

**APPRAISAL REPORT
OF SEVENTEEN LOTS IN NAKWASINA SOUND SUBDIVISION,
PLAT 2017-3,
SITKA RECORDING DISTRICT**



(090619_3536)

PREPARED FOR: Kevin Hindmarch, Chief Appraiser, Department of Natural Resources (DNR)
Division of Mining, Land and Water (DMLW)
550 W. 7th Avenue, Suite 650
Anchorage, AK 99501-3576

PREPARED BY: William G. Ferguson, Real Estate Appraiser
Horan and Company, LLC
403 Lincoln Street, Suite 210
Sitka, AK 99835

EFFECTIVE DATE: September 6, 2019

REPORT DATE: December 20, 2019

OUR FILE NO.: 19-101 **DNR Contract No.** PO 10 200001540-2

A. SUMMARY OF APPRAISAL NO. 4350-2

1. ADL NO(S): See table below
2. SIZE: Various, as noted in table
3. APPLICANT: N/A
4. LOCATION: Nakwasina Sound, two miles from the northern boat launch, Sitka, Alaska
5. LEGAL DESCRIPTION(S): See table below
6. INTEREST APPRAISED: Fee Simple Title less Mineral Rights
7. PURPOSE OF THE APPRAISAL: Estimate Market Value
8. APPRAISED BY: William Ferguson
9. DATE of REPORT: December 20, 2019
10. DATE of VALUE(S): September 6, 2019
11. APPRAISED VALUE(S):

ADL	Subdivision	Survey	Lot	Acres	Value Indicated
108718	Nakwasina Sound	ASLS 2015-06	1	9.42	\$ 92,000
108719	Nakwasina Sound	ASLS 2015-06	2	9.93	\$ 93,000
108720	Nakwasina Sound	ASLS 2015-06	3	6.86	\$ 90,500
108721	Nakwasina Sound	ASLS 2015-06	4	7.37	\$ 90,000
108722	Nakwasina Sound	ASLS 2015-06	5	7.26	\$ 90,500
108723	Nakwasina Sound	ASLS 2015-06	6	9.48	\$ 92,100
108724	Nakwasina Sound	ASLS 2015-06	7	9.51	\$ 91,500
108725	Nakwasina Sound	ASLS 2015-06	8	8.02	\$ 91,000
108726	Nakwasina Sound	ASLS 2015-06	9	5.16	\$ 109,000
108727	Nakwasina Sound	ASLS 2015-06	10	4.29	\$ 107,000
108728	Nakwasina Sound	ASLS 2015-06	11	5.2	\$ 110,000
108730	Nakwasina Sound	ASLS 2015-06	13	5.2	\$ 109,200
108731	Nakwasina Sound	ASLS 2015-06	14	5.34	\$ 109,300
108732	Nakwasina Sound	ASLS 2015-06	15	5.92	\$ 109,000
108733	Nakwasina Sound	ASLS 2015-06	16	5.22	\$ 102,000
108734	Nakwasina Sound	ASLS 2015-06	17	5.37	\$ 108,000
108735	Nakwasina Sound	ASLS 2015-06	18	6.22	\$ 110,000

**B. SUMMARY OF REVIEW**

1. DATE of REVIEW: February 3, 2020
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:

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 preliminary plat.
6. The value of commercial timber, if any, is specifically excluded from the final conclusion of value.



REVIEW APPRAISER'S CERTIFICATION APPRAISAL NO.4350-2

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.
- I reviewed a report in January 2019 for the following subject parcels:

ADL	Subdivision	Survey	Lot	Block	Acres
108719	Nakwasina Sound	ASLS 2015-06		2	9.93
108721	Nakwasina Sound	ASLS 2015-06		4	7.37
108723	Nakwasina Sound	ASLS 2015-06		6	9.48
108730	Nakwasina Sound	ASLS 2015-06		13	5.20

Values have decreased with observations of multiple sales in the subdivision that were relinquished back to the state and relatively minimal activity in this remote market noted.

Reviewed by Kevin Hindmarch
Kevin Hindmarch, Review Appraiser

Date 2/3/2020

cc: Hannah Uher-Koch

HORAN & COMPANY

REAL ESTATE APPRAISERS/CONSULTANTS
CHARLES E. HORAN MAI / WILLIAM G. FERGUSON,
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December 20, 2019

Kevin Hindmarch, Chief Appraiser, DNR
Division of Mining, Land and Water
550 W. 7th Avenue, Suite 650
Anchorage, AK 99501-3576

Re: Appraisal of 17 Lots located in Nakwasina Sound Subdivision, Plat 2017-3 Sitka
Recording District; Our File 19-101

Dear Mr. Hindmarch:

At your request, and per Contract No. CT 10 200001540-2, I have completed an appraisal report valuing 17 parcels in the Nakwasina Sound Subdivision. The purpose of this appraisal report is to estimate the current market value for a sealed bid auction, to be conducted for the subject properties in the future. The value estimate is to be used as guidance to establish a minimum bid value. It should be noted the subject properties are appraised in their fee simple estate less mineral rights.

This appraisal report complies with the rules and regulations as set forth by the State of Alaska, Uniform Standards of Professional Appraisal Practice (USPAP), and the Alaska DNR. I inspected all of the parcels. I valued the subject properties based on comparable sales used in this appraisal report. The inspection date was September 6, 2019. Based upon the inspections and analysis for the subject properties, and the methodologies contained within this report, it is my opinion the subject properties have market values as defined based on the effective date of September 6, 2019 as follows:

ADL	Subdivision	Survey	Lot	Acres	Value Indicated
108718	Nakwasina Sound	ASLS 2015-06	1	9.42	\$92,000
108719	Nakwasina Sound	ASLS 2015-06	2	9.93	\$93,000
108720	Nakwasina Sound	ASLS 2015-06	3	6.86	\$90,500
108721	Nakwasina Sound	ASLS 2015-06	4	7.37	\$90,000
108722	Nakwasina Sound	ASLS 2015-06	5	7.26	\$90,500
108723	Nakwasina Sound	ASLS 2015-06	6	9.48	\$92,100
108724	Nakwasina Sound	ASLS 2015-06	7	9.51	\$91,500
108725	Nakwasina Sound	ASLS 2015-06	8	8.02	\$91,000
108726	Nakwasina Sound	ASLS 2015-06	9	5.16	\$109,000
108727	Nakwasina Sound	ASLS 2015-06	10	4.29	\$107,000
108728	Nakwasina Sound	ASLS 2015-06	11	5.2	\$110,000
108730	Nakwasina Sound	ASLS 2015-06	13	5.20	\$109,200
108731	Nakwasina Sound	ASLS 2015-06	14	5.34	\$109,300
108732	Nakwasina Sound	ASLS 2015-06	15	5.92	\$109,000
108733	Nakwasina Sound	ASLS 2015-06	16	5.22	\$102,000
108734	Nakwasina Sound	ASLS 2015-06	17	5.37	\$108,000
108735	Nakwasina Sound	ASLS 2015-06	18	6.22	\$110,000

There are no improvements on any of the subject properties.

