



October 27, 2016

**Peter Goldmark**  
Washington State  
Commissioner of Public Lands

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

Dear Commissioner Chapman:

The Washington State Department of Natural Resources (DNR) manages approximately 93,311 acres of State Forest Transfer and Purchase Lands that benefit Clallam County. These lands generated \$4,997,000 in the first three quarters of calendar year 2016 and are projected to generate \$5,312,000 for calendar year 2016 from activities expected to occur under current contracts. This represents a decrease of \$4,959,000 from the 2016 projection in the July 2016 report.

Net value under contract after calendar year 2016 is estimated at \$1,993,000. 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 January 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 Mona Griswold, Olympic Region Manager, at 360-374-2800 or at [mona.griswold@dnr.wa.gov](mailto:mona.griswold@dnr.wa.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Peter Goldmark".

Peter Goldmark  
Commissioner of Public Lands

Enclosures

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



COUNTY INCOME REPORT  
EXPLANATION OF TABLES  
October 2016

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 the third quarter of 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 2016 and 2017.
- **Table 2A** shows *projected* revenue for each timber sale on State Forest Lands *in your county* anticipated to occur for 2016 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: 10/19/2016

County	2007	2008	2009	2010	2011	2012	2013	2014	2015	Jan-Sept 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	<b>4,996,576</b>
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	<b>4,236,554</b>
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	<b>896,191</b>
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	<b>2,245,818</b>
Jefferson	762,629	1,409,138	669,093	981,510	3,082,453	740,481	661,568	1,085,477	2,873,748	<b>1,498,038</b>
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	<b>2,251,063</b>
Kitsap	400,093	798,357	244,491	495,884	55,958	877,589	743,958	293,314	851,397	<b>807,860</b>
Klickitat	4,157,236	490,525	1,037,450	327,073	209,403	559,355	289,623	215,737	352,380	<b>15,326</b>
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	<b>4,232,954</b>
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	<b>2,556,788</b>
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	<b>170,478</b>
Pierce	1,435,948	1,509,353	742,913	1,523,600	214,159	178,426	121,558	222,815	32,691	<b>232,358</b>
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	<b>7,716,621</b>
Skamania	540,697	324,117	253,914	1,215,005	747,982	926,532	1,367,876	2,415,852	1,028,598	<b>716,653</b>
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	<b>3,996,440</b>
Stevens	42,239	40,587	79,484	47,542	59,973	64,654	69,322	70,725	63,533	<b>93,111</b>
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	<b>7,991,099</b>
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	<b>894,765</b>
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	<b>1,286,141</b>
<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>46,834,834</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>October thru December 2016</b>		<b>January thru December 2017</b>	
	<b>High</b>	<b>Medium</b>	<b>High</b>	<b>Medium</b>
Clallam	\$315.6	\$315.6	\$1,038.6	\$1,993.3
Clark	732.7	732.7	1,507.0	1,778.5
Cowlitz	723.2	723.2	87.7	825.2
Grays Harbor	0.8	326.3	2.1	1,948.8
Jefferson	191.3	191.3	159.3	1,055.1
King	164.6	164.6	91.1	677.0
Kitsap	21.9	21.9	44.7	889.1
Klickitat	13.9	13.9	13.9	13.9
Lewis	1,120.3	1,133.3	1,681.0	1,868.9
Mason	7.6	531.2	150.6	2,880.8
Pacific	1,258.2	1,979.1	107.6	234.0
Pierce	0.0	350.2	143.8	1,031.7
Skagit	2,226.6	2,645.0	5,208.5	8,317.5
Skamania	132.6	132.6	856.7	2,087.3
Snohomish	2,082.8	2,197.2	1,397.0	3,098.3
Stevens	1.6	1.6	75.6	75.6
Thurston	189.5	659.9	1,364.9	2,600.3
Wahkiakum	0.0	0.0	1.7	1.7
Whatcom	640.5	640.5	220.7	1,363.4
<b>Totals</b>	<b>\$9,823.7</b>	<b>\$12,760.1</b>	<b>\$14,152.4</b>	<b>\$32,740.4</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 October 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 *Clallam 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			October thru December 2016		January thru December 2017		Value Under Contract after Dec-17
			Section	Township	Range	High	Medium	High	Medium	
88351	Rainey Deluxe	10/31/17	16, 21 - 23	30N	12W	0.0	0.0	420.7	420.7	0.0
90289	Boundary Bascule	10/31/18	4, 8, 9, 16	30N	9W	0.0	0.0	264.9	317.9	0.0
90290	Texas Panhandle	10/31/17	7, 8, 16-18	29N	4W	28.1	28.1	(0.0)	(0.0)	0.0
92252	Dry Bike	10/31/17	24, 25	30N	7W	85.6	85.6	0.0	200.5	0.0
92718	Preachers Point VDT	09/30/17	23	30N	15W	57.3	57.3	11.5	11.5	0.0
92732	Shuwah Thin	12/31/18	4 1, 2, 11, 12 20, 32	29N 29N 30N	12W 13W 12W	0.0	0.0	0.0	132.7	0.0
93092	Wing It Hardwood	10/31/17	7 12, 13 16-17, 20-21	27N 28N 29N	1W 2W 2W	96.7	96.7	32.0	32.0	0.0
93206	Red and Blue	06/30/18	17 19, 27-28 30, 33, 34 25	29N 30N 30N 30N	14W 13W 13W 14W	0.0	0.0	0.0	336.5	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	0.0	0.0	0.0	232.0	0.0
<b>Total</b>						<b>\$267.5</b>	<b>\$267.5</b>	<b>\$729.1</b>	<b>\$1,683.8</b>	<b>\$0.0</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 **October 2016**. 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.