

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

4963 HRES HB 231

535

January 23, 1987

The Honorable Steve Cowper
Governor of Alaska
Pouch A
Juneau, Alaska 99811

Dear Governor Cowper:

The goal of the Chugiak-Eagle River Chamber of Commerce is the improvement of the economic health of our community. Seldom can this goal be realized without giving up something in return. The Board of Directors feels that the community and the State of Alaska have been offered just such an opportunity with the development plans proposed by Eklutna Inc. and Dr. Rogner.

Two key elements are necessary to insure the success of this development. First is the State's acquisition of the Eagle River Green Belt and second is securing a long term lease for the use of Highland Mountain and Gordon Lyon Mountain as downhill ski slopes.

The Green Belt acquisition is a proposed swap of Eklutna Inc. land, located along the Eagle River, for state land located in Anchorage. Permits to use the ski slopes will be by negotiated lease for use of Chugach State Park land. The Board of Directors sees the successful completion of these agreements as one way to encourage economic development and increase tourism in our community.

Governor Steve Cowder
Page 2

At the January 23, 1987 meeting of the Chugiak-Eagle River Chamber of Commerce the Board of Directors unanimously approved a resolution supporting the development plans of Eklutna Inc. and Dr. Rogner. We would strongly encourage that you support such development as being in the best interests of all the people of Alaska and use all the good efforts of your office to insure it's timely approval.

Sincerely,

Stephen R. Punch, President

enclosure: Resolution 87-01

cc: Commissioner Tony Smith
Department of Commerce and Economic Development
Pouch D
Juneau, Alaska 99811

Commissioner Judy Brady
Department of Natural Resources
Pouch M
Juneau, Alaska 99811

Senator Rick Halford
Pouch V
Juneau, Alaska 99811

Senator Tim Kelly
Pouch V
Juneau, Alaska 99811

Representative Randy Phillips
Pouch V
Juneau, Alaska 99811

Representative Sam Cotton
Pouch V
Juneau, Alaska 99811

Eklutna Inc.
550 W. 7th, Suite 1550
Anchorage, Alaska 99501

RESOLUTION 87-01

EAGLE RIVER ECONOMIC DEVELOPMENT

WHEREAS, Knakanen Inc., the wholly owned subsidiary of Eklutna Inc., and Dr. Robert Rogner have entered into a joint venture partnership to develop a 1500 room resort complex on 103 acre tract located along the South Fork of Eagle River, and

WHEREAS, the use of the slopes of Highland Mountain and Gordon Lyon Mountain, for downhill ski runs, is crucial to insure a world class resort complex, and


WHEREAS, the creation of the Eagle River Green Belt, which will be an extension of Chugach State Park, will allow canoeing, rafting, hiking and other tourist uses, and

WHEREAS, the construction of this complex will bring 170 million dollars into the States economy and create 2000 local jobs as well as many other tourist related jobs.

NOW THEREFORE BE IT RESOLVED that the Chugiak-Eagle River Chamber of Commerce enthusiastically endorses the granting of a lease for the use of State Park land for the proposed downhill ski areas.

BE IT FURTHER RESOLVED that the Chugiak-Eagle River Chamber of Commerce strongly supports the acquisition of the Eagle River Green Belt as an addition to the Chugach State Park.

APPROVED BY THE Chugiak-Eagle River Chamber of Commerce Board of Directors this 13th day of JAN., 1987.


Stephen R. Punch, President

Knik Kanoers & Kayakers Inc.
P.O. Box 101935
Anchorage, AK 99510
February 26, 1987

Margaret J. Hayes, Regional Manager
ADNR, Division of Land and Water Management
Southcentral Regional Office
P.O. Box 107005
Anchorage, Alaska 99510

Dear Ms. Hayes,

Knik Kanoers & Kayakers is an Anchorage based boating organization with some 350 family memberships. Our organization is very active in advocating, teaching, and organizing whitewater, flatwater, and ocean boating. We are also committed to maintaining the high quality of experience available on Alaska's rivers and lakes, for now and into the future. We are very pleased to see the progress that your division has made towards acquiring the proposed "Eagle River Greenbelt" for addition to Chugach State Park. We all wish to strongly voice our support in favor of incorporating this spectacular section of river into the State Parks system.


Eagle River is particularly near and dear to our Club since it provides such a superb variety of paddling experiences so close to Anchorage. Despite its closeness to major populations, the river has very much of a wilderness flavor to it. Paddlers are frequently treated to seeing moose along the banks as well as an occasional black bear and much other wildlife. Almost all our members use parts of Eagle River for recreation, and for many of us, this use is at frequent intervals.

The Eagle River Greenbelt area is particularly rich in scenic and wildlife viewing opportunities. As well, it offers several good access points for boaters to put on and take off the river. We have used this section of river year after year for instructing beginning whitewater boaters on a variety of paddling and river travel techniques. Many of our members go back again and again to appreciate this wonderful section of river.

We in the Club feel that adding the Eagle River Greenbelt to Chugach State Park will aid in preserving and protecting this marvelous boating experience. Having such a jewel of a river within our very midst is in fact what makes Alaska such a special place to live in and visit. We urge you to move forward quickly in acquiring these lands.

Thank you for the opportunity to comment and if we can be of additional assistance to you in describing river use, please let us know.

Sincerely,



LULIE WILLIAMS
President, Knik Kanoers & Kayakers, Inc.

cc: Governor Steve Cowper
Representative Sam Cotton
Representative Randy Phillips

Senator Rick Halford
Senator Tim Kelly

505 W. Second Ave. #1
Anchorage, AK 99501
February 25, 1987

Department of Natural Resources
P.O. Box 1007005
Anchorage, AK 99510-7005
ATTN: Arlan De Yong

Re: Eagle River Greenbelt

Dear Mr. De Yong:

I support the exchange of downtown land for Eagle River Greenbelt land. Because the Greenbelt is easily accessible to Anchorage residents and many out-of-state tourists, it is a very popular and important recreational resource. Returning the greenbelt to the park will protect wildlife habitat, the scenic aspects of this area, and water quality in this sensitive area. Also, the exchange will provide economic benefits to the whole area by increasing tourism and recreation industries, as well as making downtown land available for private development.

Very truly yours,

Patti J. Saunders

Patti J. Saunders

212
100

2201 Lake George Drive
Anchorage, AK 99504
February 26, 1987

Department of Natural Resources
P. O. Box 1007005
Anchorage, AK 99510-7005

Attention: Arlan DeYong

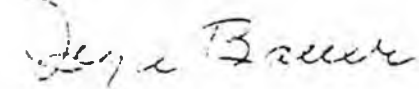
Dear Mr. DeYong:

I urge you to complete the transfer of a downtown office building site to Eklutna, Inc. in return for about 3,700 acres of recreational lands and wildlife habitat along 18 miles of Eagle River, plus the Thunderbird Falls parking lot. It is a very wise use of scarce resources at this time.

Eagle River is the most important recreational river in the Municipality of Anchorage, and returning the greenbelt to Chugach State Park will protect water quality and the scenic views enjoyed by visitors.

Please don't delay in making this urgently-needed transfer.

Sincerely,



Joyce Bauer

Arlan DeYong
Department of Natural Resources
P.O. Box 1007005
Anchorage, Alaska 99510-7005

Dear Friend:

I am writing you to let you know of my strong support for the Eagle River greenbelt exchange.

Certainly anyone with foresight will quickly realize that preservation of the greenbelt now will be seen by generations to come as a wise decision. The River is the major hydrologic drainage in the Municipality, and its security from pollution is absolutely essential to the long term development of Eagle River. The greenbelt already provides significant recreational opportunities for locals and tourists, and is important habitat for the moose and other wildlife that we all expect to see inside our city. Saving it makes not only sound environmental sense, but economic sense as well.

In turn, the downtown acreage proposed for trade is better placed in private hands, for private development. That puts more valuable land on the tax rolls, and insures that the downtown is developed. In the hands of the government, which has no funds, the downtown property will forever remain vacant, adding to the empty blight of that area.

Thank you for accepting my comments.

Sincerely,

DK Frank

Diane K. Frank
2224 Turnagain Parkway
Anchorage, Alaska 99517

Feb. 25, 1987
PO Box 2176
Palmer, Alaska

Mr. Arlon DeYong
Alaska Dept. Natural Resources
Box 1007005
Anchorage, AA

Dear Mr. DeYong,

I urge your department to continue with the trade agreement for acquisition of the greenbelt area along Eagle River.

The agreement is a prime opportunity to protect a large and popular outdoor recreation and watershed area close to an urban setting. I am familiar with the value such a greenbelt provides. Having used the Eagle River valley and similar areas in the Palmer area for boating, birding, and outdoor classes, I can testify to its importance to the public in Eagle River and in nearby communities.

Sincerely,

W. Brown

HAND DELIVERED

March 3, 1987

Stuart A. Ollanik
627 N Street, Apt. 2
Anchorage, Alaska 99501

Department of Natural Resources
P.O. Box 1007005
Anchorage, Alaska 99510-7005

Dear Sir or Madam:

I am writing concerning the reacquisition of the Eagle River greenbelt. I wholeheartedly support the proposed land exchange which will help protect this important recreational resource.

The value of municipal parks is recognized today as never before. One of the most important things setting Anchorage apart from cities elsewhere is access to recreational opportunities in natural settings. Certainly, Eagle River is among the most important such areas in the Municipality of Anchorage. The ease of access of this area and other such greenbelts and local trails adds immeasurably to the quality of life here. They are very popular with visitors from outside, who find unbelievable the access we have to wildlife.

To preserve this important benefit to the quality of our lives, maintain the region's attractiveness to tourists (and the dollars they generate), protect water quality and preserve wildlife habitat, I urge the department to consummate the exchange.

Sincerely,



Stuart A. Ollanik

RECEIVED
MAR 4 1987
Southcentral
Regional Office
Department of Natural
Resources

MAR - 4 1987

3-4-87

DLWM
Director's Office

March 2, 1987

Tom Hawkins
Division of Land and Water Management

In response to the proposed Greenbelt of Eagle River valley. After attending the public hearing at the Z. J. Houssac library on the 15th of February I feel there are some things yet to be considered. I'm a resident of Eagle River valley - south side. Part of the Zimmerman homestead. The following items are concerns I'd like to bring to your attention.

1) legal right of way of existing access routes for private land holdings on the south side of eagle river valley. At present one route is used daily by several residents. It's my belief the existing road crosses portions of the proposed green belt. In some areas running considerably inside proposed boundaries. Consideration should be given toward future development of these private holdings. Specifically in that if such development takes place the road will be widened as well as up graded. The land holders have right of access. As of yet I've neither heard nor read any provisions concerning access to these private holdings. They must be considered.

2) Management - I am aware the green belt will become part of Chogach State Park. We all know state parks are vastly under funded (cont)

(2)
and under-staffed. As a resident of the area I am concerned of an increase in usage without proper management. Trash, destruction of habitat, poor planning, and disregard for private property are my immediate thoughts if Chugach does not have staff and funding to properly manage the area. I realize this is basically out of your hands but it should be brought to the attention of the legislature in your report as well as by citizens of the area.

3) future acquisitions - In addition to parcels (3) and (4) I would like to see the area around the confluence of Eagle river and south fork added to the belt. Presently Dr. Rogner proposes a development in the area that quite possibly will never take place. It would be extremely desirable to add this area to the green belt.

4) yearly allowance of sand and gravel - what areas are suitable for extraction of materials? Obviously such areas will be out of site for visitors. As residents do we have the same guarantee? We like the view as is, not a gravel quarry.

I am in support of the green belt. I hope you will take these thoughts into consideration.

(3)

It is a good idea and hopefully will be made into something pleasant as well as usefull.
I consider funding for management and development to be the major stumbling block to the plan.
I strongly urge you to stress this in your findings.

Donald V. Withrow

Donald V. Withrow
mi. 4 Homesteaders Rd 1-D9
S.R. 2 Box 9292
Eagle River, Ak.

99577

Response to Letter of Donald V. Withrow

Mr. Withrow is generally in favor of the land exchange. His concern about access to the private holdings on the south side of the valley is protected by the 17(b)(3) easement (ELN 1 09) reserved by Eklutna, Inc. This current 60-foot wide easement will be expanded to 100 feet where it passes through lands acquired by the state to accommodate a future public road and public utilities. If necessary DOPCR can designate access routes across park land from the 17(b)(3) easement to the private lands.

The concern about management of these lands when added to the state park at a time of decreasing staff and budget is valid. This will have to be addressed when DOPCR budgets are considered.

Mr. Withrow's suggestion that the land within the development of Dr. Rogner be included in the greenbelt is not possible at this time because of Eklutna, Inc. having entered into an agreement to purchase with Dr. Rogner.

Areas of sand and gravel extractions will not be located within the greenbelt area. The provision of 500 cubic yards of sand and gravel per year is for passive public park purposes only and is not to be used off-site. This is to be used for the preparation and grading for trails and public access points.

Maria D.L. Coleman
8131 Harvest Circle
Anchorage, Alaska
99502

Alaska Dept. of Natural Resources
Div. Land & Water Management
Southcentral Region Office
P.O. Box 107005
3601 "C" Street, Suite 1080
Anchorage, Alaska 99510-7005

RE: ADL 223175
Land Exchange
Objections

4 March 1987

To Whom it may Concern:

Here are my objections with comments on the proposed land exchange between Eklutna, Inc. and the State regarding the Eagle River Greenbelt property for downtown Anchorage property.

I. SUBSISTANCE - The residents of Eklutna have already been denied, in ANILCA through technical wording, subsistence use of public lands because they are urban residents rather than rural. ANILCA does recognize that the "continuation of the opportunity for subsistence uses ... by Alaska Natives on Native lands is essential," however, ANILCA's policies on the matter are limited to public land. The "rural resident" requirement does not apply to Alaska Natives on Native Lands. Meaning, Eklutna residents and other shareholders of Eklutna, Inc., for that matter, could maintain a subsistence lifestyle on their Native owned lands, through the authority they have in their special relationship to the government. The proposed Greenbelt is marveled for its abundant subsistence type qualities. Trading such land for a barren city block and incorporating such land into a known public land jurisdiction, denies Alaska Natives of Eklutna the opportunity for subsistence on those Native Lands.

OBJECTION TO the taking of subsistence lands without compensation for the value of such a loss (subsistence values are not considered in the appraisal in their financial aspect).

II. Misrepresentation of Value - Throughout the memorandum of January 19, 1987 from Margaret J. Hayes regarding this land exchange application are descriptions depicting Eklutna's lands as valuable. e.g. "to acquire VALUABLE recreational land ... Eagle River is considered the MOST IMPORTANT ... includes 1658 acres of DEVELOPABLE LAND ... are themselves HIGHLY DESIRABLE for subdivision ... the scenic views so HIGHLY VALUED"

The downtown property, on the other hand, does not seem feasible for state development and is considered to amount to urban blight and although it is serviced by utilities, they may need to be relocated.

continued

ADL 223175 objections
4 March 1987/Maria D.L. Coleman
continued

Yet Eklutna's land is appraised around 6¢ per square foot, while the downtown "urban blight" is appraised around \$45. per square foot. Such appraisal values are inconsistent in their reflection of desirability of Eklutna land. The 6¢/s.f. value is grossly inappropriate when one recalls that worthless swamp (Conners Bog) was stated as being sold at a value of \$2./s.f. in the recent past.

OBJECTION TO appraising valuable land at an extremely low rate, while giving a high rate of value to land that the state has no use for.

III Gravel - The question of who owns sand and gravel hasn't been determined conclusively, last I heard. Eklutna, Inc. may very well be the rightful owners of that property and as such are the ones to reach an agreement with. Imagine the value of 500 cubic yards of sand and gravel added up year after year. It must have been overlooked in the appraisal for value.

OBJECTION TO getting CIRI agreement, exclusively, to allow use of sand and gravel when that property may not even belong to them.

IV. ABSENCE OF CONSTITUTIONAL OBLIGATION - The shareholders of Eklutna, Inc. are most likely to be deprived of property, without due process of law. ANCSA Sec. 21 (c) gives the direction that for tax purposes, the basis for determining gain or loss from the disposition of land shall be the fair value at the time of receipt (IC or Patent). The appraisal is based on current market value, not the value at time of receipt, which most likely would be considerably higher due to a better market at the time and the lack of restricted zoning. Comparison of the fair value at time of receipt and the current value would then give a result or loss through reduction of capital if rightfully shown. The exchange, described as equal value exchange, would actually result in a loss. Alaska statutes provide for the shareholders to vote for the reduction of stated capital.

Having already been denied this right by the corporation, when they changed their accounting system, the state may very well be party to this denial by this exchange and terms of appraisal.

OBJECTION TO the states participation to deny shareholders the right to vote on the reduction of rightful stated capital, thus, the states participation in depriving Eklutna, Inc. shareholders of property, in the form of land value and stock value, without due process of law.

Sincerely,

Maria D.L. Coleman
Eklutna, Inc. Shareholder.

Response to Letter of Maria Coleman

Many of the concerns and objections raised by Ms. Coleman can be best answered by Eklutna, Inc.; however, in regard to the subsistence considerations, the appraiser has considered the highest and best use of these lands. A determination is then made as to what the greatest economic return is for the lands considered.

The fact that the state has no use for the downtown block 112A does not affect its value. The opinions of value by the appraiser have been substantiated by comparable sales of like lands.

