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STATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 4/10/92

FURTHER:

Date of 5-Day Notice: Waived
(in accordance with Uniform Rule 23)

DATE TURNED
INTO OFFICE: April 13, 1992

Resources Committee considered SB 465

Land exchange between the State of Alaska and Cape Fox Corporation; efd.

and recommends:

replace with _____ CS _____ (_____)

same title
 new title
 technical
title change
(HB only)

attaches amendment(s)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

appropriation--no fiscal note

PREVIOUS FISCAL NOTES: Dept/Date

Governor's bill with fiscal notes:

zero fiscal notes ADF+6 3/13/92

DEC 3/13/92

fiscal notes DNR 3/16/92

DO PASS:

[Signature]

OTHER RECOMMENDATIONS:

Paul J. Zhanoff No Rec-

[Signature]
[Signature]
[Signature]
[Signature]

[Signature]
Chair: Signature and Recommendation

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

400 WILLOUGHBY AVENUE
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400
FACSIMILE: (907) 586-2754

April 13, 1992

The Honorable Lloyd Jones, Chair
Senate Resources Committee
State Capitol
Juneau, AK 99811-1182

Dear Senator Jores:

Subject: SB 465, relating to the Legislature's approval of a land exchange between the Cape Fox Corporation and the State of Alaska.

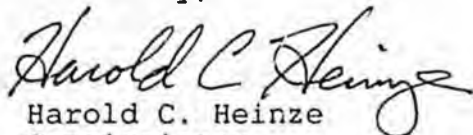
Position: The Department of Natural Resources supports this bill. The value of the land to be received and the value of the road construction or upgrading by Cape Fox are substantially equal or exceed the appraised fair market value of the state land to be exchanged, as required by AS 33.50.020. The exchange is in the public's best interest and will provide greatly increased long-term recreational opportunities for state and local residents, as well as increasing job opportunities and economic development in the Ketchikan area.

Background: If approved by the Legislature, this exchange will result in a trade of the surface estate of land located near Ketchikan. The state will acquire road accessible Cape Fox lands that provide valuable recreation and fishing opportunities for the public. The Cape Fox Corporation will acquire land with economic potential for construction, tourism and timber support industries.

If this exchange is not approved by the Legislature this year, there is no guarantee that the Cape Fox Corporation will leave the offer open until next session.

Recommendation: Approve the exchange.

Sincerely,


Harold C. Heinze
Commissioner

enclosure

cc: Paul Fuhs, Legislative Liaison, Office of the Governor

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SB 465

Revision Date: _____ Department Affected: Natural Resources
 Title: Cape Fox Land Exchange BRU: Land Management
 Component: Land Management
 Sponsor: Senate Rules for Governor
 Requestor: Senate Resources COMPONENT SERIAL NO.

	4	3	1
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

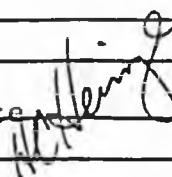
POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

The fiscal impact is zero, as long as the state does not assume responsibility for the road.

Prepared By: Ron Swanson Phone: 762-2692
 Division: Land Date: 4/11/92
 Approved by Commissioner: Harold C. Heinze 
 Agency: Natural Resources Date: 4/13/92

445 Front Street
Ketchikan, Ak. 99901
April 6, 1992

Senator Lloyd Jones
Chair, Senate Resources Committee

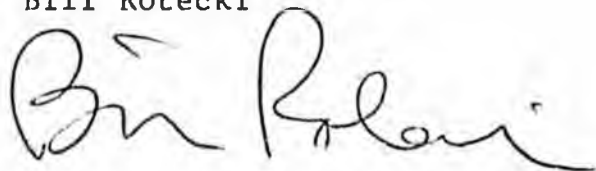
re: proposed State of Alaska, Cape Fox Corporation land trade

Senator Jones:

While I watch this exchange process take place, there are numerous things that trouble me about it, but the largest thing that troubles me is this: Why do we settle for so little?? Why are the land use planners and the policy makers so willing to settle for so little?? Ketchikan is no small town in the scheme of Alaska, neither in population nor importance. When we look at the vast areas of ACCESSIBLE recreation up North in other regions of the state it is clear we are being badly shortchanged, and we have a tremendous (and growing) visitor industry to maintain and develop as well.

I think we should seek to obtain the CFC proposed swap lands, AND make a Leask Lake State Park. These ideas are compatible. They are not only compatible they are eminently logical. The one offers many possibilities for the motorized users (skidoos, 4 wheelers, etc), and the other offers opportunities for quieter activities, skiers, hikers, canoers, etc. Obtaining both areas would provide a solution for the inevitable conflicts of having only one area. The possibilities only await a good statesman with creative ideas and the ability to put together diverse groups. Ketchikan is made up of too many people who believe that to get what they want that someone else has to lose. I believe that is nonsense. I believe that there are solutions at hand that would satisfy BOTH ends of the spectrum on this issue. We should be able to trade other state owned areas (that are of no value for recreation) in a way that guarantees that CFC gets good value for their land. And there are other ideas as well. Please take this into consideration. There is still an opportunity here for a win-win, even this session.

Thank you for listening
Bill Rotecki



December 6, 1990

Request for Letter Supporting Ketchikan Gateway Borough Cape Fox/White River Land Exchange Position -- Councilmember Carlton

Moved by Carlton, seconded by Lybrand Council authorize Mayor Ferry to write a letter supporting the position of the Ketchikan Gateway Borough on the Cape Fox/White River Land Exchange proposal.

Motion passed with Williams, Lybrand, Carlton, Janke voting yea; Stanton, Coyne, Budd voting nay.

Request for Report on the Cost for the Anchorage Trip -- Councilmember Coyne

Councilmember Coyne said there was no material in the agenda packet. Mayor Ferry said the trip cost about eight to nine hundred dollars a piece.

Moved by Stanton no objection to having Councilmember Coyne go in and find out from the Manager how much the trip cost. Councilmember Coyne said he wanted the public to know and he thought the trip cost over \$10,000.

Request for Report from Ketchikan General Hospital on the Decompression Unit -- Councilmember Coyne

Councilmember Coyne said he had heard that the decompression unit at the hospital was out of order. Councilmember Carlton said the hospital did not have a qualified person to work on it at this time.

Action on Collection of Sales Tax - Councilmember Coyne

There was no action on this item.

Request for Funding - Sixth and College Court -- \$111,500

Moved by Carlton, seconded by Budd Council appropriate \$111,500 for the Sixth and College Court Paving Project from the Public Works Sales Tax Fund and authorize staff to coordinate this work with the high school site construction project.

Moved by Carlton, seconded by Coyne to amend that staff look at the dollar amount that it was actually going to cost to do College Court and make that commitment to the Borough Assembly.

Motion to amend passed with Janke, Stanton, Williams, Lybrand, Carlton, Coyne voting yea; Budd voting nay.

Main motion, as amended, passed with Janke, Budd, Williams, Coyne,

Jones

April 14, 1992

Senator Fred Zharoff

Dear Senator Zharoff:

We at Alaska Travel Adventures, Inc. would like to register our support for the proposed land exchange between the State and the Cape Fox Corporation.

Through agreements with Cape Fox Corporation, Alaska Travel Adventures, Inc. has operated a canoe tour at Harriet Hunt Lake during the past five years. In 1991 we serviced roughly 10,000 Alaska Visitors. We firmly believe the secluded, scenic location afforded us by Harriet Hunt Lake is a large reason for the success of our program. There are very few areas that provide accessibility and attractiveness of Harriet Hunt Lake. Passengers taking the tour rate it very high and are pleased with this site.

The lake is not only an excellent spot for tours such as ours, but is also a natural spot for accessible recreation use. Aside from boating, the area offers trout fishing, a large population of deer, and excellent areas for hiking. It has been a popular local recreation location for many years.

We believe that the Harriet Hunt portion of the proposed exchange is an asset the State would be very fortunate to obtain and Alaska recreation users would be well served. We urge you to proceed with this exchange.

Sincerely,



Robert M. Dindinger
President

cc: Senate Resource Committee



**FINAL EXCHANGE AGREEMENT
BETWEEN THE STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
AND CAPE FOX CORPORATION**

ADL 105565

THIS AGREEMENT is entered into on this __ day of April, 1992 by and between the State of Alaska, Department of Natural Resources, hereafter referred to as the State, whose address of record is Suite 400, 400 Willoughby Avenue, Juneau, Alaska 99801, Cape Fox Corporation, hereafter referred to as CFC, whose address of record is P.O. Box 8558, Ketchikan, Alaska 99901, and the Ketchikan Gateway Borough, hereafter referred to as KGB, whose address of record is 344 Front Street, Ketchikan, Alaska 99901. Nothing in this Agreement obligates KGB to anything it was not obligated to under the preliminary agreement.

I. RECITALS:

A. Cape Fox Corporation (CFC) owns certain lands through the Alaska Native Claims Settlement Act (ANCSCA) within the Ketchikan Gateway Borough (KGB) that have been recognized as having important community values related to access, habitat, recreation, and economic opportunity. Prior to CFC ownership, the lands in question were significant recreational resources for the community of Ketchikan;

B. The State of Alaska selected approximately 5,000 acres in the Leask Lake area from the national forest to accommodate community growth and recreation needs. Some of this area is the same area as proposed for conveyance to CFC in this agreement;

C. The Ketchikan Gateway Borough, the local unit of government affected by this exchange, believes that the resultant direct and indirect benefits of the land exchange, including economic, recreation, habitat, environmental and transportation benefits represent a unique and significant community benefit;

D. The State of Alaska has provided notice pursuant to AS 38.50.110 and AS 38.05.945, and has conducted public hearings regarding the worth and reasonability of the proposed land exchange consistent with the requirements of AS 38.50.120;

E. A timber cruise of State of Alaska and CFC properties determined the inventory of timber, and an appraisal of the CFC and State properties occurred under the direction of the Ketchikan Gateway Borough to determine the value of the aforementioned properties consistent with the requirements of 11 AAC 67.240;

F. By reason of the foregoing, and in accordance with 11 AAC 67.260, the Commissioner of the Department of Natural Resources of the State of Alaska has determined that it is in the public interest to enter into this Final Exchange Agreement;

G. The State's authority for entering into this agreement is found in AS 38.50 and 11 AAC 67.200-.280. AS 38.50.020 requires this agreement to have legislative approval before it takes affect.

H. Under the agreement, the State will: 1) acquire the surface estate of 4,366 acres of CFC land within the White River, Lake Harriet Hunt and Talbot Lake areas; 2) have CFC construct and or upgrade to recreation standards approximately 11.11 miles of road in the White River and Leask Lake areas; 3) retain right-of- ways for future access and use of existing roads, including a through corridor on the lands it conveys at Leask Lake, and 4) restrict development on a portion of the lands scheduled to conveyance to CFC.

I. In the exchange, CFC will acquire the surface estate on approximately 2335 acres of State land in the Leask Lake area; an amount considered equal in value to the CFC land and other rights and considerations that may be included in this exchange. Under the agreement, CFC would also retain the right to access its lands in the White River and Leask Lake areas.

J. The final configuration and details of this exchange have been determined as a result of the appraisal and negotiation processes between the State and CFC, following public and agency review.

II. AGREEMENT: All parties to the exchange agree:

A. Lands and Interest to be Conveyed and Retained:

1. CFC:

a. CFC will convey to the State the surface estates only of parcels 1-5 as described in Attachment A and as shown on Map 1. The surface estates shall be as defined by the Alaska Native Claims Settlement Act and court decisions construing that Act. The conveyance of CFC land to the State will also be subject to the following:

The right of CFC to use the existing White River LTF and mainline White River road from its junction with the proposed mainline Leask Lakes road to the LTF for the period of time necessary to complete timber harvest of the area in the Leask Lake parcels proposed for exchange, not to exceed ten (10) years from the date of Legislative approval of the exchange. This right shall be limited to those uses associated with timber harvest and timber transport from CFC lands in these areas;

The right of access to its lands over the White River road beginning at F.H. 39 and ending at the junction with the proposed Leask Lakes road, and the Leask Lake ROW to and through the exchange area, in perpetuity or until replaced with a public ROW;

b. CFC will also convey to the State a 60 foot general access ROW for use by the State and or public of the Talbot Lake road, beginning at its junction with F.H. 39 and ending at the boundary of the proposed exchange area.

2. State:

The State will convey to CFC the surface estates only to parcels A-C as described on Attachment B and as shown on Map 1. The State is to convey only the land, excluding in addition to the mineral estate, all rights to sand, gravel, and rock. The conveyance of the State land to CFC shall also be subject to the following:

Reservation by the State of all rights in those areas between "Timber Harvest Areas" and "Boundary of Exchange Areas", as depicted in Map 1 as "Open Space", except for the owner's right of entry and movement (walk across or hunt), and to clear, construct and use and maintain mainline and spur roads, temporary staging and storage areas, and borrow pits and debris waste sites associated with access to and timber development of the CFC Leask Lake parcels. The owner of the open space may not cut trees, make improvements or clear the land except as indicated above, or construct any buildings on areas subject to this reservation;

Reservation by the State of a general access/road ROW corridor 300 feet in width to provide for a "through road and utility " corridor;

Reservation by the State of a general access/road ROW 100 in width for public use on the mainline logging road that CFC will construct (shown on Map 1) as well as the remaining 10,500 feet which will not be upgraded from the area just south of Parcel A to the northern boundary of Parcel A;

Easements 100 feet wide between each section of land owned by the State, as established by AS 19.10.010, except that the State shall cooperate with CFC toward the removal of such rights-of-ways from these parcels in the survey and platting process necessary to convey these lands to CFC should CFC so choose.

The State shall not, nor is there anything in this agreement that shall be construed as to obligate the State, to convey title to Parcel A to CFC until CFC has performed adequate work on required White River and Leask Lake road upgrades. The State shall, after receiving proof that the following work has been completed, convey to CFC title to this parcel, subject to CFC having to first furnish the State a bond for not less than 100% of the estimated remaining work, to ensure that the work is completed. CFC may demand and receive immediate title (within 30 days of notice of satisfaction to the State's office of record) after completing: 1) completion of the road bed (widening and realignment), ditches, bridge installation, and any culvert installation which is not expected to be otherwise damaged by logging operations, and 2) installation and grading of the surface material from the Lake Harriet Hunt intersection of the White River Road to the intersection of the White River Road with the Leask Lake Road.

B. Subsurface Interest and Retained Sealaska Rights:

The ownership of the surface and subsurface estate of the CFC parcels is split between CFC and Sealaska Corporation. The state's acquisition of the surface estate, overlying Sealaska's subsurface estate, will not enhance or diminish any rights and interests of Sealaska as the subsurface owner. Sealaska shall have all rights of reasonable access, use and development of its subsurface. Sealaska's exercise of its rights as subsurface owner shall include reasonable protection of the state's surface estate and resources. Rock and gravel used for road construction from these lands will have to be purchased from Sealaska.

C. Other Required Performance, Solely a CFC Responsibility (Road Construction/ Upgrades, Logging Practices), Penalties for Lack of Performance by CFC:

1. Other Required Performance, Solely a CFC Responsibility;

a. Road Construction/Upgrades: CFC agrees to construct or upgrade at its cost approximately 11.11 miles of White River and Leask Lake roads, the general alignment being depicted on Map 1.

Road construction and upgrades shall be completed as soon as practicable, and not later than 10 years from the date the exchange is approved by the Legislature. Construction and upgrades shall meet or exceed standards outlined in Attachment C, unless otherwise waived in writing by the State. Reasonable concessions will be allowed for cut slopes involving good rock. The six inches of graded rock required for surfacing shall be screened to 2 inches, minus.

CFC agrees to widen and improve the surface on approximately one half mile of the White River road within one year of approval of this agreement by the legislature.

CFC further agrees to make the widening of the first three miles of the White River Road and establishment of the full width base road one of its first priorities. It is understood, however, that the placement of culverts, and final surfacing shall be delayed where logging trucks may be expected to damage the same.

b. Construction of Parking Areas: CFC further agrees to construct at least two parking areas at points south of Leask Lakes mutually agreeable to the State and CFC, the parking areas to be located on State land and to be constructed with State furnished rock; the mining and processing to be done by CFC. Each parking area shall be designed and constructed to accommodate 10 full size and 5 mid-size passenger vehicles.

CFC will provide parking in the area of the LTF for five to six vehicles. This parking shall not be farther than 1,000 feet from the shores of Upper George Inlet.

c. Identification of Sites to Beneficially Waste Material: CFC further agrees to work with the state during road construction to identify areas and to ensure that waste rock and other material is wasted in a manner which will best benefit the state by providing additional turnouts or parking areas, one area of interest being at the intersection of the CFC logging spurs into the Southern portion of CFC Area 1 and the White River Road.

d. Logging Practices (Application of "New Forestry Techniques" for Logging: CFC agrees to use "New Forestry Techniques" in the harvesting of timber on the Leask Lake parcels, to the extent that it is feasible and prudent.

2. Penalties for Failure to Perform: Failure of CFC to perform the necessary upgrades in a timely manner, shall constitute a breach, and unless corrected within 60 days prior notice by the State to CFC's address of record, shall result in a forfeiture of the remaining unconveyed lands to the State. If all lands have been conveyed, the State shall retain that portion of the CFC bond required to ensure that the project can be completed.

D. State Protection: The State, as provided for in Section II.A.2. of this Agreement shall retain title and or require bonding to ensure that the required road construction is completed by CFC.

E. State Reservation of Right to Construct and Adjust: The State reserves the right, with 60 days constructive notice to CFC, to accomplish, or otherwise have accomplished a portion or all of the road upgrades itself, providing that it does not otherwise interfere with a CFC Contract which is in force to accomplish the same in a reasonable time (one year). Should the State exercise this option, it shall have the right to reduce proportionally the amount of land and resources scheduled for conveyance to CFC accordingly. The basis for any adjustment shall be the existing appraisal. Unless otherwise mutually agreed to, adjustments will come from Parcel A, from north to south.

F. Maintenance of Roads and LTF: CFC shall be responsible only during periods of use for maintenance of those sections of road and areas used by it or its agents during their logging operations.

G. Use and Closure of Roads: CFC will be allowed by the State to close portions of the road and LTF to public use during road construction and or logging. An attempt will be made to minimize such closures.

H. Conveyance Instruments, Title Documents, and Encumbrances:

1. Conveyance Instruments, Title Documents: The State will transfer its land and interest in land to CFC through a quit claim deed or State patent. The State obtained its lands that are part of this Agreement through the Alaska Statehood Act. The State has Tentative Approval to its lands.

CFC will transfer its land and interest in land to the State through a warranty deed. The CFC secured its land and interest in land from the Federal Government under the Alaska Native Claim Settlement Act through patent and interim conveyance.

The State and CFC agree to provide a current title or litigation report on their properties prior to the conveyance of land or interest in land.

Should there be any CFC or State lands not yet patented by the Bureau of Land Management, the State and /or CFC agree to provide the other party a confirmatory patent or deed as may otherwise be required in this agreement to any land or interest in land that have been conveyed as a result of their exchange;

Conveyance instruments, with exception of Leask Lake Parcel A shall be exchanged simultaneously.

2. Additional Encumbrances:

a. **State Land:** There are no liens, claims, encumbrances, easements, right-of-way, leases, reservations, covenants, or other agreements that affect the land that is to be transferred by the State to CFC, except those listed earlier in this document as conditions or "subject to's" and the following:

The land is subject to the restrictions, limitations, and conditions of Title VI of the Civil Rights Act of 1964;

There is excepted and reserved from the conveyance a right-of-way for ditches or canals constructed by the authority of the U.S. in accordance with the Act of August 30, 1890, 25 Stat. 391; 43 U.S.C.959;

Also excepted and reserved is a right-of-way for the construction of railroads, telegraph and telephone lines in accordance with the Act of March 12, 1914, 38 Stat. 305; 48 U.S.C. Sec. 305.

Subject to Mineral Closing Order 643.

b. **CFC Land:** CFC has the following liens, claims, encumbrances, easements, right-of-way, leases, reservations, covenants, or other agreements that affect the land it intends to transfer to the State in addition to those disclosed as reservations or "subject to's" earlier in this document:

Klukwan Forest Products, Inc. has the right of access on and over the existing logging road within the White River Valley, as depicted in Map 1. The use of this road shall continue until or when Klukwan Forest Products deeds this right back to CFC when current logging operations are finished;

There is a 100 foot easement for the power transmission line from Swan Lake to Ketchikan to the Alaska Energy Authority. This easement traverses portions of the White River Valley and White River Hillside areas and is shown in Map 2;

There is a 100 foot right-of-way to the State for the access road, including the parking lot, in the Lake Harriet Hunt area as shown in Map 2;

There is a one year permit or lease to Alaska Travel Adventures for Float and tourist staging facilities at Lake Harriet Hunt;

The KGB retains a ownership right to all commercial timber in the northern 40 acres of the Talbot Lake parcel. This right was purchased from Klukwan Forest Products who had previously purchased those rights from CFC.

I. Survey and Appraisal: Surveys of State and CFC land involved in the Land Exchange shall be done in accordance with the survey requirements of the State and KGB. CFC will accept the responsibility to contract and administer all land surveys. All surveys of real property necessary to affect the exchange will be completed prior to the exchange of deeds. Lot, in combination with aliquot part descriptions will be used whenever possible to configure and describe the land included in this exchange.

Costs: Appraisal and survey costs will be equally borne by the state, CFC and the KGB. Other incidental costs will be borne by the party actually accruing the expense. It is recognized by all parties, however, that the State responsibility shall be construed as having been met through the previous appropriation and tendering of \$30,000 to the KGB by the State Legislature for the purpose of survey and appraisal of the lands to be exchanged.

J. Spur Roads, and Rock Pits on State Land: The State will require ACMP and Forest Practices reviews and approval, and DNR approval for the location and construction of all spur roads, and rock pits located on lands it owns or has an interest in. DNR will require a right-of-way permit for all spur roads located on lands it owns, and timber and/or material contracts for any material removed from State lands or retained interests, except that no permit shall be required for material (rock) needed for the construction of parking areas on State land, not removal of material from Sealaska's remaining interests.

K. Other Consideration: There is no amount of money or other considerations to be paid to, or offered by, any party to the proposed exchange to equalize the values of the land or interest in land proposed for exchange other than that outlined in this agreement.

L. Liability: The parties to this agreement agree to hold each other harmless from liabilities that may otherwise be caused by their individual actions, uses of land and contracts, except where such actions, due to the nature of the agreement are shared.

M. ACMP Consistency: The exchange of CFC and State lands has been determined to be consistent with the Alaska Coastal Management Program (ACMP) pursuant to AS 46.40. However, nothing in this agreement is intended or should be construed as allowing CFC or the State to carry out timber cutting or other development without further review and permits. CFC development of land acquired from the State will require CZM project review to the same extent as private land. If CFC needs State or federal permits to undertake a particular use (for example, a state permit to place a road culvert in a fish stream or to install a new sewage system as part of a subdivision development), another ACMP determination specific to that particular use will be necessary. However, future ownership changes by CFC, i.e. sales of land or timber to other private individuals or companies- may not require State approval and therefore may not be subject to the ACMP.

N. Succession in Documents: This Agreement supersedes all previous agreements and is the sole document now under consideration.

O. Modification of the Agreement: This Agreement, unless amended by mutual consent, subject to legislative approval, represents all consideration.

P. Existing Permits and Leases: CFC agrees that unless otherwise approved by the Department of Natural Resources in writing, existing DEC Waste Disposal Permit #9113-BA012 shall be used exclusively for debris generated from the Upper George Inlet LTF, and that the waste site and State Tideland Leases ADL's 100898, and 105135 shall be groomed and released to the State within six months of the completion of the Logging of CFC's Leask Lake property, or within 10 years of the approval of this exchange by the legislature, whichever occurs first.

Q. Schedule for Completion: The _____ represents a tentative schedule that the State, CFC and the KGB agree to attempt to adhere to for completion of this exchange.

<u>REQUIREMENT</u>	<u>STATE</u>	<u>CFC</u>	<u>KGB</u>	<u>Completion</u>
Submission to Legislature	X			04/07/92
Legislative Approval				05/15/92
Request Survey Instructions		X		05/16/92
Issue Survey Instructions	X			06/01/92
Complete Survey		X		09/01/92
Preparation of Title Documents	X	X		10/01/92
Execution of Title Documents	X	X		10/15/92

SIGNATORIES TO FINAL EXCHANGE AGREEMENT ADL 105565:

CAPE FOX CORPORATION

**BY: _____
CHIEF OPERATING OFFICER**

DATE: _____

STATE OF ALASKA

**BY: Harold C. Hume
COMMISSIONER,
DEPARTMENT OF NATURAL RESOURCES**

DATE: 4/6/92

KETCHIKAN GATEWAY BOROUGH

**BY: _____
BOROUGH MANAGER**

DATE: _____

Attachments: Maps 1,2, and Attach.-"A"- "C"

SIGNATORIES TO FINAL EXCHANGE AGREEMENT ADL 105565:

CAPE FOX CORPORATION

BY: *[Signature]*
CHIEF OPERATING OFFICER

DATE: 4/6/92

STATE OF ALASKA

BY: _____
**COMMISSIONER,
DEPARTMENT OF NATURAL RESOURCES**

DATE: _____

KETCHIKAN GATEWAY BOROUGH

BY: *David G. Hunt*
BOROUGH MANAGER

DATE: 4-6-92

Attachments: Maps 1,2, and Attach.-"A"& C

ATTACHMENT-"A" TO FINAL EXCHANGE AGREEMENT ADL 105565

CAPE FOX PROPERTIES

Area 1

Township 74 South, Range 91 East, Copper River Meridian; uplands within:

Section 2	Lots 3 through 8, NW1/4SE1/4, S1/2SW1/4, NE1/4SW1/4;
Section 3	S1/2SE1/4;
Section 9	SE1/4, all that lies south of the northern edge of the main line "White River Road";
Section 10	E1/2, W1/2, all that lies south of the northern edge of the main line "White River Road";
Section 11	W1/2, NE1/4, N1/2SE1/4;
Section 16	NE1/4, all that lies south of the northern edge of the main line "White River Road", N1/2SE1/4, SW1/4SE1/4, W1/2, all that lies south of the northern edge of the main line "White River Road";
Section 17	E1/2SE1/4, all that lies south of the northern edge of the main line "White River Road";
Section 20	E1/2NE1/4;
Section 21	W1/2NE1/4, NW1/4, E1/2SW1/4, NW1/4SW1/4, SE1/4;
Section 28	NE1/4NE1/4.

Containing approximately 2,283 acres more or less.

Area 2

Township 74 South, Range 91 East, Copper River Meridian; uplands within:

Section 3	Lots 1 through 3;
Section 4	Lots 1 through 10, NE1/4SE1/4;
Section 5	NE1/4.

Containing approximately 478 acres more or less. And all shorelands within:

Section 3	W1/2NW1/4;
Section 4	N1/2.

Containing approximately 162 acres more or less.

Total area of Area 2 is approximately 640 acres more or less.

Area 3

Township 74 South, Range 91 East, Copper River Meridian; uplands within:

Section 18 W1/2SE1/4, SE1/4SW1/4.

Containing approximately 99 acres more or less. And all shorelands within:

Section 18 SW1/4SE1/4, SE1/4SW1/4.

Containing approximately 21 acres more or less.

Total area of Area 3 is approximately 120 acres more or less.

Area 4

Township 74 South, Range 91 East, Copper River Meridian; uplands within:

Section 9 S1/2NE1/4;
 SE1/4, all that lies north of the northern edge of the main line
 "White River Road";
 SE1/4SW1/4;
Section 10 W2, all that lies north of the northern edge of the main line
 "White River Road";
Section 16 W1/2, all that lies north of the northern edge of the main line
 "White River Road";
Section 17 E1/2SE1/4, all that lies north of the northern edge of the main
 line "White River Road";

Containing approximately 650 acres more or less.

Area 5

Township 74 South, Range 91 East, Copper River Meridian; uplands within:

Section 1 Lot 2;
Section 2 Lots 1 and 2, W1/2NE1/4, NW1/4, NW1/4SW1/4'
Section 3 NE1/4, N1/2SE1/4, E1/2NW1/4.

Containing approximately 673 acres more or less.

Total acreage for the five parcels is: 4,366 acres.

ATTACHMENT-"B" TO FINAL EXCHANGE AGREEMENT ADL 105565

STATE PROPERTIES TO BE CONVEYED TO CFC

Township 73 South, Range 91 East, Copper river Meridian:

Section 13 Lot 1, SW1/4NW1/4, E1/2NW1/4, SW1/4;

Section 14 S1/2 SE1/4 NE1/4, NE1/4 SE1/4, E1/2 SE1/4 SE1/4, S1/2 NW1/4
SE1/4,

A triangular area with corners at the NE corner of the SE1/4
SW1/4 NE1/4, the SE corner of the NE1/4 NW1/4 SE1/4, and at
the SW corner of the NE1/4 NE1/4 SW1/4,

A triangular area with the corners at the NE, and SE corners of
the NW1/4 SE1/4 SE1/4 and the NW corner of the NE1/4 SW1/4
SE1/4,

A triangular area with corners at the NE, SE, and NW corners of
the SE1/4 NE1/4 SW1/4;

Section 22 SW1/4 SW1/4 NE1/4, S1/2 SE1/4, W1/2 NW1/4 SE1/4, SW1/4, S1/2
S1/2 NW1/4;

Section 23 NE1/4 NE1/4 NE1/4;

A triangular area with corners at the NE, SE, and NW corners of
the SE1/4 NE1/4 NE1/4,

SW1/4 NE1/4, W1/2 SE1/4, E1/2 SW1/4, E1/2 W1/2 SW1/4, SE1/4
NW1/4, E1/2 SW1/4 NW1/4;

Section 24 N1/2 SW1/4, NW1/4;

Section 26 NE1/4 NE1/4, E1/2 NW1/4 NE1/4, SW1/4 NE1/4 SW1/4, W1/2
SE1/4 SW1/4, SW1/4 SW1/4, S1/2 NW1/4 SW1/4,

A triangular area with corners at the SW corner of the NW1/4
NW1/4 SW1/4, the NE corner of the SW1/4 NE1/4 SW1/4, and the
NW corner of the NW1/4;

Section 27 N1/2;

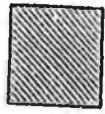
Section 35 S1/2 NE1/4, W1/2 SE1/4, SW1/4, W1/2 NE1/4 NW1/4, S1/2 NW1/4,
NW1/4 NW1/4;

Contains approximately 2335 acres.

COMPARATIVE ROAD STANDARDS

STANDARDS	George Inlet & Leask Lakes (Public) Roads	Ordinary Temporary Logging Road (Same Location)
<u>Alignment</u>		
horiz.	25 mph (200' rad.)(28½ deg. curve)	variable - down to 80 - 100' when necessary
vert.	no standard given	max. 20%
<u>Width</u>		
running surf.	20'	14' - 18' (not constant)
shoulders	none	none
<u>Drainage</u>		
ditch	2' continuous w/ no blind ends	2' to none; if unstable backslopes ditches abandoned & replaced by outsloping & waterbars
culverts	CMP's properly sloped, good repair, stable catch-basins, ends open & beyond fill toe	wood or CMP's replaced by crossdrains where necessary
<u>Slopes</u>		
cut	laid back to as ,much as 1½:1 if required	averages 1:1 in soil
fill	1½:1	1½:1
<u>Surfacing</u>		
road clinc.	6"	6"
material	graded shot rock	pit run shot rock
<u>Distances</u>		
stopping	160'	no standard
passing	no standard	no standard (turnouts only)
<u>Intersections</u>		
logging spur	no standard (temporary use only)	"T" intersections okay; no sight requirements
public spur	"T" intersections to min. 70 degree; 160' sight distance; 100' of max. 5% approach grade	not applicable
<u>Standard Reductions</u>	horizontal alignment reduction down to 100' radius in no more than two locations of no more than 500' each	not applicable
<u>Signing</u>	none	none
<u>Bridges</u>		
abutments	perm.: piling, treated timber, concrete, or steel	log sill
type	perm. Hamilton type or equiv.	Hamilton type (to be removed) or log stringer
width	16' between bullrails min.	varies; 12' - 18' between bull rail logs
<u>Guard Rail</u>	on bridge approaches and where there is a continuous drop of at least 20' of vertical dist. on a sideslope of at least 50%	none

Legend



Cutting Unit 19



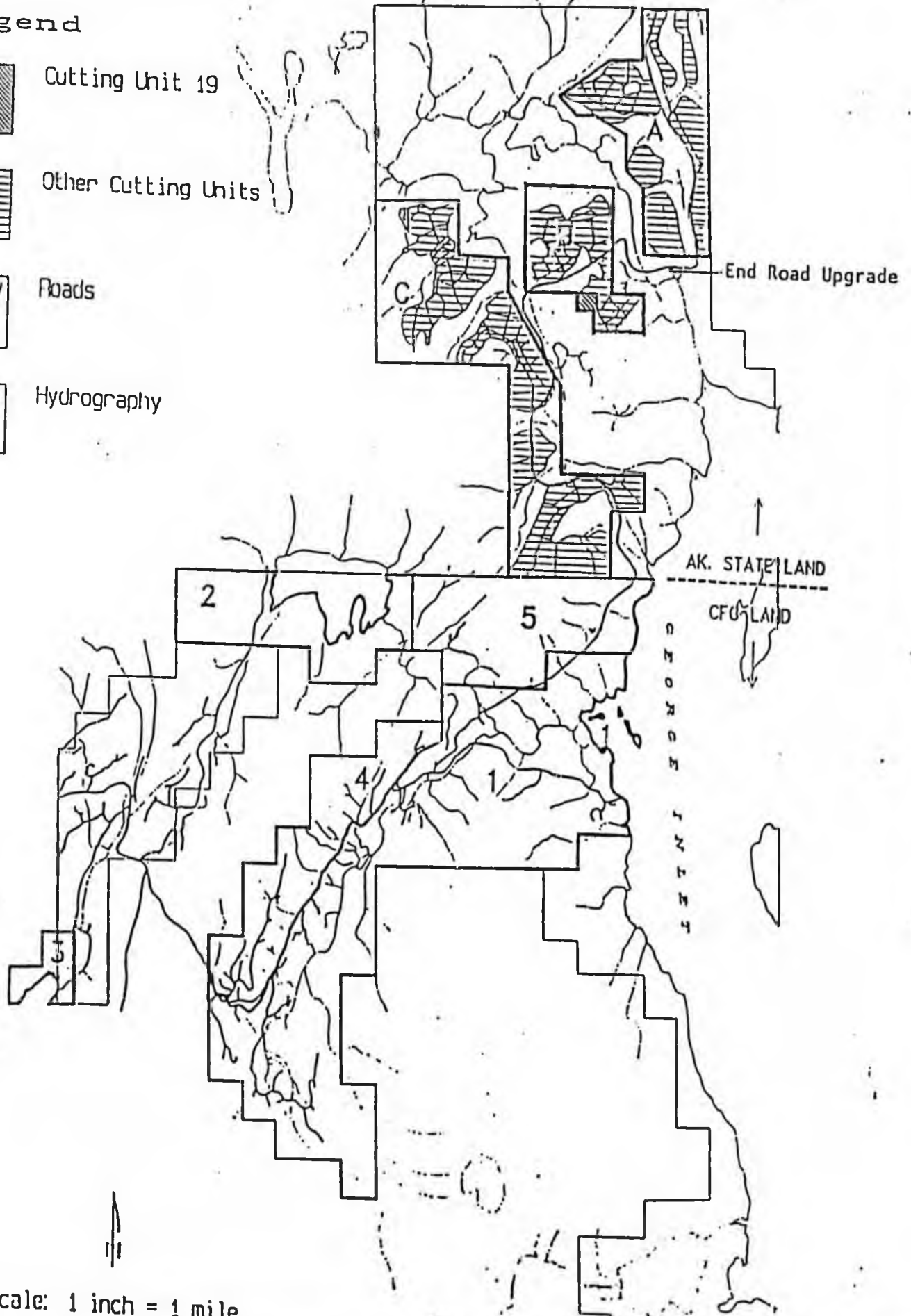
Other Cutting Units



Roads



Hydrography



Scale: 1 inch = 1 mile

STATE OF ALASKA - CAPE FOX CORPORATION
LAND EXCHANGE

TCS and SEACC oppose the State of Alaska - Cape Fox Corporation land exchange. These opponents have made allegations which are untrue.

ALLEGATION

FACTS

It is bad public policy and a waste of valuable State resources to exchange forested land for previously harvested land.

The Ketchikan Gateway Borough requested that the tract containing the majority of harvested land be included in the exchange. The purpose is for long range land management planning.

Harvested land is at its lowest monetary value immediately following and up to 15 years after harvest has been completed. This is the time to acquire land at lowest cost to the public.

Harvested land will recover rapidly. Forests in Southeast regenerate naturally.

The U.S. Forest Service has contracted the Institute of Social and Economic Research, University of Alaska Anchorage to study the potential for acquisition of private timber land, land that has been harvested. The Forest Service is considering acquiring harvested land.

All of the high value old growth forest in the Cape Fox parcel has been clearcut and only marginally economic timber remains. The White River has no recreation, fish or wild-life value.

38 million board feet of timber are on the Cape Fox land offered for exchange. The percentage of Sitka spruce, the preferred commercial species, in the Cape Fox timber stands is 35%, higher than average for southern Southeast.

ALLEGATION

FACTS

Only 22%, approximately 950 acres, of the Cape Fox land has been harvested. 3480 acres remain in their natural or old growth condition.

The White River contains 23,000 + acres of fish habitat.

A retired Alaska Department of Fish and Game commercial and sportfish biologist, Don Seidman, surveyed and inspected the White River in 1989. He concluded, based on a 1976 ADFG survey, that there was little or no change to the river since 1975. Cape Fox did not receive title to the White River until 1979 and did not log until 1981. He was of the opinion that there is significant sportfish potential in the White River.

The exchange will destroy habitat and ADFG predicts a 68% decline in the deer population and a parallel decline in other species.

Anadromous fish habitat will not be effected. 90% of this habitat will remain in State ownership. The remaining 10% to go into Cape Fox ownership will be protected by Forest Practices Act provisions for stream buffers.

There will be effects on and changes to wildlife habitat. There will be a decline in deer population, particularly in severe winters. However, the ADFG prediction of a 68% decline was calculated on only those areas in the Leask Lake area proposed for timber harvest. When the entire land area of Leask Lake is considered the decline is estimated to be 45%. When the Cape Fox exchange parcels, which are contiguous to the State land, are included the decline is estimated to be 21%. No analysis has been

conducted on other wildlife species.

