



April 28, 2020

The Honorable Charlotte Garrido, Chair
Kitsap County Board of Commissioners
614 Division Street MS: 4
Port Orchard, WA 98366

Dear Commissioner Garrido:

To protect the safety of staff and community members across the state, the Washington State Department of Natural Resources has closed its offices to the public during the COVID-19 outbreak. However, DNR remains open for business, even with many of its staff working remotely. Please contact agency staff via phone or email as much as possible.

We are working to navigate through the disruptions to normal operations, and we appreciate your patience during this time of uncertainty. For further information on changes across the agency related to the COVID-19 outbreak, please go to dnr.wa.gov.

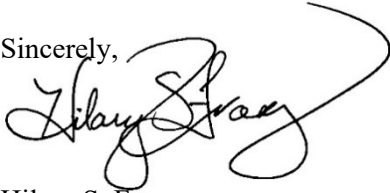
The Washington State Department of Natural Resources (DNR) manages approximately 7,640 acres of State Forest Transfer and Purchase Lands that benefit Kitsap County. These lands generated (\$4,000) in the first quarter of calendar year 2020. Net value under contract for calendar year 2020 is estimated at \$258,000 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 Scott Sargent, South Puget Sound Region Manager, at 360-825-1631 or at scott.sargent@dnr.wa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Hilary Franz", with a large, sweeping flourish extending to the right.

Hilary S. Franz
Commissioner of Public Lands

Enclosures

COUNTY INCOME REPORT
EXPLANATION OF TABLES
April 2020

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 2010 through the first quarter of calendar year 2020. 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 2020.
- **Table 2A** shows *projected* revenue for each timber sale on State Forest Lands *in your county* anticipated to occur for 2020 and beyond (enclosed if applicable).
- **Table 3** shows the volume and net value *under contract* as of March 31, 2020 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: 4/9/2020

County	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 Jan-March
Clallam	5,502,033	4,738,336	5,643,329	8,487,731	3,376,506	7,938,764	6,543,420	2,987,754	6,611,511	1,015,041
Clark	4,601,597	8,528,782	7,191,261	6,388,518	5,846,269	4,791,957	5,192,493	1,486,670	2,577,304	1,763,814
Cowlitz	1,534,691	1,557,816	1,598,498	1,067,106	4,025,043	1,358,909	1,358,770	1,417,984	68,780	132,644
Grays Harbor	1,991,750	2,168,671	1,075,212	875,687	1,245,311	2,838,170	1,881,541	1,151,469	1,608,663	824,393
Jefferson	3,082,453	740,481	661,568	1,085,477	2,906,961	1,603,428	1,085,544	2,573,648	1,632,243	916,977
King	2,474,997	1,112,153	741,392	2,818,269	952,755	2,397,790	905,021	1,245,122	4,708,952	280,753
Kitsap	55,958	877,589	743,958	293,314	851,397	824,969	1,130,540	556,973	1,566,788	(3,794)
Klickitat	209,403	559,355	289,623	215,737	352,380	26,797	25,551	10,947	518	(2,128)
Lewis	11,076,482	3,439,911	4,280,541	8,677,045	4,053,711	5,416,025	5,411,157	7,666,065	12,440,080	2,169,655
Mason	2,616,802	2,024,430	1,337,166	3,067,093	8,005,336	3,621,960	2,810,189	6,970,807	4,512,364	495,870
Pacific	2,547,153	441,369	3,446,724	1,267,286	1,227,526	2,653,344	1,387,737	3,505,380	4,651,968	683,028
Pierce	214,159	178,426	121,558	222,815	32,691	335,489	437,463	1,307,281	767,430	0
Skagit	11,679,594	9,093,422	5,976,604	7,452,783	7,425,535	8,592,232	14,533,379	15,534,103	11,695,390	3,608,751
Skamania	747,982	926,532	1,367,876	2,415,852	1,234,445	2,131,536	1,566,271	2,930,483	4,148,517	510
Snohomish	13,981,341	5,682,380	11,786,058	9,251,851	7,256,233	5,652,325	7,678,567	6,178,109	7,627,248	1,761,928
Stevens	59,973	64,654	69,322	70,725	63,533	94,918	90,768	110,709	96,010	(1,099)
Thurston	4,200,388	1,660,728	5,017,407	2,999,025	4,368,240	8,747,144	2,947,101	3,065,897	5,787,365	1,321,886
Wahkiakum	1,400,872	1,956,441	1,742,003	1,631,697	802,706	2,026,441	1,443,199	3,146,937	2,583,841	956
Whatcom	3,543,071	4,468,281	3,763,694	2,178,129	4,022,292	2,061,161	1,481,660	3,077,070	4,279,585	696,311
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	\$ 77,364,557	\$15,665,496

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	April thru June 2020		July thru December 2020	
	High	Medium	High	Medium
Clallam	\$819.9	\$1,110.8	\$1,479.5	\$2,254.1
Clark	64.9	521.8	771.5	1,230.5
Cowlitz	990.6	1,013.3	1,006.5	1,148.0
Grays Harbor	977.8	977.8	511.0	511.0
Jefferson	851.6	851.6	261.3	261.3
King	1,020.6	1,020.6	300.4	1,218.4
Kitsap	27.8	27.8	234.3	234.3
Klickitat	7.4	7.4	4.2	87.1
Lewis	2,852.8	4,404.3	2,665.0	4,530.4
Mason	978.4	978.4	414.2	414.2
Pacific	567.7	567.7	800.9	800.9
Pierce	4.0	4.0	0.0	162.2
Skagit	3,390.5	3,390.5	980.1	1,575.5
Skamania	18.4	57.2	14.5	148.0
Snohomish	1,574.3	3,049.0	772.6	2,275.0
Stevens	28.2	28.2	70.2	70.2
Thurston	1,927.8	2,598.3	3,248.3	5,854.6
Wahkiakum	1,202.3	1,202.3	1.8	1.8
Whatcom	6.3	664.9	183.2	1,021.1
Totals	\$17,311.1	\$22,475.8	\$13,719.4	\$23,798.7

^{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 2020](#). 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 *Kitsap 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 2020		July thru December 2020		Value Under Contract after Dec-20
			Section	Township	Range	High	Medium	High	Medium	
95702	Tailings	10/31/21	3, 10, 15, 22	24N	1W	0.0	0.0	205.1	205.1	615.4
Total						\$0.0	\$0.0	\$205.1	\$205.1	\$615.4

^{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.
 Values are cumulative from high to medium probability.

Note: Projected revenues are based on timber purchaser's logging plans as of [March 2020](#). 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/}

County	Volume (mbf)	Net Value
Clallam	6,432	\$644,908
Clark	1,171	189,036
Cowlitz		0
Grays Harbor	4,109	351,619
Jefferson		0
King	8,295	2,836,647
Kitsap	2,622	615,441
Klickitat	258	82,887
Lewis	15,311	4,832,027
Mason	4,951	1,339,669
Pacific	3,464	768,018
Pierce	2,595	648,974
Skagit	3,601	549,734
Skamania	7,341	1,404,029
Snohomish	15,655	3,735,623
Thurston	32,320	5,663,673
Wahkiakum		0
Whatcom	4,782	1,450,887
Totals	112,907	\$25,113,171

^{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 2020. 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.