

MARKET VALUE APPRAISAL

of PARCELS within The CANNON

REMOTE RECREATIONAL CABIN STAKING AREA



YEAR 2006

BASE APPRAISAL REPORT No. 3406

STATE of ALASKA

Department of Natural Resources
Division of Mining Land & Water
550 West Seventh Avenue Suite 650
Anchorage AK 99501-3576

TABLE OF CONTENTS

INTRODUCTION

Title Page	
Letter of Transmittal	1
Table of Contents	2
Appraisal Summary, Key Lot Values, and Adjustments	3

PREMISE OF THE APPRAISAL

Type of Appraisal and Report	6
Purpose and Use of the Appraisal	6
Definition of Market Value	6
Client and User Identity	6
Property Rights Appraised	6
Definition of Market Value	6
Extraordinary Assumption	7
Effective Date of Value Estimate	7
Exposure/Marketing Time	7
Scope of the Appraisal	7
Assumptions and Limiting Conditions	9

PRESENTATION OF DATA

Tanana Area Analysis	10
Manley Hot Springs Area Analysis	11
Nenana Area Analysis	13
Staking Area Summary	15

DATA ANALYSIS AND CONCLUSION

Highest and Best Use	17
Sales Comparison Approach	18
Key Parcel Method	18
Description and Valuation of Key Parcel "A"	18
Explanation of Adjustments	19
Comparable Sales	20
Reconciliation Parcel "A"	22
Description and Valuation of Key Parcel "B"	23
Reconciliation Parcel "B"	23
Certification of Value	26

ADDENDA

Comparable Sales Maps & Forms	
Size Adjustment	
Wildland Fire Policy	
Special Appraisal Instructions	
Generally Allowed Uses	
Final Finding	

APPRAISAL SUMMARY

Cannon RRCS *Hypothetical Key Parcels*

Location	This staking area is primarily located adjacent to the western bank of the Kantishna River approximately 6 air miles upstream from the confluence of the Kantishna and Toklat Rivers. The confluence is 25 miles upstream from Nenana. Manley Hot Springs is approximately 40 miles north of the staking area and can also be reached via the Elliot Highway 160 road miles north of Fairbanks. Nenana can be reached via the Parks Highway 80 road miles south of Fairbanks.
Topography map	USGS Quads Kantishna River (XKR) B-1 & B-2
Legal Description	The Cannon staking area encompasses approximately 16,000 acres within Township 6 South, Range 6 West, Fairbanks Meridian; sections 1, 2 & 11, and Township 6 South, Range 16 West, Fairbanks Meridian; sections 2-11, sections 15-22, and sections 27-33, Fairbanks Meridian.
Owner	State of Alaska
Hypothetical Key Parcel "A"	<p>Size: 10 acres</p> <p>Location: Cannon Remote Staking Area</p> <p>Access: Walk-in, snow machine, float/ski plane or ATV</p> <p>Lot Type: 1st tier parcel 300' from the Kantishna River or fronting on East Twin Lake, which is located within Sections 1 & 2 Township 6 South, Range 16 West, Fairbanks Meridian.</p> <p>Building Site: at least 50% level, wooded and well drained.</p> <p>Setback: 100' building setback from high water mark, 300' staking setback on the Kantishna River</p> <p>Waterfront: East Twin Lake/Kantishna River</p> <p>Easements: Typical section-line & pedestrian around lot.</p> <p>Amenities: Typical view of surrounding area.</p>
Hypothetical Key Parcel "B"	<p>Size: 10 acres</p> <p>Location: Cannon Remote Staking Area</p> <p>Access: Fly-in or boat and then Walk-in, snow machine or ATV</p> <p>Lot Type: 2nd tier parcel - More than 630' from Kantishna River or 330' from East Twin Lake</p> <p>Building Site: at least 50% level, wooded and well drained.</p> <p>Setback: None</p> <p>Waterfront: None</p> <p>Easements: Typical section-line & pedestrian around lot.</p> <p>Amenities: Typical view of surrounding area.</p>
Improvements	None
Highest and Best Use	Recreational cabin sites
Interest Appraised	Fee simple title, excluding mineral rights
Date of Value	April 1, 2006
Date of Report	April 1 2006

*1st tier parcel is defined as a parcel with direct frontage on a lake, river, or is separated from the water by public land.

*2nd tier parcel is defined as a location where a parcel(s) could be staked between the subject and the nearest water-body access.