Without the exchange wildlife habitat in the White River tract will be completely changed as Cape Fox harvests all commercial timber not protected by the Forest Practices Act.

The appraisal has not been accepted and is not suitable for public review because the public could not understand it.

The 3 parties to the exchange reviewed the appraisal document, understood it and accepted the results. Two parties, Cape Fox and the Borough, accepted the draft as written. DNR accepted the results but requested text clarification.

The value of the State properties was reduced through bookkeeping. State timber was discounted over two years while Cape Fox timber was discounted over 1 year.

The timber appraiser separated timber into logical harvest operations for both ownerships and discounted using standard accounting techniques and knowledge of the current market.

The State is giving away 958 acres of land for \$71 an acre.

The land in question is predominantly muskeg and non-commercial timber land that is not included in areas proposed for timber harvest. In these areas Cape Fox has agreed to accept restricted development rights. The land may not be subdivided and can only be used for roads, soil and wood waste disposal and staging areas to facilitate the proposed timber harvest. These uses will be reviewed and approved by DNR. The land in question will be open to public use.

ALLEGATION

There are other alternatives to finance and build a road into the Leask Lake tract. The U.S. Forest Service has publicly stated that if this exchange is not successful that they will build a road into the area.

The exchange would eliminate prime recreation areas and have extensive visual impacts to the lakes.

FACTS

In a recent memo to The Ketchikan Gateway Borough Forest Supervisor Dave Rittenhouse clearly states that the Forest Service does not have plans to construct such a road do they intend to propose such. He also states that funding for this would be virtually impossible to obtain.

The Leask Lake tract is a typical Southeast forest full of brush and windfalls. There are no recreation amenities other than the lakes, streams and their immediate surroundings in the tract.

The lakes and streams are the recreation resources of the area and have buffers of at least 500' and in many case 1000' + where timber harvest is proposed North and west of the lakes timber harvest is not proposed.

Cape Fox conducted a visual analysis of the proposed timber harvest using the U.S. Forest Service Visual Management System. The proposed harvest meets or exceeds the U.S.F.S. visual management standards.

445 Front Street
Ketchikan, Ak. 99901
April 6, 1992

Senator Lloyd Jones
Chair, Senate Resources Committee

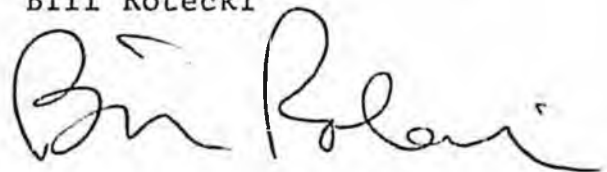
re: proposed State of Alaska, Cape Fox Corporation land trade

Senator Jones:

While I watch this exchange process take place, there are numerous things that trouble me about it, but the largest thing that troubles me is this: Why do we settle for so little?? Why are the land use planners and the policy makers so willing to settle for so little?? Ketchikan is no small town in the scheme of Alaska, neither in population nor importance. When we look at the vast areas of ACCESSIBLE recreation up North in other regions of the state it is clear we are being badly shortchanged, and we have a tremendous (and growing) visitor industry to maintain and develop as well.

I think we should seek to obtain the CFC proposed swap lands, AND make a Leask Lake State Park. These ideas are compatible. They are not only compatible they are eminently logical. The one offers many possibilities for the motorized users (skidoos, 4 wheelers, etc), and the other offers opportunities for quieter activities, skiers, hikers, canoers, etc. Obtaining both areas would provide a solution for the inevitable conflicts of having only one area. The possibilities only await a good statesman with creative ideas and the ability to put together diverse groups. Ketchikan is made up of too many people who believe that to get what they want that someone else has to lose. I believe that is nonsense. I believe that there are solutions at hand that would satisfy BOTH ends of the spectrum on this issue. We should be able to trade other state owned areas (that are of no value for recreation) in a way that guarantees that CFC gets good value for their land. And there are other ideas as well. Please take this into consideration. There is still an opportunity here for a win-win, even this session.

Thank you for listening
Bill Rotecki



SB 405

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LAND

**Proposed Exchange With Cape Fox Corporation
ADL No. 105565**

**REPORT ON PROPOSED
LAND EXCHANGE**

**INDEX TO REPORT ON PROPOSED LAND EXCHANGE
ADL NO. 105565**

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**DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LAND**

**Proposed Exchange with Cape Fox Corporation
ADL No. 105565**

REPORT ON PROPOSED LAND EXCHANGE

I. Introduction

This report is prepared pursuant to Alaska Statutes (AS) 38.50.130 for a proposed land exchange between the State of Alaska and Cape Fox Corporation, a Village Corporation established under the Alaska Native Claims Settlement Act (PL 92-203). The report discusses the objectives of the exchange, the physical aspects of the land involved in the exchange, the appraised fair market value of each tract, the benefits and detriments which can be expected to accrue, and alternatives to the proposed exchange. A summary of information and comments received through the public hearing process are incorporated in this report.

A draft of this exchange report was distributed for public review on February 10, 1992. Public comments have resulted in several modifications to the exchange agreement. Public comments and information acquired during public review have resulted in some changes and updates to this exchange report. The draft report included sixteen attachments that totalled over 250 pages. Rather than reproduce these attachments, they are incorporated into this final report by reference. Copies of the attachments are available from the DNR Southeast Regional Office.

Supplemental information attached to this report includes the Final Exchange Agreement, attached hereto.

II. Proposed Action, Maps and Legal Description

Through this proposed exchange, Cape Fox Corporation (CFC) would acquire 2,335 acres of the state's land (surface) estate less rights to sand, gravel, and rock, near Leask Lake, in exchange for an equal value from CFC's 4,366 acre surface estate at White River, Lake Harriet Hunt, and Talbot Lake (see attachment "A" and "B" and Map 1 to the Final Exchange Agreement for the location and legal description of proposed exchange areas). The state and CFC parcels are located near Upper George Inlet on Revillagigedo Island north of Ketchikan.

CFC would acquire lands with at least 30,000,000 board feet (30,000 Mbf) of harvestable commercial timber. The Department of Natural Resources (DNR) would restrict cutting of timber and development on over 40% of the land proposed for conveyance to CFC. These Leask Lake parcels would be conveyed to CFC with a restriction that requires all non-harvested areas to

Proposed Exchange with Cape Fox Corporation

remain as permanent open space. In the proposed exchange, CFC is required to upgrade the existing White River and proposed Leask Lake roads to recreation standards. Conveyance of an equal value amount of state land will be deferred until substantial portions of the required upgrades have been completed.

III. Objectives

Primary state objectives are: 1) to acquire lands in the vicinity of White River and Lake Harriet Hunt to provide greater opportunities for roaded recreation in the Ketchikan area, while attempting to minimize adverse impacts, and 2) to acquire additional resource lands.

IV. Authority

Land Exchange Statutes and Regulations; AS 38.50 (11 AAC 67.200-280). AS 38.50.010, allows the Director, with the concurrence of the commissioner, to dispose of state land or interest in land by exchanging it for land, interest in land, or other consideration for: 1) the purpose of consolidating state land holdings, 2) creating land ownership and use patterns which will permit more effective administration of state public domain, 3) facilitating other objectives or state programs, or 4) other public purposes. AS 38.50.040, authorizes the Director to exchange any state land or interest in land regardless of the authority under which the land or interest was obtained by the state.

Other statutes and regulations: AS 38.05.185 (11 AAC 86.135) - Mineral Closing Orders. AS 38.05.035(e) - Findings. AS 38.05.945, AS 38.50.110, 11 AAC 02.010-.080 - Public Notice. AS 38.04.065 (11 AAC 55.040(i)(4) - Planning and Classification.

V. Administrative Record

The administrative record consists of case file ADL 105565, and DNR, Division of Land, Southeast Region Office (SERO) state selection file NFCG-143. Incorporated by reference are: Alaska statutes and regulations.

VI. Background

The proposed exchange area is located approximately 10 miles north of Ketchikan. Although the application now under consideration was accepted by DNR in March of 1991, CFC interest to exchange dates back to 1977. On November 18, 1980 the state actually amended its Upper George Inlet selection (NFCG-143) to add lands at Leask Lake to accommodate a possible

Proposed Exchange with Cape Fox Corporation

exchange. A "memorandum of understanding" for CFC's earlier proposal was developed in 1982 but was never executed. The initial exchange proposal died due to its complexity, personnel changes within the Division of Land, and lack support by key personnel within the Division of Land's Southeast office.

Several attempts were later made by CFC to revive the exchange, but it was not until 1989 that another serious attempt was mounted. At that time CFC supported by a resolution of the Ketchikan Area State Parks Advisory Board wrote the state. This was followed by several letters from the public indicating concern over the inclusion of Leask Lake.

Due to the controversy associated with this proposal, DNR asked the Ketchikan Gateway Borough (KGB) to assemble a work group consisting of agency representatives and interest groups to explore alternatives, and return a recommendation. Although DNR knew there was support for acquisition of the White River corridor, it was not clear whether to include state land at Leask Lake. The department did not want to pursue a new proposal without additional direction and indication of community support.

KGB's Assembly directed its Planning Department to identify and evaluate alternatives. If Leask Lake appeared to be the best alternative, the planning department was directed to develop a consensus approach that would include the best features of various proposals involving that area. A community survey to determine residents' recreational needs and attitudes was performed by the McDowell Group as part of the study. The Planning Department report, which contained five alternatives, was submitted to the Assembly for review and selection of a preferred alternative. The Assembly selected the "Timber/Environment" alternative which involved the state's Leask Lake lands.

The report, accompanied by Borough Assembly Resolution No. 954 recommending an exchange between CFC and the state, was submitted by CFC to the state as a part of its exchange application package. At the time of submittal, KGB felt the Timber/Environment alternative, a variant of the original CFC exchange proposal, best recognized the expressed public desires for additional recreation areas and road access while protecting and managing fish and wildlife habitat. DNR generally agreed, and felt that criticisms leveled at the Borough process could be resolved through its own agency and public review processes.

DNR proceeded with distribution of the exchange package to agencies and interested parties for first review on April 21, 1991. Comments were consolidated and forwarded to DNR's Director of the Division of Land. On May 22, 1991 Division Director Gustafson executed and forwarded to CFC a

Proposed Exchange with Cape Fox Corporation

letter indicating the state's interest in negotiate a preliminary land exchange agreement under 11 AAC 67.230 with two conditions: 1) written clarification of Sealaska's position relative to inclusion of its subsurface estate in the proposed exchange; and 2) submission of CFC's written analysis of alternatives to the state timber land near Leask Lake. The state received Sealaska's confidential response on May 31, 1991, and CFC's response as to alternatives on June 26, 1991. Sealaska also reviewed and concurred in the language developed for Section XIII of this document.

An environmental assessment was completed by DNR on June 27, 1991. The assessment revealed no significant environmental contamination or unauthorized activity on state or CFC land.

DNR in cooperation with CFC, and KGB then developed a Preliminary Exchange Agreement (PEA). At the request of KGB, a parcel of CFC land at Talbot Lake was added to this PEA. The PEA executed by Director Gustafson on July 1, 1991 and accompanied by the letter of intent and comments generated from the initial review, were forwarded to agencies and interested parties on July 3, 1991. A copy of "Cape Fox Corporation Leask Lakes-White River Land Exchange Deer Winter Habitat Evaluation" was later received, and circulated by DNR on September 6, 1991. The State of Alaska Department of Fish and Game (ADF&G) also reviewed the resource matrix and deer study. ADF&G and ANI personnel met in Anchorage to resolve data differences. The table in XVI.D. represents data created from that meeting.

Request for Proposals for a Timber Cruise of the state's Leask Lake parcels, and appraisal of all exchange parcels was jointly developed by DNR, CFC and KGB. The timber cruise contract was awarded to Klukwan Forest Products. Don Karabelnikoff of Karabelnikoff and Associates was awarded the contract to appraise both state and CFC properties. To help, Mr. Karabelnikoff retained additional professional appraisal support from Calvin L. Kerr of Kerr and Associates (logging methods and timber values), Michael L. Robbins, and Charles Horan.

An updated and rough summary of resources by acreage together with Klukwan Forest Products, Inc. estimates of timber remaining on CFC exchange parcels was received and forwarded to Alaska Department of Fish and Game's Ketchikan office on September 8, 1991. On September 10, a DNR representative met with Tongass Conservation Society's (TCS) attorney Gregg Cook to discuss the exchange and provide information requested by TCS in earlier correspondence.

Results of the cruise of timber at Leask Lakes were received by DNR on September 20, 1991. The area was later modified to add the Leask Lake

Proposed Exchange with Cape Fox Corporation

Right-of-Way and Unit 19 timber. An extract from Klukwan Forest Products, Inc. estimates of Timber, and Kerr's estimates of logging costs and timber values for both the state and CFC lands can be viewed in Attachment - "F" to the original exchange report. These values have since been adjusted for additional Leask lands removed from the conveyance and lands placed in open space.

VII. Physical Characteristics

Physical characteristics of the land involved in the exchange, including the surface and mineral resources are addressed below. A matrix describing acreages of generalized land types in the exchange can be found in Attachment - "E" of the original report, although the data shown for Talbot Lake is not reliable. The appraisal document, not attached as a part of this document, also contains an expanded analysis of social and economic factors.

Available data indicates little or no commercial potential for minerals or the extraction of rock, sand or gravel on state or CFC lands proposed for exchange. state lands involved are now open to mineral entry, but DNR intends to close to mining and mineral entry the state lands involved in the exchange.

CFC lands proposed for exchange contain an estimated 37,984 Mbf of timber, consisting of 29% spruce, 49% hemlock, and 22% cedar. Operable acres is estimated at 2,273 (16.7 Mbf/acre) acres or about 52% of the CFC land.

Original State lands proposed for exchange and cutting contain an estimated 42,642 Mbf of timber, consisting of 19.1% spruce, 75.9% hemlock, and 4.0% cedar. This was based on 1500 acres or 61% of the state land. Additional portions of the state lands are timbered but will be conveyed subject to a restriction limiting development activities. The acreage scheduled to be conveyed and amount of timber scheduled to be cut has been adjusted downward for reasons covered later in this document. Actual cut will be reduced to approximately 40,000Mbf and approximately 1350 acres.

Please see Attachment - "F" for the original detailed summaries of timber by area, and Attachment - "D" for additional descriptive material. Both references are to attachments to the original report.

State Lands:

Leask Lake: The state land proposed for exchange at Leask Lakes consists of approximately 2,335 of 5,240 acres of unclassified state property. This

Proposed Exchange with Cape Fox Corporation

state land adjoins CFC's White River properties. The tracts consist essentially of undisturbed mature ("old growth") forest, primarily western hemlock, but with substantial amounts of spruce and cedar at specific locations. The terrain is generally rolling or broken. The lakes are relatively small and are bordered with extensive meadows and marshes. Leask Creek is approximately two miles long and runs through a narrow draw. The area includes a number of important habitat resources, with the aquatic resources focusing on the lakes, their tributaries, and Leask Creek which empties into Upper George Inlet to the east. Leask Lake is anadromous and includes runs of steelhead trout, and coho, sockeye, and pink salmon. Wetlands are extensive and scattered throughout the area, comprising important hydrologic features adjacent to the lakes and Leask Creek, as well as isolated palustrine types in upland forested areas.

The area possesses important scenic values, and offers a range of recreational (fishing, viewing, and hunting) and commercial forest opportunities. Although most of the area meets the preferred elevation criteria for wintering deer, low snow interception capacity in most of the commercially viable timber stands and low coverages of preferred winter forage species in closed canopy stands may limit deer use in these areas during moderate to severe winters.

The proposed layout for the timber cut on the state's Leask Lake land, has been modified to accommodate CFC recommendations on the deer study completed by America North Inc., but does not address all aspects of the "old growth" issues. It does offer significant protection for fish streams, some critical deer winter range, travel paths, and recreation resources.

Archaeology: DNR's Division of Parks and Outdoor Recreation, Office of History and Archaeology was contacted and had no objection to the exchange. Although they indicated there was evidence of pre-historic use within the region, no known cultural sites were identified on the subject parcels.

CFC Lands:

The Cape fox Corporation land to be acquired by the state, totals 4,366 acres that are described as five parcels. Three of the parcels are contiguous tracts that encompass much of the White River drainage, the other two border Lake Harriet Hunt and Talbot Lake. Of the 4,366 acres the state is acquiring, approximately 1,000 acres are clear-cut, 2,000 acres are wetlands, and the remaining 1,300 acres contain varying amounts and types of timber.

Note: The Environmental Assessment section contains additional material to supplement descriptions of CFC tracts outlined below.

Proposed Exchange with Cape Fox Corporation

Map Area - 1; White River Valley: This area consists of 2,283 acres occupying the eastern portion of the valley of the White River, from its mouth at Upper George Inlet some 4.5 miles southwesterly to the national forest boundary near Brown Mountain. This property also includes the existing CFC White River Road, and approximately 250 acres of corporation land north of the road. The property is a broad valley containing a low gradient, low velocity stream having significant anadromous fish runs. Areas of previous timber harvest exist in the southern parts of the exchange area and along approximately 70 % of both sides of the White River. Approximately 21% of the area has been clear-cut. The remainder of the property includes scattered stands of spruce, hemlock, and cedar. Wetlands adjoin parts of the White River and significant portions of the areas to the east of the stream throughout its length, and to the north of the stream within three miles of its mouth at Upper George Inlet. Wetland types cover approximately 65% of this area. These wetlands are predominately of a palustrine type, but riverain wetlands occupy significant portions of the valley and provide hydrologic connections to White River. A number of important habitat areas occur along the stream, including waterfowl, fur bearers, as well as coho, chum, king, and pink salmon. White River has runs of steelhead and cut-throat trout and Dolly Varden. The area contains a log transfer site at George Inlet and beaches which are much in demand in Ketchikan.

Map Area - 2; Lake Harriet Hunt: This parcel consists of approximately 640 acres of land at and under Lake Harriet Hunt. This area is accessed by a state-maintained two-lane road. The area occupies the southern, eastern, and western portions of the area near Lake Harriet Hunt, and adjoins National Forest properties. The area is generally flat to moderately rolling. It consists of a mixture of wetland areas, mostly adjacent to the lake, and stands of hemlock, cedar, and spruce at the western and eastern boundaries of CFC's properties. The wetland types which, non-exclusive of the lake, cover 70% of the area include riverain, palustrine, and lacustrine. They are particularly extensive in the southern and southwestern areas of the parcel. Important habitat resources exist adjacent to the lake, associated with fur bearers and waterfowl populations. State land adjoins the Lake Harriet Hunt area immediately to the north, and this area has been proposed at various times for a state park. In addition, the Ketchikan Gateway Borough selected 600 acres of state land as part of its municipal land entitlement; this parcel is situated immediately west of the CFC holdings.

The area proposed for exchange is predominately level and open muskeg or non-commercial timber land. The area, including the lake, receive significant recreation use year round, including cross country skiing, snow machine use, ice skating, canoeing, boating, hiking, picnicking, swimming, camping and ATV use.

Proposed Exchange with Cape Fox Corporation

Map Area - 3; Talbot Lake: This area consists of 120 acres around and under Talbot Lake and is accessed from the by a single lane road and on the west by the old Ward Creek Trail. About 48% of the area is covered by open-growth commercial stands, the remainder is for the most part composed of wetland types, with relatively flat or rolling land to the northeast and east to relatively steep land to the west. The lake is quite small, but does represent some recreational opportunities, predominately picnicking and hiking. KGB has purchased timber rights previously sold by CFC to Klukwan Forest Products, Incorporated.

Map Area - 4; White River Second-growth: This area contains 650 acres, approximately 9% of which consists of wetland types. The land is steep, undulating or broken in the southeast portion, and steeply pitching southeast to the White River over the remainder. The area comprises the greater part of the western slopes of White River Valley. About 67% of the area has been clear-cut. Little of the remaining area represents important habitat. Protection of the White River road, including protection of the view shed after the slopes regenerate and continuity of management are the prime interests.

Map Area - 5; White River Hillside: This parcel consists of 673 acres of hillside and beaches located along the west shore of Upper George Inlet, and south of Leask Lake. The area is probably second only to Map Area-1 of the CFC properties in total resource values. Only 20% of this area has been clear-cut. Thirty-two percent of the area has recognized habitat potential for deer or fur bearers. The area also includes several small islands near the mouth of White River.

VIII. Appraised Values

The fair market appraised value of the five CFC parcels, after adjusting for 17 acres of timber in the northern forty already owned by KGB, and rounding is \$7,950,000. The three Leask Lake parcels, after adjustments removing 110 acres in cruise units 7 and 19, changing an additional 33 acres in these units from cut to "open space", and reducing the amount of road CFC will be responsible for constructing or upgrading by 10,500 feet, to 11.11 miles, were valued after rounding at \$7,950,000 (assuming there is no road fee associated with logging operations).

This was a complicated appraisal assignment for which the contract appraiser, Karabelnikoff and Associates, used a complex statistical analysis to arrive at values. The appraisal assignment was complicated because of several factors including: 1) only the surface estate is being appraised; 2) much of the land supports commercially valuable timber; 3) the state land to be transferred to CFC that is not designated for timber harvest is permanently reserved as "open space"; and 4) the proposed exchange requires the CFC to build roads suitable for public use.

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The appraiser assumed that the highest and best use of the land is to log the timber and then make the land available for a wide range of recreational uses, including cabin sites and lodge operations. The appraiser, therefore, determined the net value of a logging operation, and then determined the residual value of the land after logging. The value of the subsurface estate was then deducted from the surface values. For the state tracts near Leask Lake, two significant deductions were made. First, residual land value was reduced due to the restriction that non-harvested areas remain as permanent open space, which adjusted the residual value of these tracts to 10% of their market value. In essence, the restrictions imposed on these parcels made them of limited value to CFC. Second, the costs of the road upgrade are deducted from the total appraised value of the state land and timber. The summary of values for each parcel is shown below.

CAPE FOX PARCELS

	-1-	-2-	-3-	-4-	-5-
Timber Value	\$2,700,000	\$408,000	\$102,000	\$45,000	\$2,141,000
Residual Land Value +	\$1,438,290	\$650,080	\$68,409	\$165,100	\$278,622
Subsurface Adj. -	\$14,383	\$6,501	\$684	\$1,651	\$2,786
Final Value =	\$4,123,907	\$1,051,579	\$169,725	\$208,449	\$2,416,836
Total Original Value of Cape Fox Parcels:					\$7,970,496
Less 17 ac. of KGB timber (Talbot Lake)					- 20,389
Total Adjusted Value of Cape Fox Parcels:					= \$7,950,107
Rounded:					\$7,950,000

LEASK LAKE PARCELS

	Original w/Road Fee	Orig w/o Road Fee	Adj w/o Road Fee
Timber Value	\$ 9,411,000	\$ 9,828,042	\$ 9,090,000
Residual Land Value +	\$ 1,775,224	\$ 1,775,224	
Subsurface Adj. -	\$ 17,752	\$ 17,752	
Open Space Adj. -	\$ 636,781	\$ 636,781	
Real Estate Value =	\$10,531,691	\$10,948,733	\$10,124,988
Extra Road Cost -	\$ 2,529,000	\$ 2,529,000	\$ 2,171,045
Final Value	\$ 8,002,691	\$ 8,419,733	\$ 7,953,943
Rounded:			\$ 7,950,000

Proposed Exchange with Cape Fox Corporation

Public review and comments have lead to changes in the specific configuration of the exchange, ultimately affecting final dollar values of the exchange. The appraiser organized the data to accommodate such adjustments. Adjustments have been made to compensate for less road upgrades, less cutting, and elimination of acreage to be conveyed to CFC. Existing data indicates the exchange as proposed in the Final Exchange Agreement to be of equal value.

DNR and an independent appraiser have thoroughly reviewed the draft appraisal and found the values to be generally correct. Much of the value of the appraised parcels are derived from timber and road construction values, which DNR finds acceptable. The residual land values were arrived at through the use of a complex statistical analysis. This analysis, while statistically valid, is not widely accepted in the appraisal community. Both the timber and land appraisals have been adjusted for modifications that result from the public review process. Final values have been incorporated in the Final Exchange Agreement.

IX. Benefits and Detriments

There are social, economic, and environmental benefits and detriments (adverse impacts) that may be derived from the exchange.

The exchange would increase public opportunities for roadside recreation in the Ketchikan area by adding approximately 11.11 miles of road; an increase of about 25%. Over both the short and long term, the exchange would provide the opportunity for additional state ownership of important recreation and habitat resources. For the most part, negative aspects of the trade are confined to the community benefitted. Although it is possible that the roads desired could be built and/or upgraded by other means, it is doubtful given declining state revenues. The existing roads in their current condition or ownership would not provide the public legal or safe access to CFC lands. The state has retained the option so that if the road upgrades are not accomplished, the amount of state lands committed to the exchange will be reduced accordingly. If the state did the upgrades the commitment of state lands could be reduced by about 274 acres.

Additional logging that results from the exchange will provide temporary jobs. Because of the nature of CFC, much of the logging proceeds are expected to recirculate within the community and positively affect the local economy. Acquisition by the state of Areas 1 and 5 will offer opportunity for additional protection of the remaining timbered areas along the mouth of White River and adjacent hillside, protecting both important habitat and views from George Inlet. The exchange should remove obstacles to support for more permanent protection, such as a legislative designation, of the remaining Leask Lake land, and state lands adjacent to the Salt Chuck. After the exchange, the state will still own 2,905 acres around Leask Lakes and additional lands in and around the Salt Chuck.

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Some adverse affects or impacts can also be expected. "Old growth" forest land will be fragmented. The exchange would consolidate public ownership at White River, but at the same time fragment ownership near Leask Lake. Opening additional lands to public use, with or without adequate management, can have adverse impacts. The recreation and use of Leask Lake as a natural ecosystem would be altered, and the existing wilderness experience although not entirely lost would be reduced or further removed. Although work has been done to protect aesthetics in the Leask Lake area, it is expected that some of the clear cuts will be observable from the lake. Deer, and "interior forest" species, e.g. martin, although not expected to be lost, can be expected to decline. The significance of the impact of timber cutting on deer is expected to increase during moderate to severe winters (please see Attachment - "G" to the draft report and Section XVI.D. of this report). Numbers and resultant viewing opportunities could be affected by timber cutting and increased human access. The need for more intensive and costly wildlife and road management will likely increase as human use of the area intensifies. Hunting bag limits may have to be altered. Maintenance money for roads, bridges, and other service facilities will have to be provided. Without funding for maintenance (see Attachment - "I") estimated at \$20,000-\$30,000 per year, acquisition of CFC lands will not ensure that road access will be maintained. If the roads are not upgraded and maintained they will probably be closed. DNR does not have the funds needed to maintain the roads, and would more likely look to the Borough to provide those services.

X. Alternatives

AS 38.50.100 requires that, the director consider other alternatives to achieve the objectives of the proposed exchange in an effort to determine whether the proposed exchange will best serve the public interest. In making this determination, the director is required to consider, among other things, the advantages and disadvantages of acquiring the land or interest in land for the state by means of purchase, lease, selection or condemnation.

A. Purchase: This option would be acceptable to Cape Fox Corporation, but would cost the state almost \$8,000,000 without upgrade of the White River road or construction of the road to Leask Lake. If, however, another way to build public roads could be found, this alternative would provide many of the other exchange benefits with less impact on the Leask Lake area. Timber harvest would likely be much lighter. Ownership patterns would be consolidated without fragmentation of the Leask Lake parcel. Physical access comparable to that proposed by the exchange would require additional funding. Because of declining state budgets, a legislative appropriation for outright purchase is considered unlikely. There is also a feeling that protection of the White River, Lake Harriet Hunt and other CFC land should

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involve some level of sacrifice by the community benefitted.

B. Lease: A lease of all CFC lands involved in the exchange, assuming 8% rental would cost the state approximately \$640,000 per year, without addressing the necessary road upgrades. This option is not practical for many of the same reasons addressed in "A". Furthermore, under this option, the state would never acquire ownership of the CFC land.

C. Selection: This is not an option. The state cannot select lands either interim conveyed or patented to CFC. Selecting other federal land to exchange to CFC is also not an option. The state has used most of its National Forest Selection entitlement, and cannot select land from the National Forest for timber alone, which is the type of land Cape Fox is interested in (Please also refer to Section X, Subsection I);

D. Condemnation: DNR's authority to condemn land is limited to providing access to its resources, e.g. timber. Although the Department of Transportation and Public Facilities has broader powers and could possibly condemn the road corridor it has indicated no interest in owning or managing the White River road. DOT/PF could not condemn adjacent CFC lands which the community desires for public use. All condemnations require payment of "fair market value", and considering CFC's willingness to sell, condemnation is unnecessary. Condemnation, even if an available option, would still require the state to purchase the land, see A (Purchase) above.

E. Trade Timber Rights on State Lands Only: Trading only timber rights on state land at Leask Lake, appeared to be a solution more acceptable to parties both generally supportive and opposed to inclusion of Leask Lake lands in the exchange. Although this solution would diminish the value of the state lands exchanged, it would also prevent the fragmentation of ownership of the state's Leask Lake parcel. However, there are significant problems with this approach. If the land remained in state ownership, CFC's timber harvest would be subject to the Annual Allowable Cut requirements needed for the state to manage at a sustained yield harvest rate. This could make harvesting and the exchange uneconomical for CFC. Furthermore, other recent attempts by the state to separate timber from the other bundle of property rights has lead to litigation. This is not a practical alternative.

F. Exchange as Proposed in the Preliminary Exchange Agreement (PEA): This proposal would achieve the objective of state ownership of the CFC land and resources but does not address road upgrades and thus would not provide assurance of timely physical access to the acquired lands. However it would reduce the state timber and lands scheduled for conveyance by about 30%.

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G. Modified Leask Lake Exchange Proposal: This is the current proposal. DNR has modified the exchange proposed in the PEA to: 1) require upgrade by CFC of both the existing White River Road and the proposed road to Leask Lake to recreation standards; 2) reduced the acreage and timber volume and adjusted the cutting pattern to better conform to CFC's recommended modifications to the deer study; 3) added a provision to ensure that the road upgrades are provided before state timber or lands that fund the upgrades can be cut or title conveyed; 4) added a provision that would allow the state or its agent to accomplish the road upgrades and reduced the amount of state acreage committed to the exchange accordingly for doing so; and 5) added language to ensure that CFC rights to use the DEC permitted waste disposal site (#9113-BA012) and state tideland leases (#'s: 100898 and 105135) adjacent to the Log Transfer Facility at Upper George Inlet terminate consistent with the intent of the PEA as it applies to the use of the LTF, and that disposal of waste on the DEC permit area is restricted to that generated from the long transfer facility. DNR also removed an additional 40 acres, and placed another 13.5 acres south of Leask Lake into Open Space to provide protection for additional viewshed.

H. No Action Scenario: Until recently, and with few exceptions, "no action" has been the state's position since 1977. In light of CFC and Borough (community) efforts, a decision to take no action would disappoint both the Borough and CFC, with possible serious economic consequences to CFC. It would put the community no closer to achieving goals indicated by KGB's public survey, and may actually reduce support which appears to be building for legislative designation of the Salt Chuck at Upper George Inlet as a "Critical Habitat Area." Removal of Leask Lake from the exchange could also expose the area to consideration for inclusion in one or more outstanding settlements (such as the Mental Health Trust Lands) or selection by KGB should it receive additional entitlement. A no action scenario would most likely lead to additional cutting on CFC lands.

I. Other Access Alternatives: Several access alternatives have been considered. These include Forest Service proposals using either logging receipts and/or a combination of logging receipts and "hard money" for design and construction. DOT/PF has also contracted a study of possible transportation corridors for Revillagidedo Island (see Attachment - "O" of the original report for some of the alignments). This study may have been precipitated by a desire to intertie the Tyee and Swan Lake Hydro Projects.

Although DOT/PF may favor routes to the west and north of Lake Harriet Hunt, and these would be fine for accessing Leask Lake, neither provide desired roaded access to White River, and Upper George Inlet. DOT/PF proposal H&K (see Attachment - "O" of the original report) which for the most part parallels the KGB/CFC alignment, best achieves access to both of these areas.

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DOT/PF's proposal (see Attachment - "O" to the original report) which would connect Ketchikan to the Bradfield Canal near the Tyee Hydropower Project, carries a price tag of up to \$150,000,000 or about \$1,000,000 per mile. If funds were limited, and the KGB/CFC proposed roads were in place, attention could be focused on stretches of road beyond Leask Lake, eliminating the immediate need for construction of the first eleven miles from Ketchikan, and deleting or deferring the need for almost \$11,000,000 required to provide the Ketchikan connection from its intersection with the proposed Leask Lake recreation road.

Any road dissecting rather than skirting the Naha, a U.S. Forest Service LUD II area, could be expected to encounter opposition. Although the Forest Service alignment running north of Lake Harriet Hunt best accesses its lands, the KGB/CFC alignment proposed in Alternative "G" (see Map 1, attached to the Final Exchange Agreement) provides the best access to lands now in state ownership or proposed for state ownership, and could act as a recreation loop if a better road is later constructed using DOT/PF's interior alignment.

J. Other Exchange Alternatives: Exchanges are difficult even when they are strongly supported and clearly benefit the areas involved in the exchange. The small amount of non-trust land in Southeast Alaska in state ownership, coupled with the high demand for its lands, e.g. need for lands for University of Alaska and Mental Health settlements, etc., adds to the difficulty. Alternatives (see Attachment - "K" to the original decision) were explored by CFC and the Borough, and Leask Lake was determined to be the only suitable site, and more importantly the only site of further interest to CFC. Although an attempt was made to interest CFC in timber rights in the Thorne Bay area, it indicated that it was clearly not interested because the more valuable timber in the Thorne Bay parcel has already been cut. KGB does own a stand of timber located at Whipple Creek estimated to contain approximately 15.3 million board feet. KGB, however, feels that there are problems which need to be addressed and is not willing to commit substantial amounts of this resource to an exchange at this time. It is likely that in addition to the problems that need to be worked out, that the Borough perceives these lands as not great enough to accommodate the primary objectives of the exchange but may be substantial enough to generate funds necessary to manage the lands ultimately acquired from the state exchange. This could be extremely important, given predictions again of diminished state revenue.

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XI. Public Access

Public access to all major water bodies and courses in the area are expected to be enhanced by the exchange. Roaded access to White River and Upper George Inlet, now possible only with the consent of CFC, would be controlled by the state or its assignee. A road to the vicinity of Leask Lake will also be added. One may expect vehicular access by the general public to be curtailed until the roads are actually upgraded, and curtailed and or restricted during periods of major construction and/or logging. The exchange, and upgrade of the roads will not only provide access closer to Leask Lake, but also to and along the shores of Upper George Inlet both north and south of the existing CFC log transfer facility.

Regardless of the roaded access, legal public access to all the parcels acquired by the state, including the White River Valley and Lake Harriet Hunt, will result from the exchange. Portions of Lake Harriet Hunt, now controlled by CFC, would pass to the state. Legal and physical access to Talbot Lake will also be provided.

XII. Classification and Planning

The state's Leask Lake parcel is neither classified nor covered by a state area plan. However, neither is required by state statutes or regulations for an exchange. All areas covered by the proposed exchange are within the Ketchikan Gateway Borough and covered by its approved Comprehensive and Alaska Coastal Zone Management plans. Future use of the land acquired by both the state and CFC, including the timber harvest on CFC land near Leask Lake, will be subject to the Coastal Management and comprehensive plans. The proposed exchange is consistent with these plans.

XIII. Subsurface (Mineral) Rights

The ownership of the surface and subsurface estate of the CFC parcels is split between CFC and Sealaska Corporation respectively. AS 38.50.050 prevents the director from separating the surface estate of land from the mineral rights unless he finds that the separation of estate is necessitated by a prior separation of ownership (which exists in this situation) or that the conveyance or receipt of the surface or mineral estates, one without the other, is necessary to achieve a significant public purpose.

Acquiring lands in vicinity of White River and Lake Harriet Hunt to provide greater opportunities for roaded recreation and acquisition of additional resource lands are objectives with significant public purpose that will not be attained without the exchange. Equal value land exchanges for subsurface resources are difficult to accomplish due to the extreme problems of establishing subsurface values. Further, Sealaska is reluctant to reduce its

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land base which has much to do with their perception that the land is a heritage which should not be diminished. The problem and policy is evident even when dealing with small exchanges and sales. Although both the state, and Sealaska would prefer retaining the integrity of the estates, the state does not feel that it would be practical in this case and that the split of the estates is necessary and justified to meet objectives a with significant public purpose.

The state's acquisition of the surface estate, overlying Sealaska's subsurface estate, will not enhance or diminish any rights and interests of Sealaska as the subsurface owner. Sealaska shall have all rights of reasonable access, use and development of its subsurface. Sealaska's exercise of its rights as subsurface owner shall include reasonable protection of the state's surface estate and resources.

The potential for marketing and removal of large amounts of sand, gravel, rock and minerals is low, and that there are adequate ways to guide any removal to ensure reasonable protection of other surface resources.

XIV. Title

The state received Tentative Approval to the Leask Lake lands March 14, 1983. These lands were selected for community expansion and recreation under the National Forest Community Grant. CFC has patent to most of its lands and Interim conveyance to the remainder. Please see Attachment - "L" to the original report for a map indicating CFC status, and specific conveyance documents and title reports pertinent to both state and CFC properties.

XV. Environmental Assessment

An environmental assessment of all potential exchange lands was completed by the SERO on June 25, and 26, 1991. No major environmental contaminations or unauthorized uses were discovered on either the state or CFC land.

XVI. Issues

Primary issues are as follows:

A. Issue: Should the state commit land and "old growth" timber near Leask Lake to acquire one or more of the five parcels of CFC lands which includes some land where timber has been harvested?

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Discussion: Although deer, interior species, and the quality of a more remote experience can be affected by this trade, the total benefits to Ketchikan and the state are considered to outweigh detriments. The state would gain access or control over almost twice as much surface estate, and although differently configured, almost as much timber as it would give up. About one-fourth (1,000 acres) of the CFC lands have been harvested, the remainder includes valuable timber land and wetlands that support a variety of recreation, fish and wildlife resources. The cut-over land in time will be reforested, making it even more valuable.

B. Issue: Although the exchange will consolidate ownership and grant the state control of more acreage, it will also fragment ownership near Leask Lake.

Discussion: Fragmentation of Leask Lake lands is considered one of the undesirable results of the exchange proposal. It is, however, off-set by consolidation into state ownership of the surface estate of the White River lands which are more accessible and useable to the public. Although there were ways to reduce the fragmentation on state lands, attempts to minimize habitat impacts, with special attention to fish and deer were considered more important. From a habitat perspective, the fragmentation is preferred over conveyance of a larger contiguous block. A larger block would likely include valuable riparian areas.