Ms. Coleman's concern of gravel has no major significance in light of the fact that gravel was sold at 75¢ per yard in Glacier Creek which is a good comparison. At most the annual value would be \$500.00. This seems insignificant compared to land values at millions.

The concern for the difference in value between the appraisal and time of receipt of the land is also very minimal. No significant change in value would take place between the effective date of appraisal and the legislative action.

CENTRAL REGION
DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES

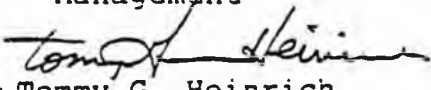
MEMORANDUM **State of Alaska**

to: Meg Hayes
Regional Manager
Division of Land & Water
Management

DATE: March 5, 1987

FILE NO:

TELEPHONE NO: 266-1500


FROM: Tommy G. Heinrich
Director, Design & Construction

SUBJECT: Eagle River Greenbelt
Comment

The Alaska Department of Transportation and Public Facilities (ADOT&PF) supports the land exchange between Eklutna Inc., and the State for the proposed Eagle River Greenbelt. ADOT&PF's only concern is that the land exchange agreement address the Eagle River Loop Road to Hiland Drive Connection project, which is also a community and legislative priority.

Please be advised that ADOT&PF has purchased a surface estate easement from Eklutna Inc., (copy attached) for the crossing of Eagle River as part of the Eagle River Loop to Hiland Drive Connection project. If you have any questions, please do not hesitate to contact Bill Ballard of my staff at 266-1589.

Attachment: Corporation Easement

WFB/

CORRECTION* CORPORATION EASEMENT

THE GRANTOR EKLUTNA, INC.

for and in consideration of One Hundred Sixty Thousand Three Hundred and 00/100 - - - - - (15160,300,00) - - - - - DOLLARS

in hand paid, grants unto the STATE OF ALASKA, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, its successors or assignees, a perpetual, full and unrestricted easement and right of way along, over, and across the following described real estate located in the State of Alaska, to wit:

The Surface Estate of a portion of Tract A-1 as depicted on the plats of PARKVIEW TERRACE SUBDIVISION, PHASE II located in the NE1 and S1 of Section 13, Township 14 North, Range 2 West, Seward Meridian, Alaska and a portion of PARKVIEW TERRACE EAST TRACT I located in the S1 of Section 18, Township 14 North, Range 1 West, Seward Meridian, Anchorage Recording District.

Beginning at the section corner common to Sections 13, 18, 24, 19, proceed N 00°01'59"W along the common line between Sections 13 and 18, 1,657.47 feet to the True Point of Beginning, this line is the Basis of Bearing for this description; thence N 90°00'00"W, a distance of 200.00 feet; thence S 00°01'59"E, a distance of 35.24 feet; thence S 34°10'56"W, a distance of 1,357.68 feet; thence S 77°43'00"E, a distance of 307.43 feet; thence along the arc of a curve to the left whose central angle is 73°29'09" and radius is 2,109.86 feet; and whose cord bears N 25°26'13.4"E, an arc distance of 1,049.29 feet; thence S 89°38'01"W, a distance of 124.65 feet; thence N 00°01'59"W, a distance of 32.50 feet; thence N 59°07'40"W, a distance of 37.47 feet; thence N 00°01'59"W, a distance of 361.33 feet to the True Point of Beginning.

This parcel contains 21.6389 acres, more or less, and is shown on the attached page 3 as Exhibit "A".

For the purpose of construction and maintenance of the Eagle River / Hilland Road Bridge and installation and/or relocation and maintenance of utilities as may be required

*This easement is being recorded to correct the legal description of that Corporation Easement recorded June 19, 1986 in Book 1440, Page 628.

And the Grantor hereby covenants with the State of Alaska that Grantor has good title to the aforesaid premises and covenants that the State of Alaska shall have quiet and peaceable possession thereof; and shall have a free and unrestricted right to maintain said facilities as long as the right of way of which this easement area is a part, remains a public way.

Dated this 10th day of September, 19 86.

ATTEST: EKLUTNA, INC.
Corporate Name
V. Barbara Hitchcock
By: D. Debbie Fullenwider
(Title) Secretary-Treasurer (Title) President

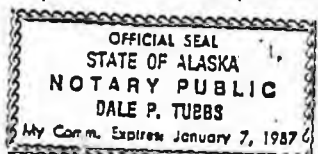
INDEX
B & P

CORPORATE ACKNOWLEDGEMENT

STATE OF ALASKA
THIRD JUDICIAL DISTRICT

On this 10th day of September, 19 86, before me, the undersigned, a Notary Public in and for the said State, personally appeared D. Debbie Fullenwider and V. Barbara Hitchcock respectively 13, President, and 13 Secretary of Eklutna, Inc., a company, known to me to be the identical individuals who executed the foregoing instrument and they acknowledged to me that they executed the same as the free and voluntary act of said company, with full authority so to do and with full knowledge of its contents, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

My Commission Expires:  Dale P. Tubbs
Notary Public

Return to: Parcel No. 270

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
& PUBLIC FACILITIES
RIGHT OF WAY BRANCH


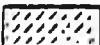
CERTIFICATE OF ACCEPTANCE

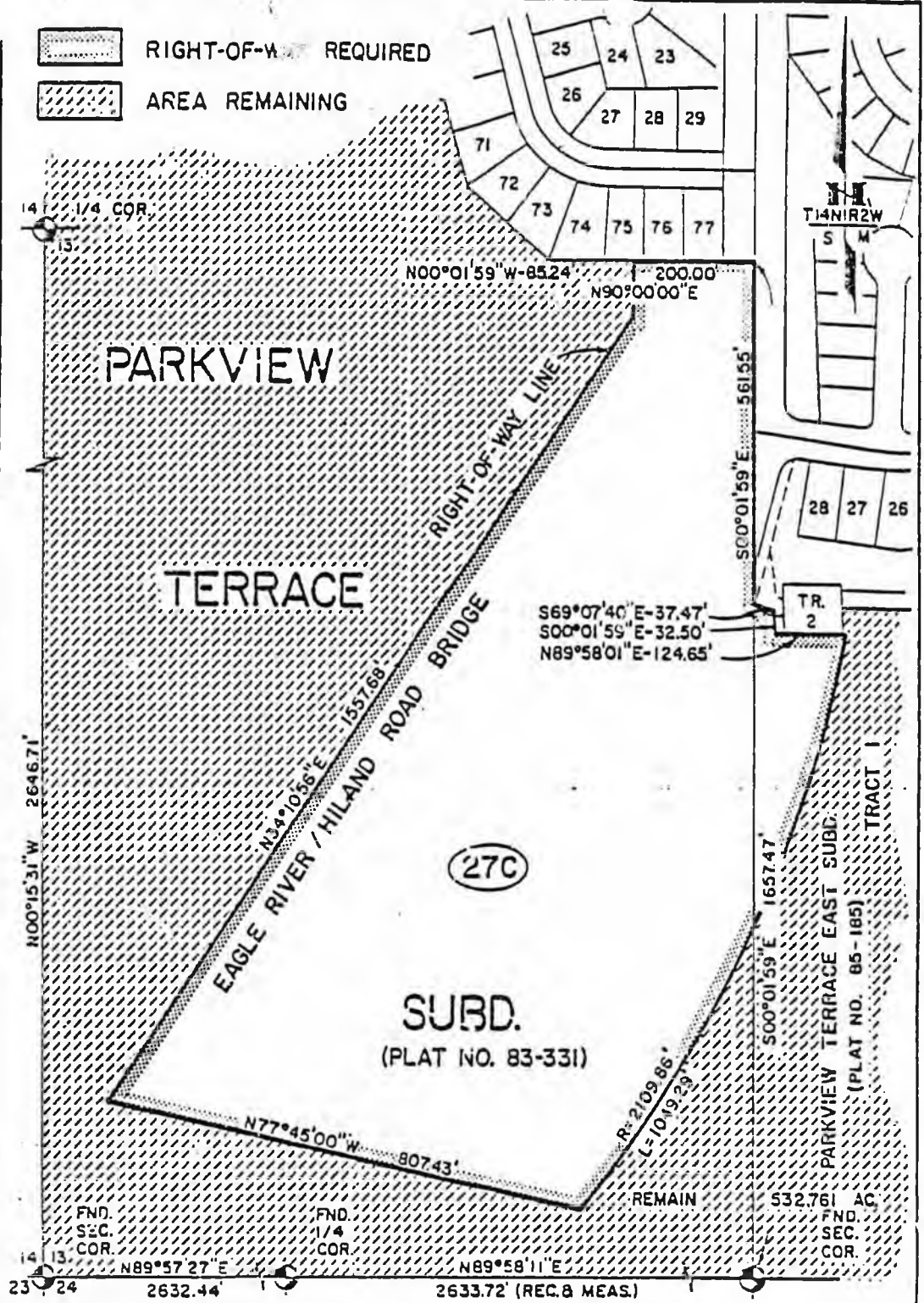
THIS IS TO CERTIFY that the STATE OF ALASKA, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, Grantee herein, acting by and through its Commissioner of Transportation & Public Facilities, hereby accepts for public purposes the real property, or interest therein, described in this instrument and consents to the recordation thereof:

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of September 1986.

DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES

By:  For the Commissioner

 RIGHT-OF-WAY REQUIRED
 AREA REMAINING



Signature	Date
Attached To	Easement
Dated	9/10/86

STATE OF ALASKA
 DEPARTMENT OF TRANSPORTATION
 AND PUBLIC FACILITIES
 MAP SHOWING
 RIGHT OF WAY REQUIRED FOR
 EAGLE RIVER/HILAND ROAD
 BRIDGE
 CENTRAL REGION Area 21.6389 AC.
 Scale 1" = 200' Project No 53121
 EEP No. 122785 Project No 27C

BOOK 1497

PAGE 0485

86-070365

NC

RECORDED-FILED
ANCHORAGE REC.
DISTRICT

SEP 25 11 07 AM '86

REQUESTED BY AG/DOT

ADDRESS _____

MAR 5 1987

March 1, 1987

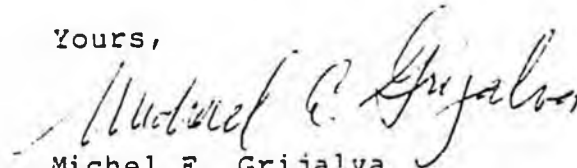
To
Margaret Hayes
Reg.Mgr., Div. of Land and Water mgmt.

I strongly suport the plan to create the Eagle River greenbelt area. This property should be preserved and developed only to the extent of making it available for people to enjoy, as close as possible to the natural state. Boating, hiking and exploring the area, to enjoy its scenic and wildlife wor. ers should be the primary emphasis.

I have personally hiked and boated this area many times and would like very much to continue to do so. It is indeed fortunate that we will have the oportunity to preserve this treasure before it can be "developed."

Please help to place this land under our protection.

Yours,


Michel E. Grijalva

Jack Mosby
3026 Wesleyan Drive
Anchorage, AK 99508
March 1, 1987

Governor Steve Cowper
Pouch A
Juneau, AK 99811


Dear Governor Cowper:

I am writing this letter to express my support for the Eagle River Green Belt Land exchange (ADL 223175). This is the land exchange that involves trading Eklutna's land (from the State's Eagle River Campground to the Chugach State Park boundary and several other smaller parcels) for the State's former office building site in downtown Anchorage (block 112 A).

As a frequent user of the area throughout the year with my family of four for walking, skiing and rafting, I place a very high value on this land for public recreation.

This trade will resolve two problems of trespass on Eklutna land at the Eagle River Campground and at the Thunderbird Falls Trail parking lot. These are areas that my family, friends and visitors alike use several times a year. The exchange also opens the potential for additional access to the Eagle River Green Belt and puts former state land back on the tax rolls.

Sincerely,


Jack Mosby

cc: Representative Ramona Barnes
Representative Patrick Pourchot
Senator Rick Halford
DNR-Southcentral Mgr.

Representative Sam Cotton
Representative Randy Phillips
Senator Tim Kelly

2136 S. 37th St.,
Anchorage, AK 99509
Feb. 27, 1987

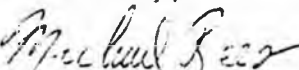
The Alaska Dept. of Natural Resources
P.O. Box 1007005
Anchorage, AK 99510-7005

To Whom It May Concern:

I recently learned that the DNR is having second thoughts about recommending the reacquisition of the Eagle River greenbelt lands and returning them to Chugach State Park. I strongly urge you to proceed with recommending the proposed land exchange with Sklutna, Inc. to the legislature. The Eagle River greenbelt is one of the most important recreational river areas in the Municipality of Anchorage, easily accessible to over half of the state's population (as well as many of the tourists who come to visit this state). The greenbelt provides important wildlife habitat. Returning it to the state park would protect these values, as well as protect the river's water quality and scenic values. The greenbelt also has economic benefits to the state's recreation and tourism businesses. In addition, the land exchange would put downtown land back into private ownership for development, and increase the municipal tax rolls.

Again, I strongly urge you to recommend the Eagle River greenbelt lands be returned to Chugach State Park. Thank you for your time. Please keep me informed on the outcome of this issue.

Sincerely,


Michael Rees

c.c. Jan Paiks

Margaret J. Hayes
Regional Mgr
Division head: Water Mgmt
Southcentral Regional Office
PO Box 107005
Anchorage AK 99510

3/2/87

MAR 6 1987

Dear Ms Hayes

I am writing in support of the land exchange in Eagle River that would extend the Chugach State Park to the Eagle River Greenbelt. Exchanging this vital piece of property for both environmental protection as well as for recreational use seems highly desirable.

I am an active environmentalist & strongly support protecting valuable albeit fragile properties that will help conserve our ecosystem. My fellow environmentalist that live outside come to visit me in Alaska frequently. Having such a lovely access to the Eagle River will heighten our recreational pleasure as well as give us pleasure knowing that Alaska policy makers are responsive to environmental issues. I will be happy to speak more at your request

Sharon Dowling
3224 Muriel Pl
Anchorage AK 99510

JAMES B. GOTTSTEIN

ATTORNEY AT LAW

406 G STREET SUITE 206
ANCHORAGE, ALASKA 99501
(907) 274-7686

MAR 5 1987

March 5, 1987

Meg Hayes
Southcentral Regional Office
Department of Natural Resources
3601 C Street, Rm 1080
Anchorage, Alaska

HAND DELIVERED

Re: Proposed Eklutna Land Trade

Dear Ms Hayes:

Thank you for informing me of the status of the proposed exchange between the State, Eklutna, and the Municipality of Anchorage, wherein the State is essentially exchanging the two prime blocks in downtown Anchorage that were originally acquired for the State Office Building for the Eagle River Greenbelt to be conveyed to the Municipality of Anchorage.

I was quite surprised and dismayed that our long stated objections to the proposed exchange, communicated a number of times to Gary Gustafson, Chief, Land Management, Division of Land and Water Management, had not been forwarded to the appropriate person(s). As I explained on the telephone, as the attorney for the Intervening Plaintiffs, the Alaska Mental Health Association and others in the Mental Health Trust Lands Litigation, Weiss et al. v State, 4FA 82-2208 Civ., and on behalf of all the other plaintiffs in the case, it is our position that the two downtown lots are precisely the type of land that should be conveyed into the Mental Health Lands Trust to replace lands that have been lost and therefore should not be conveyed to anyone else.

It is our position that these lands, and indeed all other suitable state lands, should not be disposed of by the state until such time as the Mental Health Trust Lands Litigation has been resolved. As you know, the amount of available state land suitable for inclusion in the Trust is very limited. For the state to continue to dispose of suitable replacement lands in general and these specific parcels in particular, seriously hampers efforts to reconstitute the Mental Health Lands Trust as Ordered by the Alaska Supreme Court in State v. Weiss, 706 P.2d 631 (1985).

In our view, the state's commingling of Mental Health Trust Lands with all other state lands, combined with wholesale disposals of Mental Health Trust Lands results in a constructive trust being created for all state lands for the benefit of the Mental Health Lands Trust.

As you may know, the plaintiffs' side of the Mental Health Trust Lands Litigation and the State have a gentlemen's agreement not to pursue litigation at the current time in order to facilitate settlement negotiations. This gentlemen's agreement recognizes that either party will go to the court, however, in the event that it is considered necessary. If the State proceeds to approve the proposed exchange without making some sort of acceptable provision regarding the Mental Health Lands Trust, this may force us into court to attempt to prevent the exchange.

Again, I am sorry that our previously stated objections had not been conveyed to you, but felt that you ought to have our position before you in writing in determining the state's course of action.

Yours truly,



James B. Gottstein

cc: Alaska Mental Health Association
David Walker
Cooper Geraty
G. Thomas Koester
G. Gustafson
T. Braden
Interim Mental Health Trust Commission
Rep. Pourchot
Rep. Gruenberg
Sen. Halford
Sen. Fahrenkamp
Sen. Fischer
Sen. Josephson
Rep. Herrmann
Rep. Cotton
Sen. Coghill

THE FOLLOWING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

December 8, 1986

*Same letter
to Navarre
being used as
backup HB 16
SMY*

Representative Sam Cotten
P.O. Box 296
Eagle River, Alaska 99557

Re: Economic importance of Chugach State Park
Harmful effects of Chugach State Park budget cuts
Support for Chugach State Park funding

Dear Representative Cotten:

As members of the Chugach State Park Citizen's Advisory Board, we have become increasingly concerned about the effects of State budget cuts on the Park. Enclosed is a copy of a report documenting these effects. Also enclosed is a copy of an article by Bill Sherwonit of the Anchorage Times, providing further information about the problems caused by budget cuts.