I had previously appraised these parcels for the same client in 2016 and Lots 2, 4, 6 and 13 in 2018 and discuss the change in values in the Certification of Appraisal.

Your attention is invited to the attached report which sets forth the identification of the subject properties and most pertinent data considered, along with the analysis used in arriving at the final conclusions of market value. Thank you for this opportunity to be of service. If you have any questions or comments please feel free to contact us at your convenience.

Respectfully Submitted,



HORAN & COMPANY, LLC
 William G. Ferguson
 APRG 618

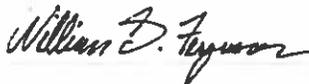
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CERTIFICATION OF APPRAISAL

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest 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 for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the properties that are the subjects of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- I appraised Lots 2, 4, 6 and 13 of this subdivision for the same client in September 2018. Values have decreased with observations of five of the six sales in this subdivision being relinquished back to the state and the relatively minimal activity in this remote market indicating lesser values and longer exposure time.



William G. Ferguson, Real Estate Appraiser
APRG 618

September 6, 2019
Effective Date of Appraisal

December 20, 2019
Date of Report

1 SCOPE OF APPRAISAL (INTRODUCTION)

1.1 IDENTIFICATION OF SUBJECT PROPERTIES

ADL	Subdivision	Survey / Plat	Lot	Acres	Recording District
108718	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	1	9.42	Sitka
108719	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	2	9.93	Sitka
108720	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	3	6.86	Sitka
108721	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	4	7.37	Sitka
108722	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	5	7.26	Sitka
108723	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	6	9.48	Sitka
108724	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	7	9.51	Sitka
108725	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	8	8.02	Sitka
108726	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	9	5.16	Sitka
108727	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	10	4.29	Sitka
108728	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	11	5.2	Sitka
108730	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	13	5.20	Sitka
108731	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	14	5.34	Sitka
108732	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	15	5.92	Sitka
108733	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	16	5.22	Sitka
108734	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	17	5.37	Sitka
108735	Nakwasina Sound	ASLS 2015-06; Plat 2017-3 SRD	18	6.22	Sitka

1.2 OSTENSIBLE OWNER

Client and Ostensible Owner: State of Alaska, DNR.

1.3 INTENDED USE AND INTENDED USER

The purpose of this appraisal is to estimate the current market value as of the effective date of the report, September 6, 2019.

Intended Use This valuation is to 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.

Intended Users are the State of Alaska Department of Natural Resources, and the general public as potential bidders.

1.4 PROPERTY RIGHTS APPRAISED

The properties are appraised in fee simple interest less mineral rights reserved under AS 38.05.125(a). This is typical for properties sold by the State of Alaska, including DNR, the University of Alaska and the Mental Health Trust Lands Office. No special consideration was given to any of the mineral rights, nor is there any proven mineral value on any of the subject properties nor in the comparables used in this report.

1.5 THREE YEAR SALES HISTORY

The entire Nakwasina Sound Subdivision (18 Lots) had been offered for sale by auction in phases by the State over the past three years. Seven were offered in July 2017, seven in July, 2018 and 3 in 2019. There is currently only one contract for sale which is for Lot 12, based on the 2016 appraisal. There were offers on four other properties in 2017 or early 2018, one of which was 30% over appraisal to allow for pre-auction purchase. All of these four other offers were relinquished back to the State or the full application process was not followed through to completion. Interest and activity in these remote markets has diminished since 2016 with overall economic factors and less discretionary income available in general.

1.6 APPRAISAL METHODS AND EXTENT OF RESEARCH

The most direct way to estimate market value of vacant land is by the Direct Comparison Approach. In this approach, the sales of relatively similar properties are considered on a lump sum or price per unit value. I have considered what other sites of similar utility are selling for. A Key Parcel Valuation method is used, analyzing the value of the key parcel and comparing that to other lots in the subdivision as necessary.

We identify comparable information through interviews with knowledgeable participants in the real estate markets such as local appraisers, realtors, MLS, buyers and sellers, Alaska DNR information, and others who are familiar with the real estate market in Southeast Alaska. A search was performed of properties with similar characteristics located remotely throughout Southeast Alaska. Information was collected from reliable sources as available.

Our office maintains market data information on sales, transfers and rents. These are organized on a geographic location basis. Within each of these areas, the data is further segmented into commercial and residential properties. Within these divisions of separation are divisions for zoning and whether the properties are waterfront or upland parcels. Horan & Company, LLC, maintains and continually updates this library of sale transactions throughout the Southeast Alaska region and has done so for over 30 years.

1.7 ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report and valuation contained herein are expressly subject to the following assumptions and/or conditions:

General Assumptions and Limiting Conditions

1. It is assumed the data, maps and descriptive data furnished by the client or his representative are accurate and correct. Photos, sketches, maps, and drawings in this appraisal report are for visualizing the property only and are not to be relied upon for any other use. They may not be to scale.
2. The valuation is based on information and data from sources believed reliable, correct and accurately reported. No responsibility is assumed for false data provided by others.
3. No responsibility is assumed for building permits, zone changes, engineering or any other services or duty connected with legally utilizing the subject property.
4. This appraisal was made on the premise that there are no encumbrances prohibiting utilization of the property under the appraiser's estimate of the highest and best use.
5. It is assumed the title to the property is marketable. No investigation to this fact has been made by the appraiser.
6. No responsibility is assumed for matters of law or legal interpretation.
7. It is assumed no conditions existed that were undiscoverable through normal diligent investigation which would affect the use and value of the property. No engineering report was made by or provided to the appraiser.
8. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
9. The value estimate is made subject to the purpose, date and definition of value.
10. The appraisal is to be considered in its entirety, the use of only a portion thereof will render the appraisal invalid.

