10:30 a.m. Regular Agenda

JEFFERSON COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA REQUEST

TO: Board of County Commissioners

FROM: Adiel McKnight, Executive Assistant

DATE: November 28, 2022

SUBJECT: UPDATE re: Washington State Department of Natural Resources 2022 3rd Quarterly County Income Report

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STATEMENT OF ISSUE:

Mona Griswold, DNR Regional Manager, and Drew Rosanbalm, DNR State Lands Assistant, will provide the Commissioners with an update regarding the Washington State Department of Natural Resources Quarterly County Income Report.

FISCAL IMPACT:

DNR Representatives will discuss timber sales and revenue reports.

RECOMMENDATION:

No Action Required

REVIEWED BY:

Mark McCauley, County Administrator

11/21/22
Date

JEFFERSON COUNTY REVENUE PROJECTIONS FOR 2022 (ALL NUMBERS ARE ESTIMATES AND ARE SUBJECT TO CHANGES)

SALES CURRENTLY UNDER CONTRACT.

SALE NAME	CONTRACT NO.	SALE TYPE	SALE DATE	EXP. DATE	Total Volume	TOTAL VALUE	% COUNTY	TOTAL VALUE TO COUNTY	TAX DIST.
PENNY ALDERWOOD	C3000096664	LUMP SUM	9/26/2018	CLOSED	5076	$1,869,697	81.71%	$1,145,797	324-50.59%
									320-49.41%
CITY SKIDDER	C3000099253	LUMP SUM	5/27/2020	CLOSED	6925	$2,700,000	100%	$2,025,000	321-32%
									351-68%
MT JUPITER ACCESS	C30100658	LUMP SUM	5/26/2021	10/31/2023	5697	$1,766,222	2.44%	$32,322	441-100%
CENTER 21 THINNING	C30100662	WEIGHT SCALE	12/15/2021	10/30/2024	4652	$707,187	46.74%	$247,905	321- 38.93%
									323- 20.79%
									222- 15.32%
									324- 8.76%
									231- 16.20
TAYLOR DOWNHILL SORTS	VARIOUS	SORT	2/23/2022	1/20/2023	5245	$2,930,572	88%	$1,940,552	221-28%
									321-72%
BOLTON REHAB	C3000103111	LUMP SUM	6/15/2022	10/31/2023	1149	$558,538	100%	$418,904	321-100%
BEAVER VALLEY SORTS	C3000100663	LUMP SUM	7/27/2022	10/31/2024	4133	$2,177,825	100%	$1,633,369	231-100%
PENNY WISE	C3000102261	LUMP SUM	8/25/2022	10/31/2024	5129	$2,851,780	98%	$2,096,058	320-100%
				TOTALS	38006	$15,561,822		$9,539,906	

