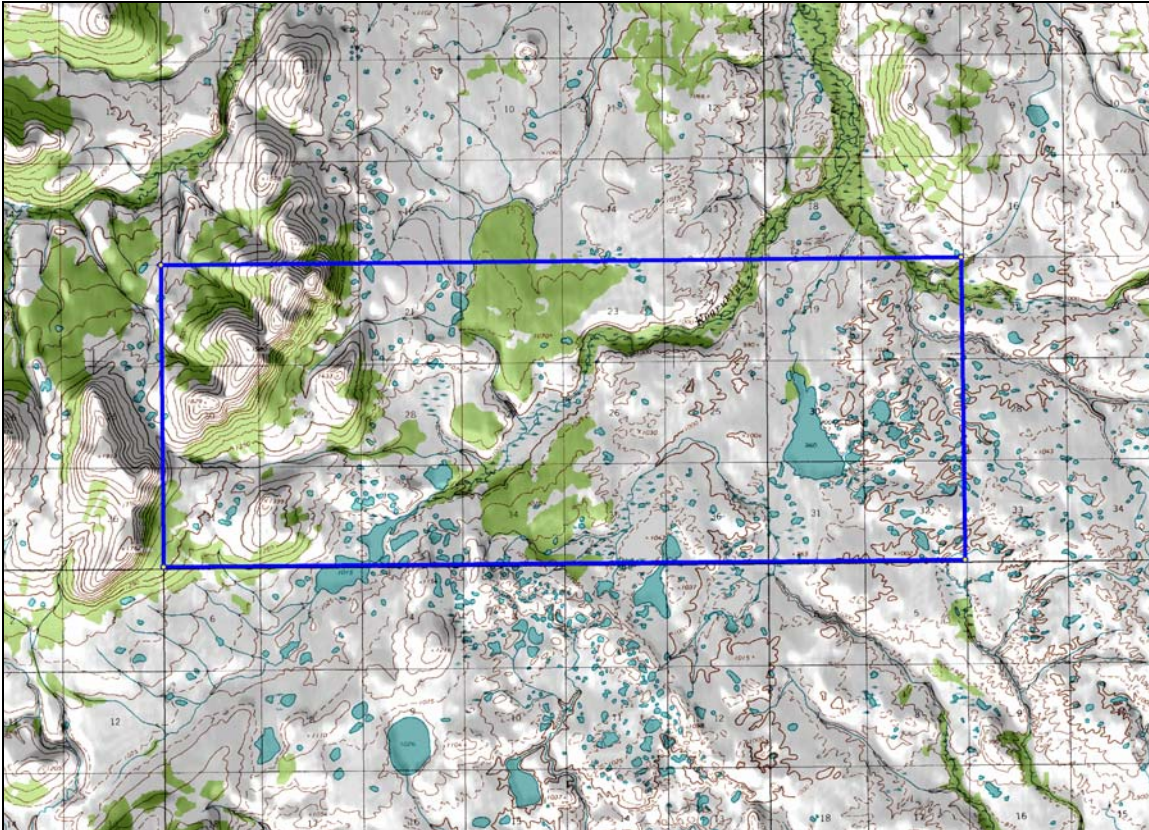


# MARKET VALUE APPRAISAL

Of

Hypothetical Key Parcels within Kogrukluk River Staking Area



**BASE APPRAISAL REPORT No. 3413**

**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

<b>Kogrukluk River Hypothetical Key Parcels</b>	
<b>Key Parcel 'A'</b> <i>Waterfront on fly-in lake</i>	Size: 10-acres
	Lot Type: 1 <sup>st</sup> tier* parcel within 300-feet of any of the following three lakes found within the staking area. The lakes are as follows: -The largest unnamed lake in Section 32 & 33, Township 4 North, Range 53 West & Section 4 & 5, Township 3 North, Range 53 West, Seward Meridian (portion of lake is found south of staking area boundary) -The unnamed lake in Section 35 & 36, Township 4 North, Range 53 West & Section 1 & 2, Township 3 North, Range 53 West, Seward Meridian (portion of lake is found south of staking area boundary) -The unnamed lake in Section 30 & 31, Township 4 North, Range 52 West, Seward Meridian All three lakes are considered public lakes
	Access: Float plane or ski plane
	Building Site: At least 50% level to gently sloping, adequately drained & wooded
	Setbacks: 100-foot building setback from the ordinary high water mark of all water bodies
	Easements: Typical section-line easements and public access easements
	Amenities: Lakefront view amenity
	<b>Key Parcel 'B'</b> <i>Interior</i>
	Lot Type: 2 <sup>nd</sup> tier* parcel 300-feet or more from fly-in lakes
	Access: Fly-in to lakes within staking area, then walk-in. No developed access.
	Building Site: At least 50% level to gently sloping, adequately drained & wooded
	Setbacks: 100-foot building setback from the ordinary high water mark of all water bodies
	Easements: Typical section-line easements and public access easements
	Amenities: Limited view potential, no water frontage
Improvements	None
Highest and Best Use	Recreational cabin site
Effective Date of Value	March 6, 2006
Date or Report	March 6, 2006

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

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

<b>Conclusion of Value - Kogrukluk River Hypothetical Key Parcels</b>			
	Size	Per/acre	Per/site (RND)
<b>Key Parcel 'A'</b> <i>Waterfront</i>	5.00 acres*	\$1,064	\$5,300
	<b>10.00 acres</b>	<b>\$800</b>	<b>\$8,000</b>
	20.00 acres*	\$600	\$12,000
	Size	Per/acre	Per/site (RND)
<b>Key Parcel 'B'</b> <i>Interior</i>	5.00 acres*	\$426	\$2,100
	<b>10.00 acres</b>	<b>\$320</b>	<b>\$3,200</b>
	20.00 acres*	\$244	\$4,900

-**Key Parcel in bold**, -\*Size adjusted Key Parcels based on adjustment shown in Addenda

<b>Kogrukluk River Adjustments</b>		
<b>Date of Value</b>	Date of entry	To be determined
<b>Location</b>	No distinctions within staking area	None
<b>Size, acres</b>	Adjustments for size variations	See addenda
<b>Easements</b>	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
