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CLERK'S OFFICE

APPROVED

Date: 2-06-01

Submitted by: Assemblymembers TAYLOR,
TESCHE, TREMAINE, Abney, Van Etten, Traini
Prepared by: Assembly Office, *Van Hemmingen*
For reading:

ANCHORAGE, ALASKA
AO NO. 2000-151 (S-2)

AN ORDINANCE BY THE MUNICIPALITY OF ANCHORAGE AUTHORIZING A SOLE SOURCE SALE BY THE HERITAGE LAND BANK (HLB) OF THE DEVELOPMENT RIGHTS AND THE ESTABLISHMENT OF A CONSERVATION EASEMENT ON HLB PARCEL NO. 5-018 A 159.83-ACRE PARCEL OF LAND COMMONLY KNOWN AS TRACTS A & B, ASLS NO. 97-29, PLAT NO. 98-18 (KLATT BOG) TO TED STEVENS ANCHORAGE INTERNATIONAL AIRPORT.

WHEREAS, the Heritage Land Bank (HLB) was established to ". . . manage uncommitted Municipal land and the HLB Fund in a manner designed to benefit the present and future citizens of Anchorage, promote the orderly development, and achieve the goals of the Comprehensive Plan (AMC 25.40.010); and

WHEREAS, "The Heritage Land Bank Advisory Commission shall hold a public hearing . . . prior to making a recommendation to the Mayor and Assembly regarding the disposal of Heritage Land Bank land or an interest in land." (AMC 25.40.025.A); and

WHEREAS, on July 12th and August 9th, 2000 the HLB Advisory Commission conducted public hearings regarding the potential sale of development rights to HLB 5-018, also known as Tracts A and B of Klatt Bog, located at the Minnesota Drive- O'Malley Road curve; and

WHEREAS, both the 1999 and 2000 HLB Work Plans identify the 159-acre Klatt Bog as important for future preservation, and propose the establishment of a Wetlands Mitigation Bank offering the sale of mitigation credits to accommodate development in other parts of the city; and

WHEREAS, "If land is withdrawn from the Heritage Land Bank inventory for use and management by a public agency which is not supported by municipal taxes, compensation shall be paid to the Heritage Land Bank for at least current appraised fair market value of the land." (AMC 25.40.015B); and

WHEREAS, the Heritage Land Bank has commissioned a Market Value Appraisal by a certified appraiser of the Klatt Bog and associated lands for this transaction; and

WHEREAS, the Ted Stevens Anchorage International Airport (ANC) is Alaska's premier international airport, providing commercial passenger service, international air cargo service, and general aviation services, and is seeking expansion of those services via overall facilities and property expansion; and

WHEREAS, the HLB Advisory Commission recognizes additional consideration offered by ANC such as the rehydration of Klatt Bog, the acquisition of the approximately 84 acres of adjacent wetlands, the granting of a right-of-way easement on the north side of Raspberry Road to the Municipality; and the economic impact of additional tax revenues received by the Municipality as a result of further airport development as valuable consideration; and

4 WHEREAS, growth in aviation activity requires large tracts of land for public and private
5 infrastructure, and an insufficient amount of non-wetland property remains at or near ANC for
6 development, therefore requiring wetlands development by ANC; and
7

8 WHEREAS, demand for development mitigation credits has increased dramatically in the
9 Anchorage Bowl, raising potential market value of wetlands, including the Klatt Bog complex; and
10

11 WHEREAS, the Klatt Bog wetlands complex would be able to provide up to 159 acres of wetlands
12 mitigation in support of Airport expansion; and
13

14 WHEREAS, the neighborhoods surrounding ANC are experiencing increased impacts from
15 airport development; and
16

17 WHEREAS, ANC Master Plans have identified portions of Turnagain Bog as an important
18 buffer between surrounding residential areas and incompatible airport industrial uses; and
19

20 WHEREAS, It is in the public interest that the portions of Turnagain Bog identified as
21 "Lands not Permitted" in green on Illustration 2 (including "Scenic Easement") remain as
22 a natural buffer between ANC and surrounding neighborhoods; and
23

24 WHEREAS, it is in the public interest that any future development of the portions of
25 Turnagain Bog identified as "Lands Not Permitted" in green on Illustration 2 (including
26 "Scenic Easement" be determined pursuant to a public joint planning process between
27 ANC and MOA.
28

29 **NOW, THEREFORE THE ANCHORAGE ASSEMBLY ORDAINS:**
30

31 **Section 1.** Notwithstanding AMC 25.40.010.E and AMC 25.40.025, the Heritage Land
32 Bank is hereby authorized to release its interest and sell the development rights in the fee simple
33 estate of HLB Parcel #5-018, Tracts A and B, ASLA No. 97-29, to the Ted Stevens Anchorage
34 International Airport on a sole source basis.
35

36 **Section 2.** The terms and conditions of the sole source sale will be substantially
37 equivalent to the draft Memorandum of Understanding, attached as Exhibit A. the terms set out
38 in AM 928-2000 (S). (S-2)
39

40 **Section 3.** That ANC reimburse the HLB for survey, platting and other associated costs
41 already paid to the State of Alaska for the transfer of Klatt Bog, an amount not to exceed
42 \$27,358.00.
43

44 **Section 4.** That ANC reimburse the HLB for appraisal costs of the following parcels:
45 Tract B, Simpson Tracts, Plat # 71-99, 40-acre Residentially-Zoned parcel in Klatt Bog, SE 1/4
46 of NE 1/4, Section 23, Projected R/W Acquisition costs along Raspberry Road and Tracts J and
47 K, Edgewater PUD Subdivision, amount not to exceed \$14,000.00
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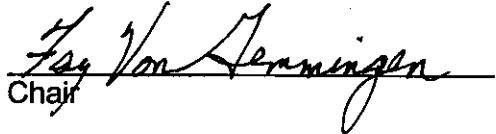
5 **Section 5. Any future development of the natural portions of the Turnagain Bog**
6 **identified in green on Illustration 2 ("Lands Not Permitted," including "Scenic Easement")**
7 **shall occur only after a master plan for that area is prepared jointly by ANC and the MOA and**
8 **approved by the Anchorage Assembly after public hearing. The commitment of Ted Stevens**
9 **Anchorage International Airport to this process, while contractually binding on the airport**
10 **for this parcel, is not a waiver of its rights or privileges with respect to other parcels under**
11 **state law.**

12
13 **Section 6. That in the event there are insufficient offset mitigation credits available**
14 **from Klatt Bog rehydration, due to physical constraints, ANC agrees to consider the**
15 **Anchorage Assembly's recommendations for alternative means of mitigation within the**
16 **Anchorage Bowl.**

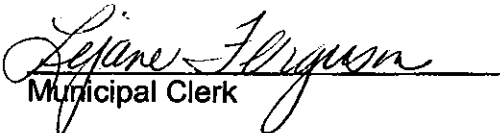
17
18 **Section 7. Any rehydration of Klatt Bog will be undertaken in a manner so as to avoid**
19 **causing surface or ground water damage to nearby property.**

20
21 Section 8. This Ordinance shall be effective immediately upon passage and approval.

22
23 PASSED AND APPROVED by the Anchorage Assembly this 6 day of Feb,
24 2001.

25
26 
27 Chair

28 ATTEST:

29
30
31 
32 Municipal Clerk
33
34
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36

Amended 2-6-01
See A0 00-151(S-2)

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. 928-2000^A(S-2)

MEETING DATE: January 30, 2001

FROM: Assemblymembers Taylor, Tesche, Tremaine, Trainee, Van Etten, and Abney

SUBJECT: PROPOSED NEGOTIATION FOR A SALE OF DEVELOPMENT RIGHTS AND TO ESTABLISH A CONSERVATION EASEMENT OF HLB PARCEL 5-018, KNOWN AS TRACTS A AND B OF KLATT BOG, LOCATED IN SOUTH ANCHORAGE.

