

ALASKA

LEGISLATURE

COMMITTEE

FILES

1991-1992

8672

7658

SENATE

RESOURCES

SUGGESTED NEW SECTIONS
SB 461

Need to add new sections (Numbers 4 and 5?) that reads as follows.
This means renumbering the current Section 4.

*Sec. 4. TEMPORARY FEES IN STATE PARKS. (a) The following fees apply for the following activities in units of the state park system until the Department of Natural Resources adopts a regulation under AS 41.21.026(c) that establishes a fee for that activity:

- (1) sale of firewood \$4 per bundle;
- (2) use of a developed trailhead, access site, or picnic site, that has parking, restrooms, and refuse collection. \$2 per vehicle, or \$25 for an annual pass;
- (3) admission to visitor centers and historic sites \$1 per person;
- (4) use of an en route campsite \$3 per vehicle.

(b) The commissioner of natural resources shall notify the revisor of statutes when a regulation is adopted that establishes a fee for an activity described under (a) of this section.

*Sec. 5. Section 4 of this Act is repealed on a date that is two years after the effective date of this section.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SB 464

Revision Date: _____ **Department Affected:** NATURAL RESOURCES

Title: An Act relating to the collection of fees for certain state park services. **BRU:** Park and Recreation Management

Sponsor: Senate Resources

Requestor: _____

Component: Park Management

COMPONENT SERIAL NO.

0	4	5	2
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	38.2	19.0	15.0	15.0		
TRAVEL						
CONTRACTUAL	27.0	15.0	12.0	12.0		
SUPPLIES	10.8	6.0	5.0	5.0		
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	76.0	40.0	32.0	32.0	0	0

CAPITAL						
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REVENUE	150.0	200.0	300.0	400.0	400.0	400.0
FUND SOURCE:	GF/PR 1005	GF/PR 1005	GF/PR 1005	GF/PR 1005	GF/PR 1005	GF/PR 1005

FUNDING: (Thousands of Dollars)

GENERAL FUND	76.0	40.0	32.0	32.0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	76.0	40.0	32.0	32.0	0	0

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

SEE ATTACHED PAGE

Prepared By: David Stephens **Phone:** 762-2653

Division: Parks & Outdoor Recreation **Date:** April 10, 1992

Approved by Commissioner: _____

Agency: _____ **Date:** _____

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SB 464

Revision Date: 13-Apr-92 Department Affected: Natural Resources
 Title: Parks User Fees BRU: Parks and Recreation Management
 Components: Parks Management
 Sponsor: Senate Resources
 Requestor: Senate Resources COMPONENT SERIAL NO. 452

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	38.2	19.0	15.0	15.0		
TRAVEL						
CONTRACTUAL	27.0	15.0	12.0	12.0		
SUPPLIES	10.8	6.0	5.0	5.0		
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	76.0	40.0	32.0	32.0	0.0	0.0

CAPITAL						
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REVENUE GF/PR	150.0	200.0	300.0	400.0	400.0	400.0
Funding Source: 1005						

FUNDING: (Thousands of Dollars)

GENERAL FUND	76.0	40.0	32.0	32.0	0.0	0.0
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER						
Funding Source:	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	76.0	40.0	32.0	32.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of Current year impact:

ANALYSIS: (Attach a separate page if necessary)
See Attached

Prepared by: David Stephens Phone: 762-2653
 Division: Parks & Outdoor Recreation Date: 13-Apr-92
 Approved by Commissioner: Harold C. Heinze Date: 13-Apr-92
 Agency: Department of Natural Resources

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

FISCAL ANALYSIS
SB 464

The state park fee program to be funded by this fiscal note consists of the design, construction, and installation of fee collection stations at approximately 44 locations in the state park system. Each fee station is estimated to cost \$4,000, including labor, supplies, and contractual expenses.

The fee stations would be installed in phases, over a four year period. Eighteen stations would be installed in FY93, and ten stations installed in FY94. Eight stations would be installed in both FY95 and FY96. First year costs include design and production of fee collection envelopes and annual pass decals, as well as design and production of standard drawings and plans for the fee stations. These one-time costs are estimated at \$4,000.

No new positions would be required by this legislation. Additional administrative and management costs would be absorbed by existing staff.

The estimate of revenue to be produced by this bill is based on visitation records for selected park units, as well as financial records for the existing camping fee program. In the fourth year of implementation, this new fee program is expected to generate annual revenues of approximately \$400,000. Potential revenues to the state from this program exceed the state's costs in each year of the four year implementation period. In subsequent years, these user fees would help offset increased park maintenance and operating costs as well as possible general fund budget reductions. The net financial effect of this program would be positive, with fee revenues significantly greater than operating costs.

