

MARKET VALUE APPRAISAL

Of
Dillingham Area
Parcels
For 2014 Auction

Appraisal Report No. 3636



STATE OF ALASKA

Department of Natural Resources
Division of Mining, Land and Water
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MEMORANDUM

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DATE: December 17, 2013

TO: Kevin Hindmarch
Review Appraiser

FROM: Brandon Simpson 

SUBJECT: Appraisal of 15 parcels of land located near the community of Dillingham. The parcels are being appraised to establish minimum bid price for sale at auction.

As requested, I have completed an appraisal of the referenced parcels. I understand that this appraisal will be used to determine the minimum purchase price for the above referenced parcels. 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 Land Disposal), DNR. This is a Summary 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 the subject area and the comparable sales used in this report. Physical descriptions of the subject parcels are based on physical inspections, soil maps, aerial photography and topographic maps. Based on my observations and analysis of all available data, I have formed an opinion of market value as of the effective date of value.

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APPRAISAL SUMMARY

Location

Subdivision Name	Location	Lot Size (acres)
Dillingham Remote	East of Snake Lake	5.00
Kogrukluk River	Northeast of Wood-Tikchik State Park, about 95 miles north of Dillingham	14.79 to 19.69
Snake Lake	West side of Snake Lake	9.674 to 21.638
Weary River Homestead	Southwest of Snake Lake	40.00

Value Summary

Subdivision	ADL	Lot/Tract	Block	Survey	Size (acres)	Value (RND)
Dillingham Remote	215340	B		ASLS 83-200	5.000	\$3,800
Kogrukluk River	230108	R		ASLS 2007-8	14.790	\$9,400
Kogrukluk River	230110	T		ASLS 2007-8	19.490	\$10,900
Kogrukluk River	230112	V		ASLS 2007-8	19.690	\$10,900
Kogrukluk River	230113	W		ASLS 2007-8	18.310	\$10,600
Kogrukluk River	230115	Y		ASLS 2007-8	14.430	\$9,400
Snake Lake	223033	1	9	ASLS 85-85	10.960	\$6,000
Snake Lake	223046	3	11	ASLS 85-85	10.214	\$15,800
Snake Lake	223051	1	13	ASLS 85-85	21.638	\$24,700
Snake Lake	223052	2	13	ASLS 85-85	19.219	\$23,100
Snake Lake	223059	3	15	ASLS 85-85	10.547	\$16,200
Snake Lake	223061	6	15	ASLS 85-85	10.250	\$15,900
Snake Lake	223070	1	8	ASLS 85-85	10.930	\$16,500
Snake Lake	223075	5	15	ASLS 85-85	9.674	\$15,200
Weary River Homestead	222716	C		ASLS 87-301	40.000	\$12,800

PREMISES OF THE APPRAISAL

Type of Appraisal and Report

This appraisal is a Summary Appraisal Report 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 – DNR Land Disposal.

Purpose of Appraisal

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

User and Client Identity

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

Intended Use of Appraisal

The appraisal will be used by DNR to determine the minimum bid for parcels to be acquired during the auction sale program (AS 38.05.055).

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 as¹:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

AS 38.05.125(a) states²:

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

Definition of Market Value³

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

Effective Date of Value

June 18, 2013

Date of Report

December 17, 2013

Exposure Time

Exposure time is defined as⁴:

¹ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.112

² Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2008, pp. 624-625

³ The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2008, p.23

⁴ Uniform Standards of Professional Appraisal Practice 2010-2011, Appraisal Foundation, August 15, 2010
<http://uspap.org/2010USPAP/USPAP/stmnts.smt_06.htm>

“...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.”

Remote Dillingham Parcels

Recreational properties on fly-in lakes in the vicinity of Dillingham typically sell within one year. Although market participants prefer lakefront or riverfront remote parcels, numerous remote Dillingham, interior parcels have sold in the last 10 years. An exposure time of up to two years is reasonable for the interior parcels.

Sale History

Dillingham Remote (ADL 215340, Tract B, ASLS 83-200) was sold over-the-counter July 2004 for \$3,800. The contract was terminated May 2012.