C. Issue: In light of other possible alternatives for providing access to the Leask Lakes area, is it worth the estimated \$2,500,000 to upgrade the roads now; particularly with no assurance from CFC that the upgrades will occur in the near future?

Discussion: Considering continuing state budget shortages and the lack of any Forest Service plans to construct roads, this exchange is the most viable means of providing access to the Leask Lakes area and other recreation land. Although DNR would have preferred a condition requiring CFC to provide the roads immediately, it also understands that CFC's actions are dependent on market forces. Although under the agreement CFC has ten years to log and build the roads, CFC intends to market the timber as soon as practicable. CFC anticipates that roads should be constructed and available for access within three to five years. The state has retained the opportunity, to accomplish the upgrades and reduce the resources scheduled for conveyance to CFC accordingly. Although there are many other access proposals, there are none that can be depended on at this time, nor that could be expected to be designed and constructed in less than three to four years.

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There are also different places the proposed Leask Lake road could be terminated to reduce the amount and cost of road construction. Terminating the road four miles south of the state's northern boundary, and east of Leask Lake would save about \$720,000. This would translate into about 90 acres of state land, and 2,600,000 board feet of timber that would not have to be committed to the exchange. Terminating the road at this location would, however, require those desiring to access the Naha from a location east of Leask Lake to hike through several miles of intermittent clear cuts.

Although timber types, volumes, and values vary greatly, the average acre cruised at Leask Lake contains approximately 29,000 board feet of timber valued at about \$7900 per acre. The cost of road upgrade also varies by location but averages approximately \$180,000 per mile.

D. Issue: The exchange will impact deer and interior species. Deer will more probably be affected during medium to severe winters.

Discussion: ADF&G estimates as much as 71% greater mortality to deer during medium to severe winters on the Leask Lake exchange area, due to scheduled cutting associated with the exchange. CFC felt it was important to balance this loss against deer that would be protected on CFC lands by not cutting. The magnitude of losses is dependent on the scope of the area viewed.

The decline of deer populations is off-set by other benefits of the exchange. For example, logging on CFC land that could occur if not acquired by the state would also impact wildlife populations. The table below was constructed from data developed by CFC consultant ANI, and ADF&G.

DNR Summary of Results of Combined ANI/ADF&G Impacts Analysis on Deer Populations created by the Exchange:

Impact Analysis-Exchange Areas Only:

<u>Year</u>	<u>Assumption</u>	<u>No. Deer</u>	<u>%Decrease</u>
1992	Base (LL&CFC Exch. Land)	258	-
2030	No Add. Cut	239	7
2030	Log CFC Land Only	206	20
2030	Log LL Land Only	142	45
2030	Log Both CFC&LL	109	58

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Impact Analysis-All State Leask Lake Land (5000ac plus) & All CFC Exchange Land (4,000ac plus):¹

<u>Year</u>	<u>Assumption</u>	<u>No. Deer</u>	<u>%Decrease</u>
1992	Base (All LL & CFC Exc.)	345	-
2030	No Add. Cut	326	6
2030	Log CFC Land Only	293	15
2030	Log LL Land Only	225	35
2030	Log Both LL&CFC	192	44

E. Issue: The survey of Ketchikan residents while indicating the need for additional roaded recreational opportunities, stresses even more the need to protect habitat.

Discussion: KGB's public survey is subject to interpretation. Habitat protection was rated the highest. Next with only a tenth of a point of separation came both increased recreational opportunities, and increased roaded recreational opportunities. The survey appeared to indicate a sensitivity to the environment, but also a desire for increased recreational access. DNR has interpreted this survey as an indication that the residents of Ketchikan are willing to accept some timber harvest to achieve more roaded access. The timber cutting layout at Leask Lake has been completed with a sensitivity to protection of prime fish habitat and recreation values.

The desire for additional roaded access is a statewide issue. The results of a survey by Dittman Research Corporation of Alaska conducted during the period August 7 through August 14, 1991 of 528 Alaskans over the age of 18, in 51 Alaskan communities indicated that 59% supported to some degree expansion of Alaska's road network.

F. Issue: Talbot Lake is an "add-on". It involves timber rights purchased by KGB from KFP and should not be considered. Are there other CFC parcels that should not be considered, to help reduce the impact on the lands near Leask Lake?

¹ Estimates assuming moderate to severe winter. No adjustments for reduction in acreage (110 acres) scheduled for conveyance to CFC or additional acreage placed in "open space" (33 acres).

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Discussion: Talbot Lake is an "add-on" recommended by the Borough due to its proximity to Ketchikan, the presence of the lake, access road, and trail system. The value of the timber already owned by KGB were removed from the appraisal value of the parcel. Although it could be dropped from the exchange, it is valued under \$150,000 and would do little in itself to alter impacts of the exchange. It could, however, reduce the potential cut from state land by about 500 Mbf or 18 acres.

G. Issue: Should the state trade for only the surface rights and not acquire Sealaska's subsurface ownership.

Discussion: Because the surface and subsurface ownership of the CFC land is already split, for the state to acquire the subsurface would require an additional exchange with Sealaska. There are no known subsurface resources on either the CFC/Sealaska land or the state land at Leask Lake. Appraising and exchanging subsurface land is difficult, and considering low subsurface values and Sealaska's lack of interest in an exchange, DNR has concluded the exchange should proceed for surface estates only. For further discussion of this issue, please refer to Section XIII - Subsurface (mineral) Rights in this report.

H. Issue: Should the Leask Lakes area be designated a state park and the Salt Chuck a State Critical Habitat Area.

Discussion: Previous statewide planning for state parks has not identified Leask Lakes as a priority for legislative designation as a state park. The exchange does not include the most valuable recreation or habitat land immediately adjacent to either the lakes or the Salt Church. In fact, less than half (2,335 acres or 44%) of the state's 5,240 acre Leask Lakes tract is proposed for transfer to CFC. The remaining land has been recommended by the Ketchikan Area State Parks Advisory Board for legislative designation for recreation use. The exchange would not preclude such designations.

I. Issue: Should the state trade the Leask Lake land, which is used for wilderness recreation, to acquire road accessible recreation.

Discussion: Much of the opposition to the exchange is based on the desire to protect the "wilderness" recreation values of the Leask Lakes area, while much of the support is from those who desire road accessible recreation. It is clear that what Ketchikan lacks, and many residents desire, is more road accessible recreation. The CFC parcels the state is acquiring, include the White River - a relatively slow-flowing river that provides opportunities for sport fishing, two road accessible lakes including Lake Harriet Hunt, beaches

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along and road access to Upper George Inlet, and other road accessible public lands. The road to the Leask Lakes area will also provide more convenient access to Leask Lakes. There is also significant acreage set aside for roadless and wilderness recreation near Ketchikan, including the Naha drainage and over 2 million acres in Misty Fiords National Monument. The exchange and resultant timber harvest on land CFC acquires will negatively impact the wilderness recreation values of Leask Lakes. However, there are ample (and better) areas for this recreation.

The benefits of the exchange in terms of increased roaded recreation will occur to many more people. In balance, the exchange increases the public's recreation opportunities.

J. Issues: Should the state enter into an exchange that gives CFC more timber land to cut?

Discussion: Land exchanges only succeed when all the parties to the exchange receive benefits. A primary benefit to CFC is more timbered land to harvest in order to generate revenue. Benefits to the state are road accessible land for recreation and other uses close to Ketchikan.

K. Issues: Should the exchange proceed without an approved land appraisal?

Discussion: DNR has thoroughly reviewed the appraisal and finds the values generated by the appraisals to be generally correct. Much of the value of the appraised parcels are derived from timber and road construction cost appraisals, which DNR finds acceptable. At issue are the residual land values (see Section VIII - Appraised Values in this report). These values were arrived at through use of complex statistical analysis, which while statistically valid, are not widely accepted in the appraisal community.

DNR has chosen to proceed with the exchange despite the lack of a final appraisal for several reasons:

1. The values arrived at seem correct.
2. The same process was applied to both the CFC land and the state parcels, the same comparable properties were used to set the values.
3. If the exchange is not approved by the current legislative session, the exchange may never occur, and a revised appraisal cannot be completed in time for consideration by the current legislature. If the exchange does not occur this year, CFC may harvest additional timber in the land it proposes to trade to the state, or may lease or sell some of this land.

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4. The legislature can approve an exchange which does not have an appraisal approved by DNR.

L. Issue: Several public commentators suggest that DNR is by-passing the legislative appropriation process and state procurement code by trading CFC land in (partial) exchange for CFC's road-building.

Discussion: Alaska Statutes 38.50.020 allows DNR to enter into exchanges that include "other considerations" besides land or cash. State procurement codes and legislative appropriations deal with how the state spends money.

M. Issue: Will the exchange result in visual impacts?

Discussion: The timber harvest that results from the exchange will negatively impact views looking south and east from Leask Lakes and northwest from upper George Inlet. Leask Lakes have a fairly boggy shoreline and there is no recreation development or maintained trail to the lakeshore, hence, the recreation use of the lakes is limited. In response to public concerns, 40 acres close to Leask Lakes were removed from the final exchange proposal and an additional 13 acres was placed in Open Space to protect wildlife and visual resources. An additional 70 acres was removed and 20 acres placed in Open Space in Cruise Unit 19 to protect deer habitat. If the exchange does not occur, CFC is likely to harvest additional timber visible from Upper George Inlet.

XVII. SUMMARY OF PUBLIC COMMENTS

The report on the proposed exchange was released on February 10, 1992. Public hearings were held in Saxman (March 11), Ketchikan (March 11) and Juneau (March 12). The public comment period closed on March 26, 46 days after the exchange report was released.

The exchange report was a 20-page document, with 16 attachments. The report and attachments (over 250 pages) were mailed to 42 individuals, agencies or special interest groups, all members of the Alaska Legislature, the Ketchikan Gateway Borough, and others. A public notice describing the exchange and the public hearings was published in the Ketchikan Daily News, Juneau Empire, Fairbanks News Miner, and Anchorage Times.

A total of 137 individuals signed-in at the three public hearings (30 in Saxman, 93 in Ketchikan, and 14 in Juneau). Eighty-six (86) persons testified at the hearings. Fifty-five (55) letters or notes, one petition with 109 signatures were received by March 26, 1992, was submitted and one questionnaire signed by 45 people. Most individuals who commented (270

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out of 287)² are residents of the Ketchikan Gateway Borough (based on mailing addresses).

Nearly all persons who commented on the exchange voiced either support or opposition to the exchange. Many voiced reasons for their position, and only a few provided specific suggestions on how to modify the prepared exchange.

A total of forty-four (44) persons testified at the hearings in support of the exchange. Eighteen (18) notes or letters were received in support of the exchange. The Ketchikan Gateway Borough submitted testimony in support of the exchange. The Borough, as well as the cities of Ketchikan and Saxman are previously on record in support of the exchange. The Ketchikan Chamber of Commerce and Ketchikan Community Liaison Committee support the exchange. Sealaska Corporation, Kootznoowoo, Inc., Goldbelt, Inc., Cape Fox Corporation, the Ketchikan Indian Corporation and Alaska Native Brotherhood all expressed support for the exchange. Timber interests that commented in support of the exchange were Fox River Timber Company, Sealaska Timber Corp., Klukwan Forest Products and the Alaska Forest Association.

The following are reasons stated by supporters of the exchange:

- A. Increased road-accessible recreation.
- B. It will provide jobs and other economic benefits to Ketchikan, including jobs from timber harvest.
- C. The original area available for selection by Cape Fox Corporation (CFC) under the Alaska Native Claims Settlement Act were inappropriate, the exchange will correct this and provide better ownership patterns.
- D. The exchange provides long-term benefits and is in the state's interest.
- E. Development (roads, timber harvest, recreation) will result from the exchange.
- F. The exchange may make additional land available for development.
- G. The exchange can be accomplished (CFC, the state, the borough, and Sealaska were all in agreement).
- H. There is already enough wilderness. What's needed is more road-accessible recreation.
- I. Elderly need recreation and cannot back-pack and hike.
- J. The exchange benefits me (the commentor).
- K. If the exchange fails, the land (and timber) near Leask Lakes will be transferred to the Mental Health Trust and cut anyway.

² A total of 287 individuals either testified at hearings, wrote letters, or signed the petition, excluding duplicates (9 people testified at the hearings and also wrote a letter or signed a petition).

Proposed Exchange with Cape Fox Corporation

out of 287)² are residents of the Ketchikan Gateway Borough (based on mailing addresses).

Nearly all persons who commented on the exchange voiced either support or opposition to the exchange. Many voiced reasons for their position, and only a few provided specific suggestions on how to modify the prepared exchange.

A total of forty-four (44) persons testified at the hearings in support of the exchange. Eighteen (18) notes or letters were received in support of the exchange. The Ketchikan Gateway Borough submitted testimony in support of the exchange. The Borough, as well as the cities of Ketchikan and Saxman are previously on record in support of the exchange. The Ketchikan Chamber of Commerce and Ketchikan Community Liaison Committee support the exchange. Sealaska Corporation, Kootznoowoo, Inc., Goldbelt, Inc., Cape Fox Corporation, the Ketchikan Indian Corporation and Alaska Native Brotherhood all expressed support for the exchange. Timber interests that commented in support of the exchange were Fox River Timber Company, Sealaska Timber Corp., Klukwan Forest Products and the Alaska Forest Association.

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Proposed Exchange with Cape Fox Corporation

- M. Timber harvest of CFC land will be exported without primary manufacturing, therefore the economic benefits will be less than predicted.
- N. Leask Lake should be designated a State Park or Critical Habitat Area.
- O. Leask Lakes timber is old growth, the state should protect old growth.
- P. The exchange cannot be evaluated because the appraisal is not complete. The draft appraisal failed to consider habitat and recreation values, under-valued some CFC land, and used incorrect discounting factors.
- Q. DNR is by-passing the legislative appropriation process and state procurement code by giving CFC land and timber in [partial] exchange for CFC building roads. The state is financing a capital project (road-building) without competitive bids.
- R. Pristine land at Leask Lake provide better recreation experience.
- S. Leask Lake as a state park, in its pristine condition, would provide long-term economic development through tourism. One person cited the impact Chilkat Eagle Preserve has had in Haines as an example.
- T. The Leask Lake area resources are superior to White River's resources even before White River area timber was cut.
- U. The White River area does not provide quality recreation.
- V. The exchange is not equal value.
- W. The timing of construction, quality and maintenance of roads is uncertain.
- X. The proposed exchange has too much uncertainty (primarily road improvements and maintenance).
- Y. Pristine recreation makes more economic sense.
- Z. The exchange would set a bad precedent - by the state acquiring clear-cut land and giving a Native Corporation more timber to cut. It encourages corporations to manage land for short-term gain and not for sustained yield.
- AA. Proper exchange procedures were not followed because there is no approved appraisal and the legal (newspaper) notice did not include maps.
- BB. DNR did not adequately evaluate Leask Lake resources and other options.
- CC. There are alternate ways of providing road-accessible recreation through U.S. Forest Service road building.
- DD. The community is split regarding the exchange - public support is at best tepid.
- EE. Regarding the Community Survey conducted for the Borough, "considering wildlife and fisheries habitat impacts" was by a wide margin the most important value.

Proposed Exchange with Cape Fox Corporation

Several modifications have been made to the exchange agreement in response to specific suggestions made in the public review process. The acreage of land to be conveyed to CFC has been reduced to 2335 (approximate) by retaining 110 acres in Parcel B of the proposed exchange land, 40 acres of which is land close to Leask Lake. An additional 33 acres has been altered from cut to open space. This deletion is to be lessen visual and wildlife impacts. An additional 70 acres was deleted and 20 acres redesignated as open space to provide added protection to deer in Parcel B. The final exchange agreement more clearly addresses the road building requirements, specifically the agreement will specify land which will not be conveyed to CFC until road construction is well underway.

I am submitting this exchange for legislative approval without a final, approved land appraisal. The appraisal for this exchange was prepared under contract to the Ketchikan Gateway Borough. The appraisal assignment was complex to begin with because 1) much of the land supports commercial timber; 2) surface and subsurface ownership are split; 3) the state land transferred to Cape Fox Corporation that is not designated for timber harvest is permanently reserved as "open space", and; 4) the proposed exchange requires CFC to build roads for public use. The appraisal firm used a complex statistical analysis to arrive at the values, and DNR continues to have concerns over some aspects of the appraisal methodology.

I have chosen to proceed without approving the appraisal for several reasons:

1. The values arrived at seem correct, this is after extensive review by DNR's appraisers and independent appraisers hired to review the report.
2. The same appraisal process was applied to the CFC and state land.
3. The majority of the appraised values come from commercial timber or road building costs which DNR has approved and we are not at issue with the appraisal - at issue is the residual land value.
4. The exchange cannot wait for another legislative session. It has taken over a year to reach the final exchange agreement, to delay another year would require that CFC forego another year's opportunity to raise any revenue from the land it is willing to trade to the state. By next legislative session, CFC may harvest additional timber on land it agreed to trade to the state, or may sell or lease some of this land.
5. The legislature can approve an exchange that does not have an appraisal approved by DNR, provided they believe it is in the public interest. This exchange is clearly in the public interest.

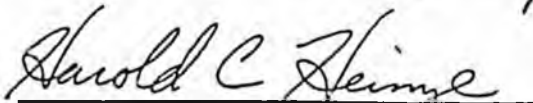
Proposed Exchange with Cape Fox Corporation

I find the Final Exchange Agreement as proposed, and attached hereto to be in the state's interest, and that the exchange as proposed should be advanced for submission to the Legislature for approval.

It is further my finding that the split of surface and subsurface estates is necessary and justified because of a prior separation of estates as a result of ANCSA, and to achieve the objectives of the exchange and significant public benefits.

The Final Exchange Agreement and this report will be the Department's final administrative documents for the exchange. An appeal to the final exchange agreement, and report of exchange executed by the Commissioner of DNR must be made to Superior Court of the State of Alaska.

Executed this 6th day of April, 1992.



Harold Heinze, Commissioner
Department of Natural Resources

Attachments: Final Exchange Agreement with attachments

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

465

April 10, 1992

The Honorable Richard I. Eliason
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Eliason:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to approve the land exchange between the State of Alaska and the Cape Fox Corporation. The bill would approve the exchange of surface estates of land located in the Ketchikan area.

The legislation, if enacted, will allow the state to transfer the surface estate of 2,335 acres of state land near Leask Lake to the Cape Fox Corporation ("Cape Fox") in exchange for the surface estate of 4,366 acres of private land owned by Cape Fox at White River, Lake Harriet Hunt, and Talbot Lake. As part of the value that the state would receive in the exchange, Cape Fox would construct or upgrade the White River Road and the Leask Lake Road to recreational standards. The Department of Natural Resources (DNR) has determined that the value of the land to be received and the value of the road construction or upgrading by Cape Fox are of substantially equal or exceed the appraised fair market value of the state land to be exchanged, as required by AS 38.50.020, and that the transfer is in the public interest.

The exchange would allow the state to acquire Cape Fox lands that are road accessible, to increase recreational and fishing opportunities. The exchange would allow Cape Fox to acquire land to allow for increased economic benefits in the construction, timber support, and tourism industries. The exchange is likely to result in increased job opportunities and economic development in the Ketchikan area.

AS 38.50.140 requires the governor to submit certain land exchange proposals to the legislature for approval within 10 days after the convening of a regular legislative session. That section further authorizes the governor to submit a proposal at some other time if "exigent circumstances so require." Exigent circumstances exist to justify submission of this bill at this time. The exchange agreement was just signed on April 6, 1992, due to the need for a public hearing on the exchange. Waiting until next session for introduction and enactment of the

The Honorable Richard I. Eliason
President of the Senate
Page 2

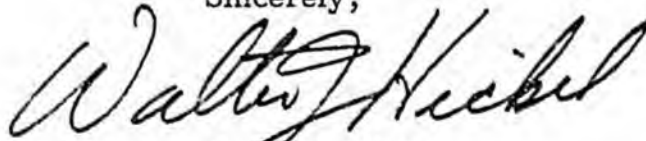
bill could have serious adverse impacts. There is no guarantee that Cape Fox Corporation can afford to leave the offer open for another year. Approximately 40 - 43 percent of Cape Fox land covered by the exchange could be logged. Delay in approving the exchange could force Cape Fox, for economic reasons, to withdraw from the exchange or to log additional portions of that land, making it impossible to, or greatly reducing the state's ability to achieve important exchange objectives, including the protection of aesthetics and habitat on the remaining area. Much-desired expansion of additional opportunities for roaded recreation would also be lost or delayed.

DNR has alerted me that although final appraisals of the land are not yet available, DNR has considerable documentation to support its determination that the fair market values of each party's exchange are substantially equal. DNR's fair market value estimate is based in part on appraisal value of commercial timber and the estimated building costs for the roads to be constructed by Cape Fox. DNR will have staff available to testify on the basis of its calculations.

Copies of the April 6, 1992, final exchange agreement on the land exchange and other supporting documents will be provided to the Senate Secretary and the Clerk of the House.

I urge you to give this bill your immediate consideration and approval.

Sincerely,

A handwritten signature in cursive script, reading "Walter J. Hickel". The signature is written in dark ink and is positioned above the printed name and title.

Walter J. Hickel
Governor

FISCAL NOTE

N. 3

Bill Version: SB 465

(S) Publish Date: 4-10-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: 3/12/92

Department Affected: Fish and Game 465

Title: Cape Fox Land Exchange

BRU: Habitat

Component: Habitat

Sponsor: Rules Committee by Governor

Requestor:

COMPONENT SERIAL NO. 4 8 6

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: No impact on current year.

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Frank Rue, Director *Frank Rue*

Phone: 465-4105

Division: Division of Habitat

Date: 3/12/92

Approved by Commissioner: *Steve J. ...*

Agency: Department of Fish and Game

Date: 3/13/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. OSC., & Impacted Agency(ies).

FISCAL NOTE

No. 2

Bill Version: SB 465

BI (S) Publish Date: 4-10-92

**STATE OF ALASKA
1992 LEGISLATIVE SESSION**

Revision Date: _____
 Title: Cape Fox Land Exchange
 Sponsor: Governor
 Requestor: Governor

Department Affected: Environmental Conservation
 BRU: Environmental Quality
 Component: _____

COMPONENT SERIAL NO.

1	0	1	6
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

Estimate of current year impact: none

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Janice Adair
 Division: Commissioner's Office

Phone: 465-5010
 Date: _____

Approved by Commissioner: Janice Adair for John Sendor
 Agency: Environmental Conservation

Date: 3/13/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

FISCAL NOTE

Bill Version: SR 465

(S) Publish Date: 4-10-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL

Revision Date: 16-Mar-92 Department Affected: Natural Resources
 Title: Cape Fox Land Exchange BRU: Land Management
 Components: Land Management
 Sponsor: Rules Committee
 Requestor: Rules Committee COMPONENT SERIAL NO. 431

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
Funding Source:						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
Funding Source:						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of Current year impact:

ANALYSIS: (Attach a separate page if necessary)
 Zero if the State is not required to maintain the road.

Prepared by: Ron Swanson Phone: 762-2692
 Division: Land Management Date: 16-Mar-92
 Approved by Commissioner: Harold C. Heinze Date: 16-Mar-92
 Agency: Department of Natural Resources

Distribution (by preparer) : Legislative Finance, legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

DEPARTMENT OF NATURAL RESOURCES
SUMMARY STATUS OF PROPOSED CAPE FOX CORPORATION LAND EXCHANGE
(March 9, 1992)

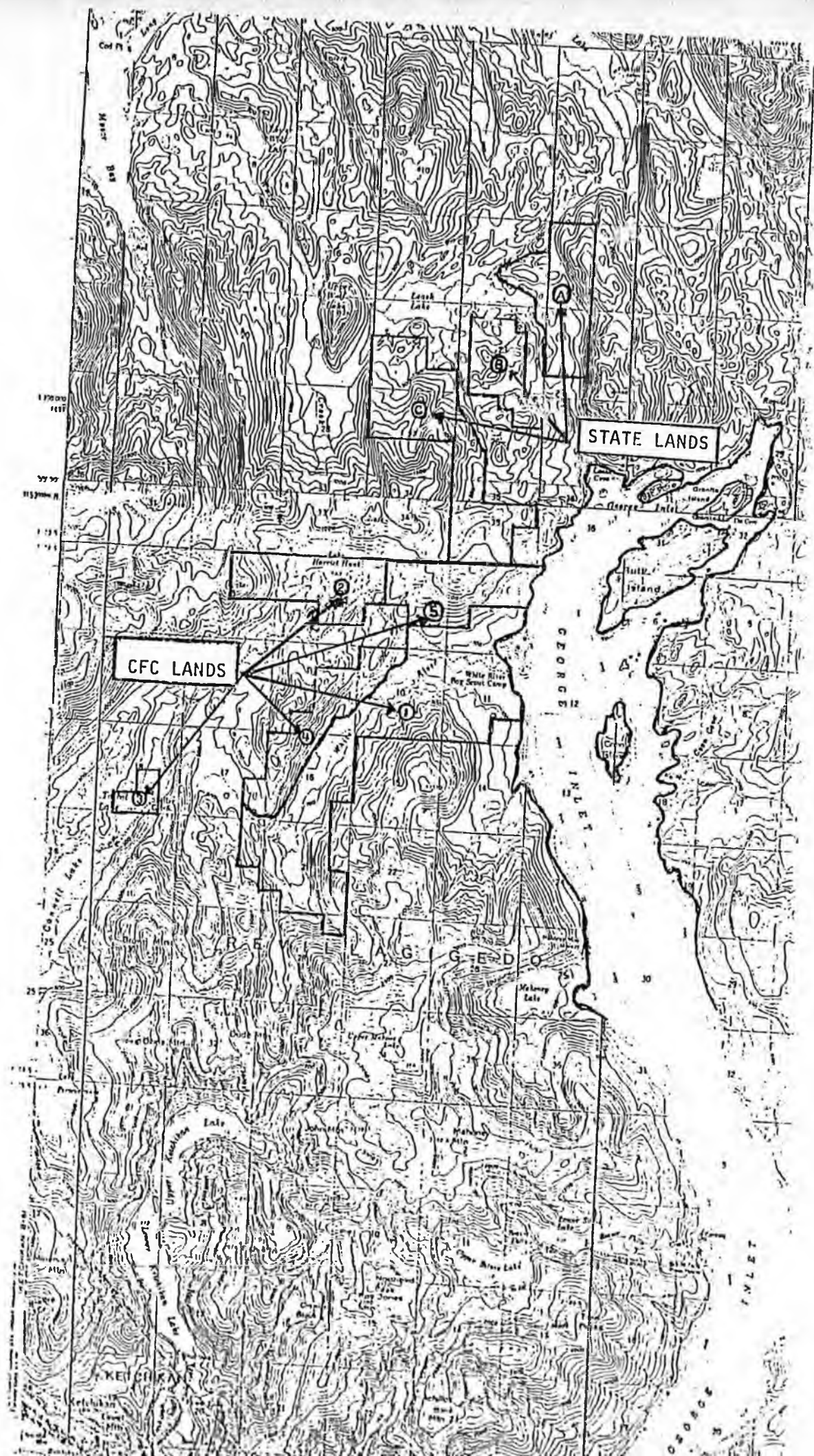
The proposed agreement for an exchange of state land in the Leask Lakes area near Ketchikan is currently undergoing public review. The Department of Natural Resources will hold hearings in Saxman, Ketchikan and Juneau on March 11 and 12. The deadline for public comments is March 26. After comments are reviewed, if the decision is to proceed, the Department will finalize the exchange agreement and report and submit the exchange package to the legislature for approval. Any exchange exceeding \$5,000,000 in value must be approved by the legislature.

The following is a brief summary of the exchange:

1. Cape Fox Corporation (CFC) land (five parcels) included in the exchange consists of the White River Valley, land adjacent to Harriet Hunt Lake and land adjacent to Talbot Lake totaling 4,336 acres.
2. State of Alaska land in the exchange consists of three parcels in the Leask Lake area totaling 2,445 acres.
3. The exchange includes only the surface estate as defined by the Alaska Native Claims Settlement Act.
4. State land in the exchange includes 42.6 million board feet of commercial timber on 1,500 acres. Anticipate adjustment down to approximately 40.5 million board feet.
5. Land exchanged to CFC not within the areas proposed for timber harvest will be open to public use. CFC will have limited use rights in these areas.
6. CFC will upgrade the existing White River road to "public access standards", thereby providing access to the land acquired by the state.
7. CFC will construct the main road into the Leask Lakes area to "public access standards", thereby adding access to state land near Leask Lakes.
8. 90% of the anadromous streams in the entire Leask Lake tract, the largest and most sensitive streams, have been deliberately buffered and excluded from the exchange.
9. Substantial areas of the critical deer winter range within the State land proposed for exchange has been deliberately preserved and will not be logged. Habitat was identified in a study commissioned by CFC and conducted by America North, Inc. of Anchorage.

10. The exchange, as proposed, would add 13.1 miles to the main road system of Ketchikan, a 30% increase. The new roads would access a variety of areas, both CFC and State totaling 6,811 acres, with high recreation potential. These roads would access lands the state acquires through the exchange.
11. The Ketchikan Gateway Borough has supported the exchange through a planning analysis that resulted in a specific exchange recommendation and a resolution of support by the Assembly.
12. The Borough's planning analysis included a community survey that found the following:
 1. 9 of 10 Borough residents want the road system expanded, 50% want expansion immediately.
 2. 86% of Borough residents support outdoor recreation development near areas that have been harvested.
 3. Preservation of sport fisheries and wildlife in outdoor recreation areas rated highest in value to residents.
13. The appraisal is extremely complex and the reason for delay. It is now over two months over deadline. Present projections appear to indicate that after adjustments for stumpage not due the university, a reduction of 1.9 million board feet to accommodate recommendations of the CFC's deer study, and upgrade of both roads to recreation standards, both CFC and state properties will be valued at \$8,000,000. The appraisal concluded that the highest and best use of timbered parcels is for commercial timber harvest, therefore timber is the overriding value.

Map Attached



DEPARTMENT OF NATURAL RESOURCES
SUMMARY STATUS OF PROPOSED CAPE FOX CORPORATION LAND EXCHANGE
(APRIL 7, 1992)

Public review of the proposed agreement for an exchange of state land in the Leask Lakes area near Ketchikan has been completed. The Department of Natural Resources held hearings in Saxman, Ketchikan and Juneau on March 11, and 12. Public comments were taken until March 26. The final report, and the final exchange agreement have since been completed and the exchange, as required by law, advanced to the legislature for approval.

The following is a brief summary of the exchange:

1. Cape Fox Corporation (CFC) land (five parcels) included in the exchange consists of the White River Valley, land adjacent to Harriet Hunt Lake and land adjacent to Talbot Lake totaling 4,366 acres;
2. State of Alaska land in the exchange consists of three parcels in the Leask Lake area totaling 2,335 acres. This was reduced, after public review, from 2445 acres to give additional protection to habitat and Leask Lake view sheds;
3. The exchange includes only the surface estate as defined by the Alaska Native Claims Settlement Act;
4. State land in the exchange includes approximately 40.0 million board feet of commercial timber on 1,350 acres. The remaining acreage to be conveyed to CFC is dedicated to "open space." This is a reduction from the preliminary exchange agreement of approximately 2.6 million board feet and 110 acres of timber harvest. This reduction is to reduce wildlife and visual impacts.
5. Land exchanged to CFC not within the areas proposed for timber harvest (designated open space) will be open to public use. CFC will have limited use rights in these areas;
6. CFC will upgrade the existing White River road to "recreation" standards, thereby providing access to the land acquired by the state;
7. CFC will construct the main road into the Leask Lakes area to "recreation" standards, thereby adding access to state land near Leask Lakes;
8. 90% of the anadromous streams in the entire Leask Lake tract, the largest and most sensitive streams, have been deliberately buffered and excluded from the exchange;
9. Substantial areas of the critical deer winter range

within the State land proposed for exchange has been deliberately preserved and will not be logged. Habitat was identified in a study commissioned by CFC and conducted by America North, Inc. of Anchorage;

10. The exchange, as proposed, would add 11.11 miles to the main road system of Ketchikan, a 25% increase. A two mile reduction was required to compensate for lands and timber removed from the exchange after public review. The new roads would access a variety of areas, both CFC and State, totalling 6,811 acres, with high recreation potential. These roads would access lands the state acquires through the exchange;
11. The Ketchikan Gateway Borough has supported the exchange through a planning analysis that resulted in a specific exchange recommendation and a resolution of support by the Assembly;
12. The Borough's planning analysis included a community survey that found the following:
 1. 9 of 10 Borough residents want the road system expanded, 50% want expansion immediately;
 2. 86% of Borough residents support outdoor recreation development near areas that have been harvested;
 3. Preservation of sport fisheries and wildlife in outdoor recreation areas rated highest in value to residents.
13. A total of 137 individuals registered at the three public hearings (30 in Saxman; 93 in Ketchikan; and 14 in Juneau). Eighty-six people testified at the hearings. Fifty-five letters or notes, and two petitions were also received.

Comments For The Exchange: 44 persons testified, 18 wrote letters or notes, and 112 signed one of two petitions supporting the exchange. The following entities, in addition to the Ketchikan Gateway Borough, supported the exchange: cities of Saxman and Ketchikan, Ketchikan Chamber of Commerce, Ketchikan Liaison Committee, Sealaska Corporation, Kootznawoo, Inc., Goldbelt, Inc., Cape Fox Corporation, Ketchikan Indian Corporation, Alaska Native Brotherhood, Fox River Timber Co., Klukwan Forest Products, Alaska Forest Association.

Comment Against The Exchange: 42 persons testified, 36 wrote letters or notes, and 42 signed a petition (questionnaire) opposing the exchange. Organizations in opposition were: Tongass Conservation Society, Tongass

Sport-fishing Association, Sierra Club Legal Defense Fund, Alaska Environmental Lobby, Northern Alaska Environmental Center, and the Southeastern Alaska Conservation Council.

Neutral: In addition to several residents, the Ketchikan State Parks Advisory Board (SPAB) were neutral, but wanted the remaining lands at Leask Lake, the Salt Chuck lands, and any land received by the state through the exchange protected for habitat and recreation.

12. The Department of Natural Resources believes that although the testimony "for and against" was somewhat balanced, analysis indicates clear support from within the community of Ketchikan for the exchange.

The State is not trading pristine lands for a clear-cut waste land which is the primary argument of opponents. Only about 22% of the CFC lands the State is acquiring have been clear cut. The state is purchasing these clear-cut lands for \$350-\$650/acre instead of over \$8,000/acre for forested lands. The State is also receiving over 37,000,000 million board feet of timber, while giving up about 40,000,000 million board feet. The exchange protects the most important fish habitat of two drainages, Leask Creek and White River. The timber appraiser estimated that while 380,000 board feet (13 acres) of the original 1500 acres designated for cut on the State's Leask Lake lands would require protection under forest practices, over 2,000,000 board feet of timber would require the same protection on CFC lands.

The primary issues are: the loss of old growth timber, impact on deer populations, and a difference in what one may or may view as a satisfying his or her recreational experience. The exchange as proposed clearly represents the interests of a majority of the residents of Ketchikan and Saxman, and in the Department's opinion is an good investment for the State.

