

**MARKET VALUE APPRAISAL**  
**of**  
**10 Talkeetna, Alaska Area Parcels**  
**Within**

**Bald Mountain, Chase II, Lane Creek OTE, and South Bald Mountain Subdivisions.**



**APPRAISAL REPORT No. 4509-0**

**STATE OF ALASKA**  
**Department of Natural Resources**  
**Division of Mining, Land & Water**  
**550 West Seventh Avenue, Suite 602**  
**Anchorage, AK 99501-3576**

# MEMORANDUM

# State of Alaska

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**Department of Natural Resources**  
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**Division of Mining, Land & Water**  
550 West 7<sup>th</sup> Avenue, Suite 602  
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DATE: 01/09/2020

TO: Kevin Hindmarch  
Review Appraiser

FROM: Michael S. Dooley  
Appraiser II

SUBJECT: Appraisal of Talkeetna Area parcels within the Bald Mountain, Chase II, Lane Creek OTE, and South Bald Mountain Subdivisions.

As requested, I have completed an appraisal of the above referenced parcels and understand that this appraisal will be used to determine a minimum purchase price for a sealed bid auction. 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 Special Appraisal Instructions, DNR. This is an appraisal 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 all of the comparable sales used in this report, via aerial inspection. 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 these 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

### SUMMARY OF VALUES

Subdivision	ADL	Lot/Tract	Block	ASLS	Site Size	Value
Bald Mountain	216022	2	21	80-176	4.82	\$8,200
Chase II	214442	1 & 2	13	79-149 IIB	10	\$9,000
Chase II	214456	1 & 2	1	79-149 IIIA	10	\$9,000
Chase II	214469	5 & 6	9	79-149 IIIB	10	\$9,000
Chase II	214471	9 & 10	9	79-149 IIIB	10	\$9,000
Chase II	214483	3 & 4	4	79-149 IVA	10	\$9,000
Chase II	214540	3, 4, & 5	2	79-149 IVA	15	\$11,745
Chase II	214546	8 & 9	2	79-149 IIIA	9.997	\$9,000
Lane Creek OTE	54560	A	-	77-95	4.90	\$7,100
South Bald Mountain	216136	3	2	82-1	12.03	\$9,800

### **Type of Appraisal and Report**

This appraisal report is 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 properties described in this report.

### **Intended Use of Appraisal**

The appraisal will be used by DNR to determine the minimum bid for parcels to be acquired through the auction sale program under **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."<sup>1</sup>

### **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."<sup>2</sup>

### **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."<sup>3</sup>

### **Effective Date of Value Estimate**

September 26, 2019

### **Date of Report**

January 9, 2020

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<sup>1</sup> The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, p.90

<sup>2</sup> Alaska Statutes Title 38, Public Land Article 5, <http://www.legis.state.ak.us/basis/folio.asp>, Accessed 12/18/2019

<sup>3</sup> The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, p.58

### **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; a retrospective opinion based on an analysis of past events assuming a competitive and open market. Exposure time is different for various types of property and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable effort."<sup>4</sup>

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. Currently there are over 100 available parcels within the immediate area. Considering the availability of parcels on the market, a longer exposure time of up to three years is reasonable.

### **Scope of the Appraisal**

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

I inspected the subject properties and all of the comparables on September 26, 2019 via aerial inspection. Physical features and access were identified by use of aerial 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, local residents, and other individuals familiar with the area who provided information about trends in value, supply, demand, access, and physical characteristics of the subject properties. DNR records and the Recorders Office databases were searched for recent comparable sales while the Matanuska - Susitna Borough database was searched for relevant sale information. Private real estate agent websites were searched for recent listings while sellers, buyers, and 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.

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<sup>4</sup> Uniform Standards of Professional Appraisal Practice 2014-2015, Appraisal Foundation, p. U-2

## **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 visualize 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 the value of commercial timber, if any.
10. Unless noted, the existence of personal property or improvements, if any, could not be confirmed. The properties are appraised "as vacant".
11. 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.
12. The appraiser assumes no responsibility for legal matters. The subject lots are assumed to be free and clear of encumbrances, except as otherwise noted, and title is assumed to be marketable.