Chugach State Park is very heavily used both by Alaska residents and by visitors to Alaska. Use of the Park has been rising steadily. The Park has enormous potential for aiding the development of tourism in Alaska.

Although the task of managing and protecting Chugach State Park has grown as the number of visitors has increased, the Park operating budget has been cut by 29 percent over the past two years. Due to these budget cuts, essential maintenance is not being performed; law enforcement, search and rescue, and interpretation have all but ended; and facilities are being closed. The newly completed Potter Section House--the single most visible facility in the Park--was closed two days after it was dedicated, since there are no new funds to operate it. Without ranger patrols, damage due to vandalism and illegal ATV use is increasing. In addition, capital projects necessary to prevent severe environmental degradation are not being undertaken. The results of this degradation will be with us and our children for decades.

In response to this situation, the Chugach State Park Citizen's Advisory Board passed a unanimous resolution at its October meeting that "No more cuts should be made to the operating budget of Chugach State Park."



CHUGACH STATE PARK CITIZENS' ADVISORY BOARD

We are well aware that the State of Alaska is facing severe reductions in revenues, that cuts have been made throughout state government, and that further significant cuts will be necessary. Nevertheless, we feel that it is essential that the State continue to fund the Chugach State Park budget at a level necessary to prevent degradation of the environment, to protect public safety, and to encourage continued growth of the tourism industry.

Parks have the potential to provide revenues for the state through user fees such as campground fees. Alaska is the only state in the union which does not currently collect campground fees. We urge you to support legislation which would permit the collection of campground fees.

Most importantly, we urge you to work for the protection of funding for the Chugach State Park operating budget.

Simon Cassira, Chair Sincerely,

Munna Krapp

Ron Crenshaw

Mark Shoh

James C Beck

Mark Nichols

Tom Weachaw

Susan Clough

Members, Chugach State Park
Citizens' Advisory Board

Enclosures



CHUGACH STATE PARK CITIZENS' ADVISORY BOARD

Chugach State Park Citizen's Advisory Board members signing this letter:

Sharon Cissna, Chair
P.O. Box 1911
Anchorage, Alaska 99510
272-8662 (W)

Gunnar Knapp
1335 Sunrise Drive
Anchorage, Alaska 99508
274-9117 (H)
786-7717 (W)

Ron Crenshaw
Anchorage Dept. of Parks
and Recreation
P.O. Box 196650
Anchorage, Alaska 99519-6650
264-4335 (W)

Mark Skok
Box 100918
Anchorage, Alaska 99510
274-3934 (W)

James Beck
8701 Blackberry #1
Anchorage, Alaska 99502
248-4777 (H)

Mark Hickok
1589 Sunrise Drive
Anchorage, Alaska 99508
277-9146 (home)

Tom Meacham
9500 Prospect Drive
Anchorage, Alaska 99516
276-6100 (work)

Susan Clough
9700 Prospect Drive
Anchorage, Alaska 99516
346-0886 (work)

*East River greenbelt
see p. 7*

EFFECTS OF RECENT BUDGET CUTS ON CHUGACH STATE PARK
REVIEW AND RECOMMENDATIONS

Prepared for the
Chugach State Park Advisory Board

October 1986

by

Gunnar Knapp
Member, Chugach State Park Advisory Board
Associate Professor of Economics
University of Alaska, Anchorage
3211 Providence Drive
Anchorage, Alaska 99508
786 7717 (work)
274 9117 (home)

EFFECTS OF BUDGET CUTS ON CHUGACH STATE PARK
REVIEW AND RECOMMENDATIONS

Summary

No more cuts should be made to the operating budget of Chugach State Park. This is the primary conclusion of this report, which reviews the contributions of Chugach State Park to the Alaska economy and the effects of recent budget cuts on the Park.

Chugach State Park--the fourth largest state park in the United States--extends to within seven miles of downtown Anchorage. The Park provides unparalleled recreation opportunities for Alaska residents and visitors alike. In 1985, more than 1.4 million visitor days were recorded in Chugach State Park. Nearly 30 percent of all visitors to Southcentral Alaska visited the park, and the vast majority of visitors to Southcentral Alaska traveled through the park enroute to Portage Glacier. Given its contribution to the quality of life in Anchorage and the recreation experiences of the growing number of tourists visiting Alaska, Chugach State Park is of major significance to the Alaska economy.

Over the past two years, the operating budget of Chugach State Park has been cut by 29 percent, and funding for capital projects within Chugach State Park has been almost entirely eliminated. As a result of these budget cuts, the quality of Chugach State Park is severely threatened. Most law enforcement, search and rescue activities, and maintenance of trails and facilities has ceased. Long-planned capital projects which would have halted environmental degradation have been halted. Damaged facilities are not being repaired. Years of experience and knowledge about the Park are being lost as long-term staff are laid off. Nevertheless, further cuts of up to 20 percent are being proposed for the Chugach State Park FY 1988 budget.

Given the economic importance of Chugach State Park to Alaska, budget cuts of the magnitude experienced by the Park have been short-sighted and will eventually cost Alaska heavily. Therefore the report makes the following recommendations:

1. No more cuts should be made to the operating budget of Chugach State Park.
2. Funds sufficient to permit renewal of essential Chugach State Park management functions should be restored.
3. Funding should be restored for those capital projects essential for visitor safety and for prevention of environmental degradation.

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Overview of Chugach State Park

Chugach State Park was established by an act of the Alaska Legislature in 1970. Chugach State Park is one of the four largest state parks in the United States, encompassing approximately 495 thousand acres--half the area of the Municipality of Anchorage. The westernmost boundary of the park is only seven miles from the downtown Anchorage business district. To the north, the park extends nearly to Palmer, and to the south nearly to Girdwood. Between Anchorage and Girdwood, the Seward Highway runs through the park along Turnagain Arm for a distance of 27 miles.

Park facilities include the Eagle River Visitor Center, 3 campgrounds, 29 trailheads, 110 trails and routes, 20 maintained parking lots, and 30 maintained latrines. A new facility, the Potter Creek Section House, was dedicated in October of 1986.

Users of Chugach State Park

Alaska Residents

More than 280 thousand people--nearly three-fifths of the population of Alaska--live within a 40-mile radius of the park. These residents use the park very heavily in a wide variety of ways: camping, picnicking, berry picking, photography, wildlife viewing, backpacking, hiking, nature study, sightseeing, rock and ice climbing, hang gliding, boating, fishing, hunting and cross country skiing.

In a 1973 survey of Anchorage residents, more than 93 percent of those responding said that "recreation is vital" to them. For many, the availability of recreational opportunities was a strong reason for their residence in Anchorage.

A 1979 survey of Anchorage residents showed that nearly one-third had gone cross-country skiing in 1979 within one hour of their home. More than 11 percent had gone tent camping and more than 13 percent had gone hiking within one hour of Anchorage--most likely within Chugach State Park (see Table 1). On average, these residents went hiking or camping more than eight times per year. Cross country skiers went skiing an average of more than ten times per year.

A 1985 survey of more than 2600 Anchorage households showed an even greater rate of participation in outdoor activities. Members of more than three quarters of all households had gone hiking, picnicking or berry-picking within the past year--activities for which Chugach State Park is especially favorably located (see Table 2). In more than half of all households, members had gone backpacking or camping. Similarly, members of more than half of all households had gone skiing, snow-shoeing or dog-sledding.

Table 1
Percentage of Anchorage Residents Participating
in Selected Outdoor Activities Within
One Hour of Home, 1979

Hiking with a pack	13.1
Tent camping	11.3
Cross-country skiing	32.8

Source: Institute of Social and Economic Research.
 Based on 1979 recreation survey.

Table 2
Most Recent Participation in Outdoor Activities
by Anchorage Households

	Within past year	Two to five years ago	All others
Skiing, snow-shoeing, or dog-sledding	57.8	6.9	35.3
Backpacking or camping	53.4	9.4	37.2
Hiking, picnicking, or berry-picking	75.0	4.4	20.6

Source: Institute of Social and Economic Research.
 Based on 1985 survey of 2693 Anchorage households.

Total visitor days of Alaska residents in Chugach State Park have been increasing by more than ten percent annually. In 1985 there were more than 1.4 million visitor days--nearly six visitor days for every Anchorage area resident (Table 3). These visits were distributed throughout the park, from Eklutna Lake to the north to the Turnagain Arm turnouts to the south (Table 4).

Alaska Visitors

Chugach State Park is not only used by Alaska residents. For thousands of visitors to Alaska, a visit to Chugach State Park is often their first experience of the spectacular scenery and wilderness of Alaska. In 1986, more than 200 thousand non-resident visitor days have already been recorded (Table 3). In a 1985 Alaska Division of Tourism survey, 29 percent of all visitors to Southcentral Alaska in 1985--more than 78 thousand persons--reported visiting Chugach State Park (Table 5). This figure does not include the many tourists who passed through Chugach State Park en route from Anchorage to Portage Glacier and the Kenai Peninsula.

Economic Importance of Chugach State Park

It is difficult to quantify the economic impacts of Chugach State Park. However, there is no doubt that these impacts are substantial, both through the park's contribution to the quality of life in Anchorage and through the attractiveness of the park as a tourist destination.

The quality of life in Anchorage is of major economic significance. There are many economic disadvantages to living in Anchorage compared with other major American cities, such as the high cost of living, the long winters and the physical distance from friends and family members in other parts of the country. It is the special quality of life in Alaska that more than makes up for these difficulties for most Anchorage residents. Undoubtedly, the proximity of Chugach State Park and the unparalleled recreation experiences which it offers is a major contributor to the quality of life for many residents. Without Chugach State Park, Anchorage would be a less favorable location to live and for businesses to locate.

Similarly, Chugach State Park is a significant part of the experience of visiting Alaska for many tourists. At a time when the Alaska economy is experiencing a recession, steadily increasing tourism is a bright spot. The accessibility and quality of tourist destinations will be key to the growth of tourism. Chugach State Park represents a unique combination of spectacular scenery with unparalleled accessibility to a major city. Maintaining the quality of Chugach State Park is of major importance to the continued growth of tourism in the Alaska economy.

Table 3
Chugach State Park Annual Visitor Days, 1983 - 1986

	1983	1984	1985	1986 (a)
EAGLE RIVER VISITOR CENTER (b)	28,280	32,320	43,000	n.a.

TOTAL PARK (c)				
Resident	n.a.	1,205,101	1,320,556	1,240,933 (a)
Non-Resident	n.a.	100,459	148,958	223,607 (a)
Total (d)	979,077	1,305,560	1,469,514	1,464,540 (a)

Source: Alaska Division of Parks.

n.a.: Not available.

(a) Figures are through August, 1986.

(b) Based on actual count.

(c) Estimated by multiplying the number of cars in access point parking lots by an average number of visitors per car. Non-residents are estimated based on licence plates. This procedure may underestimate non-resident visitor days.

(d) 1983 figure based on slightly different methodology.

Table 4
Chugach State Park Visitor Days, by Area, 1983 and 1984

	1983 (number)	1984 (number)	1983 (percent)	1984 (percent)
Seward Highway (turnouts)	115,186	226,438	12	18
Mirror Lake	196,665	136,271	19	11
Glen Alps	145,262	153,975	15	13
Eklutna Lake	105,258	125,495	11	10
McHugh Creek	108,401	112,915	11	9
Prospect Heights	48,187	66,741	5	5
Eagle River Visitor Center	28,230	32,320	3	3
Other Areas	241,685	377,118	25	31

Total	979,077	1,231,273	100	100

Note: Methodology used to calculate 1984 visitor days differs slightly from that used in Table 3.

Table 5
 Percentage of 1985 Visitors to Southcentral Alaska
 Who Visited Chugach State Park

Purpose of Visit	Total Visitors to Southcentral Alaska	Number Who Visited Chugach State Park	Percent
Pleasure	161,900	38,856	24
Visiting friends and relatives	57,300	31,515	55
Business and pleasure	28,600	6,578	23
Business only	35,000	1,400	4
TOTAL	282,900	78,349	29

Source: Alaska Division of Tourism, Alaska Visitor
 Statistics Program.

Note: Figures do not include visitors driving along
 Turnagain Arm to Portage Glacier. If these visitors
 to Chugach State Park were included, the percentage
 would be close to 100 percent.

Table 6
 Chugach State Park Criminal and
 Search and Rescue Incidents

Year	Recorded Criminal Incidents	Major Search and Rescue Incidents
1983	229	11
1984	271	24
1985	172	6

Source: Alaska Division of Parks

Managing Chugach State Park

Compared to the benefits it provides, Chugach State Park requires little management and state budget outlays. However, management is still required in order to protect and enhance the park. These management needs are not always visible to the public, and may not be noticed until they are not met. They include:

- o Law enforcement. The number of reported criminal incidents within the park has declined substantially over the past three years, but there is still an average of one reported criminal incident nearly every two days (Table 6). For every reported criminal incident, there are several more which are unreported. These incidents often occur in locations unfamiliar and inaccessible to regular law enforcement personnel such as the Alaska State Troopers. Vandalism and illegal use of vehicles provide particularly difficult law enforcement problems, causing expensive damage to man-made facilities and sometimes irreparable damage to natural sites. Among the most effective methods of reducing the incidence of these and other criminal activities is regular patrols by uniformed park rangers, and immediate repair of damaged facilities. Without such repairs, past incidents of vandalism serve to encourage additional vandalism.
- o Search and Rescue. Although the vast majority of park users have safe and enjoyable experiences, accidents do occur which require emergency search and rescue operations. There were 24 such incidents in 1984 (Table 6). The familiarity of Chugach State Park staff with the terrain and conditions of the Park, as well as their ability to respond rapidly, can literally save lives. Other emergency personnel, such as the Alaska State Troopers, are not usually trained or equipped to undertake backcountry rescues. Volunteer organizations trained for backcountry search and rescue are unable to respond rapidly in emergencies. Although it is only a small part of the overall job of park management, search and rescue is thus an important function of a regular management staff.
- o Maintenance. Many park visitors take facilities such as access roads, campgrounds, parking lots and outhouses for granted. It is an indication of success in the management of Chugach State Park that users expect that roads leading to the park will be passable, that parking lots will be plowed, and that outhouses will be clean and supplied with toilet paper. However, maintaining these facilities requires regular work from Eklutna Lake in the north to Bird Creek in the south.
- o Land Management. As the managers of half the land within the municipality of Anchorage, park staff must regularly respond to municipal platting and zoning requests, provide land status and boundary information, and monitor and comment on federal,

state and local land exchange agreements and property disputes, in addition to all of their other duties. As Anchorage has grown and development has pressed upon the park boundaries, the time required for such routine responses and monitoring has expanded dramatically.

- o Interpretation. The quality of visitor's experiences are greatly enhanced by interpretive activities and facilities provided by regular park staff. In the past, these have included a wide variety of activities as diverse as tours of Eagle River Visitor Center for visiting school groups, instruction in stream crossing techniques, hikes led by rangers, and evening and weekend interpretive programs. Interpretive programs cover a very wide range of subjects, such as salmon, edible plants, wildflowers, wildlife, avalanche awareness, snow-shelter construction, and snowmobile safety. These interpretive programs are very popular: more than 300 people attended a program on Turnagain Arm bore tides; more than 400 attended a program on Halley's comet.
- o Coordination of volunteers. A large number of volunteers contribute their time to Chugach State Park, helping with trail maintenance and interpretive programs and serving as campground and visitor center hosts. Volunteers contributed ten thousand hours of work to Chugach State Park in FY 1986. Trail maintenance and clean-up work done under inmate labor programs provided another 27,000 hours of low-cost labor to the Park. Coordination and supervision by regular park staff is required to take advantage of the many valuable contributions of volunteer and inmate labor programs.
- o Capital Improvements. Capital improvements are needed to protect existing park facilities such as heavily used trails and parking lots, and to provide new facilities to accommodate increased user demand. Although usually funded separately from the regular activities of park management, the planning and construction of such facilities are major concerns of park management.
- o Land Acquisitions. Private inholdings cause significant access and management problems within some areas of Chugach State Park. Acquisition of some of these inholdings could resolve these problems while enhancing the integrity of the Park for generations to come. As with capital improvements, land acquisitions are funded separately from the regular activities of park management, but are major concerns of park management. An example of the importance of such activities is provided by the recent signing of the agreement for the acquisition of the Eagle River greenbelt, which will probably become one of the most heavily used areas of Chugach State Park.

Chugach State Park Budget Cuts

The total State operating budget for Chugach State Park increased from \$790 thousand in FY 1983 to \$866 thousand in FY 1985--an increase of less than 10 percent at a time when use of the park and land management responsibilities were increasing rapidly (Table 7).

Subsequently, between FY 1985 and FY 1987, the park operating budget has decreased by \$231 thousand, or nearly 29 percent. The personnel budget for Chugach State Park has decreased from \$628 thousand in FY 1985 to \$421 thousand in FY 1987--a decrease of nearly 33 percent. Due to inflation, the real cut in the Park operating budget has been even more substantial.

Accompanying the cuts to the park operating budget have been cuts to the park capital budget. Almost the entire FY 1987 capital budget has been frozen.