Attached: Map

Legend



Cutting Unit 19



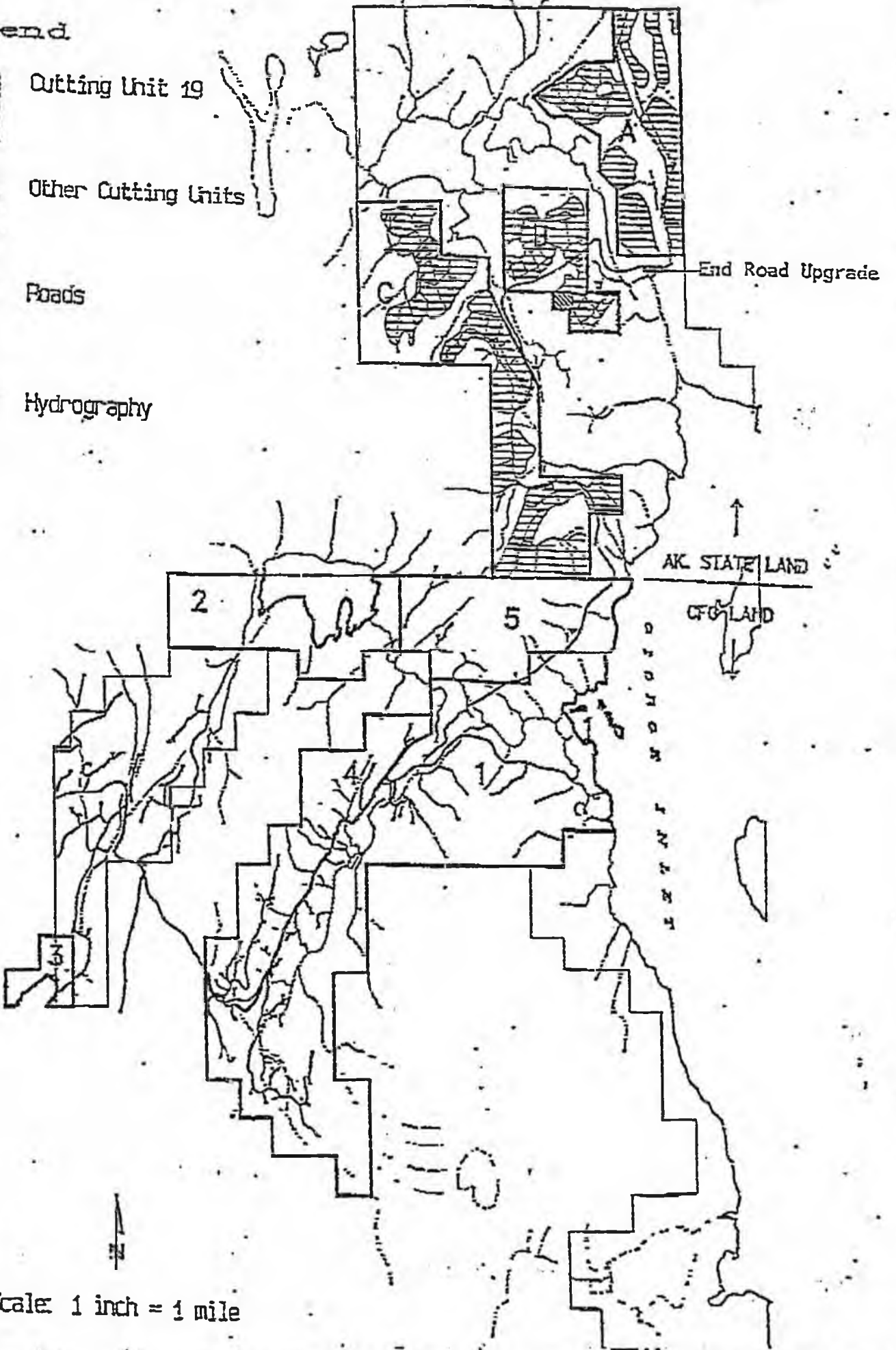
Other Cutting Units



Roads



Hydrography



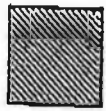
End Road Upgrade

AK STATE LAND

CFR LAND

Scale: 1 inch = 1 mile

Legend



Cutting Unit 19



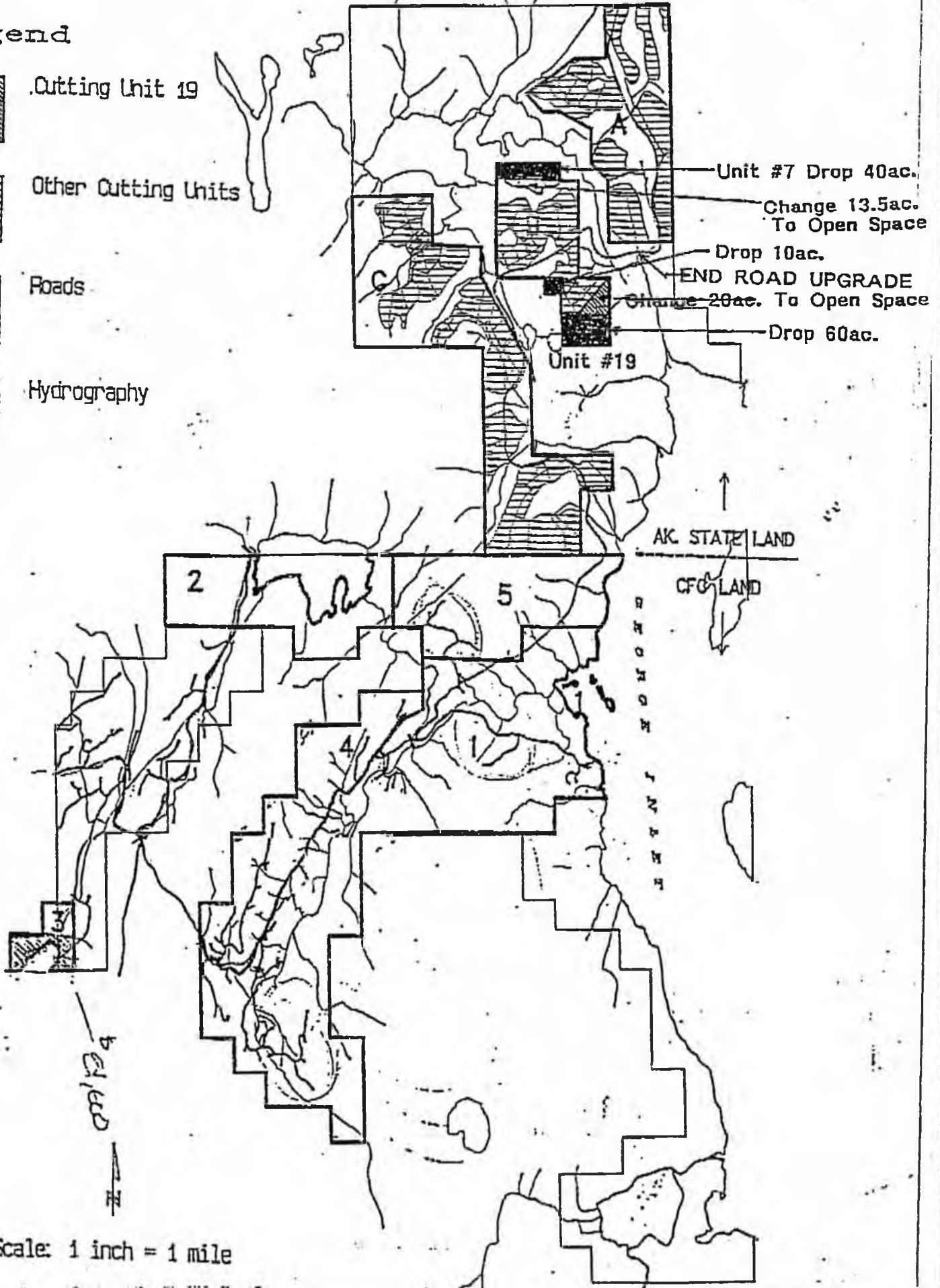
Other Cutting Units



Roads



Hydrography



DEPARTMENT OF NATURAL RESOURCES
SUMMARY OF STATUS OF PROPOSED CAPE FOX CORPORATION (CFC) EXCHANGE
(January 22, 1992)

1. Cape Fox Corporation, CFC, land (five parcels) included in the exchange consists of the White River Valley, land adjacent to Harriet Hunt Lake and land adjacent to Talbot Lake totaling 4,336 acres.
2. State of Alaska land in the exchange consists of three parcels in the Leask Lake area totaling 2,445 acres.
3. The exchange includes only the surface estate as defined by the Alaska Native Claims Settlement Act.
4. State land in the exchange includes 42.6 MMbf of commercial timber on 1,500 acres. Anticipate adjustment down to approx. 40.5 MMbf.
5. Land exchange to CFC not within the areas proposed for timber harvest will be open to public use. CFC will have limited use rights in these areas.
6. CFC will upgrade the existing White River road to "public access standards."
7. CFC will construct the main road into the Leask Lakes area to "public access standards."
8. 90% of the anadromous streams in the entire Leask Lake tract, the largest and most sensitive streams, have been deliberately buffered and excluded from the exchange.
9. 79% of the critical deer winter range within the State land proposed for exchange has been deliberately preserved and will not be logged. Habitat was identified in a study commissioned by CFC and conducted by America North, Inc. of Anchorage.
10. The exchange, as proposed, would add 13.1 miles to the main road system of Ketchikan, a 30% increase. The new roads would access a variety of areas, both CFC and State totaling 6,811 acres, with high recreation potential.
11. The Ketchikan Gateway Borough has supported the exchange through a planning analysis that resulted in a specific exchange recommendation and a resolution of support by the Assembly.

12. The Borough's planning analysis included a community survey that found the following:
 1. 9 of 10 Borough residents want the road system expanded, 50% want expansion immediately.
 2. 86% of Borough residents support outdoor recreation development near areas that have been harvested.
 3. Preservation of sport fisheries and wildlife in outdoor recreation areas rated highest in value to residents.
13. The appraisal is extremely complex and the reason for delay. It is now over two months over deadline. Present projections appear to indicate that after adjustments for stumpage not due the university, a reduction of 1.9 MMbf to accommodate recommendations of the CFC's deer study, and upgrade of both roads to recreation standards, both CFC and state properties will be valued at \$8,000,000. Timber is the overriding value.
14. DNR's goal was to have this exchange before the legislature within 10 days of the opening of the session. Because of the appraisal delays we not anticipate public hearing's the first week of February with submission the last week of March.

Maps Attached

KETCHIKAN GATEWAY BOROUGH

RESOLUTION NO. 954

A RESOLUTION OF THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, ALASKA, SUPPORTING THE CONCEPT OF A LAND EXCHANGE OF CAPE FOX CORPORATION PROPERTIES IN THE LAKE HARRIET HUNT AND WHITE RIVER AREAS FOR STATE OF ALASKA PROPERTIES IN THE LEASK LAKES AREA, REVILLAGIGEDO ISLAND, ALASKA; AND ESTABLISHING AN EFFECTIVE DATE.

RECITALS

A. The Cape Fox Corporation owns properties in the White River drainage and at Lake Harriet Hunt, and the State of Alaska owns a large, contiguous tract of 5,140 acres in the area known as Leask Lakes.

B. The Cape Fox Corporation has proposed a land exchange between the Corporation and the State of Alaska. This exchange involves the selection of some 2,450 acres of State land in the Leask Lakes area in exchange for 2,941 acres within the White River and Lake Harriet Hunt areas.

C. A community survey was conducted in the summer of 1990 by a Juneau consulting firm that identified a strong need for additional outdoor recreational opportunities for the residents of Ketchikan. This survey also determined that such recreation was desired along the road system and that the preservation of sport fisheries and maintenance of wildlife were important considerations in any provision of additional outdoor recreational opportunities. The survey also found significant community support for recreational opportunities in areas where timber clear-cutting was visible from the road system.

D. A community workshop conducted in November, 1990, on the creation of a Leask Lakes State Park or White River/Leask Lakes Land exchange reconfirmed the importance of habitat protection and the need for additional recreational opportunities on the roaded system. This workshop also established the importance of the provision of a utility/transportation corridor designed to provide intra-island and inter-island accessibility.

E. Research performed by the Ketchikan Gateway Borough Department of Planning and Community Development evaluated a series of alternative ways that the Leask Lakes/White River/Lake Harriet Hunt areas could be developed and managed, and identified significant additional outdoor recreation and habitat values in the Leask Lakes, White River, and Lake Harriet Hunt areas.

F. Public hearings were held before the Planning Commission and Borough Assembly addressing the values and issues associated with the creation of Leask Lakes State Park or a Leask Lakes/White River/Lake Harriet Hunt land exchange, and evidenced public interest in and support for a proposed land exchange.

G. A proposed land exchange involving the Lake Harriet Hunt and White River areas of the Cape Fox Corporation for selected State of Alaska properties in the Leask Lakes area should provide greatly augmented outdoor recreation opportunities accessible by vehicle, protect important habitat values in the White River and Lake Harriet Hunt areas, and allow for the eventual provision of an inter-island or intra-island road/utility corridor(s).

NOW, THEREFORE, IT IS RESOLVED BY THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH, ALASKA, as follows:

Section 1: Support of Proposed Land Exchange. The Ketchikan Gateway Borough approves, in concept, the proposed land exchange between the Cape Fox Corporation and the State of Alaska involving the Corporation's properties in the White River and Lake Harriet Hunt areas (approximately 2,941 acres) and the State's properties (2,450 acres) in the Leask Lakes area, generally as depicted on Map 1, attached.

Section 2: Support of "Environmental/Timber" Alternative. The Ketchikan Gateway Borough Assembly approves a variant of the land exchange proposal described as the "Environment/Timber Alternative" in the "Report on Proposed Land Exchange/Leask Lakes State Park", dated November 1, 1990, prepared and retained for public review by the Borough Department of Planning and Community Development. This alternative is intended to provide an additional level of habitat protection over the "Cape Fox Proposal", also described in that report, while retaining significant recreational and visual attributes identified in the Department of Planning and Community Development maps on Recreational Opportunity Spectrum and Visual Quality Objectives.

Section 3: Specific Conditions of Approval. In order to provide proper management of the White River-Leask Lakes area, to ensure adequate utility and transportation access, to provide optimum levels of outdoor recreational opportunities, and both habitat and natural resource protection, the following conditions of approval, affecting the "Environment/Timber" Alternative, are recommended in any subsequent land exchange entered into by the State of Alaska and Cape Fox Corporation, and in any actions required of or involving the Ketchikan Gateway Borough:

a. The White River Land Exchange area include the existing Cape Fox Corporation logging road, and the upgrading of this road to provide for safe public access be included in the evaluation of the proposed exchange.

b. A public access easement be provided by the Cape Fox Corporation within and through private corporation lands involving access between Leask Lakes and White River.

c. The mainline section of new logging roads between the existing terminus of the spur road within the White River area and the probable terminus at or generally near the "ponds" southeast of Leask Lakes be designed to provide horizontal control sufficient to meet United States Forest Service standards for a public access road, that the road have a width of at least 16', and that it utilize a design speed of at least 25 miles per hour.

d. The development of a road/utility corridor(s) for inter-island or intra-island access be explicitly recognized within the White River and Leask Lakes area as being necessary and desirable, and that sufficient right-of-way be reserved for eventual construction.

e. A conservation easement be agreed to by the Cape Fox Corporation on all land transferred to the Corporation from the State that is not to be logged, ensuring that these lands are not

logged.

f. Any portion of the mainline logging road crossing Cape Fox Corporation property within the Leask Lakes area have a public access easement, and pedestrian public access easements be provided for all "put-to-bed" spur logging roads that provide access to the remaining state lands of significant size within Leask Lakes or where recreational use is expected to occur.

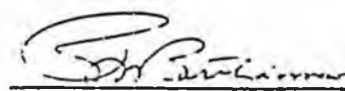
g. A logging management plan be developed by the Cape Fox Corporation prior to any logging of the Leask Lakes area, and this plan be reviewed by the Ketchikan Gateway Borough Planning Department prior to the commencement of logging by the Corporation. The purpose of this review will be to ensure conformance with the conditions of approval stated in this Resolution, and to ensure that proposed timber harvest areas generally conform to the intent of the "Environmental/Logging Alternative".

h. The clear-cut area within the White River area, consisting of 725 acres located west of the current logging road, be considered for inclusion in the State-Corporation land appraisal in order to determine the value/worth of including this area within the proposed area of land exchange between the State and the Cape Fox Corporation.

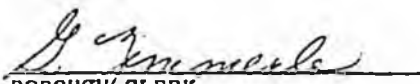
i. A master development plan will be prepared by the Ketchikan Gateway Borough for the properties affected by the proposed land exchange in order to properly assess near-range and long-range planning objectives and consequences. This plan will guide the use and the management of properties involved in the Land Exchange and the remaining State properties in the Leask Lakes area.

j. State land within the "Leask Lakes Area" not affected by the land exchange between the State and the Cape Fox Corporation be retained under state ownership and management, and be classified as "public use" lands subject to the terms and conditions of an approved master development plan.

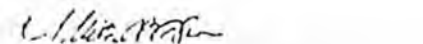
Section 4: Effective Date. This resolution is effective upon adoption.


BOROUGH MAYOR

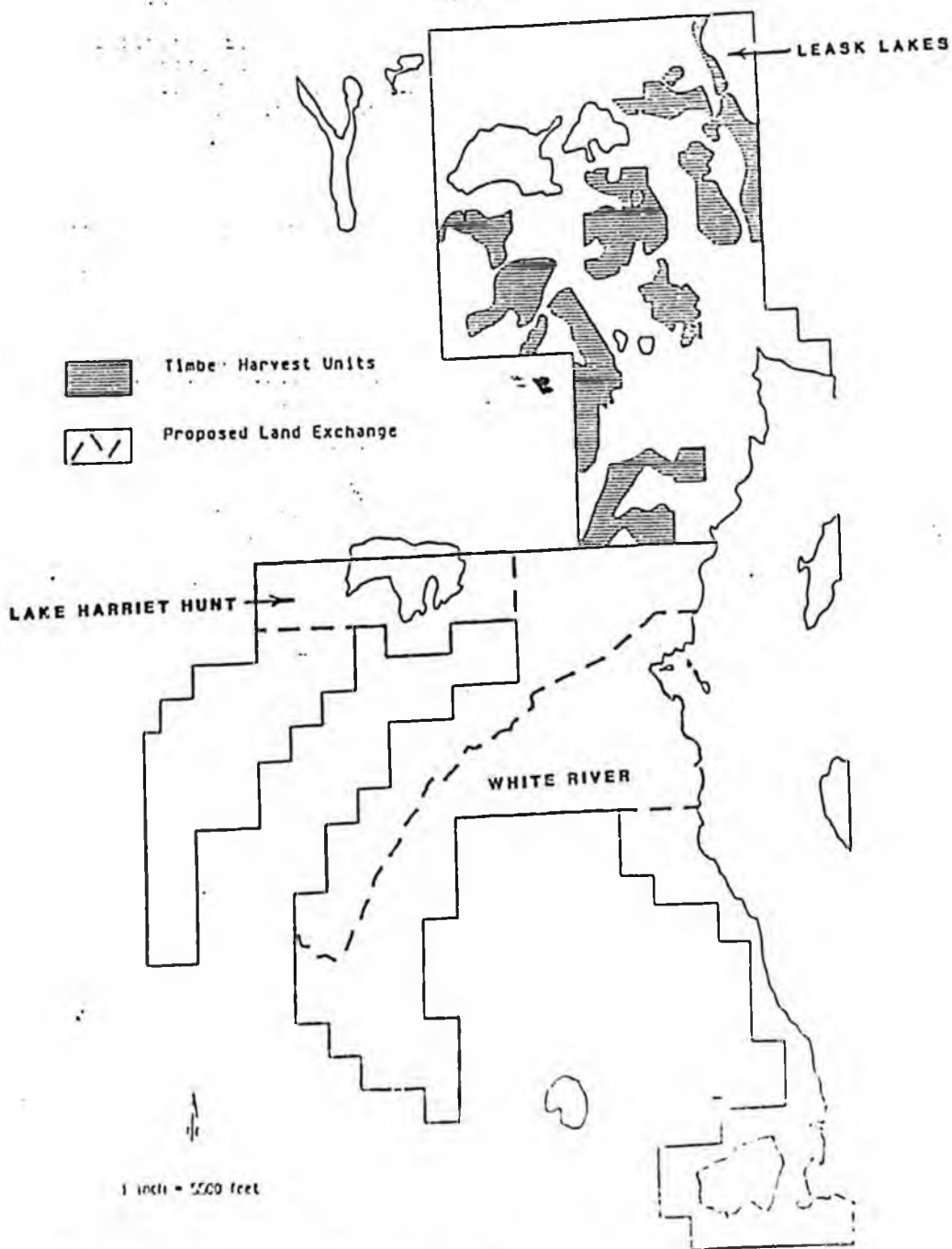
ATTEST:


BOROUGH CLERK

Approved as to form:


INTERIM BOROUGH ATTORNEY

Map 1



Environmental/Timber Alternative
Prepared by Resource Data, Inc.

December 6, 1990

Request for Letter Supporting Ketchikan Gateway Borough Cape Fox/White River Land Exchange Position -- Councilmember Carlton

Moved by Carlton, seconded by Lybrand Council authorize Mayor Ferry to write a letter supporting the position of the Ketchikan Gateway Borough on the Cape Fox/White River Land Exchange proposal.

Motion passed with Williams, Lybrand, Carlton, Janke voting yea; Stanton, Coyne, Budd voting nay.

Request for Report on the Cost for the Anchorage Trip -- Councilmember Coyne

Councilmember Coyne said there was no material in the agenda packet. Mayor Ferry said the trip cost about eight to nine hundred dollars a piece.

Moved by Stanton no objection to having Councilmember Coyne go in and find out from the Manager how much the trip cost. Councilmember Coyne said he wanted the public to know and he thought the trip cost over \$10,000.

Request for Report from Ketchikan General Hospital on the Decompression Unit -- Councilmember Coyne

Councilmember Coyne said he had heard that the decompression unit at the hospital was out of order. Councilmember Carlton said the hospital did not have a qualified person to work on it at this time.

Action on Collection of Sales Tax - Councilmember Coyne

There was no action on this item.

Request for Funding - Sixth and College Court -- \$111,500

Moved by Carlton, seconded by Budd Council appropriate \$111,500 for the Sixth and College Court Paving Project from the Public Works Sales Tax Fund and authorize staff to coordinate this work with the high school site construction project.

Moved by Carlton, seconded by Coyne to amend that staff look at the dollar amount that it was actually going to cost to do College Court and make that commitment to the Borough Assembly.

Motion to amend passed with Janke, Stanton, Williams, Lybrand, Carlton, Coyne voting yea; Budd voting nay.

Main motion, as amended, passed with Janke, Budd, Williams, Coyne,

**KETCHIKAN
GATEWAY
BOROUGH**

OFFICE OF THE MAYOR

Ralph M. Bartholomew
344 Front Street
Ketchikan, AK 99901-6494
Phone 228-6605 Fax 225-7282

March 9, 1992

The Honorable Lloyd Jones
Alaska State Senate
P.O. Box V
Juneau, AK 99801

THE LAND TRADE BETWEEN THE STATE OF ALASKA AND CAPE FOX CORPORATION

Dear Senator Jones:

You will soon review legislation proposing a land trade between the State of Alaska and the Cape Fox Corporation (Saxman Village Corporation) which must be adopted during this session of the Legislature.

The Ketchikan Gateway Borough Assembly supports this exchange (resolution enclosed) and recently endorsed this letter and my testimony at any future hearings.

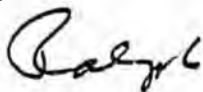
The State Department of Natural Resources has completed its review and documentation supporting the Exchange Agreement and is now in the public comment phase of the process. Commissioner Harold Heinze unequivocally promotes the land trade as a no-cost, win-win settlement which will benefit not only the people of Southeast but also the people of the entire State of Alaska.

Cape Fox Corporation owns the timber and the land in the White River, Harriet Hunt Lake, and Talbot Lake areas immediately adjacent to Ketchikan. The Corporation is willing to pass title to the State without cutting the multi-million board feet of timber in the valley and surrounding areas. The river is presently followed on one side by a timber road that will be upgraded for public use by Cape Fox Corporation as a condition of the Land Exchange Agreement.

As a result of the land exchange, the public will inherit three prime areas with future unlimited availability for recreation with roaded access. Cape Fox Corporation has committed to a logging plan in the Leask Lake parcel which minimizes environmental impacts and preserves the view corridors from adjacent lakes and roads. The community gains all of this plus the economic benefits from the timber contracts, road building contracts, and future visitor attraction and site use by the public.

Thank you for your consideration, support and assistance in moving this important proposal during this legislative session. It will be a model for the rest of the State.

Sincerely,



Ralph M. Bartholomew
Mayor

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

SOUTHEAST REGIONAL OFFICE

DIVISION OF LAND AND WATER

400 WILLOUGHBY AVENUE
SUITE 400
JUNEAU, ALASKA 99801
PHONE: (907) 465-3400

February 10, 1992

Re: Land Exchange ADL 105565
Mineral Closing Order 643
Preliminary ACMP Determination
Proposed Cape Fox Exchange

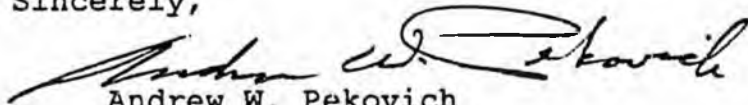
Dear Reviewer:

The attached material is related to the proposed land exchange between the State of Alaska and Cape Fox Corporation. The package contains almost 290 pages, consisting of three decisions (exchange, mineral closing order, and preliminary ACMP determination), and two notices and or solicitations for comment.

With the following exceptions, the larger of the divided packet represents attachments to the exchange decision in order. Due to the time limitations, it was necessary to print and bind the attachments in advance. Later some alterations occurred and more information was added. A general map showing the proposed exchange parcels was added just behind the cover sheet for the decision. The public notice, Attachment-"B" was completed and added. Attachment-"C", the finding of the Commissioner concerning Mineral Closing Order 643 was slightly altered. And a preliminary ACMP determination was developed and added. The corrected, and or new information is affixed, in the order presented, to this cover letter.

I hope that you find the material informative. I would also like to thank those who provided input. Please feel free to contact me should you have any questions.

Sincerely,



Andrew W. Pekovich
Regional Manager, Southeast Region

Attachments:

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LAND
SOUTHEAST REGIONAL OFFICE
400 WILLOUGHBY AVENUE, SUITE 400
JUNEAU, ALASKA 99801
PHONE 465-3400

PUBLIC NOTICE
ADL 105565

Subject to the provisions of AS 38.50.110, AS 38.05.945, and pursuant to the regulations promulgated thereunder, The Division of Land, Southeast Regional Office gives notice that it proposes to: close to mining and mineral location certain state land under AS 38.05.185; and exchange the surface estate to certain state land under AS 38.50 for a similar estate on land owned by Cape Fox Corporation (CFC) of P.O. Box 8558, Ketchikan, Alaska 99901, Phone: (907) 225-5163.

The proposed equal value land exchange is for the purpose of acquiring road accessible CFC land for recreation, hunting and habitat. The state land that CFC would acquire contains commercial timber that would be harvested by the corporation. As part of CFC's consideration for the exchange, they will be required to upgrade the existing White River Road to recreation standards (25 miles/hour) and to construct to recreation standards a spur off of the White River road to access the Leask Lakes area.

This exchange proposal would result in the state acquiring about 4,366 acres of CFC's land in the vicinity of the White River, Lake Harriet Hunt and Talbot Lake. The land that CFC would acquire is about 2,445 acres of land in the vicinity of Leask Lakes. Both parties land is generally located 10 to 12 miles north of the City of Ketchikan.

State Land: fractional portions of sections 13, 14, 22-24, 26,27, and 35 of Township 73 South, Range 91 East, Copper River Meridian.

CFC Land: Fractional portions of sections 2-5, 9-11, 16-18, 20, and 21 of Township 74 South, Range 91 East, Copper River Meridian.

The state land is presently used for dispersed recreation, hunting and habitat. The CFC land to be acquired by the state includes commercial timber land and previously harvested timber land that is suitable for road accessible recreation, hunting and fishing. One of the primary objectives of the exchange is to provide greater opportunities for roaded access to recreational opportunities in the Ketchikan area.

Draft appraisals of each party's land may be viewed at the address above or the Planning Office of the Ketchikan Gateway Borough.

Copies of the Preliminary Exchange Agreement, the Land Exchange Report and the finding concerning Mineral Closing Order 643 may be acquired by contacting the above offices, or any of the regional offices of the Division of Land. Clarifications and adjustments to the draft appraisals are expected before these documents become final. Exchange equalization after final appraised fair market values are established will be influenced by adjustments in the amount of state or CFC land or resources ultimately included in the exchange.

Public Hearings on the Exchange Proposal: The department will conduct public hearings in:

Saxman March 11, 1992 2:00-4:00 P.M. , Saxman City Hall;

Ketchikan March 11, 1992 6:00-10:00 P.M. , Forum Room, University of Alaska, 7th. and Madison.

Juneau March 12, 1992 7:00-9:00 P.M. , Conference "A", Willoughby Center Building, Suite 400, 400 Willoughby Avenue.

A department representative will be at the Ketchikan Borough Planning offices during the normal working hours of February 26, and March 9 and 10, 1992 to conduct informal workshops for this exchange proposal. Special arrangements after normal working hours can be made through the planning office to meet with the representative.

The department record on this proposed exchange will remain open until 4:30 P.M., March 26, 1992 to allow written statements and additional information to be entered into the record. The department will consolidate comments, append the Exchange Report, if necessary, and prepare the Final Exchange Agreement. Since the value of the state land in this exchange proposal is expected to exceed \$5 million submission to the legislature will be necessary. Execution of the final exchange agreement by the commissioner of the department and CFC is the final administrative action for this proposal. An appeal of this action must be made to the Superior Court of the State of Alaska within 30 days of the date of execution.

More About Mineral Closing Order 643: The closure will be effective upon execution by the Commissioner, estimated to be on or about March 11, 1992. The finding and order, unless extended by a future action, effects termination of the closure and reopens the area to mining and mineral entry effective 10:00 A.M., July 1, 1994.

Any person who is adversely affected by the mineral closure may request the commissioner's reconsideration in accordance with 11 AAC 02 by writing to the Commissioner at the above address no later than 20 calendar days after approval of the mineral closing order.

An appeal must be filed no later than 30 days after approval. A copy of 11 AAC 02 may be obtained from any DNR office.

Any person asserting a claim to the property involved or desiring to comment or to obtain further information concerning the proposed exchange or mineral closing order should contact Andrew Pekovich at the above address or 465-3400.

The Division of Land reserves the right to waive technical defects in this publication.

Andrew W. Pekovich, Regional Manager Southeast Regional Office

Publish: February 10, and 24, 1992.

**FINDING OF THE COMMISSIONER
AS 38.05.185**

**MINERAL CLOSING ORDER 643
VICINITY OF LEASK LAKE, NORTHEAST OF THE CITY OF KETCHIKAN**

A Preliminary Exchange Agreement (ADL 105565) was approved by the Director of Land on July 22, 1991 for the parcels described in Attachment - "A". The agreement involves the exchange of state uplands east and south of Leask Lake, Ketchikan, more specifically described as fractional portions of Sections 13, 14, 22-24, 26, 27, and 35, Township 73 South, Range 91 East, Copper River Meridian, containing 2445 acres, more or less (See Attachment - "A" for legal description). Regulations for land exchanges, as referenced under 11 AAC 67.230(b), state that upon entering into a preliminary exchange agreement under this section, the Department will initiate procedures to close the state land proposed for exchange to mineral entry and location under AS 38.05.185. The closure to mineral entry is necessary to avoid the creation of any new third-party interest.

Therefore, it is my finding, in accordance with AS 38.05.185(a) that mining would conflict with making this land available, and that the best interest of the state and its residents are served by the closing the above referenced land to entry under the locatable mineral and mining laws of the State of Alaska. Unless extended, or otherwise terminated with notice, this order shall automatically terminate and the area reopened to mineral entry at 10:00 A.M., July 1, 1994.

Commissioner _____ Date _____
Department of Natural Resources

Attachment: Maps and Legal Description


Laws and regulations regarding timber harvesting and air, land, and water quality will continue to apply, ensuring consistency with the two affected standards.

Finally, the transfer is consistent with the habitat standard because the tracts exclude most habitat types listed in that standard. No offshore land or intertidal areas will be conveyed. Important upland habitat has either been deleted from the parcels or is protected by stipulations. Any wetlands or non-navigable water bodies included within transferred parcels will continue to be protected by applicable federal law controlling dredge and fill projects.

Future ACMP Reviews: CFC development of land acquired from the state will require CZM project review to the same extent as private land. If CFC needs state or federal permits to undertake a particular use (for example, a state permit to place a road culvert in a fish stream or to install a new sewage system as part of a subdivision development), another ACMP determination specific to that particular use will be necessary. However, future ownership changes by CFC, i.e., sales of land or timber to other private individuals or companies - will not require state approval and therefore will not be subject to the ACMP.

Preliminary Determination: The proposed action is found generally consistent with the standards of the ACMP and appropriate district programs.

Call for Comments: Comments regarding the consistency of the proposed transfer with affect to Ketchikan's District ACMP plan, should be submitted to DNR along with comments on this entire exchange proposal. Comments must be received by 4:30 P.M., March 26, 1992. Descriptions and maps of parcels are found in Section VII and Attachment - "M" of the exchange report.

Signed:  Date: 2/10/92
Andrew W. Pekovich
Regional Manager, Div. of Land

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LAND

**Proposed Exchange With Cape Fox Corporation
ADL No. 105565**

**REPORT ON PROPOSED
LAND EXCHANGE**

**INDEX TO REPORT ON PROPOSED LAND EXCHANGE
ADL NO. 105565**

- I. Introduction
- II. Proposed Action, Maps and Legal Description
- III. Objectives
- IV. Authority
- V. Administrative Record
- VI. Background
- VII. Physical Characteristics
- VIII. Appraised Values
- IX. Benefits and Detriments
- X. Alternatives
 - A. Purchase
 - B. Lease
 - C. Selection
 - D. Condemnation
 - E. Convey Timber Rights on State Lands Only
 - F. Exchange as Proposed by PEA
 - G. Modified Leask Lake Exchange Proposal
 - H. No Action Scenario
 - I. Other Access Alternatives
 - J. Other Exchange Alternatives
- XI. Public Access
- XII. Classification and Planning
- XIII. Subsurface (Mineral) Rights
- XIV. Title
- XV. Environmental Assessment
- XVI. Issues, Including Discussion
- XVII. Decision
- XVIII. Public Hearings
- XIX. Final Report of Exchange and Final Exchange Agreement
- XX. Appeal

**DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LAND**

**Proposed Exchange with Cape Fox Corporation
ADL No. 105565**

REPORT ON PROPOSED LAND EXCHANGE

I. Introduction

This report is prepared pursuant to Alaska Statutes (AS) 38.50.130 for a proposed land exchange between the State of Alaska and Cape Fox Corporation, a Village Corporation established under the Alaska Native Claims Settlement Act (PL 92-203). The report discusses the objectives of the exchange, the physical aspects of the land involved in the exchange, the appraised fair market value of each tract, the benefits and detriments which can be expected to accrue, and alternatives to the proposed exchange. Information and comments received through the agency review and public hearing process will be appended to this report before submission to the legislature. This exchange report and the exchange agreement may be modified as a result of agency and public review.

Supplemental information attached to this report includes the Preliminary Exchange Agreement (Attachment - A), public notice under AS 38.50.110 (Attachment - B), and numerous other attachments (see index).

II. Proposed Action, Maps and Legal Description

Through this proposed exchange, Cape Fox Corporation (CFC) would acquire 2,445 acres of the state's land (surface) estate less rights to sand, gravel, and rock near Leask Lake, in exchange for an equal value from CFC's 4,366 acre surface estate at White River, Lake Harriet Hunt, and Talbot Lake (see exchange map and Attachment - "M" legal description of proposed exchange areas). The state and CFC parcels are located near Upper George Inlet on Revillagiedo Island north of Ketchikan.

CFC is interested in acquiring lands with approximately 30,000,000 board feet (30,000 Mbf) of harvestable commercial timber. The Department of Natural Resources (DNR) would to restrict cutting of timber and development on over 33% of the land proposed for conveyance to CFC. These Leask Lake parcels would be conveyed to CFC with a restriction that requires all non-harvested areas to remain as permanent open space. In the proposed exchange, CFC is required to upgrade the existing White River and proposed Leask Lake roads to recreation standards. Conveyance of an equal value amount of state land will be deferred until the roads are upgraded.

Proposed Exchange with Cape Fox Corporation

Several attempts were later made by CFC to revive the exchange, but it was not until 1989 that another serious attempt was mounted. At that time CFC supported by a resolution of the Ketchikan Area state Parks Advisory Board wrote the state. This was followed by several letters from the public indicating concern over the inclusion of Leask Lake.

Due to the controversy associated with both proposals, DNR asked the Ketchikan Gateway Borough (KGB) to assemble a work group consisting of agency representatives and interest groups to explore alternatives, and return a recommendation. Although DNR knew there was support for acquisition of the White River corridor, it was not clear whether to include state land at Leask Lake. The department did not want to pursue a new proposal without additional direction and indication of community support.

KGB's Assembly directed its Planning Department to identify and evaluate alternatives. If Leask Lake appeared to be the best alternative, the planning department was directed to develop a consensus approach that would include the best features of various proposals involving that area. A community survey to determine residents' recreational needs and attitudes was performed by the McDowell Group as part of the study. The Planning Department report, which contained five alternatives, was submitted to the Assembly for review and selection of a preferred alternative. The Assembly selected the "Timber/Environment" alternative which involved the state's Leask Lake lands.

The report, accompanied by Borough Assembly Resolution No. 954 recommending an exchange between CFC and the state, was submitted by CFC to the state as a part of its exchange application package. At the time of submittal, KGB felt the Timber/Environment alternative, a variant of the original CFC exchange proposal, best recognized the expressed public desires for additional recreation areas and road access while protecting and managing fish and wildlife habitat. DNR generally agreed, and felt that criticisms leveled at the Borough process could be resolved through its own agency and public review processes.

DNR proceeded with distribution of the exchange package to agencies and interested parties for first review on April 21, 1991. Comments were consolidated and forwarded to DNR's Director of the Division of Land. On May 22, 1991 Division Director Gustafson executed and forwarded to CFC a letter indicating the state's interest in negotiate a preliminary land exchange agreement under 11 AAC 67.230 with two conditions: 1) written clarification of Sealaska's position relative to inclusion of its subsurface estate in the proposed exchange; and 2) submission of CFC's written analysis of alternatives to the state timber land near Leask Lake. The state received Sealaska's

Proposed Exchange with Cape Fox Corporation

VII. Physical Characteristics

Physical characteristics of the land involved in the exchange, including the surface and mineral resources are addressed below. A matrix of acreages estimated to be directly affected can again be found in Attachment - "E". The appraisal document, not attached as a part of this document, also contains an expanded analysis of social and economic factors.

Available data indicates little or no commercial potential for minerals or the extraction of rock, sand or gravel on state or CFC lands proposed for exchange. State lands involved are now open to mineral entry, but DNR intends to close the state lands involved to mining and mineral entry as a part of the exchange.

CFC lands proposed for exchange contain an estimated 37,984 Mbf of timber, consisting of 29% spruce, 49% hemlock, and 22% cedar. Operable acres is estimated at 2,273 (16.7 Mbf/acre) acres or about 52% of the CFC land.

State lands proposed for exchange and cutting contain an estimated 42,642 Mbf of timber, consisting of 19.1% spruce, 75.9% hemlock, and 4.0% cedar. Operable acres is estimated at 1500 acres or 61% of the state land. Additional portions of the state lands are timbered but will be conveyed subject to a restriction limiting development activities. The acreage ultimately conveyed and amount of timber cut may be adjusted downward for reasons covered later in this document.

Please see Attachment - "F" for detailed summaries of timber by area, and Attachment - "D" for additional descriptive material.

State Lands:

Leask Lake: The proposed exchange land at Leask Lakes consists of approximately 2,250 of 5,240 acres of unclassified state property adjoining CFC's White River properties. The tracts consist essentially of undisturbed mature ("old growth") forest, primarily western hemlock, but with substantial amounts of spruce and cedar at specific locations. The terrain is generally rolling or broken. The lakes are relatively small and are bordered with extensive meadows and marshes. Leask Creek is approximately two miles long and runs through a narrow draw. The area includes a number of important habitat resources, with the aquatic resources focusing on the lakes, their tributaries, and Leask Creek which empties into Upper George Inlet to the east. Leask Lake is anadromous and includes runs of steelhead trout, coho, sockeye, and pink salmon. Wetlands are extensive and scattered throughout the area, comprising important hydrologic features adjacent to the lakes and Leask Creek, as well as isolated palustrine types in upland forested areas.

Map Area - 2; Lake Harriet Hunt: This parcel consists of approximately 640 acres of land at and under Lake Harriet Hunt. This area is accessed by a state-maintained two-lane road. The area occupies the southern, eastern, and western portions of the area near Lake Harriet Hunt, and adjoins National Forest properties. The area is generally flat to moderately rolling. It consists of a mixture of wetland areas, mostly adjacent to the lake, and stands of hemlock, cedar, and spruce at the western and eastern boundaries of CFC's properties. The wetland types which, non-exclusive of the lake, cover 70% of the area include riverine, palustrine, and lacustrine. They are particularly extensive in the southern and southwestern areas of the parcel. Important habitat resources exist adjacent to the lake, associated with fur bearers and waterfowl populations. State land adjoins the Lake Harriet Hunt area immediately to the north, and this area has been proposed at various times for a state park. In addition, the Ketchikan Gateway Borough selected 600 acres of state land as part of its Title 29 entitlement; this parcel is situated immediately west of the CFC holdings.