Conclusion of Values for Hypothetical Key Parcel "A"			
	Size	\$\$ per Acre	\$\$ per Site (rd.)
Minimum Parcel Size	5.00	\$2,394*	\$12,000
Key Parcel	10.00	\$1,800	\$18,000
	15.00	\$1,575*	\$23,600
Maximum Parcel Size	20.00	\$1,350*	\$27,000

- * Based on size adjustment chart located in the Addenda. **Key Parcel in Bold.**

Conclusion of Values for Hypothetical Key Parcel "B"			
	Size	\$\$ per Acre	\$\$ per Site (rd.)
Minimum Parcel Size	5.00	\$958*	\$4,800
Key Parcel	10.00	\$720	\$7,200
	15.00	\$630*	\$9,500
Maximum Parcel Size	20.00	\$540*	\$10,800

- * Based on size adjustment chart located in the Addenda. **Key Parcel in Bold.**

Cannon Adjustments		
Date of Value	Date of entry	To be determined
Location	No distinctions within staking area	None
Size, acres	Adjustments for size variations	See addenda
Easements	Typical easements are considered in the base value. Other easements or trails across staked parcels to be handled on a case-by-case basis.	To be determined
Building site	<i>Poor:</i> Mostly steep, or wet ground, or unstable soils.	0.80 to 0.90
	<i>Average:</i> At least 50% level to gently sloping adequately drained & wooded.	1.00
	<i>Good:</i> Mostly level to gently sloping, well drained and wooded.	1.10 to 1.20
Amenities	Creek, pond, small lake frontage or outstanding views	1.10

Adjustment Process: An adjustment of less than 1.00 means the feature of the staked parcel is inferior to the hypothetical key parcel and requires a downward price adjustment. An adjustment of greater than 1.00 means the feature is superior to the hypothetical key parcel, requiring an upward adjustment. An adjustment of 1.00 means the property feature is similar to the key parcel, and no adjustment is necessary. The adjustments are multiplied to obtain a total adjustment, which is then multiplied by the estimated value of the key parcel to yield a value for the staked parcel.

Fly-in Lakes/Public Navigable greater than 10 acres in size.

Generally, lakes less than 10 acres are not determined navigable or public unless specifically identified. The following lakes are determined to be public waterbodies. East Twin Lake is located at the northwest corner of the staking area. This is a two mile long, public lake capable of handling all sizes of floatplanes. East Twin Lake is located within Sections 1 & 2 Township 6 South, Range 16 West, Fairbanks Meridian. The second public lake has been identified as the unnamed lake in Sections 10, 11, 14 & 15 Township 6 South, Range 15 West, Fairbanks Meridian. This is a smaller lake with an approximate run out of 0.40 miles, which limits the size of aircraft trying to access this portion of the staking area by air.

PREMISES OF THE APPRAISAL

TYPE OF APPRAISAL AND REPORT

This is a complete, summary appraisal prepared in accordance with Standard Rules 1 and 2 of the Uniform Standards of Professional Appraisal Practice, Appraisal Foundation, and in accordance with Special Appraisal Instructions, DNR Remote Cabin Sites.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the current market value of the properties described in this report.

INTENDED USE OF THE APPRAISAL

This appraisal will be used to determine the purchase price for parcels to be acquired under the Remote Recreational Cabin Site program (AS 38.05.600).

CLIENT AND USER IDENTITY

This appraisal is prepared for the State of Alaska, Department of Natural Resources and the general public.

PROPERTY RIGHTS APPRAISED

The rights appraised are the fee simple estate less the mineral rights reserved to the State of Alaska under AS 38.05.125(a). Fee simple estate is defined¹ as:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

AS 38.05.125(a) states²:

Reservation. (a) Each contract for the sale, lease or grant of state land... is subject to the following reservations: "[sic] the party of the first part, Alaska, hereby expressly saves, excepts and reserves...unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and which may be in or upon said land...[and the right] to occupy as much of said land as may be necessary or convenient... to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

DEFINITION OF MARKET VALUE³

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

In accordance with instructions from the State of Alaska, market value for the appraised property is estimated in terms of seller financing typical for the property type as of the date of appraisal.

