

MARKET VALUE APPRAISAL
of
**Six Parcels in Delta Junction within
Delta Junction Addition EPF 63-7859
Windy City Subdivision ASLS 2021-09**



Jarvis Ave in Windy City Subdivision

APPRAISAL REPORT No. 4632-0

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



A. SUMMARY OF APPRAISAL NO. 4632-0

1. ADL NO(S): See table below
2. SIZE: See table below
3. APPLICANT: N/A
4. LOCATION: Subdivided lots located in Delta Junction, 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: Johnthomas Williamson
9. DATE of REPORT: November 28, 2023
10. DATE of VALUE(S): September 27, 2023
11. APPRAISED VALUE(S):

ADL	Subdivision	MTRS	Lot	Blk.	Survey	Acres	Date of Value	Value (rnd)
TBA	Windy City	F010S010E23	1	-	ASLS 2021-09	1.18	9/27/23	\$22,000
TBA	Windy City	F010S010E23	2	-	ASLS 2021-09	1.18	9/27/23	\$22,000
TBA	Windy City	F010S010E23	3	-	ASLS 2021-09	1.89	9/27/23	\$24,000
TBA	Windy City	F010S010E23	4	-	ASLS 2021-09	1.89	9/27/23	\$24,000
TBA	Windy City	F010S010E23	5	-	ASLS 2021-09	2.29	9/27/23	\$25,100
421797	Delta Townsite	F010S010E14	6	2	Plat 63-7859	0.31	9/27/23	\$7,700

B. SUMMARY OF REVIEW

1. DATE of REVIEW: February 16, 2024
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 plat.
6. The value of commercial timber, if any, is specifically excluded from the final conclusion of value.

REVIEW APPRAISER'S CERTIFICATION APPRAISAL NO. 4632-0

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 and approved an appraisal for ADL 421797 within the past three years.

Reviewed by Kevin Hindmarch
Kevin Hindmarch, Review Appraiser

Date 7/16/24

cc: Justin Wholey

MEMORANDUM

State of Alaska

Department of Natural Resources
Tel (907) 269-8539
Fax (907) 269-8914

Division of Mining, Land & Water
550 West 7th Avenue, Suite 650
Anchorage AK 99501-3576

DATE: November 28, 2023

TO: Kevin Hindmarch
Review Appraiser

FROM Johnthomas Williamson
Appraiser

SUBJECT: Six parcels within Windy City Subdivision and Delta Junction Addition.

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

TABLE OF CONTENTS

INTRODUCTION

Title Page	
Letter of Transmittal	3

PREMISES OF THE APPRAISAL

Appraisal Summary	4
Type of Appraisal and Report	5
Purpose and Use of the Appraisal	5
User and Client Identity	5
Property Rights Appraised	5
Definition of Market Value	5
Effective Date of Value Estimate	5
Exposure Time	6
Property History	6
Scope of the Appraisal	6
Assumptions and Limiting Conditions	7

PRESENTATION OF DATA

Area Analysis	8
Parcel Descriptions	9

DATA ANALYSIS AND CONCLUSION

Approaches to Value	18
Valuation of Delta Townsite	19
Application of Key Parcel	26
Certification of Value	28

ADDENDA

Subject Surveys	
Size Adjustment Chart	
Comparable Sale Forms	
Appraisal Instructions	
Qualifications	

APPRAISAL SUMMARY

Legal Description and Location

Parcels within Plat 63-7859 and ASLS 2021-09 are located within the city limits of Delta Junction. See grid below:

SUMMARY OF VALUES

ADL	Subdivision	MTRS	Lot	Blk.	Survey	Acres	Date of Value	Value (rnd)
TBA	Windy City	F010S010E23	1	-	ASLS 2021-09	1.18	9/27/23	\$22,000
TBA	Windy City	F010S010E23	2	-	ASLS 2021-09	1.18	9/27/23	\$22,000
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TBA	Windy City	F010S010E23	5	-	ASLS 2021-09	2.29	9/27/23	\$25,100
421797	Delta Townsite	F010S010E14	6	2	Plat 63-7859	0.31	9/27/23	\$7,700

PREMISES OF THE APPRAISAL

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 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.”¹

AS 38.05.125(a) states:

Reservation. (a) Each contract for the sale, lease or grant of state land...is subject to the following reservations: “[sic] the party of the first part, Alaska, hereby expressly saves, excepts and reserves... unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and with may be in or upon said land...[and the right] to occupy as much of said land as may be necessary or convenient... to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.”²

Definition of Market Value

“The most probable price, as of a specified date, in cash, or terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”³

Effective Date of Value Estimate

September 27, 2023.