## PRESENTATION OF DATA

All of the subject parcels are all located in remote areas of the Matanuska-Susitna Borough. All of the parcels are located north of the Cook Inlet, south of Denali National Park, and east of the Alaska Range.

### Market Area – The Matanuska Susitna Borough<sup>5</sup>

#### Location:

The Matanuska-Susitna (Mat-Su) Borough is located in the middle of southcentral Alaska, including the Matanuska and Susitna River Drainages, portions of the Chugach Mountains as well as the Alaska, Talkeetna, and Clearwater Ranges. The Municipality of Anchorage, Upper Cook Inlet, and Knik Arm delineate the Borough's southern border. The average temperatures in January range from 6°F to 14°F; in July, 47°F to 67°F. Annual precipitation is 16.5 inches.

#### Local Government:

The Mat-Su Borough is a second-class Borough incorporated in 1964 with an elected Mayor and Assembly. The Borough's area-wide powers include: assessment and collection of taxes, education, planning and zoning, parks and recreation, ports, harbors and wharves, ambulance service, transportation systems, air pollution control, day care facilities, historic preservation, and transient accommodations taxation. The Borough's non area-wide powers include fireworks, motor vehicles and operators, snow vehicles, solid waste, libraries, septic tank waste disposal, economic development, limited health and social service, natural gas, electric, and road local improvement districts, animal control, and water pollution control.

#### Demographics:

Low housing costs, the rural lifestyle, and a reasonable commute to Anchorage for employment and services has made the Mat-Su Borough one of the fastest growing areas of Alaska in recent years.

According to the 2010 Census, the population was 88,995. There were 41,329 housing units in the community and 31,824 were occupied. Its population was 5.5 percent American Indian or Alaska Native; 84.9 percent white; 1 percent black; 1.2 percent Asian; 0.2 percent Pacific Islander; 6.5 percent of the local residents had multi-racial backgrounds. Additionally, 3.7 percent of the population was of Hispanic decent.

#### Economy:

The economy is diverse, and residents are employed in a variety of retail, professional services, city, borough, state and federal occupations. Top employers are Mat-Su Schools, Valley Hospital, Wal-Mart, Carrs/Safeway and Fred Meyer. About one-third of the Borough's labor force commutes to Anchorage for employment. In 2010, 300 borough residents held commercial fish permits.

The 2005-2009 American Community Survey (ACS) estimated 35,540 residents as employed. The public sector employed 17.9% of all workers. The local unemployment rate was 11.8%. The percentage of workers not in labor force was 34.3%. The ACS surveys established that average median household income (in 2009 inflation-adjusted dollars) was \$66,052 (MOE +/- \$1,869). The per capita income (in 2009 inflation-adjusted dollars) was \$24,906 (MOE +/- \$707). About 10.3% of all residents had incomes below the poverty level.

#### Facilities:

There are three incorporated cities within the Borough: Houston, Palmer, and Wasilla. Additionally, there are several unincorporated communities and twenty-five (25) Borough recognized community councils. The majority of the Borough population resides in the "core area" surrounding the cities of Palmer and Wasilla, and within the cities themselves. The remaining population is spread out among the various unincorporated communities, as well as some remote sites. There are 44 schools located in the borough, attended by 17,079 students.

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<sup>5</sup> All information regarding market area and neighborhood information derived from <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm>

**Transportation:**

The area accesses both the Glenn and George Parks Highways. Commercial airlines serve the nearby Anchorage International Airport, but a local municipal airport supports private and chartered services. The Alaska Railroad provides for delivery of ocean freight.

**Talkeetna Neighborhood<sup>6</sup>**

Located at the junction of the Talkeetna and Susitna Rivers, it lies 115 miles north of Anchorage at mile 226.7 of the Alaska Railroad. The paved Talkeetna Spur Road runs 14 miles east off of the George Parks Highway at milepost 98.7. The community lies at approximately 62.323890° North Latitude and -150.109440° West Longitude. (Sec. 24, T026N, R005W, Seward Meridian.) Talkeetna is located in the Talkeetna Recording District.