Estimated fees paid by non-residents in FY91 was 33%, or \$266,000 of the \$841,000 collected. Breakdown as follows, based on actual visitation counts and fee amounts for the camping category and best guess estimates for the other categories:

	Res	Non-res	Total
Camping, nightly and annual	351,000-66%	181,000-34%	533,000
Cabins	35,000-85%	6,000-15%	42,000
Commercial Use Permits	122,000-80%	31,000-20%	153,000
Historical Guided Tours	6,000-10%	52,000-90%	58,000
Concession fees	19,000-100%	0	19,000
Boat Launch, daily and annual	26,000-90%	3,000-10%	29,000



ALASKA CAMPGROUND OWNERS' ASSOCIATION

P.O. Box 84884 Fairbanks, Alaska 99708 - (907) 474-0286

Board Officers

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Gary Hartranft
Eagle Camper Park
Haines

Kenai Peninsula Region
Jack Sheldon
Hylea's Camper Park
Ninilchik

Senator Lloyd Jones, Chairman
Senate Resources Committee
Pouch V
Juneau, Alaska 99811

April 14, 1992

Subject: SB 464 by the Senate Resources Committee "An Act relating to the collection of fees for certain state park services and materials.."

Dear Senator Jones:

The Alaska Campground Owner's Association was organized in 1989 and includes 36 private park owners from Southeast Alaska to the Dalton Highway. Resolution 92-1(attached) describes our desired relationship with the State Div. of Parks and recognizes the importance of both the State and private sector in providing park services and campgrounds to Alaska's residents and visitors. To date, we know of at least 110 privately owned parks in Alaska.

It has come to our attention that SB 464 (and provisions of HB574) appear to be in direct conflict with an earlier position taken by DOTPF Commissioner Turpin at the ACOA Annual Meeting held in Palmer in October of 1991. The Commissioner attended our meeting and responded favorably to our request which was to place "No Overnight Camping" signs at highway pull-offs being used as overnight campsites by Alaska's visitors. It was recognized that these pull-offs are not suitable for overnight camping based on the requirements of Alaska's health, sanitation, and plumbing codes and was detrimental to the current state and private park facilities.

We are adamantly opposed to the definition language establishing these same pull-offs as "campsites". Further we believe the language allows the State to not apply the same health, sanitation, and plumbing codes to these State pull-offs when permitting overnight camping as is required, at great expense, of the private sector.

Additionally, we do not believe the Division of Parks should have the authority to sell merchandise. DNR currently has the authority to permit concessionaires to offer this service.

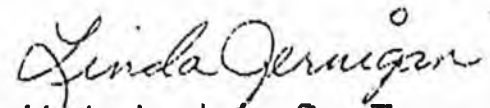
It was our understanding that the Commissioner had agreed to our request for placement of "No Overnight Camping Signs" at these highway pull-offs when we brought the problem to his attention.

Page Two
Senator Jones
April 14, 1992

We are now completely shocked and confused as to the State's conflicting positions in this matter. We are also extremely dismayed at the State's apparent lack of support for Alaska's private campground industry and the personal investments and services provided by many Alaskan's who are struggling to establish small businesses in the state.

Please do what you can to stop this legislation and direct the Commissioner of DOTPF to work with the ACOA in the placement of "No Overnight Camping" signs in problem areas as well as the Commissioner of Public Safety to provide enforcement by the State Troopers while on their regular highway routes. The ACOA stands ready to offer their time and labor in the installation of these signs.

Sincerely,


Linda Jernigan, Sec-Treas
ACOA

cc: Commissioner DOTPF
Commissioner Public Safety
Neil Johansen, Dir. of Parks, DNR
Paul Fuhs, Governor's Liaison

ALASKA CAMPGROUND OWNERS' ASSOCIATION

P.O. Box 84884 Fairbanks, Alaska 99709 • (907) 474-0286

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Bear Paw RV Park
Valdez

Southeast
Carlene Hoover
Hoover's RV
Skagway

Kenai
Jack Sheldon
Hyle's Campor Park
Kenai

Resolution 92-1

WHEREAS the tourism industry in Alaska has developed and evolved consistently over the years creating demand for additional campgrounds, and

WHEREAS the private sector has responded to meet the need for more campgrounds, and

WHEREAS the state economy has benefitted from the expansion of the tourism industry and creation of more private campgrounds, and

WHEREAS in the past 10 years the private sector has proven itself ready, willing, and able to meet any demand for additional campgrounds, especially in or near road connected communities or where existing private campgrounds are located, and

WHEREAS the state should not compete with the private sector as a general rule, especially in instances where the private sector has demonstrated the willingness and ability to meet the demand for certain services,

WHEREAS the state shall be encouraged to refrain from building or expanding existing state campgrounds in areas of a 50 mile radius to where the private sector provides campground services or can reasonably be expected to provide campground services, and

BE IT FURTHER RESOLVED that the state parks system be encouraged to concentrate any proposed park development and improvements in more remote areas with primitive type accommodations rather than electrical, water and sewer hook-ups.

Copies of this resolution shall be distributed to members of the Alaska State Legislature, the Honorable Walter J. Hickel, Governor; the Honorable Jack Coghill, Lt. Governor; DNR Commissioner, Harold Heinze; Chief of Staff, Max Hadel; OMB Director, Shelby Stastoy; DEC Commissioner, John Sandor; DOTPF Commissioner, Frank Turpin



TOK RV VILLAGE

(907) 883-5877
Mile 1313.4 Alaska Highway
P. O. Box 741 Tok, Alaska 99780

To: Senate Resources Committee
Senate Finance Committee

4-14-92

Subject: SB 464

We strongly oppose Senate Bill #464, specifically "enroute campsites" and authority to sell merchandise.