On August 9, 2000, the Heritage Land Bank Advisory Commission approved HLB Resolution 2000-04, which recommends approval by the Anchorage Assembly for the HLB to sell development rights to approximately 168 acres of Klatt Bog to the Ted Stevens Anchorage International Airport (ANC). The purpose of this sale of development rights is to assist the airport with its wetlands mitigation requirements as established by the US Army Corps of Engineers as part of its compliance with a long-term wetlands permit application.

Background. The Heritage Land Bank received Patent No. 16954 on March 10, 1998 to Alaska State Land Survey No. 97-29, containing approximately 168.77 acres (Bk. 03432, Pg. 609). The Klatt Bog parcel is located south of O'Malley Road near the curve of Minnesota Drive (see map, illustration 1) Appendix A) and was received by the HLB as part of the 1986 Municipal Entitlement Agreement. Title passed to the Heritage Land Bank after the HLB reimbursed the State of Alaska for survey, platting and administrative fees in the amount of \$27,358.00. The parcel is a Class B wetlands and is identified in the Comprehensive Plan for residential development. This 168 acres±, known as Klatt Bog, has been identified in the 1999 and 2000 HLB Work Plan as potential acreage to be used for MOA wetlands mitigation and the establishment of a wetlands Mitigation Bank. Mitigation may include the sale of development credits to third parties for such purposes.

Klatt Bog. Klatt Bog once extended over 1,600 acres in south Anchorage. The importance of the bog has been recognized by the resource agencies in planning documents as early as 1979. Development pressures over the last twenty years have continued to result in wetland losses at Klatt Bog, with the most recent permit issued in 1995. As of 1999, less than 300 acres of the core area of Klatt Bog remain undeveloped. Of this area, less than 50 acres are preserved under previous Army Corps of Engineers permits issued for residential development and 30 percent of the remaining core bog is privately owned and zoned for residential use. Klatt Bog therefore remains under considerable development pressure.

ANC Long-Term Wetlands Permit. The Ted Stevens Anchorage International Airport (ANC) is applying to the US Corps of Engineers for a long-term individual permit under Section 404 of the Federal Water Pollution Control Act (Clean Water Act) to allow development and expansion of airport facilities. The development proposed for the long-term permit is expected to result in a loss of

1 approximately 231.5 acres of wetlands: Postmark Bog at 53.1 acres, Turnagain Bog at 175.1 acres and
2 3.3 acres of miscellaneous airport wetlands. The entire wetlands permit will cover 260.6 acres,
3 allowing for the development of needed facilities for the airport in a safe and efficient manner. *It*
4 *should be noted that approximately 260 acres of additional Turnagain Bog wetlands are not proposed*
5 *for development in this Long-Term Permit application.*(see map illustration 2)
6

7 Facilities expected to be required and to be developed under this permit include ANC infrastructure
8 (runways, taxiways, snow disposal sites, field maintenance facilities, etc.), commercial aviation
9 facilities (cargo handling, freight forwarding, business aircraft servicing, etc.), and general aviation
10 facilities (aircraft parts and repair services, etc.). ANC is taking a comprehensive approach with a
11 single application rather than obtaining individual permits for each wetland development.
12

13 **Mitigation proposal.** To compensate for the wetland losses that will occur under the proposed long-
14 term permit, ANC has been working with federal, state and municipal agencies to develop a
15 framework for a large mitigation project at Klatt Bog in south Anchorage. Since ANC is limited in its
16 ability to mitigate wetland losses *on-site*, it is working with resource agencies to identify and develop
17 an *off-site* wetlands mitigation plan that would provide significant ecological and social benefits for
18 the Anchorage Bowl. The municipally owned Klatt Bog has been selected as the location for off-site
19 mitigation.
20

21 Preservation, restoration and enhancement of the Klatt Bog parcels would yield the majority of
22 wetland credits ANC will be used to offset the debits generated by the wetland development proposed
23 in the ANC long-term permit. This will result in over 240 acres within Klatt Bog for rehydration and
24 left in an undeveloped state.
25

26 **Proposed agreement.** A proposed Memorandum of Understanding (MOU) between the Municipality
27 of Anchorage - HLB and the airport (ANC) for the disposition of the development rights to Klatt Bog
28 lands has been negotiated and agreed to "in concept." As of the date of this writing (August 28, 2000)
29 the MOU has not been executed by the current administration.
30

31 The key terms and conditions of the draft MOU are identified below:
32

- 33 1. MOA-HLB will preserve 159 acres of land commonly known as Klatt Bog as a conservation
34 easement. ANC will transfer to the MOA-HLB adjacent parcels of 84± acres preserved in
35 Conservation Status.
- 36 2. MOA-HLB will preserve 242± acres in Conservation Status in accordance with the US Corps
37 of Engineers permit requirements.
- 38 3. ~~ANC will transfer to the MOA-HLB adjacent parcels of 84± acres already preserved in~~
39 ~~Conservation Status.~~
- 40 4. ANC will grant to the MOA an approximately 5-acre easement to widen Raspberry Road.
- 41 5. No rehydration shall be undertaken until adequate rehydration studies have been submitted to
42 MOA and approved by the Assembly following a public hearing ~~ANC will design and~~
43 ~~construct Klatt Bog rehydration improvements and 3-6 years of monitoring of restoration~~
44 ~~results as required by the Corps permit.~~ **ANC shall be responsible to promptly remedy any**
45 **water damage caused by the rehydration and to resolve any rehydration/caused condition**
46 **that is likely to cause future water damage. Payments under this obligation are subject to**
47 **lawful appropriations.**

6. ANC will hold the MOA harmless and defend for any liability from hazards to bird or wildlife and flooding hazards should they occur in a rehydrated Klatt Bog.
7. ANC will purchase development rights on MOA Klatt Bog lands for \$380,000 and other considerations, paid to the HLB and will replat the Klatt Bog parcels into 1 parcel.
8. Following a waiting period, the MOA (Cultural and Recreational Services) will manage all Klatt Bog lands as permanently protected wetlands for the benefit of the citizens of Anchorage.
9. Anchorage International Airport will establish a scenic easement area approximately more than 355 acres in size along its boundary with Turnagain neighborhoods, north and east of Lake Hood Airstrip and on the side of Northern Lights Blvd. (The scenic easement concept paper is attached)
10. Any future development of the natural portions of the Turnagain Bog identified in green on illustration 2 ("Lands Not Permitted," including "Scenic Easement") shall occur only after a master plan for that area is prepared jointly by ANC land the MOA and approved by the Anchorage Assembly after public hearing.
11. MOA will vacate existing easements and rights of way within the preserved lands at Klatt Bog.

Agency Review. A municipal-wide agency review was conducted by the HLB June 16th through 30th. No comments or objections were made by the majority of agencies. The Anchorage Water and Wastewater Utility noted, "water and sewer easement needed," and Public Works and the Community Planning & Development departments commented via memo (see attachments as Appendix C).

Public Notice. Pursuant to Municipal Code AMC 25.40.030, the minimum 21-day public noticing requirement was met in a timely manner regarding advertising, direct mail notification to adjacent property owners and in posting signs.

Sources cited. The following sources have been cited in the preparation of this Assembly Memorandum:

- Community Planning and Development Department 1996 Anchorage Wetlands Management Plan.
- HDR Alaska Inc., 1996 Anchorage Bowl Commercial and Industrial Land Use Study.
- Anchorage International Airport Long-Term Wetlands Permit Application, prepared by ABR, Inc., July 1999.

