

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND, AND WATER

PRELIMINARY DECISION
Forest Knolls Subdivision – ADL 232332

Proposed Land Offering in the Kenai Peninsula Borough
AS 38.05.035 (e), AS 38.05.045

RELATED ACTIONS:
Proposed Amendment to the Kenai Area Plan
AS 38.04.065
Proposed Land Classification Order
AS 38.04.065 and AS 38.05.300
Proposed Mineral Order #1189 (Closing)
AS 38.05.185 and AS 38.05.300

PUBLIC COMMENT PERIOD ENDS 5:00PM, TUESDAY, OCTOBER 3, 2017

I. Proposed Actions

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Attachment A: Vicinity Map

Attachment B: Area Data Summary Table

Attachment C: Public Notice

Public is also invited to comment on the proposed related actions:

Draft Amendment to the Kenai Area Plan SC-99-002A12

Draft Land Classification Order CL SC-99-002A12

Draft Mineral Order MO#1189 (Closing)

Primary Proposed Action: The primary proposed action of this Preliminary Decision of the State of Alaska, Department of Natural Resources (DNR), Division of Mining, Land, and Water (DMLW), Land Sales Section (LSS) is to offer for sale State-owned land within the identified project area. If approved, surveyed parcels will be offered for sale.

Located within DNR's Southcentral Region, approximately 5.5 air miles southeast of Anchor Point and approximately 9 air miles northwest of Homer, the project area is within Section 30, Township 5 South, Range 14 West, Seward Meridian, within the Kenai Peninsula Borough. The project area consists of approximately 136 acres with approximately 91 acres identified for disposal and rights-of-way by this proposed action. Approximately 45 acres of wetlands and green belt-type area will be retained in state ownership. See *Attachment A: Vicinity Map* for a depiction of the project area.

For the purposes of providing land for settlement, DNR proposes to sell land within the Forest Knolls Subdivision project area. In order to offer these lands for sale, if approved and deemed feasible, DNR may develop a subdivision of no more than 20 parcels varying in size

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from approximately 2 to 14 acres. This proposed project area is located within the Kenai Peninsula Borough (KPB) and therefore survey, platting, and access to and within the project area will be subject to the relevant subdivision standards. The project area may be subdivided and offered in multiple stages.

If this proposed primary action is approved, the actual area offered for sale may consist of all or only a portion of the overall project area. After consideration of public comment, the size and boundaries of the project area will be described in a subsequent Final Finding and Decision, if the project proceeds to that step. Additional adjustments may be made prior to survey/subdivision, as described in the applications to the platting authority, as needed to reserve areas for public use, minimize conflicts between uses, or ensure compliance with platting requirements. Although actions under this proposal are limited to the stated maximums, additional offerings may be authorized under future proposals, which could increase the density of privately-owned parcels within or near the project area.

Proposed Related Actions: These related actions will be developed separately, however; public notice is being conducted concurrently.

Area Plan Amendment: DNR proposes to amend the Kenai Area Plan (KAP), adopted 1/7/2000, to change the project area to Settlement designation from General Use and Resource Management – High Value designations. Refer to the Planning and Classification subsection of this document for more information on this proposed related action.

Land Classification Order: In relation to the Area Plan Amendment, DNR proposes to reclassify the project area in a Land Classification Order from Resource Management Land classification to Settlement Land classification. Refer to the Planning and Classification subsection of this document for more information on this proposed related action.

Mineral Order #1189 (Closing): DNR proposes a mineral order to close the project area to new mineral entry. There are no known mining claims or mining activity identified in the project area. Refer to the Reservation of Mineral Estate subsection of this document for more information on this proposed related action.

These related actions will be developed separately. However, approval of the proposed actions is dependent upon one another in that one action will not proceed without approval of all actions.

Public Notice of Proposal: In accordance with *AS 38.05.945 Notice*, during a period of at least 30 consecutive days, the public will have the opportunity to submit written comment on this proposal including related actions. Public notice for all actions is being conducted concurrently.

Public Scoping Meeting: DNR DMLW held an informal public scoping meeting to discuss the proposal and share information about the project area on July 13, 2016

See **Section VIII. Submittal of Public Comments** at the end of this document and *Attachment C*: Public Notice for details on how to submit a comment for consideration. If,

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after consideration of timely, written comments, DNR moves forward with the proposal, a Final Finding and Decision will be issued.

II. Method of Sale

DNR proposes to offer for sale land within the project area as described herein, through a future offering under *AS 38.05.045 Generally*.

Parcels offered through this action are offered fee-simple for the surface estate only. For more information about the land sales program, please visit the website at <http://landsales.alaska.gov>.

III. Authority

DNR has the authority under *AS 38.05.045 Generally* to sell State-owned land if, on preparation and issuance of a written finding, it is determined to be in the best interest of the State, as required by *AS 38.05.035(e) Powers and Duties of the Director*. Article VIII, Section 1, of the Constitution of the State of Alaska states “It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.” In addition, if it is deemed appropriate, DNR has the authority to develop and offer parcels larger than 5 acres under the allowances listed in *AS 38.04.020 (h) Land Disposal Bank*.

For related actions, *AS 38.04.065 Land Use Planning and Classification*, *AS 38.05.300 Classification of Land*, and *AS 38.05.185 Generally* allow for amendments, land classifications, and mineral orders.

IV. Administrative Record

The project file, Forest Knolls Subdivision - ADL 232332, constitutes the administrative record for this proposed action. Also, incorporated by reference are:

- *Kenai Area Plan for State Lands (KAP)*, adopted in 2000, and associated land classification files;
- *Kenai Peninsula Borough Comprehensive Plan, June 2005*;
- *Alaska Interagency Wild Land Fire Management Plan*;
- *Anchor Point / Happy Valley / Nikolaevsk Community Wildfire Protection Plan March 2006*
- *Alaska Department of Fish and Game Catalog of Waters Important for the Spawning, Rearing, or Migration of Anadromous Fishes*;
- *USDA, Natural Resource Conservation Service Custom Soil Report* for this project, dated October 22, 2015;
- ADL 55746;
- ADL 227977; and
- ADL 228285.