Kogrukluk River (ADL 230113, Tract W, ASLS 2007-8) was a staking parcel with the application received October 2011. The contract was terminated December 2012.

Snake Lake (ADL 223033, Lot 1, Block 9, ASLS 85-85) was sold over-the-counter February 2004 for \$5,500. The contract was terminated February 2012.

Snake Lake (ADL 223046, Lot 3, Block 11, ASLS 85-85) was sold over-the-counter March 2005 for \$16,800. The contract was terminated April 2011.

Snake Lake (ADL 223051, Lot 1, Block 13, ASLS 85-85) was sold over-the-counter August 2006 for \$28,100. The contract was terminated May 2012.

Snake Lake (ADL 223052, Lot 2, Block 13, ASLS 85-85) was sold over-the-counter March 2005 for \$26,800. The contract was terminated April 2011.

Snake Lake (ADL 223059, Lot 3, Block 15, ASLS 85-85) was sold over-the-counter December 2004 for \$17,200. The contract was terminated April 2011.

Snake Lake (ADL 223061, Lot 6, Block 15, ASLS 85-85) was sold over-the-counter December 2004 for \$17,300. The contract was terminated April 2011.

Snake Lake (ADL 223070, Lot 1, Block 8, ASLS 85-85) was sold over-the-counter December 1995 for \$19,500. The contract was terminated June 2012.

Snake Lake (ADL 223075, Lot 5, Block 15, ASLS 85-85) was sold over-the-counter December 2004 for \$16,000. The contract was terminated April 2011.

Weary River Homestead (Tract C, ASLS 87-301) was sold over-the-counter March 2005 for \$22,000. The contract was terminated February 2012.

SCOPE OF WORK

Property and Comparable Sales Inspection

I inspected the subject parcels and comparables sales not previously inspected on June 18, 2013 from the air.

Research and Analysis Conducted

Interviews were conducted with real estate agents, appraisers, and other individuals familiar with the area who provided information about trends in values, supply and demand. DNR records were searched for recent comparable sales and information about parcels currently available. Current listings were also searched. The recorder's office was also searched to identify any recent sales. Sellers and buyers or other knowledgeable market participants 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.

Assumptions and Limiting Conditions

1. The property is appraised as vacant land without structural or site improvements.
2. 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.
3. All engineering studies are assumed to be accurate. Plats and illustrative material included in the report are intended to help the reader in visualizing the properties.
4. 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.
5. 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.
6. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony, or be in attendance in court with reference to the property in question unless arrangements have been made in advance.
7. The data and conclusions in this report are a part of the whole valuation. Each part of this report is only part of the evidence upon which the final judgment is based. Therefore, no part should be used out of context and by itself alone.
8. It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for any such conditions, or for arranging engineering studies to discover them.
9. The estimate of value in this report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
10. Some parcels may contain saw timber, but not necessarily in commercial quantities. The estimated market value does not include that value of commercial timber, if any.
11. Due to the lack of on-site inspections (aerial only), some physical features are assumed based on conversations with those knowledgeable about the area and interpretation of existing maps and aerials. The appraiser reserves the right to modify the value conclusions if an on-site inspection reveals a variation in site features from those assumed in this report.

PRESENTATION OF DATA

Property Identification

Subdivision	ADL	Lot/Tract	Block	Survey	Size (acres)
Dillingham Remote	215340	B		ASLS 83-200	5.000
Kogrukluk River	230108	R		ASLS 2007-8	14.790
Kogrukluk River	230110	T		ASLS 2007-8	19.490
Kogrukluk River	230112	V		ASLS 2007-8	19.690
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Snake Lake	223033	1	9	ASLS 85-85	10.960
Snake Lake	223046	3	11	ASLS 85-85	10.214
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Snake Lake	223061	6	15	ASLS 85-85	10.250
Snake Lake	223070	1	8	ASLS 85-85	10.930
Snake Lake	223075	5	15	ASLS 85-85	9.674
Weary River Homestead	222716	C		ASLS 87-301	40.000

Personal Property

There is no personal property involved with the appraisal of these properties.