<b>Building site</b>	<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
<b>Amenities</b>	Kogrukluk River frontage	1.75 of Key 'B'
	Creek, pond or small lake frontage (except Kogrukluk River frontage)	1.05 to 1.20 of Key 'B'
	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.

## PREMISES OF THE APPRAISAL

### TYPE OF APPRAISAL AND REPORT

This appraisal is a complete, 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 Special Appraisal Instructions, DNR Remote Recreational Cabin Site Disposal.

### PURPOSE OF APPRAISAL

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

### INTENDED USE OF APPRAISAL

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

### 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<sup>1</sup>:

"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

The effective date of the value estimate is March 6, 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..."

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

<sup>2</sup> Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2002, p. 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.

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.

Remote parcels similar to the subject typically require a year or longer of marketing time. The subject parcels are considered average to poor 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 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.”<sup>5</sup>

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

### **SCOPE OF APPRAISAL**

I did not inspect the staking area in the field. Physical features, access and utilities 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 comparable sales were selected. The market value estimate was derived from this process and is based on the following assumptions and limiting conditions.

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

## **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. Due to the lack of on-site inspections some physical features are assumed based on conversations with those knowledgeable about the area and interpretation of existing maps and aerials. 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.
6. 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.
7. 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 final judgment is based. Therefore, no part should be used out of context and by itself alone.
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 any such conditions, or for arranging engineering studies to discover them.
9. 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.
10. 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

### AREA DATA

Kogrukluk River remote recreational cabin staking area is located in the interior of Alaska. The staking area is located approximately 89 miles southeast of Aniak, 95 miles north of Dillingham, and 99 miles south of Sleetmute. The staking area is just east and north of the Wood-Tikchik State Park.