In October of 1986, Chugach State Park was requested to submit a FY 1988 budget incorporating a further budget cut of up to 20 percent, or an additional \$125 thousand.

In addition to State budget cuts, Chugach State Park has also experienced cuts in Federal assistance. In the 1970's and early 1980's, Federal programs such as CETA funded a number of ranger positions in the Park. As these programs were eliminated, these ranger positions were lost.

Impacts of Chugach State Park Budget Cuts

These drastic budget cuts have occurred at the same time that the use of Chugach State Park by both residents and visitors has been increasing steadily, as have the management responsibilities of the Park staff. The acquisition of the heavily used Eagle River greenbelt early in 1987 will further add to these responsibilities.

This combination of increasing management requirements and decreasing resources to meet these requirements has had immediate and severe effects upon the management of Chugach State Park. In the long run, these budget cuts threaten to have even more severe impacts.

Immediate Impacts

The immediate effect of the budget cutbacks has been a reduction in operating man-hours of approximately one-third. As we review below, this reduction has directly affected every aspect of park operations.

Law Enforcement. Ranger patrols of the park--the single most important deterrent to criminal activities--have been virtually eliminated. Similarly, very few funds are available to repair vandalized facilities, which tends to result in even more

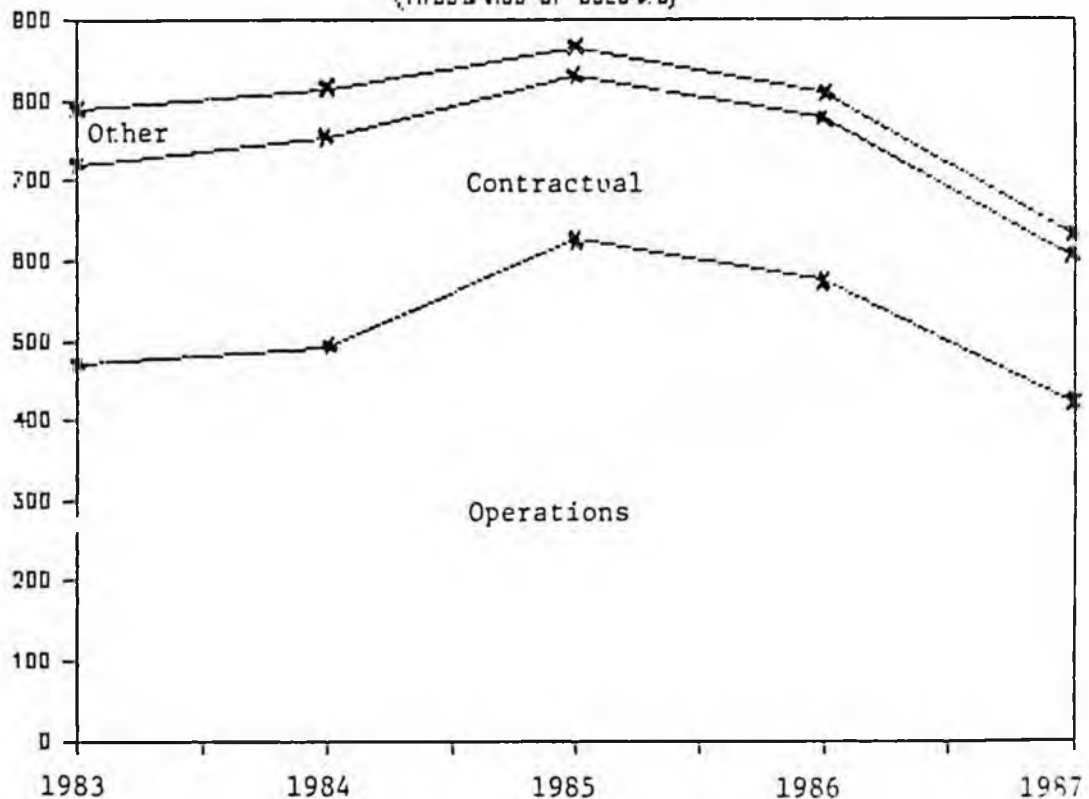
Table 7
Chugach State Park Annual Operating Budget (a)
(thousands of dollars)

	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987
Personnel	472.5	492.8	628.1	576.0	421.6
Travel	12.6	10.2	4.8	5.2	4.2
Contractual	245.8	261.9	202.3	204.4	181.9
Commodities	47.0	47.0	26.9	23.4	23.4
Equipment	12.4	3.5	4.0	0.0	0.0
TOTAL	790.3	815.4	866.1	809.0	631.1

Source: Alaska Division of Parks.

(a) Beginning in FY 1986, Chugach State Park was assigned responsibility for administration of Wood-Tikchik State Park in Southwestern Alaska, at an annual cost of \$45 thousand. The budget figures in this table have been reduced by \$45 thousand for FY 1986 and FY 1987 in order to permit a more accurate comparison of the actual funds available for Chugach State Park.

CHUGACH STATE PARK BUDGET
(THOUSANDS OF DOLLARS)



vandalism. Meanwhile, missing trail signs, broken bridge railings and other damage make the park less safe for visitors. Problems with illegal ATV use, target shooting, mining and logging have also increased.

In order to save money, the superintendent of Chugach State Park is considering eliminating the policing function of park staff entirely. This would effectively eliminate all police presence within the park.

Search and Rescue. All overtime work by park staff has been eliminated. As a result, no trained staff are available for search and rescue activities except during regular park staff working hours. Thus at some of the times when park use is highest no professional search and rescue personnel familiar with the park are available to assist injured park users. These persons must wait for assistance from state troopers or volunteer rescue organizations, who are often unfamiliar with park terrain and trails.

Maintenance. The current budget allows for absolutely no trail maintenance other than by volunteers or inmates. However, funding cutbacks have severely cut into the time available for administration of volunteer and inmate labor. Thus the actual cutbacks in trail maintenance work far exceeds the funding cutbacks.

The current budget allows for no new signs and only minimal replacement of damaged signs or other facilities. All funding for repair of damaged facilities is now handled by the state Division of Risk Mangement, which requires a \$1000 deductible. The total budget for repair of damaged signs in FY 1986 is less than \$2000, compared with \$35,000 in FY 1986.

The park campgrounds were closed earlier this fall and will open later in the spring, due to lack of funding for maintenance.

Interpretation. All interpretive activities of the park staff have been ended. The popular Eagle River visitor center will be closed this year for three months during the winter, a time during which it was frequently used by cross-country skiers. The center's hours have been reduced for an additional five months.

The new Potter Section House, built at a cost of more than \$700 thousand, was dedicated in October of 1986. It is probably the single most visible facility in Chugach State Park, since it is seen by all of the visitors and residents who travel south from Anchorage along the Seward Highway to visit Portage Glacier and the Kenai Peninsula. However, the Potter Creek Section House was closed two days after it was dedicated, since no funds are available to operate it.

Capital Improvements. With the freezing of the FY 1987 capital budget, long-needed improvements to parking lots and trailheads will not be undertaken. As a result, safety hazards at the Eagle River visitor center parking lot will not be corrected. The planned upgrading of the trail from the Glen Alps parking lot to Flattop Mountain will not occur. As a result, the already severe environmental degradation of this area will continue.

Long-Run Impacts

The long-run impacts of Chugach State Park budget cutbacks are harder to quantify but are much more significant. They result from the potential significant deterioration in the quality of the recreation experiences provided by Chugach State Park. At present funding levels, the park staff is able to do little more than the essential land management and maintenance tasks. Over time, the park facilities which have been built up over the past fifteen years--trailheads, trails, signs, outhouses, campgrounds and interpretive facilities--will deteriorate due to natural wear and tear as well as vandalism. With this deterioration, and in the absence of the safety, law enforcement, and park interpretation provided by ranger patrols, resident and non-resident visitors will find their park experiences less enjoyable. The special quality of life in Anchorage provided by Chugach State Park will be reduced, with real economic effects. Similarly, there will be real effects on the attractiveness of Alaska as a tourist destination.

These effects will be multiplied by the deterioration in the morale of Chugach State Park staff. The inability to manage Chugach State Park as it should be managed, and the continuing uncertainty over their own positions, can only harm what has been a highly enthusiastic and competent park staff. As experienced staff are laid off or seek other jobs because they can no longer support themselves on reduced hours, the Park will lose the benefit of their accumulated experience and knowledge.

Effects of Proposed FY 1988 Budget Cuts

The proposed further cuts of up to 20 percent in the Chugach State Park FY 1988 budget would have even more drastic effects. All of the problems discussed above would be compounded. In addition, these further cuts would probably result in the closure of both the Biru Creek and the Eagle River campgrounds, and the closure of the Eagle River Visitor Center for all but the four summer months.

Recommendations

Given the contribution of Chugach State Park to the economy of Anchorage and the entire State of Alaska, through its effects on the quality of life in Anchorage and the quality of the experience of visiting Alaska, it is essential that Chugach State Park not be permitted to deteriorate. Deterioration will be the inevitable result if the budget cuts to the park continue. Therefore this report makes the following recommendations:

1. No additional cuts should be made to the operating budget of Chugach State Park.
2. Funds sufficient to permit renewal of essential park maintenance, search and rescue, and law enforcement functions should be reinstated in the operating budget.
3. Funding for capital projects essential for the safety of park visitors and the prevention of environmental degradation should be restored.

It is well known that the State of Alaska is facing severe reductions in revenues, and cuts have been made throughout state government. Nevertheless, it is essential that state funding continue for those activities which contribute directly to the long-run growth of the state's economy. The State cannot continue to meet its revenue shortfalls by making across-the-board cuts in all programs, or it will cripple those programs which are most needed to ensure a bright future for Alaska.

Budget cuts damage Chugach State Park

By Bill Sherwont
Times Columns Writer

The selling of Chugach State Park has begun.

Sales pitches are being made by advisory board members, the director of state parks and a newly formed advocacy group called, appropriately enough, "Friends of Chugach State Park."

Although working different avenues, their common goal is to convince state legislators and soon-to-be-governor Steve Cowper that money spent on Anchorage's "crown jewel" is money wisely invested.

And with the plea for financial aid comes a warning that continued budget cuts will ultimately contribute to the park's nearly imperceptible, but real, deterioration.

"Chugach State Park is one of the best things we've got going for us in Anchorage," says Gunnar Knapp. "Nothing makes Anchorage so unique as this park. It's such an incredible asset, but it's being run on a purse string. Its budget has been cut to the bone. People have to realize that we have a big problem here."

Knapp is a member of the Chugach State Park Citizens' Advisory Board as well as an associate professor of economics at the University of Alaska-Anchorage. Recently, he prepared a report on "Effects of Recent Budget Cuts on Chugach State Park: Review and Recommendations."

The report's bottom line is simple: The quality of Chugach State Park is threatened by budget cuts.

Knapp is not politically naive enough to believe that either the governor or state legislators will read his

report and come riding to the park's rescue.

"As long as state revenues keep falling, the new administration will have to keep cutting back on state spending," he says. "There'll be lots of cuts. And there are lots of different groups lobbying to save their particular thing. Those people who don't scream loud won't see any results.

"You can't just sit back and say 'Our cause is worthy, so it should be saved.' If people think the park matters, they have to say so. And because the park isn't a big-budget item, we're going to have to scream real loud."

The screaming has begun in Anchorage. But a question remains: Will the screams be heard in Juneau?

Some facts and figures: Chugach State Park was created in 1970, by an act of the Alaska Legislature. It encompasses about 495,000 acres, making it one of the four largest state parks in the United States (and second largest in the state, behind Wood-Tikchik State Park in Southwestern Alaska).

Much of the park is wilderness, undisturbed by any development and seldom visited. Yet many of its most spectacular mountains, glaciers, valleys and lakes are within easy reach of the state's largest city.

The park's western boundary is located only seven miles from Downtown Anchorage. The Seward Highway runs through it for a distance of 27 miles, between Anchorage and Girdwood.

The proximity of Chugach State Park to Anchorage is one of its biggest selling points.

"More than 280,000 people — nearly three-fifths of the population of Alaska — live within a 40-mile radius of the park," Knapp writes in his report. "These residents use the park very heavily in a wide variety of ways: camping, picnicking, berry picking, photography, wildlife viewing, backpacking, hiking, nature study, sightseeing, rock and ice climbing, hang gliding, boating, fishing, hunting and cross country skiing.

"Undoubtedly, the proximity of Chugach State Park and the unparalleled recreation experiences which it offers is a major contributor to the quality of life for many residents. Without Chugach State Park, Anchorage would be a less favorable location to live."

Even the state Division of Parks and Outdoor Recreation touts Chugach as "an accessible wilderness on the doorstep of a growing metropolis."

To increase that accessibility, the state has developed numerous facilities: the Eagle River Visitor Center, three campgrounds (at Eagle River, Eklutna and Bird Creek), the Potter Creek Section House, 29 trailheads, 20 parking lots, 30 latrines and a system of 110 trails and undeveloped routes.

Division of Parks statistics show that the park is heavily used; furthermore, that use is steadily increasing. In 1983, total visitor days spent in Chugach State Park were 979,077. That number jumped to 1.3 million in 1984 and nearly 1.5 million in '85.

Increased visitor-use would logically be accompanied by an increase in management responsibilities, such

as park maintenance, law enforcement, search-and-rescue and interpretative programs.

Unfortunately, management of the park has gotten worse instead of better.

Over the past two years, the operating budget for Chugach State Park has dropped from \$966,100 to \$631,100 — a decrease of almost 29 percent. At the same time, funding for capital projects has been almost entirely eliminated. And further cuts, of up to 20 percent, have been proposed for fiscal year 1988.

Because of the cutbacks already in effect, Superintendent Bill Garry has been forced to reduce his staff's working hours by one-third.

At present, Chugach State Park employs only six people full-time: Garry, his secretary (who doubles as a radio dispatcher), one maintenance worker and three rangers. In addition, there are 12 seasonal positions, ranging from two to 10½ months.

There just aren't enough people to do the job. Park rangers are now being asked to do everything from law enforcement to cleaning out latrines.

"We haven't been funded properly to operate and maintain the park the way it should be," Garry says. "We'd be okay if there was no vandalism or no natural calamities, like fire or high winds or flooding. But there are. And we're not able to keep up with that anymore."

There have been other critical losses.

In the past, park personnel manned a 24-hour answering service and were in charge of search-and-rescue activities within Chugach. But the answering service was terminated Aug. 1. And park personnel will be used for search-and-rescue only during "regular working hours." The reason: No money for overtime.

"In the past, we took on the responsibility because our people are well trained in wilderness search-and-rescue techniques and we know the park better than anybody else," Garry says. "But now it will be up to the troopers or volunteer groups."

Because of personnel shortages, ranger patrols are severely limited. Thus "the single most important deterrent to criminal activities have been virtually eliminated," Knapp writes.

Most park users may be unaware of — or choose to ignore — such criminal activities. But it's a constant problem for management. Signs are torn down or used for target practice. Off-road vehicles are driven where they are prohibited. Big game animals are poached. Picnic tables are stolen. Latrines are set on fire.

"You need routine patrols by uniformed staff or you start to see theft, vandalism, beer parties and rowdiness," says state Park Director Neil Johannsen.

Cutbacks have disrupted numerous other park services. In the past, rangers have conducted programs on such diverse topics as Turnagain Arm bore tides, star-gazing, salmon spawning, avalanche awareness and edible plants. Often, those programs attracted 100 or more people. But all such park-sponsored interpretive activities have ended. (A group of volunteers are still conducting some programs this fall, however.)

The Eagle River Visitor Center is being shut down for three months this winter, the first such closure since it was opened in 1960. And the visitor center's offerings will be reduced the remainder of the year.

"Basically all we'll be doing is opening its doors," Garry says. "There won't be any more programs. And the staff will be drastically reduced. Visitation (to the center) increased from 43,000 to 53,000 from 1985 to 1986; the public is using it more. Yet our services are decreasing."

Such cutbacks are "clearly a tragedy," says Cliff Eames, a spokesperson for Friends of Chugach State Park. "The Eagle River Visitor Center provides a critical service. It's an attractive destination for people who want an introduction to the park. Nowhere else in the park is that active kind of service available. It's a public-relations program that's being seriously undermined."

The visitor center is the most visible park facility to feel the budget crunch, but not the only one. The Bird Creek campground is scheduled to remain closed next summer. The Potter Section house was dedicated in October and closed two

days later. And the Eklutna and Eagle River campgrounds will open later than usual next spring.

There is also a human side to the cutbacks.

"It just destroys morale," Garry says. "Here you have a group of highly dedicated, motivated people who work really hard at their jobs. They do work that's above and beyond their job descriptions. I come along and say 'Great job' and then add, 'Here's your pink slip; now get out of here.' People's initiative is stunted, if not destroyed."

"Don't get me wrong, I still have a great crew. And being a ranger is a great job. It has its own self-motivation. But these kinds of cuts and layoffs don't help to inspire people. In any kind of service industry, morale is the most important factor."

Park officials, advisory board members and frequent park users agree that the decline in services has so far been barely perceptible to the general public. But a gradual deterioration is taking place. And sooner or later, its effects will be felt. By then it may be too late.

"Over time, the park facilities which have been built up over the past 15 years will deteriorate due to natural wear and tear as well as vandalism," Knapp writes. And as a result, "visitors will find their park experiences less enjoyable. The special quality of life in Anchorage provided by Chugach State Park will be reduced, with real economic effects."

