

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

February 14, 2005

1:06 p.m.

MEMBERS PRESENT

Representative Jay Ramras, Co-Chair
Representative Ralph Samuels, Co-Chair
Representative Jim Elkins
Representative Carl Gatto
Representative Gabrielle LeDoux
Representative Kurt Olson
Representative Paul Seaton
Representative Harry Crawford
Representative Mary Kapsner

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 130

"An Act granting certain state land to the University of Alaska and establishing the university research forest; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 130

SHORT TITLE: UNIVERSITY LAND GRANT/STATE FOREST

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

02/07/05	(H)	READ THE FIRST TIME - REFERRALS
02/07/05	(H)	RES, FIN
02/09/05	(H)	RES AT 1:00 PM CAPITOL 124
02/09/05	(H)	Heard & Held
02/09/05	(H)	MINUTE(RES)
02/14/05	(H)	RES AT 1:00 PM CAPITOL 124

WITNESS REGISTER

KATHIE WASSERMAN, Policy and Program Coordinator
Alaska Municipal League

Juneau, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

JUDITH BRAKEL
Gustavus, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

PAUL JOHNSON
Elfin Cove, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

BOB JOHNSON
Kodiak, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

RON RASMUSSEN, Co-Owner
Northland Wood Products
Fairbanks, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

CHARLIE RAFT
Kodiak, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

BRETT CARLSON
Northern Alaska Tour Company
Coldfoot, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

JOAN MCBEEN
Tenakee Springs, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

DENNIS WATSON, Mayor
Craig, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

JOE BEEDLE, Vice President for Finance
Chief Financial Officer and Treasurer Trustee
Land Grant Endowment Fund
University of Alaska
Fairbanks, Alaska
POSITION STATEMENT: Testified in favor of HB 130.

DANIEL TRAIL
Wrangell, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

WALTER NORTHRUP, Commercial Fisherman
Ketchikan, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

MARTY REMUND
Port Alexander, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

JOHN LAWSON
Port Alexander, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

ZACH LENNING, Commercial Fisherman
Port Alexander, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

MARY MONTGOMERY, Director
University Land Management Office
University of Alaska
Fairbanks, Alaska
POSITION STATEMENT: Answered questions regarding HB 130.

TIM CIOSEK
Sitka, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

ALBERT PAGH, Four Star Lumber Company
Fairbanks, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

DEBRA ROSE GIFFORD, Mayor
Port Alexander, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

JULIE HURSEY
Petersburg, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

ERIC LEE, Commercial Fisherman
Petersburg, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

JAMES BRENNAN
Anchorage, Alaska
POSITION STATEMENT: Testified in opposition to HB 130.

ACTION NARRATIVE

CHAIR JAY RAMRAS called the House Resources Standing Committee meeting to order at [1:06:48 PM](#). Representatives LeDoux, Elkins, Kapsner, Ramras, Samuels, Seaton, Olson, and Gatto were present at the call to order. Representative Crawford arrived as the meeting was in progress. Representative Thomas was also present.

HB 130-UNIVERSITY LAND GRANT/STATE FOREST

CHAIR RAMRAS announced that the only order of business would be HOUSE BILL NO. 130, "An Act granting certain state land to the University of Alaska and establishing the university research forest; and providing for an effective date."

KATHIE WASSERMAN, Policy and Program Coordinator, Alaska Municipal League, noted that the governor's letter regarding HB 130 stated that the bill is a product of more than a year of discussions between the Department of Natural Resources (DNR) and the university; however, municipalities have known about it for only one week. She said she has been contacted by many communities, and it is very difficult to sift through and see how HB 130 might affect them because of the short timeframe. She said that the Alaska Municipal League is concerned that the public process has been narrowed down. Ms. Wasserman requested that the state hold community workshops.

REPRESENTATIVE ELKINS asked if Ms. Wasserman would recommend that HB 130 go to the House Community and Regional Affairs Standing Committee.

MS. WASSERMAN said she thinks there should be more community input, and that most of the communities are not even sure how this legislation will impact them.