Abundant fish and game make for excellent hunting and fishing in and around the staking area. Hunting is reportedly good for moose, bear and caribou attracting private and commercial hunters. According to Alaska Department of Fish and Game; King, Cohoe, and Pink salmon spawn in the staking area as do whitefish.

### ANIAK

#### *Location and Climate*

Aniak is located on the south bank of the Kuskokwim River at the head of Aniak Slough, 59 miles southwest of Russian Mission in the Yukon-Kuskokwim Delta. It lies 92 air miles northeast of Bethel and 317 miles west of Anchorage. The community lies at approximately 61.578330° North Latitude and -159.52222° (West) Longitude. (Sec. 12, T017N, R057W, Seward Meridian.) Aniak is located in the Kuskokwim Recording District. The area encompasses 6.5 sq. miles of land and 2.3 sq. miles of water. Climate is maritime in the summer and continental in winter. Temperatures range between -55 and 87 degrees Fahrenheit. Average yearly precipitation is 19 inches and average yearly snowfall is 60 inches. The Kuskokwim is ice-free from mid-June through October.

#### *Economy and Transportation*

The economy of Aniak is based on government, transportation and retail services. As the largest city in the area, Aniak is a service hub for surrounding villages. Subsistence activities supplement part-time wage earnings, and some commercial fishing occurs. Poor fish returns since 1997 have affected the community. Fourteen residents hold commercial fishing permits. The School District, Kuskokwim Native Assoc., Bush-Tell Inc., and the Aniak Subregional Clinic provide most year-round employment. Salmon, moose, bear, birds, berries and home gardening provide food sources.

Access to Aniak is limited to air and water. The State-owned airport has an asphalt runway that is 6,000' long by 150' wide, is lighted, and is equipped for instrument approaches. Regular flights are provided by several carriers, including charter operators. Major airport improvements were recently completed. Float planes can also land on Aniak Slough. Fuel and supplies are brought in by barge during the summer; other goods are delivered by air year-round. There is no road connection to other villages, although trails and the frozen river are used by snowmachines during winter. A winter trail is marked to Kalskag (15 mi.) The community has requested construction of a road to Chuathbaluk.

Current Population: 528 (2005 State Demographer estimate)

### DILLINGHAM

#### *Location and Climate*

Dillingham is located at the extreme northern end of Nushagak Bay in northern Bristol Bay, at the confluence of the Wood and Nushagak Rivers. It lies 327 miles southwest of Anchorage, and is a 6 hour flight from Seattle. The community lies at approximately 59.039720° North Latitude and -158.4575° (West) Longitude. (Sec. 21, T013S, R055W, Seward Meridian.) Dillingham is located in the Bristol Bay Recording District. The area encompasses 33.6 sq. miles of land and 2.1 sq. miles of water. The primary climatic influence is maritime, however, the arctic climate of the Interior also affects the Bristol Bay coast. Average summer temperatures range from 37 to 66



degrees Fahrenheit. Average winter temperatures range from 4 to 30 degrees Fahrenheit. Annual precipitation is 26 inches, and annual snowfall is 65 inches. Heavy fog is common in July and August. Winds of up to 60-70 mph may occur between December and March. The Nushagak River is ice-free from June through November.

### ***Economy and Transportation***

Dillingham is the economic, transportation, and public service center for western Bristol Bay. Commercial fishing, fish processing, cold storage and support of the fishing industry are the primary activities. Icicle, Peter Pan, Trident and Unisea operate fish processing plants in Dillingham. 277 residents hold commercial fishing permits. During spring and summer, the population doubles. The city's role as the regional center for government and services helps to stabilize seasonal employment. Many residents depend on subsistence activities and trapping of beaver, otter, mink, lynx and fox provide cash income. Salmon, grayling, pike, moose, bear, caribou, and berries are harvested.

Dillingham can be reached by air and sea. The State-owned airport provides a 6,404' long by 150' wide paved runway and Flight Service Station, and regular jet flights are available from Anchorage. A seaplane base is available 3 miles west at Shannon's Pond; it is owned by the U.S. Bureau of Land Management, Division of Lands. A heliport is available at Kakanak Hospital. There is a City-operated small boat harbor with 320 slips, a dock, barge landing, boat launch, and boat haul-out facilities. It is a tidal harbor and only for seasonal use. Two barge lines make scheduled trips from Seattle. There is a 23-mile DOT-maintained gravel road to Aleknagik; it was first constructed in 1960.