"Enroute Campsites" would be in direct competition with approximately 110 private campgrounds in the State of Alaska. Private campgrounds have a minimum investment of at least \$22,000,000. In addition to the future of the private campground industry we must consider the adverse effect "enroute campsites" would have indirectly. Private campgrounds employ seasonal employees and use services provided by power companies, fuel companies, refuse, hardware and supply companies and numerous tourism related companies.

By encouraging potential campers to use the "enroute campsites" the State will be taking away revenues from entire communities.

We urge you to stop this legislation and support Alaska Campground Owners Association's efforts in the placement of "No Overnight Camping" signs in highway pull-offs.

Sincerely,

Linda Jernigan
Secretary

cc: Linda Anderson/Alaska Campground Owners Assoc.
Commissioner DOTPF, Turpin
Paul Fuhs, Governor's Liason

QUESTIONS AND ANSWERS ON THE STATE PARK DAY USE FEE BILL

What would this bill do?

The bill adds new categories of user fees to an existing state law (AS 41.21.026-.030). The park system already collects for such activities as overnight camping, boat launching, and commercial use permits. The new bill would expand the list of fee categories to include:

- day use fees;
- entrance into visitor centers and historical sites;
- sale of firewood;
- enroute camping;
- sale of plans, documents, and graphic materials;
- sale of park-related merchandise; and
- park-related programs.

The bill also authorizes the collection of cash donations, and provides for their use in the park system. Fees and donations collected under this new authority would be administered under the existing fee program. Revenues would be separately accounted for and deposited into the state's general fund, where they are available for reappropriation by the legislature. Since the original fee program's inception, every fee dollar has been reinvested in the park system by the legislature.

Why is it being proposed?

Maintenance and operations costs of the state park system increase every year, while state budgets are under severe stress from declining oil revenues. This bill gives the park system the legal authority to partially compensate for expected budget cuts through the collection of user fees. These fees allow the park system to keep facilities open that might otherwise be curtailed or closed. User fees are widely supported by the public, provided that the fees are returned to the park system to offset maintenance and operational costs.

How much money would be collected?

After an initial phase-in period, it is estimated that more than \$400,000 would be collected annually. This sum represents a significant portion of the park operating budget.

How would these fees be collected and enforced?

Fees would be collected and enforced like the existing fee system. Most areas would be self-service. Fee stations, with instructions and "iron rangers" for deposits, would be erected in prominent locations near park entrances. Uniformed park staff or volunteers would check compliance with the program.

How would the program be administered?

Because this bill simply expands an existing fee system, the new fees would be administered under the existing system. Fees are collected and counted by the local parks office, and deposited into a special account within the state general fund. The funds are then available for spending by the local parks office, provided that the legislature has appropriated them.

Are day use fees common in other states?

Yes. At least 38 other state park systems have day use or park entrance fees.

Has the original park fee program (authorized in 1987) been successful? How much money has it raised? How have the revenues been spent?

The original fee program was gradually implemented, starting in mid-1987 and continuing into 1992. Public acceptance has been high, and more than \$2.3 million has been collected to date. According to policy, revenues are always returned to the local area where they were collected, and applied towards park maintenance and operations costs. The state expects to collect \$1 million in 1992.

Does the public support these fees?

The public has consistently supported user fees, provided that they are reinvested into the park system where they are collected, and that facilities are staffed and maintained to acceptable standards.

What organized support and opposition is there?

To date, the bill has generated no organized support or opposition. Local park advisory boards are currently reviewing the proposal and will likely offer comments and take formal positions.

What would it cost to operate and administer this program?

No additional operation and administration costs are expected. However, there would be an initial extra cost, for the construction and installation of fee collection stations. Some minor modification of park entrance roads may also be necessary to accommodate fee stations. Costs of these improvements are expected to total \$180,000, spread over a four year period beginning in 1993. No additional staff positions would be necessary.

Won't these fees discourage people from using the parks?

In spite of public support for reasonable user fees, it is possible that some people will cut back on their park visitation. However, the fee program will be conservatively applied, at only those sites where high value services and facilities are offered. Additionally, an annual day use pass will be available for families who visit parks on a regular basis. The annual pass enables unlimited use of parks and limits the amount any family would be required to pay in a year.

What management problems can be expected as a result of these fees?

No management problems are anticipated for most of the new types of fees, such as the sale of park-related merchandise. Entrance and day use fees, however, would be

examined on a case-by-case basis to ensure that potential problems are identified and avoided. One potential problem is vehicular parking congestion immediately outside park units by people avoiding the fee. Another is non-compliance, where there is no on-site enforcement presence by the state. Perhaps the most difficult problem to assess is resentment among park users who do not support user fees.

What would the fee levels be?

Fee amounts would be governed by state regulations, adopted through a formal public review process required by the Alaska Administrative Procedures Act. Typically, the regulations authorize the director to set the fees, up to a specific maximum dollar amount, based on operating costs, quality of the facility, prevailing market prices, proximity to other similar facilities, and other factors. The typical day use fee would likely be \$1-2 per vehicle. Annual passes would be around \$20.