MARKET AREA

Dillingham

Current Population:	2,406 (2012 DCCED Certified Population)
Incorporation Type:	1st Class City
Borough Located In:	Unorganized
School District:	Dillingham City Schools
Regional Native Corporation:	Bristol Bay Native Corporation

The subject parcels are located 12 to 17 miles northwest of the community of Dillingham, and a few miles south of Snake Lake. Dillingham is located at the extreme northern end of Nushagak Bay in northern Bristol Bay, at the confluence of the Wood and Nushagak Rivers. It lies 327 miles southwest of Anchorage and is a 6 hour flight from Seattle. It lies at approximately 59.039720 North Latitude and -158.457500 West Longitude. (Sec. 21, T013S, R055W, Seward Meridian.)

Dillingham is located in the Bristol Bay Recording District. The area encompasses 33.6 sq. miles of land and 2.1 sq. miles of water. The primary climatic influence is maritime; however, the arctic climate of the Interior also affects the Bristol Bay coast. Average summer temperatures range from 37 to 66 °F. Average winter temperatures range from 4 to 30 °F. Annual precipitation averages 26 inches, and annual snowfall averages 65 inches. Heavy fog is common in July and August. Winds of up to 60-70 mph may occur between December and March. The Nushagak River is ice-free from June through November.

Dillingham is the economic, transportation, and public service center for western Bristol Bay. Commercial fishing, fish processing, cold storage, and support of the fishing industry are the primary activities. Icicle, Peter Pan, Trident, and Unisea operate fish processing plants in Dillingham. In 2009, 227 residents held commercial fishing permits. During spring and summer, the population doubles. The city's role as the regional center for government and services helps to stabilize seasonal employment. Many residents depend on subsistence activities, and trapping beaver, otter, mink, lynx, and fox provides cash income. Salmon, grayling, pike, moose, bear, caribou, and berries are harvested.

Around 90% of homes are fully plumbed. Dillingham's water is derived from three deep wells. Water is treated, stored in tanks (capacity is 1,250,000 gallons), and distributed. Approximately 40% of homes are served by the city's piped water system; 60% use individual wells. The core townsite is served by a piped sewage system; waste is treated in a sewage lagoon. However, the majority of residents (75%) have septic systems. Dillingham Refuse, Inc., a private firm, collects refuse three times a week. The senior center collects aluminum for recycling, and NAPA recycles used batteries. The chamber of commerce coordinates recycling of several materials, including fishing web. Nushagak Electric owns and operates a diesel plant in Dillingham that also supplies power to Aleknagik.

Dillingham can be reached by air and sea. The state-owned airport provides a 6,400' long by 150' wide paved runway and regular jet flights are available from Anchorage. A seaplane base is available 3 miles west at Shannon's Pond; it is owned by the U.S. Bureau of Land Management, Division of Lands. A heliport is available at Kakanak Hospital. There is a city-operated small boat harbor with 320 slips, a dock, barge landing, boat launch, and boat haul-out facilities. It is a tidal harbor and only for seasonal use. Two barge lines make scheduled trips from Seattle. There is a 23-mile DOT-maintained gravel road to Aleknagik; it was first constructed in 1960.⁵

Remote Dillingham Location

The appraised parcels are located 12 to 17 miles northwest of Dillingham and a few miles south, or southeast of Snake Lake. The area is a remote recreational area lacking road access. Winter access is by snowmachine or ski-plane. One of the subject parcels has frontage on a float-plane sized lake (ADL 229590). For the remaining parcels summer access into the area is by boat or floatplane and then overland to the parcel. It is possible to take a small outboard boat from Nushagak Bay up the Snake River into the general area. Boat access into and out of Snake Lake is possible, but Snake River becomes low and impassible at times.

The area surrounding Snake Lake is mountainous and typically treed with birch and spruce. The majority of the land between this area and the community of Dillingham is low and wet. Numerous small lakes and ponds surrounded by muskeg and swampland are found in this area. There are no anadromous runs of native fish in Snake River.

⁵ Alaska DCCED 'Community Database Online', accessed 16 August 2010.
http://www.commerce.state.ak.us/dca/CF_BLOCK.htm.

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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