DEFINITION OF EXTRAORDINARY ASSUMPTION⁴

"an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

¹ The Appraisal of Real Estate, 12th Edition, Appraisal Institute, 2001, p.69

² Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2002, pp. 590-591

³ The Appraisal of Real Estate, 12th Edition, Appraisal Institute, 2001, p.22

⁴ The Uniform Standards of Professional Appraisal Practice (USPAP), Appraisal Foundation, 2004, p.3

The report is based on the extraordinary assumption that all staked parcels have legal access across any staking area setbacks identified within the staking area. It is assumed that these setbacks will remain in state ownership. It is assumed that the appropriate platting authority will approve plats for all parcels staked under this program. We reserve the right to amend this report should unanticipated platting problems require changes that would significantly impact value.

EFFECTIVE DATE OF VALUE ESTIMATE

The effective date of the value estimate is April 1, 2006.

EXPOSURE TIME

Exposure time is "...the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal..."⁵

Exposure time varies with the type of property and changes with market conditions. The market for remote recreational properties has been sluggish for years. Supply has grown faster than demand. The market is somewhat saturated. Primary sellers are DNR, the University of Alaska, the Mental Health Lands Trust, Native allottees, and some boroughs. Remote parcels such as the subject typically require 12 or more months of marketing time.

Compared with competing parcels in the overall market for remote parcels, the market appeal for the subject parcels is average to poor. Considering exposure times for similar properties, appraised values for the subject parcels are based on an exposure time of one to three years.

MARKETING TIME

"Marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal."⁶

Considering current market conditions and foreseeable supply and demand as of the date of appraisal, appraised values for the subject parcels are based on an estimated marketing time of one to three years.

SCOPE OF THE APPRAISAL

I did not inspect the staking area in the field. Aerial photographs taken by DNR Northern Region representatives from a June 2005 trip were provided. Physical features, access and trails were identified by the use of topographic maps, status plats, aerial photographs, DNR appraisal records and interviews with people who are familiar with the area.

Also, DNR appraisal records were searched for recent sales of similar parcels. Interviews were conducted with real estate agents, appraisers, and other individuals who provided data about trends in values, supply and demand. Sellers and buyers were contacted to verify sale prices and other transaction details.

After analysis of all available data, appropriate sales were selected for comparison with a key parcel of the subject properties being appraised. The market value estimate is based on the following assumptions and conditions.

⁵ op. cit. p. 83.

⁶ *Uniform Standards of Professional Appraisal Practice 2001, Appraisal Foundation, p. 128.*

ASSUMPTIONS AND LIMITING CONDITIONS

1. The property is appraised as vacant land without structural or site improvements.
2. Some parcels may contain saw timber but not necessarily in commercial quantities. The estimated market value does not include the value of commercial timber, if any.
3. The data and conclusions embodied in this report are a part of the whole valuation. Each part of this appraisal is only part of the evidence upon which final judgement is based. Therefore, no part should be used out of context and by itself alone.
4. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question, unless prior arrangement has been made and adequate time is provided to review the appraisal.
5. The estimate of value in this report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
6. In this valuation various mathematical calculations were used to formulate the opinion of value. These calculations are only aids for the formulation of the opinion of value by the appraiser. Therefore, in the application of these calculations, certain arithmetical figures are rounded to the nearest significant amount.
7. The information furnished by others is believed to be reliable but it is not warranted for its accuracy. Plats of lease areas in this report are included for illustration only and may not be to scale.
8. It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions, or for arranging engineering studies to discover them.
9. Unless otherwise stated in this report, the appraiser does not know about the existence of hazardous materials or toxic substances, which may or may not be present on the property. The appraiser is not qualified to detect such substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required discovering them.
10. The report is based on the extraordinary assumption that all staked parcels have legal access across any staking area setbacks identified within the staking area. It is assumed that these setbacks will remain in state ownership. It is assumed that the appropriate platting authority will approve plats for all parcels staked under this program. We reserve the right to amend this report should unanticipated platting problems require changes that would significantly impact value.

PRESENTATION OF DATA

Tanana Area Analysis

Current Population:	304 (2004 State Demographer estimate)
Incorporation Type:	1st Class City
Borough Located In:	Unorganized
Taxes:	Sales: 2%, Property: None, Special: None

Location and Climate

Tanana is located in Interior Alaska about two miles west of the junction of the Tanana and Yukon Rivers, 130 air miles west of Fairbanks. It lies at approximately 65.171940° North Latitude and -152.07889° West Longitude. (Sec. 17, T004N, R022W, Fairbanks Meridian.) Tanana is located in the Ft. Gibbon Recording District. The area encompasses 11.6 sq. miles of land and 4.0 sq. miles of water. Tanana experiences a cold, continental climate with temperature extremes. Daily maximum temperatures during July range from 64 to 70; daily minimum temperatures during January are -14 to -48. Extremes have been measured from -71 to 94. Average annual precipitation is 13 inches, with 50 inches of snowfall. The River is ice-free from mid-May through mid-October.

