

**MARKET VALUE APPRAISAL**  
**Of**  
**Lake Louise Area RRCS Administrative Parcels**



**APPRAISAL REPORT No. 3419**

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

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## APPRAISAL SUMMARY

### Location

The subject parcels are located in two Lake Louise area remote recreational staking areas. Lake Louise East staking area is located about 1 ½ miles east of Lake Louise. Loon Lake staking area is located southwest of Lake Louise, about 2 miles west of Lake Louise Road.

### Legal Descriptions

Tract K, ASLS 2002-09, ADL 228727, 5.05 acres, C006N006W30 (Lake Louise East)  
 Tract A, ASLS 2003-09, ADL 217851, 3.24 acres, C005N007W18 (Loon Lake)  
 Tract B, ASLS 2003-09, ADL 219914, 7.99 acres, C005N007W18 (Loon Lake)  
 Tract F, ASLS 2003-09, ADL 228678, 9.77 acres, C005N007W19 (Loon Lake)  
 Tract D, ASLS 2003-09, ADL 228679, 9.76 acres, C005N007W19 (Loon Lake)

### Value Summary

Area	ADL	Tract	Survey	Size (acres)	\$ per/acre	Improvement Value	Value (Rounded)
Lake Louise East	228727	K	2002-09	5.05	\$2,904	\$0	\$14,700
Loon Lake	217851	A	2003-09	3.24	\$3,410	\$0	\$11,000
Loon Lake	219914	B	2003-09	7.99	\$2,464	\$2,500	\$22,200
Loon Lake	228678	F	2003-09	9.77	\$1,980	\$0	\$19,300
Loon Lake	228679	D	2003-09	9.76	\$2,200	\$0	\$21,500

\*Tract B, ASLS 2003-09 (ADL 219914) is improved with a 12 x 12 cabin valued at \$2,700 (land is valued at \$19,700)

## PREMISES OF THE APPRAISAL

### Type of Appraisal and Report

This appraisal is a Summary Appraisal Report prepared in accordance with Standards Rule 1 and 2 of the current edition of Uniform Standards of Professional Appraisal Practice (USPAP), and in accordance with DNR's General Appraisal Instructions.

### Purpose of Appraisal

The purpose of this appraisal is to estimate current market value.

### User and Client Identity

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

### Intended Use of Appraisal

The appraisal will be used by DNR to determine the minimum bid for parcels to be acquired during the auction sale program (AS 38.05.055).

### Property Rights Appraised

Rights appraised are fee simple estate less mineral rights reserved to the State of Alaska under **AS 38.05.125(a)**.

Fee simple estate is defined as<sup>1</sup>:

<sup>1</sup> The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.69

"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)** states<sup>2</sup>:

**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 with 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 Value<sup>3</sup>**

"The most probable price, as of a specified date, in cash, or 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."

**Effective Date of Value**

September 27, 2006

**Date of Report**

October 17, 2006

**Exposure Time**

Exposure time is defined as <sup>4</sup>: "...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..."

Exposure time can vary depending on the type of property being appraised and constantly changing market conditions. Supply and demand of similar properties to the subject is an important factor for determining exposure time.

Parcels similar to the subject parcels typically require up to three years of marketing time. The subject parcels are considered average to below average when compared with other available properties on the market. Based on exposure time for similar properties, the estimated values are based on an exposure time of up to three years.

**Marketing Time**

"Marketing time is an opinion of the amount of time is 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."<sup>5</sup>

Based on current market conditions for similar properties the estimated value is based on a marketing time of up to three years.

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

<sup>3</sup> The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.22

<sup>4</sup> Uniform Standards of Professional Appraisal Practice 2004, Appraisal Foundation, p. 94.

<sup>5</sup> Op Ci, p. 141

## **SCOPE OF WORK**

### **Property and Comparable Sales Inspection**

I inspected Lake Louise East staking area and the subject parcel on June 18, 2003, and the Loon Lake staking area and subject parcels on April 6, 2004. The comparable sales fronting Lake Louise, Little Lake Louise and Dinty Lake have been inspected during various inspections unrelated to this assignment. The remaining comparable sale is located in an area that the appraiser is familiar with. Topography maps and the latest satellite imagery have been examined for this sale.

Tract B, ASLS 2003-09 (ADL 219914) is improved with a cabin. This parcel was re-inspected September 27, 2006 to verify the current condition of the cabin. This is the only subject parcel that was re-inspected.