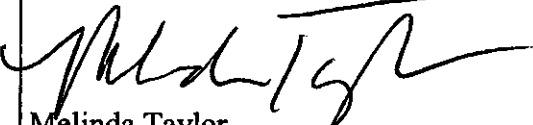
Recommendation. Pending review and approval by the Wuerch Administration and the Anchorage Assembly, the Heritage Land Bank Advisory Commission recommended on August 9, 2000 that the Anchorage Assembly approve the sale of development rights by the HLB for Klatt Bog acreage to the Ted Stevens Anchorage International Airport. In addition to the \$380,000 and other considerations, it is recommended that the HLB also be reimbursed for survey, platting and administrative expenses paid to the State of Alaska DNR in the amount of \$27,358.00, plus necessary costs paid for in advance by the HLB for professional appraisal services.

Appendices:

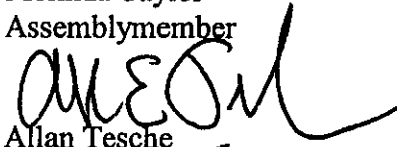
- Appendix A – map of subject property
- Appendix B – HLBAC Resolution 2000-04
- Appendix C – CPD memo
- Appendix D – 8/24/00 Letter of Fee Simple Interest Appraisal for Tracts A and B, Klatt Bog by Frank King, MAI
- Appendix E – 8/14/00 Simpson Tracts Letter of Appraisal of 40 acres, Klatt Bog
- Appendix F – 8/15/00 Letter of Appraisal for 40-acre portion of Klatt Bog in Section 23

- 1 Appendix G – 8/25/00 Accuval-Resco projected Right-of-Way Acquisition cost for Raspberry
- 2 Road through Country Lane Estates
- 3 Appendix H – Public Comments listing
- 4 Appendix I – “Concept Paper”
- 5 Illustration 1. Klatt Bog
- 6 Illustration 2. Proposed Wetland Permit Area and scenic easement
- 7
- 8

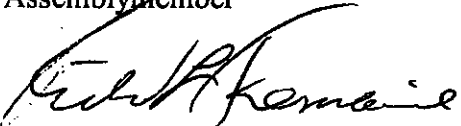
9 Respectfully submitted,

10 

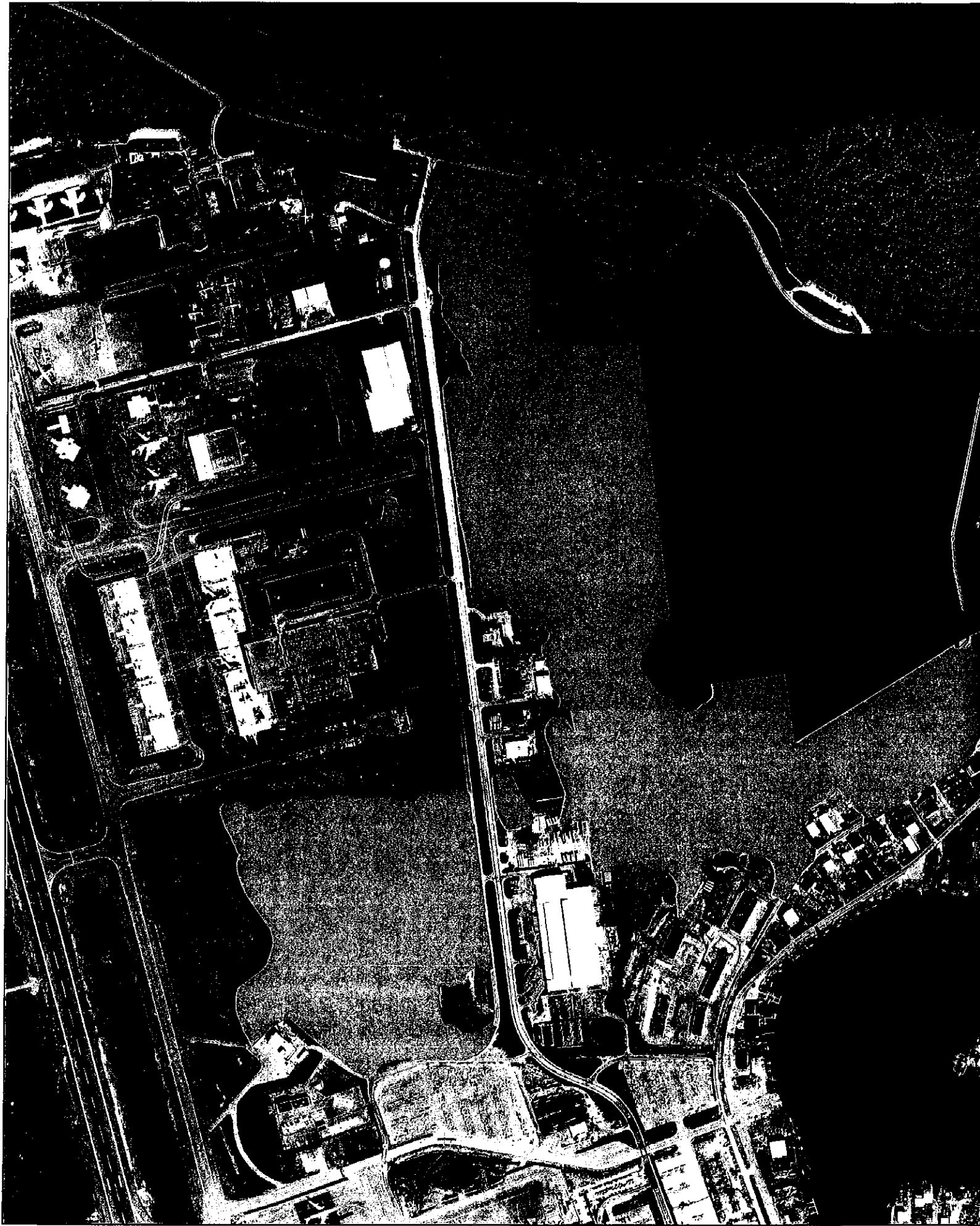
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12
13 Melinda Taylor
14 Assemblymember