V. Scope of the Proposal

The scope of this proposal, under the statutes described in the preceding **Section III. Authority**, is limited and specific to DNR DMLW’s proposal to offer State-owned land within the defined project area for disposal and to conduct the proposed area plan amendment, land

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classification order, and mineral order as described herein. The scope of this proposal does not include the control of post-patent use and DNR DMLW does not intend to impose deed restrictions for this purpose. The subdivision may be conducted in multiple stages.

VI. Description

Location: within DNR's Southcentral Region, approximately 5.5 air miles southeast from Anchor Point and approximately 9 air miles northwest of Homer. See Attachment A, Vicinity Map and *Attachment B: Area Data Summary Table* for additional information.

Platting Authority: The project area is in the Kenai Peninsula Borough and subject to the borough's platting authority.

Native Regional and Village Corporations: The project area is within the boundaries of the Cook Inlet Region, Inc. (CIRI) regional corporation. The villages of Ninilchik and Seldovia are within 25 miles of this proposed action. Notice of this project will be sent to The Ninilchik Native Association, Inc. and Seldovia Native Association, Inc., both village corporations; and Ninilchik Traditional Council, and Seldovia Village Tribe.

Legal Description: NE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ north of Old Sterling Hwy and NE $\frac{1}{4}$, excluding:

- E $\frac{1}{2}$ W $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$
- W $\frac{1}{2}$ E $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$
- SE $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, and
- SW $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$;

within Section 30, Township 5 South, Range 14 West, Seward Meridian, located within the Homer Recording District, Third Judicial District, Alaska.

Title: Information from Title Report No. 10161, current as of August 3, 2017, indicates the State of Alaska holds fee title to the land and mineral estate within the project area under Patent 1235445 dated March 11, 1964 and Patent 50-91-0395, dated 7/15/1991. The applicable State case file is GS 1198. The parcel is subject to the reservations, easements and exceptions contained in the federal patent.

State Reservations of Title:

Retention of and Access to Mineral Estate: In accordance with *Section 6 (i) of the Alaska Statehood Act* and *AS 38.05.125 Reservation [of Rights to Alaska]*, the State retains ownership of the mineral estate that may be in or upon the land that it sells. This retention is for all minerals, including both locatable minerals (such as gold, copper and silver, etc.), and leasable minerals (such as oil, gas, coal, etc.).

The State and its successors reserve the right to enter onto the land for the purposes of exploring for, developing, and producing these reserved mineral resources. Access reserved to these retained interests is superior to any and all surface uses. The State may also lease these retained interests to mineral developers or allow mining locations to be staked. However, *AS 38.05.130 Damages and Posting of Bond* also provides that the land estate owner will be compensated for damages resulting from mineral exploration and development.

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Navigable Waters: Per AS 38.05.126 (b) *Navigable and Public Waters*, "...the State has full power and control of all of the navigable or public water of the state, both meandered and unmeandered, and the State holds and controls all navigable or public water in trust for the use of the people of the state." This trust is in accordance with the principles of the Public Trust Doctrine, which are included in Article VIII, Section 14 of the Constitution of the State of Alaska and protected in the United States Constitution. It is vested in the title to this land, is not transferable, and the State's title to submerged lands under navigable waters cannot be relinquished by a transfer of the property. In holding with this concept, navigability determinations are made and access will be reserved per AS 38.05.127 *Access To and Along Public and Navigable Water*. For more information, see Access To, Within, and Beyond Project Area subsection of this document.

The Bureau of Land Management Decision dated 6/06/1991 determined that there are no navigable waterbodies within the project area.

Where they exist within the project area, State third-party interests will be described in land sales brochures.

Physical Characteristics and Hazards: Attachment B: Area Data Summary Table describes the project area's physical characteristics. Information about the project area is based on internal research, information received during agency review, and ground field inspections conducted by DMLW staff on 8/4/2015, 10/13/2015, and 7/13/2016. This is by no means a complete description of the project area and if this proposal is approved and the area offered for sale, it will be the responsibility of interested parties to inspect individual parcels prior to purchase to familiarize themselves with the physical characteristics of the land.

Soils: Soils within the project area generally consist of well drained rolling uplands with Illiamna silt loam, 4-15% slopes and Redoubt silt loams, 11-20% moderately steep and gently sloping. The higher, better-drained portions are underlain by glacial till deposited 18,000 – 25,000 years ago. Deeper parts are generally composed of clay and silt with some fine to medium sand and a few cobbles. Shallower parts are dominated by pebble-cobble gravel with some medium to coarse sand. Low-lying, very poorly drained wetland complex areas consist of Starichkof and Doroshin soils, 0-4% slopes including shallow ponding areas of up to 2 acres. Water-saturated areas are underlain by organic swamp deposits consisting of complexly interlayered moss and sedge peats, organic sand and silt, and fine to medium river sand. Maximum thickness of these deposits is generally 2 to 4 meters with thicker deposits in some locations. Though not in a zone of permafrost, some swampy deposits may be locally frozen at depth due to the insulating effects of peat.

Wetlands: US Fish and Wildlife Service, National Wetlands Inventory map for the area indicates that wetlands exist within that portion of the project area roughly described under wetland complex soils above. That area covers less than 34% of the entire project area under consideration. Most of the wetland areas will be retained in state ownership.

In the western portion of the project area is a standing pond of approximately 1.5-acre size apparently fed from the cumulative wetland drainage. Drainage appears to continue

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to the west where the edge of an approximately 4.5-acre pond lies just within the western boundary of the project area.

Geologic Hazards: Geologic hazards are common throughout Alaska. Information received from DGGs and information gathered during field inspection did not indicate any specific geologic hazards for this project area. However, due to the location of volcanoes and earthquake faults around western Cook Inlet, the region's overall seismic hazard potential is high. DGGs also stated standard best building practices should be used to accommodate the regional seismic hazard. Should any geologic hazards be discovered in the development of this proposal, information will be included in offering materials.