11. Any distribution of the valuation in the report between land, improvements, and personal property applies only under the existing program of utilization. The separate valuations for land, building, and chattel must not be used in conjunction with any other appraisal and is invalid if so used.
12. The appraiser shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property described herein unless prior arrangements have been made.

1.8 TERMINOLOGY

Market Value-

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

The Appraisal of Real Estate, 14th Edition, Appraisal Institute, 2013, page 58

2.1 SOUTHEAST ALASKA AREA ANALYSIS

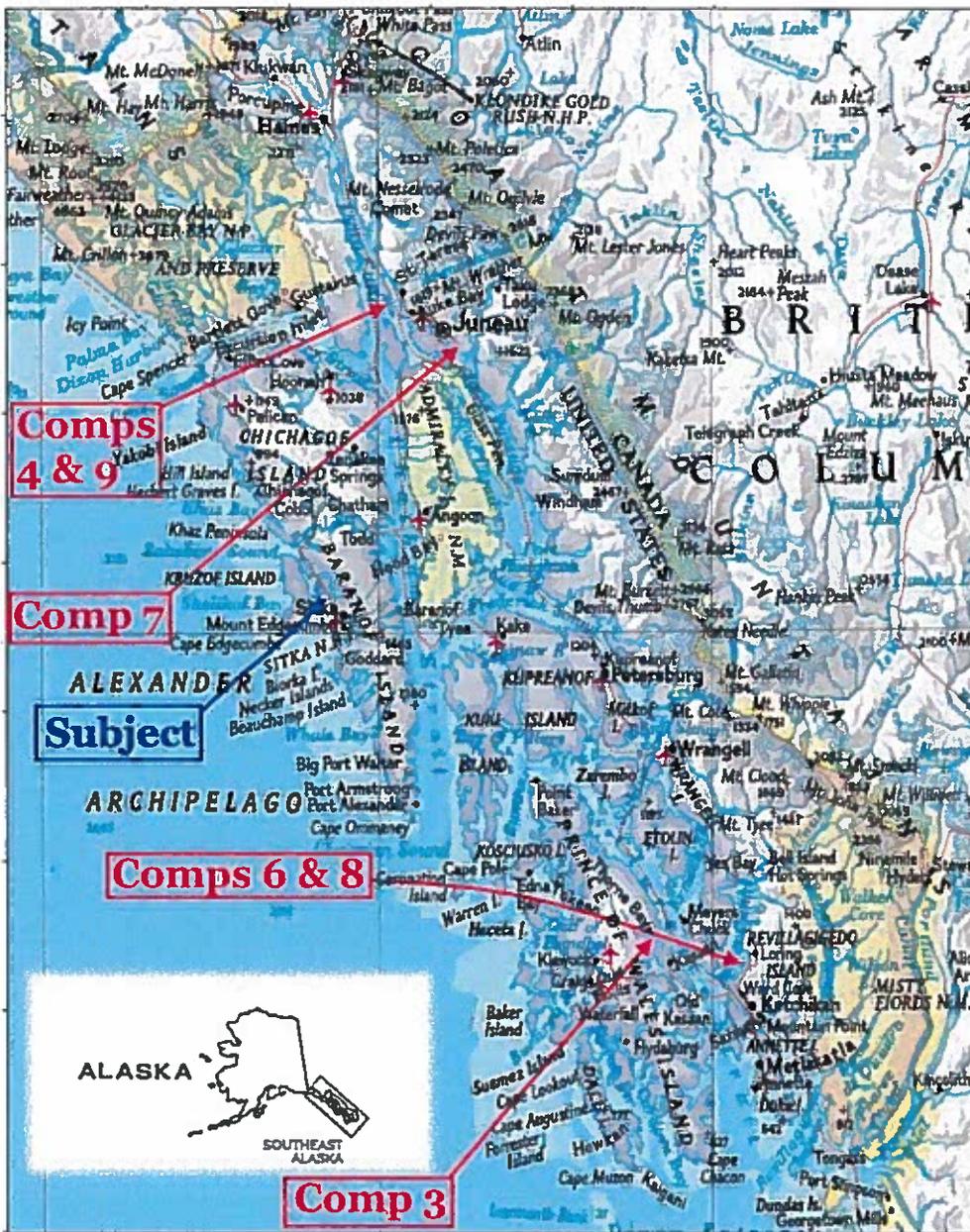


FIGURE 2.1 – Southeast Alaska map showing subject areas and distant comparables.

The seafood industry has had a series of bad years. Health care has been an economic leader as the regional health care provider (SEARHC) continues to expand. She indicated that our top economic sectors are shifting and the 2020 outlook indicates that the visitor industry would lead the way in wages with local government, health care and state government relatively similar. Jobs and earnings were up slightly in 2018. Tourism jobs were up 3% with tourism

The Southeast Alaska region stretches over 500 miles from Metlakatla to Yakutat. It has a mild and wet maritime climate. 95% of the region’s land is owned by the Federal Government. There are 34 scattered communities; however, 44% of the population resides in Juneau. Over the past ten years, the population has declined slightly and employment has increased very slightly.

Meilani Schijvens, economic analyst, in a presentation to the Southeast Conference in September 2019 defined the regional economy as mediocre. Tourism’s role in the economy is growing, construction is poised to grow mostly due to tourism, and state job losses are plateauing.

wages up 8% in 2018 and are expected to continue growing. While fishing was down, it is acknowledged to be a cyclical industry and expected to be a long-term contributor to the economy. The net population for the region is down by 80 people with the 4th year in a row of losses. Sitka took the brunt of that decline with a loss of 96 people in 2018. Many smaller rural areas saw an increase in population, including Petersburg, Ketchikan, Hoonah, Haines and Wrangell.

The remote land market is more influenced by the national economy and the disposable income as manifested by the relative strength of the smaller communities and remote areas of Southeast Alaska. The market outlook for this market would be for stability and little perception of change.

