

MARKET VALUE APPRAISAL

**Of
Blying Sound Remote Odd Lots**

**Three (3) parcels located southeast of Seward on
Johnstone and Little Johnstone Bays**



APPRAISAL REPORT No. 3448

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



A. SUMMARY OF APPRAISAL NO. 3448

1. ADL NO(S): See table below
2. SIZE: Various, as noted in table
3. APPLICANT: N/A
4. LOCATION and LEGAL DESCRIPTION:

ADL	Location	Legal Description	Size (acres)
218804	Between Johnstone Bay and Excelsior Lake, west of outlet creek	Tract A of ASLS 93-55	4.92
218806	Between Johnstone Bay and Excelsior Lake, west of outlet creek	Tract B of ASLS 93-55	4.91
218520	Fronting east side of Little Johnstone Bay, one mile south of Little Johnstone Lake	Tract C of ASLS 93-96	3.36

5. INTEREST APPRAISED: Fee Simple Title less Mineral Rights
6. PURPOSE OF THE APPRAISAL: Estimate Market Value
7. APPRAISED BY: Johnthomas Williamson
8. DATE of REPORT: November 16, 2007
9. DATE of VALUE(S): June 14, 2007
10. APPRAISED VALUE(S):

Subdivision	ADL	Tract	Alaska State Land Survey	Size (acres)	Value (RND)	Date of Value
Blying Sound Remote OL	218804	A	93-55	4.92	\$24,000	June 14, 2007
Blying Sound Remote OL	218806	B	93-55	4.91	\$24,000	June 14, 2007
Blying Sound Remote OL	218520	C	93-96	3.36	\$25,500	June 14, 2007

**B. SUMMARY OF REVIEW**

1. DATE of REVIEW: November 16, 2007
2. REVIEWER'S CLIENT: DNR Other: _____
3. INTENDED USERS of the REVIEW: DNR General Public Other: _____
4. INTENDED USE of the REVIEW: Establish minimum bid price for sealed bid auction
5. PURPOSE of REVIEW: Evaluate for Technical Compliance with DNR Instructions & USPAP
 Evaluate for Technical Compliance with UASFLA Develop Independent Estimate of Value
 Other: _____
6. SCOPE OF REVIEW: I Inspected the Subject on _____ I Did Not Inspect the Subject
 I Inspected the Comparable Sales on _____ I Did Not Inspect the Comparable Sales
 I Independently Verified the Comparable Sales in the Report Yes No
 Data and Information Considered in Addition to that Contained in the Report: None See Sections C thru F
 Extraordinary Assumptions, Hypothetical Conditions, & Other Limiting Conditions for this review:
 None See Section G Related appraisals reviewed: _____
 Proofread DNR data entry: Yes No
7. RESULTS OF REVIEW: Not Approved Approved Approved Value: As noted in previous table

C. COMPLETENESS OF APPRAISAL MATERIAL WITHIN SCOPE OF WORK APPLICABLE TO THE ASSIGNMENT/CONFORMANCE with APPRAISAL INSTRUCTIONS: Adequate.**D. ADEQUACY and RELEVANCE of APPRAISAL DATA and PROPRIETY OF ADJUSTMENTS: Adequate****E. APPROPRIATENESS OF APPRAISAL METHODS and TECHNIQUES: Adequate.****F. ANALYSES, OPINIONS, and CONCLUSIONS ARE APPROPRIATE and REASONABLE, except: Appropriate****G. REVIEWER'S ASSUMPTIONS AND LIMITING CONDITIONS**

1. This review is based on data and information contained in the appraisal report as well as any additional data from other sources that is identified in this review.
2. The reviewer assumes that the data and information in the appraisal are factual and accurate.
3. The reviewer reserves the right to consider any additional data or information that may subsequently become available, and to revise an opinion or conclusion, if such data and information warrant a revision.
4. All assumptions and limiting conditions contained in the appraisal report are part of this review unless otherwise stated.
5. A title report has not been provided to the appraiser and the reviewer. Unless specifically noted in the report or this review, it is assumed that the only easements and restrictions that affect the property are those shown on the plat.
6. The value of commercial timber, if any, is specifically excluded from the final conclusion of value.



REVIEW APPRAISER'S CERTIFICATION APPRAISAL NO. 3448

I certify that, to the best of my knowledge and belief:

- The facts and data reported by the reviewer and used in the review process are true and correct.
- The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this review.
- My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- I did did not personally inspect the subject property of the report under review.
- No one provided significant professional assistance to the person signing this review report.

Reviewed by Kevin Hindmarch
Kevin Hindmarch, Review Appraiser

Date 11/16/07

cc: Holly Hill
Jeffrey Bruno

MEMORANDUM

State of Alaska

Department of Natural Resources

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Division of Mining, Land and Water

550 West 7th Avenue, Suite 650

Anchorage AK 99501-3576

DATE: November 16, 2007

TO: Kevin Hindmarch
Review Appraiser

FROM: Johnthomas Williamson
Appraiser I

SUBJECT: Appraisal of Blying Sound Remote Odd Lots; ADL 218804, ADL 218806, ADL 218520.