Fire Hazards: Due to extensive spruce bark beetle kill, some areas of the Kenai Peninsula face extremely serious wildfire hazard potential. Presently, the likelihood for wild land fire is generally high in this portion of the peninsula. Developable portions of the project area are bounded by natural and manmade firebreaks consisting of developed right of ways and wetlands. Landowners with structures are encouraged to follow the Alaska Wildland Fire Coordinating Group *Firewise Alaska* recommendations.

The proposed subdivision lies within KPB Anchor Point Fire and Emergency Medical Service Area. More detailed wildfire protection information for communities and individuals is available by consulting the Anchor Point / Happy Valley / Nikolaevsk Community Wildfire Protection Plan March 2006 (<http://forestry.alaska.gov/fire/cwpp/index>).

Fire management options and policies for the area are identified in the Alaska Interagency Wildfire Management Plan available from DNR Division of Forestry (DOF). The current fire management option for the project area is "Critical Protection." Operational Guidelines for this option state: "Wildfires occurring in the Critical Management Option or that threaten Critical Sites are assigned the highest priority for suppression actions and assignment of available firefighting resources." It also states that the designation of a fire management option does not ensure protection from wildfire, and that a protection response will be based on various factors. "Ultimately it is the personal responsibility of the [landowner] to mitigate and minimize risk to their property and structures and to be 'Firewise'."

Flood Hazard: The project area is within FEMA Flood Insurance Rate Map Community Panel Number 020012 4325 A. The project area is within flood zone D, defined as areas of undetermined but possible flood hazard. Each parcel will include uplands that appear to have good drainage transitioning into wetlands common to the area. USDA customized soil report for the project area stated that for all areas of upland soils frequency of flooding or ponding is none. There may be potential for seasonal flooding and erosion of parcels adjacent to water bodies or drainage courses, especially in low-lying areas.

Water Resources: All surface and subsurface waters on all lands in Alaska are a public resource, subject to appropriation in accordance with the Alaska Water Use Act (AS 46.15). There are several properties with water rights in the vicinity. Information from DMLW Well Log Tracking System (WELTS) well logs indicates that well depths in

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the vicinity typically range from 14 to 254 feet with flow rate from 6 to 10 gallons per minute; well data available varies from log to log. Water quality is unknown.

Background:

DMLW Project Development Team (PDT) observed that the Kenai Peninsula Borough had relinquished this site from their potential municipal entitlement selection (ADL 55746 and ADL 227977) thus making this state-owned land eligible for a potential state land sale project. The location abutting an existing main road made this site an attractive candidate for a state land sale offering.

There are no known 3rd party conflicts. Homer Electric Association (HEA) has a power line generally following the Old Sterling Highway that passes through the project portion south of the roadway the approximate location of which can be seen as a cleared vegetation swath visible on Attachment A. ADL 228285 provides for a hazardous fuel reduction permit issued to HEA on July 30, 2008. A private, 5-acre parcel, mainly on the north side of the road, is located within the southwest portion of the project area.

Since the DOF Timber Harvest in 2004 there is no other known use of this land.

No recent state land offerings have been made in this area. Currently there are three other state land sale projects undergoing study and processing within the general area: ADL 232197, Anchor Point Heights Subdivision; ADL 232300, Old Sterling Highway Subdivision; and ADL 232333, Rolling Hills Hideaway. By combining field work, surveying, etc. with one or more of these potential projects LSS anticipates achieving cost savings and more efficient development processing. Projects are programmed to release only a few parcels at a time, spread over several different years to avoid flooding the real estate market.

August 4, 2015, October 13, 2015, and July 13, 2016 ground field inspections by PDT staff confirmed that this is a very desirable location for subdivision offering. Due to utility power lines and large wetland space, the segment south of the old highway will be limited in the number of parcels to be developed. North of the highway offers some direct access for parcels from the Old Sterling Hwy. The greatest potential for development lies in the northeastern uplands within the overall project boundaries. Access eastward from the Old Sterling Highway will be platted utilizing the section-line easements common to sections 19/30. PDT staff walked this route in July 2016 and verified it is located on solid, gently sloping ground that will allow good connection to the large, more open acreage mentioned. Subdivision design for this large open area, cleared by timber harvest sale in 2004, will fit the terrain and utilize existing remnants of the logging skid roads where feasible. Several parcels larger than 5 acres will be part of the design and will offer the potential to obtain property for use in small-scale, sustainable agriculture activity as recommended by Homer Soil and Water Conservation District. Parcels to be offered can be used for agricultural use, but will not be limited to agricultural use.

DNR DMLW held an informal public scoping meeting to discuss the proposal and share information about the project area on July 13, 2016, 6 – 8 P.M. at the Anchor Point Chamber of Commerce building, 34175 Sterling Highway. Additional topics discussed included general state land sale information on subdivision, remote recreational cabin

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staking, and agriculture offerings; access issues relating mainly to one proposal northeast of mile post 161 Sterling Highway; and the possibility of potential future projects east of Homer. Support for all the projects was unanimous. See I. Proposed Actions, Public Notice of Proposal.

On multiple field visits to the area over the past 3 years, DMLW staff observed that surrounding land use along both sides of the Old Sterling Hwy in both directions from the proposed sites is mainly for private residential parcels from an acre or two up to 10 or 20 acres in size. There are larger interspersed areas of municipal and state lands that presently have not been developed or that are designated in the Kenai Area Plan for other uses such as wildlife habitat, forestry, general use, etc. Based on research and multiple ground field inspections over several years, this proposed project should fit well in the settlement pattern of land use. The lots in this proposed project will have direct access with the Old Sterling Highway; any driveways must meet Department of Transportation and Public Facilities standards. This project should be a very favorable action for all concerned due to convenient access from the Old Sterling Highway, a desirable location on good ground with local views, an opportunity for conveyance to private ownership, and anticipated positive economic return to the State.

Planning and Classification: The general management intent of the area plan and management unit was reviewed for consistency with the proposed offering. The project area is within Kenai Area Plan (KAP), adopted in 2000, Region 7, Unit 244 and a tiny segment of abutting Unit 237. Lands within unit 244 are currently designated General Use and classified Resource Management Land under Land Classification Order (LCO) No. SC-99-002. Lands within unit 237 are currently designated Resource Management – High Value and classified Resource Management Land under LCO No. SC-99-002. Actions related to this project include an area plan amendment and reclassification of the project area to the status of Settlement. The project area consists of all of management unit 244 and that tiny portion of unit 237 northeast of the Old Sterling Highway ROW. The total project area is approximately 136 acres. Mainly the upland portions will be offered while most wetlands will be retained in state ownership.