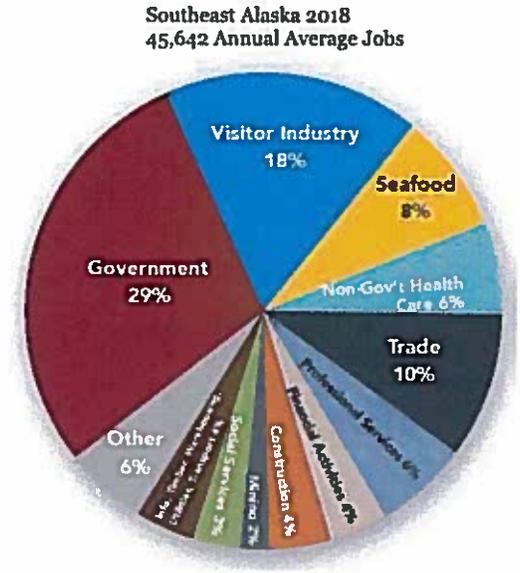


FIGURE 2.4- Pie chart showing sectors of southeast economy. Graphic courtesy Rain Coast Data from Southeast Rain Conference Presentation September 18, 2019.

3 NAKWASINA SOUND SUBDIVISION

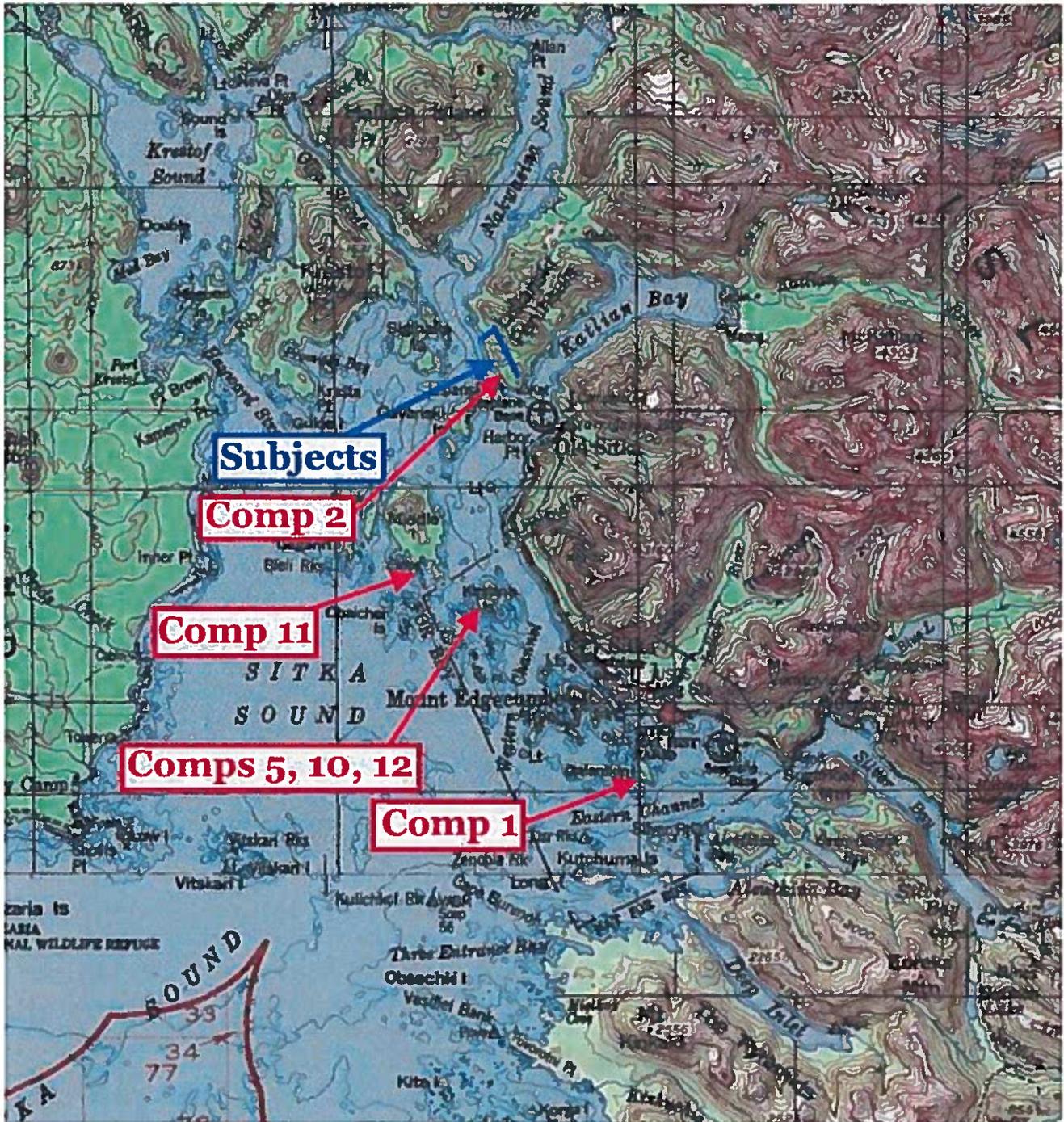


FIGURE 3.1 – Sitka Area Map with Subject and Local Comps

3.1 NAKWASINA – SITKA NEIGHBORHOOD ANALYSIS

ALY OF THE LOCATION, THE COORDINATES WERE D THE NATIONAL SPARIAL REFERENCE SYSTEM S REFERENCE STATIONS PORTLAND/NAAC2000 CORS 863, 864 AND 865 1 CORS AMP (PD 1074357), 2 CORS AMP (PD 1074357), 3 CORS AMP (PD 1074357).

RANGES OF THE LINE OF MEAN HIGH WATER (MHW) SOUND OF LOTS 1-18 AND TRACT A. THE LINE OF MEAN HIGH WATER IS FOR EACH LOT ONLY, WITH THE MEAN HIGH WATER BEING ON THE BEACHES AND THEIR INTERSECTION WITH THE BEACHES.

4-FOOT WIDE BUILDING SETBACK FROM THE MEAN HIGH WATER OF SITKA SOUND.

DEED LAND SURVEYORS AND THEIR EMPLOYEES RIGHTS FOR SURVEY PURPOSES TO HIGH MONUMENTS AND THEIR REFERENCE OBJECTS, THE OWNER OF THE LOT SHALL PROVIDE ACCESS TO AND PRESERVE OF THE MONUMENTS AND REFERENCES.

THE PARTY TO ALL EASEMENTS AND PLAT NOTES TO BE MODIFIED WITHOUT APPROVAL OF THE STATE.