For more information:

Neil Johannsen
David Stephens
Division of Parks and Outdoor Recreation
Box 107001
Anchorage, AK 99510-7001
762-2653

Mike Lee
Division of Parks and Outdoor Recreation
3700 Airport Way
Fairbanks, AK 99709-4613
451-2695

Bill Garry
Division of Parks and Outdoor Recreation
400 Willoughby, Third Floor
Juneau, AK 99801
465-4563

REVENUE POTENTIAL FROM DAY USE FEE BILL

	Visitation	Fee Potential
Visitor center entrance fees (\$1 per person)		
Eagle River	37,993	8,000
Wickersham House	15,177	4,000
Day use fees (\$2 per vehicle)		
Northern		
Quartz Lake	44,475	3,000
Harding Lake	37,715	3,000
Chena River SRS	149,525	12,000
Angel Rock (Chena River SRA)	NA	3,000
Colorado Creek (Chena River SRA)	NA	1,000
Tors Trailhead (Chena River SRA)	NA	2,000
Red Squirrel (Chena River SRA)	NA	1,000
Chugach		
Eklutna Lake	138,010	10,000
Thunderbird Falls	51,551	4,000
Eagle River	156,651	6,000
Glen Alps	55,839	4,000
McHugh Creek	58,717	5,000
North Fork Eagle River	NA	3,000
Bird Creek	105,444	8,000
MatSu/Copper Basin		
Willow Creek	NA	5,000
Little Susitna (ADFG)	59,112	6,000
Big Lake North	84,275	8,000
Big Lake South	39,929	3,000
Independence Mine	129,298	10,000
Kepler-Bradley	23,036	3,000
Southeast		
Settler's Cove	169,315	12,000
Totem Bight	377,747	5,000
Kenai		
Crooked Creek	57,789	5,000
Bing's Landing	62,744	3,000
Scout Lake	12,325	1,000
Slikok Creek	17,124	1,000
Morgan's Landing	48,225	5,000
Captain Cook	173,710	6,000
Clam Gulch	124,931	5,000
Ninilchik Beach	59,585	5,000
Deep Creek	134,425	8,000
Anchor River SRA	124,779	5,000
Subtotal		161,000
Annual day use passes (\$25)	6,500	162,000

Sales of plans, documents, maps, graphics		5,000
Sale of merchandise		5,000
Interpretive Programs		5,000
Firewood (\$3)		24,000
10% of 80,000 camping parties		
Enroute camping		
Northern		
Lost Lake	NA	2,000
Fielding Lake		1,000
Chugach		
Potter Section House	NA	8,000
MatSu/Copper Basin		
Deception Creek	19,349	3,000
Long Lake	26,270	4,000
Bonnie Lake	5,742	2,000
Little Coal Creek	7,836	2,000
Worthington Glacier	96,160	4,000
Subtotal		26,000
TOTAL ANNUAL FEE POTENTIAL		400,000

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STATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 4/10/92

FURTHER:

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

DATE TURNED
INTO OFFICE: April 13, 1992

Resources Committee considered SB 465

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

and recommends:

replace with _____ CS _____ (_____)

attaches amendment(s)

adopts _____ Letter of Intent

further referral to the _____

same title
 new title
 technical
title change
(HB only)

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

appropriation--no fiscal note

PREVIOUS FISCAL NOTES: Dept/Date

Governor's bill with fiscal notes:

zero fiscal notes ADF+6 3/13/92

DEC 3/13/92

fiscal notes DNR 3/16/92

DO PASS:

[Signature]

[Signature]

[Signature]

OTHER RECOMMENDATIONS:

Paul J. Zhanoff No Rec-

[Signature]
Chair: Signature and Recommendation

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

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

April 13, 1992

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

Dear Senator Jores:

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

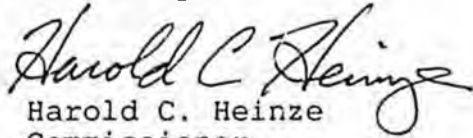
Position: The Department of Natural Resources supports this bill. The value of the land to be received and the value of the road construction or upgrading by Cape Fox are substantially equal or exceed the appraised fair market value of the state land to be exchanged, as required by AS 33.50.020. The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

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

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

Recommendation: Approve the exchange.

Sincerely,


Harold C. Heinze
Commissioner

enclosure

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

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SB 465

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

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EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL						
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REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

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

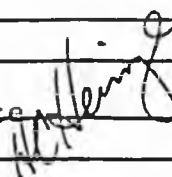
POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

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

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

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

Senator Lloyd Jones
Chair, Senate Resources Committee

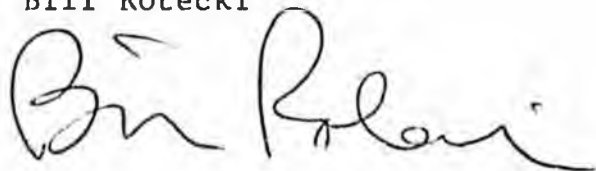
re: proposed State of Alaska, Cape Fox Corporation land trade

Senator Jones:

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

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

Thank you for listening
Bill Rotecki



December 6, 1990

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

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

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

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

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

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

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

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

Action on Collection of Sales Tax - Councilmember Coyne

There was no action on this item.