Unit/Region KAP Considerations: KAP Chapter 3 management intent for unit 244 states no identified resource values that warrant a primary designation other than General Use and noted that the unit was selected for municipal entitlement. The KPB relinquished this selection in 2015, which enabled the state to consider other uses for this unit.

KAP lists this unit as being 144 acres. DMLW review of the acreage shows this to be incorrect. The actual acreage is closer to 135 acres.

Unit 244 information also noted moose winter concentration area, and ducks and geese general distribution. DFG reviewed the proposed Forest Knolls project and wrote that they had no objection to the development of this subdivision or the reclassification of these lands to settlement.

An entry stated cultural sites present. LSS has communicated with the Office of History and Archaeology (OHA) requesting their review. OHA related there are no reported cultural resource sites within the identified area.

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KAP Chapter 3 management intent for unit 237, comprising 5,308 acres of coastal bluff and uplands, details a good number of considerations relating to factors such as potential trails along bluff and creeks, bald eagles and waterfowl sites, moose areas, cultural sites, timber harvest area, municipal conveyance areas, and retention of a 1 ½ mile buffer to protect eroding coastal bluffs and streams for potential trails and other public uses. The small triangle of unit 237 land northeast of the Old Sterling Highway constitutes approximately 1 acre and is situated to be more efficiently and appropriately included in and managed as part of unit 244 which it abuts. No bald eagle nests, waterfowl or cultural sites were observed at this location. Moose may be found throughout the entire region; timber harvest activity has not occurred here. KPB Municipal Entitlement selection of this parcel was relinquished in 2015. Removal of approximately 1 acre of high value resource management land, located at an extreme interior/upland edge of the unit well beyond the 1½ mile coastal buffer noted, should have no impact on the rest of the 5,307 acres of Unit 237.

Area-wide Considerations: LSS reviewed the area plan's guidelines in Chapter 2 Areawide Land Management Policies regarding Fish and Wildlife Habitat and Harvest; Heritage Resources; Materials; Mineral Resources; Public Recreation and Tourism; Settlement and Agriculture; Shoreline, Stream Corridors and Wetlands; Trails and Access; Transportation and Utilities; and Water Resources. These considerations will be incorporated into the design and development of the project. Lands to be retained in public ownership, conditions, and reservations will be included on the plat and in offering materials as appropriate. Specific area-wide management intent and management guidelines affecting this proposal are discussed below.

Fish and Wildlife Habitat and Harvest: Areawide Management guidelines for Fish and Wildlife Habitat and Harvest do not address any specific management intent or management guidelines specific to settlement. However, management guidelines provide that DNR and the Alaska Department of Fish and Game (DFG) will evaluate the use or development of state lands and the benefits or impacts it may have. DFG reviewed the proposed Forest Knolls project and wrote that they had no objection to the development of this subdivision or the reclassification of these lands to settlement. Impacts to Fish and Wildlife Habitat will be mitigated by retaining most of the wetlands within the project area.

Heritage Resources: Management guidelines provide that cultural surveys or inventories should be conducted prior to the design of land offerings in areas that the Office of History and Archaeology (OHA) determines to have high potential to contain important heritage sites and for which information is inadequate to identify and protect these sites. Management intent also provides that when found, heritage sites should be reported to the OHA. LSS coordinated with OHA early in the development of this proposed project. OHA indicated there are no reported cultural resource sites within the identified area. OHA also did not determine that a cultural resource survey was required. OHA will be notified should any discovery of cultural resources occur during the development of this project, and offering material will include information regarding archaeological sites.

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Materials: Management guidelines provide that generally, if a unit is designated Settlement but contains high-value material resources, a pit area will be identified prior to the land offering, and be retained in public ownership. No significant material resources have been identified within the proposed land sale area although a large, active gravel pit is situated adjacent to the east boundary. Additional factual information regarding this resource is welcome to be submitted during public comment period.

Mineral Resources: Metallic and non-metallic minerals, coal, oil and gas, and geothermal resources remain within state regulation including exploration, location, and development. Existing mineral orders and leasehold location orders are outside of the project area. There are no known mineral claims or activities within the project area. The parcel is within the area described in AS 38.05.184 Limitation on oil and gas leases in Kachemak Bay. Under this statute, lands in the area are not available for oil and gas leasing. This proposal includes a related action (**I. Proposed Actions, Proposed Related Actions**) to close the 136-acre project area to mineral entry pursuant to AS 38.05.185 and AS 38.05.300. See details below.

Public Recreation and Tourism: The KAP does not address any specific management intent or management guidelines regarding settlement for this project site. Generally, the proposed offering is in an area of the state that has long been popular with tourists and local recreation users. There is no known information to establish that the project site has been used for any public recreation activity, and field inspections did not identify any current recreational use. Subdivision design to conform to the topography, offering green belt, and retention of wetland areas will mitigate impact to scenic resources. Nothing suggests that advancement of this project will be detrimental to public recreation activity or negatively impact tourism for surrounding communities.

Settlement and Agriculture: Management guidelines provide for the identification of open space or recreational lands within a subdivision where appropriate. Wetlands to be retained by the state will allow for open space. See also discussion under Public Recreation and Tourism above. Additionally, management intent also provides that prior to the disposal of land DNR shall, to the extent feasible, evaluate flood and erosion hazards. Settlement lands may also be conveyed for a variety of purposes, including agriculture. The project area is within an unidentified flood zone; however, given the location of the development area on higher elevations, flood risk is rather limited. Information from the USDA custom soils report did not identify any specific concerns with erosion issues. DNR Division of Agriculture (DAg) reported that most of the area to be sold has soils appropriate for agricultural and gardening uses; however, parcels to be offered will not be limited to agricultural use.