JUDITH BRAKEL, Gustavus, said the public process has been extremely narrowed down. She said she can see why the proponents want to fast track HB 130, because with more time they will see that there are a lot of places that people will be angry about. There will be special concerns about special places, she said, and Baranof Warm Springs is one of those places. It is not good to spread development there, she said, and the selected site is near a special, precious little tidal lagoon, which has a tidewater waterfall. The bay already has a little town site with enough property there for development. She said that the university needs money, but it doesn't need a

bunch of little controversial lands. Ms. Brakel recommends providing income to the university by revising the economic limit factor or with an income tax, but "don't give away these very special places."

REPRESENTATIVE SEATON said that most of the parcels in Southeast Alaska are in the settlement category under DNR, and they are slated to be sold for settlement uses at some time. He asked if Ms. Brakel objects that they be sold at any time.

MS. BRAKEL said the parcel at Baranof Warm Springs was "for dispersed recreation, it was not for development in the land planning categories." She noted that the mental health lands were similar in that they were supposed to make money, but it caused much concern in Gustavus, and the community ended up raising money to buy the land. She said there is no planning for the HB 130 lands, and no one gets to weigh in. Some places might be desirable to develop, she said, "but we will never know which are which under this kind of process."

REPRESENTATIVE SEATON asked if the lands classified in development status are of no concern to Ms. Brakel, only the Baranof Warm Springs land.

MS. BRAKEL said she is not familiar with the status of all the parcels, but there's a lot of attachment to "these far-flung" places.

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PAUL JOHNSON, Elfin Cove, said he is disappointed by HB 130. "These lands have a lot of history to them," he said, and he doesn't think DNR or the university "has any idea of what they are getting here." DNR walked through the lands quickly in June, he said, and the land may be very different at another time of year. Some may have "huge economic ramifications." He added that many of the HB 130 lands are not yet under a borough, forcing a future borough to play "second fiddle" in its selections.

MR. JOHNSON said the bill definitely needs to go to the House Community and Regional Affairs Standing Committee. He noted that other land grant universities receive downtown, urban real estate. He supports the university but said that if the state takes away the region's "economic opportunities," then "having a university is not going to do us any good."

CO-CHAIR RAMRAS pointed out that part of the university's plan "was not just for your kids, but it was your grandchildren and your great grandchildren, and the way that you get land in the middle of a developed urban or rural area is by fulfilling the mission of the land grant, and communities grow around it. That's the Wal-Mart plan. They find a piece of property in an outlying area and then the community grows toward them."

MR. JOHNSON said that some areas have mining, timber, or oil. "Our areas [have] tourism." Elfin Cove is only 91 acres, and the nearby HB 130 parcel in Idaho Inlet is 590 acres, he said. Idaho Inlet is the area of economic opportunity for Elfin Cove, he added, "you take that away, and the community does not have the opportunity."

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BOB JOHNSON, Kodiak, said that he believes that most, if not all, of the residents of Kodiak are upset about the land grant of Narrow Cape. "This is Kodiak's playground, there's a working cattle ranch out there, the beach is a tourist attraction, and any suggestion that we might lose control over that piece of property upsets us." He expressed suspicion that the president of the university is also on the board of the Alaska Aerospace Development Corporation (AADC), and that the president must know the value of that property to AADC and to the military. Mr. Johnson said that the university may not intend to sell to the AADC or the military, but promises are not always kept. "We definitely oppose this land grant to the university even if it is not their intent to sell it for profit," because there may come a time when the university needs that money.

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CO-CHAIR SAMUELS asked if the people of Kodiak should buy the property.

DR. JOHNSON said the community can't afford it.

RON RASMUSSEN, Co-Owner, Northland Wood Products, Fairbanks, said his company employs 30-50 people year round, operating a sawmill for the last 40 years. The company relies on state timber sales for all its raw material, and he said he opposes the 5,100-acre grant to the university research forest. The Tanana State Forest was developed to provide a constant timber base for the industry, he said, and the land transfer will take the most prime and most accessible forest out of production.

"This block of timber may be studied and researched to death, but it most likely won't produce another stick of lumber or provide any more real jobs again." He said research can co-exist with forest production, as was done in the Bonanza Creek Experimental Forest. Mr. Rasmussen proposed the following:

Give the university the 1,200-acre Bonanza Creek Experimental Forest it now manages; give the university the 10,000 acres already set aside within the Tanana Valley State Forest for research and natural areas; and since I don't see any prime forest acreage from Southeast, I suggest taking the balance from there.