Current Population: 2,370 (2005 State Demographer estimate)

## **SLEETMUTE**

### ***Location and Climate***

Sleetmute is located on the east bank of the Kuskokwim River, 1.5 miles north of its junction with the Holitna River. It lies 79 miles east of Aniak, 166 miles northeast of Bethel, and 243 miles west of Anchorage. The community lies at approximately 61.7025° North Latitude and -157.16972° (West) Longitude. (Sec. 25, T019N, R044W, Seward Meridian.) Sleetmute is located in the Kuskokwim Recording District. The area encompasses 99.5 sq. miles of land and 5.8 sq. miles of water. The climate in Sleetmute is continental with temperatures ranging from -58 to 90. Snowfall averages 85 inches, with total precipitation of 22 inches per year. High winds often cause flight delays in the fall and winter. The Kuskokwim is ice-free from mid-June through October.

### ***Economy and Transportation***

Most cash income in Sleetmute is derived seasonally from BLM firefighting, trapping, or from cannery work in other communities. The school is the primary employer. One resident holds a commercial fishing permit. Most foods are derived from subsistence fishing, hunting and gathering. Many residents travel to fish camps during the summer. Salmon, moose, bear, porcupine, rabbit, waterfowl and berries are harvested in season.

The Kuskokwim River provides barges and boats transportation in the summer, and snowmachines are used on the frozen river in the winter. The 3,100' long by 60' wide gravel airstrip is owned and maintained by the State. Scheduled weekday service is provided.

Current Population: 92 (2004 State Demographer estimate)<sup>6</sup>

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<sup>6</sup> State of Alaska DCCED, [http://www.commerce.state.ak.us/dca/commdb/CF\\_CIS.htm](http://www.commerce.state.ak.us/dca/commdb/CF_CIS.htm) (Feb 27, 2006)

## **WOOD-TIKCHIK STATE PARK**

The largest state park in the nation, at 1.6 million acres, Wood-Tikchik State Park was created in 1978 for the purpose of protecting the area's fish and wildlife breeding and support systems and preserving continued subsistence and recreational activities. The management philosophy is one of non-development and maintenance of the area's wilderness character. Park facilities are rustic and few, with great emphasis placed upon low impact camping and "pack it in, pack it out" practices.

Named for its two separate systems of large, interconnected, clear water lakes, the park is characterized by its water based ecosystems. Bordered by the Nushagak lowlands on the east and the Wood River Mountains to the west, the lake systems span a variety of terrain and vegetative zones renowned for their diverse beauty. Spired peaks, high alpine valleys, and deep v-shaped arms give the lakes' western reaches a spectacular fjord-like appearance. The eastern edges of the lakes look out upon islands, gravel beaches, and the expansive tundra of the Nushagak lowlands. The lakes, varying in length from 15 to 45 miles, are deep and temperate, with water temperatures ranging from 40°F to 60°F throughout the summer season.

The park lies in a biological transition zone between coniferous forest and tundra. In general, white spruce and mixed spruce-birch forest, as well as muskeg and willow-alder thickets exist up to approximately the 900-foot elevation. Above this are bare rock, heath tundra, and alpine meadow. At the lowest elevations, wet tundra and marshlands are common.

All five species of Pacific salmon - king, sockeye (red), pink, silver, and chum - spawn in the Wood River and Tikchik systems. Sockeyes are the most important commercially. Freshwater sport fish are generally prolific throughout the area. Rainbow trout, grayling, lake trout, arctic char, dolly varden, and northern pike abound. Whitefish are an important subsistence species in the Tikchik Lakes.