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

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

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

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

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

Jones

April 14, 1992

Senator Fred Zharoff

Dear Senator Zharoff:

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

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

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

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

Sincerely,



Robert M. Dindinger
President

cc: Senate Resource Committee



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

ADL 105565

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

I. RECITALS:

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

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

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

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

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

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

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

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

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

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

II. AGREEMENT: All parties to the exchange agree:

A. Lands and Interest to be Conveyed and Retained:

1. CFC:

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

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

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

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

2. State:

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

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

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

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

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

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

B. Subsurface Interest and Retained Sealaska Rights:

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

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

1. Other Required Performance, Solely a CFC Responsibility;

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

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

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

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

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

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

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

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

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

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

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

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

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

H. Conveyance Instruments, Title Documents, and Encumbrances:

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

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

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

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

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

2. Additional Encumbrances:

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

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

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

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

Subject to Mineral Closing Order 643.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SIGNATORIES TO FINAL EXCHANGE AGREEMENT ADL 105565:

CAPE FOX CORPORATION

BY: _____
CHIEF OPERATING OFFICER

DATE: _____

STATE OF ALASKA

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

DATE: 4/6/92

KETCHIKAN GATEWAY BOROUGH

BY: _____
BOROUGH MANAGER

DATE: _____

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

SIGNATORIES TO FINAL EXCHANGE AGREEMENT ADL 105565:

CAPE FOX CORPORATION

BY: *[Signature]* DATE: 4/6/92
CHIEF OPERATING OFFICER

STATE OF ALASKA

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

KETCHIKAN GATEWAY BOROUGH

BY: *David G. Hunt* DATE: 4-6-92
BOROUGH MANAGER

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

ATTACHMENT-"A" TO FINAL EXCHANGE AGREEMENT ADL 105565

CAPE FOX PROPERTIES

Area 1

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

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

Containing approximately 2,283 acres more or less.

Area 2

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

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

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

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

Containing approximately 162 acres more or less.

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

Area 3

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

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

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

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

Containing approximately 21 acres more or less.

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

Area 4

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

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

Containing approximately 650 acres more or less.

Area 5

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

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

Containing approximately 673 acres more or less.

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

ATTACHMENT-"B" TO FINAL EXCHANGE AGREEMENT ADL 105565

STATE PROPERTIES TO BE CONVEYED TO CFC

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 27 N1/2;

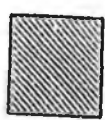



Section 35 S1/2 NE1/4, W1/2 SE1/4, SW1/4, W1/2 NE1/4 NW1/4, S1/2 NW1/4,
NW1/4 NW1/4;

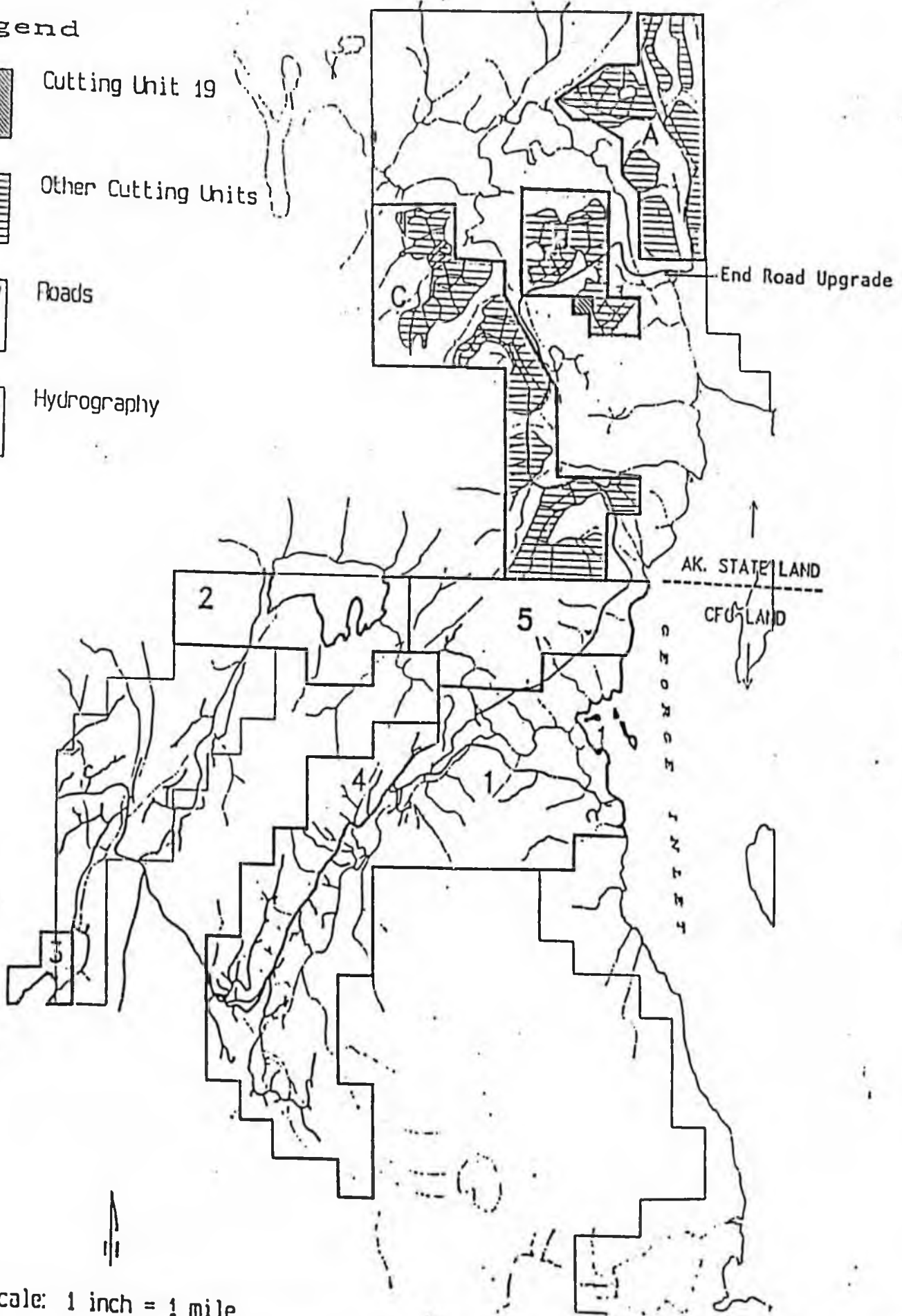
Contains approximately 2335 acres.