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CHARLIE RAFT, Kodiak, said he agrees 100 percent with Bob Johnson, and added that he has witnessed land acquisitions where access was promised, but over the course of time it was restricted. He said he didn't hear a good answer when Representative LeDoux asked the university why it needed to actually purchase the land.

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BRETT CARLSON, Northern Alaska Tour Company, Coldfoot, told the committee that he operated tours on the Dalton Highway, which he said is a critical economic resource for transportation to Arctic oil fields and a budding world-class tourism destination. He said the Dalton Highway is a success story for land planning because of the public processes, which have included many agencies and private industry. He said it is a wilderness highway while being an industrial highway, and the public planning has limited development along the highway to keep it clean and attractive. He said people in Coldfoot were surprised to hear of HB 130, which proposes to turn all of the land in the Coldfoot area over to settlement. It may be a good idea, he said, "but there obviously are a lot of down sides to that, and clearly, I think private landowners...should be involved." At the Yukon River there are many private landholders that would be impacted, as well as villages, and there should be discussion before the bill leaves the House Resources Committee, he said. Mr. Carlson noted that there is a third parcel in HB 130 just north of Happy Valley, which he can't find much information on. He asked the committee to view the Dalton Highway as a resource for our grandchildren. "Slow the process down and get the information out," he concluded.

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JOAN MCBEEN, Tenakee Springs, reported that from where she is in Tenakee Spring's public library she sees four clear cuts. She said she has concerns about transfers of large acreages to the university, which she said is not consistent with Tenakee's community plan. She said she was a planning commissioner for 20 years, and the community plan says that Tenakee residents put value on their lifestyle, and they do not like sudden changes but prefer incremental growth, which is in accord with community values. Another objective of the community plan, she said, is to avoid property speculation and a land rush. She added that a subdivision would drop land prices dramatically. She also expressed her concern with how HB 130 conflicts with the Northern Southeast Area Plan of October 2002. DNR worked with Tenakee on it, and citizens were satisfied with some of the decisions. She said that one parcel that is part of HB 130 has the following management intent: "the parcel is to be retained by the state and managed to accommodate the current recreational uses...further development of this parcel is not considered appropriate." She said another parcel in HB 130 also was to be retained by the state, as written in DNR's area plan. Ms. McBeen asked the committee how it can be appropriate to transfer such lands, and she also noted that citizens were not given much time and she would like more public participation.

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DENNIS WATSON, Mayor, Craig, said he has been involved in the selection of state lands, and he is not opposed to conveying state lands to the university trust, but he has issues with HB 130 as written. He said his complaint "about the public process is the absolute lack of process" of this bill, which has been "kicking around for a year, and this is the first we know about it. I hate reacting in the last minute," he said. He added that it is particularly troublesome because DNR hadn't done their homework in a previous land selection project, and it created an unnecessary fight.

MR. WATSON said the land transfers will severely limit entitlement land for a future Prince of Wales Island Borough. Such properties will be important for municipal income and to build infrastructure to provide borough services required by law, he stated. Another negative aspect is that any timber harvested by the university would not be sent to local mills. DNR worked with Craig on a recent land selection process, and

the conveyance to the university was not on the table, he said, and the community would have made selections much differently. He quoted DNR's Bob Loeffler who said, "These are really our most valuable lands." "We agree," said Mr. Watson, and he requests the committee withdraw any lands in the bill that are within the model borough boundary, or at least hold on to the bill until things can be worked out.

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CO-CHAIR RAMRAS said he heard that the process was rushed, but "that's precisely what we are doing here is listening to folks' concerns. We are taking our time; we are opening up to plenty of testimony. When others criticize how quickly we're moving on this, what exactly do you mean because we're the committee of first referral and then it goes through house finance...what makes you think this is moving at a breakneck speed?"

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MR. WATSON said he was concerned because information about this land transfer was kept secret.

CO-CHAIR RAMRAS asked Joe Beedle to "dispel some of these concerns that we're hearing that suggest a degree of recklessness or uncertainty as to how we're doing things."