15 

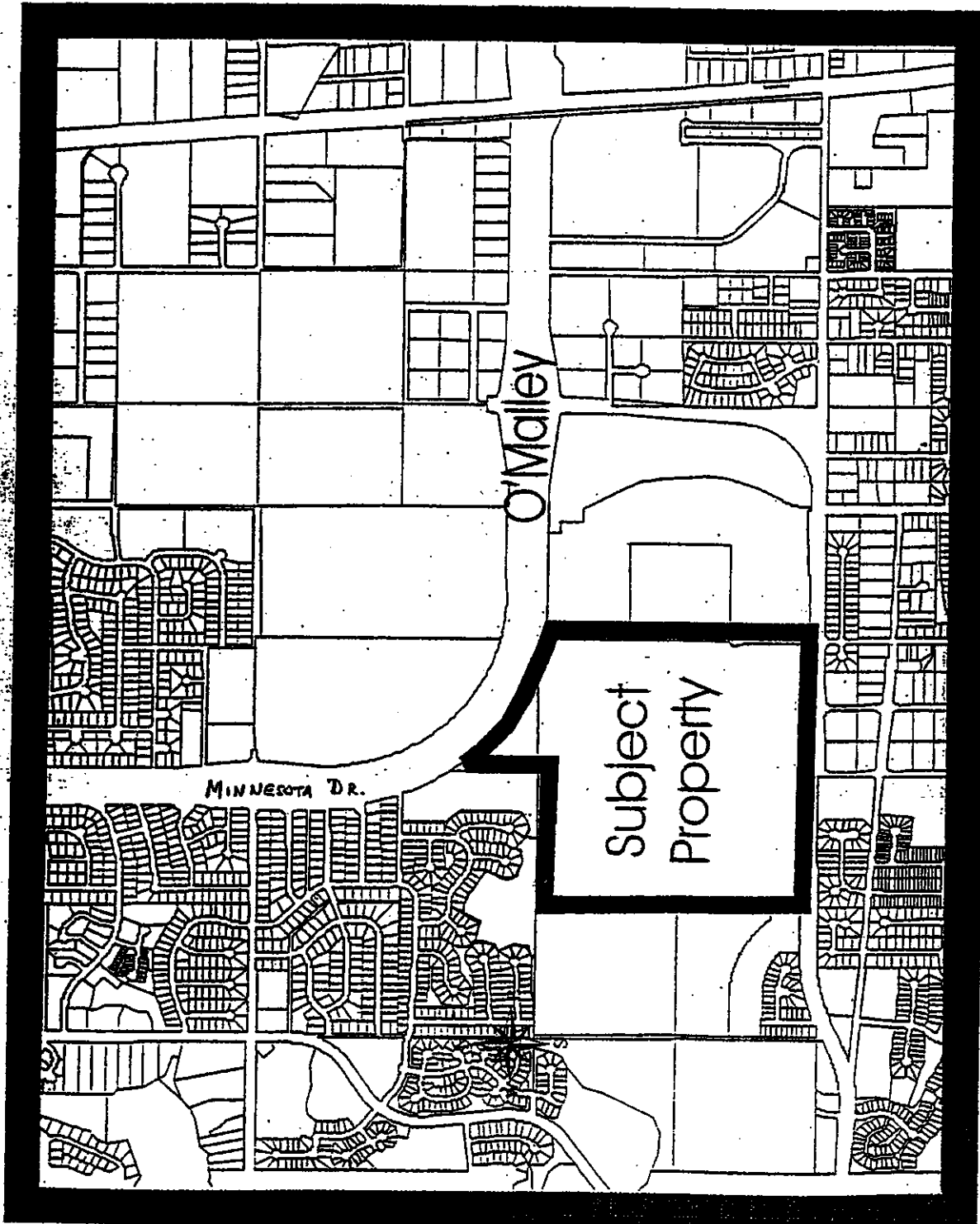
16
17 Allan Tesche
18 Assemblymember

19 

20
21
22 Dick Tremaine
23 Assemblymembers



Appendix A



Appendix B

HERITAGE LAND BANK ADVISORY COMMISSION
RESOLUTION NO. 2000-04

A RESOLUTION OF THE HERITAGE LAND BANK ADVISORY COMMISSION RECOMMENDING ASSEMBLY APPROVAL OF THE SALE OF DEVELOPMENT RIGHTS AND THE ESTABLISHMENT OF A CONSERVATION EASEMENT ON HLB PARCEL NO. 5-018, COMMONLY KNOWN AS TRACTS A AND B OF KLATT BOG IN SOUTH ANCHORAGE.

WHEREAS, the Heritage Land Bank (HLB) was established to "...manage uncommitted Municipal land and the HLB Fund in a manner designed to benefit the present and future citizens of Anchorage, promote the orderly development, and achieve the goals of the Comprehensive Plan" (AMC 25.40.010), and,

WHEREAS, "The Heritage Land Bank Advisory Commission shall hold a public hearing ... prior to making a recommendation to the Mayor and Assembly regarding the disposal of Heritage Land Bank land or an interest in land." (AMC 25.40.025.A); and,

WHEREAS, the Advisory Commission... shall recommend and submit annually for Assembly approval, a work program which includes detailed descriptions of proposed land acquisition, inventory, management, transfer and disposal activities of the Heritage Land Bank for the coming year..." (AMC 25.40.020.B); and,

WHEREAS, both the approved 1999 and draft 2000 HLB Work Plans list the potential purchase of HLB lands commonly known as the Klatt Bog for possible airport expansion and wetlands mitigation requirements under the U.S. Army Corps of Engineers as one of the HLB's major projects ; and,

WHEREAS, Anchorage International Airport (AIA) is Alaska's premier international airport, providing commercial passenger service, international air cargo service, and general aviation services, and is seeking expansion of those services via overall facilities and property expansion; and,

WHEREAS, Growth in aviation activity requires large tracts of land for public and private infrastructure, and an insufficient amount of non-wetland property remains at or near AIA for development, therefore requiring wetlands development by AIA; and

WHEREAS, demand for development mitigation credits has increased dramatically in the Anchorage Bowl, raising potential market value of wetlands, including the Klatt Bog complex; and

WHEREAS, the Klatt Bog wetlands complex would be able to provide up to 168 acres of municipal wetlands mitigation on behalf of the airport's expansion;

1 Page 2

2 HLBAC Res. 2000-04

3 7/12/00

4
5
6
7 **NOW THEREFORE, THE HERITAGE LAND BANK ADVISORY COMMISSION**
8 **RESOLVES:**
9

10 **Section 1.** That the Anchorage Assembly approve the sale of development rights on Klatt Bog
11 lands to Anchorage International Airport for the minimum amount of \$380,000.00 paid to the
12 Heritage Land Bank.
13

14 **Section 2.** That in addition to Section 1, the Anchorage International Airport reimburse the
15 Heritage Land Bank for survey, platting and administrative expenses already paid to the State of
16 Alaska for the transfer of Klatt Bog, a sum equal to \$27,358.00.
17

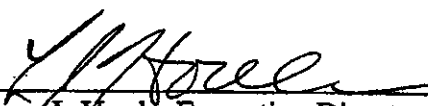
18 **Section 3.** This Resolution shall be effective immediately upon passage.
19

20 **PASSED AND APPROVED** by the HERITAGE LAND BANK ADVISORY COMMISSION
21 this 9th day of August, 2000.
22
23

24 APPROVE:

25
26 
27 Gayle Knepper, Chairperson
28 Heritage Land Bank Advisory Commission
29

30
31 ATTEST:

32
33
34 
35 Larry J. Houle, Executive Director
36 Heritage Land Bank
37

Appendix C

Municipality of Anchorage
MEMORANDUM



DATE: July 5, 2000
TO: Larry Houle, Director, Heritage Land Bank
FROM: Tom Nelson, Manager, Physical Planning
SUBJECT: Municipal Real Property Disposal – Klatt Bog Tracts A & B

On behalf of the Department of Community Planning and Development, the Physical Planning Division has reviewed the subject proposal to dispose Municipal lands at Klatt Bog to the Anchorage International Airport (AIA). AIA has requested use of Municipal lands in order to meet the terms of their Corps permit mitigation requirements for a 10-year fill permit in Turnagain Bog. In general terms, the Department of Community Planning and Development supports this disposal and the associated terms. We offer the following comments for your consideration as potential modifications to the disposal terms.

1. A condition of the AIA Corps permit mitigation requires that AIA successfully change the wetland designation of the Klatt Bog parcels from "B" to "A". This may be more simply accomplished if the HLB Commission recommend this designation change as a term of this disposal request. Once the HLB Commission's resolution goes to the Municipal Assembly, the designation change could then become part of the Assembly's action and the designation change would be complete.
2. The HLB Commission should also consider designating the Municipal agency that will manage the Klatt lands once the AIA mitigation requirements are completed. We assume that this would be either your agency or the Department of Cultural and Recreation Services. We support either agency's management, but the Parks Division would probably be a more appropriate entity since portions of this area may include future recreational amenities or uses. These parcels also abut the newly established South Anchorage Ballfields Complex and inclusion of this acreage within that park might facilitate budgetary and management decisions.

Thank you for the opportunity to comment.

MUNICIPALITY OF ANCHORAGE

MEMORANDUM

DATE: June 16, 2000
TO: See Distribution List
FROM: Larry Houle, Director, Heritage Land Bank
SUBJECT: Agency Review of Municipal Real Property Disposal

The Heritage Land Bank Advisory Commission will be reviewing a resolution for Assembly approval for the HLB to negotiate a sale of development rights and establish a Conservation Easement on HLB Parcel No. 5-018 (168± acres), known as Tracts A and B of Klatt Bog (TID #019-011-09 and TID #012-621-02). The purpose of the Conservation Easement is for the use by Anchorage International Airport for wetlands mitigation compliance with the AIA Ten-0Year Wetlands Permit. Once development rights were sold and Conservation Easement in place, the parcel would be preserved in its natural condition in perpetuity. A map of the area under consideration is attached.