The area proposed for exchange is predominately level and open muskeg or non-commercial timber land. The area, including the lake, receive significant recreation use year round, including cross country skiing, snow machine use, ice skating, canoeing, boating, hiking, picnicking, swimming, camping and ATV use.

Map Area - 3; Talbot Lake: This area consists of 120 acres around and under Talbot Lake and is accessed from the northeast; on the East by a single land road and on the west by the old Ward Creek Trail. The area has some open-growth commercial trees but is for the most part composed of wetland types, with relatively flat or rolling land to the northeast and east to relatively steep land to the west. The lake is quite small, but does represent some recreational opportunities, predominately picnicking and hiking. KGB has purchased timber rights previously sold by CFC to Klukwan Forest Products, Incorporated.

Map Area - 4; White River Second-growth: This area contains 650 acres, approximately 9% of which consists of wetland types. The land is steep, undulating or broken in the southeast portion, and steeply pitching southeast to the White River over the remainder. The area comprises the greater part of the western slopes of White River Valley. About 67% of the area has been clear-cut. Little of the remaining area represents important habitat. Protection of the White River road, including protection of the view shed after the slopes regenerate and continuity of management are the prime interests.

Map Area - 5; White River Hillside: This parcel consists of 673 acres of hillside and beaches located along the west shore of Upper George Inlet, and south of Leask Lake. The area is probably second only to Map Area-1 of the CFC properties in total resource values. Only 20% of this area has been clear-cut. Thirty-two percent of the area has recognized habitat potential for deer or fur bearers. The area also includes several small islands near the mouth of White River.

Proposed Exchange with Cape Fox Corporation

Public review and comments may lead to changes in the specific configuration of the exchange, ultimately affecting final dollar values of the exchange. The appraiser has organized the data to accommodate such adjustments. Adjustments could be made to compensate for: less road upgrades, less cutting, and elimination of one or more CFC parcels. However, existing data indicates that CFC and state parcels, assuming no road related payment to the University, a reduction in cutting at Leask Lake to conform to CFC recommendations derived from the deer study, and upgrade of both roads, will both be valued at approximately \$8,000,000, and are equal in value. Please see Attachment - "H" for a summary of values by area.

DNR feels that the existing land appraisal process is statistically sound, but it requires text clarification. The appraisal does represent approximate values that can be used for comparison of alternatives as presented in Section X. The land appraisal will continue to be clarified. The timber appraisal and road construction costs used for the appraisal are acceptable to DNR. Both the timber and land appraisals may be adjusted for modifications that result from the public review process. Final values will be incorporated in the Final Exchange Agreement and/or report.

Because the combined appraisal documents consist of over 575 pages only pertinent extracts are provided with this report (See Attachments - "F" & "H"). Copies of the full appraisal may be viewed at the Division's Southeast Regional Office, Juneau; the Director Division of Land Office, Anchorage; or at the Planning Department of the Ketchikan Gateway Borough.

An appraisal required by AS 38.50.020(b) is presumed accurate and valid for a period of one year from the time the appraisal is completed. After that time, or if the director has reason to believe that the value of the appraised property has changed significantly during the original one year period, a reappraisal of the property is required.

IX. Benefits and Detriments

There are social, economic, and environmental benefits and detriments (adverse impacts) that may be derived from the exchange.

The exchange would increase public opportunities for roadside recreation in the Ketchikan area by adding approximately 13.1 miles of road; an increase of about 30%. Over both the short and long term, the exchange would provide the opportunity for additional state ownership of important recreation and habitat resources. For the most part, negative aspects of the trade are confined to the community benefitted. Although it is possible that the roads desired could be

of July 30, 1991, the Sierra Club Legal Defense Fund, Inc. (SCLDF) letter of August 5, 1991, and ADF&G correspondence found in Attachments - "G" and "J"). Exhibit 1 (see Attachment - "J") of the SCLDF letter consists of an article "Wildlife and Old-Growth Forests in Southeastern Alaska, by John W. Schoen, Matthew D. Kirchoff, and Jeffrey H. Hughes.

X. Alternatives

AS 38.50.100 requires that, the director consider other alternatives to achieve the objectives of the proposed exchange in an effort to determine whether the proposed exchange will best serve the public interest. In making this determination, the director is required to consider, among other things, the advantages and disadvantages of acquiring the land or interest in land for the state by means of purchase, lease, selection or condemnation.

A. Purchase: This option would be acceptable to Cape Fox Corporation, but would cost the state almost \$8,000,000 without upgrade of the White River road or construction of the road to Leask Lake. If, however, another way to build the roads could be found, this alternative would provide many of the other exchange benefits with less impact on the Leask Lake area. Timber harvest would likely be much lighter. Ownership patterns would be consolidated without fragmentation of the Leask Lake parcel. Physical access comparable to that proposed by the exchange would require additional funding. Because of declining state budgets, a legislative appropriation for outright purchase is considered unlikely. There is also a feeling that protection of the White River, Lake Harriet Hunt and other CFC land should involve some level of sacrifice by the community benefitted;

B. Lease: A lease of all CFC lands involved in the exchange, assuming 8% rental would cost the state approximately \$640,000 per year, without addressing the necessary road upgrades. This option is not practical for many of the same reasons addressed in "A";

C. Selection: This is not an option. The state cannot select lands either interim conveyed or patented to CFC. The state has used most of its National Forest Selection entitlement, and cannot select land from the National Forest for timber alone, which is the type of land Cape Fox is interested in (Please also refer to Section X, Subsection I);

D. Condemnation: DNR's authority to condemn land is limited to access to its resources, e.g. timber. Although the Department of Transportation and Public Facilities has broader powers and could possibly condemn the road corridor it has indicated no interest in owning or managing the White River road, although DOT/PF could use condemnation to acquire the road right-of-way. DOT/PF could not condemn adjacent CFC lands which the community desires for public use. All condemnations require payment of "fair market value", and considering CFC's willingness to sell, condemnation is unnecessary.

Proposed Exchange with Cape Fox Corporation

I. Other Access Alternatives: Several access alternatives have been considered. These include Forest Service proposals using either logging receipts and/or a combination of logging receipts and "hard money" for design and construction. DOT/PF has also contracted a study of possible transportation corridors for Revillagidedo Island (see Attachment - "O" for some of the alignments). This study may have been precipitated by a desire to intertie the Tyee and Swan Lake Hydro Projects.

Although both the Forest Service and the DOT/PF seem to favor routes west and north of Lake Harriet Hunt, and these would be fine for accessing Leask Lake, neither provide desired roaded access to White River, and Upper George Inlet. DOT/PF proposal H&K (see Attachment - "O") which for the most part parallels the KGB/CFC alignment, best achieves access to both of these areas.

DOT/PF's proposal (see Attachment - "O") which would connect Ketchikan to the Tyee Project, carries a price tag of up to \$150,000,000 or about \$1,000,000 per mile. If funds were limited, and the KGB/CFC proposed roads were in place, attention could be focused on stretches of road beyond Leask Lake, eliminating the immediate need for construction of the first eleven miles from Ketchikan, and delecting or deferring the need for almost \$11,000,000 required to provide the Ketchikan connection from its intersection with the proposed Leask Lake recreation road.

Any road dissecting rather than skirting the Naha, a LUD II area, could be expected to encounter opposition. Although the Forest Service alignment running north of Lake Harriet Hunt best accesses its lands, the KGB/CFC alignment proposed in Alternative "G" provides the best access to lands now in state ownership or proposed for state ownership, and could act as a recreation loop if a better road is later constructed using DOT/PF's interior alignment.

J. Other Exchange Alternatives: Exchanges are difficult even when they are strongly supported, and clearly benefit the areas involved in the exchange. The small amount of non-trust land in Southeast Alaska in state ownership, coupled with the high demand for its lands, e.g. need for lands for University of Alaska and Mental Health settlements, etc., adds to the difficulty. Alternatives (see Attachment - "K") were explored by CFC and the Borough, and Leask Lake was determined to be the only suitable site, and more importantly the only site of further interest to CFC. Although an attempt was made to interest CFC in timber rights in the Thorne Bay area, it indicated that it was clearly not interested because the more valuable timber in the Thorne Bay parcel has already been cut. KGB does own a stand of timber located at Whipple Creek estimated to contain approximately 15.3 million board feet. KGB, however, feels that there are problems which need to be addressed and

Proposed Exchange with Cape Fox Corporation

Acquiring lands in vicinity of White River and Lake Harriet Hunt to provide greater opportunities for roaded recreation and acquisition of additional resource lands are objectives with significant public purpose that will not be attained without the exchange. Equal value land exchanges for subsurface resources are difficult to accomplish due to the extreme problems of establishing subsurface values. Further, Sealaska is reluctant to reduce its land base which has much to do with their perception that the land is a heritage which should not be diminished. The problem and policy is evident even when dealing with small exchanges and sales. Although both the state, and Sealaska would prefer retaining the integrity of the estates, the state does not feel that it would be practical in this case and that the split of the estates is necessary and justified to meet objectives a with significant public purpose.

The state's acquisition of the surface estate, overlying Sealaska's subsurface estate, will not enhance or diminish any rights and interests of Sealaska as the subsurface owner. Sealaska shall have all rights of reasonable access, use and development of its subsurface. Sealaska's exercise of its rights as subsurface owner shall include reasonable protection of the state's surface estate and resources.

The potential for marketing and removal of large amounts of sand, gravel, rock and minerals is low, and that there are adequate ways to guide any removal to ensure reasonable protection of other surface resources.

XIV. Title

The state received Tentative Approval to the Leask Lake lands March 14, 1983. These lands were selected for community expansion and recreation under a National Forest Community Grant. CFC has patent to most of its lands and Interim conveyance to the remainder. Please see Attachment - "L" for map indication CFC status, and specific conveyance documents and title reports pertinent to both state and CFC properties.

XV. Environmental Assessment

An environmental assessment of all potential exchange lands was completed by the SERO on June 25, and 26, 1991. No major problems were noted. Results of the Assessment are found in Attachment - "D".

XVI. Issues

Primary issues are as follows:

Proposed Exchange with Cape Fox Corporation

Lake would save about \$720,000. This would translate into about 90 acres of state land, and 2,600,000 board feet of timber that would not have to be committed to the exchange. Terminating the road at this location would, however, require those desiring to access the Naha from a location east of Leask Lake to hike through several miles of intermittent clear cuts.

Although timber types, volumes, and values vary greatly, the average acre cruised at Leask Lake contains approximately 29,000 board feet of timber valued at about \$7900 per acre. The cost of road upgrade also varies by location but averages approximately \$180,000 per mile.

D. Issue: The exchange will impact deer and interior species. Deer will more probably be affected during medium to severe winters;

Discussion: ADF&G estimates as much as 59% greater mortality to deer during medium to severe winters in the Leask Lake area, due to scheduled cutting associated with the exchange. CFC disagrees (see CFC letter of February 6, 1992). It is difficult when considering the relatively open canopy and attention that has been given in the timber layout to protect important habitat and travel corridors to understand estimates of losses of this magnitude. The decline of deer populations, however, is off-set to some extent by other benefits of the exchange. For example, logging on CFC land that could occur if not acquired by the state would also impact wildlife populations.

E. Issue: The survey of Ketchikan residents while indicating the need for additional roaded recreational opportunities, stresses even more the need to protect habitat.

Discussion: KGB's public survey is subject to interpretation. Habitat protection was rated the highest. Next with only a tenth of a point of separation came both increased recreational opportunities, and increased roaded recreational opportunities. The survey appeared to indicate a sensitivity to the environment, but also a desire for increased recreational access. DNR has interpreted this survey as an indication that the residents of Ketchikan are willing to accept some timber harvest to achieve more roaded access. The timber cutting layout at Leask Lake has been completed with a sensitivity to protection of prime habitat and recreation values. There is room for additional adjustments.

The desire for additional roaded access is a statewide issue. The results of a survey by Dittman Research Corporation of Alaska conducted during the period August 7 through August 14, 1991 of 528 Alaskans over the age of 18, in 51 Alaskan communities indicated that 59% supported to some degree expansion of Alaska's road network.

Proposed Exchange with Cape Fox Corporation

Public Hearings

Hearings will be held at Saxman and Ketchikan, March 11, 1992 and Juneau, March 12, 1992. The hearing record shall remain open until 4:30 P.M., March 26, 1992. Please refer to Attachment - "B", Public Notice for the time and location for each hearing, and deadlines for public comments. In order to ensure that all parties who may desire to be given the opportunity to testify, reasonable time limits may be imposed on individual testimony.

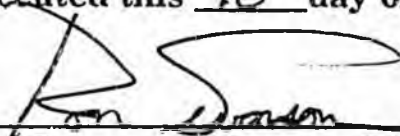
Final Report of Exchange & Final Exchange Agreement

Upon termination of the period provided for agency and public comment, the report and the proposed land exchange may be revised, if appropriate, to reflect comments or other information which has come to the director's attention. A brief summary of all comments and information received shall be appended to the final report of exchange (AS 38.50.130). Any decision to proceed with the exchange will then be submitted to the legislature for review.

Appeal

Comments on the land exchange proposal contained in the preliminary exchange agreement and report of exchange are solicited for consideration in development of the final exchange agreement and report of exchange. These documents will be the department's final administrative documents for the exchange. An appeal to the final exchange agreement, and report of exchange executed by the Commissioner of DNR must be made to Superior Court of the State of Alaska.

Executed this 10 day of February, 1992.



Ron Swanson, Director, Division of Land

Attachments:

- A. Preliminary Exchange Agreement
- B. Public Notice
- C. Mineral Closing Order
- D. Environmental Assessment (Audit)
- E. Estimate of Resources by Acreage
- F. Extract, KFP Estimates of Timber & Kerr Logging Plan & Estimates of Timber Values

**FINAL EXCHANGE AGREEMENT
BETWEEN THE STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
AND CAPE FOX CORPORATION**

ADL 105565

THIS AGREEMENT is entered into on this __ day of April, 1992 by and between the State of Alaska, Department of Natural Resources, hereafter referred to as the State, whose address of record is Suite 400, 400 Willoughby Avenue, Juneau, Alaska 99801, Cape Fox Corporation, hereafter referred to as CFC, whose address of record is P.O. Box 8558, Ketchikan, Alaska 99901, and the Ketchikan Gateway Borough, hereafter referred to as KGB, whose address of record is 344 Front Street, Ketchikan, Alaska 99901. Nothing in this Agreement obligates KGB to anything it was not obligated to under the preliminary agreement.

I. RECITALS:

- A.** Cape Fox Corporation (CFC) owns certain lands through the Alaska Native Claims Settlement Act (ANCSCA) within the Ketchikan Gateway Borough (KGB) that have been recognized as having important community values related to access, habitat, recreation, and economic opportunity. Prior to CFC ownership, the lands in question were significant recreational resources for the community of Ketchikan;
- B.** The State of Alaska selected approximately 5,000 acres in the Leask Lake area from the national forest to accommodate community growth and recreation needs. Some of this area is the same area as proposed for conveyance to CFC in this agreement;
- C.** The Ketchikan Gateway Borough, the local unit of government affected by this exchange, believes that the resultant direct and indirect benefits of the land exchange, including economic, recreation, habitat, environmental and transportation benefits represent a unique and significant community benefit;
- D.** The State of Alaska has provided notice pursuant to AS 38.50.110 and AS 38.05.945, and has conducted public hearings regarding the worth and reasonability of the proposed land exchange consistent with the requirements of AS 38.50.120;
- E.** A timber cruise of State of Alaska and CFC properties determined the inventory of timber, and an appraisal of the CFC and State properties occurred under the direction of the Ketchikan Gateway Borough to determine the value of the aforementioned properties consistent with the requirements of 11 AAC 67.240;

F. By reason of the foregoing, and in accordance with 11 AAC 67.260, the Commissioner of the Department of Natural Resources of the State of Alaska has determined that it is in the public interest to enter into this Final Exchange Agreement;

G. The State's authority for entering into this agreement is found in AS 38.50 and 11 AAC 67.200-.280. AS 38.50.020 requires this agreement to have legislative approval before it takes effect.

H. Under the agreement, the State will: 1) acquire the surface estate of 4,366 acres of CFC land within the White River, Lake Harriet Hunt and Talbot Lake areas; 2) have CFC construct and or upgrade to recreation standards approximately 11.11 miles of road in the White River and Leask Lake areas; 3) retain right-of- ways for future access and use of existing roads, including a through corridor on the lands it conveys at Leask Lake, and 4) restrict development on a portion of the lands scheduled to conveyance to CFC.

I. In the exchange, CFC will acquire the surface estate on approximately 2335 acres of State land in the Leask Lake area; an amount considered equal in value to the CFC land and other rights and considerations that may be included in this exchange. Under the agreement, CFC would also retain the right to access its lands in the White River and Leask Lake areas.

J. The final configuration and details of this exchange have been determined as a result of the appraisal and negotiation processes between the State and CFC, following public and agency review.

II. AGREEMENT: All parties to the exchange agree:

A. Lands and Interest to be Conveyed and Retained:

1. CFC:

a. CFC will convey to the State the surface estates on parcels 1-5 as described in Attachment A and as shown on Map 1. The surface estates shall be as defined by the Alaska Native Claims Settlement Act and court decisions construing that Act. The conveyance of CFC land to the State will also be subject to the following:

The right of CFC to use the existing White River LTF and mainline White River road from its junction with the proposed mainline Leask Lakes road to the LTF for the period of time necessary to complete timber harvest of the area in the Leask Lake parcels proposed for exchange, not to exceed ten (10) years from the date of Legislative approval of the exchange. This right shall be limited to those uses associated with timber harvest and timber transport from CFC lands in these areas;

The right of access to its lands over the White River road beginning at F.H. 39 and ending at the junction with the proposed Leask Lakes road, and the Leask Lake ROW to and through the exchange area, in perpetuity or until replaced with a public ROW;

b. CFC will also convey to the State a 60 foot general access ROW for use by the State and or public of the Talbot Lake road, beginning at its junction with F.H. 39 and ending at the boundary of the proposed exchange area.

2. State:

The State will convey to CFC the surface estates only to parcels A-C as described on Attachment B and as shown on Map 1. The State is to convey only the land, excluding in addition to the mineral estate, all rights to sand, gravel, and rock. The conveyance of the State land to CFC shall also be subject to the following:

Reservation by the State of all rights in those areas between "Timber Harvest Areas" and "Boundary of Exchange Areas", as depicted in Map 1 as "Open Space", except for the owner's right of entry and movement (walk across or hunt), and to clear, construct and use and maintain mainline and spur roads, temporary staging and storage areas, and borrow pits and debris waste sites associated with access to and timber development of the CFC Leask Lake parcels. The owner of the open space may not cut trees, make improvements or clear the land except as indicated above, or construct any buildings on areas subject to this reservation;

Reservation by the State of a general access/road ROW corridor 300 feet in width to provide for a "through road and utility " corridor;

Reservation by the State of a general access/road ROW 100 in width for public use on the mainline logging road that CFC will construct (shown on Map 1) as well as the remaining 10,500 feet which will not be upgraded from the area just south of Parcel A to the northern boundary of Parcel A;

Easements 100 feet wide between each section of land owned by the State, as established by AS 19.10.010, except that the State shall cooperate with CFC toward the removal of such rights-of-ways from these parcels in the survey and platting process necessary to convey these lands to CFC should CFC so choose.

The State shall not, nor is there anything in this agreement that shall be construed as to obligate the State, to convey title to Parcel A to CFC until CFC has performed adequate work on required White River and Leask Lake road upgrades. The State shall, after receiving proof that the following work has been completed, convey to CFC title to this parcel, subject to CFC having to first furnish the State a bond for not less than 100% of the estimated remaining work, to ensure that the work is completed. CFC may demand and receive immediate title (within 30 days of notice of satisfaction to the State's office of record) after completing: 1) completion of the road bed (widening and realignment), ditches, bridge installation, and any culvert installation which is not expected to be otherwise damaged by logging operations, and 2) installation and grading of the surface material from the Lake Harriet Hunt intersection of the White River Road to the intersection of the White River Road with the Leask Lake Road.

B. Subsurface Interest and Retained Sealaska Rights:

The ownership of the surface and subsurface estate of the CFC parcels is split between CFC and Sealaska Corporation. The state's acquisition of the surface estate, overlying Sealaska's subsurface estate, will not enhance or diminish any rights and interests of Sealaska as the subsurface owner. Sealaska shall have all rights of reasonable access, use and development of its subsurface. Sealaska's exercise of its rights as subsurface owner shall include reasonable protection of the state's surface estate and resources. Rock and gravel used for road construction from these lands will have to be purchased from Sealaska.

C. Other Required Performance, Solely a CFC Responsibility (Road Construction/ Upgrades, Logging Practices), Penalties for Lack of Performance by CFC:

1. Other Required Performance, Solely a CFC Responsibility;

a. Road Construction/Upgrades: CFC agrees to construct or upgrade at its cost approximately 11.11 miles of White River and Leask Lake roads, the general alignment being depicted on Map 1.

Road construction and upgrades shall be completed as soon as practicable, and not later than 10 years from the date the exchange is approved by the Legislature. Construction and upgrades shall meet or exceed standards outlined in Attachment C, unless otherwise waived in writing by the State. Reasonable concessions will be allowed for cut slopes involving good rock. The six inches of graded rock required for surfacing shall be screened to 2 inches, minus.

CFC agrees to widen and improve the surface on approximately one half mile of the White River road within one year of approval of this agreement by the legislature.

CFC further agrees to make the widening of the first three miles of the White River Road and establishment of the full width base road one of its first priorities. It is understood, however, that the placement of culverts, and final surfacing shall be delayed where logging trucks may be expected to damage the same.

b. Construction of Parking Areas: CFC further agrees to construct at least two parking areas at points south of Leask Lakes mutually agreeable to the State and CFC, the parking areas to be located on State land and to be constructed with State furnished rock; the mining and processing to be done by CFC. Each parking area shall be designed and constructed to accommodate 10 full size and 5 mid-size passenger vehicles.

CFC will provide parking in the area of the LTF for five to six vehicles. This parking shall not be farther than 1,000 feet from the shores of Upper George Inlet.

c. Identification of Sites to Beneficially Waste Material: CFC further agrees to work with the state during road construction to identify areas and to ensure that waste rock and other material is wasted in a manner which will best benefit the state by providing additional turnouts or parking areas, one area of interest being at the intersection of the CFC logging spurs into the Southern portion of CFC Area 1 and the White River Road.

d. Logging Practices (Application of "New Forestry Techniques" for Logging: CFC agrees to use "New Forestry Techniques" in the harvesting of timber on the Leask Lake parcels, to the extent that it is feasible and prudent.

2. Penalties for Failure to Perform: Failure of CFC to perform the necessary upgrades in a timely manner, shall constitute a breach, and unless corrected within 60 days prior notice by the State to CFC's address of record, shall result in a forfeiture of the remaining unconveyed lands to the State. If all lands have been conveyed, the State shall retain that portion of the CFC bond required to ensure that the project can be completed.

D. State Protection: The State, as provided for in Section II.A.2. of this Agreement shall retain title and or require bonding to ensure that the required road construction is completed by CFC.

E. State Reservation of Right to Construct and Adjust: The State reserves the right, with 60 days constructive notice to CFC, to accomplish, or otherwise have accomplished a portion or all of the road upgrades itself, providing that it does not otherwise interfere with a CFC Contract which is in force to accomplish the same in a reasonable time (one year). Should the State exercise this option, it shall have the right to reduce proportionally the amount of land and resources scheduled for conveyance to CFC accordingly. The basis for any adjustment shall be the existing appraisal. Unless otherwise mutually agreed to, adjustments will come from Parcel A, from north to south.

F. Maintenance of Roads and LTF: CFC shall be responsible only during periods of use for maintenance of those sections of road and areas used by it or its agents during their logging operations.

G. Use and Closure of Roads: CFC will be allowed by the State to close portions of the road and LTF to public use during road construction and or logging. An attempt will be made to minimize such closures.

H. Conveyance Instruments, Title Documents, and Encumbrances:

1. Conveyance Instruments, Title Documents: The State will transfer its land and interest in land to CFC through a quit claim deed or State patent. The State obtained its lands that are part of this Agreement through the Alaska Statehood Act. The State has Tentative Approval to its lands.

CFC will transfer its land and interest in land to the State through a warranty deed. The CFC secured its land and interest in land from the Federal Government under the Alaska Native Claim Settlement Act through patent and interim conveyance.

The State and CFC agree to provide a current title or litigation report on their properties prior to the conveyance of land or interest in land.

Should there be any CFC or State lands not yet patented by the Bureau of Land Management, the State and /or CFC agree to provide the other party a confirmatory patent or deed as may otherwise be required in this agreement to any land or interest in land that have been conveyed as a result of their exchange;

Conveyance instruments, with exception of Leask Lake Parcel A shall be exchanged simultaneously.

2. Additional Encumbrances:

a. **State Land:** There are no liens, claims, encumbrances, easements, right-of-way, leases, reservations, covenants, or other agreements that affect the land that is to be transferred by the State to CFC, except those listed earlier in this document as conditions or "subject to's" and the following:

The land is subject to the restrictions, limitations, and conditions of Title VI of the Civil Rights Act of 1964;

There is excepted and reserved from the conveyance a right-of-way for ditches or canals constructed by the authority of the U.S. in accordance with the Act of August 30, 1890, 26 Stat. 391; 43 U.S.C.959;

Also excepted and reserved is a right-of-way for the construction of railroads, telegraph and telephone lines in accordance with the Act of March 12, 1914, 38 Stat. 305; 48 U.S.C. Sec. 305.

Subject to Mineral Closing Order 643.

b. **CFC Land:** CFC has the following liens, claims, encumbrances, easements, right-of-way, leases, reservations, covenants, or other agreements that affect the land it intends to transfer to the State in addition to those disclosed as reservations or "subject to's" earlier in this document:

Klukwan Forest Products, Inc. has the right of access on and over the existing logging road within the White River Valley, as depicted in Map 1. The use of this road shall continue until or when Klukwan Forest Products deeds this right back to CFC when current logging operations are finished;

There is a 100 foot easement for the power transmission line from Swan Lake to Ketchikan to the Alaska Energy Authority. This easement traverses portions of the White River Valley and White River Hillside areas and is shown in Map 2;

There is a 100 foot right-of-way to the State for the access road, including the parking lot, in the Lake Harriet Hunt area as shown in Map 2;

There is a one year permit or lease to Alaska Travel Adventures for float and tourist staging facilities at Lake Harriet Hunt;

The KGB retains a ownership right to all commercial timber in the northern 40 acres of the Talbot Lake parcel. This right was purchased from Klukwan Forest Products who had previously purchased those rights from CFC.

I. Survey and Appraisal: Surveys of State and CFC land involved in the Land Exchange shall be done in accordance with the survey requirements of the State and KGB. CFC will accept the responsibility to contract and administer all land surveys. All surveys of real property necessary to affect the exchange will be completed prior to the exchange of deeds. Lot, in combination with aliquot part descriptions will be used whenever possible to configure and describe the land included in this exchange.

Costs: Appraisal and survey costs will be equally borne by the state, CFC and the KGB. Other incidental costs will be borne by the party actually accruing the expense. It is recognized by all parties, however, that the State responsibility shall be construed as having been met through the previous appropriation and tendering of \$30,000 to the KGB by the State Legislature for the purpose of survey and appraisal of the lands to be exchanged.

J. Spur Roads, and Rock Pits on State Land: The State will require ACMP and Forest Practices reviews and approval, and DNR approval for the location and construction of all spur roads, and rock pits located on lands it owns or has an interest in. DNR will require a right-of-way permit for all spur roads located on lands it owns, and timber and/or material contracts for any material removed from State lands or retained interests, except that no permit shall be required for material (rock) needed for the construction of parking areas on State land, not removal of material from Sealaska's remaining interests.

K. Other Consideration: There is no amount of money or other considerations to be paid to, or offered by, any party to the proposed exchange to equalize the values of the land or interest in land proposed for exchange other than that outlined in this agreement.

L. Liability: The parties to this agreement agree to hold each other harmless from liabilities that may otherwise be caused by their individual actions, uses of land and contracts, except where such actions, due to the nature of the agreement are shared.

M. ACMP Consistency: The exchange of CFC and State lands has been determined to be consistent with the Alaska Coastal Management Program (ACMP) pursuant to AS 46.40. However, nothing in this agreement is intended or should be construed as allowing CFC or the State to carry out timber cutting or other development without further review and permits. CFC development of land acquired from the State will require CZM project review to the same extent as private land. If CFC needs State or federal permits to undertake a particular use (for example, a state permit to place a road culvert in a fish stream or to install a new sewage system as part of a subdivision development), another ACMP determination specific to that particular use will be necessary. However, future ownership changes by CFC, i.e. sales of land or timber to other private individuals or companies- may not require State approval and therefore may not be subject to the ACMP.

N. Succession in Documents: This Agreement supersedes all previous agreements and is the sole document now under consideration.

O. Modification of the Agreement: This Agreement, unless amended by mutual consent, subject to legislative approval, represents all consideration.

P. Existing Permits and Leases: CFC agrees that unless otherwise approved by the Department of Natural Resources in writing, existing DEC Waste Disposal Permit #9113-BA012 shall be used exclusively for debris generated from the Upper George Inlet LTF, and that the waste site and State Tideland Leases ADL's 100898, and 105135 shall be groomed and released to the State within six months of the completion of the Logging of CFC's Leask Lake property, or within 10 years of the approval of this exchange by the legislature, whichever occurs first.

Q. Schedule for Completion: The following represents a tentative schedule that the State, CFC and the KGB agree to attempt to adhere to for completion of this exchange.

<u>REQUIREMENT</u>	<u>STATE</u>	<u>CFC</u>	<u>KGB</u>	<u>Completion</u>
Submission to Legislature	X			04/07/92
Legislative Approval				05/15/92
Request Survey Instructions		X		05/16/92
Issue Survey Instructions	X			06/01/92
Complete Survey		X		09/01/92
Preparation of Title Documents	X	X		10/01/92
Execution of Title Documents	X	X		10/15/92

SIGNATORIES TO FINAL EXCHANGE AGREEMENT ADL 105565:

CAPE FOX CORPORATION

BY: _____ DATE: _____
CHIEF OPERATING OFFICER

STATE OF ALASKA

BY: Harold C. Hume DATE: 4/6/92
COMMISSIONER,
DEPARTMENT OF NATURAL RESOURCES

KETCHIKAN GATEWAY BOROUGH

BY: _____ DATE: _____
BOROUGH MANAGER

Attachments: Maps 1,2, and Attach.-"A"- "C"

SIGNATORIES TO FINAL EXCHANGE AGREEMENT ADL 105565:

CAPE FOX CORPORATION

BY: *[Signature]*
CHIEF OPERATING OFFICER

DATE: 4/6/92

STATE OF ALASKA

BY: _____
**COMMISSIC.NER,
DEPARTMENT OF NATURAL RESOURCES**

DATE: _____

KETCHIKAN GATEWAY BOROUGH

BY: *[Signature]*
BOROUGH MANAGER

DATE: 4-6-92

Attachments: Maps 1,2, and Attach.-"A"& C

ATTACHMENT-"A" TO FINAL EXCHANGE AGREEMENT ADL 105565

CAPE FOX PROPERTIES

Area 1

Township 74 South, Range 91 East, Copper River Meridian; uplands within:

Section 2	Lots 3 through 8, NW1/4SE1/4, S1/2SW1/4, NE1/4SW1/4;
Section 3	S1/2SE1/4;
Section 9	SE1/4, all that lies south of the northern edge of the main line "White River Road";
Section 10	E1/2, W1/2, all that lies south of the northern edge of the main line "White River Road";
Section 11	W1/2, NE1/4, N1/2SE1/4;
Section 16	NE1/4, all that lies south of the northern edge of the main line "White River Road", N1/2SE1/4, SW1/4SE1/4, W1/2, all that lies south of the northern edge of the main line "White River Road";
Section 17	E1/2SE1/4, all that lies south of the northern edge of the main line "White River Road";
Section 20	E1/2NE1/4;
Section 21	W1/2NE1/4, NW1/4, E1/2SW1/4, NW1/4SW1/4, SE1/4;
Section 28	NE1/4NE1/4.

Containing approximately 2,283 acres more or less.

Area 2

Township 74 South, Range 91 East, Copper River Meridian; uplands within:

Section 3	Lots 1 through 3;
Section 4	Lots 1 through 10, NE1/4SE1/4;
Section 5	NE1/4.

Containing approximately 478 acres more or less. And all shorelands within:

Section 3	W1/2NW1/4;
Section 4	N1/2.

Containing approximately 162 acres more or less.

Total area of Area 2 is approximately 640 acres more or less.

Area 3

Township 74 South, Range 91 East, Copper River Meridian; uplands within:

Section 18 W1/2SE1/4, SE1/4SW1/4.

Containing approximately 99 acres more or less. And all shorelands within:

Section 18 SW1/4SE1/4, SE1/4SW1/4.

Containing approximately 21 acres more or less.

Total area of Area 3 is approximately 120 acres more or less.

Area 4

Township 74 South, Range 91 East, Copper River Meridian; uplands within:

Section 9 S1/2NE1/4;
SE1/4, all that lies north of the northern edge of the main line
"White River Road";
SE1/4SW1/4;
Section 10 W2, all that lies north of the northern edge of the main line
"White River Road";
Section 16 W1/2, all that lies north of the northern edge of the main line
"White River Road";
Section 17 E1/2SE1/4, all that lies north of the northern edge of the main
line "White River Road";

Containing approximately 650 acres more or less.

Area 5

Township 74 South, Range 91 East, Copper River Meridian; uplands within:

Section 1 Lot 2;
Section 2 Lots 1 and 2, W1/2NE1/4, NW1/4, NW1/4SW1/4'
Section 3 NE1/4, N1/2SE1/4, E1/2NW1/4.

Containing approximately 673 acres more or less.

Total acreage for the five parcels is: 4,366 acres.

ATTACHMENT-"B" TO FINAL EXCHANGE AGREEMENT ADL 105565

STATE PROPERTIES TO BE CONVEYED TO CFC

Township 73 South, Range 91 East, Copper river Meridian:

Section 13 Lot 1, SW1/4NW1/4, E1/2NW1/4, SW1/4;

Section 14 S1/2 SE1/4 NE1/4, NE1/4 SE1/4, E1/2 SE1/4 SE1/4, S1/2 NW1/4
SE1/4,

A triangular area with corners at the NE corner of the SE1/4
SW1/4 NE1/4, the SE corner of the NE1/4 NW1/4 SE1/4, and at
the SW corner of the NE1/4 NE1/4 SW1/4,

A triangular area with the corners at the NE, and SE corners of
the NW1/4 SE1/4 SE1/4 and the NW corner of the NE1/4 SW1/4
SE1/4,

A triangular area with corners at the NE, SE, and NW corners of
the SE1/4 NE1/4 SW1/4;

Section 22 SW1/4 SW1/4 NE1/4, S1/2 SE1/4, W1/2 NW1/4 SE1/4, SW1/4, S1/2
S1/2 NW1/4;

Section 23 NE1/4 NE1/4 NE1/4;

A triangular area with corners at the NE, SE, and NW corners of
the SE1/4 NE1/4 NE1/4,

SW1/4 NE1/4, W1/2 SE1/4, E1/2 SW1/4, E1/2 W1/2 SW1/4, SE1/4
NW1/4, E1/2 SW1/4 NW1/4;

Section 24 N1/2 SW1/4, NW1/4;

Section 26 NE1/4 NE1/4, E1/2 NW1/4 NE1/4, SW1/4 NE1/4 SW1/4, W1/2
SE1/4 SW1/4, SW1/4 SW1/4, S1/2 NW1/4 SW1/4,

A triangular area with corners at the SW corner of the NW1/4
NW1/4 SW1/4, the NE corner of the SW1/4 NE1/4 SW1/4, and the
NW corner of the NW1/4;

Section 27 N1/2;

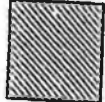



Section 35 S1/2 NE1/4, W1/2 SE1/4, SW1/4, W1/2 NE1/4 NW1/4, S1/2 NW1/4,
NW1/4 NW1/4;

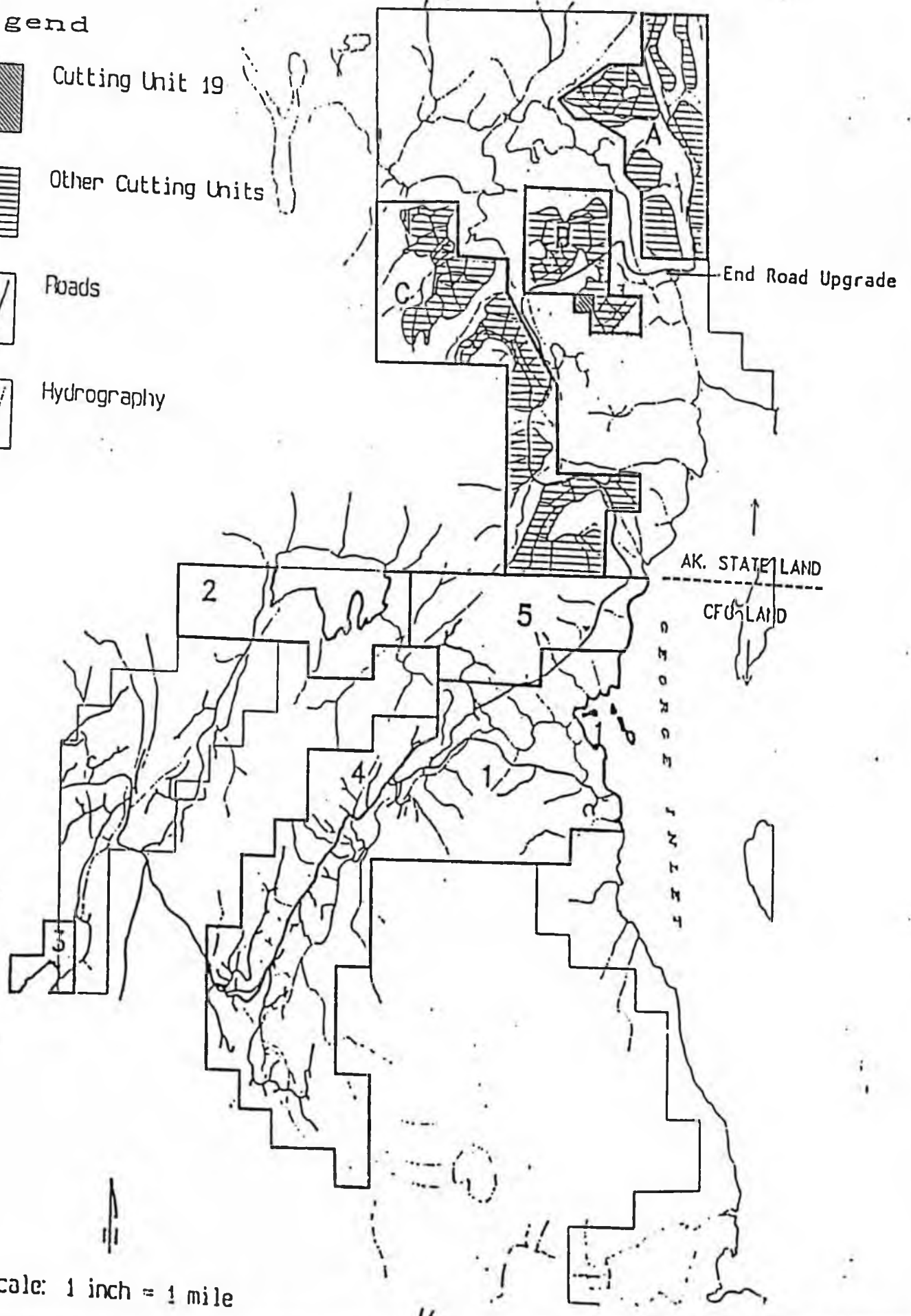
Contains approximately 2335 acres.

