



DEPARTMENT OF  
NATURAL RESOURCES

OFFICE OF THE COMMISSIONER  
OF PUBLIC LANDS  
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OLYMPIA, WA 98504

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January 24, 2017

The Honorable Ron Wesen, Chair  
Skagit County Commissioners  
1800 Continental Place, Suite 100  
Mount Vernon, WA 98273

Dear Commissioner Wesen:

The Washington State Department of Natural Resources (DNR) manages approximately 84,758 acres of State Forest Transfer and Purchase Lands that benefit Skagit County. These lands generated \$8,592,000 in the calendar year 2016 and are projected to generate \$9,953,000 for calendar year 2017 from activities expected to occur under current contracts. This represents an increase of \$1,635,000 from the 2017 projection in the October 2016 report.

Net value under contract after calendar year 2017 is estimated at \$2,662,000. This income information does not include anticipated revenues from additional planned activities for which contracts have not been finalized. Projections of income after July 2, 2013 reflect the management fee of 25 percent, as adopted by the Board of Natural Resources on that date.

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 actually occur. Market conditions, contract requirements, and regulatory requirements influence timber purchasers' decisions about when 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 April 2017.

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 we manage on behalf of the counties. Should you have any questions regarding this information, please contact Jean Fike, Northwest Region Manager, at 360-856-3500 or at [jean.fike@dnr.wa.gov](mailto:jean.fike@dnr.wa.gov).

Sincerely,

A handwritten signature in blue ink that reads "Hilary S. Franz". The signature is written in a cursive, flowing style.

Hilary S. Franz  
Commissioner of Public Lands

Enclosures

COUNTY INCOME REPORT  
EXPLANATION OF TABLES  
January 2017

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 2007 through calendar year 2016. 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 2017.
- **Table 2A** shows *projected* revenue for each timber sale on State Forest Lands *in your county* anticipated to occur for 2017 and beyond (enclosed if applicable).
- **Table 3** shows the volume and net value *under contract* as of December 31, 2017 that is *not currently scheduled for harvest until after December 2017* (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: 1/11/2017

County	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Clallam	5,903,404	9,323,340	4,173,346	6,229,596	5,502,033	4,738,336	5,643,329	8,487,731	3,367,255	7,938,764
Clark	5,614,184	1,088,753	1,977,893	8,793,446	4,601,597	8,528,782	7,191,261	6,388,518	5,843,215	4,791,957
Cowlitz	1,599,865	1,299,756	2,914,752	3,709,692	1,534,691	1,557,816	1,598,498	1,067,106	4,025,043	1,358,909
Grays Harbor	1,078,365	404,882	1,007,779	2,178,958	1,991,750	2,168,671	1,075,212	875,687	1,237,018	2,838,170
Jefferson	762,629	1,409,138	669,093	981,510	3,082,453	740,481	661,568	1,085,477	2,873,748	1,603,428
King	3,638,003	1,836,570	1,053,232	2,737,595	2,474,997	1,112,153	741,392	2,818,269	719,497	2,397,790
Kitsap	400,093	798,357	244,491	495,884	55,958	877,589	743,958	293,314	851,397	824,969
Klickitat	4,157,236	490,525	1,037,450	327,073	209,403	559,355	289,623	215,737	352,380	26,797
Lewis	4,421,392	4,715,266	6,738,048	6,147,429	11,076,482	3,439,911	4,280,541	8,677,045	3,864,910	5,416,025
Mason	2,585,862	2,416,073	1,500,640	3,062,868	2,616,802	2,024,430	1,337,166	3,067,093	8,005,336	3,621,960
Pacific	2,621,728	963,320	3,428,025	2,060,204	2,547,153	441,369	3,446,724	1,267,286	1,227,526	2,653,344
Pierce	1,435,948	1,509,353	742,913	1,523,600	214,159	178,426	121,558	222,815	32,691	335,489
Skagit	10,635,736	11,723,743	5,704,325	8,746,747	11,679,594	9,093,422	5,976,604	7,452,783	7,366,574	8,592,232
Skamania	540,697	324,117	253,914	1,215,005	747,982	926,532	1,367,876	2,415,852	1,028,598	2,131,536
Snohomish	11,391,018	6,323,157	10,138,226	13,132,194	13,981,341	5,682,380	11,786,058	9,251,851	7,184,736	5,652,325
Stevens	42,239	40,587	79,484	47,542	59,973	64,654	69,322	70,725	63,533	94,918
Thurston	4,915,648	1,777,592	2,625,128	7,964,904	4,200,388	1,660,728	5,017,407	2,999,025	4,368,648	8,747,144
Wahkiakum	571,852	1,170,658	1,516,340	1,820,052	1,400,872	1,956,441	1,742,003	1,631,697	800,955	2,026,441
Whatcom	2,420,510	6,067,453	3,569,263	2,405,630	3,543,071	4,468,281	3,763,694	2,178,129	4,022,292	2,061,161
<b>Totals</b>	<b>\$67,490,683</b>	<b>\$53,682,639</b>	<b>\$49,374,342</b>	<b>\$73,579,929</b>	<b>\$71,520,698</b>	<b>\$50,219,757</b>	<b>\$56,853,794</b>	<b>\$60,466,140</b>	<b>\$ 57,235,352</b>	<b>\$63,113,359</b>