Shoreline, Stream Corridors and Wetlands: Management guidelines provide that when transferring land out of state ownership that public access adjacent to waterbodies must be retained, and provides for minimum widths for retention or building setbacks along certain types of waterbodies. The proposed offering is mostly located on elevated land along the Old Sterling Highway. No streams or significant waterbodies are found within the project area. Offering material will encourage owners to locate structures at least 50-feet from margins of wetlands.

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The large majority of the wetlands in the project area will be retained in state ownership. Well, septic, and waste water disposal systems must comply with Alaska Department of Environmental Conservation (DEC) regulations.

Trails and Access: Management guidelines require that prior to the disposal of state lands, trails that merit consideration for protection should be identified and reserved. No evidence of recognized RS2477 trails or other trails was found for the area. Access to and within the area will be reserved along existing roads, section-line easements, and platted easements and ROWs as appropriate. See the Access To, Within, and Beyond Project Area section for more information.

Transportation and Utilities: Management guidelines provide that before a land offering DNR will work with DOT/PF to identify appropriate locations, if needed, for access, and will also identify responsibilities for transportation facilities. The proposed subdivision project is in an area accessible to primary road transportation and the proposed project area contains utility lines. Design of physical and legal access and parcel layout will be planned with future use in mind and coordinated with DOT/PF and the KPB as appropriate to ensure compatibility with their ROW regulations and ordinances. The Homer Electric Association (HEA) serves the area, and electric power lines run along the Old Sterling Highway and across the southwest corner of the project area. ADL 228285 provides for a hazard fuel reduction permit issued to HEA in 2008. Presently, there are no natural gas or central water or sewer distribution systems that serve the region. Solid waste disposal is handled at transfer facilities or sites maintained by the KPB at Anchor Point and Homer.

Water Resources: KAP does not provide any Water Resources management intent applicable to this project. Subdivision design will minimize potential adverse effects on ground water quality and green infrastructure. Well, septic, and waste water disposal systems must comply with Alaska Department of Environmental Conservation (DEC) regulations. See additional discussion under Physical Characteristics and Hazards, Water Resources above.

The proposed offering will be consistent with area-wide land management policies and general management intent of the KAP and specific management unit if the proposed area plan amendment, land classification order, and mineral order are approved in accordance with *AS 38.04.065 Land Use Planning and Classification*. The project area is currently designated other than settlement as discussed above at Planning and Classification and requires an amendment to the KAP and a Land Classification Order prior to disposal.

AS 38.04.065 (b) Requirements: The factors identified in this section of statute have been considered in this plan amendment and the proposed action is consistent with that portion of statute.

Area Plan Amendment:

Designation Unit 237: Approximately one-acre of uplands within this unit will be removed and placed into Unit 244. The designation for this one-acre changes from Resource Management – High Value to Settlement. The remaining 5,307-acres of Unit 237 stay designated Resource Management – High Value.

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Management Intent: Use updated Unit 244 management intent. The management intent for the rest of Unit 237 remains unchanged.

Designation Unit 244: Approximately 135 acres of this unit will change from General Use to Settlement.

Management Intent: Settlement changes to “Parcel is suitable for settlement. Retain wetlands in state ownership if appropriate.”

Land Classification Order: Approximately 136 acres with existing classification of Resource Management Land will be changed to classification of Settlement Land.

Mineral Activity and Orders: No mineral activity has been identified on these lands. The entirety of the project area will be closed to new mineral entry (approximately 136 acres) if Mineral Order 1189 is approved in accordance with *AS 38.05.185 Generally* and *AS 38.05.300 Classification of Land* for a land disposal. Closing the entire area to mineral entry is consistent with the management intent of the KAP.

Mineral closing orders, where established, close an area to new exploration and development of locatable minerals. Such mineral orders do not apply to leasable minerals (such as: oil, gas, coal, etc.), or exploration licensing for such, nor do they preclude reasonable surface access to these resources. However, *AS 38.05.130 Damages and Posting of Bond* stipulates that the land estate owner will be compensated for damages resulting from exploration and development.

Mining activity for locatable minerals would be incompatible with the past, current, and proposed land estate uses for land disposals. To allow new mineral location within the boundaries of the parcels encompassed by this decision could create serious conflicts between land estate and mineral estate users. Area plan mineral estate management policy states that, in general, areas scheduled for disposal will be closed to mineral entry prior to sale to minimize potential conflict between land estate and mineral estate users.

Local Planning: The project area is within the KPB and property purchased through this proposed offering will be subject to the applicable zoning, ordinances, and restrictions of the borough. The project area is within the boundary of the *Kenai Peninsula Borough Comprehensive plan of 2005*. DMLW staff reviewed that plan and did not find any conflicts with this proposed land disposal.

Traditional Use Finding: The project area is located within the KPB and a traditional use finding is therefore not required per *AS 38.05.830 Land Disposal in the Unorganized Borough*. However, information on current or traditional use is welcomed and can be given during the public comment period. See **Section VIII Submittal of Public Comments** at the end of this documents and Attachment C: Public Notice for details on how to submit comment.

Access To, Within, and Beyond Project Area: Access to the project area is from the Old Sterling Highway and will comply with DOT/PF and KPB requirements. Under *11 AAC 53.450(a), Buffer strips, reserved areas, and public easements*, “When the division subdivides land adjacent to a highway ... a strip of land having a common boundary with the

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highway right-of-way must be reserved and retained in public ownership as a buffer strip. ... However, no buffer strip need be reserved if (a)(1) the parcel being disposed of is an isolated one already surrounded by private land cleared and developed to the right-of-way, so that no reasonably continuous buffer strip is feasible; or (a)(2) existing land use on adjacent parcels ... clearly indicates that retaining a buffer strip is unnecessary or undesirable.”

Both (a)(1) and (a)(2) apply to this project area. Some of the adjacent private land has been cleared and developed to the right-of-way. Additionally, for the few parcels within the project area that would have highway frontage, DMLW finds that a buffer strip would not be practical or desirable.

Subdivision design will take into consideration topography and access to lands adjacent to and beyond the project area boundaries. The project area is subject to the platting authority of the KPB. Approval of platting actions and dedication of right-of-ways will require separate processes and public notices through the borough. The project area is within KPB Road Maintenance Unit S3.

