

**JEFFERSON COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA REQUEST

TO: Board of County Commissioners
FROM: Philip Morley, County Administrator
DATE: December 9, 2013
RE: **UPDATE:** Washington State Department of Natural Resources County Income Reports with Sue Trettevik, DNR Regional Manager, and Drew Rosanbalm, DNR State Lands Assistant

STATEMENT OF ISSUE: This is a regular quarterly update on Washington State Department of Natural Resources' County Income Report with Sue Trettevik, DNR Regional Manager and Drew Rosanbalm, DNR State Lands Assistant. The revenue from timber harvests on State Forest Board lands in Jefferson County is distributed to the various taxing districts in which the forests are located.

ANALYSIS: See attached letter from Commissioner Peter Goldmark. Customarily, DNR's Olympic Region staff also presents to the County Commissioners a refined projection of timber harvest volumes and revenues from State Forest Board lands in Jefferson County. Olympic Region Manager Susan Trettevik and State Lands Assistant Drew Rosanbalm will attend and make the presentation.

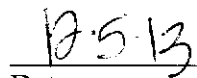
FISCAL IMPACT: DNR's actual and project timber harvest from State Forest Board Trust lands directly impact County revenues in 2013 and revenues projected for 2014 within the County's General, Road Fund and Conservation Futures Fund, as well as revenues to a wide variety of junior taxing districts which contain State Forest Board lands.

RECOMMENDATION: Hear the update and participate in the discussion that follows.

ATTACHMENT: Letter from Public Lands Commissioner Peter Goldmark, October 31, 2013.

REVIEWED BY:


Philip Morley, County Administrator


Date



October 31, 2013

Peter Goldmark
Washington State
Commissioner of Public Lands

The Honorable John Austin, Chair
Jefferson County Board of Commissioners
P.O. Box 1220
Port Townsend, WA 98368

Dear Commissioner Austin:

The Washington State Department of Natural Resources (DNR) manages approximately 14,703 acres of State Forest Lands that benefit Jefferson County. These lands generated \$106,000 in the first three quarters of calendar year 2013 and are projected to generate \$368,000 for all of calendar year 2013 from activities expected to occur under current contracts. This represents a decrease of \$580,000 from the 2013 projection in the July 2013 report.

Net value under contract for harvest after calendar year 2013 is estimated at \$2,135,000. 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. The projections do not, however, reflect the remaining deductions for repayment of the erroneous trust distributions that occurred between 2010 and 2012.

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 2014.

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 Lands we manage on behalf of the counties. Should you have any questions regarding this information, please contact Susan Trettevik, Olympic Region Manager, at 360-374-2800 or at susan.trettevik@dnr.wa.gov.

Sincerely,



Peter Goldmark
Commissioner of Public Lands
Enclosures

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