History, Culture and Demographics

Due to its location at the confluence of the Tanana and Yukon Rivers, Tanana was a traditional trading settlement for Koyukon and Tanana Athabascans long before European contact. In 1880, Harper's Station, an Alaska Commercial Company Trading Post, was established 13 miles downriver from the present site. In 1881, Church of England missionaries from Canada built a mission 8 miles downriver. Between 1887 and 1900, an elaborate school and hospital complex, the St. James Mission, was constructed. It became an important source of services and social change along both rivers. In 1898, Fort Gibbon was founded at Tanana to maintain the telegraph line between Fairbanks and Nome. A post office was also established, and several other trading posts developed around the turn of the century. Gold seekers left the Yukon after 1906. Ft. Gibbon was abandoned in 1923. The St. James Hospital was transferred to the BIA administration in the 1920s. During World War II, an air base was established near Tanana as a refueling stop for the lend-lease aircraft program. New hospital facilities were built in 1949; and during the 1950s, hospital administration was transferred to the U.S. Public Health Service. The City of Tanana was incorporated in 1961. The hospital complex was a major employer during this period, employing 54 persons with a payroll of \$1.6 million, but was closed in 1982. During 1982, Tanana incorporated as a First Class City in order to assume control of the local school system. The hospital facilities were remodeled for use as a health clinic, counseling center, tribal office, and Regional Elders's Residence.

A federally recognized tribe is located in the community -- the Native Village of Tanana. The population of the community consists of 81.5% Alaska Native or part Native. Traditional Athabaskan ways of life persist -- subsistence, potlatches, dances and foot races are part of the culture. During the 2000 U.S. Census, total housing units numbered 166, and vacant housing units numbered 45. Vacant housing units used only seasonally numbered 42. U.S. Census data for Year 2000 showed 100 residents as employed. The unemployment rate at that time was 23.66 percent, although 52.38 percent of all adults were not in the work force. The median household income was \$29,750, per capita income was \$12,077, and 22.95 percent of residents were living below the poverty level.

Facilities, Utilities, Schools and Health Care

Water and sewer utilities are operated by Too'gha, Inc., a non-profit utility board. Water is derived from three wells near the Yukon River, and four watering points are available. In 1970, 55 individual wells were drilled, but due to permafrost and poor water quality, the project essentially failed. Nearly all residents now haul their own water from the washeteria and use privies and honeybuckets. In 1976, a piped water and sewer system was constructed to serve the Tanana Hospital, clinic, Regional Elders Residence, and now serves the Tribal council building. A new washeteria and water treatment plant were recently completed. Construction has begun to install pipes in 40 homes downtown. The landfill uses an incinerator, and provides recycling services. Electricity is provided by Tanana Power Company. There are 2 schools located in the community, attended by 80 students. Local hospitals or health clinics include Tanana Health Center (366-7222). The clinic is a qualified Emergency Care Center. X-Ray and pharmacy are available. Tanana is classified as an isolated town/Sub-Regional Center, it is found in EMS Region 1C in the Interior Region. Emergency Services have limited highway, river and airport access. Emergency service is provided by 911 Telephone Service, volunteers and a health aide. Auxiliary health care is provided by Tanana Tribal EMS (366-7170).

Economy and Transportation

Two-thirds of the full-time jobs in Tanana are with the city, school district or native council. There are a number of positions with local businesses and services. BLM firefighting, trapping, construction work and commercial fishing are important seasonal cash sources. 17 residents hold commercial fishing permits. Subsistence foods include salmon, whitefish, moose, bear, ptarmigan, waterfowl and berries.

Tanana is accessible only by air and river transportation. The City maintains 32 miles of local roads. The City operates a dock on the River; barged goods can be offloaded at a staging and storage area. The State owns and operates the Ralph M. Calhoun Memorial Airport with a 4,400' long by 150' wide lighted gravel runway. Float planes land on the Yukon River. Cars, trucks, snowmachines, ATVs and riverboats are used for local transportation.