Please advise if your agency has any comments regarding this potential lease. Please call 343-4336 with any questions. If your agency has objections or other property interests regarding this property, please provide written justification and attach to this form. Indicate your response in the space provided below and return with any attached comments to the Heritage Land Bank no later than June 30, 2000. Thank you.

DATE: June 26 '00

TO: **HERITAGE LAND BANK** Suite 140, City Hall

FROM: Theo Tobish, Thru Tom Nelson - Physical Planning

DEPARTMENT: Community Planning Development

We have reviewed the request for a lease of HLB Parcel 4-010 and find the following:

- No objection.
- See attached comments.
- There is a need to retain for other property/municipal interest. Justification and

Appendix D

ACCUVAL-RESCO APPRAISAL COMPANY, Inc.

An Affiliation of Independent State Certified Real Estate Appraisers & Consultants

903 West Northern Lights Blvd., Suite 200

Anchorage, Alaska 99503

Telephone: (907) 274-7636 Facsimile: (907) 274-7639

August 24, 2000

Municipality of Anchorage
Heritage Land Bank
P.O. Box 196650
Anchorage, Alaska 99519-6650

Attn: Mr. Larry J. Houle
Executive Director

Re: **159.83-Acre Residentially-Zoned Parcel in the Klatt Bog, Anchorage, Alaska;
Tracts A & B, Alaska State Land Survey #97-29, Plat #98-18 (Our File #00-35)**

Dear Mr. Houle:


As authorized, I have conducted an appraisal of the above-referenced parcel of land for the purpose of estimating the current market value of the fee simple interest (less mineral rights). As a result, my conclusion of value, as of August 24, 2000, is as follows:

ONE MILLION FIVE HUNDRED THOUSAND DOLLARS

***** \$1,500,000 *****

The value conclusion was based on certain special and general assumptions and limiting conditions embodied in the attached report. The report is a "Summary Appraisal" report prepared to comply with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) applicable to such reports. This type of report presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the opinion of value. The depth of discussion contained in this report is specific to the client's stated needs. The appraiser is not responsible for unauthorized use of this report.

Sincerely,



Franklin M. King, MAI

Appendix E

ACCUVAL-RESCO APPRAISAL COMPANY, Inc.

An Affiliation of Independent State Certified Real Estate Appraisers & Consultants

903 West Northern Lights Blvd., Suite 200

Anchorage, Alaska 99503

Telephone: (907) 274-7636 Facsimile: (907) 274-7639

August 14, 2000

Municipality of Anchorage
Heritage Land Bank
P.O. Box 196650
Anchorage, Alaska 99519-6650

Attn: Mr. Larry J. Houle
Executive Director

Re: 40-Acre Residentially-Zoned Parcel in the Klatt Bog, Anchorage, Alaska;
Tract B, Simpson Tracts, Plat #71-99 (Our File #00-36)

Dear Mr. Houle:

As authorized, I have conducted an appraisal of the above-referenced parcel of land for the purpose of estimating the current market value of the fee simple interest (less mineral rights). As a result, my conclusion of value, as of August 15, 2000, is as follows:

FIVE HUNDRED THOUSAND DOLLARS

***** \$500,000 *****

The value conclusion was based on certain special and general assumptions and limiting conditions embodied in the attached report. The report is a "Summary Appraisal" report prepared to comply with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) applicable to such reports. This type of report presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the opinion of value. The depth of discussion contained in this report is specific to the client's stated needs. The appraiser is not responsible for unauthorized use of this report.

Sincerely,



Franklin M. King, MAI

Appendix F

ACCUVAL-RESCO APPRAISAL COMPANY, Inc.

An Affiliation of Independent State Certified Real Estate Appraisers & Consultants

903 West Northern Lights Blvd., Suite 200

Anchorage, Alaska 99503

Telephone: (907) 274-7636 Facsimile: (907) 274-7639

August 15, 2000

Municipality of Anchorage
Heritage Land Bank
P.O. Box 196650
Anchorage, Alaska 99519-6650

Attn: Mr. Larry J. Houle
Executive Director

Re: **40-Acre Residentially-Zoned Parcel in the Klatt Bog, Anchorage, Alaska;
SE $\frac{1}{4}$ of NE $\frac{1}{4}$, Section 23, T12N, R4W, Seward Meridian (Our File #00-37)**

Dear Mr. Houle:

As authorized, I have conducted an appraisal of the above-referenced parcel of land for the purpose of estimating the current market value of the fee simple interest (less mineral rights). As a result, my conclusion of value, as of August 15, 2000, is as follows:

SX HUNDRED SEVENTY FIVE THOUSAND DOLLARS

***** \$675,000 *****

The value conclusion was based on certain special and general assumptions and limiting conditions embodied in the attached report. The report is a "Summary Appraisal" report prepared to comply with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) applicable to such reports. This type of report presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the opinion of value. The depth of discussion contained in this report is specific to the client's stated needs. The appraiser is not responsible for unauthorized use of this report.

Sincerely,



Franklin M. King, MAI

Appendix G

ACCUVAL-RESCO APPRAISAL COMPANY, Inc.

An Affiliation of Independent State Certified Real Estate Appraisers & Consultants

903 West Northern Lights Blvd., Suite 200

Anchorage, Alaska 99503

Telephone: (907) 274-7636 Facsimile: (907) 274-7639

August 25, 2000

Municipality of Anchorage
Heritage Land Bank
P.O. Box 196650
Anchorage, Alaska 99519-6650

Attn: Mr. Larry J. Houle
Executive Director

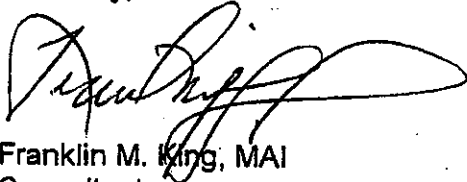
Re: Projected Right-of-Way Acquisition Cost Along South Side of Raspberry Road Through Country Lane Estates, Tanaina Valley & Tanaina Hills Subdivisions (Our File #00-40)

Dear Mr. Houle:

As requested, I have researched and analyzed various data in order to estimate the probable cost of acquiring private property for a right-of-way (public use easement) through the subject subdivisions for the Raspberry Road upgrading project. The theoretical right-of-way would affect 11 residential properties and the total property acquisition cost, including projected remainder damages, is estimated at **\$2,750,000** in today's market.

The attached report summarizes the scope of my investigation as well as the data, analyses, assumptions, and reasoning behind my conclusion. As you know, the purpose of this exercise was to demonstrate the probable right-of-way cost on the south side of Raspberry Road as a hypothetical alternative to the actual acquisition on the opposite side of the road from State airport property. Thank you for the opportunity to be of service and please call me if you have any questions.

Sincerely,



Franklin M. King, MAI
Consultant

Appendix H

PUBLIC COMMENTS

Attachments.