As requested, I have completed an appraisal of the above referenced parcels. I understand that this appraisal will be used to determine the minimum purchase price in the upcoming Sealed Bid Land Auction. All three of these parcels have been previously offered to the public; however, title has reverted to the State of Alaska. I am submitting this report for your review and approval.

The appraisal was completed in accordance with the "Uniform Standards of Professional Appraisal Practice" of the Appraisal Foundation and in accordance with the General Appraisal Instructions, DNR. This is a complete summary report based on the General Assumptions and Limiting Conditions stated in the report, as well as the facts, analyses, and reasoning leading to the opinions of value.

I have inspected all of the subject parcels and the majority of the comparable sales used in this report. Physical descriptions of the subject parcels were based on inspections, aerial photography, topographic maps, peer appraisal reports, interviews with realtors and various individuals familiar with the area. Based on my observations and analyses of all available data, I have formed an opinion of the market values as of the effective date of value.

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APPRAISAL SUMMARY

Location and Legal Description

ADL	Location	Legal Description
218804	Between Johnstone Bay and Excelsior Lake, west of outlet creek	Tract A of ASLS 93-55
218806	Between Johnstone Bay and Excelsior Lake, west of outlet creek	Tract B of ASLS 93-55
218520	Fronting east side of Little Johnstone Bay, one mile south of Little Johnstone Lake	Tract C of ASLS 93-96

Summary of Values

Subdivision	ADL	Tract	Alaska State Land Survey	Size (acres)	Value (RND)	Date of Value
Blying Sound Remote OL	218804	A	93-55	4.92	\$24,000	June 14, 2007
Blying Sound Remote OL	218806	B	93-55	4.91	\$24,000	June 14, 2007
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PREMISES OF THE APPRAISAL

Type of Appraisal and Report

This appraisal is a summary appraisal 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 Special Appraisal Instructions.

Purpose of Appraisal

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

Intended Use of Appraisal

This appraisal will be used by DNR to establish the minimum price for a sealed bid auction and will be used by the general public for guidance in determining actual bid prices (AS.38.05.055).

User and Client Identity

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

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:

“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.”¹

AS 38.05.125(a) states:

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.”²

Definition of Market Value

“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.”³

Effective Date of Value Estimate

June 14, 2007.

Date of Report

November 16, 2007.

¹ The Appraisal of Real Estate, Twelfth 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, Twelfth Edition, Appraisal Institute, 2001, p.22

Exposure Time

Exposure time is defined as "...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..."⁴

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.

Several parcels are currently listed in the area. Difficult and inconsistent access is the primary factor in the amount of time that these parcels require on the market. The subject parcels are considered average to below average when compared with more accessible properties available on the market. Based on exposure time for similar properties, the estimated values are based on an exposure time of up to three years.

Property History

The State of Alaska currently owns all of the subject parcels; however, all of the parcels were at one time encumbered by a private party. Subsequently, all parcels have returned to the State of Alaska, Department of Natural Resources. Please see below.

ADL	Legal	Instrument	History
218804	Tract A of ASLS 93-55	Land Sale Contract	A purchase contract was issued by DNR to a private party in April, 1997. The contract lapsed into default and was terminated by DNR on 11-10-1999. DNR is the current owner of record
218806	Tract B of ASLS 93-55	Land Sale Contract	A purchase contract was issued by DNR to a private party in April, 1997. The contract lapsed into default and was terminated by DNR on 11-10-1999. DNR is the current owner of record
218520	Tract C of ASLS 93-96	Land Sale Contract	A purchase contract was issued by DNR to a private party in July, 1996. The contract lapsed into default and was terminated by DNR on 5-18-1999. DNR is the current owner of record

⁴ Uniform Standards of Professional Appraisal Practice 2004, Appraisal Foundation, p. 94.

Scope of the Appraisal

Property and Comparable Sales Inspection

I inspected all the subject properties and all but two of the comparable sales on June 14, 2007. Due to weather conditions, the parcels were examined by aerial inspection only. Physical features and access were identified by use of physical inspections, topographic maps, status plats, aerial photographs, DNR appraisal records, and interviews with people who are familiar with the area.