Manley Hot Springs Area Analysis

Current Population:	73 (2004 State Demographer estimate)
Incorporation Type:	Unincorporated
Borough Located In:	Unorganized
Taxes:	No taxing authority

Location and Climate

Manley Hot Springs is located about 5 miles north of the Tanana River on Hot Springs Slough, at the end of the Elliott Highway, 160 road miles west of Fairbanks. It lies at approximately 65.001110° North Latitude and -150.63389° West Longitude. (Sec. 17, T002N, R015W, Fairbanks Meridian.) Manley Hot Springs is located in the Manley Hot Springs Recording District. The area encompasses 54.3 sq. miles of land and 0.0 sq. miles of water. Manley Hot Springs has a cold, continental climate. The average daily maximum is in the upper 50s in summer, minimum temperatures during winter range from -6 to -21. Temperature extremes have been measured from -70 to 93. Average annual precipitation is 15 inches, with snowfall of 59.3 inches. The worst flood in the history of the community was in May 1956. Other floods occurred in 1961, 1962 and 1982.

History, Culture and Demographics

In 1902 John Karshner, a mining prospector, claimed several hot springs and began a homestead and vegetable farm on 278 acres. At the same time, a U.S. Army telegraph station and trading post were built. The area became a service and supply point for miners in the Eureka and Tofty Mining Districts, and was known as Baker's Hot Springs, after nearby Baker Creek. In 1903, Sam's Rooms and Meals, now called the Manley Roadhouse, opened in the community. Ambitious farming and livestock operations in the area produced fresh meat, poultry and produce for sale. In 1907, miner Frank Manley built the Hot Springs Resort Hotel. The resort was a large four-story building with 45 guest rooms, steam heat, electric lights, hot baths, bar, restaurant, billiard room, bowling alley, barber shop and an Olympic-size indoor swimming pool which used heated water from the hot springs. During the summer, the hotel's private launch transported guests from steamers on the Tanana River. In the winter, an overland stagecoach trip from Fairbanks took two days. Due to the resort and area mining, the town of "Hot Springs" prospered with an Alaska Commercial Company store, a local newspaper, bakery, clothing stores and other businesses. Local estimates of the area's population in 1910 was more than 500. In 1913, this thriving resort burned to the ground. Mining was also declining and by 1920 only 29 residents lived in Hot Springs. The name was changed to Manley Hot Springs in 1957. A small school re-opened in 1958. In 1959, completion of the Elliott Highway gave Manley a road link with Fairbanks during the summer. In 1982, the state began maintaining the Highway for year-round use. A new resort with a small swimming pool opened in 1985, but closed in 1997.

A federally recognized tribe is located in the community -- the Manley Village Council. The population of the community consists of 23.6% Alaska Native or part Native. Native residents are Athabascan. During the 2000 U.S. Census, total housing units numbered 105, and vacant housing units numbered 69. Vacant housing units used only seasonally numbered 67. U.S. Census data for Year 2000 showed 36 residents as employed. The unemployment rate at that time was 10 percent, although 40 percent of all adults were not in the work force. The median household income was \$29,000, per capita income was \$21,751, and 9.7 percent of residents were living below the poverty level.

Facilities, Utilities, Schools and Health Care

Most residents haul water from the wellhouse one mile east along the Elliott Hwy. Public businesses and facilities use individual wells. Water from a few of these wells is warm or hot. Individual septic systems or outhouses are used for sewage disposal. 15 homes have complete plumbing. The landfill is at mile 158 Elliott Highway, operated by the Manley Community Association. A clinic/washeteria is located 1 mile east of town, operated by the Manley Village Council. Electricity is provided by Manley Utility Company, Inc. There is one school located in the community, attended by 15 students. Local hospitals or health clinics include Manley Health Clinic (672-3333) or Fairbanks hospitals. Manley Hot Springs is classified as an isolated village, it is found in EMS Region 1C in the Interior Region. Emergency Services have highway, river and air access. Emergency service is provided by volunteers and a health aide. Auxiliary health care is provided by Fairbanks hospitals.

Economy and Transportation

The local economy is based on a wide variety of small businesses, with many residents having 3 or 4 means of income. The Tribe operates the clinic. The Manley Roadhouse is open during summer months. A barter system thrives between residents. Government employment accounts for about one quarter of the total. Nine residents hold commercial fishing permits. Gardening, hunting and fishing provide food sources. Salmon and moose provide the primary meat sources.