- Alaska Center for the Environment: July 12, 2000 letter by Randy Virgin to Larry Houle, HLB Director
- Anchorage Chamber of Commerce: August 9, 2000 testimony from Rick Morrison, Incoming Chairman
- Anchorage Economic Development Corporation (AEDC): August 9, 2000 copy of testimony by Ernie Hall
- Trustees for Alaska: July 7, 2000 letter from Michael Frank to Larry Houle

Written Testimony. Letters and written comments were received from the following individuals and/or organizations, and are available upon request:

- Elizabeth Clayton, 8/9/00 hard copy of oral testimony
- Duty Free Alaska, 7/11/00 letter by Lynn Klassert
- Barbara Hood and Dirk Sisson, 7/3/00 letter with attachments
- Cathy Gleason, 7/12/00 written information to supplement oral testimony
- Dan Gleason, 8/9/00 hard copy of oral testimony
- Carol Jensen, 7/12/00 E-mail/letter
- Ted Stevens International Airport, 7/12/00 Powerpoint presentation by Tom Middendorf (hard copy for oral presentation)
- R&M Consultants, 8/2/00 letter by James Rooney

Oral Testimony. Verbal comments only were made by the following individuals and/or persons representing organizations. Minutes of the HLB Advisory Commission for the July 12th and August 9th meetings contain summaries of those comments and are available free of charge upon request:

- Anna Jones (7/12/00)
- Lorna Knaus (8/9/00)
- Robert Auth (8/9/00)
- Dennis Bird (8/9/00)
- Linda Agen (8/9/00)



ALASKA CENTER for the ENVIRONMENT

519 West 8th Avenue, Suite 201 • Anchorage, Alaska 99501
(907) 274-3621 • fax: 274-8733 • e-mail: akcenter@alaska.net

7.12.00

Heritage Land Bank Advisory Commission
Municipality of Anchorage
P.O. Box 196650
Anchorage, Alaska 99501

RE: Resolution 2000-04

Dear Commissioners:

Please accept these comments by the Alaska Center for the Environment on the above-referenced proposed resolution concerning the establishment of a conservation easement on 168 acres of HLB land known as Tracts A and B, Klatt Bog, in addition to the comments submitted by Trustees for Alaska on our behalf.

The Alaska Center for the Environment advocates for a balance in natural resource policy on behalf of 9,500 dues paying members, many of whom are keenly interested in this proposal and the effect it may have on Anchorage's wetlands resources.

While we certainly applaud the intent to establish a formal and permanent protection status for Klatt Bog, we respectfully urge you to reject resolution 2000-4 for the following reasons:

First and foremost, the wetlands fill permit application submitted to the Corps of Engineers by the Anchorage International Airport is illegal- AIA has not shown the public need to fill Turnagain and Postmark Bogs, AIA has not demonstrated that the mitigation proposal is in accordance with applicable federal law, and AIA has not shown that other less damaging practicable alternatives do not exist. We do not wish to see the Municipality inadvertently facilitate an illegal permit.

Secondarily, the mitigation proposal itself is inadequate- Mitigation should occur on-site, so that those suffering the impacts of fill are receiving the benefits of mitigation. We maintain that AIA can mitigate this development on-site, and do not have faith in claims to the contrary. Additionally, Heritage Land Bank parcels in Klatt Bog are publicly owned, protected wetlands, with little to no potential to be developed. The public currently owns and benefits from three wetlands in Turnagain, Postmark, and Connors Bogs, and the filling of two of those bogs does not constitute mitigation. No net loss policy would be violated by approving this mitigation proposal.

Third, AIA's wetland fill permit is highly controversial and does not enjoy broad public support. The Corps of Engineers has taken public comment on the permit in three ways- two separate written comment periods and a public hearing. In the first written comment period, 90% of the comment was opposed to the permit. Approximately 150 people attended the public hearing of June 6, at which no more than five spoke in favor of the permit. The final written comment period closed on June 16, 2000, and 82% of the comments were opposed to the permit. Additionally, two editorials and several letters have appeared in the local newspaper opposing this permit. The HLB advisory Commission is a body of dedicated public servants charged to uphold the public interest, and this resolution is not in the public interest.

Again, we applaud the notion of continuing strengthened protection of Klatt Bog, but we cannot support resolution 2000-4 for the reasons articulated above.

Thank you for your hard work on behalf of the citizens of Anchorage, and for considering our comments.

Sincerely,



Randy Virgin
Deputy Director

**Rick Morrison the incoming chairman of Chamber of
Commerce Comments on the
HLB Sale of Klatt Bog Easement
8/9/00**

The incoming Chairman of the Anchorage Chamber of Commerce submits the following testimony highlighting his support for the HLB sale of an easement at Klatt Bog for the Anchorage International Airport 10 year wetlands permit. The Klatt Bog proposal benefits both the Airport and the Municipality. It supports the needed growth of the airport and preserves and restores an important wetlands at Klatt Bog. The Chamber commends the Municipal and State staff for their work over many years on this project.

The Incoming Chairman's of the Chamber of Commerce comments cover 3 primary themes: 1. Klatt mitigation is supported by existing MOA plans and planning staff; 2. Klatt Bog is the best place for airport wetlands mitigation; and 3. This proposal benefits the community in other ways.

1. Klatt Mitigation is Supported by Existing MOA Plans

- **Klatt mitigation is in HLB Work Plan.** HLB has recognized the community benefits of using Klatt Bog as mitigation for many years. This mitigation concept has been in the HLB workplan because the HLB recognized the positive benefits to the community of preserving this critical bog while supporting development of other Anchorage wetlands needed for the growth of Anchorage.
- **Klatt mitigation is consistent with the draft Comprehensive Plan.** The Klatt Bog mitigation furthers many Comprehensive Plan goals by:
 - Supporting industrial development in areas already in industrial use, such as the airport
 - Diversifying the economy by taking advantage of Anchorage's regional and global position
 - Protecting natural areas strategically located in areas that are deficient

- **Klatt mitigation is consistent with the Wetlands Management Plan.** The MOA wetlands management plan recommended a strategic airport development plan in conjunction with the permitting agencies. This mitigation proposal is the outcome of that plan, and is supported by MOA Planning staff responsible for wetlands permitting. It allows development of airport wetlands located in strategic areas while protecting important wetlands at Klatt Bog. Klatt Bog land, originally owned by the State of Alaska, was transferred to the MOA with the intention of using it for airport mitigation.

2. Klatt Bog is the Best Place for Airport Wetlands Mitigation for this Community

- **Klatt Bog mitigation protects a threatened Bog.** Klatt Bog has been identified by the MOA Planning and permitting agencies as an extremely important and threatened bog. The bog has been drying out. It has been owned by multiple public and private parties, and some were planning to develop the remaining Bog.
- **HLB easement is an integral part of an overall plan to consolidate, preserve and enhance Klatt Bog.** The Airport has taken the lead in developing and implementing a plan to consolidate, preserve and enhance Klatt Bog. This plan includes acquiring private Klatt lands, combining them with the HLB lands and preserving them in wetlands status with an easement, rehydrating the combined municipal and private lands, monitoring the results, and liability protection for the MOA. The result will be over 250 acres of preserved and enhanced wetlands at Klatt Bog, completed by the airport for the citizens of Anchorage.
- **Neighborhoods near Klatt Bog will benefit.** Preserved and enhanced Klatt Bog will be enjoyed by surrounding neighborhoods, and has been supported by the Bayshore/Klatt Community Council. Furthermore, the Airport's rehydration construction may reduce spring stormwater problems at Concord Hills subdivision by redirecting water away from this subdivision.
- **Klatt Bog mitigation increases community safety.** The Corps of Engineers requires mitigation when large wetlands are filled. In this case

mitigation is not allowed at the airport because of wildlife hazard concerns, primarily birds. Wildlife and aircraft don't mix. Klatt Bog is sensible and safe location to protect and improve wetlands in Anchorage, miles away from the airport. Other possible mitigation in Anchorage is either too small or too close to the airport.

