



HILARY S. FRANZ
COMMISSIONER OF PUBLIC LANDS

May 15, 2018

The Honorable Mark Ozias, Chair
Clallam County Board of Commissioners
223 East 4th Street, Suite 4
Port Angeles, WA 98362-3000

Dear Commissioner Ozias:

The Washington State Department of Natural Resources (DNR) manages approximately 93,301 acres of State Forest Transfer and Purchase Lands that benefit Clallam County. These lands generated \$591,000 in the first quarter of calendar year 2018. Net value under contract for calendar year 2018 is estimated at \$4,368,000 from activities expected to occur under current contracts.

As you know we are in the process of developing a new format for this report. We have contacted those counties who let us know they were interested in participating in this process and are still receiving input. If you have questions on the report reformatting project, email us at countyreport@dnr.wa.gov.

This income information 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", is written over a large, stylized flourish.

Hilary S. Franz
Commissioner of Public Lands

Enclosures

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COUNTY INCOME REPORT
EXPLANATION OF TABLES
April 2018

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 2008 through the first quarter of calendar year 2018. 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 2018.
- **Table 2A** shows *projected* revenue for each timber sale on State Forest Lands *in your county* anticipated to occur for 2018 and beyond (enclosed if applicable).
- **Table 3** shows the volume and net value *under contract* as of March 31, 2018 that is *not currently scheduled for harvest until after December 2018* (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: 4/11/2018

County	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 Jan-Mar
Clallam	4,173,346	6,229,596	5,502,033	4,738,336	5,643,329	8,487,731	3,376,506	7,938,764	6,543,420	590,675
Clark	1,977,893	8,793,446	4,601,597	8,528,782	7,191,261	6,388,518	5,846,269	4,791,957	5,192,493	483,917
Cowlitz	2,914,752	3,709,692	1,534,691	1,557,816	1,598,498	1,067,106	4,025,043	1,358,909	1,358,770	627,051
Grays Harbor	1,007,779	2,178,958	1,991,750	2,168,671	1,075,212	875,687	1,245,311	2,838,170	1,881,541	164,264
Jefferson	669,093	981,510	3,082,453	740,481	661,568	1,085,477	2,906,961	1,603,428	1,085,544	27,422
King	1,053,232	2,737,595	2,474,997	1,112,153	741,392	2,818,269	952,755	2,397,790	905,021	496,396
Kitsap	244,491	495,884	55,958	877,589	743,958	293,314	851,397	824,969	1,130,540	506,415
Klickitat	1,037,450	327,073	209,403	559,355	289,623	215,737	352,380	26,797	25,551	0
Lewis	6,738,048	6,147,429	11,076,482	3,439,911	4,280,541	8,677,045	4,053,711	5,416,025	5,411,157	229,788
Mason	1,500,640	3,062,868	2,616,802	2,024,430	1,337,166	3,067,093	8,005,336	3,621,960	2,810,189	2,523,649
Pacific	3,428,025	2,060,204	2,547,153	441,369	3,446,724	1,267,286	1,227,526	2,653,344	1,387,737	312,126
Pierce	742,913	1,523,600	214,159	178,426	121,558	222,815	32,691	335,489	437,463	198,511
Skagit	5,704,325	8,746,747	11,679,594	9,093,422	5,976,604	7,452,783	7,425,535	8,592,232	14,533,379	3,815,720
Skamania	253,914	1,215,005	747,982	926,532	1,367,876	2,415,852	1,234,445	2,131,536	1,566,271	340,722
Snohomish	10,138,226	13,132,194	13,981,341	5,682,380	11,786,058	9,251,851	7,256,233	5,652,325	7,678,567	1,502,979
Stevens	79,484	47,542	59,973	64,654	69,322	70,725	63,533	94,918	90,768	8,134
Thurston	2,625,128	7,964,904	4,200,388	1,660,728	5,017,407	2,999,025	4,368,240	8,747,144	2,947,101	288,700
Wahkiakum	1,516,340	1,820,052	1,400,872	1,956,441	1,742,003	1,631,697	802,706	2,026,441	1,443,199	1,215
Whatcom	3,569,263	2,405,630	3,543,071	4,468,281	3,763,694	2,178,129	4,022,292	2,061,161	1,481,660	1,495,422
Totals	\$49,374,342	\$73,579,929	\$71,520,698	\$50,219,757	\$56,853,794	\$60,466,140	\$58,048,870	\$ 63,113,359	\$ 57,910,371	\$13,613,106