Date of Report

November 28, 2023.

¹ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, p.90.

² Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2020, www.legis.state.ak.us/basis/folio.asp

³ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, p.141

Exposure Time

Exposure time is defined as the "...estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal."⁴

Exposure time can vary depending on the type of property being appraised and constantly changing market conditions. Supply and demand of similar properties to the subject is an important factor for determining exposure time. Currently, there are multiple parcels available throughout the area that are offered through various government and private programs. Considering the availability of parcels on the market, an exposure time of up to a year is reasonable.

Property History

The Department of Natural Resources recently surveyed Windy City Subdivision. The parent parcel was formerly a material site, see ADL 421419. The portion of the site that was used for gravel extraction was reserved as Tract A. The remainder subdivision was undisturbed. Individual parcels have not been offered to the public. ADL 421797 is an original parcel within the Delta Townsite Subdivision and has not been sold or leased within the past three years.

Scope of the Appraisal**Property and Comparable Sales Inspection**

I inspected the subject properties and **select** comparable sales on September 27, 2023. Physical features and access were identified by use of site inspections, topographic maps, status plats, aerial photographs, DNR appraisal records, and interviews with people who are familiar with the area.

Research and Analysis

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. Private real estate agent websites were searched for recent listings. 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.

⁴ Uniform Standards of Professional Appraisal Practice 2020-2021, 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

Market Area – Delta Junction⁵

Delta Junction is located at the convergence of the Richardson and Alaska Highways, approximately 95 miles southeast of Fairbanks. The city developed along the east bank of the Delta River, south of its junction with the Tanana River. It offers views of the Alaska Range.

In 1904, a telegraph station was created near at Big Delta as part of the Washington-Alaska Military Cable and Telegraph System. Twenty years later, a herd of 23 bison were transplanted from Montana to the area south of Big Delta, which would later become Delta Junction.

During World War II, the Alaska Highway was constructed to connect the Richardson Highway to infrastructure in Canada. These highways connected south of Big Delta, and the area became known as Delta Junction. An army airfield was constructed south of the Delta Junction, along the Richardson Highway, which later expanded as Fort Greely during the Cold War.

Delta Junction is a 2nd Class City with a seven-member elected city council. There is a family medical center and a public health center. Both of which are DHSS safety net providers. Emergency services are provided through a volunteer fire department and contracted EMS. Community services include a public works building, library, landfill, senior center, and park.

The area is one the main agricultural centers in Alaska. Local farms produce barley, hay and potatoes. Mining is also an important industry in the area. The Pogo Mine is located north of Delta Junction and is a major employer in the local economy. Gold bearing quartz was discovered in 1994. Today, the Pogo Mine employees roughly 200 full time employees. Additionally, Fort Greely is located adjacent to Delta Junction and provides a stable economic base. There are no property or sales tax in the community.

Delta Junction has a population of 1,130 people, based on a Department of Labor estimate. The estimated per capita income is \$32,020, and the estimated median household income is \$81,071, with a margin of error of \$16,234. Approximately 11% of the population is below the poverty level, and there are roughly 377 households with an average of 2.54 people per household.