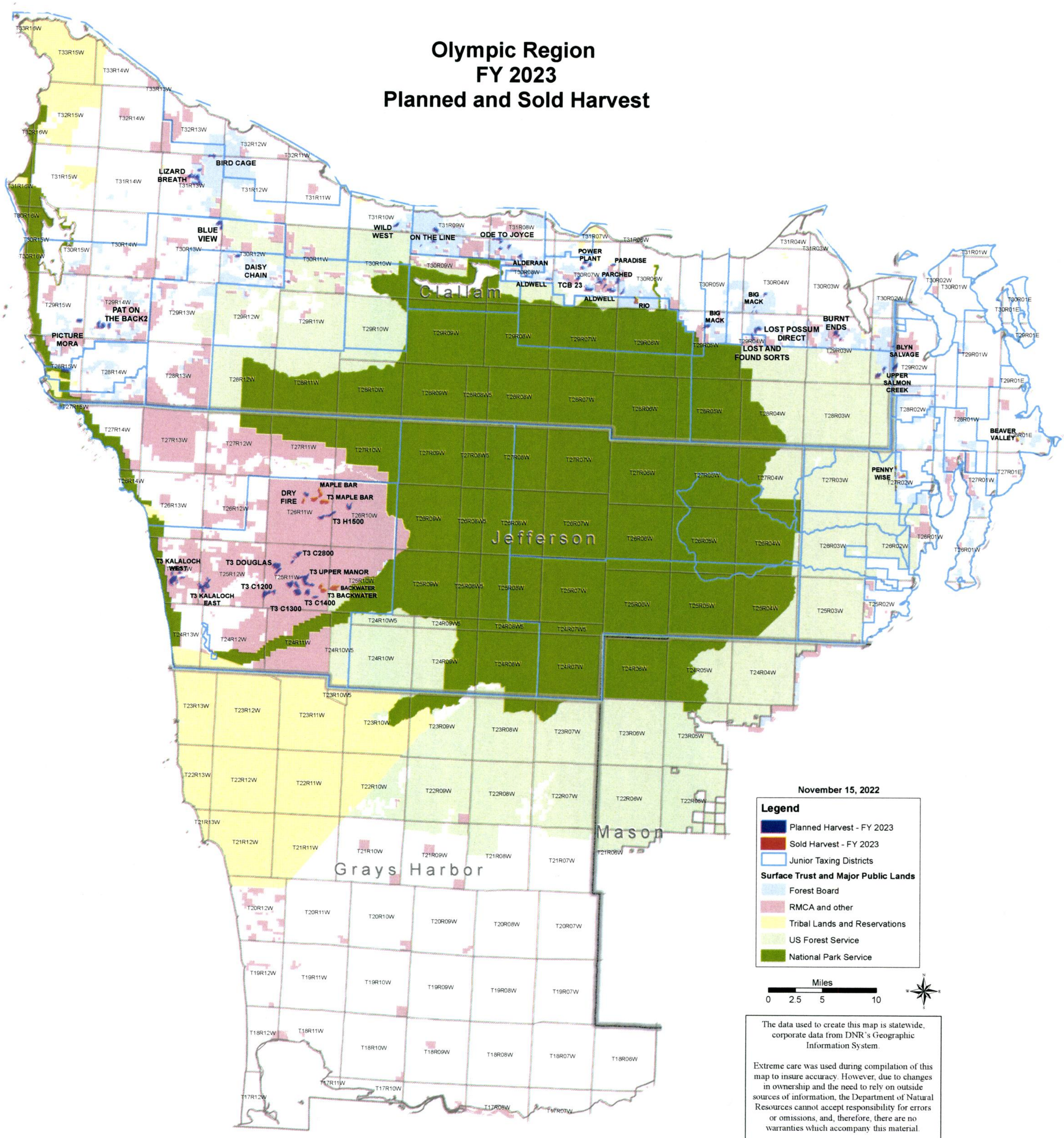
TAX DIST.	2019 TRANSFERS	2020 TRANSFERS	2021 TRANSFERS	1st Quarter Projected	1st Quarter Wired to County	2nd Quarter Projected	2nd Quarter Wired to County	3rd Quarter Projected	3rd Quarter Wired to County	4th Quarter Projected	4th Quarter Wired to County	PROJECTED 2ND - 4TH QUARTER	Yearly Total WIRED	SALE TOTAL WIRED TO COUNTY	2023 under contract
324-50.59%	$443,487.51	$79,592.00	$0.00	$56,002	$56,002	$0	$0	$0	$0	$0	$0	$0	$56,002	$579,082	CLOSED
320-49.41%	$433,143.44	$77,736.00	$0.00	$54,695	$54,695	$0	$0	$0	$0	$0	$0	$0	$54,695	$565,574	
321-32%	N/A	$585,235.00	$0.00	$62,764	$62,764	$0	$0	$0	$0	$0	$0	$0	$62,764	$647,999	CLOSED
351-68%	N/A	$1,243,626.00	$0.00	$133,375	$133,375	$0	$0	$0	$0	$0	$0	$0	$133,375	$1,377,001	
441-100%	N/A	N/A	$0	$0	$0	$0	$0	$0	$3,236	$0	$0	$0	$3,236	$3,236	$29,086