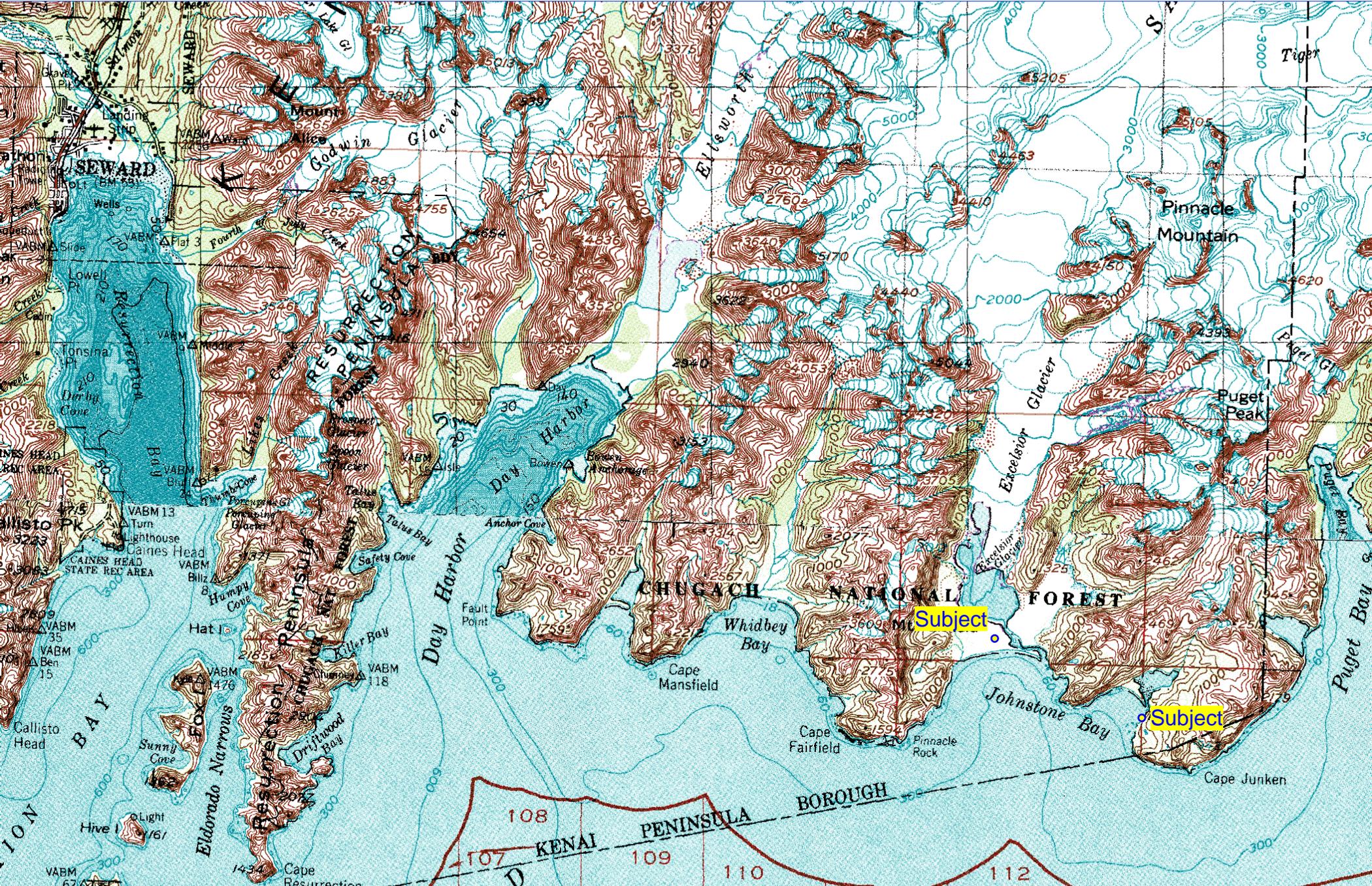
Research and Analysis conducted

Interviews were conducted with, real estate agents, appraisers, pilots, water-taxi services, local residents, and other individuals familiar with the area who provided information about trends in values, supply, demand, access, and physical characteristics of the subject properties. DNR records were searched for recent comparable sales. The Kenai Borough database was searched for relevant sale information and the recorders office was searched to identify any recent sales. Private real estate agent websites were searched for recent listings, while sellers, buyers, or agents 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 applying the sales comparison approach and correlating the "key lot" values.

Assumptions and Limiting Conditions

1. The property is appraised as vacant land without structural or site improvements.
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.
10. Due to the lack of on-site inspections for the subject parcels (aerial only) some physical features are assumed based on conversations with those knowledgeable about the area and interpretation of existing maps and aerial photography. 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.
11. Unless noted, the existence of personal property or improvements, if any, could not be confirmed. The properties are appraised "as vacant".
12. 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.



PRESENTATION OF DATA

Market Area – The Kenai Peninsula Borough⁵

Current Population: 51,350

Location:

The Kenai Peninsula Borough is comprised of the Kenai Peninsula, Cook Inlet and a large unpopulated area northeast of the Alaska Peninsula. The Borough includes portions of the Chugach National Forest, the Kenai National Wildlife Refuge, The Kenai Fjords National Park, and portions of the Lake Clark and Katmai National Park. The twin Cities of Kenai and Soldotna are the population centers of the Borough, approximately 65 air miles south of Anchorage. It lies at approximately 60.550000° North Latitude and -151.266670° West Longitude. Kenai Peninsula Borough is located in the Kenai, Seward, Homer, Seldovia Recording District. The area encompasses 16,013.3 sq. miles of land and 8,741.3 sq. miles of water. January temperatures range from 4 to 22; July temperatures vary from 46 to 65. Average annual precipitation is 20 inches

History & Culture

The Kenaitze Indians (Dena'ina) have occupied the Peninsula historically. The City of Kenai was founded in 1791 as a Russian fur trading post. In the early 1900s cannery operations and construction of the railroad spurred development. It was the site of the first major Alaska oil strike, in 1957, and has been a center for exploration and production since that time. The Borough was incorporated as a second-class borough in 1964