**History, Culture and Demographics**

Talkeetna was settled as a mining town and Alaska Commercial Company trading post in 1896. A gold rush to the Susitna River brought prospectors to the area, and by 1910 Talkeetna was a riverboat steamer station, supplying miners and trappers in the Cache Creek, Iron Creek, and Broad Creek districts. In 1915, Talkeetna was chosen as the headquarters for the Alaska Engineering Commission, who built the Alaska Railroad, and the community population peaked near 1,000. World War I and completion of the railroad in 1919 dramatically decreased the population. Talkeetna has since developed as an aviation and supply base for expeditions to Denali. Several of its old log buildings are now historical landmarks, and Talkeetna was placed on the National Register of Historic Places in April 1993. State land disposals and homestead programs helped the community grow.

Talkeetna is popular for its recreational fishing, hunting, boating, flight seeing, skiing, and dog mushing. Local businesses provide services to Denali climbers. Middle and high school students are bused to Y, at milepost 98, in the Susitna Valley.

According to Census 2010, there were 744 housing units in the community and 449 were occupied.

**Facilities, Utilities, Schools and Health Care**

The majority of residents have individual wells, septic tanks, and complete plumbing. A piped water and sewer system are maintained by the Mat-Su Borough. The high school operates its own water system. A borough-operated refuse transfer station is located at mile 11.5 Talkeetna Spur Road. A sludge disposal site is available locally. Electricity is provided by Matanuska Electric Association, Incorporated. There is one school located in the community, attended by 96 students. Local hospitals or health clinics include Sunshine Community Health Center Mat-su Regional Hospital between Palmer and Wasilla on the Parks Hwy. The clinic is a qualified Emergency Care Center. Emergency Services have highway air and helicopter access. Emergency service is provided by 911 Telephone Service and volunteers. Auxiliary health care is provided by Talkeetna Ambulance Service (907-373-8800/907-745-4811) Valley Hospital in Palmer.

**Economy and Transportation**

As the take-off point for fishing and flight seeing trips and a staging area for Denali climbing expeditions, Talkeetna provides air taxis, helicopters, outfitters, and related services. Numerous air taxis provide transport to Kahiltna Glacier Base Camp. All climbers must register for Mount McKinley and Mount Foraker. In 2010, 9 area residents held commercial fishing permits.

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<sup>6</sup> All information regarding neighborhood information derived from <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm>

## General Property Description for Bald Mountain Subdivision

### Legal Description

There is one subject parcel within the Bald Mountain Subdivision. ADL#216022, Lot 2 /Block 21 of ASLS 80-176, within Township 25 North, Range 3 West, Section 17 and 20.

### Location

Bald Mountain Subdivision is located approximately 8 miles southeast of Talkeetna between Answer creek and the North Fork of Montana Creek.

### Access

Access to the subdivision is either by ATV or snowmachine via established trails and established right-of-ways.

### Size & Shape

The subject parcel is 4.82 acres and is irregular in shape.

### Topography

The subdivision is characterized by a sloping topography. The subject parcel is approximately 1,250' above sea level.

### Soils/Vegetation

Subdivision contains primarily mature birch and spruce mix with some areas of wetlands within the tracts. Soils are typical of the surrounding area, with small portions of wetlands identified within the low-lying areas of the subdivision.

### Utilities, Water & Sewer

Electricity is not available to any of the lots within the subdivision. No public water or sewer system is available. Water supply or 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 subjects are located within an unregulated area of the Mat-Su Borough. Parcels are subject to a 10' easement on each side of common interior lot lines, and structures may not be constructed within 25' from a road right-of-way and no closer than 10' from a side lot boundary. The survey plat indicates a 50' public access easement along the mean high water or ordinary high-water line of any water frontage of any sort. Additionally, unless a section line has been vacated, there is a 50-foot easement on each side of each section line within the subdivision.