3. Klatt Mitigation and the Wetlands Permit Allow the Airport to Serve the Community in many other ways

- **Klatt mitigation allows the airport to continue providing transportation services and jobs.** The airport is critical transportation gateway we all depend on for basic transportation of people and goods. We also benefit from the many jobs created by airport activity, estimated by ISER at 1 in 10 jobs in Anchorage.
- **Developing airport wetlands preserves community use of airport recreation lands.** The Airport has developed most of its existing uplands and needs a wetlands permit if it is to continue to grow. If wetland areas cannot be developed, recreation lands located on airport property will come under increasing development pressure as the airport loses its growth options. Currently the airport-owned recreation lands are enjoyed by Anchorage residents through a no-cost lease to the municipality.
- **The Raspberry easement upgrades an important road, saves MOA money, and protects residential area.** The Raspberry Road easement is another example of how airport supports community needs through this deal. Raspberry Road to Kincaid Park is being upgraded for the community as well as in support of the upcoming Special Olympics. Had the airport been unable to provide an easement on its land, the MOA would have had to purchase private residential property to the south of Raspberry Road at great expense and with a loss of homes and residential land. Further, the Raspberry Road project would have likely been delayed because of lengthy condemnation timeframes..
- **Airport proposes mitigation for Turnagain.** As part of its wetlands permit, the Airport has voluntarily agreed to establish a buffer along its boundary with Turnagain Bog, and to work with adjacent neighborhoods on a plan to construct a trail and noise mitigation near this boundary.

With proper municipal planning, this buffer would have not been necessary, because homes would not have been built this close to our community's transportation center. However, the Airport is trying to do what it can within current circumstances, to reduce impacts to those who have been allowed to build next to the airport. The costs of the trail and noise mitigation have not yet been estimated, but will be substantial.

- **Other mitigation.** The Airport has conducted studies to assess the noise, air quality, traffic, and hydrology impacts of its development. Various mitigation measures to reduce these impacts are proposed as part of the Airport's permit, and the studies provide information that can be used as the airport plans future development.

Anchorage Economic Development Corporation
Public Comments on the Sale of Development Rights at Klatt
Bog
And Associated Airport Wetlands Permit
HLB Commission Meeting
August 9, 2000

Why the Sale of Development Rights and the Airport Wetlands Permit is critical for the future economic growth of the community.

1. Anchorage is growing, the airport must grow with it.

The draft Comprehensive Plan predicts the Anchorage Bowl will grow by nearly 40% by the year 2020. A healthy growing community depends on a growing airport for movement of people and goods to rural Alaska, to the lower 48 states, and to the world. This permit allows the airport to grow over the next 10 years in a manner that supports the projected growth of Anchorage.

2. Anchorage depends on aviation; Anchorage depends on its airport.

Anchorage and Alaska are dependent on aviation more than any other location in the U.S., with the exception perhaps of Hawaii. To demonstrate our dependence, ISER statistics show that compared to per capita national averages, Anchorage has:

- 7 times as many air carrier operations
- 5 times as many general aviation operations
- 3 times as many aviation trips per person
- 48 times the volume of air freight
- 520 times the volume of mail
- air service to more destinations than other communities of our size

To provide these services to the community, the airport and the businesses that provide aviation services, must be able to develop airport land.

3. The Airport is a cornerstone of the Anchorage economy.

ISER statistics show:

- 8,200 jobs at the airport
- 5,200 jobs related to airport off-site
- Over \$400 million in payroll
- Roughly 1 in 10 jobs in Anchorage are related to the airport
- Jobs at the airport exceeded the combined jobs of the top 3 private employers in Anchorage
- Jobs generated by the airport rank it as the fourth largest economy in the State of Alaska

4. The permit creates significant economic impacts for Anchorage

According to ISER, the development of the wetlands under this permit will produce jobs, payroll and taxes for Anchorage. ISER estimates the following economic impacts both on and off the airport:

Total Jobs	3,594
Total Annual Payroll	\$121 million
Total Annual Tax Revenues	\$2 million

In addition, construction activity will produce even more jobs and payroll for the community.

5. Airport growth has added stability to the Anchorage economy.

Growth of the airport has helped the community withstand economic downturns in the 80's and 90's as the oil sector reduced. Continued airport growth extends that stability into the 21'st century. Further, airport jobs prevent the loss of many of our young population who would otherwise move to the Lower 48 in

search of jobs. The University of Alaska and others have recognized this need to retrain the unemployed and and train new young workers by developing education programs in aviation and logistics.

6. Airport lands were intended for airport facilities and services.

The lands proposed for development under this permit were originally conveyed to the airport for the purposes of providing aviation facilities and services for the public.

7. The Airport has no other reasonable options for growth. Providing passenger, cargo, and general aviation services takes land. The best airport land has already been developed; what is left is wetlands, less desirable land on the west side of the airport and airport lands now used for recreation purposes. The development proposed is based on a logical phased master plan, that shows development near existing infrastructure and services along Postmark Drive and Aircraft Drive over the next 10 years.

8. The permit helps Anchorage compete for international air cargo development.

Most communities in the country would envy Anchorage for the jobs and economic activity provided by its airport. Anchorage competes with other communities for international cargo activity. This 10 year permit allows businesses to develop airport lands without an extensive and unpredictable permitting process. Developers tell AEDC one of the key factors in locating in Anchorage is the ability to construct quickly, without extensive permit delays or controversy. If this community is serious about attracting new aviation jobs and associated economic development, it needs to have a positive business climate with land ready for development.

9. The permit reduces wildlife hazards near runways.

This permit will fill wetlands near Anchorage International and Lake Hood runways, some wetlands as close as 25 feet to a runway. Filling the wetlands not only provides room to grow, it will improve the safety of flying airplanes in Anchorage. In contrast, the proposed mitigation at Klatt Bog is far from any airport, and is a safe location to preserve wetlands in Anchorage.

10. The deal is good for Anchorage and the Airport

This sale of development rights at Klatt Bog benefits Anchorage and the Airport. It is the result of an extensive planning and negotiations conducted under two municipal administrations. It allows the airport room to grow and serve a growing city and it provides the city additional land and money and restores a dying wetlands at Klatt Bog. Furthermore, the land, money, Raspberry easement, in-kind contribution of Klatt restoration, and economic benefits are fair compensation to the municipality for these development rights.

TRUSTEES FOR ALASKA

A NonProfit, Public Interest, Environmental Law Firm

1026 W. 4th Avenue, Suite 201 Anchorage, Alaska 99501-2101 (907) 276-4244 Fax 276-7110

July 7, 2000



Larry Houle
Executive Director
Heritage Land Bank
Municipality of Anchorage
P.O. Box 196650
Anchorage, Alaska 99519-6650

Re: Proposed HLB Resolution No. 2000 – 04, July 12, 2000

Dear Mr. Houle:

Please accept these comments made on behalf of the Alaska Center for the Environment and Cook Inlet Keeper on the above-referenced proposed Resolution concerning the sale of development rights and the establishment of a conservation easement on approximately 168 acres of HLB land known as Tracts A & B, Klatt Bog, HLB Parcel No. 5-018.

We support the continuing preservation of Tracts A & B as undeveloped wetlands. These lands are already governed by Anchorage Municipal Ordinance (AMC) 25.40.015(A)(2). That section designates the MOA lands to be managed by HLB. They include

Land determined to be excess to specific municipal needs but which is unsuitable for municipal development or for disposal, including wetlands and lands subject to geophysical and terrain limitations, such as seismic or avalanche hazards or other severe development constraints. Such land shall be retained by the Heritage Land Bank pending its future designation as parks, open space, or other appropriate classification.

Id. (emphasis added). Thus, Tract A & B are already protected from development under AMC 25.40.015(A)(2).

This is in accordance with the Anchorage Wetlands Management Plan (April 1996) which, after strictly limiting the development of any privately-owned lands in Klatt Bog, goes on to state that the "Ideal scenario would call for public ownership of remaining critical and undevelopable sections of the bog's core." *Id.* at Table 2, Site #63, at 82. Also, both the existing Comprehensive Plan and the proposed Anchorage 2020 – Anchorage Bowl Comprehensive Plan (March 2000) call for keeping the Klatt Bog lands as natural open space. *Id.* at 60 (Conceptual Natural Open Space Map).

For the foregoing reasons, therefore, formal dedication of Tracts A & B by a MOA ordinance as public park lands should occur, as it is long overdue. We are encouraged by the Manager of MOA's Physical Planning office's recent suggestion that the Klatt Bog parcels should be transferred for management purposes to the Department of Cultural and Recreational Services.

