



HILARY S. FRANZ
COMMISSIONER OF PUBLIC LANDS

October 25, 2019

The Honorable Kate Dean, Chair
Jefferson County Board of Commissioners
P.O. Box 1220
Port Townsend, WA 98368

Dear Commissioner Dean:

The Washington State Department of Natural Resources (DNR) manages approximately 14,705 acres of State Forest Transfer and Purchase Lands that benefit Jefferson County. These lands generated \$1,274,000 in the first three quarters of calendar year 2019. Net value under contract for calendar year 2019 is estimated at \$2,058,000 from activities expected to occur under current contracts.

The income information in this report does not include anticipated revenues from additional planned activities (contracts harvests, leases, easements, etc.) for which contracts have not been finalized. These income estimates are net after the current agency management cost percentage has been applied.

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 occur. Market conditions, weather, contract requirements, and regulatory requirements influence timber purchasers' decisions about when to harvest.

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 Transfer and Purchase Lands. Should you have any questions regarding this information, please contact Mona Griswold, Olympic Region Manager, at 360-374-2800 or at mona.griswold@dnr.wa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Hilary Franz", written over a large, stylized flourish.

Hilary S. Franz
Commissioner of Public Lands

Enclosures

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COUNTY INCOME REPORT
EXPLANATION OF TABLES
October 2019

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 2009 through the third quarter of calendar year 2019. 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 calendar year 2019.
- **Table 2A** shows *projected* revenue for each timber sale on State Forest Lands *in your county* anticipated to occur for 2019 and beyond (enclosed if applicable).
- **Table 3** shows the volume and net value *under contract* as of September 30, 2019 that is *not currently scheduled for harvest until after December 2020* (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: 10/10/2019

County	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 Jan-Sept
Clallam	6,229,596	5,502,033	4,738,336	5,643,329	8,487,731	3,376,506	7,938,764	6,543,420	2,987,754	4,922,325
Clark	8,793,446	4,601,597	8,528,782	7,191,261	6,388,518	5,846,269	4,791,957	5,192,493	1,486,670	851,751
Cowlitz	3,709,692	1,534,691	1,557,816	1,598,498	1,067,106	4,025,043	1,358,909	1,358,770	1,417,984	23,061
Grays Harbor	2,178,958	1,991,750	2,168,671	1,075,212	875,687	1,245,311	2,838,170	1,881,541	1,151,469	932,669
Jefferson	981,510	3,082,453	740,481	661,568	1,085,477	2,906,961	1,603,428	1,085,544	2,573,648	1,273,523
King	2,737,595	2,474,997	1,112,153	741,392	2,818,269	952,755	2,397,790	905,021	1,245,122	2,213,313
Kitsap	495,884	55,958	877,589	743,958	293,314	851,397	824,969	1,130,540	556,973	1,547,836
Klickitat	327,073	209,403	559,355	289,623	215,737	352,380	26,797	25,551	10,947	1,396
Lewis	6,147,429	11,076,482	3,439,911	4,280,541	8,677,045	4,053,711	5,416,025	5,411,157	7,666,065	8,154,195
Mason	3,062,868	2,616,802	2,024,430	1,337,166	3,067,093	8,005,336	3,621,960	2,810,189	6,970,807	3,923,773
Pacific	2,060,204	2,547,153	441,369	3,446,724	1,267,286	1,227,526	2,653,344	1,387,737	3,505,380	2,570,410
Pierce	1,523,600	214,159	178,426	121,558	222,815	32,691	335,489	437,463	1,307,281	767,430
Skagit	8,746,747	11,679,594	9,093,422	5,976,604	7,452,783	7,425,535	8,592,232	14,533,379	15,534,103	8,274,196
Skamania	1,215,005	747,982	926,532	1,367,876	2,415,852	1,234,445	2,131,536	1,566,271	2,930,483	3,019,924
Snohomish	13,132,194	13,981,341	5,682,380	11,786,058	9,251,851	7,256,233	5,652,325	7,678,567	6,178,109	5,343,471
Stevens	47,542	59,973	64,654	69,322	70,725	63,533	94,918	90,768	110,709	94,895
Thurston	7,964,904	4,200,388	1,660,728	5,017,407	2,999,025	4,368,240	8,747,144	2,947,101	3,065,897	5,357,686
Wahkiakum	1,820,052	1,400,872	1,956,441	1,742,003	1,631,697	802,706	2,026,441	1,443,199	3,146,937	1,537,591
Whatcom	2,405,630	3,543,071	4,468,281	3,763,694	2,178,129	4,022,292	2,061,161	1,481,660	3,077,070	2,648,061
Totals	\$73,579,929	\$71,520,698	\$50,219,757	\$56,853,794	\$60,466,140	\$58,048,870	\$ 63,113,359	\$ 57,910,371	\$ 64,923,408	\$53,457,506