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 <sup>1/</sup>**  
(Dollars in Thousands)

<b>County</b>	<b>January thru June 2017</b>		<b>July thru December 2017</b>	
	<b>High</b>	<b>Medium</b>	<b>High</b>	<b>Medium</b>
Clallam	\$3,491.5	\$3,739.0	\$297.1	\$860.7
Clark	2,103.5	2,103.5	440.1	440.1
Cowlitz	1,142.4	1,142.4	22.3	22.3
Grays Harbor	347.7	347.7	165.3	1,405.7
Jefferson	329.9	329.9	(1.7)	595.5
King	713.4	713.4	597.8	597.8
Kitsap	193.7	193.7	21.7	368.7
Klickitat	9.6	9.6	19.8	19.8
Lewis	3,214.9	3,304.1	1,229.8	1,229.8
Mason	1,696.2	1,706.8	720.3	1,357.9
Pacific	655.6	655.6	1.0	122.6
Pierce	0.0	674.7	146.3	606.6
Skagit	5,051.3	6,361.6	841.5	3,591.3
Skamania	423.2	423.2	1,419.6	1,419.6
Snohomish	4,797.5	5,060.0	737.0	947.0
Stevens	18.3	18.3	57.7	57.7
Thurston	1,258.3	1,258.3	826.5	830.1
Wahkiakum	0.9	0.9	0.8	0.8
Whatcom	476.9	476.9	31.9	127.3
<b>Totals</b>	<b>\$25,924.9</b>	<b>\$28,519.7</b>	<b>\$7,574.6</b>	<b>\$14,601.3</b>

<sup>1/</sup> 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 2016**. 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 *Skagit County* from State Forest Transfer and Purchase Lands by Legal Description**  
 (Thousands of Dollars) "

Sale App. Number	Sale Name	Expiration Date	Legal Description			January thru June 2017		July thru December 2017		Value Under Contract after Dec-17
			Section	Township	Range	High	Medium	High	Medium	
87112	Front Porch VDT & VRH	09/30/17	1 6 18, 19, 20, 31	35N 35N 36N	8E 9E 9E	48.4	48.4	0.0	0.0	0.0
90094	North Heights VRH & VDT	03/31/20	2, 5, 11 35	32N 33N	9E 9E	0.0	0.0	0.0	0.0	128.1
90613	Day	09/30/17	6, 7, 8 10	34N 35N	10E 11E	997.8	997.8	308.3	308.3	0.0
91019	Golden Gopher	09/30/17	26, 27	34N	5E	146.6	146.6	0.0	0.0	0.0
91190	Blitzen	03/31/18	2 35, 36	35N 36N	5E 5E	0.0	274.9	0.0	219.9	0.0
92211	Like Ike VRH & VDT	03/31/18	25, 26, 36 30, 31	33N 33N	5E 6E	0.0	712.6	0.0	570.1	0.0
92557	Backwoods VRH & VDT	03/31/18	26, 34, 35	36N	6E	866.4	866.4	0.0	0.0	0.0
92631	Raven VRH & VDT	03/31/19	11, 14, 15, 22, 23	33N	5E	1,357.3	1,357.3	508.9	508.9	0.0
92792	Candy Cane VRH & VDT	03/31/18	3 34, 35	35N 36N	5E 5E	0.0	0.0	0.0	1,247.2	0.0
92796	Sempre VRH & VDT	03/31/18	27-29, 34	33N	7E	0.0	322.8	0.0	258.2	0.0
93094	West Bear Trippin'	03/31/18	11, 12, 20, 21, 29	33N	5E	0.0	0.0	0.0	0.0	1,119.6
93486	Jumpin Jack	03/31/19	1 5, 6 36 31	32N 32N 33N 33N	5E 6E 5E 6E	26.4	26.4	0.0	0.0	232.7
93569	Hoosier VRH & VDT	03/31/19	2 26, 33-36	35N 36N	6E 6E	0.0	0.0	0.0	454.5	1,181.6