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)

<u>County</u>	April thru June 2018		July thru December 2018	
	High	Medium	High	Medium
Clallam	\$1,017.3	\$1,179.5	\$715.0	\$2,598.0
Clark	94.8	587.4	560.4	560.4
Cowlitz	6.9	461.6	68.5	121.7
Grays Harbor	371.7	480.2	889.9	1,106.9
Jefferson	22.7	22.7	1,163.1	2,059.7
King	660.1	660.1	10.5	526.1
Kitsap	35.6	35.6	397.9	397.9
Klickitat	12.3	12.3	19.0	19.0
Lewis	2,980.2	3,756.3	1,276.2	1,897.8
Mason	1,368.9	1,592.1	4,493.8	4,493.8
Pacific	2,977.8	2,977.8	938.1	938.1
Pierce	223.1	808.3	165.4	628.5
Skagit	1,429.7	3,918.1	5,714.7	8,239.1
Skamania	404.3	418.4	1,851.1	1,868.6
Snohomish	1,259.4	2,508.9	958.6	2,223.0
Stevens	21.4	21.4	60.7	60.7
Thurston	308.3	717.2	414.0	3,232.4
Wahkiakum	2,233.6	2,272.9	284.2	284.2
Whatcom	1,158.6	1,488.7	169.5	277.3
Totals	\$16,586.8	\$23,919.5	\$20,150.7	\$31,533.2

^{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 **March 2018**. 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 Clallam County from State Forest Transfer and Purchase Lands by Legal Description
(Thousands of Dollars) ¹

Sale App. Number	Sale Name	Expiration Date	Legal Description			April thru June 2018		July thru December 2018		Value Under Contract after Dec-18
			Section	Township	Range	High	Medium	High	Medium	
90289	Boundary Bascule	10/31/18	4, 8, 9, 16	30N	9W	0.0	75.9	139.2	141.9	0.0
92347	Deer	12/31/19	10, 15, 16, 17	29N	5W	9.2	9.2	0.0	0.0	35.6
92732	Shuwah Thin	12/31/18	4 1, 2, 11, 12 20, 32	29N 29N 30N	12W 13W 12W	51.6	51.6	81.1	81.1	0.0
93097	Center 16 Thinning	10/31/20	28, 29, 33 16, 21, 34 2, 11, 35 16 5, 7, 8-11, 14, 15, 19, 20 14	28N 28N 28N 29N 29N 29N	1E 1W 2W 1W 2W 3W	3.5	3.5	28.9	28.9	69.7
93206	Red and Blue	06/30/18	17 19, 27-28 30, 33, 34 25	29N 30N 30N 30N	14W 13W 13W 14W	194.3	194.3	0.0	0.0	0.0
93511	Ellen Creek VDT	10/31/18	18, 19 1, 2, 10, 11 15, 22, 35, 36	28N 28N 29N	14W 15W 15W	42.2	42.2	16.4	16.4	0.0
93648	Calypso	10/31/18	16, 17, 19, 20	30N	7W	108.7	108.7	0.0	869.9	0.0
93650	Little Foot	12/31/19	8, 29, 32, 33	30N	6W	0.0	0.0	0.0	459.0	918.0
93652	Radar Love	10/31/19	10, 15, 16, 17	29N	2W	5.7	5.7	0.0	10.4	13.9
93926	Dickey Mountain	10/31/18	8 3-5, 13, 16 10, 22	29N 30N 30N	14W 13W 14W	0.0	86.2	0.0	224.2	0.0
95438	95/96 Split	10/15/19	5, 26, 35, 36	30N	15W	0.0	0.0	198.6	198.6	516.4
95563	Timber Time Thin	10/31/20	22, 23, 26-28 34-36	29N 29N	14W 14W	0.0	0.0	0.0	61.5	307.5
95564	Tyee Tug	10/31/19	5, 6, 7, 8 32, 33	29N 30N	13W 13W	0.0	0.0	11.6	11.6	0.0
95601	West Texas VRH VDT	10/31/20	19	29N	4W	0.0	0.0	0.0	57.1	148.5