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JOE BEEDLE, Vice President for Finance, Chief Financial Officer and Treasurer Trustee, Land Grant Endowment Fund, University of Alaska, Fairbanks, responded that there is a section of Alaska statutes AS 14.40.170, items 7 and 8, that refers to the duties and powers of the Board of Regents and the University of Alaska, and it says to adopt reasonable rules for the prudent trust management and the long term financial benefit to the University of Alaska of the land of the university, and to provide public notice of sales, leases, exchanges and transfers of land. Mr. Beedle suggested looking at the university's website which discusses a policy numbered: P05.11.04, which provides for a very specific process of public input and final approval by the Board of Regents.

MR. BEEDLE said normally the university would go through a strategic process which includes an annual plan and a development plan if the university is going to subdivide or develop the property before selling. He said there is one very

important exception when the university gets an unsolicited offer for high public demand property: the university can do an accelerated sale. He said that DNR cannot be as responsive as the university.

MR. BEEDLE stated the university has the desire to work with people with valid and existing rights. He said that DNR has nominated these parcels of land, and the university does not have a specific idea of what to do with them. As it decides, it will be engaged with the community with a public notice process. The university is not going to operate with a sense of urgency; we are very deliberate, he said. People will have plenty of opportunity to engage, and if there are valid existing rights, the university would have to adhere to all of those, he said. If the land is not in an organized borough, the university will look to DNR for development approvals. He said that it would be wrong to say the university is anxious to sell or develop; it might be 50 or 100 years before the university finds that there is a high enough demand for some parcels. The university will be going through a slow process, but he added that the university can act fast as well.

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CO-CHAIR RAMRAS asked Mr. Beedle to explain how parcels were selected for HB 130.

MR. BEEDLE said some ideas like the Tanana Forest came from legislators and university officials during deliberations of SB 7 in 2000, where there was much input.

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MR. BEEDLE said that most properties came about through the DNR area planning process, whereby DNR investigated potential uses for state land. The state inventoried all of its Southeast timber land, and excluded that land from the university for the benefit of local value-added industries. He said that DNR eliminated critical habitat and any lands that were in DNR's five-year sales plan. He said the area plans were a "public zoning process." What was left for the university was development, settlement, or recreation lands. HB 130 lands were nominated from those lands.

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REPRESENTATIVE LEDOUX said that it appears there was much discussion between the governor's office, DNR and the university as to what lands would be on HB 130.

MR. BEEDLE said that the university's discussions date back to the Knowles Administration in 2000. In the last five months the University and DNR have looked at lands "in a serious way." "We've asked for some lands specifically on steep mountain slopes located in the Brad[field] Canal as an example...and some properties in the Skagway area that we didn't think we could ever develop. So there was some fleshing out of the nomination list that was provided by DNR, and in fact this has been an ongoing effort."

REPRESENTATIVE LEDOUX said that President Hamilton spoke to the Kodiak Island Borough Assembly, and he said he had no idea that the university was going to get the rocket launch property on Kodiak.

REPRESENTATIVE ELKINS asked Mr. Beedle if he thought the university would be interested in a covenant that the university would have to do value-added for any timber harvesting. He also asked if there could be a requirement that the watershed of Neets Bay be protected.

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MR. BEEDLE said that as to value-added: "We anticipate adding value to any and all property that gets transferred." Regarding timber, he said the lands were not nominated for their timber value, but there could be secondary value from timber. Currently the university doesn't have a primary manufacture requirement, but "that's not to say the university won't work with local value-added mills." For Neets Bay, the university would be taking that property subject to the valid existing rights. He said he believes the reason the property is of value is because of the hatchery, and the university would only contemplate uses that would be compatible, preserving that highest and best use. He added that "even one piece of property falling off of the list is a concern to us. We would be very motivated to try to provide assurances in a transfer deed and in covenants."

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REPRESENTATIVE ELKINS asked "if you were to receive forest lands within the Tongass with a covenant on it that required value-

added so the mills in that area wouldn't be jeopardized, would you be interested?"

MR. BEEDLE said the university had offered "to the state that we would be pleased to accept land within their defined state forest, and that we would be happy to accommodate the rotation of the timber such that that timber was allocated to - dedicated for - the local value-added mills. If for some reason this bill got changed, and parcels of those lands currently not included-- that you just defined--we would not object to the requirement that those have value-added local manufacture stipulations."

