Peter Goldmark
Washington State
Commissioner of Public Lands

October 10, 2012

The Honorable Ray Thayer, Chair
Klickitat County Board of Commissioners
205 S Columbus MS: CH-4
Goldendale, WA 98620

Dear Commissioner Thayer:

The Washington State Department of Natural Resources (DNR) manages approximately 20,445 acres of State Forest Lands (formerly known as Forest Board Lands) that benefit Klickitat County. These lands generated $432 thousand in the first three quarters of calendar year 2012, and are projected to generate $657 thousand in calendar year 2012 from activities expected to occur under current contracts. (See enclosed report.) This represents an increase of $49 thousand from the 2012 projection in the July 2012 report. Net value under contract for harvest after calendar year 2012 is estimated at $250 thousand. This income information does not include anticipated revenues from additional planned activities for which contracts have not been finalized.

Income projections reflect a reduced management fee of 21 percent, (a decrease of 2 percent) per Resolution No. 1368 as approved and adopted by the Board of Natural Resources on October 10, 2011.

The majority of income contained in this report is derived from timber sales. Market conditions, contract requirements, and regulatory requirements influence when timber purchasers choose 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 late January 2013. Should you have any questions in the meantime, please contact Todd Welker, Southeast Region Manager, at 509-925-8510 or at todd.welker@dnr.wa.gov. Todd can advise you of possible fluctuations in timber harvest and provide information about DNR management programs and activities in your county.

Sincerely,

Peter Goldmark
Commissioner of Public Lands

Enclosure

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

County Income Report
October 2012

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 2003 through the third quarter of calendar year 2012. 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 2012. **Table 2** provides an estimate of projected revenue from all activities on state forest lands. **Table 2A** presents projected revenue for each timber sale on state forest lands.

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: 10/9/12

County	2003	2004	2005	2006	2007	2008	2009	2010	2011	Jan-Sept 2012
Clallam	$4,777,301	$4,426,097	$5,495,006	$4,470,806	$5,903,404	$9,323,340	$4,173,346	$6,229,596	5,502,033	**2,530,970**
Clark	$3,820,106	$4,092,569	$4,411,237	$4,264,442	$5,614,184	$1,088,753	$1,977,893	$8,793,446	4,601,597	**7,197,814**
Cowlitz	2,934,808	215,329	5,345,911	2,348,848	1,599,865	1,299,756	2,914,752	3,709,692	1,534,691	**955,672**
Grays Harbor	2,107,685	1,776,300	2,667,556	700,385	1,078,365	404,882	1,007,779	2,178,958	1,991,750	**1,997,533**
Jefferson	889,650	1,631,808	3,200,661	1,075,049	762,629	1,409,138	669,093	981,510	3,082,453	**691,178**
King	2,889,619	4,388,319	995,578	425,144	3,638,003	1,836,570	1,053,232	2,737,595	2,474,997	**752,828**
Kitsap	626,030	1,109,673	759,721	218,756	400,093	798,357	244,491	495,884	55,958	**861,579**
Klickitat	1,207,848	112,777	1,256,702	2,307,063	4,157,236	490,525	1,037,450	327,073	209,403	**431,895**
Lewis	5,493,493	4,356,765	2,606,113	19,053,461	4,421,392	4,715,266	6,738,048	6,147,429	11,076,482	**3,121,656**
Mason	2,379,357	5,336,229	4,774,081	1,432,968	2,585,862	2,416,073	1,500,640	3,062,868	2,616,802	**1,265,100**
Pacific	1,875,588	2,051,170	2,939,705	2,238,753	2,621,728	963,320	3,428,025	2,060,204	2,547,153	**426,916**
Pierce	3,571,913	5,620,352	1,778,066	2,251,072	1,435,948	1,509,353	742,913	1,523,600	214,159	**117,263**
Skagit	8,973,769	9,620,659	12,532,120	9,021,036	10,635,736	11,723,743	5,704,325	8,746,747	11,679,594	**6,788,323**
Skamania	68,576	533,038	308,142	436,890	540,697	324,117	253,914	1,215,005	747,982	**180,451**
Snohomish	10,398,846	13,664,903	12,756,744	7,069,004	11,391,018	6,323,157	10,138,226	13,132,194	13,981,341	**5,255,775**
Stevens	39,619	36,945	40,922	38,002	42,239	40,587	79,484	47,542	59,973	**62,337**
Thurston	4,523,536	6,270,700	7,777,205	5,344,608	4,915,648	1,777,592	2,625,128	7,964,904	4,200,388	**1,602,118**
Wahkiakum	2,011,817	1,015,082	2,730,555	2,146,022	571,852	1,170,658	1,516,340	1,820,052	1,400,872	**1,811,114**
Whatcom	6,993,439	7,467,518	6,075,055	2,648,374	2,420,510	6,067,453	3,569,263	2,405,630	3,543,071	**4,315,774**
Totals	$65,583,000	$73,726,233	$78,451,080	$67,490,683	$64,736,409	$53,682,639	$49,374,342	$73,579,929	$71,520,698	$40,366,296

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 2012		January thru December 2013	
	High	Medium	High	Medium
Clallam	$3,752.1	$3,752.1	$1,607.9	$1,713.9
Clark	2,370.1	2,436.9	1,628.2	3,319.8
Cowlitz	982.7	982.7	747.6	1,133.9
Grays Harbor	352.6	815.2	843.9	989.0
Jefferson	3.4	3.4	123.7	123.7
King	12.5	296.0	528.2	528.2
Kitsap	14.8	169.2	316.6	316.6
Klickitat	225.3	225.3	249.6	249.6
Lewis	1,174.4	1,174.4	826.4	1,708.2
Mason	560.1	560.1	143.0	143.0
Pacific	0.3	53.2	11.8	387.5
Pierce	5.7	220.0	1.8	1.8
Skagit	3,014.9	3,014.9	3,411.7	3,411.7
Skamania	411.3	395.8	109.8	663.3
Snohomish	3.6	4,369.4	4,589.9	4,589.9
Stevens	6.5	6.5	61.8	61.8
Thurston	42.5	42.5	194.8	355.8
Wahkiakum	0.0	0.0	3.6	3.6
Whatcom	81.7	81.7	2,992.7	2,992.7
Totals	**$13,014.4**	**$18,599.2**	**$18,392.9**	**$22,694.0**

[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.**

Note: Projected revenues are based on timber purchaser's logging plans as of September 2012. 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 *Klickitat 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	October thru December 2012 High	Medium	January thru December 2013 High	Medium	Value Under Contract after Dec-13
87144	Snyder	10/31/13	2	4N	12E	165.7	165.7	0.0	0.0	0.0
87386	Supernova	10/31/13	11, 14	5N	10E	0.0	0.0	233.6	233.6	0.0
88798	Down Wind	12/30/12	31	4N	10E	53.7	53.7	0.0	0.0	0.0
	Total					**$219.4**	**$219.4**	**$233.6**	**$233.6**	**$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 2012. 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.