The Kenai Peninsula, located 60 air miles south of Anchorage, is filled with stunning scenery, fascinating history and a rich cultural heritage. The Kenai River is a major sport fishing location for Anchorage residents and tourists. The river is world renown for trophy king (chinook), silver (coho) and red (sockeye) salmon, so the Peninsula is well-traveled by sportsmen during summer months. The area has a well-capitalized infrastructure of airports, sports, roads, public schools, and energy related facilities. The economy of the Borough consists of heritage industries including commercial fishing, mining and timber, as well as tourism and petroleum industry activities. The natural beauty and recreational activities have led to a growing tourism industry with a well-developed list of attractions including world famous Kenai River, the Alaska SeaLife Center, the Challenger Learning Center, art galleries, and millions of acres of public forests

Economy:

The Borough economy is highly diverse. Many residents are employed in services for Cook Inlet oil and natural gas drilling and exploration. Oil refining operations occur north of Kenai in Nikiski. Both in-state and out-of-state visitors provide a significant industry on the Peninsula. Other important economic sectors include sport, subsistence and commercial fishing, fish processing, government, timber and lumber, agriculture, transportation, services, construction and retail trade. 1,555 borough residents hold commercial fishing permits which allow fishing for salmon, herring, cod, bottom fish such as halibut, and shellfish. Harvesting of spruce bark beetle-killed timber also occurs as value-added processes are implemented.

Employment:

Total Potential Work Force (Age 16+):	36,781
Total Employment:	20,486
Civilian Employment:	20,364
Military Employment:	122
Civilian Unemployed (And Seeking Work):	2,630
Percent Unemployed:	11.4%
Adults Not in Labor Force (Not Seeking Work):	13,665

⁵ <http://www.matsugov.us/Planning>. & <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm> accessed 5-7-2007

Percent of All 16+ Not Working (Unemployed + Not Seeking):	44.3%
Private Wage & Salary Workers:	13,691
Self-Employed Workers (in own not incorporated business):	2,578
Government Workers (City, Borough, State, Federal):	3,976
Unpaid Family Workers:	119

Communities located within the Borough include: Anchor Point, Grouse Creek Group, Beluga, Clam Gulch, Cohoe, Cooper Landing, Crown Point, Diamond Ridge, Fox River, Fritz Creek, Funny River, Halibut Cove, Happy Valley, Homer, Hope, Kachemak, Kalifornsky, Kasilof, Kenai, Lowell Point, Miller Landing, Moose Pass, Nanwalek, Nikiski, Nikolaevsk, Niniichik, Port Graham, Primrose, Ridgeway, Salamatof, Seldovia, Seldovia Village, Seward, Soldotna, Sterling, Sunrise and Tyonek.

Transportation:

Kenai is accessible by the Sterling Highway to Anchorage, Fairbanks, Canada and the lower 48 states. Scheduled and charter airlines and helicopter services are provided. Both Homer and Seward have developed deepwater docks. The Nikiski industrial area has 4 additional private docking facilities for tankers, ocean-going freighters, and other marine transportation. The State Ferry serves Homer.

Seward Neighborhood⁶

Current Population: 2,627

Location:

Seward is a home-rule city situated on Resurrection Bay on the east coast of the Kenai Peninsula, 125 highway miles south of Anchorage. It lies at the foot of Mount Marathon, and is the gateway to the Kenai Fjords National Park. Bear Creek and Lowell Point are adjacent to Seward. It lies at approximately 60.104170° North Latitude and -149.442220° West Longitude. (Sec. 10, T001S, R001W, Seward Meridian.) Seward is located in the Seward Recording District. The area encompasses 14.4 sq. miles of land and 7.1 sq. miles of water. Seward experiences a maritime climate. Winter temperatures average from 17 to 38; summer temperatures average 49 to 63. Annual precipitation includes 66 inches of rain and 80 inches of snowfall.

History & Culture

Resurrection Bay was named in 1792 by Russian fur trader and explorer Alexander Baranof. While sailing from Kodiak to Yakutat, he found unexpected shelter in this bay from a storm. He named it Resurrection Bay, after the feast day of the Resurrection. Seward was named for U.S. Secretary of State William Seward, 1861-1869, who negotiated the purchase of Alaska from Russia in 1867. In the 1890s, Capt. Frank Lowell arrived with his family. In 1903, John and Frank Ballaine and a group of settlers arrived to begin construction of a railroad. Seward became an incorporated City in 1912. The Alaska Railroad was constructed between 1915 and 1923, and Seward developed as the ocean terminus and supply center. By 1960, Seward was the largest community on the Peninsula. Tsunamis generated after the 1964 earthquake destroyed the railroad terminal and killed several residents. As an ice-free harbor, Seward has become an important supply center for Interior Alaska. 2003 is the 100th anniversary of the founding of Seward.

Seward is primarily a non-Native community, although the Qutekcak Tribe is very active within the community. Seward's annual Fourth of July celebration and its grueling Mount Marathon race

⁶ Information source <http://www.matsugov.us/Planning>. and <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm>

attracts participants and visitors worldwide. Other annual events include the Seward Silver Salmon Derby in August and the Polar Bear Jump-Off Festival in January.

