

DATE: April 30, 2008

RE: Recreation land lease data from Lake Cushman, Washington.

FROM: Compiled by the Cabin Coalition 2

Lake Cushman is a 4,010 acre (16 km²) lake on the north fork of the Skokomish River in Mason County, Washington. The lake is maintained by Cushman Dam No. 1, providing electrical power to the Tacoma Power system. Though slightly colder than out-of-state lakes, Lake Cushman's temperature is normal for Washington lakes. It is fed by the Skokomish River, which is a glacial runoff river.

As a popular retreat for hiking, fishing, boating and kayaking, Lake Cushman's shoreline is dotted with resorts and rental cabins. The lake is notable for its beautiful crystal clear blue water and the huge round rocks surrounding it, as well as thick stands of hemlock, fir and cedar trees.



Lake Cushman is located on the west side of the lower Hood Canal, nestled in the foothills of the Olympic Mountains. The nearest community is Hoodspport, WA. The lake is a reservoir created when Tacoma City Light, an agency of the City of Tacoma, dammed the Skokomish River in the early 1960's as a city water supply. Beginning in the late 1960's, the land around the lake has been under development with recreation residences, resorts and parks.

The Lake Cushman Land Company is the primary lessee with Tacoma City Light. They in turn provide leases to whoever wants to build cabins, etc. around and near the Lake. These are 98-year leases that expire in 2064. The lease fee is fixed for 5 years and indexed to the Seattle CPI index. The next adjustment takes place in 2011. The current flat rate fee for backland lots is \$129.68 per year and waterfront lots is \$583.57 per year. There are no other fees, but cabin owners pay county real estate taxes on the structure and the standard leasehold excise tax on the land values represented by their leases.

One "cabin" sold last year for about \$550,000. The Mason County Assessor has valued the land under the cabin at \$175,000, which represents 100% of fair market value, according to the property tax laws of the state of Washington being administered by the Department of Revenue. If this were Forest Service land, and \$175,000 were the appraised value under CUFFA, their fee would be \$8750, not \$583.57. Their fee is actually only .33% of the assessed value.

This situation is clearly analogous to permit fees under our relationship with the Forest Service. It provides a growing body of evidence that the 5% number is grossly flawed. Certainly, this information should be part of building our arguments going forward.