321- 38.93%	N/A	N/A	$0	$0	$0	$0	$0	$0	$4,769	$0	$3,826	$0	$8,595	$8,595	$87,913
323- 20.79%	N/A	N/A	$0	$0	$0	$0	$0	$0	$2,547	$0	$2,043	$0	$4,590	$4,590	$46,949
222- 15.32%	N/A	N/A	$0	$0	$0	$0	$0	$0	$1,877	$0	$1,506	$0	$3,383	$3,383	$34,596
324- 8.76%	N/A	N/A	$0	$0	$0	$0	$0	$0	$1,073	$0	$861	$0	$1,934	$1,934	$19,782
231- 16.20	N/A	N/A	$0	$0	$0	$0	$0	$0	$1,985	$0	$1,592	$0	$3,577	$3,577	$36,583
221-28%	N/A	N/A	N/A	$0	$0	$0	$0	$0	$185,955	$0	$0	$0	$185,955	$185,955	$357,399
321-72%	N/A	N/A	N/A	$0	$0	$0	$0	$0	$478,171	$0	$0	$0	$478,171	$478,171	$919,026
321-100%	N/A	N/A	N/A	$0	$0	$0	$0	$0	$0	$0	$377,775	$0	$377,775	$377,775	$41,129
231-100%	N/A	N/A	N/A	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,633,369
320-100%	N/A	N/A	N/A	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,096,058
	$876,630.95	$1,986,189.00	$0	$306,836	$306,836	$0	$0	$0	$679,614	$0	$387,603	$0	$1,374,052	$4,236,872	$5,301,890