Economy:

As the southern terminus for the Alaska Railroad and road link to Anchorage and the Interior, Seward has long been a transportation center. The economy has diversified with tourism, commercial fishing and processing, ship services and repairs, oil and gas development, an Alaska Railroad Corp. export facility for Usibelli coal, Alaska Vocational Technical Center (AVTEC), a State Prison, and the University of Alaska's Institute of Marine Sciences. The Alaska SeaLife Center, the the Kenai Fjords National Park, and the Mt. Marathon Race and Fourth of July festivities attract visitors. Over 320,000 cruise ship passengers visit Seward annually. 80 residents hold commercial fishing permits.

Employment:

2006 population	2,627
Total Potential Work Force (Age 16+):	2,271
Total Employment:	1,011
Civilian Employment:	998
Military Employment:	13
Civilian Unemployed (And Seeking Work):	207
Percent Unemployed:	17.2%
Adults Not in Labor Force (Not Seeking Work):	1,053
Percent of All 16+ Not Working (Unemployed + Not Seeking):	55.5%
Private Wage & Salary Workers:	615
Self-Employed Workers (in own not incorporated business):	100
Government Workers (City, Borough, State, Federal):	278
Unpaid Family Workers:	5

Facilities:

Water is supplied by nine wells, is treated and distributed throughout Seward. Sewage is collected via pipes to a secondary treatment lagoon. Almost all homes are fully plumbed. Refuse collection is provided by the City under contract; the Borough provides solid waste disposal. Borough refuse transfer facility is located on Hemlock St. Seward Electric System purchases power from Chugach Electric, and owns six standby diesel generators.

Transportation:

Seward is connected to the Alaska Highway system by the Seward Highway. Bus and commercial trucking services to and from Anchorage are available daily. Air services and charters are available at the State-owned airport. Two paved runways are utilized, at 4,240' long by 100' wide and at 2,279' long by 75' wide. The Port serves cruise ships and cargo barges and ocean freighters from Seattle and overseas. The small boat harbor has moorage for 650 boats, and two boat launch ramps. The Alaska Railroad provides over 1.4 billion pounds of cargo transit each year, importing cargo for the Interior and exporting coal to the Pacific Rim. A new railroad depot was completed in the fall of 1997. Seasonal passenger transportation is available by rail.

Johnstone Bay area description

Johnstone Bay is located approximately 25 miles southeast of Seward, roughly half way between Resurrection Bay and Latouche Passage. Encompassed by the Chugach National Forest, the area contains a handful of private holdings interspersed along the low, level glacial valleys. The general area is characterized by rugged topography with steep mountains and narrow draws. Mountain peaks quickly rise over 2,500 feet, separating and isolating small pockets of private land.

Lying between Whidbey and Puget Bays, Johnstone Bay is exposed to the Gulf of Alaska. With the Sargent Icefield to the north and the Gulf of Alaska to the south, the area frequently experiences fog, high winds, rough seas, and localized weather patterns that prevent boat and airplane access. Generally due to inclement weather the area can be inaccessible for days at a time.