COMPARATIVE ROAD STANDARDS

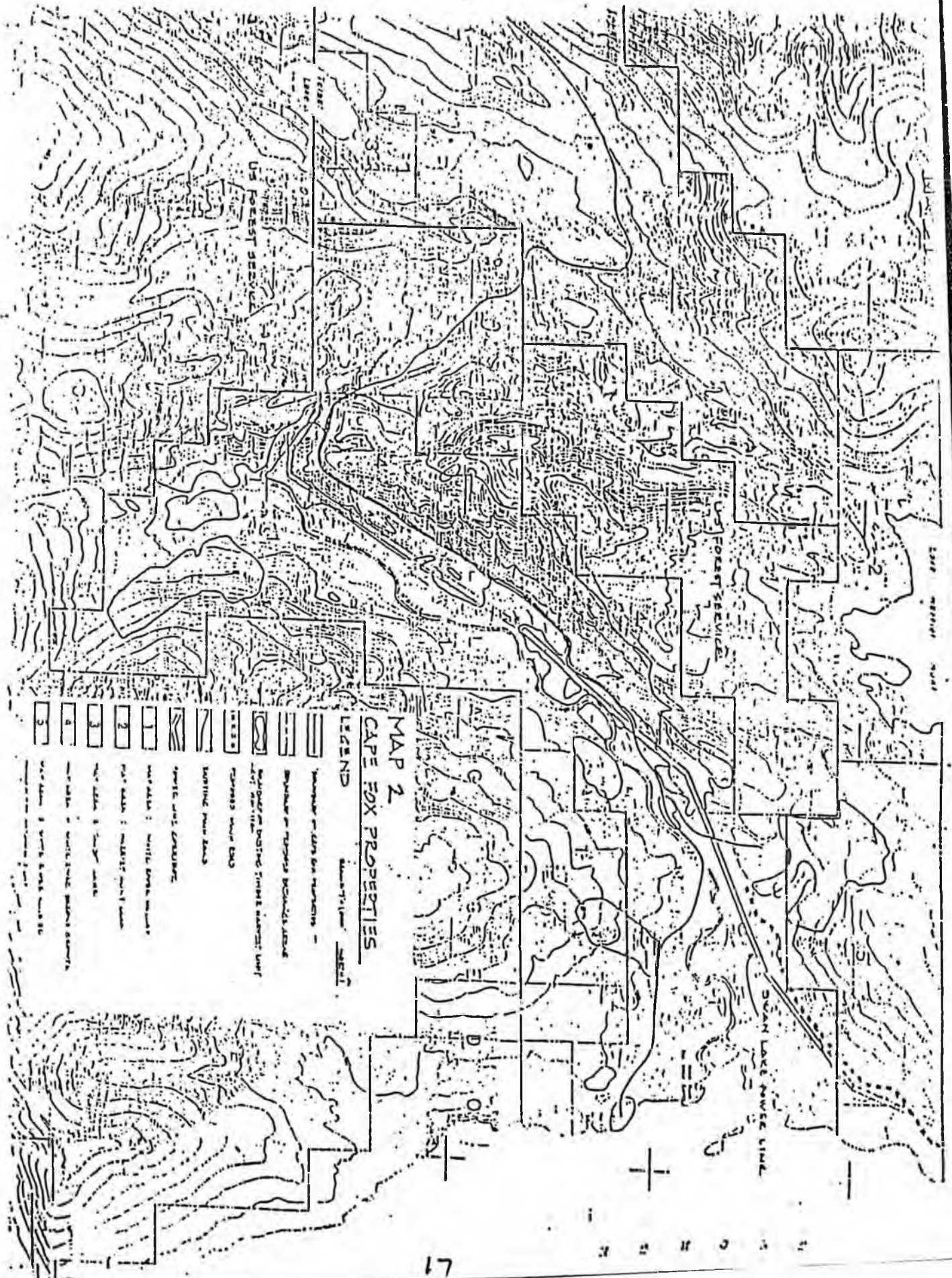
STANDARDS	George Inlet & Leask Lakes (Public) Roads	Ordinary Temporary Logging Road (Same Location)
<u>Alignment</u>		
horiz.	25 mph (200' rad.)(28½ deg. curve)	variable - down to 80 - 100' when necessary
vert.	no standard given	max. 20%
<u>Width</u>		
running surf.	20'	14' - 18' (not constant)
shoulders	none	none
<u>Drainage</u>		
ditch	2' continuous w/ no blind ends	2' to none; if unstable backslopes ditches abandoned & replaced by outsloping & waterbars
culverts	CMP's properly sloped, good repair, stable catch-basins, ends open & beyond fill toe	wood or CMP's replaced by crossdrains where necessary
<u>Slopes</u>		
cut	laid back to as ,much as 1½:1 if required	averages 1:1 in soil
fill	1½:1	1½:1
<u>Surfacing</u>		
road clrnc.	6"	6"
material	graded shot rock	pit run shot rock
<u>Distances</u>		
stopping	160'	no standard
passing	no standard	no standard (turnouts only)
<u>Intersections</u>		
logging spur	no standard (temporary use only)	"Y" intersections okay; no sight requirements
public spur	"T" intersections to min. 70 degree; 160' sight distance; 100' of max. 5% approach grade	not applicable
<u>Standard Reductions</u>	horizontal alignment reduction down to 100' radius in no more than two locations of no more than 500' each	not applicable
<u>Signing</u>	none	none
<u>Bridges</u>		
abutments	perm.: piling, treated timber, concrete, or steel	log sill
type	perm. Hamilton type or equiv.	Hamilton type (to be removed) or log stringer
width	16' between bullrails min.	varies; 12' - 18' between bull rail logs
<u>Guard Rail</u>	on bridge approaches and where there is a continuous drop of at least 20' of vertical dist. on a sideslope of at least 50%	none

Legend

-  Cutting Unit 19
-  Other Cutting Units
-  Roads
-  Hydrography



Scale: 1 inch = 1 mile



Ketchikan Community Survey

Prepared For:

Ketchikan Gateway Borough
Planning Department
Ketchikan, Alaska

September, 1990

Prepared By:



Juneau • Ketchikan

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Introduction

Introduction

The Ketchikan Gateway Borough may become involved in facilitating land exchanges between various state and federal agencies and private land holders. Land exchanges are being proposed which involve timber and outdoor recreation interests, as well as road development issues. In order for the Ketchikan Gateway Borough to make informed planning decisions, the Ketchikan Community Survey was conducted. This survey had two main purposes:

1. To assess community attitudes and values regarding the issues related to potential land exchanges.
2. To measure current outdoor recreation use and preferences for outdoor recreation development.

The resident values, attitudes and preferences identified through this process provide the initial guidance to facilitate evaluation of land exchange opportunities.

Methodology

To identify the issues related to potential land exchanges, a work team was organized by the Ketchikan Gateway Borough Planning Department. Represented by the work team were:

Ketchikan Gateway Borough Assembly
Ketchikan Gateway Borough Planning Department
Ketchikan Gateway Borough Planning Commission
USDA Forest Service
Alaska Department of Natural Resources
Cape Fox Corporation
Alaska State Parks Advisory Board for Ketchikan
Leask Lakes State Parks Proposal Committee
Public at Large

The work team met three times: First, to identify the issues for the consultant, next to review a questionnaire draft and finally to review and approve final questionnaire design.

The Ketchikan Community Survey was a random telephone survey of 300 households in the Ketchikan Gateway Borough during July and August 1990. The sample size of 300 provides an overall maximum margin of error of $\pm 1.1\%$ for multiple choice answers to $\pm 5.8\%$ for yes/no answers at the 95% confidence level. This means that if the study were repeated, 95 times out of 100 the results would fall within this range. Results at this level are considered very accurate and can be used with a high degree of confidence.

Interviews were conducted from The McDowell Group Juneau office by professionally trained and experienced telephone interviewers. Survey results are considered reflective of the Ketchikan Gateway Borough population, based on age and residence information.

Age	% of Survey Respondents	% of Adults 18 & over*
18-24	15%	14%
25-34	26	28
35-44	24	23
45-54	15	15
55-64	11	10
65+	9	9

Residence	% of Survey Respondents	% of Households*
City of Ketchikan	63	62
North of Town	21	21
South of Town	13	12
Saxman	2	2
Pennock Island	1	1

*Based on Alaska Department of Labor population estimates, July 1988.

Reader Note: How to read overall averages.

Overall averages are reported throughout the document. In all cases, the averages reflect averages on a one to five scale. Statistically differences of one tenth or two tenths of a point are usually not considered significant. Differences of three-tenths of a point or more are considered significant and should be noted by the reader.

Chapter I: Summary and Planning Implications

Chapter I: Summary and Planning Implications

The Ketchikan Community Survey was conducted to assess community attitudes about potential land exchanges and to measure current outdoor recreation use and future development preferences. This chapter summarizes the results of the survey and discusses the implications they may have for planning decisions. Complete results are analyzed in Chapters II through V. Values were rated by respondents on a one to five scale, with one as not important and five as very important. Ratings in the Summary are overall averages.

Three ("3") is an average rating indicating no commitment to whether a statement is important or not important. An average rating above "3" means the statement holds some level of importance, below "3" means a level of not important. The higher the rating above "3" the more importance the statement carries. The lower the rating below "3" the less importance the statement carries.

Community Attitudes and Preferences

General Values

- Preservation of the sport fisheries (both fresh and salt water) and maintenance of wildlife in outdoor recreation areas had an overall average rating of 4.3 and 4.2 respectively (on a 1 to 5 scale), the highest rated values overall of Ketchikan Gateway Borough residents.
- Outdoor recreation opportunities available on the road system also rated very highly, with an average overall rating of 4.1.
- The values of continued timber harvest as a means of economic diversity, protection of a road corridor which links Ketchikan with the mainland, and having recreation experiences in an area which has no roads or facilities, were also considered important, but none rated above 3.5.
- Having recreational experiences in solitude, and protecting old growth forest on Revilla Island from timber harvest, where possible, were the lowest rated values with overall averages of 3.3.

Land Exchange Values

- Consideration of wildlife and fisheries habitat impacts in proposed land exchanges was the most important value overall, with an average rating of 4.2.
- The creation of new outdoor recreation opportunities and the extension of the road system on Revilla Island were also rated as important, but less so than the consideration of wildlife and fisheries habitat impacts. Each received an overall average 3.7 rating.
- Further timber harvest and additional industrial development were considered important, but less so, with average ratings of 3.4 and 3.1, respectively.
- Preserving the land from any form of development was considered not important, with an average 2.5 rating.

Outdoor Recreation Development

- Outdoor recreation development was strongly supported in and around logged areas by all respondents (74% to 86%).
- More than 80% of the respondents supported outdoor recreation development in or near areas which have been logged in previous years. The level of support dropped slightly to 74% if logged land was visible from the recreation area.

Road Development Preferences

- Support for road construction funding was split between timber sales, public funding in the form of taxes or bonds and a combination of the two.
- Nine out of ten respondents would like to see the road system expanded. Nearly half want expansion immediately or in the next year.

Outdoor Recreation

Outdoor Recreation Satisfaction

- The overall outdoor recreation satisfaction rating was right in the middle of the 1 to 5 scale at 3.0. A number of respondents were very satisfied with current outdoor recreation activities in the Ketchikan Gateway Borough, but an equal number were not at all satisfied. Altogether, one third of respondents reported being at least somewhat dissatisfied.

Outdoor Recreation Participation

- Ketchikan Gateway Borough residents are active, and many take advantage of the natural outdoor recreation opportunities available. Activities in which one-third or more of the households participate include fishing, hiking, picnicking, boating, and walking.
- Most people travel to outdoor recreation sites by car or by boat.
- All age groups participate heavily in outdoor recreation opportunities, although participation in many activities drops significantly in the 65+ age group.

Outdoor Recreation Development Preferences

- Most respondents support the development of bike paths. More than three-fourths of all respondents rated the importance of bike path development at "4" or "5", even though only 25% currently bicycle.
- Development of outdoor recreation facilities for picnicking, hiking/walking, fishing, and cabin camping were also deemed important, each supported by over 60% of respondents.
- Activities with current low participation levels (less than 25%) but high interest levels (40% rating 4 or 5) include car/tent/RV camping, big/small game hunting, wildlife viewing, cabin camping, backpack camping and cross-country skiing, indicating demand for these opportunities.
- Preferred transportation to outdoor recreation opportunities is by car, with the exception of bicycle paths (bikes), fishing (boat), cabin camping (boat) and hunting opportunities (boat).

Road Development Preferences

- Eighty percent (80%) of respondents support extending the road system to reach additional outdoor recreation opportunities.
- Roads to developed facilities were preferred by half of those who support extending the road system, roads to trailheads preferred by 17% and roads to both preferred by 32%.

Land Exchange Area Awareness

- Most respondents were aware of the Harriet Hunt area and nearly nine out of ten have visited the area sometime during their residence in the Borough.
- The Naha Recreation Area and White River Area also have strong recognition, though less (50%-60%) of the population has visited these areas.
- The Leask Lakes area was less frequently recognized, but still more than half the respondents were aware of the area. Only one in five respondents had visited the Leask Lakes area.

Demographics

- Average size of respondent households was 3.2 persons.
- Average age of respondents was 40.7 years.
- Fifty-two (52%) of respondents were male, 48% were female.
- Length of residence in the Ketchikan Gateway Borough for all households was 12.5 years.
- Average annual household income was \$47,900.

Planning Implications

The purpose of this survey is to provide guidance in the planning process for decisions relating to proposed land exchanges, road development and outdoor recreation development. The survey gives those responsible for planning decisions a clear and accurate assessment of community values relating to those issues as these questions were addressed in the survey. This section highlights only a few of the implications of the survey results and how they can be used in the planning process.

1. Preservation and maintenance of sport fisheries and wildlife resources for recreation purposes is valued highly by Ketchikan residents. The high importance ratings of this item, both in general and in regard to proposed land exchanges, strongly suggest that it be placed at the top of the priority list. Though residents also support logging, road development, and outdoor recreation development in or around logged areas, fish and wildlife resources appear to be a higher priority.

For example, if timber harvest is proposed in an area that may eventually be developed for outdoor recreation, methods which can be employed to minimize the impacts on sport fish and wildlife resources should be considered. This survey finding can help identify the desired balance in the community between outdoor recreation development, and potential timber harvests, wildlife and fisheries resources.

2. Ketchikan residents are active outdoor recreation enthusiasts, yet many are not satisfied with current outdoor recreation opportunities. Satisfaction with outdoor recreation in the Ketchikan Gateway Borough is only at average levels, not as high as might be expected for a community which possesses such a rich natural setting. The problem appears to be lack of accessible areas and developed facilities (i.e. more trails). Most fishing spots are inaccessible unless one owns a boat and few hiking trails are available, yet fishing and hiking are two of the most frequently mentioned outdoor recreation activities. The survey results show a clear community need for more outdoor recreation opportunities, preferably accessible by car.

3. **Bicycle Paths are the most immediate outdoor recreation need in Ketchikan.** Though only 25% of the population currently bikes, more than 75% rated development of bicycle paths as very important. Right now the roads in Ketchikan have little or no shoulder for cyclists, which creates a tremendous safety hazard for those brave souls who venture forth on their two-wheelers. If bicycle paths were available, the participation level in this relatively low cost activity would probably increase.

4. **Ketchikan residents are willing to support recreation development in or around areas which have been timber harvested.** This finding is key, since proposed land exchanges may involve areas which have been harvested in years previously but also hold outdoor recreation value. The level of support for development of outdoor recreation areas in or around logged land is very high (over 80%). Support is slightly lower (74%) if logged land is visible from the recreation area. Development plans for areas in logged land should take this into consideration.

5. **Development of the road system on Revilla Island is important to Ketchikan Gateway Borough residents.** Nine out of ten residents surveyed wanted road expansion within the next ten years, with more than half supporting expansion immediately or in the next one to three years. Eight out of ten desired expansion of the road system for outdoor recreation opportunities. Road development in the short and long term appears to be a Borough planning priority for residents. When asked whether they preferred funding road expansion through timber sales or public funding (i.e. taxes and bonds), 37% said timber sales, 29% chose public funding, and 25% selected a combination of the two. Given the lack of a clear preference for funding alternatives those issues will require further exploration in the land exchange process. Previous experience has shown that a combined funding approach might be the most acceptable solution to this situation.

6. **Community values and outdoor recreation participation levels can help determine the outdoor recreation value of land presented in a proposed land exchange.** Regardless of what method is used for future land valuation in proposed land exchanges, the results of this survey can supplement it by providing another analysis of land value as it relates to community demand. For instance, new picnic opportunities were rated as very important for development by 61% of the survey respondents. Of these respondents 89% wanted to access picnicking by car, 19% by boat. Since there is a high demand for picnic areas accessible by car, part of the land valuation formula may include whether the area could be reached by car and whether part of the area could be developed for picnicking.

**Chapter II: Community Attitudes
and Preferences**

Chapter II: Community Attitudes and Preferences

Introduction

This chapter presents general community values regarding outdoor recreation, timber development, wildlife protection and further road expansion. The importance of potential opportunities resulting from land exchanges is also evaluated. An analysis of these values and preferences is provided for the adult population (18 years and over) as a whole, as well as by area and length of residence and household income.

The final section of this chapter presents preferences regarding funding and timing of future road construction.

A. General Community Values

1. Community Wide Values

Residents of the Ketchikan Gateway Borough were asked to rate the importance of a series of statements read to them, on a one to five scale, with one as NOT IMPORTANT and five as VERY IMPORTANT. Table II-A-1 presents the overall average ratings of each statement. The Overall Average Rating reflects the responses of the entire sample, which is representative of the adult population age 18 and over. Three ("3") is an average rating showing no commitment to whether a statement is important or not important. The higher the rating above "3", the more importance the statement carries. Conversely, the lower a statement is rated below "3" the less importance it carries.

In order to provide a better understanding of the ratings, a column is provided on Table II-A-1 indicating the percentage of respondents rating the statement "4" (somewhat important) or "5" (very important) on the one to five scale.

The top four statements can be considered the most important values overall, particularly since nearly three-quarters or more of the respondents indicated a "4" or "5" rating. The top rated statements relate to the protection and maintenance of the sport fisheries and recreational wildlife resources available in the Ketchikan Gateway Borough. Having outdoor recreation experiences available on the road system is also very important to a majority of the residents.

Somewhat less important, but still important to many, are continued timber harvest as a means of economic diversity, protection of a road corridor to the mainland, and having recreational experiences in an area which has no roads or facilities other than trails or cabins.

And finally, still important but less so, are the values related to having a recreational experience in solitude, and protection of old growth forests from timber harvest, where possible.

It is important to note that all these values hold some importance and none averaged on the not important side of the scale. Still, the ranking of these values and percentage of the population which feels strongly about the importance of each is essential for decision making and planning.

Table II-A-1

**General Community Values
All Respondents 18 Years and Older
(5 Very Important – 1 Not Important)**

	Overall Average Rating	% Rating 4 or 5*
1. Preservation of the fisheries resource for saltwater sportfishing.	4.3	82%
2. Maintaining the wildlife resource in potential outdoor recreation areas.	4.3	78
3. Preservation of the fisheries resource for freshwater sportfishing.	4.2	73
4. Outdoor recreation opportunities available on the road system.	4.1	74
5. Continued timber harvest on Revilla Island as a means of economic diversity.	3.5	54
6. Protection of a road corridor which links Ketchikan with the mainland	3.5	54
7. Having recreational experiences in an area which has no roads or facilities other than trails or cabins.	3.5	53
8. Having a recreational experience in solitude, encountering very few or no other persons.	3.3	48
9. Protection of old growth forests on Revilla Island from timber harvest, where possible.	3.3	46

* % of respondents who answered ("4" or "5") for each value statement.

2. Community Values by Area and Length of Residence

When reviewing these findings it is necessary to consider the percent of the population represented by each group. According to Alaska Department of Labor data, most of the population of the Borough lives in the city of Ketchikan (62%). The remaining population is spread as follows: North of town - 21%, South of Town - 13%, Saxman City - 2% and Pennock Island - 1%.

Nearly half of all respondents indicated they had lived in Ketchikan more than 15 years. The overall average length of residence was 12.5 years. Though a portion of Ketchikan's population base is transient, this average suggests greater stability in the population base than expected.

Length of Residence	% of Population
Less than one year	5%
One to three years	17
Four to ten years	21
Ten to fifteen years	10
More than fifteen years	47

Since the city of Ketchikan has the majority of the population, it is consistent that their value ratings are similar to the overall averages. Nevertheless, it is interesting to note the differences. Attitudes vary by length of time spent in the Borough and by area of residence. For example, having outdoor recreation possibilities accessible on the road system was important to most residents, but it was especially significant to those living south of the city and those who have lived in the Borough 10 to 15 years.

Those who have lived in the Borough less than one year form another distinct population group. These folks tend to have much higher than average importance ratings for the maintenance of the recreational wildlife resource, preservation of the freshwater sport fishing resource and the desire for recreational experiences with no roads or facilities. However, this group represents only 5% of the total Borough population

The value ratings broken down by length and area of residency are generally consistent with the overall averages. The City of Saxman is an exception. This group does show large variances from the overall averages, however, the Saxman sample size is very small and should be viewed with caution.

Table II-A-2

**General Community Values
By Area & Length of Residence
(5 Very Important – 1 Not Important)**

	Total	Area of Residence				Length of Residence				
		Ktn	Sax	North	South	<1 yr	1-3	4-10	10-15	15+
(Sample Size)	(300)	(189)	(6)*	(63)	(40)	(14)	(51)	(62)	(31)	(141)
1. Preservation of fisheries for salt-water sportfishing	4.3	4.2	4.0	4.5	4.4	4.4	4.1	4.3	4.5	4.4
2. Maintaining the wildlife resource in outdoor rec. areas	4.3	4.3	3.8	4.3	4.2	4.6	4.2	4.2	4.4	4.3
3. Preservation of fisheries for fresh-water sportfishing	4.2	4.1	4.0	4.4	4.1	4.6	4.0	4.0	4.3	4.2
4. Outdoor recreation available on the road system.	4.1	4.1	4.3	4.2	4.4	4.2	4.2	4.0	4.5	4.1
5. Continued timber harvest as a means of economic diversity.	3.5	3.4	2.3	3.8	3.7	3.7	3.5	3.4	3.6	3.6
6. Protection of a road corridor which links Ketchikan with mainland.	3.5	3.5	4.2	3.2	3.8	3.2	3.4	3.6	3.5	3.4
7. Having recreational experiences with no roads or facilities except trails or cabins.	3.5	3.3	3.6	3.4	3.7	4.1	3.4	3.6	3.7	3.5
8. Having recreational experiences in solitude.	3.3	3.2	3.3	3.3	3.5	3.1	3.3	3.5	3.5	3.2
9. Protection of old growth forest on Revilla Island from timber harvest where possible.	3.3	3.3	3.3	3.1	3.3	3.1	3.2	3.5	3.5	3.2

* Caution: Small Sample Size

3. General Community Values by Household Income

Table II-A-3 provides an analysis of general community values by household income.

Values by income group generally were clustered in a similar pattern as the average community values. The top four rated values for the community were also the top four for each income group. Similarly, values #5 through #9 also tended to cluster as a group.

Some variations by income group are noted. For example, the lower income groups (under \$35,000) gave their highest average rating to maintaining the wildlife resource in outdoor recreation areas, followed by having outdoor recreation available on the road system. Overall, these values ranked second and fourth.

Maintaining the wildlife resource in outdoor recreation areas tended to be less important to the higher income groups (with the exception of the small sample with household income over \$100,000). Not important to the higher income level of \$75,000 to \$100,000 is the protection of a road corridor which links Ketchikan with the mainland, possibly because this group has the means to travel off the island, either by boat or plane. Having recreational experiences in solitude and protection of the old growth forest on Revilla Island is also not important to this group.

Most income groups place a high value on preserving the fisheries for both salt and fresh-water sportfishing, and on having outdoor recreation available on the road system.

Table II-A-3

**General Community Values
By Household Income
(5 Very Important - 1 Not Important)**

	Total	Under \$20,000	\$20,000- \$35,000	\$35,000- \$50,000	\$50,000- \$75,000	\$75,000- \$100,000	Over \$100,000
(Sample Size)	(300)	(21)	(66)	(93)	(71)	(21)	(7)*
1. Preservation of fisheries for salt-water sportfishing.	4.3	4.3	4.2	4.4	4.3	4.3	4.4
2. Maintaining the wildlife resource in outdoor rec. areas.	4.3	4.5	4.6	4.4	3.9	3.6	4.6
3. Preservation of fisheries for fresh-water sportfishing.	4.2	4.2	4.0	4.2	4.1	4.0	4.7
4. Outdoor recreation available on the road system.	4.1	4.4	4.3	4.1	4.0	4.0	4.3
5. Continued timber harvest as a means of economic diversity.	3.5	3.8	3.2	3.6	3.7	3.8	3.6
6. Protection of a road corridor which links Ketchikan with mainland.	3.5	3.6	3.4	3.6	3.5	2.9	3.9
7. Having recreational experiences with no roads or facilities except trails or cabins.	3.5	3.8	3.5	3.6	3.4	3.2	4.3
8. Having recreational experiences in solitude.	3.3	2.9	3.4	3.4	3.2	3.0	3.6
9. Protection of old growth forest on Revilla Island from timber harvest where possible.	3.3	3.3	3.4	3.4	3.2	2.7	3.3

* Caution: Small Sample Size

B. Land Exchange Values

1. Community Wide Values

Respondents were asked to rate the importance a series of statements relating to opportunities presented through proposed land exchanges. The scale used was the same as the previous statements, with one as NOT IMPORTANT and five as VERY IMPORTANT.

By far, the consideration of wildlife and fisheries impacts was rated the most important value, with a high average rating of 4.2 and more than three-quarters of the respondents rating "4" or "5". This value rating is consistent with the general community values of maintaining wildlife resources in outdoor recreation areas and preserving fisheries for fresh and salt-water sportfishing. The implication is clear: the community is concerned about sport fish and recreational wildlife resources, both generally and when evaluating land exchange options.

The creation of new outdoor recreation opportunities and extension of the road system through proposed exchanges were rated equally important, each averaging 3.7 on the "1" to "5" scale. Though not rated as highly as the fish and wildlife concerns, nearly two-thirds of the respondents gave these values a "4" or "5" rating.

Further, timber harvest is also considered important or very important by nearly half of all respondents. Additional industrial development does not hold the same level of importance, however. Finally, preserving the land from any form of development is considered not important by most respondents.

The most important community values relate to natural resources, creating outdoor recreation, and road development, in that order. These are also the most important values to consider in guiding a land exchange process. Timber harvest, though still considered important by many, is of lesser importance overall.

Table II-B-1

**Value of Opportunities through
Proposed Land Exchanges
All Respondents
(5 Very Important – 1 Not Important)**

	Overall Average Rating	% Rating 4 or 5*
1. Considering wildlife & fisheries habitat impacts.	4.2	78%
2. Creating new outdoor recreation opportunities.	3.7	63
3. Extending the road system on Revilla Island.	3.7	61
4. Further timber harvest.	3.4	48
5. Additional industrial development.	3.1	38
6. Preserving the land from any form of development.	2.5	20

* % of respondents who answered ("4" or "5") for each value statement.

2. Outdoor Recreation Development Support

Respondents were asked about support for outdoor recreation development in and around areas which have been logged in previous years.

Overall, strong support exists for outdoor recreation development in and around areas which have been logged in previous years. Eighty-Six percent (86%) of the respondents indicated support of an area for outdoor recreation development if the road to the development was through logged land but the area itself was not on logged land. Nearly the same number of respondents (81%) indicated support if the recreation area was located in or adjacent to an area which had been logged. A clear majority of respondents (74%) would also support development if logged land was visible from the area.

The community values, land exchange values, and these preferences offer much guidance for outdoor recreation development decisions. For instance, an area such as the White River (which is being proposed as part of a land exchange) can be evaluated for its outdoor recreation value based not only on outdoor recreation standards, but also on these community preferences.

Table II-B-2

Outdoor Recreation Development Support
All Residents 18 yrs and older

Would you support the development of an outdoor recreation area IF:	Yes	No	Not Sure
1. The road to the recreation area was through logged land, but the area itself was not on logged land?	86%	9%	5%
2. The recreation area was located in or adjacent to an area which had been logged?	81	16	3
3. Logged land was visible from the area?	74	21	5

3. Land Exchange Values by Area and Length of Residence

Basic land exchange value differences exist among Ketchikan Gateway Borough residents depending on area and length of residence. These differences are very similar to the general value differences found among residents.

Nearly all residents rated the consideration of wildlife and fisheries habitat impacts as the most important value overall for evaluating potential land exchanges. The two exceptions are those who live in Saxman and residents who have lived in the Borough less than one year. The Saxman sample size is very small, therefore, the ratings for Saxman may not be entirely representative of that area. Residents who have lived in Ketchikan less than one year prioritized the creation of new outdoor recreation opportunities first, followed closely by consideration of fish and wildlife habitat impacts.

Creating new outdoor recreation opportunities is rated higher than the overall average by residents south of town, and by residents who have lived in the Borough less than one year or between 10 and 15 years. These groups also rate extending the road system through proposed land exchanges higher than average.

Further timber harvest appears to be more important to 10 to 15 year residents and short timers (less than one year) than other groups. Additional industrial development and preserving the land from any form of development were consistently rated as of less or of little importance to all groups.

Most respondents, regardless of length of residence supported outdoor recreation development in and around areas which have been logged. However, those that live in town are somewhat less likely than those in outlying area to support development of an outdoor recreation area from which logged land is visible.

These findings suggest that regardless of area of residence or length of time someone has been in the Ketchikan Gateway Borough, support for outdoor recreation development is significant.

Table II-B-3

**Value of Opportunities through Proposed Land Exchanges
By Area and Length of Residence
(5 Very Important-1 Not Important)**

	Total	Area of Residence				<1 yr	Length of Residence			
		Ktn	Sax	North	South		1-3	4-10	10-15	15+
(Sample Size)	(300)	(189)	(6)*	(63)	(40)	(14)	(51)	(62)	(31)	(141)
1. Considering wild-life & fisheries habitat impacts.	4.2	4.2	3.3	4.2	4.4	4.4	4.3	4.1	4.3	4.3
2. Creating new outdoor recreation opportunities.	3.7	3.7	3.3	3.6	3.9	4.6	3.6	3.7	3.9	3.7
3. Extending the road system on Revilla Island.	3.7	3.7	3.8	3.6	3.9	3.9	3.5	3.8	3.8	3.7
4. Further timber harvest.	3.4	3.3	2.5	3.5	3.3	3.6	3.4	3.2	3.7	3.3
5. Additional industrial development.	3.1	3.1	3.2	3.0	3.0	3.2	3.1	2.9	3.2	3.2
6. Preserving the land from any form of development.	2.5	2.5	2.3	2.4	2.5	2.6	2.6	2.5	2.6	2.3

*Caution: Small sample size.

Table II-B-4

**Outdoor Recreation Development Support
By Area and Length of Residence
(% of respondents supporting development)**

Would support development if:	Total	Area of Residence				<1 yr	Length of Residence			
		Ktn	Sax	North	South		1-3	4-10	10-15	15+
1. Road to recreation was through logged land but area not on logged land.	86%	84%	67%	89%	93%	93%	82%	89%	87%	85%
2. Recreation area was located in or adjacent to an area which had been logged.	81	80	67	84	85	93	78	79	84	81
3. Logged land was visible from area.	74	68	50	84	85	100	71	73	77	72

4. Land Exchange Values by Household Income

In general, different household income groups ranked the land exchange values similarly to the overall averages. Those in the low-middle to middle income groups ranked fish and wildlife considerations higher than average, while those in the upper income ranges ranked these considerations lower than average. Those whose income is over \$100,000 are an exception. The small sample size of this group should be considered when reviewing their ratings.

Creating new outdoor recreation opportunities is of average or above average importance to all income groups except the \$75,000 - \$100,000 group. One explanation for this difference is that this higher income group has the means to afford more expensive outdoor recreation equipment, such as boats or airplanes. This equipment gives them access to more outdoor recreation opportunities than those who don't own such equipment.

Extending the road system is most important to those in the lowest income group (4.1 rating vs. overall average of 3.7). These respondents placed this value higher than creating new outdoor recreation. Conversely, extending the road system through proposed land exchange areas was rated well below average by those in the income group of \$75,000 - \$100,000 (3.3 vs. 3.7 overall average). Because of their income level, these respondents have the means to 'get out of town', and perhaps don't feel as much of a need to extend the road system.

Further timber harvest ranked highly among those in the lowest income group, but average or below average for others (except over \$100,000). Additional industrial development and preserving the land from any form of development were the lowest rated values.

Support for outdoor recreation development in and around logged lands was generally supported with few variances (See Table II-B-6). One variance worth noting appears among those in the \$20,000 - \$35,000 income group. The support levels among this group for the development of an outdoor recreation area located in or adjacent to logged land or if logged land was visible from the area were somewhat lower than other groups and the overall average. (Those earning more than \$100,000 are an exception. Again, this sample size is small and should be viewed with caution).

Table II-B-5

**Value of Opportunities through
Proposed Land Exchanges
By Household Income
(5 Very Important - 1 Not Important)**

Would support Development if:	Total	Under \$20,000	\$20,000- \$35,000	\$35,000- \$50,000	\$50,000- \$75,000	\$75,000- \$100,000	Over \$100,000
(Sample Size)	(300)	(21)	(66)	(93)	(71)	(21)	(7)*
1. Considering wild- life & fisheries habitat impacts.	4.2	4.1	4.5	4.3	4.0	4.1	4.4
2. Creating new outdoor recreation opportunities	3.7	3.9	3.7	3.9	3.7	3.4	3.9
3. Extending the road system on Revilla Island.	3.7	4.1	3.6	3.8	3.6	3.3	3.9
4. Further timber harvest.	3.4	3.8	3.2	3.4	3.4	3.2	3.6
5. Additional industrial development.	3.1	3.3	2.9	3.1	3.2	3.2	3.4
6. Preserving the land from any form of development.	2.5	2.9	2.7	2.3	2.3	2.2	2.9

*Caution: Small sample size.

Table II-B-6

Outdoor Recreation Development Support By Household Income

(% of respondents supporting development)

Would support Development if:	Total	Under \$20,000	\$20,000- \$35,000	\$35,000- \$50,000	\$50,000- \$75,000	\$75,000- \$100,000	Over \$100,000
(Sample Size)	(300)	(21)	(66)	(93)	(71)	(21)	(7)*
1. Road to recreation area was on logged land but area not on logged land.	86%	81%	85%	89%	86%	86%	100%
2. Recreation area was located in or adjacent to an area which had been logged.	81	86	74	87	83	81	71
3. Logged land was visible from area.	74	76	68	75	76	76	71

*Caution: Small sample size.

C. Road Development Preferences

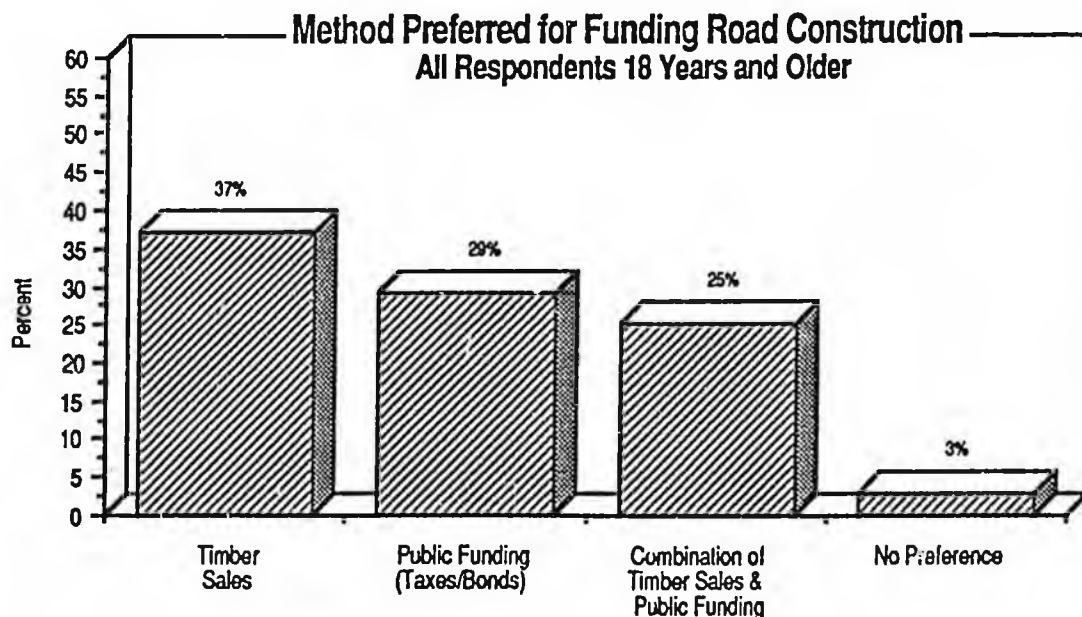
1. Road Construction Funding Preferences

Respondents were asked which method of road construction funding they preferred, assuming that state or federal dollars were not available. Responses were split between timber sales, public funding in form of taxes or bonds and a combination of the two.

The most preferred method, timber sales, was mentioned by just over one-third of the respondents. Public funding was second with 29%, and a combination of the two was mentioned by one in four respondents.

Given the lack of a clear preference for funding alternatives this issue will require further exploration in the land exchange process.