COMPARATIVE ROAD STANDARDS

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

Legend

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



Scale: 1 inch = 1 mile

STATE OF ALASKA - CAPE FOX CORPORATION
LAND EXCHANGE

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

ALLEGATION

FACTS

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

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

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

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

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

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

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

ALLEGATION

FACTS

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

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

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

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

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

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

conducted on other wildlife species.

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

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

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

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

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

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

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

ALLEGATION

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

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

FACTS

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

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

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

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

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

Senator Lloyd Jones
Chair, Senate Resources Committee

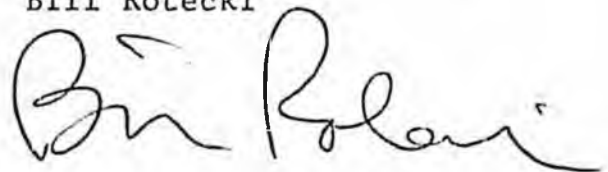
re: proposed State of Alaska, Cape Fox Corporation land trade

Senator Jones:

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

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

Thank you for listening
Bill Rotecki



DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LAND

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

**REPORT ON PROPOSED
LAND EXCHANGE**

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ADL NO. 105565**

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**DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LAND**

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

REPORT ON PROPOSED LAND EXCHANGE

I. Introduction

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

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

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

II. Proposed Action, Maps and Legal Description

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

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

Proposed Exchange with Cape Fox Corporation

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

III. Objectives

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

IV. Authority

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

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

V. Administrative Record

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

VI. Background

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

Proposed Exchange with Cape Fox Corporation

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

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

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

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

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

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

Proposed Exchange with Cape Fox Corporation

letter indicating the state's interest in negotiate a preliminary land exchange agreement under 11 AAC 67.230 with two conditions: 1) written clarification of Sealaska's position relative to inclusion of its subsurface estate in the proposed exchange; and 2) submission of CFC's written analysis of alternatives to the state timber land near Leask Lake. The state received Sealaska's confidential response on May 31, 1991, and CFC's response as to alternatives on June 25, 1991. Sealaska also reviewed and concurred in the language developed for Section XIII of this document.

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

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

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

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

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

Proposed Exchange with Cape Fox Corporation

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

VII. Physical Characteristics

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

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

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

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

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

State Lands:

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

Proposed Exchange with Cape Fox Corporation

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

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

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

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

CFC Lands:

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

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

Proposed Exchange with Cape Fox Corporation

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

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

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

Proposed Exchange with Cape Fox Corporation

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

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

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

VIII. Appraised Values

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

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

Proposed Exchange with Cape Fox Corporation

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

CAPE FOX PARCELS

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

LEASK LAKE PARCELS

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

Proposed Exchange with Cape Fox Corporation

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

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

IX. Benefits and Detriments

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

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

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

Proposed Exchange with Cape Fox Corporation

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

X. Alternatives

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

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

Proposed Exchange with Cape Fox Corporation

involve some level of sacrifice by the community benefitted.

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

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

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

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

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

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

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

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

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

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

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

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

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XI. Public Access

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

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

XII. Classification and Planning

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

XIII. Subsurface (Mineral) Rights

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

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

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

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

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

XIV. Title

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

XV. Environmental Assessment

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

XVI. Issues

Primary issues are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

Impact Analysis-Exchange Areas Only:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

XVII. SUMMARY OF PUBLIC COMMENTS

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

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

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

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

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

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

The following are reasons stated by supporters of the exchange:

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

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

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

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

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

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

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

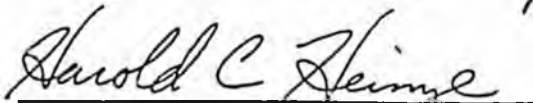
Proposed Exchange with Cape Fox Corporation

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

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

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

Executed this 6th day of April, 1992.