Moose, caribou, and brown bear can be seen throughout the park. Black bear populations are limited, generally, to the northern and eastern areas. Common small game and furbearers include beaver, muskrat, otter, fox, wolverine, mink, and porcupine. Ground squirrels and marmots are abundant. Birds nesting in the area include a wide variety of waterfowl, gulls, bald eagle, golden eagle, arctic tern, various loons, spotted and least sandpipers, semi-palmated plover, willow ptarmigan, and spruce grouse. Numerous transients pass through as well.<sup>7</sup>

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<sup>7</sup> Alaska State Parks, <http://www.dnr.state.ak.us/parks/units/woodtik.htm> (Feb. 27, 2006)

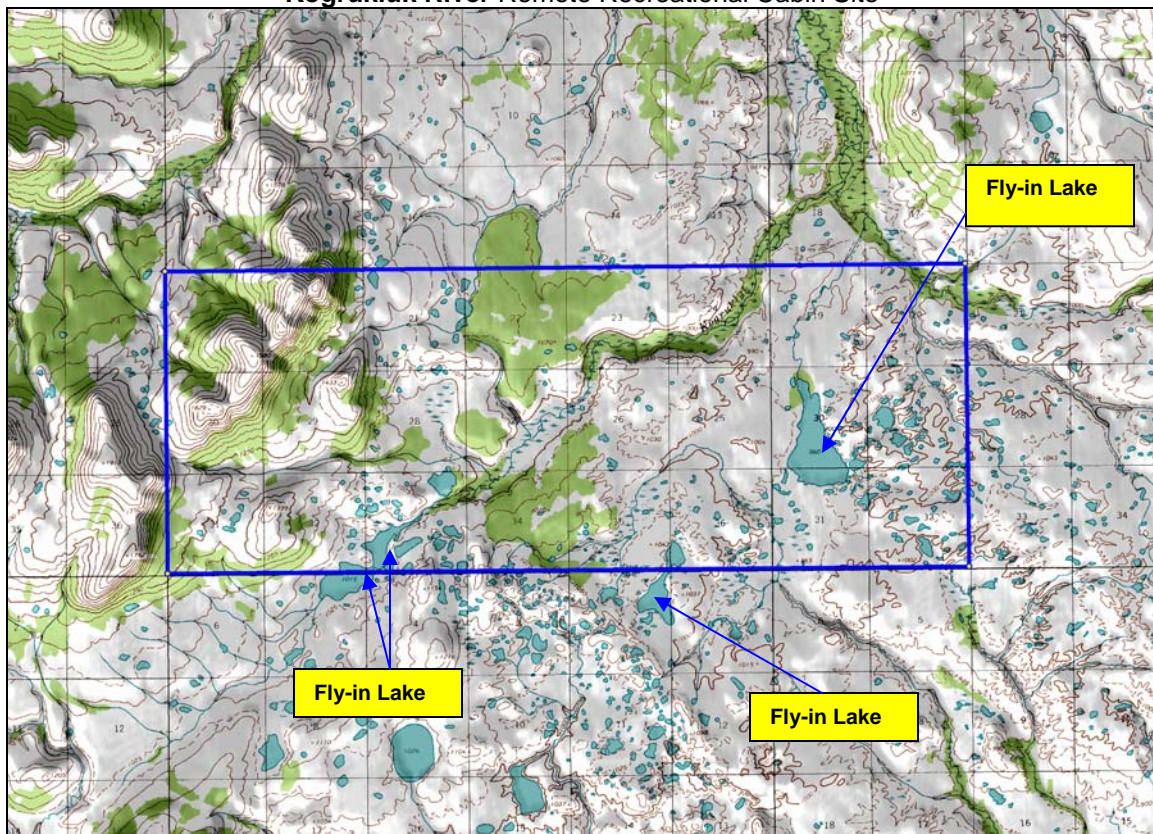
**KOGRUKLUK RIVER REMOTE RECREATIONAL CABIN STAKING AREA**

<b>KOGRUKLUK RIVER PHYSICAL CHARACTERISTICS</b>	
Location	KogrukluK River remote recreational cabin staking area is located in the interior of Alaska. The staking area is located approximately 89 miles southeast of Aniak, 95 miles north of Dillingham, and 99 miles south of Sleetmute. The staking area is just east and north of the Wood-Tikchik State Park. The area encompasses approximately 15,163 gross acres within Sections 19-36 of Township 4 North, Range 53 West, and Sections 19-20, 29-32 Township 4 North, Range 52 West Seward Meridian. There are 50 authorizations proposed.
Topography map	Taylor Mountains B-7
Topography/Terrain/Major Features	Elevations within the staking area range from 950 to 2,000 feet. The western portion of the staking area has several peaks and higher areas with the remainder of the area featuring rolling topography and numerous lakes, ponds, rivers and creeks. Several larger lakes feed the KogrukluK River which runs southwest to northwest through the staking area.
Access	Primary summer and winter access is by float or ski plane to floatplane lakes found within staking area. Snowmachine or ATV access may be possible.
Roads/Trails	None noted on staking map
View	View potential of surrounding mountains with clearing from lower portions of staking area. The peaks found in the western portion of the area likely provide excellent views of the plains to the east.
Climate	Continental climate. Temperatures ranging from -58 to 90. Snowfall averages 85 inches, with total precipitation of 22 inches per year.
Soils	Unknown
Vegetation	White spruce and mixed spruce-birch forest, as well as muskeg and willow-alder thickets exist up to approximately the 900-foot elevation. Above this are bare rock, heath tundra, and alpine meadow. At the lowest elevations, wet tundra and marshlands are common
Water Source	There are creeks, ponds and lakes within the staking area boundaries but water quality is unknown.

<b>KOGRUKLUK RIVER EASEMENTS AND RESERVATIONS</b>	
Area Plan, Management Unit, Classification	Kuskokwim Area Plan, Management Unit 15 -Holitna River, Subunit 15f - Boundary Lakes, Classified Settlement - CL SC-88-001-15.
