

DNR TABLE 11 BREAKDOWN AND INTERPRETATION OF FOREST BOARD TRANSFER TIMBER REVENUE DISTRIBUTION- LAKE WHATCOM LANDSCAPE AREA

In early 2007 Whatcom County requested information from the Department of Natural Resources on the timber harvest and revenue projections for forest board transfer lands within the Lake Whatcom Watershed. In response, DNR referred staff to Table 11 which was prepared for the 2003 Lake Whatcom Landscape Plan draft environmental impact statement. In February 2008, DNR staff reviewed the projections the table and notified the County that the data was still valid and accurate. Only the portion of the table relevant to the re-conveyance proposal is reproduced below along with an explanation of key points.

Table 11: Estimate average annual harvest revenue reduction associated with choosing the Preferred Alternative rather than the No Action Alternative in the Lake Whatcom landscape and Average annual revenue change relative to the No Action Alternative, by beneficiary group for the first two decades and the entire planning period (modeled at 200 years). **(Revenue amounts are in thousands)*

Beneficiary entity	First two decades:		Entire planning period:	
	Average annual revenue (\$000)	Change in average annual revenue (\$000)	Average annual revenue (\$000)	Change in average annual revenue (\$000)
Whatcom Forest Board Transfer				
Bellingham & Mt. Baker School Districts	245		140	
Bonds		80		46
Maintenance & operations		165		94
Whatcom County Roads	114		65	
Whatcom County	79		45	
Library	27		15	
Port of Bellingham	21		12	
Whatcom County Conservation Futures	3		2	
State General Fund	169		96	
DNR Forestry Development Account	186		106	

Notes:

1. The table has two sections. The **First two decades** column shows the projected annual revenues only during this 20 year period. The second column shows the projected annual revenues over the entire 200 year planning period. The revenue is higher during the first two decades due to older aged stands that have not yet been harvested. The **Entire planning period** annual revenues are less due to the stand ages, thinning and time required for regrowth after harvest. Harvest and revenue rates cannot be sustained at the 20 year rate beyond the first two decades. We have continued to use the **Entire planning period** revenue projections as it's assumed that the County will retain the re-conveyed lands in perpetuity for park purposes.

2. I have blacked out the change in average revenue columns to simplify the chart. The numbers in these columns were based on the impact of the Landscape Plan and are not related to the re-conveyance proposal.

3. The proposed re-conveyance area is split with approximately 44% in the Bellingham School District and 66% in the Mt. Baker School District. Because distribution is based on individual tax parcels, the percent breakdown between the districts at this time is approximate and based upon the conceptual inter-grant and exchange proposal. The table does not show the breakdown by school district and is a combined amount. Multiply the revenues by the district percentage to determine the approximate appropriation to each district. School revenues are further broken down into bond and maintenance & operations.

a. School districts retain all bond revenues estimated annually at \$46,000.

Bellingham School District Bond 34% X \$46,000= \$15,640

Mount Baker School District Bond 66% X \$46,000= \$30,360

b. School maintenance & operations revenues are deducted from State school funds resulting in no net loss or gain for a school district. If no timber harvest occurs, districts still receive the same amount of funding from the State based on school funding formulas. For the district this is not in addition to State funding but a pass through of funds back to the State and thus has no impact to local school district budgets.

4. State General fund is not retained locally.

5. DNR Forestry Development Account. Beginning in 2008, DNR now retains 25% of timber revenues in the forestry development account. Chart revenue amounts reflect old percentage of 22%. This increase in retainage by DNR reduces funding available for all other entities and is not reflected in the table.

6. Table data background:

There are two components to forecasts of future revenue: the level or volume of timber sold, and the timber prices during the period. The timber volume estimates from State forest trust land in the watershed are based on 2000-2001 computer modeling. The western Washington 2004-13 sustainable harvest calculation adopted by the Board of Natural Resources was based on modeling using the same assumptions for the watershed as the 2000-2001 modeling. These assumptions generally reflect management under the 2004 Lake Whatcom Landscape Plan. The timber price estimates came from multi-decade forecasts based on multi-decade trends. While actual prices fluctuate up and down in any year, these price projections still reasonably estimate future prices. (*DNR correspondence to Whatcom County 3/17/08*)