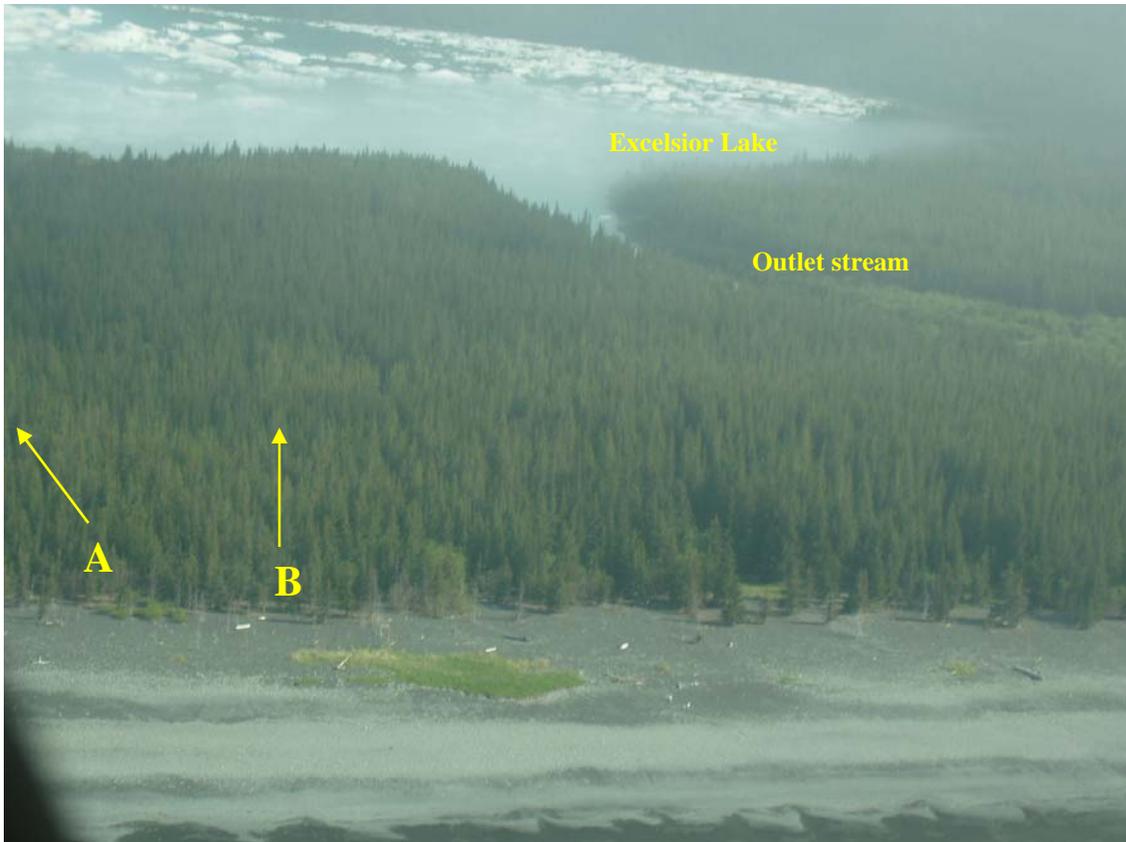
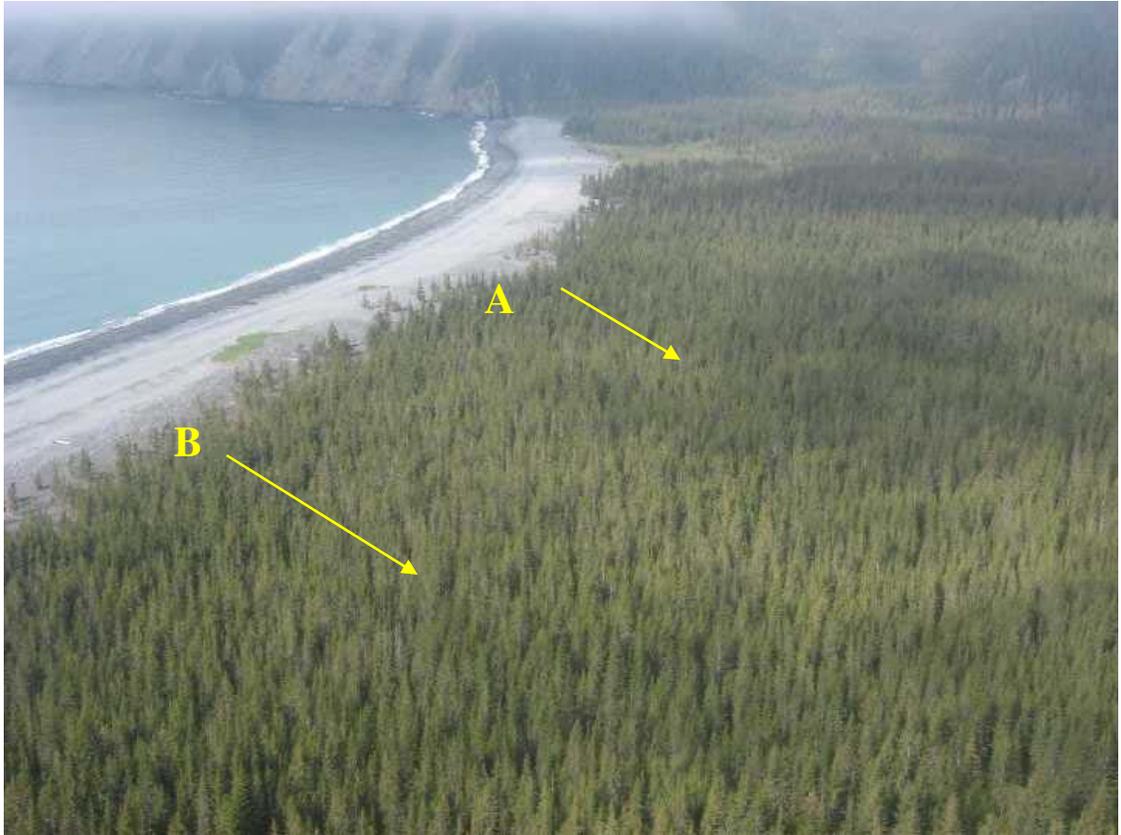
Excelsior Glacier calves a substantial amount of ice into Excelsior Lake (aka Big Johnstone Lake), making landing a float plane on the lake impossible most of the time. If prevailing winds blow from the south for several days and push the ice away from the southern shore, then a float plane might be able to land on this lake. During high tides, a float plane can land on the outlet creek, but the tidal influence and weather coming in from the ocean can quickly close down access via floatplane. Beach access using a wheeled plane is unpredictable due to large timbers deposited and rearranged on the shore with each tide. Two of the subjects lay along a level plain between 'Big' Johnstone Bay and Excelsior Lake while the third subject skirts the eastern shore of Little Johnstone Bay, roughly 4 miles to the southeast.