CO-CHAIR RAMRAS asked if this land selection process was collaborative between the university, DNR, Alaska Department of Fish & Game, and some others.

MR. BEEDLE responded that that is true for the area plans, but not the university selections.

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CO-CHAIR RAMRAS asked "Did you also say some of these lands or a percentage...were going to be sold by DNR sometime in the next five years, that that was part of their area plan."

MR. BEEDLE said that DNR has a different process than the university for selling lands, but "that is absolutely correct."

CO-CHAIR RAMRAS asked, "and that applied to some of these lands, not all of the lands, that are before us today, is that correct?"

MR. BEEDLE responded that most of the Southeast lands were included in the area plans.

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DANIEL TRAIL, Wrangell, said he and the homeowners association from Thom's Place are "all pretty dismayed." He added, "This land giveaway really takes away our capacity for self-determination as a community out there. The size of this parcel, which is 2,360 acres, dwarfs our small community and it is right adjacent to it." He said the residents fear that "clear cutting is on the way," which would be unacceptable because people live there for the beautiful, pristine, wilderness setting. He added "we honor the mechanism to fund

the university," but "for us to give up such a large parcel, hardly seems fair."

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WALTER NORTHRUP, Commercial Fisherman, Ketchikan, said he has been commercial fishing since 1948, and he watched it deteriorate and then become revitalized by Southern Southeast Regional Aquaculture Association (SSRAA). He is very opposed to the granting of land in the Neets Bay area because SSRAA has spent much money and effort in establishing its fish hatchery, and has "revitalized the fishing in this area." He added that any income derived from Neets Bay tourism should go to SSRAA, and "above all, don't log their watershed." He warned that if the university gets the land and then sells it, there is no guarantee it won't be logged. Mr. Northrup said that this is the first chance he has had to look at this, and he told the committee to get maps of the HB 130 areas out to the public. He thinks there will be a "very incensed public." Looking at the map of Coffman Cove, he said, it looks like the university takes the whole town. "I think you might have a tremendous uproar if you don't go very careful on this and let people know what you are talking about."

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CO-CHAIR RAMRAS said that DNR's web page does have all the maps.

MR. NORTHRUP said he, like many others, doesn't have a computer. "Put it in the papers," he added.

REPRESENTATIVE GATTO asked if Mr. Northrup said that there is no guarantee that these lands wouldn't be logged.

MR. NORTHRUP answered that the local paper said the university might sell some of these places.

REPRESENTATIVE GATTO followed by asking if there is any guarantee now that the lands won't be logged.

MR. NORTHRUP said, "The university didn't make any friends" when it logged Mountain Point. It advertised it in the Anchorage newspaper, "but nobody out here knew it was going to happen until it was on top of them."

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NICK STELTZENMULLER, Student, University of Alaska Southeast, Sitka, said he cares about the university, but he is concerned about the lands in the Sitka area, specifically Lisianski peninsula, Middle Island, and Baranof Warm Springs. He said, "they are big enough deals" for each one to have a full public hearing. He said that this kind of land transfer should be a five-year process, with DNR and the university looking at each parcel individually and discussing future development goals with the community and with the tribes. He said that Mr. Beedle testified that the university does not have a sense of urgency with these parcels. He told Representative Gatto the distinction between land owned by the state and land owned by the university. As a citizen of Alaska, he said, he has more influence in what happens on state lands...

CO-CHAIR RAMRAS interjected, "thank you very much and we are very pleased to be taking your testimony--right now."

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TARNICA GARNICK, Port Alexander, reported that there were four people in Port Alexander to testify.

CO-CHAIR RAMRAS asked that only three people speak.

MARTY REMUND, Port Alexander, said that he opposes HB 130, because it is not a proper way to fund the university, and in the process, the governor is bypassing local government and land-use planning efforts. HB 130 goes directly against the Port Alexander comprehensive plan, he said. He added that residents favor a stable population and economy and that it is disrespectful not to seek community input. The 267 acres proposed for transfer is large compared to the size of the town, which has a total deeded acreage of 128 acres, and it would have tremendous impact, he said. Only 80 of the community's acres are privately owned, and the rest are held by the city of Port Alexander. The transfer would devalue the private and city land, and Port Alexander's water supply is not adequate to service new lands, he said. He added that the community worked with the state in developing the Northern Southeast Area Plan, which states that "DNR should contact the city prior to making a decision on any applications involving development" and "development is not considered appropriate during the planning period given the uncertainty over the need for additional lands in this remote fishing community and the ability of the city of Port Alexander to provide public services."