The Elliott Highway is the primary means of accessing Manley Hot Springs, which is located approximately 25 miles northeast, (upstream) of the staking area. Goods and fuel are typically delivered by truck. The Highway runs through Manley to the Tanana River Landing, 3 miles southwest. The Tanana River landing is used to launch boats for fishing or transportation. Barge services are sometimes provided during summer months but there is no docking facility due to severe erosion. The State-owned 2,875' long by 30' wide gravel runway is available year-round. A new airport is under construction through FY 2005.

Nenana Area Analysis

Current Population: 549	(2005 State Demographer est.)
Pronunciation/Other Names:	(nuh-NAN-uh)
Incorporation Type:	Home Rule City
Borough Located In:	Unorganized
School District:	Nenana City Schools
Regional Native Corporation:	Doyon, Limited

Location:

Nenana is located in Interior Alaska, 55 road miles southwest of Fairbanks on the George Parks Highway. Nenana is located at mile 412 of the Alaska Railroad, on the south bank of the Tanana River, just east of the mouth of the Nenana River. It lies 304 road miles northeast of Anchorage. It lies at approximately 64.563890° North Latitude and -149.09306° West Longitude. (Sec. 14, T004S, R008W, Fairbanks Meridian.) Nenana is located in the Nenana Recording District. The area encompasses 6.0 sq. miles of land and 0.1 sq. miles of water. Nenana has a cold, continental climate with an extreme temperature range. The average daily maximum during summer months is 65 to 70; the daily minimum during winter is well below zero. The highest temperature ever recorded is 98; the lowest is -69. Average precipitation is 11.4 inches, with 48.9 inches of snowfall annually. The River is ice-free from mid-May to mid-October.

History:

Nenana is in the western-most portion of Tanana Athabascan Indian territory. It was first known as Tortella, an interpretation of the Indian word "Toghotthele," which means "mountain that parallels the river." Early explorers such as Allen, Harper and Bates first entered the Tanana Valley in 1875 and 1885. However, the Tanana people were accustomed to contact with Europeans, due to trading journeys to the Village of Tanana, where Russians bartered Western goods for furs. The discovery of gold in Fairbanks in 1902 brought intense activity to the region. A trading post/roadhouse was constructed by Jim Duke in 1903, to supply river travelers and trade with Indians. St. Mark's Episcopal mission and school was built upriver in 1905. Native children from other communities, such as Minto, attended school in Nenana. A post office opened in 1908. By 1909, there were about 12,000 residents in the Fairbanks area, most drawn by gold mining activities. In 1915, construction of the Alaska Railroad doubled Nenana's population. The Nenana Ice Classic - a popular competition to guess the date and time of the Tanana River ice break-up each spring - began in 1917 among surveyors for the Alaska Railroad. The community incorporated as a City in 1921. The Railroad Depot was completed in 1923, when President Warren Harding drove the golden spike at the north end of the 700-foot steel bridge over the Tanana River. Nenana now had a transportation link to Fairbanks and Seward. According to local records, 5,000 residents lived in Nenana during this time, however, completion of the railroad was followed by an economic slump. The population in 1930 was recorded at 291. In 1961, Clear Air Force Station was constructed 21 miles southwest, and many civilian contractors commuted from Nenana. A road was constructed south to Clear, but north, vehicles were ferried across the Tanana River. In 1967 the community was devastated by one of the largest floods ever recorded in the valley.

Culture:

The population of Nenana is a diverse mixture of non-Natives and Athabascans. The majority of residents participate in subsistence activities. Several Iditarod sled dog race competitors and former champions are residents of Nenana.

Economy:

Over 40% of the year-round jobs are government-funded, including the City, Tribe, Nenana School District, Yukon-Koyukuk School District, and DOT highway maintenance. Nenana has a strong seasonal private sector economy as the center of rail-to-river barge transportation center for the Interior. Yutana Barge Lines is the major private employer in Nenana, supplying villages along the Tanana and Yukon Rivers each summer with cargo and fuel. The City also attracts independent travelers with fuel and supplies, the Alaska Railroad Museum, the Golden Railroad Spike Historic Park and Interpretive Center, the historical Episcopal Church, Iditarod dog kennels, and a replica of the sternwheeler Nenana. A heritage center is also under development. The Nenana Ice Classic administration provides short-term employment for nearly 100 locals. 27 residents hold commercial fishing permits. The majority of Native households rely on subsistence foods, such as salmon, moose, caribou (by permit), bear, waterfowl and berries.