Access To and Along Public or Navigable Waters: In accordance with AS 38.05.127 *Access To Navigable or Public Water*, DNR will determine if a water body is navigable or public and establish easements or right-of-ways as necessary to ensure unobstructed access to and along the body of water. Regulations dictating the creation of easements or right-of-ways under this statute include 11 AAC 51.035 *Determination of Navigable and Public Water* and 11 AAC 51.045 *Easements To and Along Navigable and Public Water*.

For the purposes of AS 38.05.127:

- navigable waters are generally lakes larger than 50 acres in size or streams larger than 50 feet in average width;
- public waters are generally lakes larger than 10 acres in size or streams larger than 10 feet in average width; and
- waters may be determined public or navigable consistent with AS 38.05.965 (18) *Definitions*.

DNR has not identified any public, navigable, or anadromous water bodies within the project area. If any such water bodies are discovered, parcels will be subject to access reservations in accordance with AS 38.05.127 *Access to Public or Navigable Water*, and a 100-foot building setback from the OHW of the water body.

Easements, Setbacks, and Retained Lands: Subdivision design may include a variety of easements, setbacks, and retained lands, which will be identified on the subdivision plat and included in related informational documents. Final width and location of easements and reservations will be determined as part of the local platting process, which will include an additional opportunity for public participation.

Parcels and subdivision design may be subject to a variety of reservations or restrictions where appropriate:

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Forest Knolls Subdivision – ADL232332

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- public access easement(s);
- utility easement within certain parcels and/or along certain lot lines;
- 200-foot wide Old Sterling Highway (100-feet on each side of the centerline) will be retained in state ownership;
- a 50-foot-wide section-line easement on each side of surveyed or protracted section lines on State-owned land in accordance with *AS 19.10.010 Dedication of Land for Public Highways* and *11 AAC 51.025 Section-line Easements*; section-line easements may be vacated under *AS 19.30.410 Vacation of Rights-of-Way* and *11 AAC 51.065 Vacation of Easements* as part of the subdivision development;
- a 5-foot survey easement from the nearest practical point on the property boundary to control monuments within the parcel and an easement with a radius around the control monument, and as applicable, a 5-foot direct line-of-sight easement from the control station to an azimuth mark or other control monument;
- ADL 228285; and
- additional reservations and/or restrictions required by the local platting authority.

Where appropriate, reservations and restrictions will be depicted on the plat and described in plat notes.

Hazardous Materials and Potential Contaminants: During ground field inspections conducted on August 4, 2015, October 13, 2015, and July 13, 2016, DMLW field staff did not observe any environmental hazards within the project area. There are no known environmental hazards present within the project area, however, the State makes no representations and no warranties, express or implied, concerning the existence or absence of any hazardous substances, hazardous wastes, contaminants, or pollutants on the land here proposed for conveyance. The State further assumes no liability for the removal of hazardous substances, hazardous wastes, contaminants, or pollutants, nor for the remediation of the site should such substances eventually be found. Interested parties are encouraged to inspect the property and familiarize themselves with the condition and quality of the land prior to bid or application submittal.

DNR DMLW recognizes there are potential future environmental risks when previously vacant land is occupied. Many of the activities increasing these potential risks are regulated by other agencies, such as the regulation of septic system installation by the State of Alaska, Department of Environmental Conservation. This risk is no greater than when vacant private land undergoes development. Given the high degree of interest from both the legislature and citizens in transferring State-owned land into private ownership, the Department is of the opinion that the benefits of offering the land outweigh the potential risks.

Survey, Platting, and Appraisal: After evaluation of public comment and conditions of the land, DNR will determine if it is in the State's best interest to offer the proposed project area. In order to offer the property, a combination of survey, subdivision, and/or platting actions may be required.

Preliminary Decision

Forest Knolls Subdivision – ADL232332

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This proposed project area is located within the Kenai Peninsula Borough, and therefore survey and platting will be subject to the relevant subdivision standards. The borough's platting requirements provide for separate public notice periods and processes for platting actions. These additional opportunities for public involvement occur after an approved Final Finding and Decision, if one is issued.

In accordance with *AS 38.05.840 Appraisal*, an appraisal meeting DNR DMLW standards will be required within two years of the date fixed for the sale of any parcel developed under this proposed action. Even though the sale of project area parcels in multiple offerings over time will mitigate "flooding" the market, the two-year appraisal requirement must still be followed.

Project research and development includes consideration of economic factors utilizing market data and project development costs compiled by DNR staff, which determines the economic feasibility of a project. Since it commonly takes several years for the project development process, AS 38.05.840 ensures the current market conditions are addressed in order to obtain a realistic minimum bid the sale of State land.

VII. DMLW and Agency Review

Information and comments received from multiple sections within DMLW prior to and during agency review have been considered and included in the preparation of this preliminary decision. Agency review was conducted from December 28, 2016 through January 31, 2017. Comments pertinent to this proposed action received during agency review have been considered and addressed below. Additional timely comments received during the Public Notice period will be considered and addressed in a subsequent Final Finding and Decision, if one is issued.

DNR DMLW LSS received brief comments of non-objection from the following agencies:
Alaska Railroad Corporation (ARR); Department of Environmental Conservation (DEC); Department of Natural Resources (DNR): Appraisals; Division of Oil and Gas (DOG); State Pipeline Coordinators Section (SPCS); Division of Parks and Outdoor Recreation (DPOR); Mental Health Trust Land Office (MHTLO).

DNR DMLW LSS Response: LSS appreciates your review of the proposal.

Department of Fish and Game (DFG) Comment: Agreement was expressed for retaining wetlands in state ownership and encouraging owners to keep a minimum 50-foot building setback from wetlands. DFG observed that neither the nearby Anchor River nor any of its tributaries are within the project. DFG has no objection to the development of this subdivision, or the reclassification of these lands to Settlement.

DNR DMLW LSS Response. The KAP does not require wetland setback; however, LSS intends to include in offering material a statement to encourage owners to aware of any setbacks required by the KPB and to locate all structures at least 50-feet from wetlands.

