)</td>
<td>$28</td>
<td>$195</td>
</tr>
</tbody>
</table>

Trust Land Transfer represented - 82% of the disposed timber volume
Trust Land Transfer (TLT)

- In the 2004 Sustainable Harvest Calculation, some trust lands were placed in a harvest deferral status in anticipation of transferring them.

<table>
<thead>
<tr>
<th></th>
<th>TLT Acres</th>
<th>TLT Timber Volume (MMBF)</th>
<th>TLT Timber Value ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred</td>
<td>17,854</td>
<td>353</td>
<td>$90</td>
</tr>
<tr>
<td>Not Deferred</td>
<td>15,822</td>
<td>302</td>
<td>$81</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>33,676</strong></td>
<td><strong>656</strong></td>
<td><strong>$171</strong></td>
</tr>
</tbody>
</table>
Reconveyances

• Lake Whatcom
  – Approximately 8,800 acres of State Forest Transfer land was reconveyed
  – This removed 145 MMBF of operable timber
Arrearage Analysis Options

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Timeline for Decisions

• June
  – Key Modeling Assumptions

• For Future Meetings
  – Arrearage options (action item)
  – Modeling assumptions (action item)
  – Sustainable Harvest Volume (action item)