The gradual decline in services is complicated by the fact that most people take the park — and its management — for granted.

Mark Findlay, president of the Mountaineering Club of Alaska, says "People know it (the park) is there, but don't appreciate what it takes to manage it. We take a lot of things for granted. The jobs that the rangers do will be appreciated more when trails are washed out, parking lots aren't cleared of snow or garbage cans aren't emptied."

There's one other point to consider: The decline of park services began earlier than fiscal year 1986, when the first cuts were imposed. In the 1970s and early 1980s, federal programs funded several ranger positions. As those programs were eliminated, positions were lost.

Clearly the park is in trouble. But so are many other organizations, groups and projects funded by the state. The trick is to convince state government that Chugach and other state parks rate a higher funding priority than they've been given in the past. That's no easy task.

"Unfortunately it's difficult for the legislature to see its way clear to support parks as a priority, when they've got other people lobbying for things like education, abused children or potholes in the road," Johannsen says. "I don't ever think it's been viewed as the priority it should be."

Sharon Cissna, chairperson of the Chugach State Park Citizens' Advisory Board, says, "Since its inception, the park has gotten nowhere near the funding that other state projects have. The park has been left out. We have to show it's important enough to receive greater consideration."

And the chief argument naturally enough revolves around the economy.

Its supporters say that Chugach State Park makes a significant contribution to the state's tourism industry.

"Chugach State Park is a significant part of the experience of visiting Alaska for many tourists," Knapp writes. "Maintaining the quality of Chugach State Park is of major importance to the continued growth of tourism in the Alaska economy."

There is a problem, however. It's nearly impossible to quantify the park's contribution to the economy. Denali National Park, the Kenai River and Prince William Sound are primary destinations for tourists. Chugach State Park is not.

"In a general sense, parks are very important to the tourist industry," says Dale Fox, executive director of the Alaska Visitors Association. "But in terms of specifics, my gut reaction is that Chugach State Park is not that significant in making money off visitors. I don't think it's on the beaten path of the typical tourist."

However, the Alaska Visitors Association has taken a position supporting state parks — especially the continued maintenance of state parks. "We would not like to see parks closed, or limited," Fox says.

Although Chugach State Park may not directly make money off visitors, it clearly is a tourist attraction. Knapp says that non-residents had spent more than 223,000 visitor-days this year (through August). And in a 1985 Alaska Division of Tourism survey, 29 percent of all visitors to Southcentral Alaska reported visiting Chugach State Park.

"Chugach has a very central role in year-round tourism," Garry says. "It's available to the most number of people on a year-round basis. It's my belief that if (legislators) looked at the situation, they'd see that state parks, campgrounds and recreation areas do contribute significantly to the economy. Tourism is one of the major growth areas. It may not provide \$2 billion, but it will help to diversify the economy, like politicians are always talking about doing."

The problem extends beyond Chugach. The budget for the entire state park system has been revised to \$3.9 million for fiscal year 1988, down from \$4.5 million this year.

Johannsen, who has proposed the closure of 20 park facilities around the state because of layoffs and budget cuts, is highly critical of state government's willingness to overlook state park needs while badmouthing the federal park system.

"I see a bit of hypocrisy. The state attacks the federal government for not making (national) parks more usable and accessible. Then it turns around and cuts the legs off our own park system," he says. "Our parks are already accessible; they're along the road system. But we're not getting the money to properly manage them. It doesn't make sense to me."

"Our parks get 6½ million visits a year. Everybody uses them. But it's not an organized constituency. So the legislators don't hear from people."

That's beginning to change.

Friends of Chugach State Park will "provide an organized constituency and advocacy group," says Eames. "We'll be lobbying in Juneau."

And the Chugach State Park Citizens' Advisory Board also plans to take a more active role and "be spokespersons for the park and its user groups," Cissna says.

Because he's a state employee, Garry is unable to lobby for additional park funding. But "it should be obvious that something needs to be done," he says. "Until the people feel it, I don't think the state will realize what state parks have to offer."

If enough complaints are registered it's inevitable that politicians will begin listening. Already, the shouts for attention are starting to be noticed.

"This is the first time that any political lobbying has been done for Chugach State Park," says Rep. Sam Cotten of Eagle River, one of the park's political allies. But Cotten adds, "It's going to take some creativity to convince (state government) that the park should be given a high priority."

Even if further cuts were somehow avoided — which is unlikely — the park's problems would not be solved. Chugach State Park is already underfunded.

And if the state can't provide the needed money, it must come from another source — such as campground fees.

"That would stem the tide of money going to the upkeep of campgrounds and that money could be used elsewhere," Garry says. "Unfortunately, it is now illegal for us to charge money. We don't have the legislative authority."

Alaska is the only state in the country which does not charge state-park camping fees. The use of any park-fee system was prohibited by an act of the state legislature in 1978 — when oil revenues were starting to pour into the state.

For the past three legislative sessions, Johannsen has introduced a bill to impose campground fees at state parks. But each time, the bill has died in the Senate, despite the sharp decline of oil revenues and funding cutbacks.

Anchorage Rep. Mike Szymanski predicts that a state park campground-fee bill will be passed by the legislature and signed into law by Cowper next year.

"Looking at the way the House (of Representatives) and Senate are organized now, there should be no problem," he says. "It will have to be a minimal-fee structure and limited to overnight camping. But we're seeing a big need for more park money.

"Parks have been pretty much abandoned by the legislature in the past, mainly because the public has been vocally supportive of the parks," Szymanski adds. "But that's changing. And people are beginning to see that parks can be an integral part of the tourist industry."

The use of campground fees are part of Johannsen's five-point plan to save the entire state park system, not only Chugach. The parks' other needs:

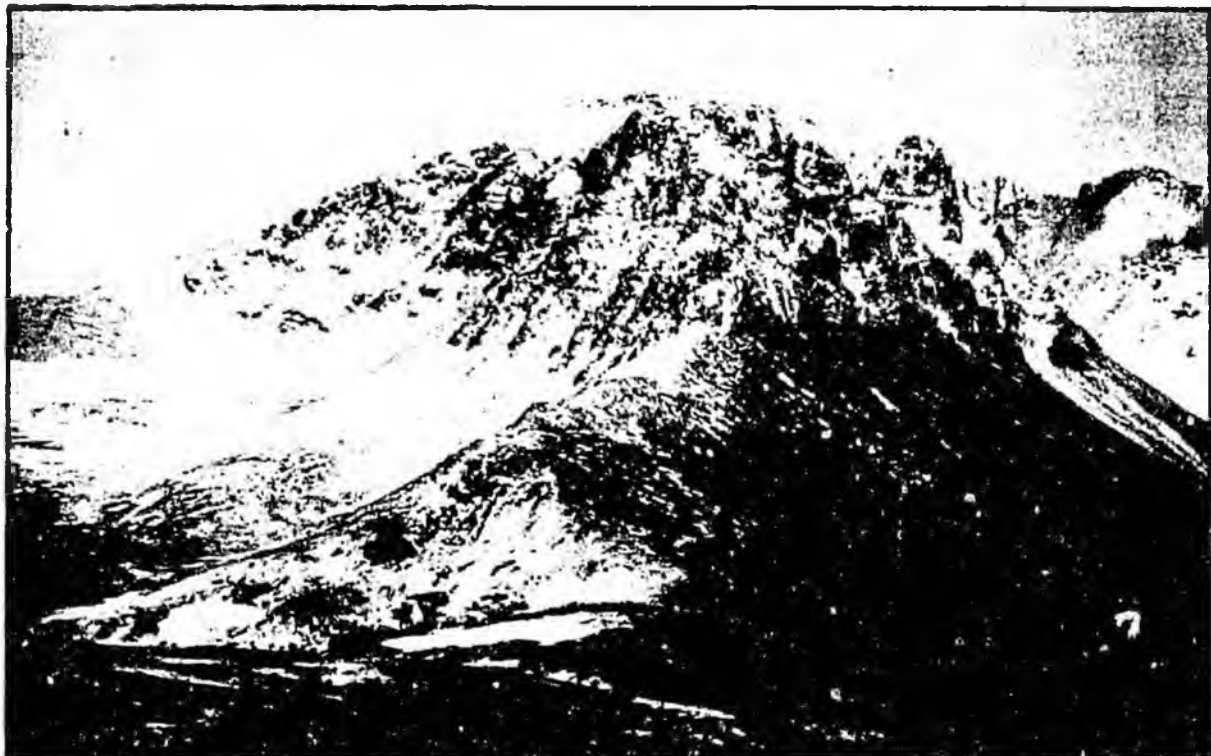
- An adequate budget to keep facilities opened and well maintained.
- The continued use of park volunteers and prison-inmate program.
- The use of contracts with the private sector to handle maintenance and upkeep of some park facilities.
- The creation of an adopt-a-park approach. Clubs and service organizations would "adopt" a park facility or area and help with its day-to-day maintenance. In return, the group would receive recognition, in the form of a sign.

Perhaps most important of all, "People have got to take an active involvement," Johannsen says. "We have to start recognizing that the parks are not a luxury. They're a necessity. Parks can make significant contribution to the economy. But locked gates and overflowing latrines are a poor way to handle the visitor industry.

"We roll out the red carpet, but we haven't been doing a very good job of keeping it vacuumed."

Nowhere is maintenance more important than Chugach, which could be the showcase of the entire park system because of its location, easy access, spectacular scenery and numerous recreational opportunities.

"We have to begin to wake up," says advisory board member Mark Skok. "If we don't maintain Chugach State Park at some minimum level, we're not just losing an asset — we're gaining a black eye. We'll be showing visitors to our state that Alaska can't take care of its own resources."



Times photo by Bill Sherwonit

Winter arrives at Chugach State Park, which is popular with Anchorage-area cross country skiers.



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 27, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, and AS 38.50.140, I am transmitting a bill approving and ratifying the Eagle River Greenbelt land exchange, and adding 1.09 acres to Chugach State Park. The land exchange acquires from Eklutna, Inc., for the public, a greenbelt consisting of 3,558 acres along Eagle River in the Municipality of Anchorage, and an option to purchase two additional parcels. In return, Eklutna will receive Block 112A, Anchorage Original Townsite, located on the east end of downtown Anchorage, plus \$173,300.

The state began land exchange negotiations with Eklutna, Inc. in June, 1986. The greenbelt is based on a plan adopted by the Anchorage Assembly on May 7, 1985 (Assembly Resolution 85-88). The original boundary of the planned greenbelt was adjusted to reduce the amount of developable land included, thereby reducing the overall cost to the state. Only surface interests are being exchanged. Cook Inlet Region, Inc. (CIRI), owns the subsurface of the Eklutna, Inc., land. In an agreement with the Municipality of Anchorage on November 25, 1986, CIRI agreed to execute to the state, without compensation, a non-development covenant for the subsurface estate to a vertical depth of 250 feet as long as the area is used for passive public park purposes. The covenant will also allow the annual use of up to 500 cubic yards of sand and gravel on site for trails and public access.

The land that the state is offering in exchange was acquired by the state for a state office complex. It is located between "A" and Cordova Streets and between Fifth and Sixth Avenues. Changing economic conditions have made plans for constructing a state office building on this site obsolete, leaving the land available for exchange. Under the terms of a settlement dated November 25, 1986

between the state and the Municipality of Anchorage, under the municipal entitlements statutes (AS 29.65), the Municipality of Anchorage will acquire the state's interests in Block 112A if this proposed land exchange is not completed.

The appraisals for this exchange were prepared by the firm of Black-Smith and Richards, Inc. The appraised value of the Eagle River Greenbelt being acquired by the state, including the Thunderbird Falls parking lot, is \$8,773,300. This total does not reflect the value of two parcels that were appraised separately. Parcels 3 and 4, appraised at \$220,000 and \$110,000 respectively, have been excluded from the exchange, with the state receiving an option until May 1, 1988 to purchase these parcels at that appraised value.

The appraised value of Block 112A is \$8,600,000. The difference of \$173,300 will be paid by the state to Eklutna, Inc. to make this an equal-value exchange. The legislature appropriated \$1,000,000 for acquisition of the Eagle River Greenbelt in 1986. Two-thirds of this was frozen by Governor Sheffield because of the revenue shortfall. There is, however, sufficient money left to cover the expenses for completing this exchange and to pay Eklutna, Inc. \$173,300 to equalize values in the exchange. If the money restricted by Governor Sheffield in capital improvement projects appropriation number 39454 is made available before July 1, 1987, the state will exercise its option to purchase parcels 3 and 4 before August 1, 1987.

This exchange has many benefits. Under the exchange, the state will acquire an important recreational resource in close proximity to a major urban area. The exchange will guarantee continued access by tourists and local residents to sport-fishing, wildlife viewing, berrypicking and other recreational activities. It will protect fish and wildlife habitat, and wetlands. It will also resolve two instances of state use of Eklutna, Inc. land: both the Eagle River Campground and the Thunderbird Falls parking lot are located partially on land owned by Eklutna, Inc.

This exchange also makes Block 112A available for private development. This block is located diagonally across from the Anchorage Historical and Fine Arts Museum, near the Sheraton Hotel and other tourist attractions. The state's development of this block no longer seems feasible. Allowing it to remain as a vacant parking lot on the main

thoroughfare into Anchorage is considered by many to amount to urban blight. Eklutna, Inc. will be in a better position to develop this parcel, and the land will return to the tax rolls.

Section 1 of the bill sets out the purpose of the legislation. Section 2 of the bill approves the exchange. Section 3 adds the Thunderbird Falls parking lot, described as section 25, tract P, Thunderbird Heights Subdivision, to Chugach State Park. This is necessary because this parcel is outside of the boundaries of the park. Under AS 41.21.122, the commissioner is authorized to modify the park boundaries, subject to legislative approval.

All of the requirements for a land exchange, except legislative review, have been satisfied. The state gave public notice of the exchange in January and February 1987, and held public hearings in three locations on February 18, 1987. The hearing record remained open for two weeks after that to receive written comments. The finding, under AS 38.05.035(e), that this exchange best serves the interests of the state was made on March 6, 1987. On that same date the final exchange agreement was signed.

AS 38.50.140 says that the governor is required to transmit proposals for land exchanges to the president of the senate and the speaker of the house of representatives within 10 days after the convening of a regular legislative session unless exigent circumstances require transmittal at another time. Under the schedule agreed to by the parties on August 13, 1986, this bill would have been brought before you on January 20, 1987.

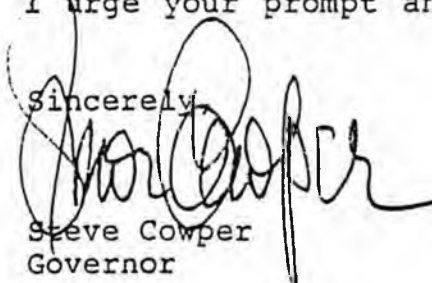
Due primarily to problems with the appraisal process, it was impossible to meet that deadline. A protest of the award of the appraisal contract was received from an unsuccessful bidder. The hearing and resolution of that protest delayed the award of the contract. In addition, several questions were raised by Eklutna, Inc. and by state review appraisers after the draft appraisals were received. Resolution of these questions and the delay in awarding the contract delayed approval of the appraisals by 75 days. For these reasons, I find that exigent circumstances prevented submittal of this legislation earlier this year.

Two relevant statutes are inconsistent with each other. AS 38.50.140, mentioned above, refers to land exchanges "submitted to the legislature for approval under AS 38.-

50.020(a)." However, AS 38.50.020(a) says nothing about legislative approval, merely stating that certain exchanges or final agreements to exchange are "subject to legislative review under AS 38.50.140." As you know, any statute purporting to subject an executive-branch act to a legislative veto raises significant constitutional issues under the law-making-procedures provisions and the separation-of-powers doctrine. See State v. A.L.I.V.E. Voluntary, 606 P.2d 769 (Alaska 1980); and Immigration and Naturalization Service v. Chadha, 462 U.S. 919, 77 L.Ed.2d 317, 103 S.Ct. 2764 (1983). Nevertheless, I am submitting this Eklutna land exchange to the legislature for approval because I know of and wish to accommodate the legislature's strong interest in it and because I wish to avoid any possible challenge to the exchange on the grounds that the statutes were not fully satisfied.

It is imperative that you approve this legislation this session if the exchange is to proceed. Failure to do so will lose this opportunity to acquire the Eagle River Greenbelt from Eklutna, Inc. If the exchange fails, the Municipality of Anchorage will receive the state's interest in Block 112A in partial satisfaction of Anchorage's entitlement under AS 29.65. I urge your prompt and favorable action on this measure.

Sincerely,



Steve Cowper
Governor

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: HB 231
Publish Date: HOUSE 3/30/87

Revision Date: March 27, 1987

Agency Affected: Natural Resources
BRU: Land and Water Management

Title: Eagle River Greenbelt land exchange

Sponsor: Rules (Governor)

Components: _____

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Tom Hawkins

Phone: 465-2400

Division: Land & Water Management

Date: 3/27/87

Approved by Commissioner: *Jennie Boston Gorsuch*

Date: 3/27/87

Agency: Natural Resources

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary



Chugiak-Eagle River Chamber of Commerce

P.O. Box 770353 / Eagle River, Alaska 99577

"PLACE OF MANY PLACES"

January 23, 1987

The Honorable Steve Cowper
Governor of Alaska
Pouch A
Juneau, Alaska 99811

Dear Governor Cowper:

The goal of the Chugiak-Eagle River Chamber of Commerce is the improvement of the economic health of our community. Seldom can this goal be realized without giving up something in return. The Board of Directors feels that the community and the State of Alaska have been offered just such an opportunity with the development plans proposed by Eklutna Inc. and Dr. Rogner.