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Forest Knolls Subdivision – ADL232332

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DNR Division of Forestry (DOF) comments: Documentation on the Rollins Timber Sale SC-3159K, ADL 229083 of September 2004 was attached to submitted comments. The harvest area within the proposed land sale area has been replanted by the state and by the KPB to reach minimum stocking levels determined by the Alaska Forest Practices Act. DOF noted that access to the area was difficult due to the presence of muskeg and wetlands and that any road construction over these areas requires permit from the Army Corps of Engineers. Poor access for property owners translates to poor access for wildland firefighting and emergency services. DOF recommended that the state develop access to the parcel.

DNR DMLW LSS Response: The timber sale data provided detailed insight on local conditions and will be utilized in project development planning. Additional research and field inspection have led to LSS confidence in proposing what appears to be a very good access route utilizing section-line easements along the north boundary to connect the Old Sterling Highway to the larger expanse of uplands within the project area. This course will avoid wetlands and preclude the need for Corps of Engineers permitting for road construction. However, KPB does not require platted ROWs to be built. Due to financial constraints, DNR does not intend to construct roads for this project. All access and internal ROWs will be platted to meet KPB and DOT/PF requirements. This process will also include additional opportunity for public comments before plat approval.

DNR DMLW DPOR Office of History and Archaeology (OHA) comments: Under appropriate statutes, the area was reviewed for conflicts with cultural resources, and research indicated there are no reported cultural resource sites within the proposed subdivision area. Should discovery of cultural resources occur, OHA should be notified and an evaluation made whether the resources should be preserved in the public interest. Examples of site interest include: historical cabin remains; adits; dredges or other mining equipment; cultural depressions or pits; graves or cemeteries; prehistoric tools or artifacts; paleontological (fossilized) remains.

DNR DMLW LSS Response: The LSS appreciates your review of the proposal. OHA will be contacted should any discoveries be made during development. Offering materials also inform applicants about reporting requirements for archeological sites.

DNR Division of Geological and Geophysical Surveys (DGGS) comments: The region's overall seismic hazard potential is high. Standard best building practices should be used to accommodate the regional seismic hazard. Geologic mapping details were presented describing the higher, better-drained and the low-lying, water-saturated portions of the project area. The project area is a short distance south of an area with significant on-going gas production; the general area, including the subdivision, has significant remaining oil and gas potential. Significant coal is known to be present in the Beluga Formation under the subdivision. It is unlikely these coal seams will be mined in the future, but oil and gas exploration and development activity will continue in the area.

DNR DMLW LSS Response: The review and professional data are appreciated and will be utilized in access and parcel design planning. The Division of Oil and Gas has been contacted and responded that they have no objection to the proposed land disposal. The parcel is within the area described in *AS 38.05.184 Limitation on oil and gas leases*

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Forest Knolls Subdivision – ADL232332

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in Kachemak Bay. Under this statute, lands in the area are not available for oil and gas leasing.

Department of Transportation and Public Facilities (DOT/PF) comments: Access will need to be refined through the DOT Driveway Permitting process. No objections were expressed.

DNR DMLW LSS Response: The review and information are appreciated, and we intend to work with DOT/PF to meet driveway and access requirements for this project.

DNR Division of Agriculture (DAg) comments: The large upland area in the northern portion of the project area was identified as class III soils suitable for agricultural development. There is an established interest in state ag lands in the area. A 40-acre portion of the class III lands should be classified as Ag and offered in a future sale with Ag covenants.

DNR DMLW LSS Response: The review and information are appreciated. DMLW considers the class III soils a favorable feature of the proposed offering and will add information about soils suitable for agriculture use in offering materials. In support of agricultural use interest, LSS plans to have several lots in the 8 to 14-acre size, which would be large enough for a small agriculture operation. The terrain is hilly and sloping, and any agriculture use would need to take this condition into account. However, LSS considers this open, hilly site to be nicely suited for settlement. Administrative constraints, including maximizing financial return to the state, have been evaluated. The project will offer interested parties the option to buy land for agricultural uses without formal post patent agricultural covenants or restrictions.

Homer Soil and Water Conservation District (HSWCD) comments: The following recommendations were made: map boundaries of wetlands; lay out subdivision roads to minimize impacts to wetlands and steep slopes utilizing KPB TerrainViewer for contour information and comply with KPB Subdivision Ordinance, Title 20.30.090 and 20.40.40; make available to new farmers and ranchers parcels that are sold at relatively low cost and on which they can become established as agricultural producers, as the southern Kenai Peninsula has become known as an area where approaches to small-scale, sustainable agriculture are being successfully innovated and implemented. HSWCD encourages including agricultural lots in state subdivisions and would hope that at least 25 percent of these could be sold as agricultural land.

DNR DMLW LSS Response: The review and information are appreciated, and LSS has considered the references and recommendations submitted. Wetland margins will be denoted upon subdivision survey work where required or considered appropriate for platting. Most of the wetlands plus a green belt area will be retained in public ownership. Internal access will comply with KPB subdivision standards; professionally qualified and experienced DNR survey staff are familiar with Title 20, and concept planning intended to minimize impact to wetlands and steep areas. As with any other subdivision development in the KPB, the platting process will include local platting authority public comment opportunity.

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Forest Knolls Subdivision – ADL232332

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LSS considered research, agency comments, and public feedback from the scoping meeting at Anchor Point on July 13, 2016. As a result, project planning includes several lots in the 8 to 14-acre range, which totals well over 50 percent of the project area. These lots would be large enough to support a small agriculture operation. The terrain is hilly and sloping, and any agriculture use would need to take this condition into account. LSS considers this hilly site to be more suited for settlement. Innovative buyers interested in using the land for agricultural purposes will have the flexibility to purchase lots without formal agricultural restraints. However, parcels to be offered will not be limited to agricultural use. Offering materials will point out the good soil quality and note that HSWCD can be contacted regarding agricultural/gardening uses of all parcels.

The following agencies or groups were included in the agency review but did not submit comments:

- Department of Commerce, Community and Economic Development
- University of Alaska

VIII. Submittal of Public Comments

See Attachment C: Public Notice for specific dates and conditions.