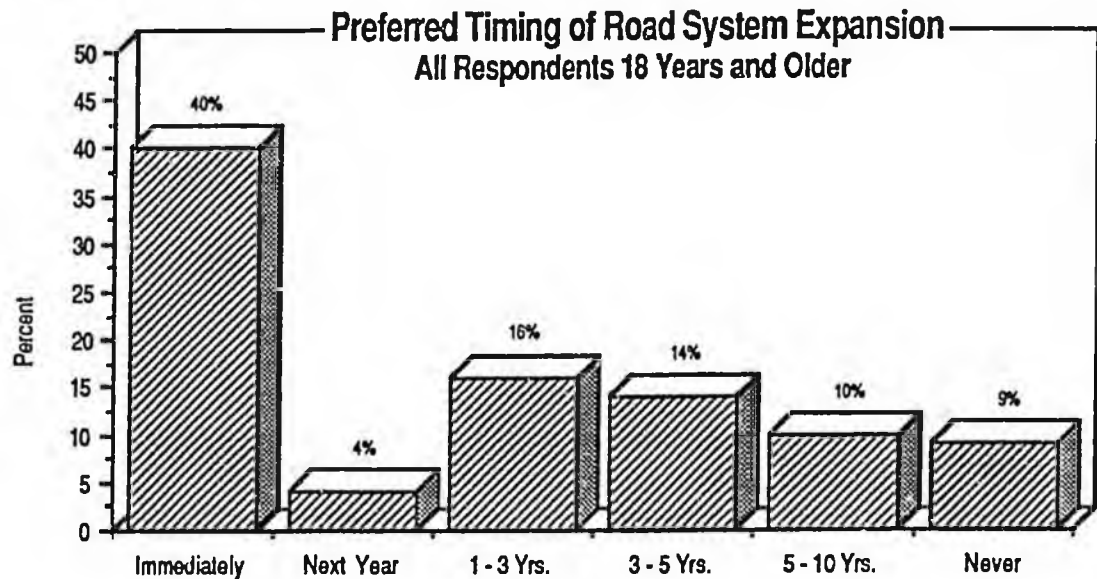
Graph II-C-2



2. Timing of Road System Expansion

When asked when the road system should be expanded, three-quarters indicated they wanted to see expansion sometime in the next five years, with 40% wanting to see expansion immediately. Just under one in ten felt the road system should never be expanded.

Graph II-C-2



Ketchikan residents desire road expansion immediately and in the near future because of the new opportunities it would provide. Two-thirds (68%) feel the only reasons to expand the road system are to develop additional outdoor recreation opportunities, provide linkage to the mainland, and further industrial development. The remaining 30% feel there are additional reasons to expand the road system. These include:

	Number of Responses
Provide access to additional housing sites	34
Alleviate Traffic on Tongass Ave.	31
Economic Growth	6
Road to Airport	6
Tourism	4
Access to Boat Launches	1
Mining Roads	1
Other	16

(Note: These responses were unprompted.)

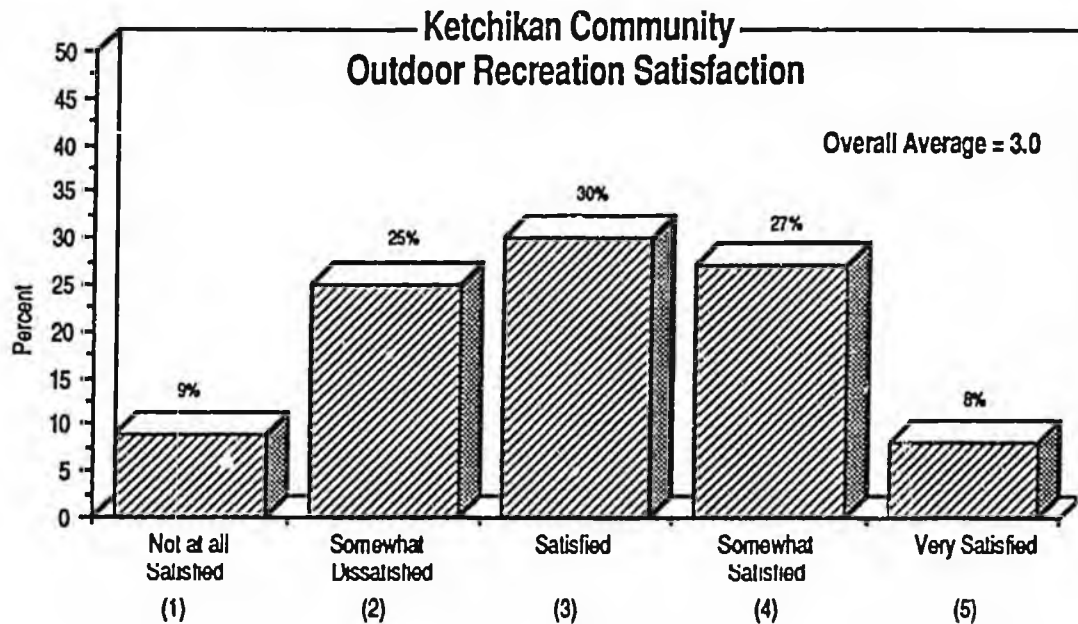
Chapter III: Outdoor Recreation

Chapter III: Outdoor Recreation

A. Current Outdoor Recreation Satisfaction

Most residents in the Ketchikan Gateway Borough appear to be satisfied with the current outdoor recreation activities. Nearly two-thirds indicated (with a rating of 3, 4 or 5) they were satisfied to very satisfied. However, the average satisfaction rating is only 3.0. Although one-third indicated a "4" or "5" rating, the same number of respondents indicated a "1" or "2" rating. Clearly, there is room for improvement in outdoor recreation satisfaction.

Graph III-A-1



Most age groups tend to agree with the average rating of 3.0, or satisfaction with current outdoor recreation activities. However, 25 to 34 year olds tend to be less satisfied overall, and those over 65 tend to be more satisfied. Those 25 to 34 tend to be more active, and therefore, may have more outdoor recreation demand. Those over 65 are generally less active and may tend to be a little more satisfied with what is currently available.

Income appears to play a large role in current satisfaction levels. Those in the lowest income group of under \$20,000 are dissatisfied with current outdoor recreation opportunities. The remaining income groups tend to be content with the existing recreation opportunities.

Length and area of residence also plays a role in satisfaction levels. New residents (those under one year) and those who have been residents four to ten years are the least satisfied groups. Those living north of town are more likely to be satisfied than those living south of town, perhaps because they enjoy quicker access to water-related outdoor recreation.

Table III-A-1

Outdoor Recreation Satisfaction
All Respondents
 (5 Very Important - 1 Not Important)

	Average Rating of Each Group	% Rating 4 or 5**
All Respondents	3.0	35%
Age		
18-24	3.0	36
25-34	2.8	36
35-44	3.1	43
45-54	3.0	36
55-64	3.0	35
65+	3.2	18
Income		
Under \$20,000	2.3	10
\$20,000-\$35,000	3.1	39
\$35,000-\$50,000	3.0	40
\$50,000-\$75,000	3.1	35
\$75,000-\$100,000	3.2	39
\$100,000 & up	3.0	43
Length of Residence		
Under one year	2.8	29
One to three years	3.1	38
Four to ten years	2.8	32
Ten to fifteen years	3.0	38
Fifteen or more years	3.1	36
Area of Residence		
City of Ketchikan	3.0	36
North of town	3.3	43
South of town	2.7	23
Saxman*	3.3	50
Pennock Island*	2.5	50

*Caution: Very small sample sizes

** % of respondents who answered ("4" Somewhat Satisfied or "5" Very Satisfied)

B. Outdoor Recreation Participation Levels

1. Participation Levels of All Households

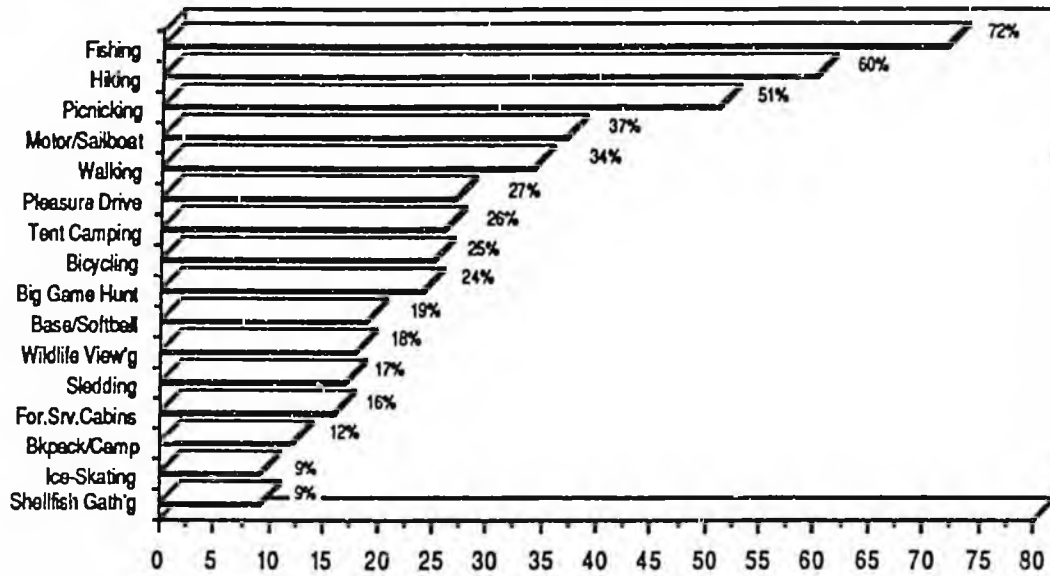
Ketchikan Gateway Borough residents are an active group and appear to take advantage of the natural outdoor recreation opportunities available in their unique environment. Someone in nearly three-quarters of all households has been fishing in the past year, the most mentioned activity. Hiking ranks second, followed by picnicking. These top three activities are enjoyed by at least half of the households.

Boating, in its many forms (sailing, power, kayak, canoe, raft) is participated in by many, as is walking for pleasure. Interestingly, driving for pleasure is mentioned by over one in four, in spite of Ketchikan's limited road system. Camping, in its many forms, is also an important outdoor recreation activity, along with bicycling and hunting.

Traditional winter outdoor activities, such as ice-skating, cross-country skiing and snowmobiling are less popular. However, these activities tend to be supply driven. That is, without facilities or areas developed for these activities, participation levels will tend to be lower than activities for which facilities have been developed, such as trails for hiking.

Graph III-B-1

Outdoor Recreation Participation – All Respondents



Activities With Less Than 9% Participation

Activity	% Participation
Kayak Canoe, Rafting	8%
Football/Soccer	8
Small Game Hunting	7
Cross Country Skiing	5
Scuba Diving	4
Snowmobiling	2

2. Transportation Used for Outdoor Recreation

Outdoor recreation activities are primarily accessed by car and/or boat. Car is used most often to access hiking, picnicking, boating, wildlife viewing, sports, and winter activities. Boats are used most often when going fishing, tent camping, hunting, cabin camping, shellfish gathering and scuba diving.

Planes are mostly used to access cabin camping and hunting opportunities. Bikes are used to access bicycling, of course. The "Other" category mainly includes walking as the transportation mode used. For instance, for some hiking trails may be accessed by walking to the trailhead, rather than driving.

Table III-B-1

**Transportation Now Used to Access
Outdoor Recreation
(Multiple Responses Allowed)**

Activity	Car	Car/ Boat	Boat/ Hike	Hike	Plane	Bike	Other
Fishing	45%	73%	4%	2%	4%	--	8%
Hiking	51	12	37	12	2	1	13
Picnicking	81	32	8	5	2	1	6
Motor/Sail Boating	63	48	--	--	1	--	10
Walking	33	5	16	2	1	--	61
Driving for Pleasure	100	--	--	--	--	--	--
Tent Camping	39	46	15	9	3	1	5
Bicycling	7	--	--	--	--	93	5
Big Game Hunting	21	48	19	29	10	--	8
Baseball/Softball	70	2	5	--	--	2	25
Wildlife Viewing	48	24	30	28	6	--	15
Sledding	66	--	12	--	--	--	34
Cabin Camping	10	57	6	6	43	--	--
Backpack Camping	31	29	31	17	6	3	6
Ice-Skating	86	--	14	--	--	--	--
Shellfish Gathering	27	54	4	23	4	--	2
Kayaking, Canoeing, Rafting	83	13	--	--	--	--	13
Football/Soccer	91	--	4	--	--	--	3
Small Game Hunting	35	45	20	35	25	--	--
Cross-Country Skiing	79	--	7	--	--	--	14
Scuba Diving	54	62	15	8	--	--	--
Snowmobiling	100	--	--	--	--	--	--
Other	65	28	8	1	9	4	25

3. Participation Levels by Area and Length of Residence

In general, activity participation levels among residence groups tend to be ranked similarly to the overall average. However, participation levels in various activities do tend to differ among different areas of residence and the length of time spent in the Borough. For example, those who have lived in the Borough 10 to 15 years tend to have higher than average participation levels in nearly every outdoor recreation activity. These folks are more likely to take advantage of the outdoor recreation opportunities than other groups.

Saxman residents appear to be less active than residents of other areas in the Borough. As with other Saxman analysis, caution is advised when reviewing these figures, due to the small sample size.

Table III-B-2

Outdoor Recreation Participation Levels By Area and Length of Residence

	Total	Area of Residence				Length of Residence				
		Ktn	Sax	North	South	<1 yr	1-3	4-10	10-15	15+
(Sample Size)	(300)	(189)	(6)*	(63)	(40)	(14)	(51)	(62)	(31)	(141)
Fishing	72%	68%	67%	75%	85%	71%	71%	73%	77%	70%
Hiking	60	57	17	63	75	71	55	65	68	57
Picnicking	51	48	67	54	63	36	45	53	58	53
Motor/Sail Boating	37	40	50	37	28	43	37	31	45	38
Walking	34	35	33	32	33	43	24	31	45	35
Driving for Pleasure	27	30	17	27	20	36	18	29	26	30
Tent Camping	26	24	--	29	35	14	26	39	29	29
Bicycling	25	26	17	16	38	25	29	35	21	22
Big Game Hunting	24	22	--	38	20	14	27	19	26	26
Baseball/Softball	19	20	17	16	23	14	24	21	32	14
Wildlife Viewing	18	22	--	13	10	36	12	13	26	19
Sledding	17	17	--	21	10	7	6	18	26	19
Cabin Camping	16	13	33	21	20	21	6	16	26	18
Backpack Camping	12	12	17	16	2	14	10	8	23	11
Ice-Skating	9	11	--	11	3	--	2	6	23	11
Shellfish Gathering	9	11	--	5	5	14	--	8	13	11
Kayaking, Canoeing, Rafting	8	3	--	6	8	--	4	6	6	11
Football/Soccer	8	7	--	8	10	7	2	13	10	7
Small Game Hunting	7	7	--	3	10	--	8	5	10	7
Cross-Country Skiing	5	5	--	2	8	--	6	6	3	4
Scuba Diving	4	5	--	2	5	--	4	10	--	4
Snowmobiling	2	3	--	3	--	--	--	--	--	5
Other	26	23	17	32	33	21	25	26	35	26

*Caution: Small sample size.

4. Participation Levels by Household Income

Though levels of participation in outdoor recreation activities tends to vary by household income, only a few patterns emerge. Households with very low incomes (less than \$20,000) tend to be less active than any other income group. The only two activities which show above average participation for this group are bicycling and playing baseball/softball – both low cost activities. On the other hand, those with higher incomes (\$50,000-\$100,000) have a higher than average participation level for the higher cost motor or sail boating opportunities. It comes as no surprise that those with the financial means would have a higher than average participation level in activities which have higher costs.

Table III-B-3

Outdoor Recreation Participation Levels By Household Income

	Total	Under \$20,000	\$20,000- \$35,000	\$35,000- \$50,000	\$50,000- \$75,000	\$75,000- \$100,000	Over \$100,000
(Sample Size)	(300)	(21)	(66)	(93)	(71)	(21)	(7)*
Fishing	72%	43%	71%	78%	68%	76%	100%
Hiking	60	52	59	60	61	67	86
Picnicking	51	43	53	55	54	43	57
Motor/Sail Boating	37	29	30	33	46	43	29
Walking	34	29	35	34	38	19	43
Driving for Pleasure	27	14	24	27	37	19	14
Tent Camping	26	14	21	33	23	33	14
Bicycling	25	29	26	25	24	19	43
Big Game Hunting	24	10	23	30	28	19	14
Baseball/Softball	19	24	15	25	10	24	57
Wildlife Viewing	18	10	15	16	23	14	14
Sledding	17	2	9	10	19	2	2
Cabin Camping	16	--	8	20	9	5	1
Backpack Camping	12	10	9	12	11	10	29
Ice-Skating	9	5	2	6	17	19	14
Shellfish Gathering	9	10	6	10	7	14	14
Kayaking, Canoeing, Rafting	8	10	8	10	3	5	14
Football/Soccer	8	5	8	6	8	14	--
Small Game Hunting	7	--	5	10	7	--	14
Cross-Country Skiing	5	--	5	4	3	10	29
Scuba-Diving	4	5	3	8	3	--	--
Snowmobiling	2	5	--	2	1	--	14
Other	26	19	26	27	24	48	14

*Caution: Small Sample Size

5. Participation Levels by Age

All age groups tend to be active in outdoor recreation, even the older residents. Activity participation levels for more strenuous activities tend to slow down with older residents (55 and over). Those over 65 are considerably less active than their younger counterparts. Fishing, picnicking and hiking/walking top the list as the activities participated in by most seniors, but these participation levels are well below average.

Interest in recreation activities and recreation habits are developed throughout one's life. Ketchikan residents appear to be fairly active throughout their lives participating in a variety of recreation activities. Those activities which are most easily accessible and readily available naturally have the highest participation levels, such as fishing, hiking and picnicking. Even a more strenuous activity, such as backpack camping involves most age groups.

Though Ketchikan appears to be an active community, there is also room for more participation in outdoor recreation activities by its residents. The analysis of the importance of facility development on the following pages provides much-needed information for the development of outdoor recreation facilities.

Table III-B-4

Outdoor Recreation Participation Levels By Age of Respondent

	Total	18-24	25-34	35-44	45-54	55-64	65+
(Sample Size)	(300)	(45)	(79)	(71)	(44)	(32)	(28)
Fishing	72%	69%	75%	72%	77%	75%	54%
Hiking	60	64	61	66	64	63	25
Picnicking	51	49	49	63	50	50	36
Motor/Sail Boating	37	40	47	32	36	41	18
Walking	34	40	35	30	39	28	29
Driving for Pleasure	27	36	30	23	23	31	21
Tent Camping	26	29	23	38	32	19	4
Bicycling	25	22	34	28	23	19	7
Big Game Hunting	24	27	30	27	20	13	18
Baseball/Softball	19	9	23	28	18	16	7
Wildlife Viewing	18	18	22	17	14	22	14
Sledding	17	16	20	17	16	16	11
Cabin Camping	16	16	13	27	16	19	--
Backpack Camping	12	11	10	18	16	3	4
Ice-Skating	9	9	8	11	9	13	7
Shellfish Gathering	9	9	8	10	7	13	7
Kayaking, Canoeing, Rafting	8	13	4	11	5	9	4
Football/Soccer	8	9	8	11	7	--	7
Small Game Hunting	7	2	11	10	2	3	4
Cross-Country Skiing	5	2	4	7	2	9	4
Scuba Diving	4	4	5	6	5	3	--
Snowmobiling	2	2	1	3	2	3	4
Other	26	22	29	31	30	28	7

C. Outdoor Recreation Development Preferences

1. Community Wide Preferences

Bicycle paths topped the list of types of outdoor recreation facilities most important for development. More than three-quarters of the respondents rated the importance a "4" or "5", rather significant, considering only 25% of households currently participate in bicycling. Picnic areas and hiking/walking trails tied for second as important for future development, followed by fishing opportunities and additional cabin camping. A clear majority rated each of these activities either a "4" or "5".

The demand for additional roaded recreation opportunities is indicated by the fact that just over half the population rated driving for pleasure and the development of RV or car camping areas as "4" or "5". Other outdoor recreation facilities of high interest were wildlife view opportunities, motor/sail boating opportunities and backpack camping areas.

Of lesser importance were hunting opportunities, cross-country ski areas, kayaking, canoeing and rafting opportunities and snowmobiling areas. While development of these activities is still very important to some, they don't appear to be the highest priorities of the community. This is not to say these activities should not be developed, but rather, in the planning and budgeting process for outdoor recreation development, these activities may not be the top priorities.

Another consideration in the prioritization of development of outdoor recreation facilities is the understanding that many recreation activities are supply driven. That is, if a facility or area is available for the activity, the interest in and participation levels of that activity are likely to be higher than for activities which have no supply. For example, cross country skiing is not an activity which involves high participation levels. The community interest in development of cross-country ski areas is not low, but it is not high either. If more cross-country ski areas were developed (i.e. areas for participation), participation in the sport and interest in future development is likely to be higher.

Table III-C-1

**Importance of Development of
Specific Outdoor Recreation Facilities
(5 Very Important – 1 Not Important)**

Facility/Activity	Overall Average Rating	% Rating 4 or 5*
Bicycling Paths	4.2	77%
Picnic Areas	3.8	61
Hiking/Walking Trails	3.8	65
Fishing Opportunities	3.7	62
Additional Cabin Camping	3.6	60
Wildlife Viewing Opportunities	3.5	55
Driving for Pleasure	3.4	51
Motor/Sail Boating Opportunities	3.3	45
RV or Car Camping Areas	3.3	52
Backpack Camping Areas	3.3	48
Hunting Opportunities	3.0	42
Cross-Country Ski Areas	3.0	39
Kayaking, Canoeing, Rafting Opportunities	2.9	32
Snowmobiling Areas	2.3	22
Other	4.7	94

* % of respondents who answered "4" or "5" on the 1 to 5 scale for development importance.

2. Preferred Transportation

Respondents preferred driving to most outdoor recreation facilities and activities. These included picnic areas, hiking/walking trails, wildlife viewing opportunities, driving for pleasure (of course!), RV or car camping areas, backpack camping areas, cross-country ski areas, kayaking, canoeing, rafting opportunities and snowmobiling areas. Access by boat was preferred for fishing opportunities, additional cabin camping, and hunting opportunities. Walking was listed by respondents as the primary "Other" access preference.

This analysis not only provides indications of access demands for outdoor recreation but can also aid in the prioritization of development of facilities. The fact that access by car is preferred for many of the listed activities doesn't mean other access alternatives should be ignored in development plans. For example, access to picnic areas and hiking/walking trails by car is preferred by most respondents (89% and 75% respectively). However, only one in five also would like to access these facilities by boat. While the initial priority might be developing picnic areas and hiking/walking trails on the road system, plans may also include some development accessible by boat.

Table III-C-2

**Preferred Transportation to Access
Outdoor Recreation Facilities
(Asked only of those rating 4 or 5;
multiple responses allowed)**

Facility/Activity	Preferred Transportation Access						
	Car	Boat	Car/ Hike	Boat/ Hike	Plane	Bike	Other
Bicycling Paths	13%	--	--	--	--	91%	4%
Picnic Areas	89	19	7	1	--	3	12
Hiking/Walking Trails	75	18	15	3	1	5	16
Fishing Opportunities	46	67	4	2	4	3	10
Additional Cabin Camping	30	53	17	16	27	--	8
Wildlife Viewing Opportunities	62	23	12	5	3	5	27
Driving for Pleasure	100	--	--	--	--	--	--
Motor/Sail Boating Opportunities	77	32	--	--	1	4	8
RV or Car Camping Areas	97	--	2	--	--	--	--
Backpack Camping Areas	37	14	41	8	6	4	26
Hunting Opportunities	34	38	24	14	13	1	19
Cross-Country Ski Areas	89	2	7	2	1	2	12
Kayaking, Canoeing, Rafting Opportunities	79	32	2	--	3	5	18
Snowmobiling Areas	96	--	--	--	--	--	5
Other	87	2	5	--	--	2	20

3. Current Participation and Development Preference Analysis

Table III-C-3 analyzes current participation levels of the listed outdoor recreation activities, compared with the rating for future development and preferred transportation access. This analysis provides insight into those activities which not only have currently high participation levels and demand, but also those which have low demand but a high level of interest for future development.

Bicycling is one such activity that has a current low level of participation (25%) but a very high importance level for development (77% rating development "4" or "5"). This suggests that more residents would participate in bicycling if bicycle paths were developed.

Other activities with lower levels of participation (less than 30%), such as driving for pleasure, RV/car camping, hunting, wildlife viewing, cabin camping, backpack camping and cross-country skiing all have moderate to high importance levels for future development (35% or more rating "4" or "5"). Again, this supports the notion that if more facilities were available for these activities, more participation would result.

In conclusion, though Ketchikan residents are active and take advantage of the natural outdoor recreation available, there is considerable demand for additional outdoor recreation facilities available by both car and boat.

Table III-C-3

Outdoor Recreation - Current Use and Importance of Facility Development

	Current Participation Levels	Importance of Future Development (4 or 5 Rating)	Preferred Transportation Access
Fishing	72%	62%	Boat (67%)
Hiking/Walking	60/34	65	Car (75%)
Picnicking	51	61	Car (89%)
Motor/Sail Boating	37	45	Car (77%)
Driving for Pleasure	27	51	Car (100%)
Car/RV/Tent Camping	26	54	Car (97%)
Bicycling	25	77	Bike (91%)
Big/Small Game Hunting	24/7	42	Boat (38%)
Wildlife Viewing	18	55	Car (62%)
Cabin Camping	16	60	Boat (53%)
Backpack Camping	12	48	Car/Hike (41%)
Kayak, Canoe, Rafting	8	32	Car (79%)
Cross-Country Skiing	5	39	Car (89%)
Snowmobiling	2	22	Car (96%)
Other	26	95	Car (87%)

4. Road Development Preferences

Considerable support exists among respondents for extending the road system to reach additional outdoor recreation opportunities. When asked this question eight out of ten respondents said yes.

**Should the road system be extended so
Ketchikan residents can reach additional
outdoor recreation opportunities?**

Yes	80%
No	16
Maybe	3

Those who said yes were asked their preference regarding whether roads should lead to developed facilities, trailheads or both. Most felt the roads should lead to developed facilities or both.

Roads to developed facilities	49%
Roads to trailheads	17
Both	32

Demand for outdoor recreation accessible by road is further supported by the number of respondents desiring road access to facilities. Preferences for types of roaded access, such as roads to developed facilities, provide planners with the guidance for the overall planning and development of new outdoor recreation opportunities.

**Chapter IV: Special Analysis:
Proposed Land Exchange
Area Awareness**

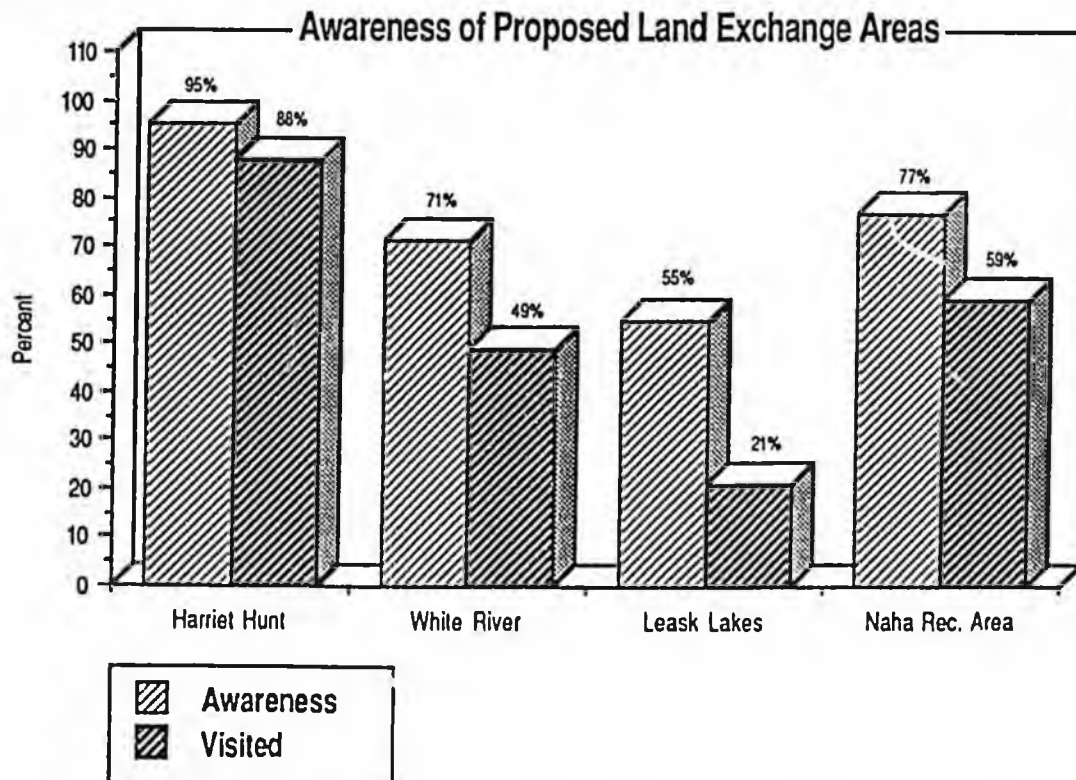
Chapter IV: Special Analysis: Proposed Land Exchange Area Awareness

Respondents were asked if they were aware of Harriet Hunt, White River, Leask Lakes, and Naha Recreation areas, areas which may be involved in the current Cape Fox land exchange proposal. The following analysis was conducted to assess whether those who are aware of these areas differed in values and outdoor recreation habits and preferences from survey respondents as a whole.

1. Awareness and Visitation of Proposed Land Exchange Areas

Nearly all respondents were aware of the Harriet Hunt area and nearly all have visited the area sometime during their residency in the Borough. Most had heard of the Naha Recreation Area and over half have visited this area. The White River Area is also well known, but only half of the respondents have visited there. Most likely this is a result of the current restricted access to the area due to private ownership. The Leask Lakes area is less known, but still more than half the respondents indicated they knew where it is located. One in five have visited the Leask Lakes area, a somewhat high number considering the area is only accessible by foot or plane and no developed facilities exist.

Graph IV-A-1



2. General Community Values

Respondents aware of proposed land exchange areas ranked general community values similarly to all respondents. In addition, the values tend to cluster into two groups with the natural resource and outdoor recreation values holding the highest importance ratings (values #1 through #4). The remaining values (#5 through #9) also form a grouping.

Very subtle variations exist among the awareness groups. In fact, these variations are so slight that there is virtually little or no difference from all survey respondents.

Table IV-A-1

**General Community Values of
Those Aware of Proposed Land Exchange Areas***

	Total	Harriet Hunt	White River	Leask Lakes	Naha Rec.
(Sample Size)	(300)	(284)	(213)	(165)	(232)
1. Preservation of fisheries for salt-water sportfishing.	4.3	4.3	4.4	4.4	4.4
2. Maintaining the wildlife resource in outdoor rec. areas.	4.3	4.3	4.3	4.3	4.2
3. Preservation of fisheries for fresh-water sportfishing.	4.2	4.1	4.2	4.1	4.2
4. Outdoor recreation available on the road system.	4.1	4.1	4.2	4.1	4.1
5. Continued timber harvest as a means of economic diversity.	3.5	3.5	3.6	3.4	3.5
6. Protection of a road corridor which links Ketchikan with the mainland.	3.5	3.5	3.4	3.4	3.5
7. Having recreational experiences with no roads or facilities except trails or cabins.	3.5	3.6	3.6	3.6	3.6
8. Having recreational experiences in solitude.	3.3	3.3	3.4	3.4	3.4
9. Protection of old growth forest on Revilla Island from timber harvest where possible.	3.3	3.3	3.2	3.2	3.2

* Represent respondents who are aware of proposed land exchange areas as indicated by the survey. The results do not represent any particular community group.

3. Land Exchange Values

As with the general community values, the values of opportunities through proposed land exchanges among these awareness groups is very similar to the overall averages with a few small exceptions.

Those who are aware of the Leask Lakes area rated the importance of further timber harvest through proposed land exchanges below the average of 3.4. This issue appears to be of less importance to those aware of Leask Lakes than the community as a whole. Interestingly, this group also rated preserving the land from any form of development as even less important than the overall average of 2.5.

Table IV-A-2

Value of Opportunities Through Proposed Land Exchanges*

	Total	Harriet Hunt	White River	Leask Lakes	Naha Rec.
(Sample Size)	(300)	(284)	(212)	(165)	(232)
1. Considering wildlife & fisheries habitat impacts.	4.2	4.3	4.3	4.3	4.2
2. Creating new outdoor recreation opportunities.	3.7	3.7	3.7	3.6	3.7
3. Extending the road system on Revilla Island.	3.7	3.7	3.7	3.7	3.7
4. Further timber harvest.	3.4	3.3	3.4	3.1	3.3
5. Additional industrial development.	3.1	3.1	3.1	3.0	3.0
6. Preserving the land from any form of development.	2.5	2.4	2.3	2.3	2.4

* Represents respondents who are aware of proposed land exchange areas as indicated by the survey. The results do not represent any particular community group

Generally, these awareness groups strongly support outdoor recreation development in and around areas which had been logged similar to the overall survey results. Slight variations occur among groups, yet a clear majority is voiced among all groups supporting outdoor recreation development in or near logged land.

Table IV-A-3

**Outdoor Recreation Development Support
of those aware of Proposed Land Exchange Areas*
(% of respondents supporting development)**

Would support development if:	Total	Harriet Hunt	White River	Leask Lakes	Naha Rec.
1. Road to recreation was through logged land but area not on logged land.	86%	87%	88%	84%	86%
2. Recreation area was located in or adjacent to an area which had been logged.	81	81	82	79	81
3. Logged land was visible from area	74	73	76	70	74

* Represents respondents who are aware of proposed land exchange areas as indicated by the survey. The results do not represent any particular community group

4. Current Participation and Development Preference Analysis

Table IV-A-4 on the opposite page reflects general outdoor recreation participation levels and importance of development for each outdoor recreation activity analyzed by those aware of each area. It is not a measure of which activities should be developed in each area, but a measure of overall activity and development preferences of those aware of these areas.

Respondents aware of the proposed land exchange areas tend to be slightly more active participants in outdoor recreation than respondents overall, making use of Ketchikan's opportunities for outdoor recreation. As with all respondents the top three activities for these groups are also fishing, hiking, and picnicking. Participation in remaining activities among these groups is the same or similar as all respondents to the survey.

Table IV-A-4

**Outdoor Recreation - Current Use and Importance of Facility Development
(Those Aware of Proposed Land Exchange Areas)***

	Total		Harriet Hunt		White River		Leask Lakes		Naha Rec.	
	Current Use	4 or 5 Rating	Current Use	4 or 5 Rating	Current Use	4 or 5 Rating	Current Use	4 or 5 Rating	Current Use	4 or 5 Rating
Fishing	72%	62%	73%	62%	74%	66%	79%	64%	78%	63%
Hiking/Walking	60/34	65	61/33	65	65/33	66	62/28	61	66/34	65
Picnicking	51	61	52	61	54	62	48	57	53	63
Motor/Sail Boating	37	45	38	45	40	48	40	47	41	47
Driving for Pleasure	27	51	28	52	29	50	25	45	27	51
Car/RV/Tent Camping	26	54	27	55	31	56	28	48	31	56
Bicycling	25	77	25	77	25	75	22	74	25	77
Big/Small Game Hunting	24/7	42	25/7	43	26/9	42	29/7	42	28/8	43
Wildlife Viewing	18	55	18	55	20	54	19	56	19	56
Cabin Camping	16	60	17	60	20	59	19	59	19	60
Backpack Camping	12	48	11	48	13	48	12	50	13	48
Kayak, Canoe, Raft	8	32	8	34	8	32	9	32	9	31
Cross-Country Skiing	5	39	5	41	5	41	7	39	5	42
Snowmobiling	2	22	2	21	3	21	3	16	3	22
Other	26	95	27	97	27	95	27	94	28	94

* Represents respondents who are aware of proposed land exchange areas as indicated by the survey. The results do not represent any particular community group.

Chapter V: Demographics

Chapter V: Demographics

Household Size

Average household size was 3.2 persons, higher than Alaska Department of Labor estimates.

Gender

Slightly more males than females are found in the Borough. The survey gender results match Alaska Department of Labor estimates for gender.

Age of Respondent

The average age of the Ketchikan respondent was 40.7 years. The survey results for age very closely match the age data available from the Alaska Department of Labor for percent of adults 18 years and over.

Age of All Household Members

The survey asked for the ages of all members in the household. Again, the survey results for age of all household members closely match the age data available from the Alaska Department of Labor for all Ketchikan Gateway Borough residents. According to both the survey and ADOL data, nearly three in ten Ketchikan residents are under 18 years old. Nearly four in ten are between the ages of 25 and 44 years old.

Area of Residence

Most residents of the Ketchikan Gateway Borough live in the city of Ketchikan itself. Those living north of town form the next largest population base, followed by those living south of town. Both the city of Saxman and Pennock Island have very small population bases. The survey was designed to capture representation by all areas of the Borough based upon population estimates provided by the Alaska Department of Labor.

Length of Residence

Average length of residence in the Ketchikan Gateway Borough is 12.5 years, indicating a more stable than transient population base. Nearly half of the residents surveyed have lived in the Borough more than 15 years.

Annual Household Income

The average annual household income was a rather high \$47,900. The bulk of the population earns between \$20,000 and \$75,000, however over one-third earn \$50,000 or more.

Table V-1

Demographics

	Survey Results	Alaska Dept. of Labor Estimates
Average Household Size	3.2	2.7
Gender		
Male	52%	52%
Female	48%	48%
Age of Respondent		
18-24 years	15%	14%
25-34	26	28
35-44	24	25
45-54	15	15
55-64	11	10
65 and over	9	9
Age of all Household Members		
Under 18 years	30%	28%
18-24	13	10
25-34	18	20
35-44	16	18
45-54	11	11
55-64	6	7
65 and over	6	6
Area of Residence		
City of Ketchikan	63%	62%
North of town	21	21
South of town	13	12
City of Saxman	2	2
Pennock Island	1	1
Length of Residence		
Less than one year	5%	n/a
One to three years	17	n/a
Four to ten years	21	n/a
Ten to fifteen years	10	n/a
Over fifteen years	47	n/a
Annual Household Income		
Less than \$20,000	8%	n/a
\$20,000-\$35,000	24	n/a
\$35,000-\$50,000	33	n/a
\$50,000-\$75,000	25	n/a
\$75,000-\$100,000	8	n/a
Over \$100,000	3	n/a

Appendix

Mail Survey Results

It is estimated that more than 99% of all Ketchikan Gateway Borough residents are represented by the telephone survey. However, less than one percent of Borough residents live outside of the telephone service area. These households would not have an opportunity to be surveyed through a telephone survey. In order to insure representation from this population, the telephone questionnaire was adapted into a mail questionnaire and sent to all residents who owned property outside the telephone service area.