ALL NUMBERS ARE ESTIMATES AND ARE SUBJECT TO CHANGE

All revenue figures are for calendar years, and already have DNR management fees deducted.

	1-3 QTR
All Revenue:	$1,377,136.23
Non-timber:	$3,084.00
Com. Sites	$0.00
ROW/RUP	$1,500.00
LEASES	$1,584.00
SPECIAL FOREST PROD.	$0.00
Timber:	$1,374,052.23

Olympic Region
FY 2023
Planned and Sold Harvest



November 15, 2022

Legend

- Planned Harvest - FY 2023
- Sold Harvest - FY 2023
- Junior Taxing Districts

Surface Trust and Major Public Lands

- Forest Board
- RMCA and other
- Tribal Lands and Reservations
- US Forest Service
- National Park Service

Miles
0 2.5 5 10

The data used to create this map is statewide, corporate data from DNR's Geographic Information System.

Extreme care was used during compilation of this map to insure accuracy. However, due to changes in ownership and the need to rely on outside sources of information, the Department of Natural Resources cannot accept responsibility for errors or omissions, and, therefore, there are no warranties which accompany this material.

WASHINGTON STATE DEPARTMENT OF
NATURAL RESOURCES
HILARY S. FRANZ | COMMISSIONER OF PUBLIC LANDS

Olympic Region
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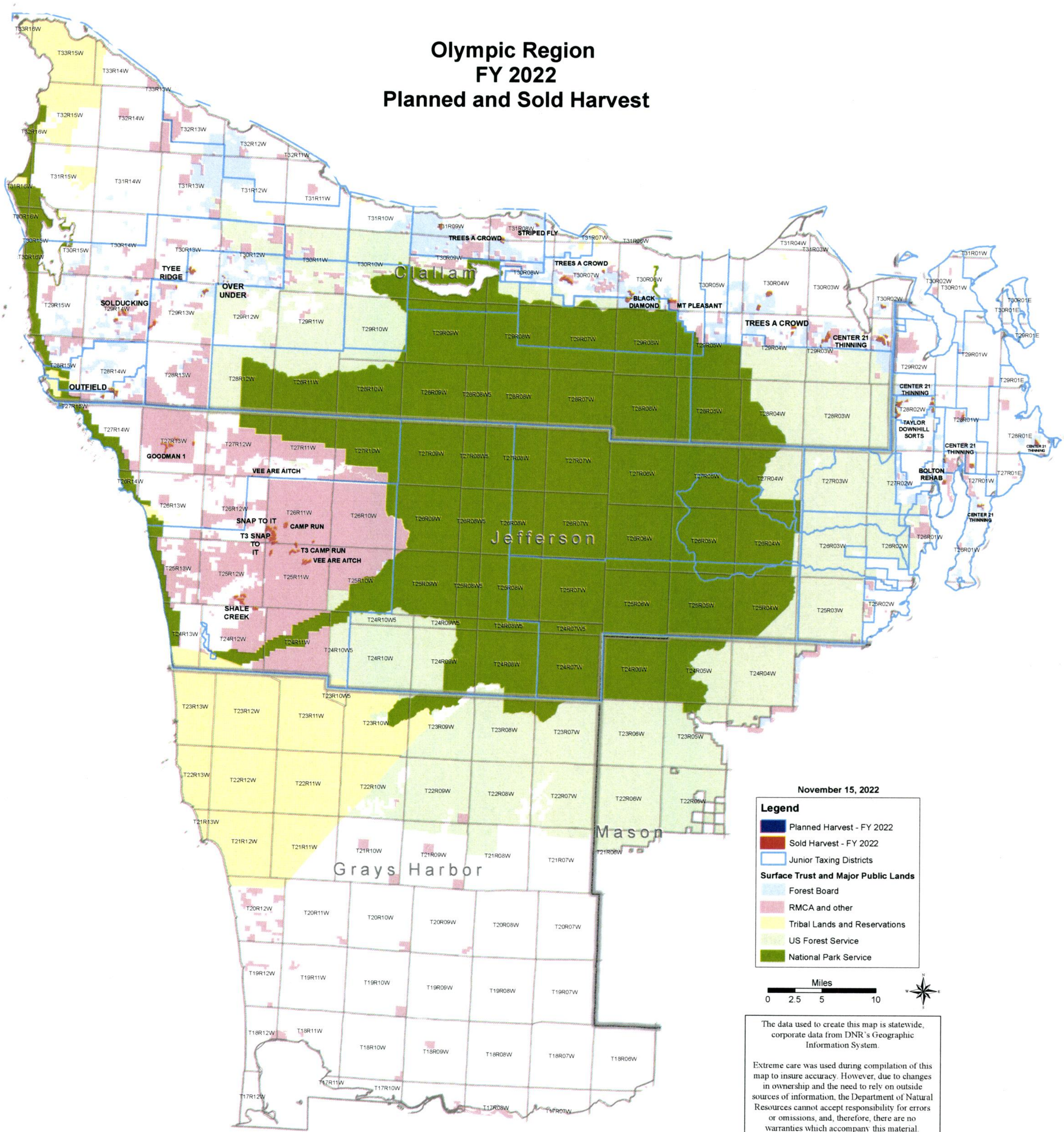

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WASHINGTON STATE DEPARTMENT OF
NATURAL RESOURCES
HILARY S. FRANZ | COMMISSIONER OF PUBLIC LANDS

Jefferson County

2022 Quarterly Income Report – Quarter 3

The Washington State Department of Natural Resources manages more than 600,000 acres of state forestlands in Washington. State forestlands generate revenue that helps support counties and local services. The lands are located in 21 counties, though the amount of acreage of trust land varies considerably by county. This report provides county-specific information regarding quarterly revenue from state forestlands.

ALL REVENUE[1] distributed to Jefferson County in Calendar Quarter 3 (July 1 - September 30, 2022). 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 received by the county.

$ 679,162.66

ALL REVENUE[1] accrued for Jefferson County this calendar year, 2022, as of September 30, 2022. For reporting purposes, DNR follows the modified accrual basis of accounting per Generally Accepted Accounting Principles (GAAP). Under this measurement focus, revenues are recognized and recorded when they become both measurable and available, i.e., when invoiced.

$ 706,503.00

NET VALUE[2] of State Forestland timber in Jefferson County under contract as of September 30, 2022.