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 2019		January thru December 2020	
	High	Medium	High	Medium
Clallam	\$1,026.3	\$1,366.8	\$2,806.5	\$3,487.5
Clark	620.5	795.4	1,130.5	2,704.4
Cowlitz	38.7	38.7	162.1	179.8
Grays Harbor	200.9	612.7	1,772.3	2,247.3
Jefferson	784.4	784.4	969.8	969.8
King	211.9	211.9	71.3	4,751.1
Kitsap	17.7	17.7	41.1	41.1
Klickitat	7.7	7.7	8.8	8.8
Lewis	2,285.4	2,292.6	6,593.3	8,576.9
Mason	780.2	780.2	1,617.3	1,617.3
Pacific	959.0	959.0	1,157.5	1,157.5
Pierce	0.0	0.0	4.0	4.0
Skagit	816.2	1,270.2	3,800.7	5,319.8
Skamania	14.7	14.7	20.8	20.8
Snohomish	641.2	1,049.2	2,793.3	7,021.2
Stevens	11.2	11.2	87.6	87.6
Thurston	716.7	716.7	3,737.9	7,271.3
Wahkiakum	0.2	0.2	1.9	1.9
Whatcom	1,421.6	1,421.6	79.6	1,114.0
Totals	\$10,554.5	\$12,350.9	\$26,856.3	\$46,581.9

^{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 [September 2019](#). 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			October thru December 2019		January thru December 2020		Value Under Contract after Dec-20
			Section	Township	Range	High	Medium	High	Medium	
93097	Center 16 Thinning	10/31/20	28, 29, 33 16, 21, 34 2, 11, 35 16	28N 28N 28N 29N	1E 1W 2W 1W	3.8	3.8	2.0	2.0	0.0
			5, 7, 8-11, 14, 15, 19, 20 14	29N 29N	2W 3W					
95343	Lofty	10/31/21	11 25, 26, 27	26N 27N	2W 2W	780.6	780.6	954.0	954.0	0.0
96664	Penny Alderwood	10/31/21	4, 22 33, 34, 36	27N 28N	2W 2W	0.0	0.0	0.0	0.0	269.0
Total						\$784.4	\$784.4	\$956.0	\$956.0	\$269.0

^{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 2019**. 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 2020 ^{1/}

<u>County</u>	<u>Volume (mbf)</u>	<u>Net Value</u>
Clallam	3,975	\$382,536
Clark		0
Cowlitz		0
Grays Harbor		0
Jefferson	1,120	269,026
King	1,127	406,526
Kitsap		0
Klickitat	515	165,773
Lewis	34	7,175
Mason		0
Pacific		0
Pierce		0
Skagit	4,410	916,312
Skamania	3,809	286,952
Snohomish	7,031	1,787,528
Thurston	1,808	622,604
Wahkiakum		0
Whatcom		0
Totals	23,829	\$4,844,432

^{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 **September 2019**. 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.