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SELDOVIA NATIVE ASSOCIATION, INC.

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1986

March 27, 1986

Representative Albert P. Adams, Chairman
Finance Committee
Alaska State Legislature
Pouch V (Mail Stop 3100)
Juneau, Alaska 99811

Dear Representative Adams:

This letter is a request for favorable action by the Finance Committee and your support of House Bill #677.

This bill is an attempt to finalize the restoration of land within the Kachemak Bay State Park (KBSP) to State ownership.

When Seldovia Native Association (SNA), an ANCSA Corporation, made its land selections in the Seldovia area, the State of Alaska Department of Natural Resources gave notice of appeal on Seldovia's selections in Township 8 S, Range 13 W, Seward Meridian.

Although ANCSA corporations were entitled to select certain lands tentatively approved (TA) to the state, the state felt that state TA'd land in Township 8 S, Range 13 W, Seward Meridian was available to SNA because it was selected as mental health lands rather than general grant lands.

To protect its selection entitlement, SNA selected lands within the Kachemak Bay State Park that are in the Seldovia withdrawal area and were TA'd to the state as general grant selections. SNA later dropped its claim to the so-called mental health lands.

Recognizing its obligations to the citizens of Alaska and the need for public recreation, the KBSP was established by the state legislature.

Each year the public recreation activities in the Kachemak Bay area increase. The Land SNA owns in the park is some of the most used land as it is closest to the Homer boat harbor. This land has some of the finest bays with good beaches and hiking areas. The China Poot Bay red salmon dip net fishery is on SNA's land. For several years the state has been using this land for public recreation and the dip net fishery has grown to be very popular with the public. In the past, SNA has not disturbed the state in its use of corporate land, as we always felt the land trade would take place.

In 1975, SNA made an offer to Governor Jay Hammond, whereby SNA would trade the land it has within the KBSP for other state land of equal value.

From 1975 to 1979, SNA made several attempts working with the Division of Parks and DNR, but could not accomplish very much. In May of 1979, the Cook Inlet Region, Kenai Peninsula Borough, the State of Alaska and SNA entered into a Memorandum of Understanding regarding this land trade.

Since that time there have been two small trades, one on March 15, 1983 whereby the state acquired 3,578 acres from Seldovia and again on May 13, 1985 involving 960 acres.

At the time of the May 13, 1985 exchange, the Commissioner of DNR stated she wanted only one single land trade with Seldovia. She agreed with SNA the trade was taking far too much time and effort than initially anticipated.

Although we at SNA agree to the excessive use of time and effort, along with costs, we feel the smaller trade phases, such as the one of March 15, 1983 were more effective. We stated our concerns to the Commissioner in Jureau when we met with her in Senator Fischer's office during the 1985 legislative session. The Commissioner felt DNR had the capability of doing the one time, full trade program.

When land was being offered to SNA for its review as to whether or not it desired certain parcels, Ron Swanson of DNR, and Jack Wiles of Division of Parks, brought a list of lands to Seldovia that included the state land at Granite Point in Cook Inlet, near the Beluga Coal Fields. SNA agreed it should acquire this parcel as it would be an ideal dock site if and when the coal fields were developed.

At various times after this offering, DNR personnel stated the Granite Point site would not be available to SNA. DNR Commissioner Wunnicke stated several times the Granite Point dock site would not be in the trade. SNA insisted Granite Point would have to be in the trade, as we had a high priority for that parcel.

When John Crawford, the Chairman of the SNA Board of Directors and I met the Commissioner in Senator Fischer's office, it was our understanding the Granite Point land would be available to SNA in the one last full trade out. After this meeting, we were informed the Commissioner did not intend Granite Point to be part of the trade. We checked with Senator Fisher as to his understanding our our discussion, and he stated he understood the Commissioner to say Granite Point would be available to SNA in the one large trade plan. From that point forward, SNA took the position if the trade was to be accomplished, the Granite Point dock site would have to be included.