### **Research and Analysis Conducted**

Interviews were conducted with local real estate agents, appraisers, and other individuals familiar with the area who provided information about trends in values, supply and demand. DNR records were searched for recent comparable sales. The recorder's office was also searched to identify any recent sales. Sellers and buyers were contacted to verify recent sale prices and other transaction details.

After analysis of all available data, appropriate comparable sales were selected. The market value estimate was derived from this process and is based on the following assumptions and limiting conditions. Individual lot values were derived by correlating the "key lot" value.

### **Extraordinary Assumption**

The subject parcels were inspected at various times noted above. It is an extraordinary assumption that the physical characteristics have not changed substantially since this inspection. Since this is a vacant land appraisal (except as noted above), the assumption does not prevent the development of a credible valuation. The most recent satellite imagery available has been investigated to ensure the subject has not changed due to an act of nature. The appraiser reserves the right to modify the value conclusions if an on-site inspection reveals a variation in site features from those assumed in this report.

## **Assumptions and Limiting Conditions**

1. The property is appraised as vacant land without structural or site improvements (except Tract B, ASLS 2003-09, ADL 219914 which is improved with a cabin).
2. All engineering studies are assumed to be accurate. Plats and illustrative material included in the report are intended to help the reader in visualizing the properties.
3. Information furnished by others and included in the report is believed to be reliable but the appraiser does not warrant the accuracy of such information.
4. Unless otherwise noted in the report, the appraiser did not find any evidence that hazardous materials exist on these properties. The estimate of value is based on the assumption that there are no such materials on the property. The appraiser is not qualified to detect these substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge that is required to discover these substances.
5. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony, or be in attendance in court with reference to the property in question unless arrangements have been made in advance.
6. The data and conclusions in this report are a part of the whole valuation. Each part of this report is only part of the evidence upon which the final judgment is based. Therefore, no part should be used out of context and by itself alone.
7. 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 any such conditions, or for arranging engineering studies to discover them.
8. 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.
9. Some parcels may contain saw timber, but not necessarily in commercial quantities. The estimated market value does not include that value of commercial timber, if any.

## PRESENTATION OF DATA

### Property Identification

ADL	RRCS area	MTRS	Tract	ASLS	Size - acres
228727	Lake Louise East	C006N006W30	K	2002-09	5.05
217851	Loon Lake	C005N007W18	A	2003-09	3.24
219914	Loon Lake	C005N007W18	B	2003-09	7.99
228678	Loon Lake	C005N007W19	F	2003-09	9.77
228679	Loon Lake	C005N007W19	D	2003-09	9.76

### Personal Property

There is no personal property involved with the appraisal of these properties.

### Market Area

The subject parcels are located near the community of Lake Louise. These parcels are not located within an organized borough.

### Copper River Basin

The subject parcels lie in an area of the state referred to as the Copper River Basin, which describes the lands that surround the Copper River and its tributaries.

The Copper River Basin is about 140 air miles northeast of Anchorage. The basin is found in the eastern portion of Southcentral Alaska. It is surrounded by the Alaska Range to the north, the Wrangell Mountains to the east, the Chugach Mountains to the south, and the Talkeetna Mountains to the west.

The basin is a broad forested plain with elevations ranging from 2000 to 3000 feet above sea level. A shallow to deep permafrost table can be found in most of the basin. White and black spruce is the predominant vegetation in the area interspersed with scattered thickets of willow and alder, grasses, low shrubs, and berry bushes. The Copper River is the dominant river in the basin and is fed by the Chistochina, Gulkana, Nelchina, Slana, and Tazina rivers as well as many other streams.

The climate is continental characterized by long and cold winters and relatively warm summers. Temperatures can range from -74 to 96° Fahrenheit. The mean temperature in January is -10° and 56° in July. Annual precipitation is 9 inches including 39 inches of snowfall per year.

The Copper River Basin is part of the Valdez-Cordova demographic census area. The area population is 2,915, which equates to about 1 person per 25 square miles<sup>6</sup>. The 2000 census shows a slight drop in population. Most of the population is concentrated in the small towns of Glennallen, Gakona, Copper Center, Kenny Lake, McCarthy, and Chitina.

Access to the Copper River Basin is available by the Glenn and Richardson Highways. Charter air service provides access to the road less areas. Public services and facilities are limited to essential needs.