Little Johnstone Lake was created by the 1964 earthquake when the surrounding area rose several feet. Little Johnstone Lake is fed by a glacial stream, has desalinated over time, and does not experience icebergs making access more dependable than Big Johnstone Lake (aka Excelsior Lake). This said, fog generated from the moist ocean air colliding against the cool air descending from the Sargent Icefield can quickly shut down floatplane access.

By boat, the parcels are approximately 40 miles from Seward. Beach landings are possible in calm seas, which are rare in this area as the beach is totally exposed to Blying Sound.

The following table identifies the appraised parcels. All survey plats have been recorded in the Seward Recording District.

ADL	Tract	Alaska State Land Survey	Recorded Plat No.	Date of Value
218804	A	93-55	95-10	6/14/2007
218806	B	93-55	95-10	6/14/2007
218520	C	93-96	94-34	6/14/2007



**Property description for:
ADL 218804 & ADL 218806 – Tracts A & B of ASLS 93-55**

Location

Tracts A & B are located just off Big Johnstone Bay roughly 25 miles southeast of Seward. The tracts are located within the low lying plane between Excelsior Lake and Johnstone Bay, west of the lake's outlet stream, relatively close to the beach.

Access

Access to Tracts A & B is by float plane to the outlet stream that drains Excelsior Lake. This access is dependent upon tidal influences and possible ice-chunks drifting down from the lake. Landing a wheeled airplane on the beach might be possible; however tidal influences frequently rearrange large timbers along the beach and severe cross-winds coming from the ocean create potential hazards. The parcels are 40+ miles by boat from Seward. If sea conditions are calm enough, a beach landing is possible.

Please note that access is limited, intermittent, and subject to weather and tidal conditions.

Size & Shape

Tract A is 4.92 acres, Tract B is 4.91 acres. Both are rectangular in shape.

Topography

The subjects are level. The tracts are located in a 2-mile wide flat coastal plain between Excelsior Lake and the ocean.

Soils/Vegetation

The parcel contains primarily large mature spruce trees with typical ground cover. Soils consist of general a sandy/gravel mix making the suitability of a septic system is unknown.

Utilities, Water & Sewer

None. No public water or sewer system is available. Water supply is limited. Nearby residents have reported that sand point wells are not consistent and the water quality of Excelsior lake is poor due to silt. Sewage disposal systems must be located, constructed and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Regulations

No zoning. The parcels are located within an unregulated area of the Kenai Peninsula Borough. The survey plat indicates a 25' public access easement on all lot lines.

Adjacent Land Use

The surrounding area is predominantly characterized by Wildlife Habitat and Recreational Use.

Personal Property

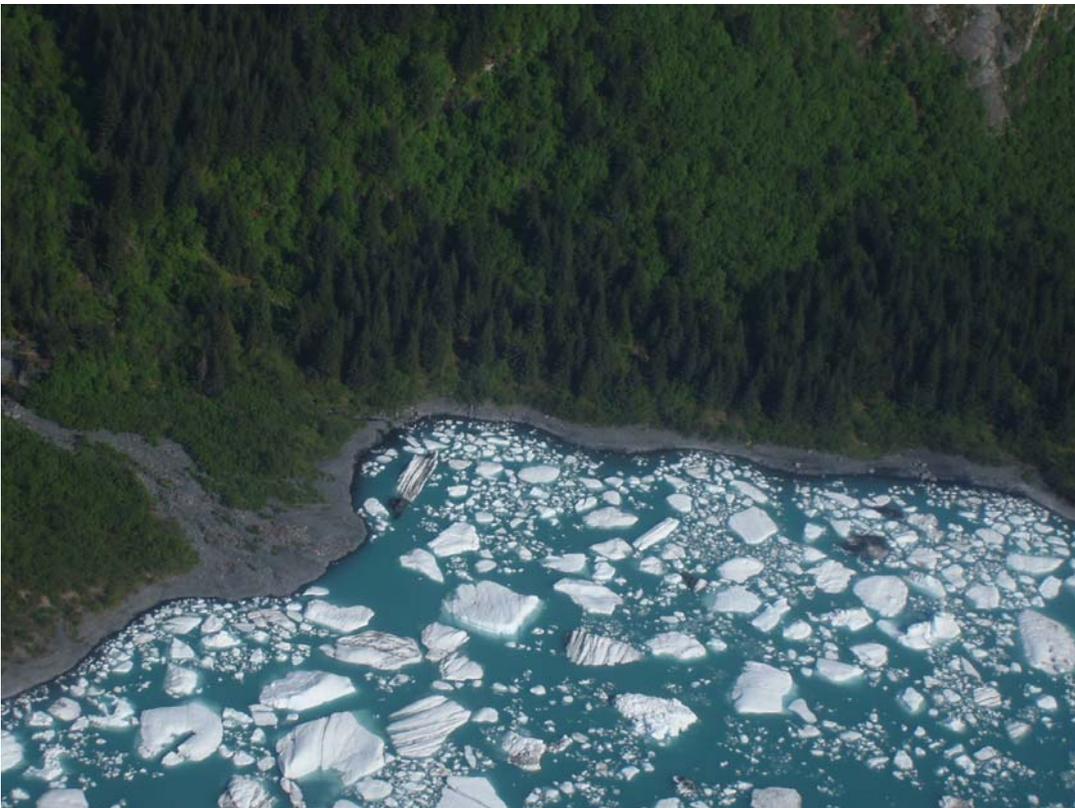
There is no personal property involved with the appraisal of this property.