Facilities:

Water is derived from two wells, is treated and distributed via circulating loops. A piped gravity system collects sewage, which is treated at a secondary treatment plant. Most of the City is connected to the piped water and sewer system -- 215 homes and the school are served. The remaining homes have individual wells and septic systems. Refuse is collected by a private firm, and hauled to the new Denali Borough regional landfill, located south of Anderson.

Transportation:

Nenana has excellent air, river, road and railroad access. The George Parks Highway provides road access to Fairbanks and Anchorage. The railroad provides daily freight service. The Nenana Municipal Airport offers a 5,000' long by 100' wide asphalt, lighted runway, in addition to a turf, 2,520' long by 80' wide air strip. The airport also has float plane and ski plane landing areas. The Nenana Port Authority operates the dry cargo loading and unloading facilities, dock, bulkhead, and warehouse. The Tanana River is shallow, with a maximum draft for loaded river barges of 4.5 feet; by comparison, the Yukon River has very few shallow areas.

Climate:

Nenana has a cold, continental climate with an extreme temperature range. The average daily maximum during summer months is 65 to 70; the daily minimum during winter is well below zero. The highest temperature ever recorded is 98; the lowest is -69. Average precipitation is 11.4 inches, with 48.9 inches of snowfall annually. The River is ice-free from mid-May to mid-October.

Area Summary

The Cannon staking area is located in the Northern region, about 50 air miles southwest of Nenana, Alaska and 40 air miles south of Manley Hot Springs, Alaska. It is located along the Kantishna River, approximately six miles upstream, or southwest from the confluence of the Kantishna and Toklat Rivers. The staking area encompasses approximately 16,000 acres. There are 33 new staking authorizations proposed for this area, with sizes ranging from ten to twenty acres.

PHYSICAL CHARACTERISTICS	
Location	This area is primarily located adjacent to the western bank of the Kantishna River approximately six air miles upstream from the confluence of the Kantishna and Toklat Rivers. The confluence is 25 miles upstream from Nenana. Manley can be reached via the Elliot Highway 160 road miles north of Fairbanks. Nenana can be reached via the Parks Highway 80 road miles south of Fairbanks.
Topography map	USGS Quads Kantishna River (B-1 & B-2)
Topography/Terrain/Major Features	The area is located within the Kantishna River drainage, southeast of East Twin Lake. The banks of the river rise 5 to 15 feet above the water level through the disposal area. The river is at an elevation of approximately 400 feet. Elevation within the staking area varies from 400 to 1,000 feet above sea level. The Kantishna River runs through the southeast corner of the staking area. East Twin Lake forms the northwest border of the staking area.
Access	Access to the general vicinity is limited to river systems, primarily via the Tanana and Kantishna River from Manley Hot Springs to the mouth of the Kantishna River. Access to the western portion of the staking area is via float plane to East Twin Lake. Overland access to the staking area may be possible in the winter on a series of trails from Nenana. This trail is maintained by locals and runs to the south of the staking area.
Roads/Trails	None
View	Views of the surrounding forest, hills, rivers and Mount McKinley.
Climate	Typical of Interior Alaska, this area has a cold, continental climate. The average daily high temperature is in the upper 50's in summer, low temperatures during winter range from -6 to -21. Temperature extremes have been measured from -70 to 93. Average annual precipitation is 15 inches with snowfall of 59.3 inches.
Soils	The soils are well-drained on natural levees or along existing and former river channels. These soils consist of silt and fine sand covered with a thin layer of organic material. Permafrost is found in scattered locations at depths greater than 5 feet.
Vegetation	White spruce and large birches are predominant near the river. Alder and willow are found in the undergrowth. Vegetation at higher elevations is predominantly black spruce and shrubs.
Water Source	In addition to the Kantishna River, several creeks run through the area. East Twin Lake is located along the northwest corner of the staking area. Water quality is unknown.