Table 2A. Projected Timber Harvest Revenues to Clallam County from State Forest Transfer and Purchase Lands by Legal Description
(Thousands of Dollars) ¹¹

Sale App. Number	Sale Name	Expiration Date	Legal Description			April thru June 2018		July thru December 2018		Value Under Contract after Dec-18
			Section	Township	Range	High	Medium	High	Medium	
95656	Bear Line Sort 1	06/15/18	8, 9, 16-18 25	30N 30N	11W 12W	50.6	50.6	0.0	0.0	0.0
95657	Bear Line Sort 2	06/15/18	8, 9, 16-18 25	30N 30N	11W 12W	105.0	105.0	0.0	0.0	0.0
95658	Bear Line Sort 3	06/15/18	8, 9, 16-18 25	30N 30N	11W 12W	104.0	104.0	0.0	0.0	0.0
95659	Bear Line Sort 4	06/15/18	8, 9, 16-18 25	30N 30N	11W 12W	38.3	38.3	0.0	0.0	0.0
95660	Bear Line Sort 5	06/15/18	8, 9, 16-18 25	30N 30N	11W 12W	90.4	90.4	0.0	0.0	0.0
95661	Bear Line Sort 6	06/15/18	8, 9, 16-18 25	30N 30N	11W 12W	96.5	96.5	0.0	0.0	0.0
95662	Bear Line Sort 7	06/15/18	8, 9, 16-18 25	30N 30N	11W 12W	28.3	28.3	0.0	0.0	0.0
95663	Bear Line Sort 8	06/15/18	8, 9, 16-18 25	30N 30N	11W 12W	15.1	15.1	0.0	0.0	0.0
95664	Bear Line Sort 9	06/15/18	8, 9, 16-18 25	30N 30N	11W 12W	1.6	1.6	0.0	0.0	0.0
95665	Bear Line Sort 10	06/15/18	8, 9, 16-18 25	30N 30N	11W 12W	1.3	1.3	0.0	0.0	0.0
95666	Bear Line Sort 11	06/15/18	8, 9, 16-18 25	30N 30N	11W 12W	3.0	3.0	0.0	0.0	0.0
95692	Coyote Country	10/15/20	13-14, 23, 24	31N	13W	0.0	0.0	0.0	198.3	694.0
Total						\$949.2	\$1,111.4	\$476.0	\$2,359.0	\$2,703.7

¹¹ 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 March 2018. 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 2018 ^{1/}

<u>County</u>	<u>Volume (mbf)</u>	<u>Net Value</u>
Clallam	10,424	\$2,703,652
Clark	410	161,440
Cowlitz	424	117,964
Grays Harbor	9,451	3,351,898
Jefferson	638	100,521
King	2,537	1,031,213
Kitsap	2,091	977,362
Klickitat		0
Lewis	15,258	8,181,341
Mason	721	303,791
Pacific		0
Pierce	1,208	462,157
Skagit	3,523	1,866,120
Skamania		0
Snohomish	546	124,902
Thurston	6,538	3,062,821
Wahkiakum		0
Whatcom	4,667	2,265,713
Totals	58,436	\$24,710,893

^{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 March 2018. 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.