Nonetheless, the underlying premise of the HLB Resolution No. 2000 – 04 is erroneous. It would "dedicate" and "preserve" Tract A and B, and other state-owned portions of Klatt Bog, to effectuate the Anchorage International Airport's (AIA) proposed "mitigation" for the destruction of Turnagain and Postmark Bogs. However, since the publicly-owned lands in Klatt Bog are already protected, and will remain that way under existing legal authorities, there is nothing available to serve as "mitigation" for AIA's destruction of Turnagain and Postmark Bogs.

Furthermore, although the HLB Staff Report asserts that the AIA wetlands permit will allow "for the development of needed facilities for the airport," *id.* at 2 (emphasis added), AIA has not shown the "public need" to use Postmark and Turnagain Bogs, as is required by the Alaska Coastal Zone Management Plan or the Anchorage Wetlands Management Plan, and the U.S. Army Corps of Engineers and Environmental Protection Agency regulations governing wetland fills. Nor has AIA demonstrated that its mitigation proposal is in accordance with applicable federal law, or that other less damaging feasible or practicable alternatives or mitigation options are not available. (We have submitted extensive written comments to the relevant state and federal agencies on these issues already, and would be happy to make our comments available to the HLB Advisory Commission upon request.)

Moreover, Postmark and Turnagain Bogs are, like Klatt Bog, designated open space under the existing and proposed MOA Comprehensive Plans. See Anchorage 2020 – Anchorage Bowl Comprehensive Plan (March 2000), at 60 (Conceptual Natural Open Space Map). To use Tracts A and B and state-owned Klatt Bog lands as "mitigation" for the destruction of Postmark and Turnagain Bogs would, therefore, allow --- indeed, facilitate --- the violation of these long term community planning documents. The HLB Advisory Commission should not countenance the State of Alaska's stance that AIA is not subject to MOA local planning, zoning and platting constraints. The MOA should insist that AIA abide by the MOA Comprehensive Plan's protections for Postmark and Turnagain Bogs.

Again, we do not object to the continuing protection of both the publicly and privately-owned wetlands in Klatt Bog. However, we believe that the HLB Advisory Commission should reject proposed Resolution No. 2000 - 04, as its passage would inadvertently facilitate the illegal and unwise destruction of Postmark and Turnagain Bogs.

Thank you for considering our comments.

Sincerely,



Michael J. Frank
Staff Attorney

APPENDIX I

Concept Paper

Lake Hood/Turnagain Scenic Easement

Anchorage International Airport proposed to establish a scenic easement area along its boundary with Turnagain neighborhood, north and east of Lake Hood Airstrip and along the western edge of Aircraft Drive as depicted on Illustration 2.

The scenic easement concept includes:

- Would not be leased and developed for commercial activities.
- Would be approximately 300 feet wide at it's widest and less than 300 feet where roads and other features dictate (see map).
- The airport will work with the Municipality of Anchorage (MOA), community councils, the FAA and adjacent residents on a plan for noise and/or visual mitigation in this area, some of which may be located in the scenic easement area. Ideas expresses so far include adding vegetation and constructing noise berms or noise walls. Any final decisions on the nature of this mitigation would be made only after alternatives are prepared and evaluated in concert with the above groups and others, in a public process.
- As discussed in the Airport Master Plan and MOA Trails Plan, a trail may be constructed in portions of the scenic easement.
- Existing and proposed roads, easements, rights-of-way and drainages would continue.
- Airport would maintain the right to manage safe airport operations in surrounding areas through security fencing, maintaining height restrictions, responding to emergencies, wildlife hazard protection, etc.
- Scenic easement would be formalized under an agreement with the Municipality of Anchorage with approval of FAA.

ILLUSTRATION I.

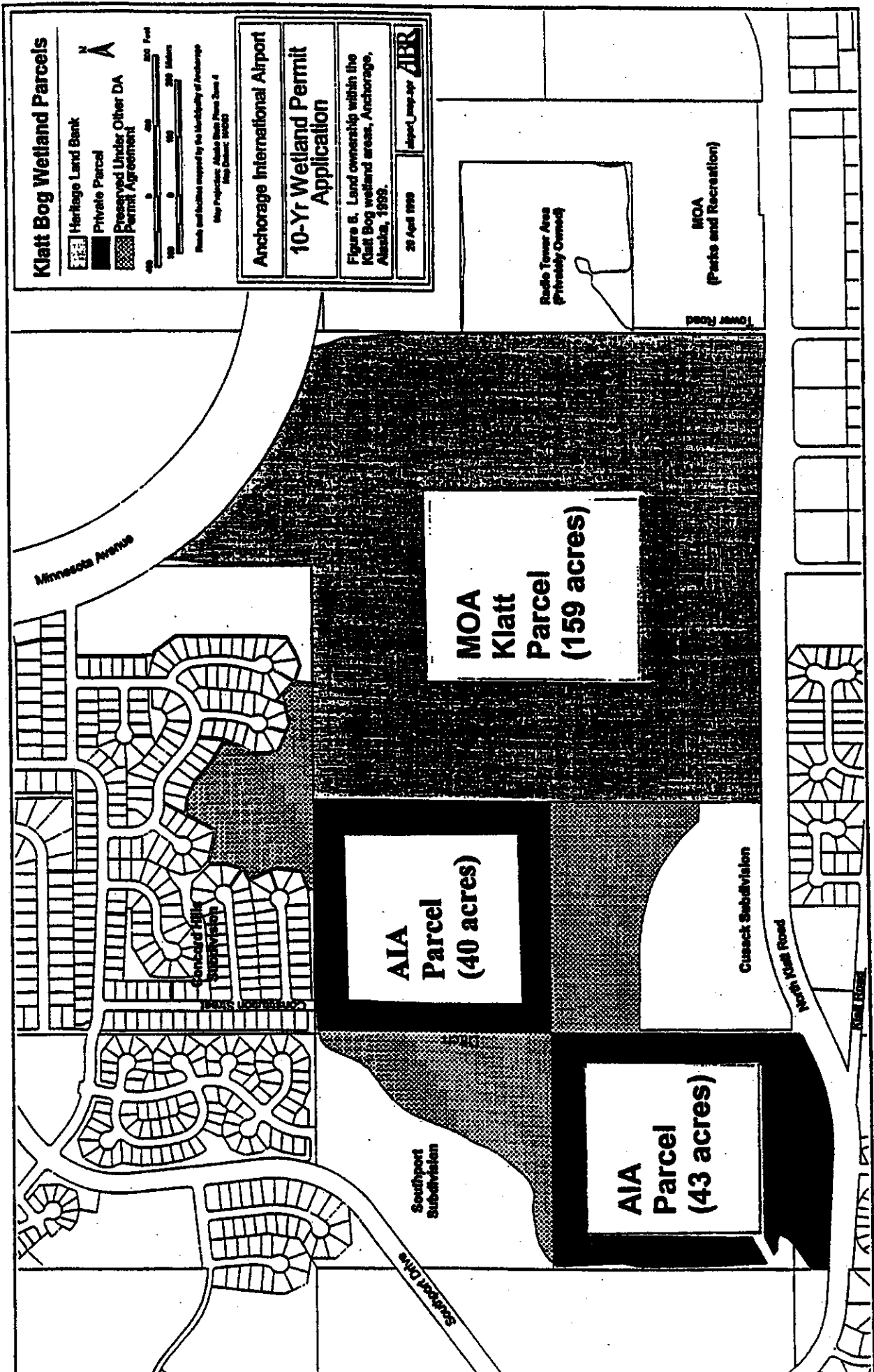


Illustration 2 - Detail

Legend

— Airport Property
Boundary

— Permitted Land

— Lands Not
Permitted

▨ Scenic Easement