The state comprised a list of lands and had them appraised. Because there were many errors and/or discrepancies in the appraisal, DNR either would not or could not approve the appraisal for about six weeks after it was completed.

During that six weeks, public hearings were held in Seldovia, Homer, Soldotna and Anchorage. Seldovia expressed concern about the low appraisals given its land by the appraiser. The state appraiser was also deeply concerned about the low appraisal and errors in the appraisal.

The appraisal was completed December 2, 1985. This appraisal, after downward adjustments requested by DNR personnel, gave the SNA land a value of \$12,977,431. This adjusted value greatly disturbed the SNA Directors. On August 13, 1985 the appraisal firm of BlackSmith and Richards placed a value of \$14,552,200 for the very same land. SNA contacted a local appraiser who informed us land values in the Kachemak area had been appreciating at the rate of 1 to 1½ percent per month. We feel this would place a value of some \$18,481,294 on the SNA land.

DNR drafted a bill to be introduced for action by the 1986 legislature. The bill had to be submitted by January 23, 1986, but before the bill would be introduced, DNR requested SNA sign an exchange agreement. The appraisal of December 2, 1985 was not approved by DNR until January 21, 1986, giving SNA about two days to respond to the appraisal. SNA could not agree to an appraisal that was much too low, and could expose the Directors of SNA to legal action by shareholders, had they agreed to such a devaluation of the corporate land at that time.

SNA recommended that DNR introduce its legislative bill and when it reached the committee hearing level, SNA would ask for amendments to both raise the value of SNA's land to an appropriate figure and include the Granite Point land in the trade. The Commissioner refused to introduce any legislation at that point.

The Directors of SNA felt the issue of trading land with the state was much too important to let die for lack of a bill by DNR.

When it became apparent DNR would not have a bill for the 1986 legislative session, the SNA Directors met and drafted a new proposal.

1). SNA will reappraise the corporation's lands within the Park to solve the dispute of the lower appraisal dated December 1985.

This new appraisal will be done before the end of April.

2). SNA would relinquish its claim to the Granite Point dock site.

3). SNA would drop all the lands on the west side of Cook Inlet, including Kalgin Island, and take only those state lands on the Kenai Peninsula.

4). Any deficiency in land values would be made up in the form of cash.

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We feel very strongly the offer is a good one. It would accomplish the state reacquisition of the Park land in one final act, as the Commissioner wished, it would resolve the dispute of whether or not SNA could receive the Granite Point land and all parties could get on with more productive activities. SNA is very aware of the reduced oil revenues the State of Alaska is facing and is willing to address the payment of cash in other than a lump sum if the legislators wish.

We contacted Senator Fischer, Representatives Andre Marrou and Mike Navarre, the legislators for our area. They agreed legislation should be introduced. Senator Fischer introduced Senate Bill #452, and Representatives Marrou and Navarre sponsored House Bill #677.

SNA recognizes the efforts of many people, both public and private to make this trade happen.

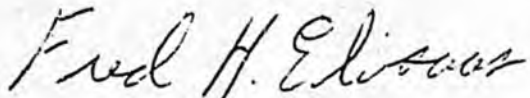
All parties worked long and hard to restore the park as it was originally established. It will be almost impossible to reactivate this trade if the present legislature does not pass House Bill 677.

It is our understanding House Bill #677 has been referred to the House Resource Committee, Finance Committee and Rules Committee. At this time, we would respectfully request committee hearings by the appropriate committees.

When the committee hearings are held, we would expect DNR, along with other interested parties that wish to testify to voice their concerns.

Thank you for your consideration.

Sincerely,



Fred H. Elvsaa, President
Seldovia Native Association, Inc.

FHE/rn

cc: Governor Bill Sheffield
Commissioner Esther Wunnicke
All Legislators
Kachemak Bay State Park Advisory Board

Similar letter sent to:

Rep. Adelheid Herrman and
Rep. Richard Shultz,
Co-Chairmen of the
Resource Committee

also to:

Rep. M.V. Miller, Chairman
Rules Committee