Two key elements are necessary to insure the success of this development. First is the State's acquisition of the Eagle River Green Belt and second is securing a long term lease for the use of Highland Mountain and Gordon Lyon Mountain as downhill ski slopes.

The Green Belt acquisition is a proposed swap of Eklutna Inc. land, located along the Eagle River, for state land located in Anchorage. Permits to use the ski slopes will be by negotiated lease for use of Chugach State Park land. The Board of Directors sees the successful completion of these agreements as one way to encourage economic development and increase tourism in our community.



Chugiak-Eagle River Chamber of Commerce

P.O. Box 770353 / Eagle River, Alaska 99577

"PLACE OF MANY PLACES"

RESOLUTION 87-01

EAGLE RIVER ECONOMIC DEVELOPMENT

WHEREAS, Knakancn Inc., the wholly owned subsidiary of Eklutna Inc., and Dr. Robert Rogner have entered into a joint venture partnership to develop a 1500 room resort complex on 103 acre tract located along the South Fork of Eagle River, and

WHEREAS, the use of the slopes of Highland Mountain and Gordon Lyon Mountain, for downhill ski runs, is crucial to insure a world class resort complex, and

WHEREAS, the creation of the Eagle River Green Belt, which will be an extension of Chugach State Park, will allow canoeing, rafting, hiking and other tourist uses, and

WHEREAS, the construction of this complex will bring 170 million dollars into the States economy and create 2000 local jobs as well as many other tourist related jobs,

NOW THEREFORE BE IT RESOLVED that the Chugiak-Eagle River Chamber of Commerce enthusiastically endorses the granting of a lease for the use of State Park land for the proposed downhill ski areas,

BE IT FURTHER RESOLVED that the Chugiak-Eagle River Chamber of Commerce strongly supports the acquisition of the Eagle River Green Belt as an addition to the Chugach State Park.

APPROVED BY THE Chugiak-Eagle River Chamber of Commerce Board of Directors this _____ day of _____, 1987.

Stephen R. Punch, President

Governor Steve Cowper

Page 2

At the January 23, 1987 meeting of the Chugiak-Eagle River Chamber of Commerce the Board of Directors unanimously approved a resolution supporting the development plans of Eklutna Inc. and Dr. Rogner. We would strongly encourage that you support such development as being in the best interests of all the people of Alaska and use all the good efforts of your office to insure it's timely approval.

Sincerely,



Stephen R. Punch, President

enclosure: Resolution 87-01

cc: Commissioner Tony Smith
Department of Commerce and Economic Development
Pouch D
Juneau, Alaska 99811

Commissioner Judy Brady
Department of Natural Resources
Pouch M
Juneau, Alaska 99811

Senator Rick Halford
Pouch V
Juneau, Alaska 99811

Senator Tim Kelly
Pouch V
Juneau, Alaska 99811

Representative Randy Phillips
Pouch V
Juneau, Alaska 99811

Representative Sam Cotton
Pouch V
Juneau, Alaska 99811

Eklutna Inc.
550 W. 7th, Suite 1550
Anchorage, Alaska 99501

FACT SHEET ON THE EAGLE RIVER GREENBELT LAND EXCHANGE (ADL 723175)

Preliminary Exchange Agreement

- signed by Eklutna, Inc and the State on 8/13/85
- proposed exchange of all or part of Block 112a for an ERGB and T-bird Falls parking lot

Appraisal

- approved on 1/16/87
 - performed by Black-Smith and Richards, Inc.
- Values:

- Block 112a: \$8,600,000
- ERGB: \$9,103,300 Total
- T-bird falls parking lot: \$31,300
- #1. Roop Road: \$73,000
- #2. South Fork greenbelt: \$72,000
- #3. Viewshed: \$220,000
- #4. Viewshed: \$110,000

Preliminary agreement

- State will acquire ERGB, including Parcels #1 and 2, and T-bird Falls; and 1 year option on #3 & 4.
- Eklutna will acquire Block 112a, and \$173,300 in cash.

Status of \$1,000,000 appropriation

- \$1,000,000 appropriated for acquisition of ERGB
- 650,000 restricted by Gov Sheffield
- 350,000 remainder
- 23,000 appraisal for ERGB
- 10,000 appraisal for Gross waterfalls
- 173,300 cash needed to purchase T-birds Falls, and #1 and 2
- 143,700 needed for survey of ERGB for conveyance and title insurance
- Release of the \$650,000 would allow purchase of viewsheds #3 and 4, survey of same, and negotiations to proceed on waterfall properties
- Just realize that revenue projections are gloomy and the release of this money might not rank high against other priorities.

Schedule

- public hearings 2/18 7:00 at Eagle River Library, Chugiak CCS Building, and Loussac Library
- record remains open until 3/4
- if final negotiations are successful, binding agreement will be signed on 3/13.
- legislature must affirmatively approve the exchange because state's assets are more than \$5,000,000.



Chugiak-Eagle River Chamber of Commerce

P.O. Box 770353 / Eagle River, Alaska 99577

"PLACE OF MANY PLACES"

January 23, 1987

The Honorable Steve Cowper
Governor of Alaska
Pouch A
Juneau, Alaska 99811

Dear Governor Cowper:

The goal of the Chugiak-Eagle River Chamber of Commerce is the improvement of the economic health of our community. Seldom can this goal be realized without giving up something in return. The Board of Directors feels that the community and the State of Alaska have been offered just such an opportunity with the development plans proposed by Eklutna Inc. and Dr. Rogner.

Two key elements are necessary to insure the success of this development. First is the State's acquisition of the Eagle River Green Belt and second is securing a long term lease for the use of Highland Mountain and Gordon Lyon Mountain as downhill ski slopes.

The Green Belt acquisition is a proposed swap of Eklutna Inc. land, located along the Eagle River, for state land located in Anchorage. Permits to use the ski slopes will be by negotiated lease for use of Chugach State Park land. The Board of Directors sees the successful completion of these agreements as one way to encourage economic development and increase tourism in our community.



"PLACE OF MANY PLACES"

Chugiak-Eagle River Chamber of Commerce

P.O. Box 770353 / Eagle River, Alaska 99577

① Note:

RESOLUTION 87-01

EAGLE RIVER ECONOMIC DEVELOPMENT

WHEREAS, Knakanen Inc., the wholly owned subsidiary of Eklutna Inc., and Dr. Robert Rogner have entered into a joint venture partnership to develop a 1500 room resort complex on 103 acre tract located along the South Fork of Eagle River, and

WHEREAS, the use of the slopes of Highland Mountain and Gordon Lyon Mountain, for downhill ski runs, is crucial to insure a world class resort complex, and

WHEREAS, the creation of the Eagle River Green Belt, which will be an extension of Chugach State Park, will allow canoeing, rafting, hiking and other tourist uses, and

WHEREAS, the construction of this complex will bring 170 million dollars into the States economy and create 2000 local jobs as well as many other tourist related jobs,

NOW THEREFORE BE IT RESOLVED that the Chugiak-Eagle River Chamber of Commerce enthusiastically endorses the granting of a lease for the use of State Park land for the proposed downhill ski areas,

BE IT FURTHER RESOLVED that the Chugiak-Eagle River Chamber of Commerce strongly supports the acquisition of the Eagle River Green Belt as an addition to the Chugach State Park.

APPROVED BY THE Chugiak-Eagle River Chamber of Commerce Board of Directors this _____ day of _____, 1987.

Stephen R. Punch, President

Governor Steve Cowper
Page 2

At the January 23, 1987 meeting of the Chugiak-Eagle River Chamber of Commerce the Board of Directors unanimously approved a resolution supporting the development plans of Eklutna Inc. and Dr. Rogner. We would strongly encourage that you support such development as being in the best interests of all the people of Alaska and use all the good efforts of your office to insure it's timely approval.

Sincerely,

Stephen R. Punch, President

enclosure: Resolution 87-01

cc: Commissioner Tony Smith
Department of Commerce and Economic Development
Pouch D
Juneau, Alaska 99811

Commissioner Judy Brady
Department of Natural Resources
Pouch M
Juneau, Alaska 99811

Senator Rick Halford
Pouch V
Juneau, Alaska 99811

Senator Tim Kelly
Pouch V
Juneau, Alaska 99811

Representative Randy Phillips
Pouch V
Juneau, Alaska 99811

Representative Sam Cotton
Pouch V
Juneau, Alaska 99811

Eklutna Inc.
550 W. 7th, Suite 1550
Anchorage, Alaska 99501

FINAL EXCHANGE AGREEMENT
ACL 223175
Eklutna, Inc. and State of Alaska
Eagle River Greencelt

This final exchange agreement for the negotiated exchange of lands is made by and between Eklutna, Inc. (herein referred to as "Eklutna") whose address is 550 West Seventh Ave., Suite 1550, Anchorage, Alaska 99501 and the State of Alaska, Department of Natural Resources (herein referred to as "the state"); whose address is P.O. Box 107005, Anchorage, Alaska 99510.

RECITALS

1. This exchange is being made pursuant to AS 38.50 and Section 22(f) of the Alaska Native Claims Settlement Act as amended (43 USC § 1621(f)) and other authority. *(1) 1991 Amendments retain taxable owners*
2. The Commissioner of Natural Resources is authorized to exchange state land pursuant to AS 38.50 and 11 AAC 67.200-.280, subject to the requirement for legislative approval under AS 38.50.140.
3. The President of Eklutna has been authorized by resolution of the Board of Directors #1986-A dated August 12, 1986 to enter into this agreement. *(2) 143 Eklutna, Inc. Stockholders*
4. The Commissioner of Natural Resources has found that the requirements of AS 38.50 and 11 AAC 67.200-.280 have been satisfied. The Commissioner has found in a written best interest finding dated March 6, 1987, that this exchange, as proposed in the Preliminary Exchange Agreement dated August 13, 1986, and as modified by Addendum #1 to the Preliminary Exchange Agreement dated January 16, 1987, best serves the interests of the state by furthering the goals of Chugach State Park as stated in AS 41.21.121.
5. The Commissioner has found that this exchange is consistent with the Alaska Coastal Management Program. *(3) Best interests of state? (3a) Certainly not in best interest of Anchorage Residents in Particular*

AGREEMENT

The parties hereby agree as follows:

6. Conveyance by Eklutna.
 - a. Eklutna will convey the surface estate, subject to reservations and exceptions contained in the patents, the land described in Attachment A containing approximately 3358 acres. This land was acquired by Eklutna by United States Patents 50-79-0094, 50-79-01-9, and 50-74-0164.

- b. Eklutna will grant the state an option to acquire the surface estate ⁴ in the land described below for the values shown. The option must be exercised in writing by the state before May 1, 1988; provided, however, that if sufficient funds in Capital Improvement Project account number 39454 are made available before July 1, 1987, the state must exercise its option before August 1, 1987.

Subunit No. 3, \$220,000 ⁴ Surface interest only by Eklutna
 CIRP still owns subsurface

T14N, R1W, S.M. Section 19: That portion of NE1/4NE1/4 and NE1/4NW1/4 lying south of the north boundary of the 17(b)(3) easement (EIN 1 09). Containing approximately 94 acres.

Subunit No. 4, \$110,000

That may require another land trade to use over

T14N, R1W, S.M. Section 20: That portion of NE1/4NW1/4 and NW1/4NE1/4 lying south of the north boundary of the 17(b)(3) easement (EIN 1 09) and north of the unimproved dirt road lying approximately 500 feet south and generally paralleling the said 17(b)(3) easement (EIN 1 09). Containing approximately 29 acres.

7. Conveyance by the state.

500 Cubic Yard of material per year enough to build two blocks of bike paths

The state will convey Lot 1A, Block 112A, Anchorage Original Townsite, as shown on plat 84-375 filed in the Anchorage Recording Office on October 16, 1984 subject to the mineral reservation described in AS 38.05.125; containing approximately 4.39 acres. The state has closed these lands to mineral entry effective November 28, 1986. These lands were acquired by the state under the following actions: So what

OSL 771	Lot 1, Blk 112	C.A. No. JAN-82-09440
OSL 772	Lot 2, Blk 112	C.A. No. JAN-82-09410
OSL 773	Lot 3, Blk 112	C.A. No. JAN-82-09439
OSL 774	Lot 4-A, Blk 112	C.A. No. JAN-82-09404
OSL 775	Lots 7, 8, 9, 10, 11 & 12, Blk 112	C.A. No. JAN-82-09405
OSL 776	Lots 1A & 2C, Blk 113	C.A. No. JAN-82-09409
OSL 777	Lot 3, W1/2 Lot 2, E1/2 Lot 4, Blk 113	C.A. No. JAN-82-09753
OSL 778	Lot 5, W1/2 Lot 4, Blk 113	C.A. No. JAN-82-09438
OSL 779	Lot 6, Blk 113	C.A. No. JAN-82-09762
OSL 780	Lot 7, Blk 113	C.A. No. JAN-82-09408
OSL 781	Lots 8, 11 & South 95' of Lot 12, Blk 113	C.A. No. JAN-82-09407
OSL 782	Lots 9 & 10, Blk 113	Warranty Deed dated 11/15/82 Anchorage Recording Office Book 313, Pg 0342

5 It cost 6 1/2 million dollars by DOT/PE to acquire these acres in Downtown Anchorage

⑥ Value of Land

① 3,000 acres of

Eagle River (Example)

① generally wetlands before 500' elevation. Also capable of easy development. Also that development would require new large Sanitary Sewer, water and Storm Sewer utilities

②: Taking those 3,000 acres out of private hands will raise the value of adjacent Elkton, one land which can be developed.

③: Remember Elkton one is the Mt of A's largest landholder the other 13,000 acres including gravel etc.

Final Exchange Agreement
ACL 223175
Eklutna, Inc. and State of Alaska
Eagle River Greenbelt
Page Three

OSL 785 North 45' of Lot 12, Blk 113
Vacation of streets and alleys through
resubdivision

C.A. No. 324-32-39406
Plat 34-375

3. Reservations and third party interests on the surface estate to be conveyed by Eklutna.

The reservations and third party interests on the surface estate (including subunits No. 3 & 4) to be conveyed by Eklutna are described in Attachment B.

4. Reservations and third party interests on land to be conveyed by the state.

The state will reserve only those interests required by 38.05.125 and the plat of survey 34-375. There are no third party interests in the land.

10. Equalization of values.

See # 6 + 7.

The appraised fair market value of the land offered by Eklutna identified in Attachment A is \$8,773,300.

The appraised fair market value of the land offered by the state identified above is \$8,600,000.

The state will pay the difference in value of \$173,300 in cash to Eklutna within 30 days of the effective date of the legislative act approving this exchange.

11. Survey.

The state will pay the cost of surveying the land it is to acquire from Eklutna to the extent required for the transfer of legal title. The land to be acquired by Eklutna requires no additional survey.

12. Future Encumbrances.

Each party agrees not to encumber the lands proposed to be exchanged or conveyed to the other party under this agreement and not to alter substantially the physical condition of the lands proposed to be exchanged or conveyed except to the extent required by law or upon the written consent of the other party.

④ Remember also that should any of Ft. Rich or Elmendorf ever be exsessed both GIRI + Eklutna, Inc would be list in line before the State and/or Munic

⑦ Value of Downtown

$$\begin{aligned} & \frac{191,476 \text{ square feet (2 square blocks)}}{\div \text{ by } 43,560 \text{ square feet per acres}} \\ & = 4.4 \text{ acres} = \$1,950,000 \text{ per acre} \\ & \$8,600,000 \div 191,476 = \$45/\text{per square foot} \end{aligned}$$

① Why should it go to Eklutna Inc on the basis that that will put it into private ownership & thus the tax base. (1991 amendments may preclude it ever being taxed)

② If the land trade is not consummated the Municipality of Anchorage would acquire the property & the MoJA could either lease it or sell it. Feel the citizens of Anchorage are poorly served by this land exchange.

Final Exchange Agreement
ACL 223175
Eklutna, Inc. and State of Alaska
Eagle River Greenbelt
Page Four

13. Transfer of Management Rights and Equitable Title.

The parties agree that upon the effective date of legislation approving this exchange, equitable title in the lands to be conveyed by the state will be deemed to vest in Eklutna and Eklutna will thereafter have possession and management responsibilities for the lands. Similarly, upon the effective date of legislation approving this exchange, equitable title in the lands to be conveyed by Eklutna will be deemed to vest in the state and the state will thereafter have possession and management responsibilities for those lands.

From and after the effective date of legislation approving the exchange, Eklutna, Inc. shall defend and save the state harmless from any and all claims for damages or cause of action at law or in equity, real or supposed, mature or immature, that arise upon or in connection with the land to which Eklutna, Inc. receives possessory rights; provided, however, that the state will retain sole responsibility for the structures presently located on the land which will be removed prior to July 1, 1987.

From and after the effective date of legislation approving the exchange, the state shall defend and save Eklutna, Inc. harmless from any and all claims for damages or cause of action at law or in equity, real or supposed, mature or immature, that arise upon or in connection with the land to which the state receives possessory rights; provided, however, that Eklutna will retain sole responsibility for the adjudication and resolution of any claims concerning the land made pursuant to section 14(c) of the Alaska Native Claims Settlement Act, 43 USC § 1613(c).