WATER SUPPLY SYSTEM OR SEWAGE DISPOSAL BE PERMITTED ON ANY LOT UNLESS SUCH SYSTEM, RESTRICTED, AND EQUIPPED IN ACCORDANCE WITH RULES OF THE ALASKA DEPARTMENT OF CONSERVATION AND IN ACCORDANCE WITH ANY REGULATIONS, APPROVAL OF SUCH SYSTEMS SHALL BE FROM APPLICABLE AUTHORITIES.

ALL REGULATIONS AND PERMITS SHALL BE OBTAINED BY THE OWNER.

WATER LINE (MHW) OF SITKA SOUND WAS THE COORDINATED FROM OBSERVATIONS ON 1/23/2016 EXTRAPOLATED FROM THE NOAA PUBLICATION TIDALS OF HIGH AND LOW WATERS FOR 2016.

ACREAGE	
LOT 1	0.48
LOT 2	0.93
LOT 3	0.48
LOT 4	7.37
LOT 5	7.28
LOT 6	0.48
LOT 7	0.31
LOT 8	0.82
LOT 9	3.10
LOT 10	4.29
LOT 11	0.30
LOT 12	0.90
LOT 13	0.30
LOT 14	0.34
LOT 15	0.30
LOT 16	0.22
LOT 17	0.37
LOT 18	0.23
TRACT A	0.81
TOTAL	122.37

14 SHEET 4
MARCH 30, 2001
ATA

 = Subjects

BASES OF COORDINATES (1860-1810)

Base Station	Lot 1	97° 00' 23.028" W
Lot 1	Lot 2	130° 25' 01.300" W
Lot 2	Lot 3	130° 24' 00.000" W
Lot 3	Lot 4	130° 24' 00.000" W
Lot 4	Lot 5	97° 00' 23.048" W
Lot 5	Lot 6	130° 25' 01.282" W

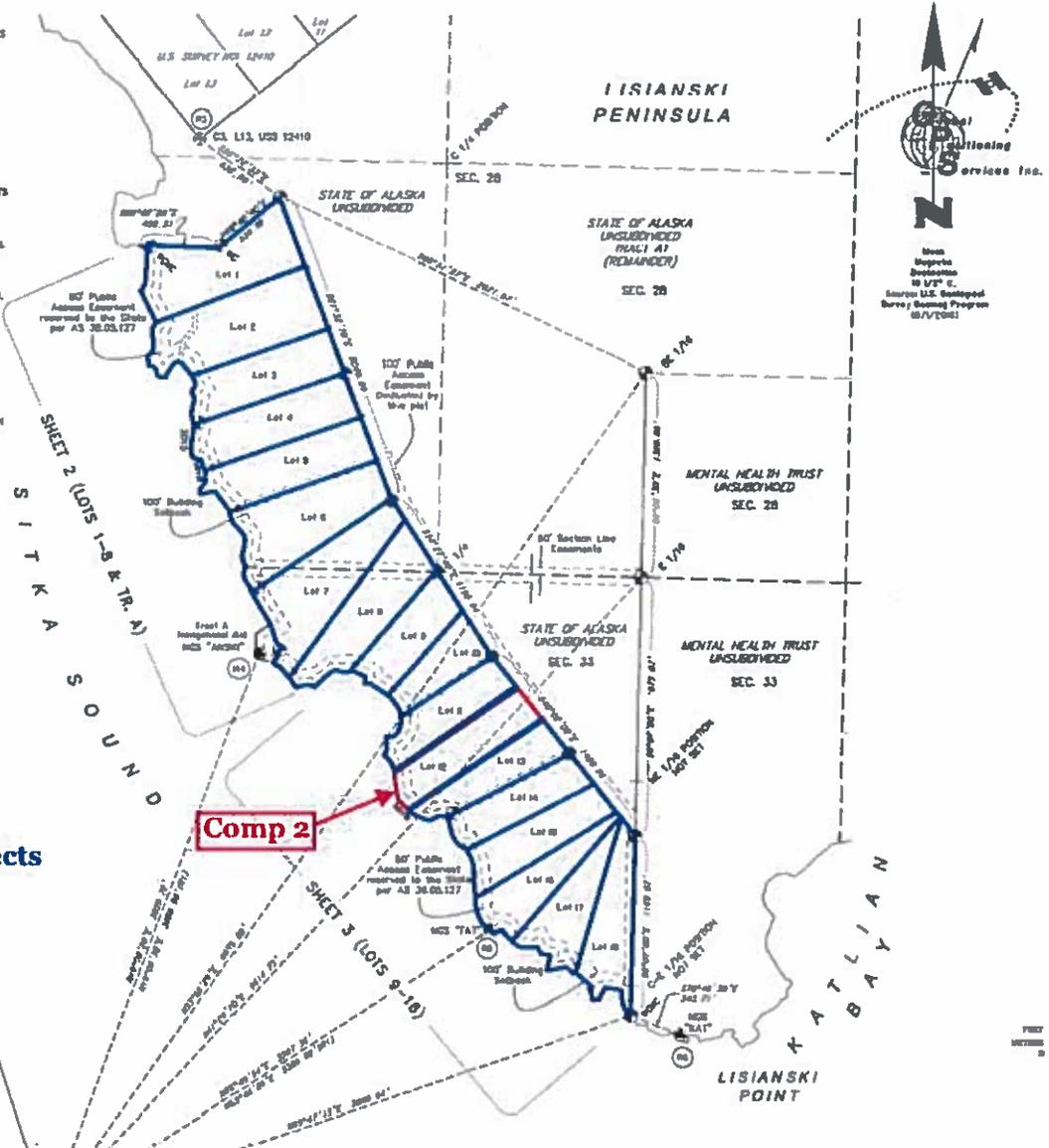


FIGURE 3.2 –Nakwasina Sound Plat map, Subjects in Blue. (See enlarged Plats in Addenda)

The subject subdivision is located a little over two miles from the northern public boat launch. It would compete with other numerous island and remote properties located in Sitka Sound and Southeast Alaska. Many of the islands in Sitka Sound are privately-owned, with some of the larger islands having been subdivided into smaller lots. These private island properties are generally to the west of Sitka’s road system with slightly more in front of town and to the southwest. Middle Island and Kasiana Island are the larger islands on the north end of town, and both are subdivided into smaller parcels.