⁵ All information regarding Market Area information derived from <http://www.commerce.state.ak.us/dca/commdb/CIS.cfm>

Property Descriptions

ADL	Subdivision	MTRS	Lot	Block	Survey	Acres	Plat	Recording District
TBA	Windy City	Sec 23 T10S R10E FM	1	-	ASLS 2021-09	1.18	2023-51	Fairbanks
TBA	Windy City	Sec 23 T10S R10E FM	2	-	ASLS 2021-09	1.18	2023-51	Fairbanks
TBA	Windy City	Sec 23 T10S R10E FM	3	-	ASLS 2021-09	1.89	2023-51	Fairbanks
TBA	Windy City	Sec 23 T10S R10E FM	4	-	ASLS 2021-09	1.89	2023-51	Fairbanks
TBA	Windy City	Sec 23 T10S R10E FM	5	-	ASLS 2021-09	2.29	2023-51	Fairbanks
421797	Delta Junction Addition	Sec 14 T10S R10E FM	6	2	Delta Townsite	0.31	63-7859	Fairbanks

Location

Subjects are located in Delta Junction. ADL 421797 is located approximately 500' south of the airstrip off Ryan Ave. Windy City Subdivision is located off Jarvis Ave, approximately one-half mile south of the intersection of the Alaska and Richardson Highways.

Topography, Soils, Size & Shape

Sites range in size from 0.31-acres to 2.29-acres and are rectangular in shape. All parcels are flat with vegetation indicative of adequately drained soils.

Easements & Zoning Regulations

There are typical access easements throughout the subdivisions. All parcels are within Delta Junction and subject to local zoning. ADL 421797, Lot 6 in Block 2, is within a Designated Residential Area and limited to family dwellings of no more than two families, single unit dwellings. The Residential Area prohibits the establishment of a new business. A "new business" is defined as any business which requires an Alaska State Business License and would require more than one-third the floor space of the family dwelling. The remaining parcels are not in a designated area and do not have restrictive zoning.

Environmental Hazards, Hazardous Waste & Toxic Materials

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

Ownership History

The Department of Natural Resources recently surveyed Windy City Subdivision. The parent parcel was formerly a material site, see ADL 421419. The portion of the site that was used for gravel extraction was reserved as Tract A. The remainder subdivision was undisturbed. Individual parcels have not been offered to the public. ADL 421797 is an original parcel within the Delta Townsite Subdivision and has not been sold or leased within the past three years.

Tax Assessments & Personal Property

All sites are located within the City of Delta Junction, which does not tax residential properties at this time.

Water & Sewer

None of the subjects have public water or sewer. 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.

Access and Utilities

All of the subjects have overhead electric service in the immediate area. ADL 421797 is accessed along Ryan Ave, a blacktop road. Most of the lots within Windy City Subdivision is accessed along Jarvis Avenue, a gravel road. Lot 2 of Windy City Subdivision is accessed along West 6th Street, which is gravel from the east, but has become overgrown near Jarvis Ave.



Lot 6 Block 2, Delta Townsite. Access



Lot 6 Block 2, Delta Townsite. Overhead electric.



Lot 6 Block 2, Delta Townsite. Corner



Lot 6 Block 2, Delta Townsite. Typical vegetation.



Jarvis Ave in Windy City Subdivision



Lot 1, Windy City ASLS 2021-9



Looking from Lot 1 to Lot 2 near Jarvis. West 6th Ave has ~150' overgrown. Lot 2 has gravel access from the east (in distance).



Lot 2, Windy City ASLS 2021-9



Lot 3, Windy City ASLS 2021-9



Lot 3, Windy City ASLS 2021-9



Lot 4, Windy City ASLS 2021-9



Typical monumentation.



Lot 5, Windy City ASLS 2021-9



Lot 5, Windy City ASLS 2021-9

DATA ANALYSIS AND CONCLUSION

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. Since all the parcels are vacant, the cost approach will not be used.

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 utilized. 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.

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 indicate 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 indicate the value of the key parcel. An adjustment of 1.00 (or $=$) means the sale feature is similar to the key parcel, 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. Qualitative adjustments are noted as superior ($-$), inferior ($+$), or equal/similar ($=$). The overall comparability of each sale is analyzed to bracket a probable value for the subject. In many cases, combinations of both quantitative and qualitative adjustments are used.

Due to the confidentiality of sales information, the valuation section of the report is not available online. The entire report can be obtained by submitting a request to the Land Conveyance Section at (907)269-8594, or by e-mail: landsales@alaska.gov.