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JOHN LAWSON, Port Alexander, said that it looks like the lands being transferred include the town's watershed, transit line, water supply, tank, and chlorinator and filtration building. By putting people there it "could be completely detrimental to our total water system." He added that HB 130 is in "direct adversity to our comprehensive plan, even our cemetery would be completely blocked off except from a water access."

ZACH LENNING, Commercial Fisherman, Port Alexander, noted that Mr. Beedle said that the university wants to move slowly and some of the lands would not be developed for many years, but at the last teleconference he heard that the Southeast lands would be used for quick cash, which does not sound like a long-term plan.

CO-CHAIR RAMRAS said that he is responsible for that confusion, "the funds are supposed to be for the legacy of the next 50 to 100 years, but the university's point of view was a land disposal that should be 20-year plus period."

MR. LENNING noted that "these lands basically sandwich our town. It's a huge amount of land compared to what we have." He said the land is where locals go hunting. "If I leave my house to go hunting, I have to go across those lands unless I want to go way, way out of [my] way." He added that it "would completely change" almost everyone's subsistence activities, "and that's how we mainly live out here."

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REPRESENTATIVE SEATON expressed concern of the land transfers boxing in the city, and he doesn't see access routes and trails on the map. He asked Mr. Lenning if there are specific trails that are used.

MR. LENNING said that whole area is the city's watershed, and there are no marked trails. He said residents use the entire area.

REPRESENTATIVE SEATON asked him to send the committee notations on where the water structures are.

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CO-CHAIR RAMRAS asked the university to reiterate how a land-sale process will work in a small community like Port Alexander.

MARY MONTGOMERY, Director, University Land Management Office, University of Alaska, Fairbanks, said that if the university planned to develop the property it would go talk to the community. She said that "periodically it's just not feasible and the timing's not right for development." She said that if there are trails and access issues, "we're very careful to always provide access to adjacent properties--we get people through our property and out the other side." She said she is not aware of the water system, and "it is not the type of property that we would have wanted to have in this land selection list." She said the university and DNR should look into that.

CO-CHAIR RAMRAS asked that "when it comes to a small community like Port Alexander, will there actually be someone on the ground who meets with the community leaders...to discuss things like a watershed and some of their other concerns prior to dispersal of property?"

MS. MONTGOMERY said, "Absolutely. We would always go on the ground and meet with the community and hear the community concerns. We generally spend eight or twelve hours listening to the community concerns, and try to mitigate those concerns...trying to develop a project that is compatible with the community."

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CO-CHAIR RAMRAS said it is his intuition that people in rural communities think there is more of a public process in the more urban areas. He asked Ms. Montgomery to explain how the process might be different in a small community like Port Alexander. He first asked how many people live in Port Alexander.

MR. LENNING said there are 69 residents, and he added that if someone looked at the land they would have a "quick sense of our concerns."

MS. MONTGOMERY explained that the process begins with a 60-day notice from the university, then a meeting is scheduled with community leaders, and the university tries to have an open-house workshop for locals, bringing an engineer or surveyor to help design projects. The university listens to issues of utilities and access and tries to determine if there is a market

for the lots. The university representatives go back and work on a design, and they would probably return to the community to get more feedback, she said, and once the university has gone through the community process, it goes through the platting authority process with public notice. At that time the state will ensure access is available to adjacent property owners, and that streams are protected. Responding to Representative Ramras, she said that usually at least two people from the university and a consultant go to the initial meeting.

REPRESENTATIVE LEDOUX said that the process of coming into communities is similar to what is in university policy, but a similar section of the old bill was repealed by HB 130. "In light of the university intention to...elicit public comments, what is the purpose of repealing AS 14.40.366 which provides for that public comment period?" she asked.

MR. BEEDLE responded that the entire section is not repealed, and there are several sections in old SB 7 that are not appropriate because mineral properties were not selected. He added that the "university policy already exists to provide that protection," but that the university wants to be able to be responsive to the market and not slowed down by public process when "an opportunity" is available.