Some of the islands located closer to town have electricity extended to them, providing additional appeal and potential for year-round living. Views from the islands are generally good marine and territorial views, including views toward Sitka and the surrounding mountains, or views toward the Mt. Edgecumbe volcano. Many of these island properties have private docks ranging in size from relatively small floats to larger docks of approximately 1,000 SF to 2,000 SF, some used for commercial lodges. Most of the properties, however, provide for second homes or year round living.

Access can be somewhat less reliable on island properties north of town, across the Western Channel, or south of town, across the Eastern Channel, due to exposure to more open seas.

The demand for island or remote property has generally stabilized and slowed down in recent years with the economy. There is not as strong a demand as has been seen in the past. Prices are defined as stable and some sales have indicated some decline in value. Relatively few sales of island properties have occurred over recent years and remote properties are lasting longer on the market.

3.2 NAKWASINA SOUND PROPERTY DESCRIPTIONS

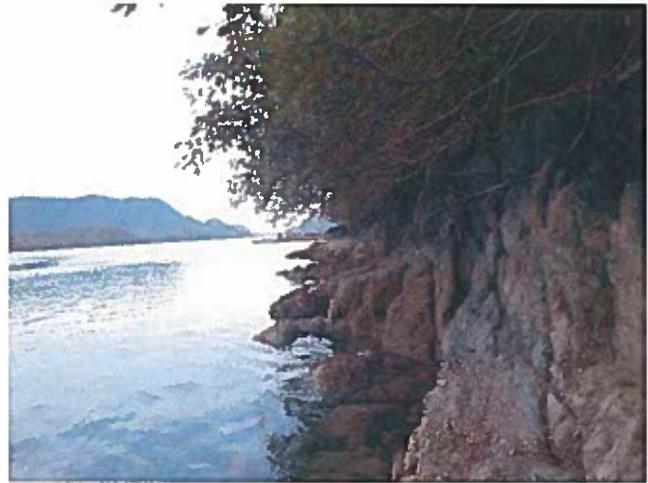
The Nakwasina Sound Subdivision properties are all located within approximately 1.5 to 2.75 miles of Sitka's northernmost public boat launch. They are about 8 miles north of the main part of downtown Sitka. The area has been rezoned to OS Open Space Zone. Most of these parcels are relatively long and narrow. Although they are large, these lots are generally long and narrow and would most likely be used for **one** building site as close to the beach as buildable. These parcels are all waterfront parcels with no utilities. Vegetation is typical for Southeast Alaska, with a combination of hemlock, spruce, and alder, as well as some berry understory. Access is via boat or floatplane. There is the typical 50' Public Access Easement along the beach from the mean high water (MHW) line on all of the properties. This public access easement is within a 100' building setback from MHW. There is also a typical section line easement, (50' on each side) which goes through subject Lot 6. There is a platted public access easement along the rear property lines from Lot 5 to Lot 18 which ties into an access easement between Lots 5 and 6. There is also access easements between Lots 10 and 11, 13 and 14 and along the eastern property line of Lot 18. Five of the lots in the subdivision have had offers, but have been relinquished back to the state for either personal or other reasons. There is a contract for Lot 12 which is discussed as a comparable sale.

3.3 NAKWASINA SOUND DESCRIPTIONS

Lot 1 (aerial photos are in the addenda) is an irregular shaped lot at the north end of the subdivision. It is 9.42 AC in size and steeply sloping for the first 100' (within the 100' building setback area). The beach is rocky and generally steep or bluffy. This has 558.15' of waterfrontage. The property is generally described as steep with two benches. Initial access from the beach to the building bench would require overcoming the slope and steep drop offs, however, an access easement is platted through the adjacent Lot 2 that provides more reasonable access to the bench closest to the beach. There is a small seasonal drainage that goes through Lot 1 and ends up near the southwest corner of Lot 1 where it adjoins Lot 2. It is estimated to have approximately 50% of its land in slopes of 25% or more by the surveyors.



INTERIOR OF LOT 1 NEAR THE SOUTH SIDE (NOTE TOPOGRAPHY) (090619_3506)



WATERFRONT OF LOT 1 NEAR SOUTH END. (090619_3509)



LOT 1 FROM THE WATER (090619_3665)

Lot 2 is a 9.93 AC lot. There is an access easement through a topographic draw or valley, accessing the adjacent Lot 1 from the small cove along the waterfront of this subject. The most developable area is a knob in the NW corner near the front of the lot, then it steepens, benches and gets more gradual towards the middle and rear of the lot. It is estimated by the surveyors to have approximately 75% of the lot over 25% slope. There is a seasonal drainage into a small cove. The cove would provide some marginal protection for temporary anchorage. The beach is relatively rocky and steep near the north end, then becomes more gradual but remains rocky on the southern end near the cove. There are some pronounced boulder formations near the beach. There is 715.24' of waterfrontage due to irregularities.



**INTERIOR OF LOT 2 AT NORTH END OF LOT –
VICINITY OF ACCESS EASEMENT (090619_3500)**



**INTERIOR OF LOT 2 LOOKING TOWARD BEACH.
(090619_3501)**



BEACH ON LOT 2 (090619_3502)



**LOT 2 FROM THE WATER – NOTE SMALL INLET
PHOTO RIGHT (090619_3664)**

Lot 3 is 6.86 AC in size. It entails 344.63' of waterfrontage. It is more gradual topography particularly towards the southwest corner of the lot. There is again an intermittent stream towards the middle of the front of the lot. This lot has a rocky beach with a steeper bluff in the northwest corner. The beach itself is relatively steep, but there is a bench area above it. The surveyors estimate approximately 80% of the lot at 25% or more slope. Vegetation is more open understory and is typical spruce hemlock with some mature trees.



**INTERIOR OF LOT 3, NOTE TOPOGRAPHY.
(090619_3518)**



**WATERFRONT OF LOT 3, LOOKING SOUTH.
(090619_3515)**



LOT 3 FROM THE WATER (090619_3665)

Lot 4 is 7.37 AC in size. It is estimated by the surveyors to have approximately 75% of the land area with slopes of 25% or more. This lot has more gradual topography in the front quarter of the lot. This subject has a rocky beach which is more gradual on the south end. There is 399.17' of waterfrontage. It has an excellent straight on view of the Mt. Edgecumbe Volcano. Waters directly in front of this subject would not provide good protection for anchorage. Vegetation is generally second growth hemlock-spruce with some areas of minimal undergrowth.



