



Jefferson County Fire Protection District No. 2

Commissioner Art Frank
Board Chair

Commissioner Melody Bacchus
Commissioner Marcia Kelbon

P.O. Box 433, Quilcene, WA 98376 ■ 360-765-3333

November 21, 2022

Via e-mail to JeffBoCC@co.jefferson.wa.us

Jefferson County Board of Commissioners

Attn: Commissioners Heidi Eisenhour, Kate Dean, and Greg Brotherton

Via e-mail to csenka.fc@dnr.wa.gov and Mona.Griswold@dnr.wa.gov

Washington State Department of Natural Resources

Attn: Commissioner Hilary Franz, Csenka Favorini-Csorba, and Mona Griswold

Via e-mail to kevin.vandewege@leg.wa.gov, mike.chapman@leg.wa.gov, steve.tharinger@leg.wa.gov

Washington State District 24 Legislators

Attn: Senator Kevin Van De Wege, Representatives Mike Chapman and Steve Tharinger

Re: Proposed inclusion of timber parcels located in Jefferson County, Washington within the carbon offset pilot program

Dear Jefferson County Commissioners Eisenhour, Dean, and Brotherton,
DNR Commissioner Franz, Ms. Favorini-Csorba, and Ms. Griswold,
Senator Van De Wege, Representative Chapman, and Representative Tharinger

We write with concerns regarding the inclusion of certain parcels within Jefferson County within DNR's carbon offset pilot program. We request an opportunity for further input on the topic after DNR provides a detailed analysis of how this program will optimize financial benefit for the relevant trust beneficiaries including junior taxing districts such as Jefferson County Fire District 2.

The Washington State Supreme Court recently confirmed that "DNR is ... obligated by statute to manage forest board lands for the benefit of the counties who granted land to the State." *Conservation Northwest v. Franz*, 199 Wn.2d 813 (2022) Revenue from forest board trust lands is distributed to counties including their junior taxing districts. See, e.g., RCW 79.64.110. During the ten-year period covering 2013 through June 2022, DNR distributed \$15,568,133 to Jefferson County. [fm county income table.pdf \(wa.gov\)](#) During the portion of this period of 2017 through September 2022, \$1,251,051.35 of this revenue was distributed to Jefferson County Fire District 2, also known as Quilcene Fire Rescue (QFR). QFR depends on this revenue to obtain and replace aging apparatus and for mission-critical staffing, which is necessary to maintain safety in our community.

We are concerned by statements quoted in the October 28, 2022 edition of the Peninsula Daily News and discussion at a recent meeting of the Jefferson County Board of County Commissioners ("BOCC") that the BOCC is considering advocating for the inclusion of some

forest trust lands within Jefferson County in the Phase 2 Carbon Project being run by DNR. These include up to ten parcels identified by DNR that fall within the QFR district (North Penny, North Penny 2, Penny South, Mt Walker, Coyle Unit 4, Coyle, Coyle 1, Silent Lake, Coyle 3, and Silent Alder). Potential action by BOCC is being considered despite general recognition that the county's potential carbon sales are estimated to generate potential revenues equal to only a small percentage of the lost timber sale revenue.

The carbon offset program has been estimated to potentially yield, as a percentage of timber harvest revenue, revenue between a low of 10%, as quoted by a BOCC Commissioner in the PDN, to a high of approximately 20% that was provided as a very rough estimate by Csenka Favorini-Csorba during a recent beneficiary meeting. Ms. Favorini-Csorba noted that there are many uncertainties remaining but referenced some speculation that carbon prices could increase substantially in future years. Such speculation is just that and also ignores the fact that timber prices could also increase substantially in future years. While there is an absence of concrete data on the financial impact on junior taxing districts, in all cases estimates have been significantly less than 50%. An often-stated rationale that carbon sales would provide a "more consistent revenue source" does not make up for a likely 75%-90% cut in revenue.

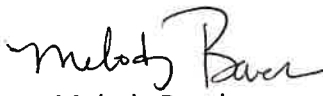
Residents of South Jefferson County, including Quilcene, are hurting economically. It is not realistic or reasonable to ask them to make up this shortfall through a local bond measure or increased tax levy, and this is really the only other option that has been identified. It would be premature for the BOCC to take any action recommending the inclusion of local parcels within the carbon offset pilot project without identifying a firm source of equivalent replacement funding.

This letter is thus to request that DNR provide the BOCC and QFR a detailed analysis including concrete estimates of the anticipated revenue yields and the timing of such yields from the potential inclusion of parcels within Fire District 2 in the pilot program as compared to that which would result from timber harvest. The analysis should explain how the program optimizes financial benefits to the trust beneficiaries in keeping with DNR's fiduciary duties. This detailed comparative analysis should be provided, and input from QFR and other trust beneficiaries should be sought, prior to any recommendation from BOCC and prior to any decision by DNR on matters impacting the disposition and management of forest trust lands within Jefferson County.

Jefferson County Fire Protection District No. 2 Commissioners



Art Frank
Board Chair, Position 1



Melody Bacchus
Position 2



Marcia Kelbon
Position 3