

BARNUM TIMBER COMPANY

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July 15, 2009

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HUMBOLDT COUNTY
PLANNING DIVISION

Mr. Kirk Girard, Director
Community Development
Humboldt County
3015 H Street
Eureka, California 95501

RE: Petition of Barnum Timber Company, Limited Partnership

Dear Mr. Girard:

Please consider and accept this letter and enclosures as a *formal petition* to you, as the Director of Community Development, to re-categorize the lands owned and managed by Barnum Timber Company, a California Limited Partnership, in your office's draft General Plan Update, from "Industrial Timberlands" to "Non-industrial Timberlands."

Your draft General Plan Update maps show Barnum Timber Company in a class of "Industrial Timberlands" along with the corporate ownerships of Green Diamond Resource Company (formerly Simpson Timber Company), and those lands of Humboldt Redwood Company (formerly known as Palco). Both of these large companies are corporate in form, and they possess and operate industrial manufacturing facilities (sawmills, co-generation plants, etc.) which we do not. Your "Forest Resources" document drafted in 2003 attempted to define as Industrial Timberland those parcels owned by corporations with processing facilities and those who own more than 5,000 acres of "productive timberland." This association of two apparently unrelated business forms appears to be arbitrary and without substantial basis.

Your General Plan Update mistakenly associates all larger acreage ownerships with industrial ownerships. The existing proposed categorizing also ignores the definition used in 1981 when developing the existing Humboldt County General Plan. The County's 1981 Timberland Background Study states, at Page 2-20 second paragraph, as follows:

"Non-industrial timber owners are either individuals or corporations, who do not possess processing facilities to utilize their timber production, so that any timber grown must be sold to a processor."

The timber and lands owned by Barnum Timber meet that definition.

Please reply in writing and tell us the following:

1. Is this a proper form for such a petition?
2. Are there fees required for you to consider and act on this petition?
3. Are you administratively empowered to grant our petition request? If not, will you please outline the proper procedure and to whom we should present our petition.
4. If you are the proper recipient of this petition but decide to deny the request, what appeal rights and procedures are available to us?
5. What timeline are you considering for resolving our petition?

Barnum Timber Company, a California Limited Partnership, (BTCo) was formed in 1985. Its timberlands then in Humboldt, Trinity, and Mendocino Counties totaled 47,000 acres. Barnum Timber Company, a California Limited Partnership was a separation of interests in timber lands owned by members of the Barnum family acquired over several preceding decades. As the family grew in numbers and ages, it became a practical necessity for estate planning purposes that a division of these lands be made among family members.

Barnum Timber Company owns 18,500 acres of land today with the vast majority in Humboldt County. Family estate planning has necessitated the distribution over the past 25 years of a majority of the lands held in 1985. Current holdings of BTCO are viewed by each of its several family members as personal investments. They were originally acquired by me with the expectation that they would be a conservative and safe investment over time. It was and is still expected that with the passing of time, further changes in the ownership of BTCO will occur of necessity.

There are now proposals being discussed by County planners to institute severe reductions in allowable residential building on timberland. The proposed reductions are for both industrial and non-industrial lands.

When the Timberland Productivity Act of 1982 was enacted, it provided for timberland zoned parcels to have a residence and associated buildings, and for the land itself to be used for maximum sustained production of commercial timber and to "provide a favorable climate for long term investment in forest resources." Other uses were prohibited.

The business climate for Humboldt County now is poor, and for the State of California it is even lower. Over the past several decades, timberland investors have been discouraged from making new investments in Humboldt County timberlands. Except for Humboldt Redwoods Company's purchase of the timberlands from the former Pacific Lumber Company out of bankruptcy, there has been no major investment in Humboldt County timberlands for more than a decade.

This current impasse has been caused by several factors. The current severe national recession is the most obvious; but other more serious reasons remain. Among them are: 1) the regulation costs of growing and harvesting timber in California are much higher than any other state; 2) severe foreign competition in a world market reduces the prices of our local

manufactured forest products; 3) obsolescence, substitution, and technological change have replaced some of our large former forest industries such as tan bark, barrel making, wood chip, wood pulp, battery separator and plywood. There are no indicators now that these conditions are changing for the better. For the reasons mentioned above, it is not absolutely clear that there will be a market for Humboldt County logs in the next 25 to 50 years. In addition, forest land owners also assume the risk of catastrophic fires.

The management of Humboldt County forestland is expensive. To obtain optimal timber production, large investments must be made in silvicultural practices. Over the past 25 years, Barnum Timber Company has invested more money in planting trees, vegetation control, spacing of trees, and road improvements, etc. on its land than the cost of land itself.

Barnum Timber Company and its predecessor parcels were acquired in legal or patent parcels as investments. There was then, and is now, the understanding that the several separate parcels could be distributed by sale or gift at a later date. Indeed, there have been numerous additional small parcels added to the original holdings and many dispositions since 1985.

The average market values of timberland today are based upon recreational and residential uses. Other than as an investment in the commercially valuable standing Douglas-fir timber, which today is very low, the underlying land has a negative value as an investment for the purpose of growing timber. Redwood is much better, but greatly depressed over recent years. Should there be further county planning restrictions on residential uses on timberland, its investment value will further decline. A complete ban on residential or business use on timberland would reduce their market value almost to zero. A huge part of our county tax base would disappear along with its revenues. Personal hardship and distress would come to the families of workers whose jobs are lost.

If timberland owners retain the right to build homes on timberlands, they will, of necessity, be good stewards of the land, protect it, and assure at least some timber growth in relation to the amount of money and/or labor invested in modern silvicultural practices and intensive management.

Please call me with any questions and let me know if there is anything further you need to know, see, or consider before acting on our petition. As you no doubt realize, time is of the essence, and your timely response will be appreciated.

Sincerely,



C. Robert Barnum
General Partner

Encs.

CRB: ja

cc: Barnum Timber Company Partners
Supervisor Jimmy Smith
Supervisor Cliff Clendenen
Supervisor Mark Lovelace
Supervisor Bonnie Neely
Supervisor Jill Duffy

Exhibit A

**Barnum Timber Company, a California Limited Partnership, and
Barnum Family Trusts Partner Fee Ownership Allocation**