14. Exchange of Deeds.

No later than thirty days after the Department of Natural Resources notifies Eklutna that all surveys necessary for the conveyance of legal title have been completed, each party will deliver to the other a draft quitclaim deed proposed to be executed to implement this exchange. Within ten days thereafter, each party will review the draft deed and notify the other of any objections to the proposed form of the deed. As soon as practicable after any objections have been resolved to the mutual satisfaction of the parties, the final deeds necessary to implement this exchange will be executed and delivered. Concurrent with the exchange of deeds, title insurance in the amount of \$8,500,000.00 acceptable to Eklutna will be provided to Eklutna for the land it is to receive. The costs of the title insurance will be paid by the state.

Final Exchange Agreement
ACL 223175

Eklutna, Inc. and State of Alaska
Sagie River Greenbelt
Page Six

b. If to the state: Director
Alaska Division of Land and Water Management
P.O. Box 107005
Anchorage, Alaska 99510

20. Interpretation.

- a. This agreement will be constructed and enforced in accordance with and governed by the laws of the State of Alaska.
- b. Both Eklutna and the state are jointly and equally responsible for the drafting of this agreement and consequently, an ambiguity, if any, may not be construed against one party or the other as its drafter. This agreement will be construed independently of any draft documents.
- c. The captions used in this agreement are for convenience only and will not control or affect the meaning or construction of any of its provisions.
- d. This agreement incorporates Attachments A and B which are referred to herein.
- e. This agreement contains the entire agreement and understanding of the parties with respect to its subject matter. Any oral representations made by either party during the negotiations of this agreement which are not incorporated by writing into this agreement are not binding.
- f. The terms of this agreement shall be binding upon and inure to the benefit of, and be enforceable by, the representatives and successors of the parties.
- g. Any lawsuit arising out of or related in any way to this agreement must be brought in Anchorage, Alaska. The parties waive any objections to venue being located in Anchorage, Alaska.

Final Exchange Agreement
ACL 223175
Exlutna, Inc. and State of Alaska
Eagle River Greenbelt
Page Eight

EXLUTNA, INC.

C. Debbie Fullenwider
Debbie Fullenwider, President

March 6, 1987
Date

STATE OF ALASKA)
) ss.
2nd Judicial District)

THIS IS TO CERTIFY that on this 6th day of March, 1987,
before me appeared A. Debbie Fullenwider to me known and known to me to
be the person named in and who executed the document and acknowledged
voluntarily signing the same.

Dale P. Tucker
Notary Public in and for the State of Alaska
My Commission Expires: 1-28-91

Lee Stephan
Lee Stephan, Vice President

March 6, 1987
Date

STATE OF ALASKA)
) ss.
2nd Judicial District)

THIS IS TO CERTIFY that on this 6th day of March, 1987,
before me appeared Lee Stephan to me known and known to me to
be the person named in and who executed the document and acknowledged
voluntarily signing the same.

Dale P. Tucker
Notary Public in and for the State of Alaska
My Commission Expires: 1-28-91

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 27, 1987

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, and AS 38.50.140, I am transmitting a bill approving and ratifying the Eagle River Greenbelt land exchange, and adding 1.09 acres to Chugach State Park. The land exchange acquires from Eklutna, Inc., for the public, a greenbelt consisting of 3,558 acres along Eagle River in the Municipality of Anchorage, and an option to purchase two additional parcels. In return, Eklutna will receive Block 112A, Anchorage Original Townsite, located on the east end of downtown Anchorage, plus \$173,300.

The state began land exchange negotiations with Eklutna, Inc. in June, 1986. The greenbelt is based on a plan adopted by the Anchorage Assembly on May 7, 1985 (Assembly Resolution 85-88). The original boundary of the planned greenbelt was adjusted to reduce the amount of developable land included, thereby reducing the overall cost to the state. Only surface interests are being exchanged. Cook Inlet Region, Inc. (CIRI), owns the subsurface of the Eklutna, Inc., land. In an agreement with the Municipality of Anchorage on November 25, 1986, CIRI agreed to execute to the state, without compensation, a non-development covenant for the subsurface estate to a vertical depth of 250 feet as long as the area is used for passive public park purposes. The covenant will also allow the annual use of up to 500 cubic yards of sand and gravel on site for trails and public access.

The land that the state is offering in exchange was acquired by the state for a state office complex. It is located between "A" and Cordova Streets and between Fifth and Sixth Avenues. Changing economic conditions have made plans for constructing a state office building on this site obsolete, leaving the land available for exchange. Under the terms of a settlement dated November 25, 1986

1
See
#446

between the state and the Municipality of Anchorage, under the municipal entitlements statutes (AS 29.65), the Municipality of Anchorage will acquire the state's interests in Block 112A if this proposed land exchange is not completed.

The appraisals for this exchange were prepared by the firm of Black-Smith and Richards, Inc. The appraised value of the Eagle River Greenbelt being acquired by the state, including the Thunderbird Falls parking lot, is \$8,773,300. This total does not reflect the value of two parcels that were appraised separately. Parcels 3 and 4, appraised at \$220,000 and \$110,000 respectively, have been excluded from the exchange, with the state receiving an option until May 1, 1988 to purchase these parcels at that appraised value.

The appraised value of Block 112A is \$8,600,000. The difference of \$173,300 will be paid by the state to Eklutna, Inc. to make this an equal-value exchange. The legislature appropriated \$1,000,000 for acquisition of the Eagle River Greenbelt in 1986. Two-thirds of this was frozen by Governor Sheffield because of the revenue shortfall. There is, however, sufficient money left to cover the expenses for completing this exchange and to pay Eklutna, Inc. \$173,300 to equalize values in the exchange. If the money restricted by Governor Sheffield in capital improvement projects appropriation number 39454 is made available before July 1, 1987, the state will exercise its option to purchase parcels 3 and 4 before August 1, 1987.

See #7

This exchange has many benefits. Under the exchange, the state will acquire an important recreational resource in close proximity to a major urban area. The exchange will guarantee continued access by tourists and local residents to sport-fishing, wildlife viewing, berry-picking and other recreational activities. It will protect fish and wildlife habitat, and wetlands. It will also resolve two instances of state use of Eklutna, Inc. land: both the Eagle River Campground and the Thunderbird Falls parking lot are located partially on land owned by Eklutna, Inc.

This exchange also makes Block 112A available for private development. This block is located diagonally across from the Anchorage Historical and Fine Arts Museum, near the Sheraton Hotel and other tourist attractions. The state's development of this block no longer seems feasible. Allowing it to remain as a vacant parking lot on the main

thoroughfare into Anchorage is considered by many to amount to urban blight. Eklutna, Inc. will be in a better position to develop this parcel, and the land will return to the tax rolls.

Section 1 of the bill sets out the purpose of the legislation. Section 2 of the bill approves the exchange. Section 3 adds the Thunderbird Falls parking lot, described as section 25, tract b, Thunderbird Heights Subdivision, to Chugach State Park. This is necessary because this parcel is outside of the boundaries of the park. Under AS 41.21.122, the commissioner is authorized to modify the park boundaries, subject to legislative approval.

All of the requirements for a land exchange, except legislative review, have been satisfied. The state gave public notice of the exchange in January and February 1987, and held public hearings in three locations on February 18, 1987. The hearing record remained open for two weeks after that to receive written comments. The finding, under AS 38.05.035(e), that this exchange best serves the interests of the state was made on March 6, 1987. On that same date the final exchange agreement was signed.

AS 38.50.140 says that the governor is required to transmit proposals for land exchanges to the president of the senate and the speaker of the house of representatives within 10 days after the convening of a regular legislative session unless exigent circumstances require transmittal at another time. Under the schedule agreed to by the parties on August 13, 1986, this bill would have been brought before you on January 20, 1987.

Due primarily to problems with the appraisal process, it was impossible to meet that deadline. A protest of the award of the appraisal contract was received from an unsuccessful bidder. The hearing and resolution of that protest delayed the award of the contract. In addition, several questions were raised by Eklutna, Inc. and by state review appraisers after the draft appraisals were received. Resolution of these questions and the delay in awarding the contract delayed approval of the appraisals by 75 days. For these reasons, I find that exigent circumstances prevented submittal of this legislation earlier this year.

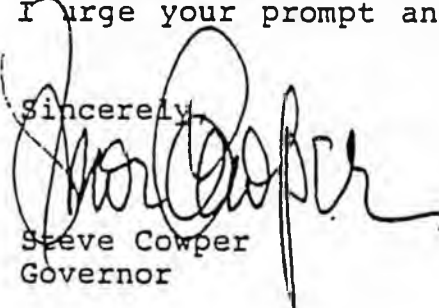
The public hearings would have been held before we came down here

Two relevant statutes are inconsistent with each other. AS 38.50.140, mentioned above, refers to land exchanges "submitted to the legislature for approval under AS 38.-

50.020(a)." However, AS 38.50.020(a) says nothing about legislative approval, merely stating that certain exchanges or final agreements to exchange are "subject to legislative review under AS 38.50.140." As you know, any statute purporting to subject an executive-branch act to a legislative veto raises significant constitutional issues under the law-making-procedures provisions and the separation-of-powers doctrine. See State v. A.L.I.V.E. Voluntary, 606 P.2d 769 (Alaska 1980); and Immigration and Naturalization Service v. Chadha, 462 U.S. 919, 77 L.Ed.2d 317, 103 S.Ct. 2764 (1983). Nevertheless, I am submitting this Eklutna land exchange to the legislature for approval because I know of and wish to accommodate the legislature's strong interest in it and because I wish to avoid any possible challenge to the exchange on the grounds that the statutes were not fully satisfied.

It is imperative that you approve this legislation this session if the exchange is to proceed. Failure to do so will lose this opportunity to acquire the Eagle River Greenbelt from Eklutna, Inc. If the exchange fails, the Municipality of Anchorage will receive the state's interest in Block 112A in partial satisfaction of Anchorage's entitlement under AS 29.65. I urge your prompt and favorable action on this measure.

Sincerely,



Steve Cowper
Governor

MEMORANDUM

State of Alaska

DEPT. OF NATURAL RESOURCES, DIV. OF LAND & WATER MGMT., SOUTHCENTRAL REGION

TO: Eagle River Greenbelt file
ADL 223175

DATE: February 27, 1987

FILE NO

TELEPHONE NO 762-2253

FROM: Bryant Kuby *BK*
Natural Resource Officer

SUBJECT ERGB public hearing
Wednesday, Feb. 18, 1987

Meg Hayes, SCRO Regional Manager, and I conducted the Eagle River Greenbelt Land Exchange public hearing in Anchorage. Approximately 10 people were in attendance while only 8 signed the attendance list.

Meg began the hearing at 7:00 p.m. with a brief synopsis of the proposed exchange before opening the meeting to public testimony. Five people testified: Four spoke in support of the exchange and one person expressed concern about the wisdom of the exchange.

Following is a brief summary of what each person said:

1. Stephane Kessler - Alaska Center for the Environment.

The Alaska Center for the Environment supports the exchange and believes the Eagle River is the most important recreational river within the Municipality of Anchorage. The 18 mile stretch of Eagle River included in the Exchange is easily accessible from Anchorage and greenbelts and local trails have proven to be very popular in the Anchorage area. The Eagle River and the surrounding area is important habitat that protects and maintains local wildlife and the exchange will help protect water quality both for fish and recreational uses. Scenic views will also be protected for local residents as well as instate and out-of-state visitors. The economic benefit of the exchange is invaluable as... "people don't spend money to come to Alaska to see our urban development." The exchange will be ideal for expansion of tourist and recreational industries and it is further recommended that the south fork waterfalls as well as parcels 3 and 4 be included.

2. Dave Blanchet - Knik Kanoers and Kayakers

Knik Kanoers and Kayakers is an organization of 350 families who are concerned about conservation and water quality issues in Alaska. The Eagle River is the one used most for recreation by this group and almost all the club members have been on it. The Eagle River provides different qualities of paddling and is very accessible to the Anchorage community. This organization favors acquisition of the greenbelt to protect it for this and future generations.

3. Ron Crenshaw - Municipality of Anchorage

The MOA obviously supports this exchange and willingly enters into the agreement knowing that the trade for the downtown blocks will be credited against the municipality's land entitlement. The 8 million dollars worth of land in the central business district will be returned to the private sector and put back on the tax rolls. This will have huge economic benefits for the municipality and create development opportunity downtown for the private sector. The two parcels will end up under the best possible management scheme: The greenbelt managed for the public by the public and the downtown lots developed and managed by the private sector. The MOA feels there has been strong cooperation between the state and municipality and this speaks well of the cooperation between the private sector and various levels of the public sector all working together to pull off a "win-win" land exchange.

4. Jerry McCutcheon - 50 year resident of Anchorage

Mr. McCutcheon felt that this public hearing was the first time the information about the exchange was made available and the state apparently didn't have any idea how the greenbelt would be managed. The state didn't know what the management would cost or how it would get the money. The state didn't have any idea what impact the ski development would have. No consideration was given to plummeting land value on undeveloped land and stagnated values for downtown commercial land. The state doesn't have subsurface rights so it can't extract gravel for roads and trails, etc. nor do they know what it will cost to extract gravel. They don't know what's going to become of the subsurface rights because they control the surface rights. The state should get the entire acreage in fee simple before proceeding. Most of the land looked like ice plain and flood plain and other more desirable land such as federal land at Clunie Lake should be acquired.

5. Sheryl Swigart - Resident of the area

Ms. Swigart spoke in support of the exchange noting that the Chugach State Park offers wonderful resources close to the city of Anchorage. Since half the population of the state is in the Anchorage area this is an important exchange because the primary use of the Eagle River is for recreation. Currently there are access problems to the Eagle River and the exchange will solve the access and management problems. The Eagle River is used all year round and provides a wonderful corridor into the heart of Chugach State Park.

The public hearing adjourned approximately 3:30 p.m.

MEMORANDUM

State of Alaska

DIVISION OF LAND & WATER MANAGEMENT, SOUTH CENTRAL REGION

to Eagle River Greenbelt File

DATE February 20, 1987

FILE NO

TELEPHONE NO

FROM Judy Jett, Chief
Lands Conveyance Section

SUBJECT Public Hearing - February 18, 1987

The Wednesday night Eagle River public hearing on the ERGB exchange was attended by approximately 20-25 people (some came in late and failed to sign the attendance list). Approximately 8-10 folks testified. Unfortunately, the tape reflects only 3 of those testimonies (I must have pushed the wrong button when I turned the tape over after Peter Scholes' testimony).

The testimonies given were all in favor of the exchange. Dave Young, member of the Chugach State Park Citizens Advisory Board and President of the South Fork Community Council expressed concern that DNR was not taking a more aggressive approach in seeking the release of the \$650,000 which had been withheld from the \$1,000,000 appropriation received in last year's legislative session. Both interest groups had previously passed resolutions which supported acquisition of the park lands including Parcels 3 & 4 and the Barbara Waterfalls.

Vince Vitale, President-Elect of the Chugiak-Eagle River Chamber of Commerce informed us that the Board of Directors had adopted a resolution in support of the exchange. He submitted a copy of that resolution along with a letter of support to Governor Cowper.

Peter Scholes, Property Manager for the MOA expressed his personal interest in the exchange, as well as the MOA's. The greenbelt acquisition and subsequent inclusion into the park not only would assure long-term recreational use by the public of lands located within a reasonable distance to an urban center, but also that the exchange would result in revitalization of a portion of the city that has been dormant for several years.

The remaining testimonies were heard from local residents who were extremely interested in seeing that the exchange transpired. Their main concern was that they wanted the lands to return to public ownership to prevent future actions such as sale of the land for residential subdivisions that comes with private ownership. They preferred the land to be managed status quo as part of the park.

There were few questions asked about the actual exchange. I gathered that the group was not necessarily interested in the particulars of the exchange, but that it indeed would take place so that the lands would be protected from private development. No remarks concerning the values established by the appraisals were received - only concerns on how the area might be managed by the state after acquisition. I responded to those concerns by reminding them that management would be the responsibility of the DOPOR.

One question arose that I could not answer with a definite response. An Eagle River resident asked what the definition of "passive" public park purposes was. The President of the Alaska Chapter of the American Snowmachine Association was also interested in knowing the definition of this phrase used in the 11/25/86 CIRI/MOA agreement. I generalized that it meant uses compatible with existing park activities, such as trail construction. However, they wanted amore definite meaning. I have drafted a short letter to them in response and

will enclose copies of a portion the Chugach State Park Master Plan which describes present uses allowed in the park (plus future development plans). Al Meiners has reviewed the draft and suggests that I mention the possibility of DOPOR adopting the MOA's greenbelt plan.

I concluded the meeting by emphasizing the need to contact state legislators for their support to the exchange.

MEMORANDUM

State of Alaska

TO Margaret J. Hayes
Regional Manager
Division of Land & Water Mgmt.
Department of Natural Resources

DATE February 19, 1987

FILE NO OM 1-1 C 1

TELEPHONE NO 465-2700

FROM Jim Sampson
Commissioner
Department of Labor

SUBJECT Land Exchange Application
Eagle River ADL 223175

While I have no objection to the proposed Eagle River land exchange, I would mention that it has not been established that there are substantial benefits to the State. Although a number of benefits have been claimed, they have not been substantiated. For example; it has been inferred that recreation use is substantial, but the number of visitor days are not reflected. Also, it is suggested that Eklutna, Inc., would develop the Anchorage parcel of land to the economic benefit of Anchorage, yet no mention is made of the intended use by Eklutna. Without specifics, it is not possible to realistically evaluate the economic benefits of this exchange and its impact on labor.