### Environmental Hazards, Hazardous Waste & Toxic Materials

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

### Tax Assessments<sup>7</sup>

The subject is located within the taxing authority of the Matanuska-Susitna Borough; however, there is no tax burden assessed to the State of Alaska from the borough. Tax assessments to private parties will become active when property is sold into private ownership. The 2019 mill rate for the subject subdivision is 14.079.

### Ownership History

The Department of Natural Resources is the current owner of record for the subject parcel within the Bald Mountain subdivision.

A contract to purchase the subject parcel was recorded on 06/30/2015. An Affidavit of Termination was recorded on 05/18/2019 returning the parcel to the State of Alaska. The parcel is currently is Reoffer Status. There are no other known deed transfers or contracts to purchase the subject property within the past 3 years.

### Personal Property

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

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<sup>7</sup> <http://www.matsugov.us/realpropertyquery/detail> accessed 10-03-2019

**Bald Mountain Subdivision  
ADL #216022**



Aerial field inspection photo of subdivision.



Satellite Image. The red outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

## General Property Description for Chase II Subdivision

### Legal Description

There are seven subject parcels within the Chase II Subdivision.

ADL	ASLS	Unit	Lot	Block	MTRS	Size
214442	79-149	II B	1 & 2	13	S026N004W08	10.000
214456	79-149	III A	1 & 2	1	S026N004W35	10.000
214469	79-149	III B	5 & 6	9	S026N004W35	10.000
214471	79-149	III B	9 & 10	9	S026N004W35	10.000
214483	79-149	IV A	3 & 4	4	S026N004W36	10.000
214540	79-149	IV A	3, 4, & 5	2	S026N004W36	15.000
214546	79-149	III A	8 & 9	2	S026N004W35	9.997

### Location

Chase II Subdivision is located approximately 7.5 miles northeast of Talkeetna and approximately .5 miles north of the Talkeetna River.

### Access

The Chase Trail runs north out of Talkeetna across the Talkeetna River. The Alaska Railroad bridge that crosses the Talkeetna River has a walkway/ATV path that is just wide enough for a conventional four-wheeler. There are established trails that provide access to some of the parcels within the Chase II subdivision. Summer access is by ATV via the Chase Trail to the established trails and unimproved rights-of-way within the subdivision, or by boat up the Talkeetna River, then overland. In addition, the Chase Winter access is via snowmachine along rivers and/or overland to the subject subdivision.

### Size & Shape

The parcels range in size from 9.997 to 15.00 acres and are rectangular to irregular in shape.

### Topography

The subdivision is characterized by a generally level topography with minimal variation in elevation. The subject parcels lay approximately 400 to 825 feet above sea level.

### Soils/Vegetation

Subdivision contains primarily mature birch and spruce mix with some areas of wetlands within the tracts. Soils are typical of the surrounding area, with the larger portions of wetlands identified as tracts within the subdivision.

### Utilities, Water & Sewer

Electricity is not available to any of the lots within the subdivision. No public water or sewer system is available. Water supply or 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 subjects are located within an unregulated area of the Mat-Su Borough. Parcels are subject to a 10' easement on each side of common lot lines, and structures may not be constructed within 25' of a right of way. The survey plat indicates a 50' public access easement along the mean high water or ordinary high-water line of any water frontage of any sort. Additionally, there is a fifty-foot easement on each side of each section line within the subdivision.

### Environmental Hazards, Hazardous Waste & Toxic Materials

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

**Tax Assessments<sup>8</sup>**

The subjects are located within the taxing authority of the Matanuska-Susitna Borough; however, there is no tax burden assessed to the State of Alaska from the borough. Tax assessments to private parties will become active when property is sold into private ownership. The 2019 mill rate for the subject subdivision is 10.959.