**Table 2A. Projected Timber Harvest Revenues to *Skagit County* from State Forest Transfer and Purchase Lands by Legal Description**  
(Thousands of Dollars) <sup>1</sup>

Sale App. Number	Sale Name	Expiration Date	Legal Description			January thru June 2017		July thru December 2017		Value Under Contract after Dec-17
			Section	Township	Range	High	Medium	High	Medium	
93656	Walnut Sorts #1	01/06/17	2, 3, 11, 14	36N	3E	76.4	76.4	0.0	0.0	0.0
93657	Walnut Sorts #2	01/06/17	2, 3, 11, 14	36N	3E	102.4	102.4	0.0	0.0	0.0
93658	Walnut Sorts #3	01/06/17	2, 3, 11, 14	36N	3E	92.3	92.3	0.0	0.0	0.0
93659	Walnut Sorts #4	01/06/17	2, 3, 11, 14	36N	3E	63.0	63.0	0.0	0.0	0.0
93660	Walnut Sorts #5	01/06/17	2, 3, 11, 14	36N	3E	217.1	217.1	0.0	0.0	0.0
93661	Walnut Sorts #6	01/06/17	2, 3, 11, 14	36N	3E	78.8	78.8	0.0	0.0	0.0
93662	Walnut Sorts #7	01/06/17	2, 3, 11, 14	36N	3E	14.4	14.4	0.0	0.0	0.0
94161	Rendezvous Sort #1	03/16/17	33, 34	36N	7E	179.1	179.1	0.0	0.0	0.0
94162	Rendezvous Sort #2	03/16/17	33, 34	36N	7E	151.4	151.4	0.0	0.0	0.0
94163	Rendezvous Sort #3	03/16/17	33, 34	36N	7E	378.4	378.4	0.0	0.0	0.0
94164	Rendezvous Sort #4	03/16/17	33, 34	36N	7E	115.2	115.2	0.0	0.0	0.0
94165	Rendezvous Sort #5	03/16/17	33, 34	36N	7E	70.6	70.6	0.0	0.0	0.0
94166	Rendezvous Sort #6	03/16/17	33, 34	36N	7E	3.7	3.7	0.0	0.0	0.0
94167	Rendezvous Sort #7	03/16/17	33, 34	36N	7E	12.0	12.0	0.0	0.0	0.0
94168	Rendezvous Sort #8	03/16/17	33, 34	36N	7E	3.6	3.6	0.0	0.0	0.0
94169	Rendezvous Sort #9	03/16/17	33, 34	36N	7E	23.8	23.8	0.0	0.0	0.0
<b>Total</b>						<b>\$5,025.1</b>	<b>\$6,335.4</b>	<b>\$817.3</b>	<b>\$3,567.1</b>	<b>\$2,662.0</b>

<sup>1</sup> 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 2015**. 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 2017 <sup>1/</sup>**

<u>County</u>	<u>Volume (mbf)</u>	<u>Net Value</u>
Clallam	5,478	\$428,711
Clark	89	17,015
Cowlitz	0	0
Grays Harbor	835	229,544
Jefferson	0	0
King	0	0
Kitsap	2,568	902,199
Klickitat	0	0
Lewis	2,081	996,267
Mason	3,679	1,657,977
Pacific	0	0
Pierce	718	227,546
Skagit	6,995	2,662,003
Skamania	3,873	682,320
Snohomish	10,007	2,300,362
Thurston	666	168,147
Wahkiakum	0	0
Whatcom	2,294	265,485
<b>Totals</b>	<b>39,283</b>	<b>\$10,537,575</b>

<sup>1/</sup> 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 **December 2016**. 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.