Ownership History

Both Tracts A & B were first offered by Department of Natural Resources under the Staking Program in 1984. A sale contract for each parcel was issued in 1997, and subsequently revoked by DNR in 1999 due to nonpayment. Ownership reverted to DNR in 1999 and there has been no activity since



Possible intermittent float plane access along outlet creek



Ice on Excelsior lake limits float plane access

Tax Assessments⁷

Subjects are within the Kenai Peninsula Borough taxation authority. There is no tax burden assessed to the State of Alaska from the Kenai Peninsula Borough. Tax assessments to private parties will become active when property is sold into private ownership.

Parcel	Legal	Tax ID	2006 Assessed Value
ADL 218804	Tract A, ASLS 93-55	18901805	\$ 4,000
ADL 218806	Tract B, ASLS 93-55	18901808	\$ 4,000

Ocean Frontage.

ADL 218804 and ADL 218806 (Tracts A & B) are not technically waterfront parcels since their boundary does not meander the ordinary high water line. Instead, these parcels were staked as interior parcels according to the original 1985 offering. A 1996 appeal was upheld by the Director of Mining, Land and Water that upholds the position that these parcels are interior lots. However, the parcels do enjoy unobstructed access to and across state land between the ordinary high water mark and the survey boundary. Comparables with similar proximity to the ocean will be more heavily weighed in the final valuation.

Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials or toxic waste was observed during the field inspection. Environmental hazards include potential tidal surge and high winds generated from high pressure gradients between Sargent Icefield and Gulf of Alaska. Please note, it has been reported that these factors were responsible for the destruction of a cabin on the neighboring lot (Tract C of ASLS 93-55). Any future improvements constructed upon either of these parcels should be carefully planned in light of environmental hazards.



Photograph by M. Scott Christy, used with his permission

⁷ <http://www.borough.kenai.ak.us/gisdept/IMS/disclaimer.htm> accessed 09-17-2007



Uplands of Tract C, ASLS 93-96 uplands



Coastline of Tract C, ASLS 93-96

**Property description for:
ADL 218520 – Tract C of ASLS 93-96**

Location

Tract C is located approximately 30 miles southeast of Seward, on the eastern side of Little Johnstone Bay, one mile south of Little Johnstone Lake.

Access

Access to Tract C is via float plane to Little Johnstone Lake, then overland. Boat access is possible via a beach landing along beach northwest of the subject, then overland to the subject. Access is limited, intermittent, and subject to weather and tidal conditions. See area description for further information.

Size & Shape

Tract C is 3.36 acres and irregularly shaped.

Topography

Topography is moderate to steep with a rough coastline that rises quickly. There are limited building sites on the parcel.

Soils/Vegetation

The parcel contains primarily large spruce trees with typical ground cover. Soils consist of generally rocky/gravel mix with shallow loam. The suitability of a septic system is unknown.

Utilities, Water & Sewer

None. No public water or sewer system is available. Water supply is limited. Sewage disposal systems must be located, constructed and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Regulations

No zoning. The parcel is located within an unregulated area of the Kenai Peninsula Borough. The survey plat indicates a 50' public easement along the ordinary high water mark and 25' public access easement along all other lot lines.

Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

Tax Assessments⁸

Subjects are within the Kenai Peninsula Borough taxation authority. There is no tax burden assessed to the State of Alaska from the Kenai Peninsula Borough. Tax assessments to private parties will become active when property is sold into private ownership.

Parcel	Legal	Tax ID	2006 Assessed Value
ADL 218520	Tract C, ASLS 93-96	18901201	\$ 2,000

Ownership History

The subject parcel was first offered by Department of Natural Resources under the Staking Program in 1984. A sale contract was issued in 1997, and subsequently revoked by DNR in 1999

⁸ <http://www.borough.kenai.ak.us/gisdept/IMS/disclaimer.htm> accessed 09-17-2007

due to nonpayment. Ownership reverted to DNR in 1999 and there has been no activity since. DNR is the current owner of record.

Personal Property

There is no personal property involved with the appraisal of this property.

Ocean Frontage.

The subject has 340 feet of direct ocean frontage. The shore is rocky and may be unsuitable for boat access.

Adjacent Land Use

The surrounding area is predominantly characterized by Wildlife Habitat and 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:

“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.”⁹

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 applicable) is then based on their contribution to this use. The appraised parcels are vacant and unimproved.

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 3.36 to 4.92 acres. The size and physical characteristics are adequate to support all reasonable and probable uses.

Financially Feasible

Surrounding land use is within the Chugach National Forest, and is primarily wildlife habitat with some seasonal recreational users. Development of the parcel depends on the amount of resources the owner is willing to allocate for recreational or rural residential 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, hunting, boating and general recreation 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 parcels as vacant would be for almost any legal use, primarily private recreation.

⁹ The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.306