Peter Goldmark
Washington State
Commissioner of Public Lands

January 30, 2012

The Honorable Kenneth Dahlstedt, Chair
Skagit County Board of Commissioners
1800 Continental Place, Suite 100
Mount Vernon, WA 98273

Dear Commissioner Dahlstedt:

The Washington State Department of Natural Resources (DNR) manages approximately 82,667 acres of State Forest Lands (formerly known as Forest Board Lands) that benefit Skagit County. These lands generated $11.7 million in calendar year 2011, and are projected to generate $6.9 million in calendar year 2012 from activities expected to occur under current contracts. (See enclosed report.) This represents an increase of $4.9 million from the 2012 projection in the October 2011 report. Net value under contract for harvest after calendar year 2012 is estimated at $2.3 million. 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 April 2012. Should you have any questions in the meantime, please contact Ben Cleveland, Northwest Region Manager, at 360-856-3500 or at ben.cleveland@dnr.wa.gov. Ben 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
January 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 2002 through calendar year 2011. 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.

Table 3 presents the volume and net value under contract as of December 31, 2011 that is not currently scheduled for harvest until after December 2012.

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: 1/25/12

County	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Clallam	$3,600,540	$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**
Clark	$2,313,003	$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**
Cowlitz	5,001,470	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**
Grays Harbor	3,293,823	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**
Jefferson	1,778,453	889,650	1,631,808	3,200,661	1,075,049	762,629	1,409,138	669,093	981,510	**3,082,453**
King	1,976,627	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**
Kitsap	31,508	626,030	1,109,673	759,721	218,756	400,093	798,357	244,491	495,884	**55,958**
Klickitat	263,951	1,207,848	112,777	1,256,702	2,307,063	4,157,236	490,525	1,037,450	327,073	**209,403**
Lewis	1,534,075	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**
Mason	2,382,746	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**
Pacific	969,916	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**
Pierce	2,237,462	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**
Skagit	13,209,159	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**
Skamania	55,235	68,576	533,038	308,142	436,890	540,697	324,117	253,914	1,215,005	**747,982**
Snohomish	6,452,352	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**
Stevens	33,815	39,619	36,945	40,922	38,002	42,239	40,587	79,484	47,542	**59,973**
Thurston	3,770,580	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**
Wahkiakum	2,414,098	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**
Whatcom	5,525,028	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**
Totals	$56,843,841	$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

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)

	January thru June 2012		July thru December 2012	
County	**High**	**Medium**	**High**	**Medium**
Clallam	$697.4	$1,026.1	$2,442.7	$2,442.7
Clark	1,763.5	2,736.7	1,628.2	2,635.0
Cowlitz	60.0	616.2	17.5	737.9
Grays Harbor	243.0	785.1	412.0	616.5
Jefferson	279.0	279.0	520.0	520.0
King	486.3	745.4	12.7	531.0
Kitsap	32.0	386.9	21.2	21.2
Klickitat	147.4	147.4	284.1	284.1
Lewis	751.3	2,136.0	4.5	4.5
Mason	89.6	823.2	53.4	356.6
Pacific	510.2	837.0	125.2	125.2
Pierce	0.0	40.0	18.2	18.2
Skagit	4,135.5	4,512.9	1,470.4	2,418.1
Skamania	20.1	77.9	26.0	54.7
Snohomish	103.7	173.9	200.7	200.7
Stevens	9.1	9.1	53.1	53.1
Thurston	931.4	1,028.9	235.9	235.9
Wahkiakum	6.6	6.6	1.1	1.1
Whatcom	2,981.8	2,981.8	923.8	923.8
Totals	**$13,248.0**	**$19,350.2**	**$8,450.8**	**$12,180.4**

[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 December 2011. 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.

1/25/2012

Table 2A. Projected Timber Harvest Revenues to *Skagit 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	January thru June 2012 High	January thru June 2012 Medium	July thru December 2012 High	July thru December 2012 Medium	Value Under Contract after Dec-12
85089	Vaduz VDT & VRH	09/30/13	10, 22, 26-29	33N	10E	142.8	142.8	0.0	0.0	0.0
85186	Zonker	09/30/12	21, 25-28, 36	36N	6E	946.9	946.9	758.2	758.2	0.0
			30, 31	36N	7E					
85570	Walk N Talk	09/30/13	9, 10	33N	5E	0.0	0.0	0.0	0.0	1,442.4
85596	Tippecanoe	09/30/13	25, 26, 35, 36	33N	5E	152.5	152.5	0.0	0.0	0.0
85657	Neptune	09/30/12	6	35N	7E	0.0	281.4	0.0	228.0	0.0
			11	36N	5E					
			16	36N	6E					
86098	Wallace Highliner	09/30/13	20, 29, 33, 34	33N	6E	531.9	531.9	428.3	428.3	0.0
86721	Hundred Days	09/30/13	25, 26, 35	33N	5E	0.0	0.0	0.0	0.0	829.8
86797	Cassiopiea VRH & VDT	09/30/12	2, 3	35N	6E	321.6	321.6	258.9	258.9	0.0
			6, 7	36N	6E					
86823	Vibrato	09/30/13	4, 5	32N	7E	751.2	751.2	0.0	0.0	0.0
			32, 33	33N	7E					
86999	Roaming Roe	09/30/13	14, 15	33N	5E	0.0	96.0	0.0	719.7	50.4
87111	8 Plus Plate	09/30/13	33, 34, 35	33N	6E	1,263.0	1,263.0	0.0	0.0	0.0
	Total					**$4,110.0**	**$4,487.4**	**$1,445.4**	**$2,393.1**	**$2,322.6**

[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.
Values are cumulative from high to medium probability.

Note: Projected revenues are based on timber purchaser's logging plans as of December 2011. 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 2012 [1/]

County	Volume (mbf)	Net Value
Clallam	9,439	$1,878,750
Clark	12,249	3,311,827
Cowlitz	4,039	1,265,677
Grays Harbor	0	0
Jefferson	0	0
King	1,641	347,248
Kitsap	0	0
Klickitat	726	233,585
Lewis	2,075	656,207
Mason	0	0
Pacific	0	0
Pierce	0	0
Skagit	5,836	2,322,646
Skamania	5,924	1,449,785
Snohomish	6,446	2,576,466
Thurston	1,479	331,530
Wahkiakum	0	0
Whatcom	0	0
Totals	**49,853**	**$14,373,722**

[1/] Counties currently receive 79 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 December 2011. 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.