### Lake Louise

Lake Louise is a State Recreation Area and can be accessed via Lake Louise Road. The state maintains this 20-mile long gravel road that is found near MP 160 of the Glenn Highway just south of Glennallen. The road ends at the south portion of Lake Louise where a state supported

<sup>6</sup> US Census Bureau, 2000, Alaska Department of Labor

boat launch and camping area is found. During the summer, boats and floatplanes allow access to the remainder of Lake Louise as well as Susitna Lake and Tyone Lake (found north of Susitna Lake). Lake Louise is in the Matanuska Susitna Borough. Lake Louise is primarily a recreational area with some year round residents. The approximate population for Lake Louise is 109.

Lake Louise is more popular as a recreational area during the winter months. Lodges provide year-round accommodations. Many residents are seasonally employed or retired.

<b>Subject parcels</b>	
<b>Location</b>	Lake Louise East staking area is located about 1 ½ miles east of Lake Louise. Loon Lake staking area is located southwest of Lake Louise, about 2 miles west of Lake Louise Road.
<b>Legal Description</b>	Tract K, ASLS 2002-09 (ADL 228727 – Lake Louise East) Tract A, ASLS 2003-09 (ADL 217851 – Loon Lake) Tract B, ASLS 2003-09 (ADL 219914 – Loon Lake) Tract F, ASLS 2003-09 (ADL 228678 – Loon Lake) Tract D, ASLS 2003-09 (ADL 228679 – Loon Lake)
<b>Access</b>	Primary access is via snow-machine in the winter, and ATV in the summer or fly-in year round
<b>Size and Shape</b>	Tract K, Lake Louise East, 5.05 acres, irregular Tract A, Loon Lake, 3.24 acres, nearly rectangular Tract B, Loon Lake, 7.99 acres, irregular Tract F, Loon Lake, 9.77 acres, irregular Tract D, Loon Lake, 9.76 acres, irregular
<b>Topography/Vegetation/Soils</b>	Area elevations vary from 2,000 to 2,700 feet above sea level with level to rolling topography. Vegetation consists of underbrush, spruce and aspen. Soils range from well-drained to wet. Permafrost is present in the area.
<b>Utilities</b>	There are no utilities available.
<b>Water and Sewer</b>	No public water or sewer systems are available.
<b>Easements</b>	Typical public access, section line, and utility easements.
<b>Hazardous Waste and Toxic Materials/Environmental Hazards</b>	None noted
<b>Zoning Regulations</b>	Subject parcels are not located within any organized borough and are not subject to local land use regulations.
<b>Tax Assessments</b>	Subject parcels are not located within any organized borough and not subject to any property taxes currently.
<b>Ownership History</b>	State of Alaska
<b>Adjacent Land Use</b>	Primarily recreational use

## DATA ANALYSIS AND CONCLUSION

### **Highest and Best Use**

Analysis of highest and best use for the subject property is necessary to accurately estimate the value of the land. Highest and best use analysis ensures that the value estimate is derived with the use in mind that maximizes the utility for a given property. The appropriate highest and best use for a given property is determined by the conditions of the market. Highest and best use can be defined as<sup>7</sup>:

“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.”

The land to be valued is considered vacant and thus valued with the highest and best potential use for the property. Value for improvements (when present on the site) is then based on their contribution to this use. The appraised parcels are vacant and unimproved (except Tract B, ASLS 2003-09, ADL 219914 which is improved with a cabin).

### **Legally Permissible**

The subject parcels are not subject to any known zoning requirements that would be restrictive to potential development. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. Therefore, almost any legal use of the site would be possible.

### **Physically Possible**

The subject parcels range in size from 3.24 to 9.77 acres. The size and physical characteristics are adequate to support all reasonable and probable uses.

### **Financially Feasible**

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

### **Maximally Productive**

Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease. Access to fishing and hunting, snow machining and dog sledding are the primary motivations for surrounding recreational users.

### **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.

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<sup>7</sup> The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.306

**Valuation of Improvements on Tract B, ASLS 2003-09 (Loon Lake staking area)**

**Descriptive Photo:**



**-Tract is right of trail**



**-Cabin**

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:

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550 W. 7<sup>th</sup> Ave. Suite 1200, Anchorage AK, 99501  
Phone (907) 269-8400  
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