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	Unorganized Borough
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. Staking is not allowed across surveyed section lines or surveyed township lines.

Public Access and Utility Easements	All cabin sites are subject to a minimum 30-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. 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.
Sewage Disposal	Wastewater treatment and disposal systems must meet the regulatory requirements of the Alaska Department of Environmental Conservation. Contact ADEC for information.
Wetlands	Cabin sites may contain wetlands and may require Army Corps of Engineers permits prior to placement of fill material. Contact ACOE for information.
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.

**Kogrukluk River Remote Recreational Cabin Site**



## ANAYLSIS AND CONCLUSIONS

### HIGHEST AND BEST USE

Analysis of highest and best use of 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>8</sup>:

“The reasonably probable and legal use of vacant land or an improved property, which is physically possible, 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 property is vacant and unimproved.

### LEGALLY PERMISSIBLE

The staking area is 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. The *hypothetical Key Parcels* 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. Staked parcels will be 5 to 20 acres.

### FINANCIALLY FEASIBLE

Surrounding land use is primarily recreational. Development of the parcels 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.

### HIGHEST AND BEST USE OF LAND AS VACANT

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

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<sup>8</sup> The Appraisal of Real Estate, Twelfth Edition, Appraisal Institute, 2001, p.305

## SALES COMPARISON APPROACH

### KEY PARCEL METHOD

In appraising more than one similar parcel, it is an accepted practice to appraise a key parcel that is most representative of the other parcels being appraised. The key parcel may be a hypothetical parcel or an actual parcel. The value of the remaining parcels is then based on a comparison to the key parcel.

### EXPLANATION OF ADJUSTMENTS

DNR appraisal instructions for the Remote Recreational Cabin Site program require the appraiser to develop and use quantitative adjustments. Ideally, the value differences for any price adjustment is measured by comparing prices of paired sales that are very similar except for the feature of comparison to be measured. When market sales do not support quantifiable adjustments for differences in the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgment in making adjustments. The conventional sequence of adjustments is property rights conveyed, financing terms, conditions of sale, time, location, and physical features.