Harold Heinze, Commissioner
Department of Natural Resources

Attachments: Final Exchange Agreement with attachments

WALTER J. HICKEL
GOVERNOR



465

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 10, 1992

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

Dear President Eliason:

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

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

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

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

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

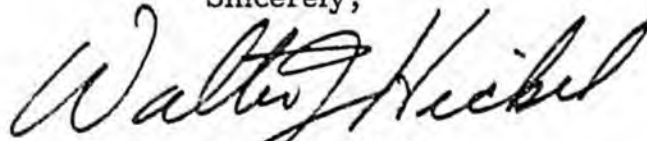
bill could have serious adverse impacts. There is no guarantee that Cape Fox Corporation can afford to leave the offer open for another year. Approximately 40 - 43 percent of Cape Fox land covered by the exchange could be logged. Delay in approving the exchange could force Cape Fox, for economic reasons,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

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

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

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

Sincerely,

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

Walter J. Hickel
Governor

FISCAL NOTE

N. 3

Bill Version: SB 465

(S) Publish Date: 4-10-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: 3/12/92

Department Affected: Fish and Game 465

Title: Cape Fox Land Exchange

BRU: Habitat

Component: Habitat

Sponsor: Rules Committee by Governor

Requestor:

COMPONENT SERIAL NO.		4	8	6
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Expenditures/Revenues: (Thousands of Dollars)

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

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

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

POSITIONS:

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

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

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Frank Rue, Director *Frank Rue*

Phone: 465-4105

Division: Division of Habitat

Date: 3/12/92

Approved by Commissioner: *Steve Louieville*

Agency: Department of Fish and Game

Date: 3/13/92

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

FISCAL NOTE

No. 2

Bill Version: SB 465

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

**STATE OF ALASKA
1992 LEGISLATIVE SESSION**

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

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

COMPONENT SERIAL NO.

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

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

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

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

POSITIONS:

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

Estimate of current year impact: none

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Janice Adair
 Division: Commissioner's Office

Phone: 465-5010
 Date: _____

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

Date: 3/13/92

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

FISCAL NOTE

Bill Version: SR 465

(S) Publish Date: 4-10-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL						
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REVENUE						
Funding Source:						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of Current year impact:

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

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

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

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

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

The following is a brief summary of the exchange:

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

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

Map Attached

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

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

The following is a brief summary of the exchange:

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

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

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

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

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

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

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

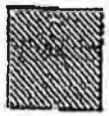
12. The Department of Natural Resources believes that although the testimony "for and against" was somewhat balanced, analysis indicates clear support from within the community of Ketchikan for the exchange.