**Ownership History**

The Department of Natural Resources is the current owner of record for the subject parcels within the Chase II Subdivision. There was a contract to purchase ADL#214442 for \$9,000, which recorded on 2/24/2017. This contract was terminated on 03/16/2018 and is currently in Potential Reoffer Status. There are no other known deed transfers or contracts to purchase this parcel; or any of the other subject parcels in the Chase II subdivision within the past 3 years.

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<sup>8</sup> <http://www.matsugov.us/realpropertyquery/detail> accessed 03-04-2014

**Chase II Subdivision  
ADL #214442**



**Chase II Subdivision  
ADL #214456**



**Chase II Subdivision  
ADL #214469**



**Chase II Subdivision  
ADL #214471**



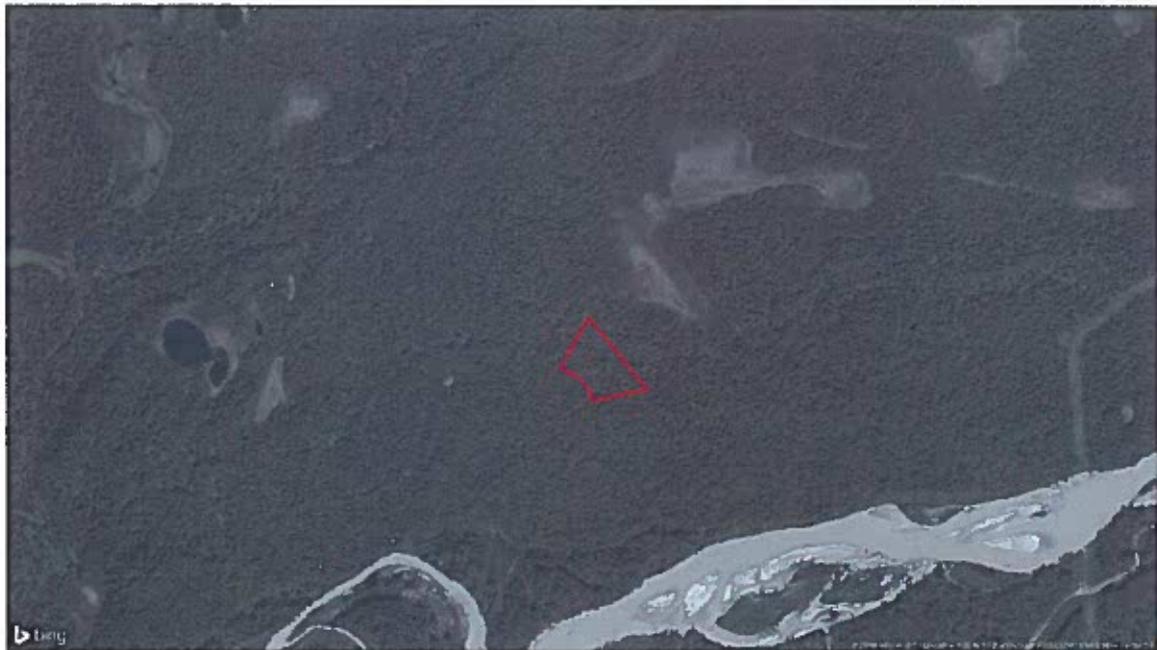
**Chase II Subdivision  
ADL #214483**



**Chase II Subdivision  
ADL #214540**



**Chase II Subdivision  
ADL #214546**



## General Property Description for Lane Creek OTE

### Legal Description

There is one subject parcel within the Lane Creek OTE Subdivision. ADL #54560, Tract A of ASLS 77-95, within Township 28 North, Range 4 West, Section 07.

### Location

The Lane Creek OTE parcel is located approximately 14 air miles north of Talkeetna and approximately one-half mile east of the Alaska Railroad.

### Access

Primary access to the subject parcel is by whistle stop service on the Alaska Railroad. Access may also be possible by boat or snow machine up the Susitna River. However, it would be necessary to cross the Alaska Railroad tracks, which would require a permit. From the railroad, there is a 50-foot wide perpetual public access easement along Lane Creek that passes through USS 3415, which is owned by the Matanuska-Susitna Borough.