$ 5,717,321.52

Click here **for 10-Year Revenue History.**

Click here **for detail about timber sales under contract.**

[1] **All revenue refers to distributions from timber and non-timber sources.**

[2] **Net value of timber includes the estimated value of timber currently under contract and does not include the estimated value from non-timber sources.**

There are two types of state forestlands: State Forest Transfer lands, and State Forest Purchase lands.

1. **State Forest *Transfer* Lands.** These are lands acquired by counties through tax foreclosures that were subsequently turned over to the state. The Department of Natural Resources currently manages more than 538,000 acres of these forestlands in trust for 20 counties. Revenue from State Forestlands is distributed in accordance with RCW 79.64.110. Based on population, Skamania and Wahkiakum Counties have different distribution requirements compared with other counties.
2. **State Forest *Purchase* Lands.** State-issued bonds were used to acquire certain parcels of forestland from private owners. Typically, these forestlands had been 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.

State Forestlands

Current as of 04/09/2021

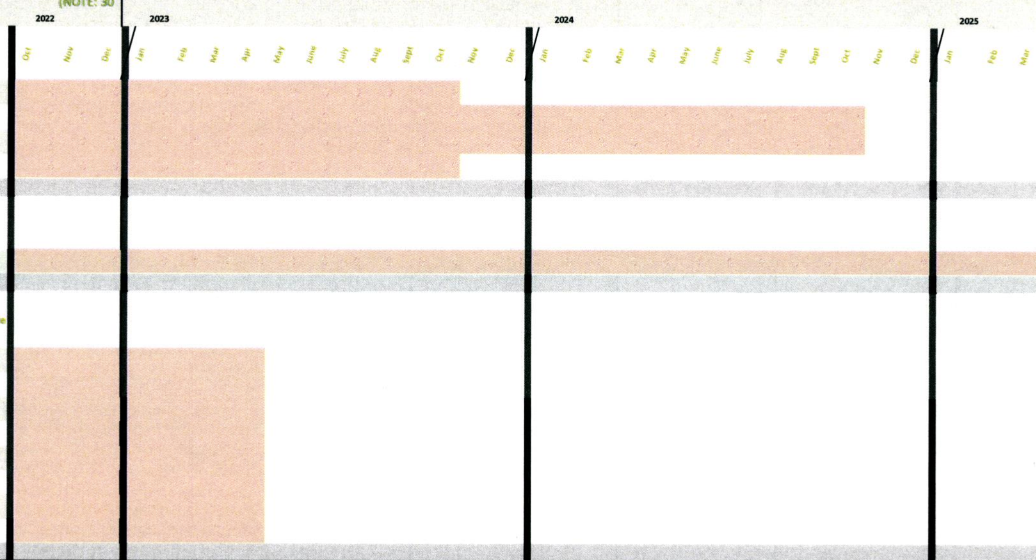
	State Forest Transfer	State Forest Purchase	Total Acres
Clallam	93,018	242	93,260
Clark	26,497	3,850	30,347
Cowlitz	11,083	275	11,358
Grays Harbor	2,315	29,033	31,348
Jefferson	14,706	16	14,722
King	22,908	0	22,908
Kitsap	7,561	79	7,640
Kittitas	0	3	3
Klickitat	20,360	41	20,401
Lewis	39,999	3,069	43,067
Mason	28,344	561	28,905
Okanogan	42	0	42
Pacific	14,839	8,163	23,002
Pierce	8,880	3,339	12,219
Skagit	86,146	2	86,148
Skamania	37,917	4,461	42,378
Snohomish	62,480	1,681	64,161
Stevens	160	41	201
Thurston	20,019	23,531	43,550
Wahkiakum	12,405	0	12,405
Whatcom	29,241	996	30,237
Total Acres	**538,918**	**79,384**	**618,302**