An adjustment of less than 1.00 means the sale feature is superior to that appraised property and requires a downward adjustment to indicate the value of the key parcel. An adjustment greater than 1.00 means that the sale feature is inferior to the subject, requiring an upward adjustment to indicate the value of the key parcel. An adjustment of 1.00 means the sale 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 sale price to indicate the value of a key parcel.

The same adjustments and procedures are applied to the key parcel value to indicate the market value of a parcel being appraised, except the direction of adjustment is reversed when comparing appraised parcels to the key parcel. Superior features require a positive adjustment compared with the appraised parcel; inferior features require a negative adjustment. The following is a summary of adjustments and how they were estimated. Detailed information about the comparable sales and the adjustments is contained in the Addenda.

**UNIT OF COMPARISON** Generally, the buyers and sellers in the market place determine the unit of comparison, e.g. price per acre, square foot, site, front foot, etc. The price per acre is the most commonly recognized unit of comparison in the subject market.

**RIGHTS CONVEYED** Fee simple less mineral rights as per Alaska Statue 38.05.125(a). Retention and exclusion of the mineral estate does not tend to affect property values, because most buyers are interested in the surface estate.

**FINANCING TERMS** In accordance with DNR instructions, market value is estimated in terms of seller financing typical for the market. Cash transactions sometimes are afforded a discount from typical financing. Sales used in this analysis do not offer measurable differences in prices as a result of terms. In general a cash transaction would tend to be at the lower end of the price range with listings usually setting the upper limit.

**CONDITIONS OF SALE** Unless otherwise noted the market transactions used in this appraisal do not reflect any unusual seller-buyer motivations that affected value.

**MARKET CONDITIONS (Time)** Analysis of real estate sales in the subject area indicates that prices of vacant land have been level in recent years. The staking area is located in an area of Alaska that does not have a very active real estate market and values have remained level over the last 8 years. A 4.696-acre comparable sale fronting the Holitna River, 6 miles southeast of Sleetmute sold for \$40,500 in October 1998 (DNR comparable sale #12611). Although this sale is superior to the *Key Parcel* and not appropriate for comparison in the valuation process, the location is similar to the staking area. Currently a 4.6-acre parcel in this same subdivision is

listed by Remote Properties of Anchorage for \$45,000. Remote parcels often list for 10% to 15% more than they sell for. This sale and listing show a flat real estate market. Comparable sales used in this valuation are the most recent transactions available and do not need any time adjustments.

**LOCATION** All staking areas and comparables are located in remote, interior Alaska locations. No location adjustment is necessary. In this area proximity to fishing and hunting amenities are the driving economic consideration.

**SIZE** The price per unit and size of a given unit tend to have an inverse relationship. As the size of a parcel increases the price paid per acre decreases. Comparables were given size adjustments based on a chart derived from market data by Steve Starrett, staff appraiser. In general, his findings point to a 25% decrease in unit price each time the size of a parcel doubles. A size adjustment chart is included in the addenda to show how the adjustments are derived.

**ACCESS (LOT TYPE)** The *hypothetical Key Parcels* have been divided into lot types that distinguish different means of access as well as certain amenities. The *Key Parcel 'A'* features frontage on a lake that can accommodate floatplane and/or ski planes allowing for year round access. Remote parcels that feature similar access generally sell for several times interior parcels. The staking area is located too far from the nearest communities of Aniak, Sleetmute, and Dillingham to allow for practical snow machine access. However, most of the comparables are located within 30 miles of Dillingham making snowmachine access possible. Due to the lack of sales in the immediate vicinity of the staking area it is difficult to quantify an adjustment for this superior access means, necessitating a qualitative adjustment.

**SITE QUALITY** Several factors such as drainage, soils, and topography may affect the location, size and number of potential building sites. These factors and their adjustments are noted as follows:

<b>Building Site</b>	<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

**UTILITIES** The staking areas and all comparable sales lack utilities.

**AMENITIES** Exceptional features of a given parcel may increase value. Features such as type of water frontage, proximity to creeks and small ponds, and exceptional views are examples of amenities that may warrant an adjustment.

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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