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

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

Attached: Map

Legend



Cutting Unit 19



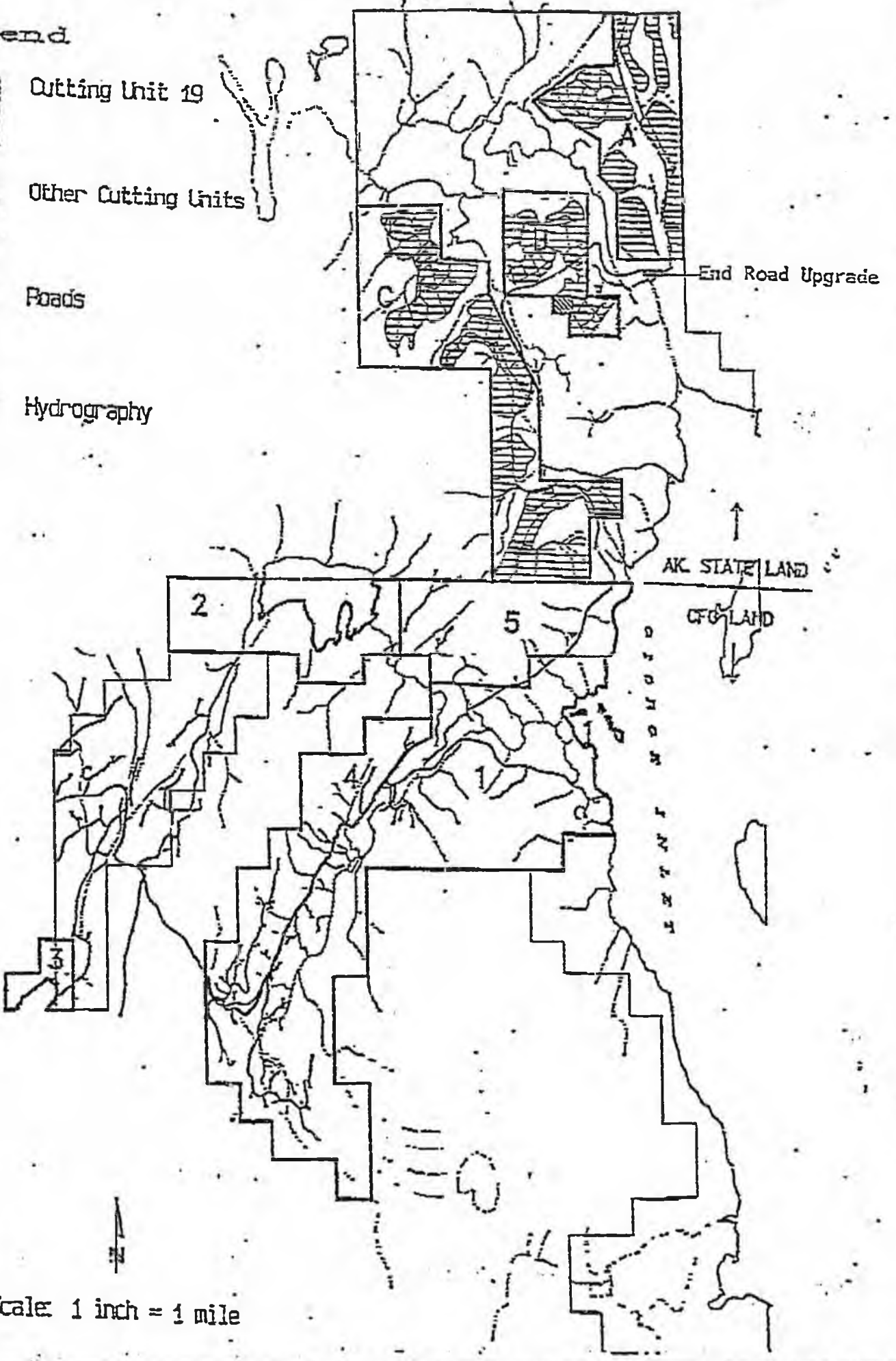
Other Cutting Units



Roads

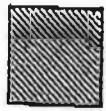


Hydrography



Scale: 1 inch = 1 mile

Legend



Cutting Unit 19



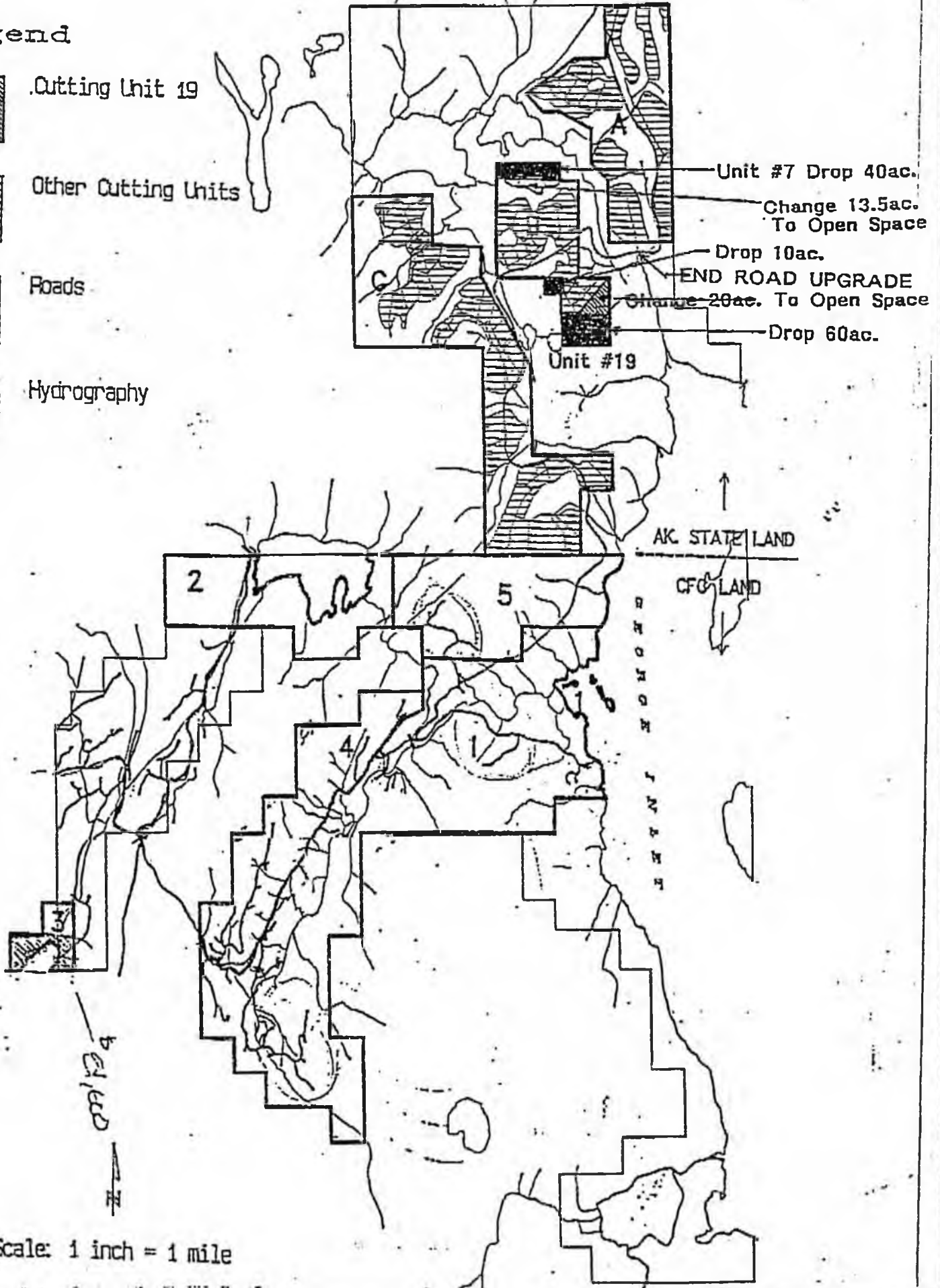
Other Cutting Units



Roads



Hydrography



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

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