JEFFERSON COUNTY

Table 2: STATE FORESTLANDS -TIMBER SALES UNDER CONTRACT

(NOTE: 30

LUMP SUM SALES[1]	Contract #	Estimated total sale value to be distributed to the County*	Total Sale Distributions to the County through 9/30/2022	Estimated Remaining Value to be Distributed to the County	Contract End Date
Mt Jupiter Access	100658	32,321.87	3,236.34	29,085.53	10/31/2023
Beaver Valley	100663	1,633,368.95		1,633,368.95	10/31/2024
Penny Wise	102261	2,102,902.58		2,102,902.58	10/31/2024
Bolton Rehab	103111	418,903.50		418,903.50	10/31/2023
Total		4,187,496.89		4,184,260.55	
SCALE SALES[2]	**Contract #**	**Estimated total sale value to be distributed to the County***	**Total Sale Distributions to the County through 9/30/2022**	**Estimated Remaining Value to be Distributed to the County**	**Contract End Date**
Center 21 Thinning	100662	245,887.29	12,251.32	233,635.97	10/31/2025
Total		245,887.29		233,635.97	
SORT SALES[3]	**Contract #**	**Estimated total NET sale value to be distributed to the County***	**Total Sale Distributions to the County through 9/30/2022**	**Estimated Remaining NET Value to be Distributed to the County**	**Harvest Contract End Date**
Taylor Downhill Sort 1	102897	1,035,000.00	364,196.25	670,803.75	4/28/2023
Taylor Downhill Sort 2	102898	50,300.00	13,243.50	37,056.50	4/28/2023
Taylor Downhill Sort 3	102899	25,400.00	13,243.50	12,156.50	4/28/2023
Taylor Downhill Sort 4	102900	514,100.00	198,652.50	315,447.50	4/28/2023
Taylor Downhill Sort 5	102901	285,100.00	72,839.25	212,260.75	4/28/2023
Taylor Downhill Sort 6	102902	15,800.00		15,800.00	4/28/2023
Taylor Downhill Sort 7	102903	35,600.00		35,600.00	4/28/2023
Taylor Downhill Sort 8	102904	300.00		300.00	4/28/2023
Total		1,961,600.00		1,299,425.00	
Net Estimated Remaining Value of State Forestland Timber Under Contract				*5,717,321.52*	



1-LUMP SUM SALES **Purchaser bids a fixed total sale value. Distributions occur throughout the contract as timber is harvested and invoiced. Contract can be extended.**

2-SCALE SALES **Purchaser bids a fixed price per thousand board feet for the biddable species; prices for all other species are set by DNR prior to auction. The total value for scale sales are estimates only, actual value will depend upon the amount of timber volume harvested by species. Distributions occur throughout the contract as timber is harvested and invoiced. Contract can be extended.**

3-SORT SALES **1) Contractor hired by DNR harvests timber, delivers logs to individual purchasers of log sorts, and the harvester is paid for those services from the gross proceeds. Purchaser bids a delivered log value, per thousand board feet. The net value (after payment of harvesting costs) are estimates only until the project is completed. Actual net value will depend upon the amount of timber volume harvested by sort. 2) Distribution occurs once all operations are completed and the sale revenues and expenditures have been audited. Partial distributions may occasionally occur to provide revenue for the beneficiaries, or to meet the statutory requirement to maintain less than $5 million in the Contract Harvest Revolving Fund at the end of each calendar year under RCW 79.15.520. 3) Contracts can be extended.**

Estimated Distribution Window	SORTS Contract End Date

If you are interested in more information related to state trust land distribution, please contact:

mona.griswold@dnr.wa.gov 360-374-2800

NOTE: This table shows revenue from timber only, it does not include non-timber revenue.

* This revenue is distributed by the county in accordance with RCW 79.64.110

Jefferson County, WA Distribution by Levy

State Forest Transfer Trust Lands: DNR Timber Trust 1 – Transfer – Timber – 39510 and 33700

Prepared by Jefferson County Treasurer 11/18/2022

These are lands that were acquired by many counties in the 1920s and 1930s through tax foreclosures. These lands were largely harvested and abandoned, and the counties could not afford to manage them so they deeded the lands to the state to manage in trust under RCW 79.22.040. The state retains a portion of the revenue from timber sales and other revenue producing activity on these trust lands, but roughly 75% is distributed to the county (RCW 79.64.110(1)(a)).