EASEMENTS AND RESERVATIONS	
Area Plan, Management Unit, Classification	Tanana Basin Area Plan, Subregion 3, Kantishna: Management Unit 3K Upper Kantishna, Subunit 3K2 Cannon, classified Settlement NO-90-002.
Fire Management Option	The staking area has a Limited management option. The Alaska Interagency Wildland Fire Management Plan is updated annually. Contact the Division of Forestry for updated information regarding management options. Stakers are urged to locate parcels in hardwood stands or near water bodies to reduce potential for fire.
Allowed Uses	Cabin site leases are for recreational use only. No commercial use or permanent residence is allowed while under lease. Once the cabin site is under purchase contract or conveyed into private ownership, these restrictions no longer apply.
Municipal Authority	The southern portion of the staking area is within the Denali Borough. The northern portion of the staking area is within the unorganized borough. It is within the State of Alaska platting authority.
Section Line Easements	All parcels staked on lands owned by the State of Alaska that contain land within 50 feet of a surveyed or protracted (unsurveyed) section line, or that are bisected by such section line(s), are subject to a 50-foot wide easement on each side of the section line, which is reserved to the State of Alaska for public highways under AS 19.10.010.
Public Access and Utility Easements	All cabin sites are subject to a minimum 25-foot public access and utility easement along interior parcel boundary lines and a 60-foot public access easement along all existing unnamed trails. Stakers may not obstruct or block access within these easements.
Water Body Easements, Staking Setbacks and Restrictions	All parcels are subject to a 50-foot public access easement and a 100-foot building setback along the ordinary high water line of all water bodies. There is a 300' staking setback along the Kantishna River, which has been identified as an anadromous stream. Stream crossings with motorized vehicles may be prohibited by applicable state and federal laws.
Reserved Areas	No staking is allowed within areas reserved or excluded on the staking maps for wood lots, airstrips, public use, or other uses.
Water Supply, Sewage Disposal	Wastewater treatment and disposal systems must meet the regulatory requirements of the Alaska Department of Environmental Conservation.
Wetlands	Cabin sites may contain wetlands and may require Army Corps of Engineers permits prior to placement of fill material.
Improvements	Prior to construction of any structure or waste disposal system, contact the municipal authority for any permits or for required setbacks from water bodies, lot lines, and easements.
Comments	Survey plats and survey plat notes should be reviewed for specific information on easements, building setbacks, or other restrictions. Check recorder's office for current ownership of private land. Traditional fishing, hunting, and resource harvest for personal use are some of the principle uses of state land within the area. Flooding and glaciation potential exist in stream valleys, and steep slopes may be unstable and subject to landslides.

DATA ANALYSIS and CONCLUSION

Highest and best use analysis identifies the most profitable and competitive use of the property. Therefore, highest and best use is a market driven concept that is fundamental to the valuation of a property.

HIGHEST AND BEST USE

Highest and best use is defined as:

*the reasonably probable and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value.*⁷

The highest and best use of a site must meet four criteria. The highest and best use of a property must be:

- legally permissible,
- physically possible,
- financially feasible, and
- maximally productive.

The value of land is generally estimated as though vacant and available for development to its highest and best use. The appraisal of improvements (when present on the site) is based on their actual contribution to the total value of the property. The appraised property is vacant and unimproved.

HIGHEST and BEST USE of SITE as VACANT

Legally Permissible

There are no local zoning laws limiting the development of this parcel. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. The key parcel could be developed for almost any legal use.

Physically Possible

The subject size and physical characteristics are adequate to support all reasonable and probable uses.

Financially Feasible

Surrounding land use is primarily recreational. Development of the key parcel depends on the amount of resources the owner is willing to allocate for recreational needs.

Maximally Productive

Surrounding land use is primarily recreational. Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease.

Highest And Best Use Of Land As Vacant

Based on the foregoing analysis, the highest and best use of the subject parcel as vacant would be for almost any legal use, primarily a private recreation cabin site.

⁷ The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p305

Due to the confidentiality of sales information in the state of Alaska, the valuation section of the report is unavailable online. The entire report can be reviewed at the DNR Public Information Center:

In Anchorage

(in the Atwood Building)
550 W. 7th Ave. Suite 1200, Anchorage AK, 99501
Phone (907) 269-8400
Fax (907) 269-8901
TDD for hearing impaired (907) 269-8411
e-mail: dnr.pic@alaska.gov
Business hours 10:00 am to 5:00 pm M-F.

In Fairbanks

(Corner of University & Airport Way)
3700 Airport Way, Fairbanks, AK 99709
Phone (907) 451-2705
Fax (907) 451-2706
TDD for hearing impaired (907) 451-2770
e-mail: fbx-pic@alaska.gov
Business hours 10:00 am to 5:00 pm M-F.

In Juneau

(Southeast Div. of Land)
400 Willoughby Ave., 4th Floor, Juneau AK 99801
Phone (907) 465-3400
Fax (907) 586-2954
e-mail: southeast_land@dnr.state.ak.us
Business hours 10:00 am to 5:00 pm M-F.