### Size & Shape

The subject parcel is 4.90-acres and is irregular in shape.

### Topography

The subject parcel is approximately 550' to 600' above sea level, and slopes to Lane Creek to the south.

### Soils/Vegetation

The parcel contains primarily mature birch, spruce and alder. Soils are typical of the surrounding area

### Utilities, Water & Sewer

Electricity is not available to any of the lots within the subdivision. No public water or sewer system is available. Water supply or 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 subjects are located within an unregulated area of the Mat-Su Borough. Parcels are subject to a 10' pedestrian along the ordinary high water line of Lane Creek and any other water frontage of any sort.

### Environmental Hazards, Hazardous Waste & Toxic Materials

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

### Tax Assessments<sup>9</sup>

The subjects are located within the taxing authority of the Matanuska-Susitna Borough; however, there is no tax burden assessed to the State of Alaska from the borough. Tax assessments to private parties will become active when property is sold into private ownership. The 2019 mill rate for the subject subdivision is 10.959.

### Ownership History

The Department of Natural Resources is the current owner of record for the Lane Creek OTE parcel. The subject parcel was donated to the State of Alaska, Department of Natural Resources by Peggy M. Baumeister, which recorded on 01/22/2018. There are no other known deed transfers or contracts to purchase the subject property within the past 3 years.

### Personal Property

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

<sup>9</sup> <http://www.matsugov.us/realpropertyquery/detail> accessed 10-10-19

Lane Creek OTE  
ADL #54560



Aerial field inspection photo of subdivision.



Satellite Image. The red outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

## General Property Description for South Bald Mountain Subdivision

### Legal Description

There is one subject parcel within the South Bald Mountain Subdivision. ADL #216136, Lot 3, Block 2 of ASLS 82-1, within Township 25 North, Range 3 West, Section 33.

### Location

The subject parcel within South Bald Mountain Subdivision is located approximately 10.5 miles southeast of Talkeetna, approximately 1.10 miles north of the North Fork of Montana Creek, and 7.75 miles east of the Parks Highway.

### Access

Access to the subdivision is either by ATV or snowmachine via established trails and established right-of-ways.

### Size & Shape

The subject parcel is 12.03-acres and is irregular in shape.

### Topography

The subdivision is characterized by a sloping topography. The subject parcel is approximately 1,200' above sea level.

### Soils/Vegetation

Subdivision contains primarily mature birch and spruce mix with some areas of wetlands within the tracts. Soils are typical of the surrounding area, with large portions of wetlands identified within the low-lying area of the subdivision. The southern portion of ADL #216136 consists of wetlands, which is estimated at approximately 50% of the total area of the parcel.

### Utilities, Water & Sewer

Electricity is not available to any of the lots within the subdivision. No public water or sewer system is available. Water supply or 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 subjects are located within an unregulated area of the Mat-Su Borough. Parcels are subject to a 10' easement on each side of common interior lot lines, and structures may not be constructed within 25' from a road right-of-way and no closer than 10' from a side lot boundary. The survey plat indicates a 50' public access easement along the mean high water or ordinary high-water line of any water frontage of any sort. Additionally, unless a section line has been vacated, there is a 50-foot easement on each side of each section line within the subdivision.

### Environmental Hazards, Hazardous Waste & Toxic Materials

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

### Tax Assessments<sup>10</sup>

The subjects are located within the taxing authority of the Matanuska-Susitna Borough; however, there is no tax burden assessed to the State of Alaska from the borough. Tax assessments to private parties will become active when property is sold into private ownership. The 2019 mill rate for the subject subdivision is 14.079.

### Ownership History

The Department of Natural Resources is the current owner of record for the subject parcel within the Bald Mountain subdivision. A contract to purchase the subject parcel via a 2017 DNR land auction was recorded on 02/07/2018. Subsequently, an affidavit of termination of the contract was recorded on 12/17/2018, and the parcel was placed into potential reoffer status. There are no other known deed transfers or contracts to purchase the subject property within the past 3 years.