REPRESENTATIVE SEATON read AS 14.40.366 which says the university "shall" provide public notice, whereas university policy states that they are to provide notice "to the extent practicable." He said there is a huge difference. He restated that his chief concern is about access, and university policy number 6, says that "access through university property, subject to the receipt of acceptable tort.... the university will recognize or provide alternate access for R.S. 2477 right-of-ways and existing state-identified historic trails which cross [university] property." He noted that the policy states that the university will "provide additional easements at fair market value." Representative Seaton asked if access is only provided, even on right-of-ways, if the university is given immunity and fair market value.

MS. MONTGOMERY said that policy deals with people who want a specific easement for private access through land already owned by the university. "For access through the property if they are undeveloped, that means just the public casually using the property to go through our property to get to the Tongass and recreate or go on this property to pick blueberries - whatever it is - it's covered in this bill that the public can do that,"

she said. She added that the public does that on existing university lands. She said that there is a public notice requirement in AS 14.40.170. "We can't get around public notice even if it weren't practicable," she added.

2:34:05 PM

TIM CIOSEK, Sitka, is a property owner in Baranof Warm Springs, which, he said, is not officially a city, but it is a community of people. He said he has concerns that that community might not be heard. He said he is opposed to HB 130 and is particularly disappointed in the proposed transfer of lands in Lisianski peninsula, Baranof Warm Springs, Port Alexander and Middle Island. He said the Baranof Warm Springs land transfers compromise the salt chuck and watershed. He said the land has more and better recreational, biological, and historical value. He responded to the question of why people feel the bill is moving too fast. He said several things have been sliding by the community of Sitka, and there is not enough time to adequately apprise people.

CO-CHAIR RAMRAS asked if Baranof Warm Springs is beautiful and if other people would enjoying owning private property there.

MR. CIOSEK responded in the affirmative.

2:38:35 PM

ALBERT PAGH, Four Star Lumber Company, Fairbanks, read a prepared statement. He said Governor Murkowski promised to encourage resource development, but HB 130 does the opposite by tying up logging land. He said that when the United States Forest Service (USFS) managed the Bonanza Creek Experimental Forest, it was managed as a productive forest, and they had the Alaska forestry division conduct timber sales using different methods of cutting and reforestation. When the USFS left, it was turned over to the university, which ended all logging, he said. After a heavy infestation of insects, Mr. Pagh said the university decided to leave the trees to see what happened. He said if the university had looked at what happened on the Kenai Peninsula, it would have known the bugs would denude the forest. In 1982, he said, a group of loggers and firewood cutters lobbied to get a state forest established. If there hadn't been a viable timber industry, the timber from the Rosie Creek fire would have been wasted, he noted. He added, "There are 254,000 acres in the Chena Hot Springs Recreation Area if the university just wants to watch trees grow; there's a lot of good timber in

that area for them to watch." He said that given the history of the university, he did not think there would be a program to encourage logging.

[2:43:02 PM](#)

DEBRA ROSE GIFFORD, Mayor, Port Alexander, noted that the Alaska State Constitution states that no land disposal shall be made without prior public notice. She said that the public has not had time to fully respond, and that HB 130 lands will impact the community's watershed and vital hunting and hiking areas. She added that a parcel to the west of Port Alexander was designated as general use in the Northern Southeast Area Plan and encompasses the town's water supply. She said that DNR's plan states that that watershed "will remain as state lands." "Our point is that the parcels in Port Alexander should not have been selected," she concluded.

REPRESENTATIVE SEATON asked if there was a problem with the parcel on the other side.

[2:46:10 PM](#)

MS. GIFFORD replied that the parcel to the east is used heavily for subsistence hunting, which is the community's mainstay because the town is so remote. She noted that Port Alexander and DNR already went through a process to identify those lands as such.

[2:46:52 PM](#)

CO-CHAIR RAMRAS said that the university will come in with three people, and he asked Ms. Gifford to describe what would follow.

MS. GIFFORD answered that she hoped they would not be coming because the parcels should not have been considered. But she said, "When people come to our community, like that, I, as the mayor, will meet them. I will notify the community and open up the community hall; start up the oil stove," and then people will come and ask questions.

CO-CHAIR RAMRAS asked how many people would attend such a meeting.