**BEACH OF LOT 4 LOOKING APPROXIMATELY NORTH.
(090619_3531)**



INTERIOR OF LOT 4 (090619_3533)



**BEACH NEAR SOUTHWEST CORNER OF LOT 4
(090619_3535)**



LOT 4 FROM THE WATER (090619_3662)

Lot 5 is a 7.26 acre parcel with a small rocky point of land jutting into the ocean. The beach is rocky and generally gradual at lower tides. Waterfrontage is 449.25'. The lot is mostly wooded with second growth forest of alder, spruce, and hemlock. This lot has a more gradual topographic valley which could provide access to the more developable section just beyond the 100' building setback. Approximately 80% of the land area is estimated by the surveyors to have slopes of 25% or more. There is a 25' portion of a 50' public access easement along the southern property line.



BEACH OF LOT 5 LOOKING SW TOWARDS POINT (090619_3541)



INTERIOR OF LOT 5 NEAR NORTH END OF LOT (090619_3539)



LOOKING APPROXIMATELY NORTH FROM NEAR SW CORNER OF LOT 5 (090619_3548)



LOT 5 FROM THE WATER. (090619_3661)

Lot 6 is a relatively wide lot with 576.88' of waterfrontage and is 9.48 Acres in size. This lot is relatively steep towards the beach with the more developable topography found some 200' back from the mean high water. The surveyors estimate approximately 75% of the land area has slopes of 25% or more. There is a 25' portion of the 50' public access easement along the northern property line. There is also a portion of the 100' section line easement found in the southwest corner. The most gradual, developable topography is found towards the middle of the lot and may be most accessible via one of the easements (either the access or the section line). Vegetation is typical spruce-hemlock and is dense in some areas. There is little in the way of protection on shore for anchorage potential. This lot also has an excellent straight on view of the volcano.



INTERIOR OF LOT 6 (090619_3551)



BEACH OF LOT 6 LOOKING APPROXIMATELY NORTH (090619_3556)



LOT 6 FROM THE WATER (090619_3660)

Lot 7 is the 9.51 acre lot which has its waterfrontage split by Tract A, a small parcel reserved for a Navigational Aid. The total waterfrontage on this subject is 388.40'. This parcel, again has a good view of the volcano and a rocky beach which is gradual at lower tides on the north end, but more abrupt on the south end. Again, there is a more developable area just beyond the 100' building setback in the southwest corner. There is a 100' section line easement crossing near the middle of the lot. Vegetation is typical with brushy undergrowth. The surveyors estimate that 80% of the land has slopes of 25% or more. There is a small intermittent drainage near the SW corner.



**INTERIOR OF LOT 7 NEAR NORTH END.
(090619_3560)**



**BEACH ON NORTHERN END OF LOT 7 LOOKING SOUTH.
(090619_3705)**



**INTERIOR OF LOT 7 IN SOUTHERN PORTION.
(090619_3711)**



**LOT 7 FROM THE WATER (AID TO NAVIGATION MARKET ON TRACT A.
(090619_3658)**

Lot 8 is an 8.02 acre parcel that is mostly rock bluff along the waterfrontage, but there is some more gradual rocky beach within a small cove on the southwest end. This cove would provide for some protection for temporary anchorage. There is a seasonal drainage that cuts across the property entering the ocean waters near the southwest corner. Vegetation is typical with some undergrowth. Topography is more gradual in the front and middle of this property than it is towards the rear. Waterfrontage is 467.24'. The surveyors estimate that 80% of the land has slopes of 25% or more and the lot is very steep towards the rear of the lot.



VIEW OF MT. EDGECUMBE VOLCANO FROM LOT 8. (090619_3565)



BEACH OF LOT 8 LOOKING APPROXIMATELY EAST (090619_3566)



INTERIOR OF LOT 8. (090619_3569)



LOT 8 FROM THE WATER. (090619_3657)

Lot 9 has 339.27' of frontage on a small cove. This small cove would provide some protection for anchoring. The lot is one of the smaller parcels in the subdivision at 5.16 AC. There is a uniform more gradual slope on the front half of the lot and it is much steeper at the rear. Again, this is wooded with typical second growth and dense understory. The beach is rocky and gradual at lower tides. There is a small intermittent drainage on the lot. The surveyors estimate that approximately 80% of the lot has slopes of 25% or more.



**BEACH OF LOT 9 LOOKING APPROXIMATELY SE.
(090619_3574)**



LOT 9 FROM THE WATER. (090619_3656)



INTERIOR OF LOT 9. (090619_3576)

Lot 10 also has narrow frontage on the small protected cove that would provide for some semi-protected anchorage. There is a small intermittent drainage stream close to the southern property line that enters the beach near the SW corner. The frontage is 184.23'. The lot size is 4.29 acres. Again, there is a relatively uniform gradual slope towards the front with a bench at the rear of the lot and the surveyors estimate approximately 60% of the lot has slopes of 25% or more. This lot has a 25' portion of a public access easement along its southern property line. The rocky beach is relatively gradual at lower tides. The lot is forested with second growth and dense understory.



**BEACH OF LOT 10 LOOKING SE
(090619_3580)**



INTERIOR OF LOT 10. (090619_3582)



**LOT 10 FROM THE WATER, PHOTO LEFT.
(090619_3655)**

Lot 11 is a 5.2 acre parcel that also touches on the corner of the small protected cove. There are some larger trees on this parcel toward the water and the undergrowth is not as thick as other lots near the beach. This lot has 421.66' of waterfrontage as it goes out around the point. The point is more of a bluff with gradual rocky beach inside the cove. There is a 25' portion of an access easement along the northern property line. Lot 11 has some of the nicer topography in the subdivision from the cove into the middle of the lot. It is estimated by the surveyors to have only approximately 20% of the land area with slopes of 25% or more.