Thank you for the opportunity to comment.

JS:kmc
Lex:17

Interesting comments by Commissioner Sampson as he realized that the substantial benefits to the state are not substantiated in anything more than generalities. I would suggest that this is a valid concern.

Maria D.L. Coleman
8131 Harvest Circle
Anchorage, Alaska
99502

Alaska Dept. of Natural Resources
Div. Land & Water Management
Southcentral Region Office
P.O. Box 107005
3601 "C" Street, Suite 1080
Anchorage, Alaska 99510-7005

RE: ADL 223175
Land Exchange
Objections

4 March 1987

To Whom it may Concern:

Here are my objections with comments on the proposed land exchange between Eklutna, Inc. and the State regarding the Eagle River Greenbelt property for downtown Anchorage property.

I. SUBSISTANCE - The residents of Eklutna have already been denied, in ANILCA through technical wording, subsistence use of public lands because they are urban residents rather than rural. ANILCA does recognize that the "continuation of the opportunity for subsistence uses ... by Alaska Natives on Native lands is essential," however, ANILCA's policies on the matter are limited to public land. The "rural resident" requirement does not apply to Alaska Natives on Native Lands. Meaning, Eklutna residents and other shareholders of Eklutna, Inc., for that matter, could maintain a subsistence lifestyle on their Native owned lands, through the authority they have in their special relationship to the government. The proposed Greenbelt is marveled for its abundant subsistence type qualities. Trading such land for a barren city block and incorporating such land into a known public land jurisdiction, denies Alaska Natives of Eklutna the opportunity for subsistence on those Native Lands.

OBJECTION TO the taking of subsistence lands without compensation for the value of such a loss (subsistence values are not considered in the appraisal in their financial aspect).

II. Misrepresentation of Value - Throughout the memorandum of January 19, 1987 from Margaret J. Hayes regarding this land exchange application are descriptions depicting Eklutna's lands as valuable. e.g. "to acquire VALUABLE recreational land ... Eagle River is considered the MOST IMPORTANT ... includes 1658 acres of DEVELOPABLE LAND ... are themselves HIGHLY DESIRABLE for subdivision ... the scenic views so HIGHLY VALUED"

The downtown property, on the other hand, does not seem feasible for state development and is considered to amount to urban blight and although it is serviced by utilities, they may need to be relocated.

continued

ADL 223175 objections
4 March 1987/Maria D.L. Coleman
continued

Yet, Eklutna's land is appraised around 6¢ per square foot, while the downtown "urban blight" is appraised around \$45. per square foot. Such appraisal values are inconsistent in their reflection of desirability of Eklutna land. The 6¢/s.f. value is grossly inappropriate when one recalls that worthless swamp (Conners Bog) was stated as being sold at a value of \$2./s.f. in the recent past.

OBJECTION TO appraising valuable land at an extremely low rate, while giving a high rate of value to land that the state has no use for.

III Gravel - The question of who owns sand and gravel hasn't been determined conclusively, last I heard. Eklutna, Inc. may very well be the rightful owners or that property ans as such are the ones to reach an agreement with. Imagine the value of 500 cubic yards of sand and gravel adaed up year after year. It must have been overlooked in the appraisal for value.

OBJECTION TO getting CIR1 agreement, exclusively, to allow use of sand and gravel when that property may not even belong to them.

IV. ABSENCE OF CONSTITUTIONAL OBLIGATION - The shareholders of Eklutna, Inc. are most likely to be deprived of property, without due process of law. ANCSA sec. 21 (c) gives the direction that for tax purposes, the basis for determining gain or loss from the dispostion of land shall be the fair value at the time of receipt (1C or Patent). The appraisal is based on current market value, not the value at time of receipt, which most likely would be considerably higher due to a better market an tne time and the lack of restricted zoning. Comparison of the fair value at time or receipt and tne current value would then give a result or loss through reduction of capital if rightfully shown. The exchnace, described as equal value exchnage, would actually result in a loss. Alaska statutes provide for the shareholders to vote for the reduction of stated capital.

Having already been denied this right by the corporation, when they changed their accounting system, the state may very well be party to this denial by this exchange and terms of appraisal.

OBJECTION TO the states participation to deny snareholders the right to vote on the reduction of rightful stated capital, thus, the states participation in depriving Eklutna, Inc. snareholders of property, in the form of land value and stock value, without due process of law.

Sincerely,

Maria D.L. Coleman
Eklutna, Inc. shareholder.

Response to Letter of Maria Coleman

Many of the concerns and objections raised by Ms. Coleman can be best answered by Eklutna, Inc.; however, in regard to the subsistence considerations, the appraiser has considered the highest and best use of these lands. A determination is then made as to what the greatest economic return is for the lands considered.

The fact that the state has no use for the downtown block 112A does not affect its value. The opinions of value by the appraiser have been substantiated by comparable sales of like lands.

Ms. Coleman's concern of gravel has no major significance in light of the fact that gravel was sold at 75¢ per yard in Glacier Creek which is a good comparison. At most the annual value would be \$500.00. This seems insignificant compared to land values at millions.

The concern for the difference in value between the appraisal and time of receipt of the land is also very minimal. No significant change in value would take place between the effective date of appraisal and the legislative action.

CENTRAL REGION
DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES
MEMORANDUM State of Alaska

to: Meg Hayes
Regional Manager
Division of Land & Water
Management

DATE: March 5, 1987

FILE NO:

TELEPHONE NO: 266-1500

Tommy G. Heinrich
FROM: Tommy G. Heinrich
Director, Design & Construction

SUBJECT: Eagle River Greenbelt
Comment

The Alaska Department of Transportation and Public Facilities (ADOT&PF) supports the land exchange between Eklutna Inc., and the State for the proposed Eagle River Greenbelt. ADOT&PF's only concern is that the land exchange agreement address the Eagle River Loop Road to Hiland Drive Connection project, which is also a community and legislative priority.

Please be advised that ADOT&PF has purchased a surface estate easement from Eklutna Inc., (copy attached) for the crossing of Eagle River as part of the Eagle River Loop to Hiland Drive Connection project. If you have any questions, please do not hesitate to contact Bill Ballard of my staff at 266-1589.

Attachment: Corporation Easement

WFB/

*Additionally DOTPF has
already paid \$160,300 for
the Hiland Road Eagle River
bridge*

BOOK 1497

CORRECTION CORPORATION EASEMENT

THE GRANTOR EXLUTNA, INC.

for and in consideration of One Hundred Sixty Thousand Three Hundred and 00/100 - - - - - (\$160,300.00) - - - - - DOLLARS

in hand paid, grants unto the STATE OF ALASKA, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, its successors or assignees, a perpetual, full and unrestricted easement and right of way along, over, and across the following described real estate located in the State of Alaska, to wit:

The Surface Estate of a portion of Tract A-1 as depicted on the plats of PARKVIEW TERRACE SUBDIVISION, PHASE II located in the NE1 and S1 of Section 13, Township 14 North, Range 2 West, Seward Meridian, Alaska and a portion of PARKVIEW TERRACE EAST TRACT I located in the S1 of Section 18, Township 14 North, Range 1 West, Seward Meridian, Anchorage Recording District.

Beginning at the section corner common to Sections 13, 18, 24, 19, proceed N 00°01'59"W along the common line between Sections 13 and 18, 1,657.47 feet to the True Point of Beginning, this line is the Basis of Bearing for this description; thence N 90°00'00"W, a distance of 200.00 feet; thence S 00°01'59"E, a distance of 83.24 feet; thence S 34°10'56"W, a distance of 1,537.68 feet; thence S 77°45'00"E, a distance of 507.43 feet; thence along the arc of a curve to the left whose central angle is 25°29'40.0" and radius is 2,109.86 feet; and whose cord bears N 23°28'15.4"E, an arc distance of 1,046.29 feet; thence S 89°38'01"W, a distance of 124.65 feet; thence N 00°01'59"W, a distance of 32.50 feet; thence N 69°07'40"W, a distance of 37.47 feet; thence N 00°01'59"W, a distance of 561.55 feet to the True Point of Beginning.

This parcel contains 21.2389 acres, more or less, and is shown on the attached page J as Exhibit "A".

For the purpose of construction and maintenance of the Eagle River / Highland Road Bridge and installation and/or relocation and maintenance of utilities as may be required.

*This easement is being recorded to correct the legal description of that Corporation Easement recorded June 19, 1986 in Book 1440, Page 628.

And the Grantor hereby covenants with the State of Alaska that Grantor has good title to the aforescribed premises and covenants that the State of Alaska shall have quiet and peaceable possession thereof; and shall have a free and unrestricted right to maintain said facilities as long as the right of way of which this easement area is a part, remains a public way.

Dated this 10th of September, 19 86.

ATTEST: EXLUTNA, INC.
Corporate Name

V. Barbara Hitchcock
(Title) Secretary-Treasurer
By: A. Debbie Sullivan
(Title) President

INDEX
B & F

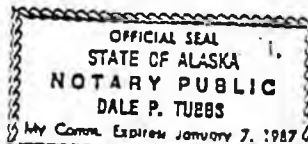
CORPORATE ACKNOWLEDGEMENT

STATE OF ALASKA
THIRD JUDICIAL DISTRICT

On this 10th day of September, 19 86 before me, the undersigned, a Notary Public in and for the said State, personally appeared A. Debbie Sullivan and V. Barbara Hitchcock respectively Secretary, President, and Secretary of Exlutna, Inc., a company, known to me to be the identical individuals who executed the foregoing instrument and they acknowledged to me that they executed the same as the free and voluntary act of said company, with full authority to do and with full knowledge of its contents, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.

My Commission Expires:



Dale P. Tubbs
Notary Public

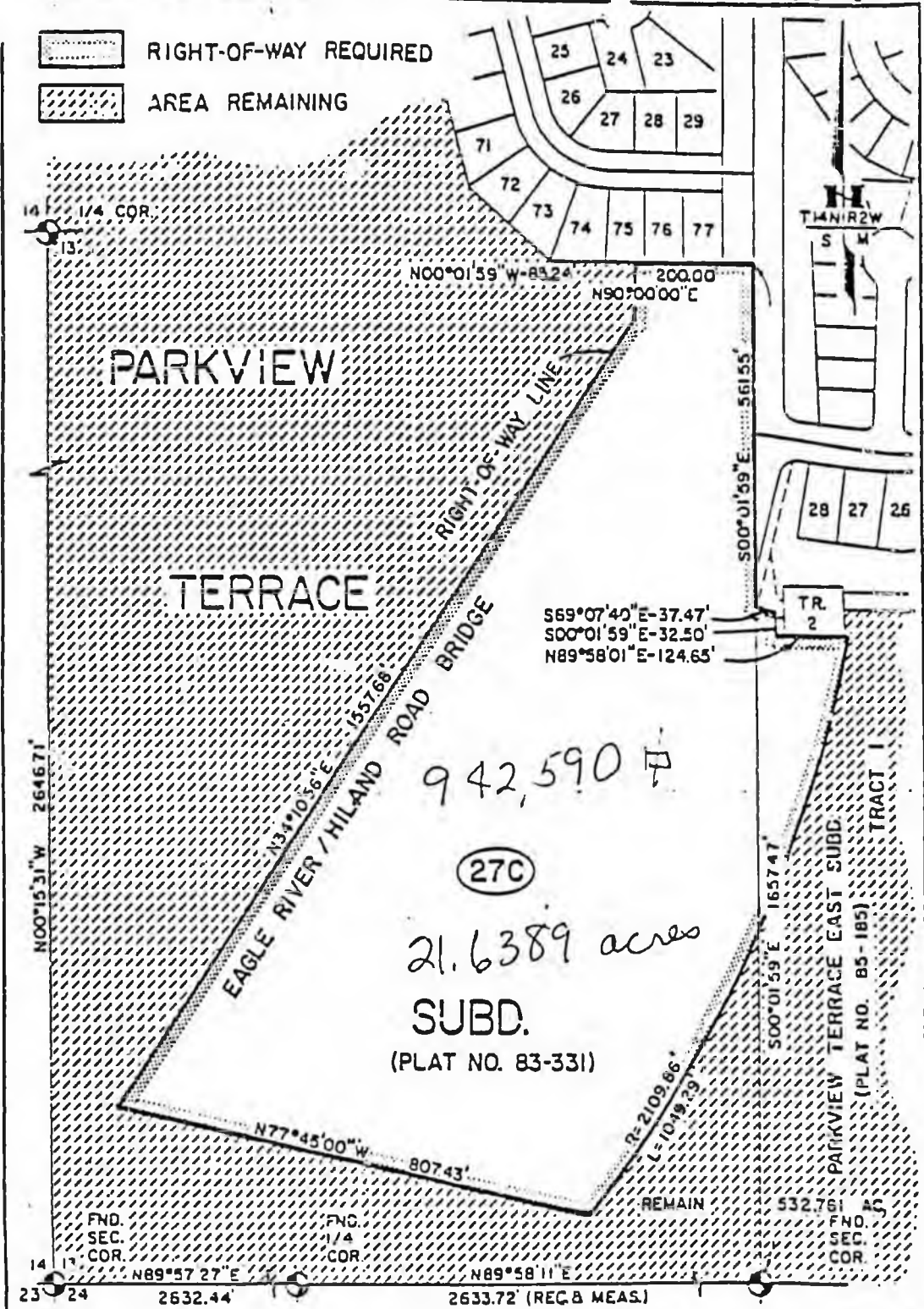
Return to:

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
& PUBLIC FACILITIES
RIGHT OF WAY BRANCH

Parcel No. 5777
Parcel No. 770

$$\$ 160,300 \div 942,590 \text{ ft}^2 = 17\frac{1}{4} \text{¢} =$$

 RIGHT-OF-WAY REQUIRED
 AREA REMAINING



 Signature _____ Date _____

STATE OF ALASKA
 DEPARTMENT OF TRANSPORTATION
 AND PUBLIC FACILITIES
 MAP SHOWING
 RIGHT OF WAY REQUIRED FOR
 EAGLE RIVER/HILAND ROAD
 BRIDGE
 CENTRAL REGION Area 21.6389 AC.
 1" = 200' 53121

JAMES B. GOTTSTEIN

ATTORNEY AT LAW

406 G STREET SUITE 206
ANCHORAGE, ALASKA 99501
(907) 274-7686

MAR 15 1987

March 5, 1987

Meg Hayes
Southcentral Regional Office
Department of Natural Resources
3601 C Street, Rm 1080
Anchorage, Alaska

HAND DELIVERED

Re: Proposed Eklutna Land Trade

Dear Ms Hayes:

Thank you for informing me of the status of the proposed exchange between the State, Eklutna, and the Municipality of Anchorage, wherein the State is essentially exchanging the two prime blocks in downtown Anchorage that were originally acquired for the State Office Building for the Eagle River Greenbelt to be conveyed to the Municipality of Anchorage.

I was quite surprised and dismayed that our long stated objections to the proposed exchange, communicated a number of times to Gary Gustafson, Chief, Land Management, Division of Land and Water Management, had not been forwarded to the appropriate person(s). As I explained on the telephone, as the attorney for the Intervening Plaintiffs, the Alaska Mental Health Association and others in the Mental Health Trust Lands Litigation, Weiss et al. v State, 4FA 82-2208 Civ., and on behalf of all the other plaintiffs in the case, it is our position that the two downtown lots are precisely the type of land that should be conveyed into the Mental Health Lands Trust to replace lands that have been lost and therefore should not be conveyed to anyone else.

It is our position that these lands, and indeed all other suitable state lands, should not be disposed of by the state until such time as the Mental Health Trust Lands Litigation has been resolved. As you know, the amount of available state land suitable for inclusion in the Trust is very limited. For the state to continue to dispose of suitable replacement lands in general and these specific parcels in particular, seriously hampers efforts to reconstitute the Mental Health Lands Trust as Ordered by the Alaska Supreme Court in State v. Weiss, 706 P.2d 681 (1985).

In our view, the state's commingling of Mental Health Trust Lands with all other state lands, combined with wholesale disposals of Mental Health Trust Lands results in a constructive trust being created for all state lands for the benefit of the Mental Health Lands Trust.

As you may know, the plaintiffs' side of the Mental Health Trust Lands Litigation and the State have a gentlemen's agreement not to pursue litigation at the current time in order to facilitate settlement negotiations. This gentlemen's agreement recognizes that either party will go to the court, however, in the event that it is considered necessary. If the State proceeds to approve the proposed exchange without making some sort of acceptable provision regarding the Mental Health Lands Trust, this may force us into court to attempt to prevent the exchange.

Again, I am sorry that our previously stated objections had not been conveyed to you, but felt that you ought to have our position before you in writing in determining the state's course of action.

Yours truly,



James B. Gottstein

cc: Alaska Mental Health Association
David Walker
Cooper Geraty
G. Thomas Koester
G. Gustafson
T. Braden
Interim Mental Health Trust Commission
Rep. Pourchot
Rep. Gruenberg
Sen. Halford
Sen. Fahrenkamp
Sen. Fischer
Sen. Josephson
Rep. Herrmann
Rep. Cotton
Sen. Coghill