All revenues from state forest transfer lands and state forest purchase lands must be paid, distributed, and prorated to the county's various funds in the same manner as general taxes are distributed during the year of payment (RCW

Revenue to Jefferson County: DNR Timber Trust 1

Fund.Dept.	Description	2017	2018	2019	2020	2021	2022-11-18 YTD
001.250.	GENERAL FUND	207,899	330,761	350,735	519,229	23,791	177,768
127.368.	368 - Developmental Disabilities			1,792	2,588	122	920
130.000.	MENTAL HEALTH	1,058	1,685	1,792	2,588	122	920
155.000.	VETERANS RELIEF	1,071	1,706	1,814	2,621	123	932
180.000.	COUNTY ROADS	123,809	198,449	211,256	299,014	14,763	113,329
308.000.	CONSERVATION FUTURES TAX FUND	5,593	8,919	9,474	13,684	645	4,862
640.651.	STATE SCHOOLS	236,158	363,546	397,654	631,724	31,566	236,535
640.652.	STATE SCHOOLS 2 - 2017		197,681	170,068	340,086	16,986	127,522
646.620.	SCHOOL DISTRICT # 46 M & O		21				323
648.620.	SCHOOL DISTRICT # 48 M & O	127,735	301,135	245,531	475,419	24,024	147,112
648.622.	SCHOOL DISTRICT #48 DPF-BUILDING					31,761	193,728
648.733.	S D #48 UTGO REF BOND 2011	110,951	90,595	12,182			-
649.620.	SCHOOL DISTRICT # 49 M & O	3,079	7,886	69,448	2,213		17,802
649.622.	SCHOOL DISTRICT #49 BUILDING	1,281	3,057	29,154	1,368		11,200
650.620.	SCHOOL DISTRICT # 50 M & O		19	12,831			-
650.749.	S D #50 UTGO BOND, 2016		14	9,364			-
651.600	CEMETERY DISTRICT #1 GENERAL						6
652.600.	CEMETERY DISTRICT #2 GENERAL	4,879	7,953	6,529	12,414	597	3,680
661.600.	FIRE DIST #1 GENERAL	603	1,508	54,322	727		-
661.610.	FIRE DIST #1 - EMS	227	602	21,795	309		-
662.600.	FIRE DIST #2 GENERAL	146,414	240,044	169,497	237,209	18,381	123,897
662.610.	FIRE DIST #2 EMS	57,689	94,191	66,655	93,400	7,240	48,926
663.600.	FIRE DIST #3 GENERAL	978	2,047	4,316	1,018		491
663.610.	FIRE DIST #3 EMS	244	673	1,236	356		176
664.600.	FIRE DIST #4 GENERAL						401
664.610.	FIRE DIST #4 EMS						155
664.753.	FIRE DIST #4 UTGO BOND 2019						148
665.600.	FIRE DIST #5 GENERAL			37,166	163,553		14,315
665.610.	FIRE DIST #5 EMS			12,389	61,620		5,516
665.746.	FIRE DIST 5 UTGO BOND, 2016			11,757	44,567		4,021
671.600.	PARK & REC DIST #1 GENERAL	16,787	23,666	4,047			105
676.600.	LIBRARY DISTRICT # 1 GENERAL	57,403	91,624	97,272	143,036	6,741	50,969
679.600.	PORT OF PORT TOWNSEND GENERAL	23,031	36,730	39,014	56,346	2,654	20,019
679.667.	PORT OF PT IDD - 2019				44,543	4,155	47,965
680.617.	PUD #1 - TAX REVENUE FUND	12,012	20,563	21,722	31,022	1,449	10,849
682.600.	HOSP #2 GENERAL					693	5,315
682.633.	HOSP DIST #2 BRD DESGNTD CASH	5,093	10,031	9,908	14,339		-
682.724.	HOSP #2 LTGO BOND-2005	5,168	7,346	8,546	12,302		-
682.738.	HOSP #2 UTGO REF BOND-2013					562	4,149
		1,149,162	**2,042,451**	**2,089,265**	**3,207,297**	**186,375**	**1,374,054**