**INTERIOR OF LOT 11 LOOKING NORTH.
(090619_3589)**

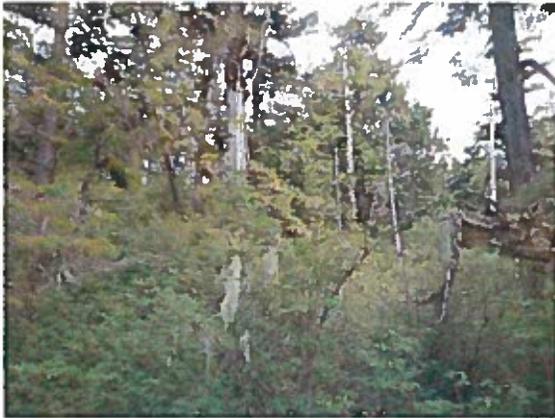


**INTERIOR OF LOT 11 NEAR NW CORNER.
(090619_3587)**



**LOT 11 PHOTO RIGHT FROM THE WATER
(090619_3654)**

Lot 13 is a relatively gradual lot. It is 5.20 acres in size with 279.85' of waterfrontage as the land goes around the point and into a small cove. There is some more open high muskeg toward the rear of the lot. The waterfront is steep bluffs in the northwest corner of the lot, but topography provides for gradual access inside the small cove in the SW corner of the lot. The small cove could provide some minimal protection for anchorages. Vegetation is generally dense, smaller undergrowth and typical second growth spruce and hemlock. There is a drainage stream near the southwest corner of the lot. There is also a 25' portion of a 50' access easement along the southern property line. The topography is very gradual with the surveyors estimating only approximately 10% of the land with slopes of 25% or more.



INTERIOR OF LOT 13 (090619_3596)



SW CORNER OF LOT 13 TO THE RIGHT OF LARGE LOGS. (090619_3598)



STREAM ALONG PROPERTY LINE BETWEEN LOTS 13 AND 14 (090619_3600)



LOT 13 FROM THE WATER (090619_3653)

Lot 14 has the other 25' portion of the 50' access easement along its northern property line. The stream is also near the northern property line. This lot is also defined as relatively gradual with the surveyors estimating approximately 20% of the land having slopes of 25% or more. It has 273.07' of waterfrontage with rock outcropping on the beach at the point and a smaller rock rubble beach on either end, particularly in the southwest corner. This would provide the most gradual access point. The forest is open near the beach with some denser undergrowth and some minimal muskeg as you get into the center of the lot. The lot is 5.34 acres in size. It is the typical spruce hemlock growth.



**INTERIOR OF LOT 14 NEAR NORTH END.
(090619_3606)**



BEACH OF LOT 14 LOOKING SE. (090619_3604)



LOT 14 FROM THE WATER. (090619_3652)

Lot 15 has a gradual rock rubble beach with frontage of 309.57'. This lot has little in the way of a protected anchorage area. It is 5.92 acres in size and has relatively gradual topography. It generally has very thick second growth forestation with undergrowth and little in the way of openings. The surveyors estimate 20% of the land area with 25% slope or more.



BEACH OF LOT 15 LOOKING APPROXIMATELY NORTH. (090619_3617)



LOT 15 FROM THE WATER. (090619_3651)



INTERIOR OF LOT 15. (090619_3612)

Lot 16 is a relatively wide lot on the waterfront side which narrows down to an apex at the rear. It has 463.84' of waterfrontage. The beach is generally steep rock bluffs and difficult to access. There is no protected area for anchorage. The topography, once beyond the beach tends to get more gradual and the surveyors estimate that approximately 25% of the land has slopes of 25% or more. Vegetation is dense second growth. The lot is 5.23 acres in size.



BEACH OF LOT 16 LOOKING SE TOWARDS TOWN OF SITKA. (090619_3622)



LOT 16 FROM THE WATER. (090619_3650)



INTERIOR OF LOT 16 – NOTE TOPOGRAPHY. (090619_3626)

Lot 17 is also somewhat triangular in shape with a very irregular beach frontage of 599.12'. It is 5.37 acres in size. It is estimated to have approximately 50% of its land with slopes of 25% or more. In general, the slope is relatively uniform and the beach is gradual rock rubble with some pockets of outcropping. Views would be more toward town and Sitka Sound than the volcano. Forestation is again typical second growth with dense understory in places. This property again would have little in the way of protected anchorages.



INTERIOR OF LOT 17. (090619_3633)

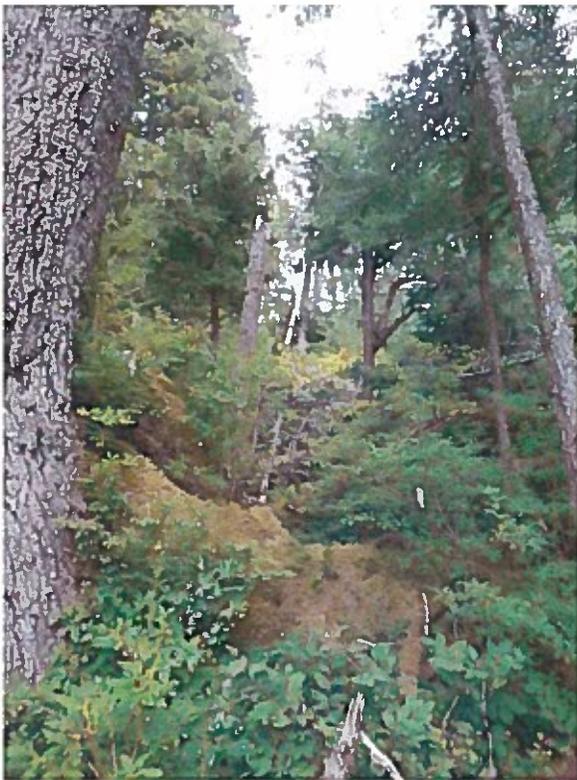


LOT 17 FROM THE WATER. (090619_3649)



BEACH OF LOT 17 LOOKING NW (090619_3644)

Lot 18 is the lot within this subdivision located closest to town and the Old Sitka Boat Launch. It is 6.22 acres in size with a very irregular beach front of 730.02'. There is a 50' public access easement along its eastern property line. The beach is relatively gradual and rocky. There is opportunity for some protection for short term anchorage from some seas in a small cove near the southeastern corner of the lot. The surveyors estimate approximately 50% of the land area has slopes of 25% or more. The land tends to be steeper and the beach is more rock bluffs toward the eastern end of the lot. The forest is generally dense with a combination of typical second growth and some larger trees.



INTERIOR OF LOT 18 (090619_3640)



SMALL COVE AND BEACH LOOKING APPROXIMATELY SE ON LOT 18. (090619_3634)



LOT 18 FROM THE WATER. (090619_3648)

ADDENDA

AERIAL PHOTOS



102516_161090



102516_161091



102516_161092



102516_161093



102516_161094



102516_161095



102516_161096

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

In Anchorage

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

In Fairbanks

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