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<sup>10</sup><https://myproperty.matsugov.us>; Accessed 10/10/2019

**Personal Property**

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

**South Bald Mountain Subdivision  
ADL #216136**



Aerial field inspection photo of subdivision.



Satellite Image. The red outline is the *approximate* location of parcel. This outline is *not* to be relied upon to locate parcel boundaries.

## 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."<sup>11</sup>

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.

### Legally Permissible

All parcels are subject to local zoning laws, subdivision covenants and restrictions, plat notes, as well as Borough and State regulations. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. Almost any legal use of the site would be possible.

### Physically Possible

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 residential needs. Development in the area is ongoing; however, the overall market has slowed as evidenced by stagnant prices and longer marketing times.

### Maximally Productive

Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease. The immediate vicinity is characterized by private recreation. Snowmachining and other outdoor activities are the primary motivations for the 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 rural recreation cabin sites.

### Valuation Analysis

Three approaches to value are considered to determine the market value estimate.

#### Income Approach

The income approach for valuation is used primarily for income producing properties. It utilizes the capitalization process to discount future anticipated net income to a present value. It is not common to lease vacant land for a residential use therefore data that supports this approach is not available.

#### Cost Approach

The cost approach is based on the assumption that an informed buyer would pay no more than the cost of producing a substitute property with the same utility as the subject property. This approach will separate the value of the land from the value of the improvements to determine the cost of reproducing the improvements. The cost approach is most effective for appraising properties that have newer improvements. As such, the cost approach will not be used.

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<sup>11</sup> The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.277-278

### **Sales Comparison Approach**

The sales comparison approach considers actual sales or prices asked for properties that have similar characteristics of the subject properties. Adjustments are made to the comparison properties so as to determine a price at which they would have sold if they had identical characteristics as the subject properties. This derived price then indicates a value for the subject properties. Some of the characteristics considered include general market conditions, sales terms, location, highest and best use and physical features. Of the three approaches to value, only the sales comparison approach is applicable.

### **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. This methodology replicates typical developer thinking and will be used for valuing the parcels within this appraisal report.

### **Explanation of Adjustments**

DNR appraisal instructions state that the appraiser may develop and use quantitative or qualitative adjustments. Ideally, the value differences for any price adjustment are 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 and 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 (or <) means the sale feature is superior to that appraised property and requires a downward adjustment to match the quality of the key parcel's feature, thus indicating the value of the key parcel. An adjustment greater than 1.00 (or >) means that the sale feature is inferior to the subject's feature which requires an upward adjustment to match, thus indicating the value of the key parcel. An adjustment of 1.00 (or =) 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. Detailed information about the comparable sales and the adjustments is contained in this report and addenda.

### **Unit of Comparison**

Generally, the buyers and sellers in the marketplace determine the unit of comparison, e.g. price per acre, square foot, site, front foot, etc. The appropriate unit of comparison has been identified and analyzed accordingly for each of the key parcels.

### **Rights Conveyed**

Fee simple less mineral rights as per Alaska Statute 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. Comparable sales used in this valuation are the most recent transactions available and do not need to be adjusted for time.

**Location**

The subject parcels and all comparable sales are located in the same market area. No location adjustment is necessary.

**Size & Topography**

The comparable parcels have been grouped together in a manner in which minimizes required adjustments. Size adjustments are performed by utilizing the DNR Size Adjustment Method which can be found in the addendum. All comparable parcels are similar in topography to the key parcel. There are no major topographical deficiencies which would require an adjustment.

**Access**

All subjects and comparable sales feature similar access. The most likely access is by ATV or snowmachine on established trails. Unless noted otherwise, the subject and comparables sales feature similar means of access.

**Utilities**

The subject parcel and all comparable sales lack all utilities, no adjustment is necessary.

**Amenities**

Exceptional features of a given parcel may increase value. Features such as type of water frontage, proximity to bodies of water, exceptional views are examples of amenities that may warrant adjustments.

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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