MS. GIFFORD said about 15-20 people, with some staying for part of the meeting and others staying the entire time.

2:49:30 PM

CO-CHAIR RAMRAS said he is "trying to get a handle on how this land selection process would work." He told Ms. Montgomery that the communities feel threatened and asked her to "interact" with the mayor.

MS. MONTGOMERY said her team would come and work with people one on one, bringing maps and aerial photos. She often sends out materials in advance. The team would talk about what type of development opportunities would be available. She noted that her job is to make money for the university. She said they would discuss how large to make the subdivision lots, what types of covenants the community would want, whether the university or the community would construct the roads.

MS. GIFFORD said her community could not afford to build roads.

MS. MONTGOMERY said that in Coffman Cove people wanted to build roads, and she wasn't suggesting that the community provide free roads. She added that some communities do not want roads, and those are the things they "will evaluate."

MS. GIFFORD noted that Port Alexander just has boardwalks, and the community has several private lots that people are trying to sell right now. To open up more land for settlement would put those lots in competition, and it seems silly, she said, to open up lots when current ones are available.

CO-CHAIR RAMRAS asked what happens in a small fragile economy with lots already for sale.

MS. MONTGOMERY responded that if they have lots that aren't selling, the university will not be there because there is no market. She said the university won't come in and depress a market, and it sounds like a place where the university would just wait and watch the market. She added that they often respond to communities that request they come in and develop their land.

2:56:25 PM

CO-CHAIR RAMRAS asked if the mayor will see someone from the university within 90 days of passage of this bill, or will she not see the university until a plan is developed.

MS. MONTGOMERY said her team won't go there until there is potential, and often the community gets in touch with the university when they have a need or concern with the property. The university has no specific plan to do a tour of all these properties, but it will come at the request of the community.

2:58:00 PM

MS. GIFFORD suggested the university come and look at the parcels, because she predicts that it would not be interested.

JULIE HURSEY, Petersburg, Alaska, said she is opposed to HB 130 because the university will try to maximize profits by selling it to private entities in large chunks. "They can't afford to hang on to this land forever, and selling it off piecemeal is going to be a land management headache for the university," she said. The university may say that they can offer covenants, she said, but if the land ends up in private hands, residents will not have any control. She added that Joe Beedle said that if these lots were sold it would realize about \$5 million per year for the university, and this is just one percent of its annual budget. The large uproar is not worth it, and she said the land grant idea was good in the 1800s but not now. She stated that public process is painful, messy, and expensive but that is "why we live in this country, and that's what we have to be proud of as a nation."

ERIC LEE, Commercial Fisherman, Petersburg, said that at the meeting held in Petersburg last week, DNR and university representatives said HB 130 was being fast tracked, and the governor wanted it as soon as possible, and then they went on to say that it would be many years until any money comes in. He said he asked what the rush was, and the only answer was that the governor wanted it passed this session, which he said was really no answer at all. A huge land transfer bill should be the product of a thorough public process, he said. DNR told Mr. Lee that someone would get back to him to explain the big rush, but no one did. Mr. Lee concluded that there is a rush because the bill authors know it will not survive the public process.

3:02:30 PM

CO-CHAIR RAMRAS interjected that part of the governor's strategy is that "we're also applying for an additional 250,000 acres...from the federal government which is to try to get land back in the hands of the state and consequently back in the

hands of the people, so I don't want you to ascribe just pure Machiavellian purposes to the governor."

[3:03:10 PM](#)

JAMES BRENNAN, Anchorage, Alaska, said that it is inappropriate for the legislature to take this on in a three-month session, and he called it "micro-management" by the legislature. He added that the public's concerns are not alleviated by Ms. Montgomery's description of the university's process for selling land, because once the university has the property, it is too late. Baranof Warm Springs has a long-standing settlement with many lots, and he told the committee that if someone wants to buy property, there is land available. But the lagoon and lake are not appropriate for development because they are enjoyed by many residents and tourists as a recreation site, and he said, "If you could see this location, we could all save our breath." Mr. Brennan disputed Mr. Beedle's statement that the area plan was a zoning process to set the acceptable uses.

[3:05:58 PM](#)

CO-CHAIR RAMRAS interjected because of time.

[HB 130 was held over.]

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 3:06 p.m.