A total of 35 surveys were mailed, 15 were received and 2 were returned as undeliverable. Of the 15 received, 8 were determined to be ineligible, either because the respondent was not a year-round resident of the Borough or the respondent indicated they had telephone service to the place they resided year-round. They would, therefore, have an opportunity to be sampled in the telephone survey. The remaining 7 responses were tallied and the results presented here.

These results are not combined with the telephone results since the two methods of information gathering are different. The telephone survey was completely random, and generally representative of the population as a whole. Mail surveys, on the other hand, tend to elicit low response rates (in this case 20% usable returns) and responses from those most interested in the issues, rather than the population as a whole. The results, therefore, carry an inherent bias. However, it is important to understand the values and opinions of those who live in the more rural areas.

Summary of Mail Survey Results

Because the sample size is very small, results are shown by total number of responses rather than by averages or percentages. Not every respondent answered every question. Therefore, some questions reflect responses from all seven respondents and some questions reflect fewer responses.

General Values

In general, this group of respondents feels very strongly one way or the other with regard to the general values. Fisheries and wildlife resources are very important to all respondents, timber harvest is not. The results are split on the protection of a road corridor, as well as on outdoor recreation values.

Value	Not important			Very Important	
	1	2	3	4	5
1. Having recreational experiences in an area which has no roads or recreation facilities other than trails or cabins.	3				4
2. Having a recreational experience in solitude, encountering very few or no other persons.	1				6
3. Outdoor recreation opportunities available on the road system.	3		2		2
4. Protection of the old growth forests on Revilla Island from timber harvest, where possible.			1		6
5. Maintaining the wildlife resource in potential outdoor recreation areas.					7
6. Preservation of the fisheries resource for fresh-water sport fishing.					6
7. Preservation of the fisheries resource for salt-water sport fishing.					6
8. Protection of a road corridor which links Ketchikan with the mainland.	3				3
9. Continued timber harvest on Revilla Island as a means of economic diversity.	5	1			

Land Exchange Values

Again, this group feels very strongly one way or the other on issues regarding proposed land exchanges. Most value consideration of wildlife impacts and preserving the land from any development highly. Values seen as not important are road system development, outdoor recreation opportunities, timber harvest or additional industrial development.

Value	Not important			Very Important	
	1	2	3	4	5
1. Consideration of wildlife and fisheries impacts.	1				5
2. Extending the road system on Revilla Island.	4	2			
3. Creating new outdoor recreation opportunities.	4		2		
4. Further timber harvest.	6				
5. Additional industrial development.	5	1			1
6. Preserving the land from any form of development.				1	6

These respondents generally did not support development of an outdoor recreation area in or around logged lands. Five respondents indicated they would not support the development of an area for outdoor recreation if the road to the area was through logged land, but the area itself was not on logged. Six indicated they would not support the area if it was located in or adjacent to logged land or if logged land was visible from the area.

Outdoor Recreation

Satisfaction and Participation Levels

Outdoor recreation satisfaction levels for these respondents was mixed, yet outdoor recreation participation levels were high. Most outdoor recreation activities are currently accessed by boat, which is not surprising since these respondents do not live on the road system.

	Number of Respondents
Not at all satisfied	2
Somewhat dissatisfied	0
Satisfied	1
Somewhat satisfied	0
Very satisfied	3
Not sure	1

Activity	Number of Respondents	Boat	Transportation used		
			Car	Walk	Bike
Picnicking	5	5			
Hiking	4	4	1		
Walking	5	4	2	1	
Motor/Sail boating	6	5			
Kayak, Canoe, Raft	3	3			
Fishing	5	5			
Shellfish Gathering	5	5			
Cabin camping	4	4			
Tent camping	4	4			
Backpack camping	3	3			
Big game hunting	3	3	1	1	
Small game hunting	3	2			
Scuba diving	1	1			
Cross-country skiing	0				
Snowmobiling	0				
Ice-Skating	2	1	1		
Sledding	1	1			
Bicycling	2				2
Wildlife viewing	4	4	1		

Outdoor Recreation Development Preferences

Not all respondents answered the questions regarding outdoor recreation development preferences. Of those who did, boating opportunities and backpack camping areas were the highest rated, following by wildlife viewing, fishing, hiking and hunting. Most wanted to access opportunities by boat or walking, again reflecting the non-road orientation of this group.

Outdoor Recreation Development Preferences

	Not important			Very Important	
	1	2	3	4	5
Motor/sail boating					3
Kayak, Canoe, Raft	1				3
Backpack Camping	1				3
Hiking/walking trails	1	1			2
Wildlife viewing	1			2	2
Fishing	1		1		2
Hunting	1				2
Picnic areas	2		2		1
Cabin camping	1		1		1
Cross-country skiing	1		1		1
Bicycle paths			1		1
Car/RV camping	1	1			
Snowmobiling	2				
Driving for pleasure	1				

Road Development Preferences

When asked whether the present road system in the Borough should be extended to reach additional outdoor recreation opportunities, five of the total said no, one said yes and one said maybe. Road development preferences included three for roads to trailheads, one for roads to both trailheads and developed facilities, one who didn't know and two who indicated they didn't prefer any of the alternatives.

Only one respondent indicated an additional reason to extend the road system and that was to drive to Canada and the Lower 48 on vacation.

Preferred methods for funding road construction were as follows:

	Number of Responses
Public Funding	2
Timber sales	0
Combination of timber sales and public funding	0
No preference	2
Don't Know	2
No road development at all	2

In response to when the road system should be expanded, most did not want the system ever expanded.

	Number of Responses
Immediately	0
During the next year	0
During the next 1 to 3 years	0
During the next 3 to 5 years	1
During the next 5-10 years	1
Never	4

Awareness of Proposed Land Exchange Areas

High awareness levels existed of all four areas involved in the proposed land exchange under discussion. Most of the respondents had been to Harriet Hunt Lake, the White River area and Naha. Least visited was Leask Lakes.

Area	Number of Responses
Harriet Hunt Lake	
Aware of	7
Visited	5
White River	
Aware of	7
Visited	5
Leask Lakes	
Aware of	7
Visited	2
Naha Recreation Area	
Aware of	7
Visited	6

Demographics

Household Size

One person	3
Two people	1
Three people	1
Four people	2

Age of Respondent

18-24	0
25-34	1
35-44	1
45-54	2
55-64	0
65 +	3

Age of all in Household

Under 18	3
18-24	2
25-34	1
35-44	4
45-54	2
55-64	1
65+	3

Area of Residence

North of town	5
South of town	2

Length of Residence

One to three years	1
More than fifteen years	6

Income

Less than \$20,000	3
\$20,000-\$35,000	1
\$35,000-\$50,000	2

4. Having a recreational experience in solitude, encountering very few or no other people.

Not Important 1 2 3 4 *Very Important* 5

5. Outdoor recreation opportunities, such as picnicking, hiking, camping, fishing, boating, hunting, etc., available on the road system.

Not Important 1 2 3 4 *Very Important* 5

6. Protection of the old growth forests of Revilla Island from timber harvest, where possible.

Not Important 1 2 3 4 *Very Important* 5

7. Maintaining the wildlife resource in potential outdoor recreation areas.

Not Important 1 2 3 4 *Very Important* 5

8. Preservation of the fisheries resource for fresh-water sport fishing.

Not Important 1 2 3 4 *Very Important* 5

9. Preservation of the fisheries resource for salt-water sport fishing.

Not Important 1 2 3 4 *Very Important* 5

10. Protection of a road corridor which links Ketchikan with the mainland, for example Wrangell and eventually Canada.

Not Important 1 2 3 4 *Very Important* 5

11. Continued timber harvest on Revilla Island as a means of economic diversity.

Not Important 1 2 3 4 *Very Important* 5

READ: Now I'd like to ask you a few additional questions regarding land exchange issues. Please indicate WHETHER or NOT you would SUPPORT the development of an area for outdoor recreation if:

18. The road to the recreation area was through logged land, but the area itself was not logged land.

- | | | |
|---|---------------------|---------|
| 1 | Would SUPPORT | Refused |
| 2 | Would NOT SUPPORT | |
| 3 | Don't Know/Not Sure | |

19. The recreation area was located in or adjacent to an area which had been logged.

- | | | |
|---|---------------------|---------|
| 1 | Would SUPPORT | Refused |
| 2 | Would NOT SUPPORT | |
| 3 | Don't Know/Not Sure | |

20. Logged land was visible from the area.

- | | | |
|---|---------------------|---------|
| 1 | Would SUPPORT | Refused |
| 2 | Would NOT SUPPORT | |
| 3 | Don't Know/Not Sure | |

SECTION C - OUTDOOR RECREATION INTEREST/PARTICIPATION

21. How satisfied are you with current outdoor recreation activities in the Ketchikan Borough? Would you say Very Satisfied? Somewhat Satisfied? Satisfied? Somewhat Dissatisfied? Not at all Satisfied?

ROTATE

- | | | |
|---|-----------------------|---------|
| 1 | Not at all Satisfied | Refused |
| 2 | Somewhat Dissatisfied | |
| 3 | Satisfied | |
| 4 | Somewhat Satisfied | |
| 5 | Very Satisfied | |
| 6 | Don't Know/Not Sure | |

22. During the past twelve months, what outdoor recreation activities in the Ketchikan Gateway Borough have you or anyone in your household participated in? (MULTIPLE RESPONSES OK). INTERVIEWER PROBE - ASK ANYTHING ELSE? ANYTHING ELSE?)

23. When going _____ what type of transportation do you use to get to your final destination?

(INSERT CODE AFTER CIRCLED RESPONSE).

- | | | |
|------------------------|------------|-----------------------|
| 01 By Car | 03 By Boat | 05 By Car, then Hike |
| 02 By Plane | 04 By Bike | 06 By Boat, then Hike |
| 07 By Plane, then hike | 08 Other | 99 DK/refused |

- | | | |
|--|-------|----|
| 01 Picnicking | _____ | 01 |
| 02 Hiking | _____ | 02 |
| 03 Walking for pleasure | _____ | 03 |
| 04 Motor or Sail boating | _____ | 04 |
| 05 Kayaking, Canoeing, Rafting | _____ | 05 |
| 06 Fishing (salmon, halibut, etc.) | _____ | 06 |
| 07 Shellfish gathering (clamming, abalone) | _____ | 07 |
| 08 Forest service cabin camping | _____ | 08 |
| 09 Tent camping | _____ | 09 |
| 10 Backpack camping | _____ | 10 |
| 11 Big game hunting (moose, deer, bear) | _____ | 11 |
| 12 Small game hunting (grouse, ducks, geese) | _____ | 12 |
| 13 Scuba-diving | _____ | 13 |
| 14 Cross-country skiing | _____ | 14 |
| 15 Snowmobiling | _____ | 15 |
| 16 Ice-Skating | _____ | 16 |
| 17 Sledding | _____ | 17 |
| 18 Bicycling | _____ | 18 |
| 19 Playing baseball or softball | _____ | 19 |
| 20 Playing football or soccer | _____ | 20 |
| 21 Wildlife viewing | _____ | 21 |
| 22 Driving for Pleasure | _____ | 22 |
| 23 Other (specify) _____ | _____ | 23 |
| 24 Other (specify) _____ | _____ | 24 |
| 25 Other (specify) _____ | _____ | 25 |

DK/Refused

24. On a scale of one to five, with one as NOT IMPORTANT and five as VERY IMPORTANT, please rate the importance of development of the following outdoor recreation facilities: (PROMPT. IF 4 OR 5 RESPONSE, ASK 25 IMMEDIATELY. ASK 25 ONLY IF 4 OR 5 RESPONSE).

01	Picnic areas	1	2	3	4	5		
								<u>01</u>
02	Hiking or walking trails	1	2	3	4	5		
								<u>02</u>
03	Motor or Sail boating opportunities	1	2	3	4	5		
								<u>03</u>
04	Kayaking, Canoeing, Rafting opportunities	1	2	3	4	5		
								<u>04</u>
05	Fishing (salmon, halibut, etc.)	1	2	3	4	5		
								<u>05</u>
06	Additional cabin camping	1	2	3	4	5		
								<u>06</u>
07	Car or RV camping areas	1	2	3	4	5		
								<u>07</u>
08	Backpack camping areas	1	2	3	4	5		
								<u>08</u>
09	Hunting	1	2	3	4	5		
								<u>09</u>
10	Cross-country ski areas	1	2	3	4	5		
								<u>10</u>
11	Snowmobiling areas	1	2	3	4	5		
								<u>11</u>
12	Bicycle Paths	1	2	3	4	5		
								<u>12</u>
13	Wildlife viewing opportunities	1	2	3	4	5		
								<u>13</u>
14	Driving for Pleasure	1	2	3	4	5		
								<u>14</u>
15	Anything else? (specify) _____	1	2	3	4	5		
								<u>15</u>
16	Anything else? (specify) _____	1	2	3	4	5		
								<u>16</u>
17	Anything else? (specify) _____	1	2	3	4	5		
								<u>17</u>

DK/Refused

25. And how would you like to reach reach _____?
(INSERT CODE AFTER CIRCLED RESPONSE).

01 By Car 03 By Boat 05 By Car, then
02 By Plane 04 By Bike 06 By Boat, then
07 By Plane, then hike 08 Other DK

26. Should the road system be extended so Ketchikan residents can reach additional outdoor recreation opportunities?

- 1 Yes
- 2 No
- 3 Maybe
- DK/Refused

27. If roads were extended to reach additional outdoor recreation opportunities, which would you prefer:

(INTERVIEWER - ROTATE ANSWERS 1 AND 2)

- 1 Roads to trailheads where you would hike to facilities such as primitive campgrounds or cabins
- OR
- 2 Roads to developed facilities such as picnic areas, campgrounds, fishing areas, beaches, etc.
- 3 Both DK/Refused

SECTION D - PREFERRED ROAD ALTERNATIVES

READ: I'm now going to ask you a few questions regarding road development in the Ketchikan Gateway Borough..

28. Are there reasons to expand the road system in Ketchikan, besides providing a link to the mainland, additional outdoor recreation opportunities or industrial development?

- 1 Yes
- 2 No (SKIP TC #30)
- 3 Don't Know/Not Sure (SKIP TO #30)
Refused

29. If so, what are they?

30. If state or federal dollars are not available for road construction, which method of road construction funding do you prefer: using a public source of money, such as taxes or bonds OR selling an amount of timber to cover construction costs. Selling timber to fund road construction means that potentially more timber would be harvested than what is on the proposed road corridor itself.

Which method do you prefer for funding road construction? (PROMPT IF NECESSARY).

- 1 Public funding (taxes or bonds)
- 2 Timber sales
- 3 Combination of public funding and timber sales
- 4 No preference
DK/Refused

31. When would you like to see the road system expanded? (PROMPT IF NECESSARY)

- 1 Immediately
- 2 During the next year
- 3 During the next 1 to 3 years
- 4 During the next 3 to 5 years
- 5 During the next 5 to 10 years
- 6 Never
- 7 Other (specify) _____
DK/refused

SECTION E - AWARENESS OF HARRIET HUNT, WHITE RIVER, LEASK LAKES, NAHA RECREATION AREA

READ: I would now like to ask you a few questions regarding areas on Revilla Island.

32. Do you know where HARRIET HUNT LAKE is located?

- 1 Yes
- 2 No (SKIP TO # 34)
- 99 DK/Refused (SKIP TO #34)

33. Have you ever been to HARRIET HUNT LAKE?

- 1 Yes
- 2 No
- 99 DK/Refused

34. Do you know where the WHITE RIVER area is located?

- 1 Yes
- 2 No (SKIP TO #36)
- 99 DK/Refused (SKIP TO #36)

35. Have you ever been to the WHITE RIVER area?

- 1 Yes
- 2 No
- 99 DK/Refused

36. Do you know where the LEASK LAKES area is located?

- 1 Yes
- 2 No (SKIP TO #38)
- 99 DK/Refused (SKIP TO #38)

37. Have you ever been to LEASK LAKES?

- 1 Yes
- 2 No
- 99 DK/Refused

38. Do you know where the NAHA RECREATION area is located?

- 1 Yes
- 2 No (SKIP TO SECTION F)
- 99 DK/Refused (SKIP TO SECTION F)

39. Have you ever been to the NAHA RECREATION area?

- 1 Yes
- 2 No
- DK/Refused

SECTION F - DEMOGRAPHICS

READ: And now I have just a few final questions for you.

40. How many people lived in your household during the past 12 months?

- 1 One
- 2 Two
- 3 Three
- 4 Four
- 5 Five
- 6 Six or more
- DK/Refused

41. And what are their ages and gender, beginning with you?
(FILL IN AGE, CIRCLE GENDER)

		Gender	
		male	female
1	Respondent	_____	_____
2	Person #1	_____	_____
3	Person #2	_____	_____
4	Person #3	_____	_____
5	Person #4	_____	_____
6	Person #5	_____	_____
7	Person #6	_____	_____
8	Person #7	_____	_____
9	Person #8	_____	_____
	DK/Refused		

42. What is your area of residence within the Ketchikan Gateway Borough?

- 1 City of Ketchikan
- 2 City of Saxman
- 3 North of town
- 4 South of town
- 5 Pennock Island
- 6 Other
- 99 DK/Refused

43. How long have you lived in the Ketchikan Gateway Borough?

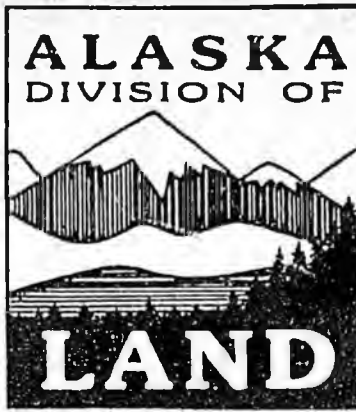
- 1 Less than one year
- 2 One to three years
- 3 Four to ten years
- 4 Ten to fifteen years
- 5 More than fifteen years
- 99 DK/Refused

44. And for the last question, please stop me when I come to the category which includes total annual household income for 1989 before taxes:

- 1 Less than \$20,000
- 2 \$20-\$35,000
- 3 \$35-\$50,000
- 4 \$50-\$75,000
- 5 \$75-\$100,000
- 6 \$100-\$150,000
- 7 Over \$150,000
- DK/Refused

READ: That is all the questions we have for you today. Thank you very much for your time and assistance with this survey.

Just in case my supervisor needs to verify any of my information, could I please have your first name only.



ALASKA'S LAND

ALASKA ♦ DEPARTMENT ♦ OF ♦ NATURAL ♦ RESOURCES

Focus On....CAPE FOX LAND EXCHANGE: A Summary of the Exchange to Date

The Department of Natural Resources proposes to exchange the surface estate of three parcels (approximately 2,445 acres) of state uplands in the vicinity of Leask Lake for a similar estate on five parcels (approximately 4,366 acres) of Cape Fox Corporation (CFC) lands in the White River valley, and adjacent to Lake Harriet Hunt and Talbot Lake. All lands are 10-12 miles north of Ketchikan.

A mineral closing order will be imposed on the state land to avoid establishment of additional third party rights.

The proposed exchange allows a maximum of 1,500 acres of timber (42.6 million board feet) to be logged in the vicinity of Leask Lake on land traded to CFC. This land is currently used for dispersed recreation, and hunting. The CFC lands to be acquired include commercial timber land and previously harvested timber land suitable for road accessible recreation, hunting, and fishing.

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A primary objective of the exchange is to provide greater opportunities for "roaded" access in the Ketchikan area. CFC will upgrade the existing White River Road and will construct a spur off the White River Road to access the Leask Lake area. Both will meet "public access standards" (25 mph). This will add 13.1 miles to the main road system (a 30% increase) and will access a variety of areas with high recreation potential.

The Ketchikan Gateway Borough and the Ketchikan Assembly support the exchange.

Seventy-nine percent (79%) of the critical deer winter range within the state land proposed for exchange has been deliberately preserved and will not be logged. Habitat was identified by a study commissioned by CFC.

Although substantial buffers have been retained along all major stream courses and cutting has been designed to protect deer winter habitat and travel corridors, some impact on deer populations and interior forest species is expected. However, the impact is expected to be offset to some extent by other exchange benefits, including acquisition of CFC lands that may

otherwise be logged. Impact on deer is more likely to occur during medium to severe winters.

The exchange appraisal is extremely complex. Present projections indicate, after certain adjustments, that CFC and state properties will both be valued at eight million dollars. Timber is the overriding value. Appraisal clarifications and adjustments may result from the public review process.

DNR will hold hearings and workshops in Southeast Alaska during February and March, and will keep the record open into March. Comments will be considered, and if the decision is still to proceed, DNR will finalize the exchange agreement and report of exchange for submission to the legislature, hopefully by the end of March.

The commissioner's execution of the exchange is the final administrative action.

For further information, contact Andy Pekovich, Division of Land Southeast Region Office, 400 Willoughby Avenue, Fourth Floor, Juneau, AK 99801 (phone 465-3400).

Martha Welbourn Named Chief of Land and Resources Section

On February 10, Director Ron Swanson made the following announcement:

"After long and careful deliberation, I am pleased to announce the selection of Martha Welbourn as the new Chief of the Land and Resources Section.

Filling this position was one of the most difficult decisions I have

ever had to make. There were many good applicants; I wish I were in a position to hire them all.

Marty started with the department in 1980 as a graduate intern while working for her Ph.D. in resource policy and planning. She has moved up through the department in several positions with various levels of responsibility. She is

well known and respected throughout the department and by the public as one of our best long-range thinkers and planners - one who can clearly see the forest through the trees. These skills are something that this division and the department need as we chart our way into the future.

I know you will all support Marty in this new role."

DIRECTOR'S MESSAGE *from Ron Swanson*

In the last two newsletters I described our two objectives under our Asset Acquisition Goal. In this newsletter I will describe our second goal: Asset Identification and Allocation.

The Alaska Constitution mandates that state-owned land and resources be managed for "maximum use consistent with the public interest." The sheer size of the state's landholdings (105 million acres of uplands and 60 million acres of tidelands, shorelands, and submerged lands), the present knowledge regarding their resources and revenue opportunities, and access problems owing to remoteness and mixed land ownership make fulfillment of this mandate very complex.

This objective analyzes what is known about the state's inventory of resources and compares possible combinations of uses, yielding the array that produces the greatest benefits (both economic and non-economic) for Alaskans. It gives the Alaskan public, as co-owners and shareholders, a voice in that decision. The project results in site-specific guidelines for putting the land to use by resource developers, land purchasers, and the general public.

The majority of this work is accomplished by the Area Plan and Management Plan units within the Land and Resources Section, with staff in Fairbanks, Anchorage, and Juneau. Our three regional offices also participate with site specific work for key projects. In working to evaluate and allocate our natural resources, we work very closely with other divisions and state and federal agencies who have expertise in certain areas, such as forestry, recreation, mining, oil and gas, agriculture, fish and wildlife, environmental protection, and transportation. Side benefits of this objective are collection of valuable resource data and mapping that we can use for other purposes, such as municipal entitlements or fire protection.

Presently, we are working on land use plans which will result in resource allocation decisions for state land around Juneau, Yakataga, the Kenai Peninsula, Central Southeast, Turnagain Arm, and Caribou Hills (on the Kenai Peninsula).

In summary, this objective evaluates state-owned land and natural resources, and allocates them for maximum use consistent with the public interest.



Right-of-way Association Nominates DNR as "Employer of the Year"

The Department of Natural Resources was nominated "Employer of the Year" by the Fairbanks Arctic Trails Chapter of the International Right-of-way Association. Although Department of Transportation won the award, Chapter President Chris Guinn commended DNR for being nominated. This is the first year that chapter members have selected an employer to receive an award for its support of the International Right-of-way Association.

1991 DIVISION EMPLOYEE AWARD WINNERS

Director Ron Swanson announced the following winners of the 1991 division employee awards:

"Recognizing the accomplishments of division staff and others is one of the most pleasurable aspects of being director. We have excellent and dedicated employees with whom I am very proud to associate. The following winners were picked by our awards committee, composed of one person from each section and regional office. Award nominations were submitted by

(continued on Page 3)

Employee Awards (continued)

recipients' peers. Please join me in congratulating and recognizing the 1991 winners."

EMPLOYEE OF THE YEAR

Rob Walkinslaw, Land and Resources (Anchorage). Rob is recognized for persistence in his nine years of state employment in defining excellent service to the public through responsible land management policies. Rob, as a natural resource officer, has contributed to the state and the public by developing policies for managing shorelands in federal conservation units. He has strengthened the tie between planning policies and implementation with the section and the Southcentral Region Office. Over the years, Rob has implemented innovative aspects of the planning process. Rob is currently developing a new format for fish and wildlife guidelines for the Kenai Area Plan. His work will contribute to improved understanding between the Division of Land and the Department of Fish and Game's Division of Habitat, resulting in improved service to the public.

GOOD NEIGHBOR

Good Neighbor awards are given to an agency, group, or person who provided beneficial service or contribution to the division. Four were awarded:

Matt Robus, ADF&G (Juneau) for an outstanding job representing fish and wildlife interests on state land, for years of fair, skillful, and friendly participation in DNR land use plans, and for working with DNR to resolve land management problems.

Lana Shea, ADF&G (Juneau) for consistently contributing to DNR land use planning teams and staff with excellent products, viable proposals, and creative solutions to problems in a friendly and professional manner.

Cheryl Toenies, Golden Valley Electric Association (Fairbanks) for her enthusiastic, patient, efficient, and thorough adjudication of public utility right-of-way decisions, which

saved many hours of DNR staff time and allowed Golden Valley Electric Association to experience "the other side of the right-of-way."

Golden Valley Electric Association (Fairbanks), who in a time of voluminous backlogs and understaffing, and in an attempt to provide electrical power to its customers in an efficient and timely manner, assigned a staff member to adjudicate each of its pending public utility right-of-way applications and to prepare draft regional manager decisions.

SUPERIOR ACCOMPLISHMENT

Superior accomplishment awards are given for superior job performance and exceptional service to the division. Division recipients are awarded based on consistent long- or short-term valuable service. Three were awarded:

Barbara Gardner, Southcentral Region Office (Anchorage). Barbara completed a very complex commissioner's decision, served as the only homestead adjudicator for four months, and wrote an excellent waiver decision. She also helps manage the database, and gets necessary answers for her managers.

David Pott, Northern Region Office (Fairbanks). David has been a surveyor for 10 years. He regularly assists in field inspections which are not a required job duty. He is extremely helpful to his co-workers and quietly accomplishes a tremendous workload.

Robert Palmer, Southeast Region Office (Juneau). Bob was nominated as "most efficient adjudicator in SERO." Upon receipt of BLM's extensive U.S. Survey microfilmed records/field notes, Bob singlehandedly transcribed the data by hand and entered it on dBase. Bob willingly assists and exhibits much initiative.

INNOVATIVE

Innovative/Problem Solving awards are given for innovative and problem solving contributions that increase operational efficiency. One was awarded:

Ted Dents, Southeast Region Office (Juneau) for setting up computers and designing a variety of computer programs that have streamlined procedures for SERO and other regional offices. Ted also has been responsible for an aerial photography file system and mapping index.

THE TOOLBOX

Land and Resources Section's Statewide and Regional Survey Units

If you are involved in creation, defense, alteration, or location of a boundary, you probably are already aware of the survey units' primary function. However, the survey units also offer many other survey-related products.

For example, if you need a legal description of a difficult-to-describe parcel, a habitat area, or a permit area, we are the experts to come to. Or, perhaps you need to know if a description can be legally conveyed. We can create maps for you or help you with accuracy determinations of existing maps. Maybe you're unlucky enough to find yourself in a boundary dispute, or maybe you just need some assistance interpreting some aerial photography. Whatever the case, you'll find the survey staff willing to listen and help to whatever degree budget will allow.

Operational funds exist to provide minimal support for many ongoing projects. Some of the larger projects are land disposals, coastal mapping, oil and gas leasing, and providing platting authority in the Unorganized Borough. If your project does not have survey support funds, we can take your project under a reciprocal service agreement.

The Land and Resources Section's Statewide and Regional Survey units are located in the Frontier Building, 3601 C Street, Suite 1116, Anchorage, AK 99503. Our phone number is 762-2425.

- Norm Johnson
Cadastral Surveyor

EMPLOYEE PROFILE

Rob Walkinshaw, our 1991 employee of the year, has been with the Division of Land for nine years. He is a Natural Resource Officer II in the Land and Resources Section. Here is what Rob says about himself:

I spent the first 17 years of my life in Seattle, Washington. I did a lot of fishing and wandering around the Puget Sound area, avoiding school. High school, I just didn't get.

After graduation, instead of going to college, I got on a plane to Kenya, East Africa. I found myself at Vokoli Girls Secondary School, standing in front of 70 Kenyan girls with this sinking feeling in my gut, wondering what I'd gone and done this time. I taught school there for a year, then hitchhiked through West Africa and across the Sahara, and returned to the states to begin college.

Getting a degree took some time. I went to four different schools. I finished with a degree in

environmental studies and political science from the University of California at Santa Cruz. While in college, my real interest was outside the classroom, working and doing internships. I worked for a U.S. Congressman, was a teacher's assistant to a 5th grade class, wrote off-road vehicle policy for the U.S. Forest Service, lugged a compass and tripod to the top of 50 or 60 Olmec and Mayan ruins in Central America helping a professor do research, and got a grant with a friend to write a book about the Chitina Valley and Wrangell Mountains. The grant first brought me to Alaska.

In 1980, I moved to Fairbanks. I did a variety of odd jobs, including research on the subsistence fishery on the Tanana River, and research

on alcoholism in Bethel. In 1981, I was hired by DNR to work on the Tanana Basin Area Plan.

I moved to Anchorage in 1985, and here I am today. I like my life here. In the Land and Resources Section I have worked on a variety of different land use plans. I am the coordinator of DNR's comments on National Park, Refuge, and Forest Service plans.

Over the years, in my free time I have taken art classes, and this past year was a volunteer producing features at KSKA radio. I also learned to skate, and am now playing on two novice hockey teams. My favorite summer activities are fishing and car camping.

Alaska's Land

Department of Natural Resources
Division of Land
P.O. Box 107005
Anchorage, Alaska 99510-7005

Alaska's Land is a bimonthly publication of the Alaska Department of Natural Resources' Division of Land. Editor: Alice Hliff; Graphics: Pat Peterson.



HON LLOYD JONES
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PO BOX V
JUNEAU AK 99811

Printed on recycled paper





Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

907-463-3366

February 28, 1992

MAR 2 1992

Senator Jay Kerttula
P. O. Box V
Juneau, Alaska 99801

Dear Senator Kerttula,

The Alaska Environmental Lobby would like to alert you to a pending land exchange between the State of Alaska and the Cape Fox Corporation (CFC) which would result in the loss of valuable timber, wildlife habitat and recreational resources to the people of Alaska. The proposed exchange is described in a Report on Proposed Land Exchange recently released by the Department of Natural Resources.

DNR proposes to exchange 2400 acres of old growth forest for 4300 acres of CFC land which has been extensively clearcut. Both properties are north of Ketchikan. CFC will clearcut 1500 acres of the land it receives from the state. DNR maintains that the Ketchikan residents would benefit from recreational access to the area provided by upgraded logging roads.

The Cape Fox Corporation has been proposing this land exchange since 1977. Until this past year, ~~DNR has rejected the proposal~~ as not being in the public interest. Nothing has changed; the public still loses by this trade. *

The Alaska Environmental Lobby opposes this land exchange on the following grounds:

1) It is not in the public interest to exchange land with high quality, high value old growth forest for land that has been clear cut. Any gain in recreational values by the greater access provided by upgraded logging roads is more than offset by the diminished recreational values caused by clearcuts and by the destruction of wildlife habitat.

2) DNR's evaluation of this exchange is seriously flawed, for example:

- * DNR has accepted an appraisal which assumes that the "highest and best use" of the land is to log the timber; there has been no consideration of park, habitat, or other non-economic values.
- * 39% of the state lands were appraised at only 10% of fair market value. *
- * The State of Alaska is paying CFC to upgrade the logging roads, by subtracting the cost of the upgrade from the value of the state lands.
- * DNR has relied on a deer study done by Cape Fox and slighted a projection by the Alaska Department of Fish and Game that there will be a 68% decline in the deer population as a result of logging the state land.

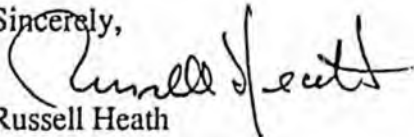
* The value of the state land was reduced by questionable accounting procedures; for example, all state timber was discounted 12% over a two year period, while only some of the CFC timber was discounted and then for a period less than a year.

3) This exchange will set a precedent for future private/state land trades and must be considered carefully. However the Department of Natural Resources is pursuing possibly illegal practices to force the public and the legislature into making a rapid decision on this issue. Alaska statute requires that a comprehensible explanation of the appraisal process be provided to the public thirty days before any public hearings. The current appraisal has been rejected as incomprehensible to the public by DNR itself, yet public hearings are scheduled for early March.

4) Finally, Alaska's timber resources must be managed as a renewable resource. If private corporations are able to exchange lands that can no longer provide revenue, for valuable state land, then no corporation will have the incentive to manage their resources for the long term. Alaska's corporations must be encouraged to follow prudent business practices.

AEL would like to reiterate that careful consideration must be made of the precedents that will be established if this exchange proceeds. These precedents include the assumptions under which state land is appraised; the type of goods or services the state receives in compensation; who and how the public interest is determined and the public process used to facilitate such exchanges.

Sincerely,



Russell Heath
Volunteer Lobbyist



Alaska State Legislat

SENATE

Committee on Finance

Senator Jay Kerttula
Senator Pat Pourchot
Senator Jim Duncan
Senator Al Adams
Senator Lyman Hoffman
Senator Dick Shultz
Senator Rick Uehling

3 March 1992

Harold C. Heinze, Commissioner
Department of Natural Resources
Mail Stop 1000

Dear Commissioner Heinze:

Enclosed is a letter from Russell Heath of the Alaska Environmental Lobby, Inc., regarding a pending land exchange between the State of Alaska and the Cape Fox Corporation.

< Please respond to the questions and concerns posed by Russell Heath. >

I would appreciate your attention to this matter.

Sincerely,

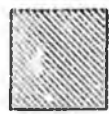

Jay Kerttula
State Senator

JK/jhf
Encl.

cc: Walter J. Hickel, Governor
Russell Heath

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BUREAU

Legend



Cutting Unit 19



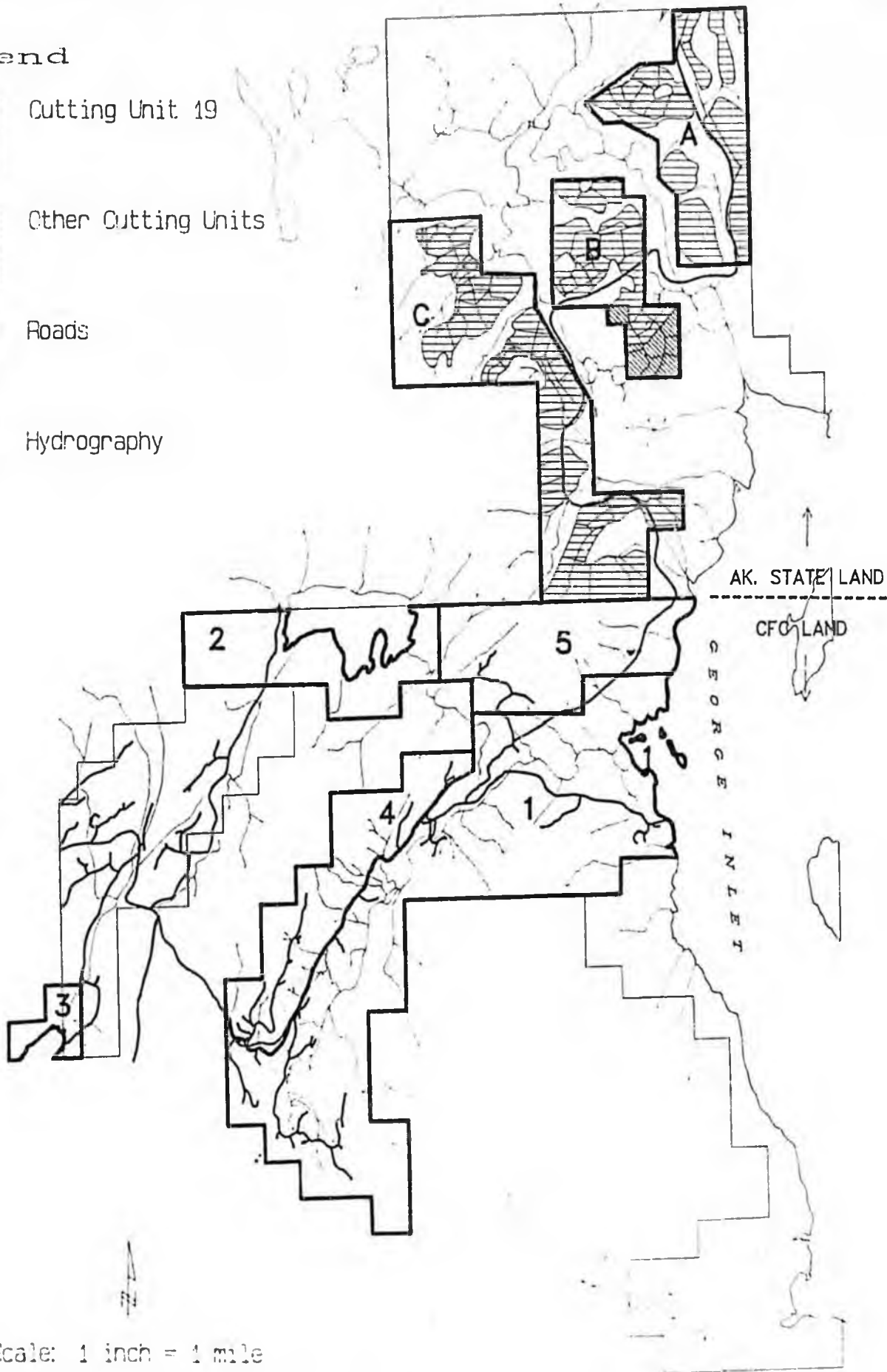
Other Cutting Units



Roads



Hydrography



Scale: 1 inch = 1 mile

Proposed Land Exchange Areas