Pursuant to *AS 38.05.945 Notice*, DNR is issuing public notice inviting comment on this Preliminary Decision, draft area plan amendment, draft land classification order, and draft mineral order.

In accordance with *AS 38.05.946 (a) Hearings*, a municipality or corporation entitled to receive notice under *AS 38.05.945 (c)* may hold a hearing within 30 days after receipt of the notice. If a hearing is held, the Commissioner (or representative) shall attend the hearing. The Commissioner has discretion whether or not to hold a public hearing.

LSS will consider all timely, written comments received. If analysis of such comments indicates the need for significant changes to the Preliminary Decision, draft area plan amendment, draft land classification order, or draft mineral order, additional public notice for the affected lands will be given. Reducing the amount of land offered and making minor changes to any of the proposals will not be considered significant changes requiring additional public notice.

If the proposals are approved and no significant change is required, the Preliminary Decision, draft area plan amendment, draft land classification order, and draft mineral order including any deletions, minor changes, and summary of comments and LSS responses will be issued as a subsequent Final Finding and Decision, KAP Amendment No. SC-99-002A12, Land Classification Order CL SC-99-002A12, and Mineral Order 1189 without further notice. All related actions will be developed separately. However, approval of any action is dependent upon one another. One action will not proceed without approval of all actions.

Only persons from whom DNR DMLW LSS receives timely, written comment during the identified comment period will be eligible to file a request for reconsideration of the Final Finding and Decision, KAP Amendment No. SC-99-002A12, Land Classification Order CL SC-99-

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Forest Knolls Subdivision – ADL232332

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002A12, and Mineral Order 1189. Upon approval and issuance of these actions, a copy of the decision, orders, and amendment will be made available online at <http://landsales.alaska.gov/> and sent with an explanation of the request for reconsideration process to any party who provides timely written comment.

DNR is prepared to accommodate individuals with disabilities by providing auxiliary aids, services, or special modifications in order to participate in this review. Individuals who may need such assistance should contact the Department's Public Information Center. For more information, refer to *Attachment C: Public Notice*.

DEADLINE TO SUBMIT WRITTEN COMMENT IS 5:00 PM, TUESDAY, OCTOBER 3, 2017

IX. Alternatives and Discussion

DNR DMLW is considering the following alternatives:

Alternative 1: (Preferred) Survey and plat a subdivision consisting of up to 20 parcels varying in size, and offer those parcels for sale. The development and offering of these parcels may be completed in multiple stages. This proposal includes the related amendment to the KAP, land classification order, and mineral order.

Alternative 2: Do not subdivide the project area except to remove the survey out the Old Sterling Highway prior to offering. Offer the project area as two parcels divided by the highway: approximately 10 acres on the south side and approximately 126 acres on the north side.

Alternative 3: (Status Quo) Do not offer this project area for private ownership. Retain the land in State ownership.

Article VIII, Section 1 of the Alaska Constitution states, "It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest." Furthermore, *AS 38.05.045 Generally* has placed this charge with DNR, and the legislature has provided funding to administer the land sale program.

Alternative 1 provides a method for DNR to help meet the obligations laid out in the Constitution and statute, and maximizes public interest. This offering provides an opportunity for the public to obtain land for settlement in a desirable area. This proposal, if approved in a subsequent Final Finding and Decision, will allow DNR DMLW to create and design a subdivision which will provide for the best use and development of the land and financial return to the State. Alternative 1 provides the greatest opportunity for more Alaskans to purchase land within this area. Due to the unique amenities of the area, cleared space and green belt, location relative to the communities of Anchor point and Homer, developed access to the project area, adjacent utility lines, and the proximity to existing residential private property, the project area is better suited to subdivision prior to offering. Alternative 1 is preferred.

Alternative 2 does not maximize public interest and financial return to the State. Offering the project area as two parcels would limit the offering to only two purchasers and deny more Alaskans the opportunity to purchase land in this desirable area. Additionally, offering the

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Forest Knolls Subdivision – ADL232332

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project area as two parcels would disallow the reservation of wetland areas and retention of public land within the larger parcel. Alternative 2 is not preferred.

Alternative 3 is not preferred. The Legislature and the public have indicated a desire for DNR DMLW to offer State-owned land for private ownership. Retention of this land would inhibit DNR DMLW from meeting its Constitutional, statutory, and legislative obligations. Not offering the project area would deny many Alaskans the opportunity to obtain land in an area that is suited to settlement and consistent with the surrounding development. Not offering the project area would also restrict flow of revenue to the State.

The related actions are necessary to allow for the offering of the project area. The primary action and related actions are dependent upon one another, and if DNR DMLW does not approve the project, the related actions will not be processed.

For the aforementioned reasons, Alternative 1 is the preferred alternative.

Recommendation follows.

Preliminary Decision

Forest Knolls Subdivision – ADL232332

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X. Recommendation

This Preliminary Decision for the proposed disposal of state lands, KAP Amendment No. SC-99-002A12, Land Classification Order CL SC-99-002A12, and Mineral Order 1189 described throughout this document and its attachments are consistent with the overall management intent for State-owned land. Alternative 1 is the preferred alternative because it provides the maximum opportunity for offering State land to the public, and helps meet the mission of the land sales program. The Preliminary Decision described above, as represented by the preferred alternative, has been reviewed and considered. I find that the recommended action may be in the best interest of the state and that it is hereby approved to proceed to public notice.

This is a Preliminary Decision, and analysis of subsequent public review may result in changes to the preferred alternative of the proposed disposal of state lands, KAP Amendment No. SC-99-002A12, Land Classification Order CL SC-99-002A12, and Mineral Order 1189. If the decision is approved, KAP Amendment No. SC-99-002A12, Land Classification Order CL SC-99-002A12, and Mineral Order 1189 will accompany and precede any Final Finding and Decision issued.

/s/

Prepared by: John W. Thomas, Adjudicator
Natural Resource Specialist III
Land Sales Section
Division of Mining, Land, and Water
Department of Natural Resources
State of Alaska

8/31/2017

Date

/s/

Approved by: Kathryn Young
Section Manager
Land Sales Section
Division of Mining, Land, and Water
Department of Natural Resources
State of Alaska

August 31, 2017

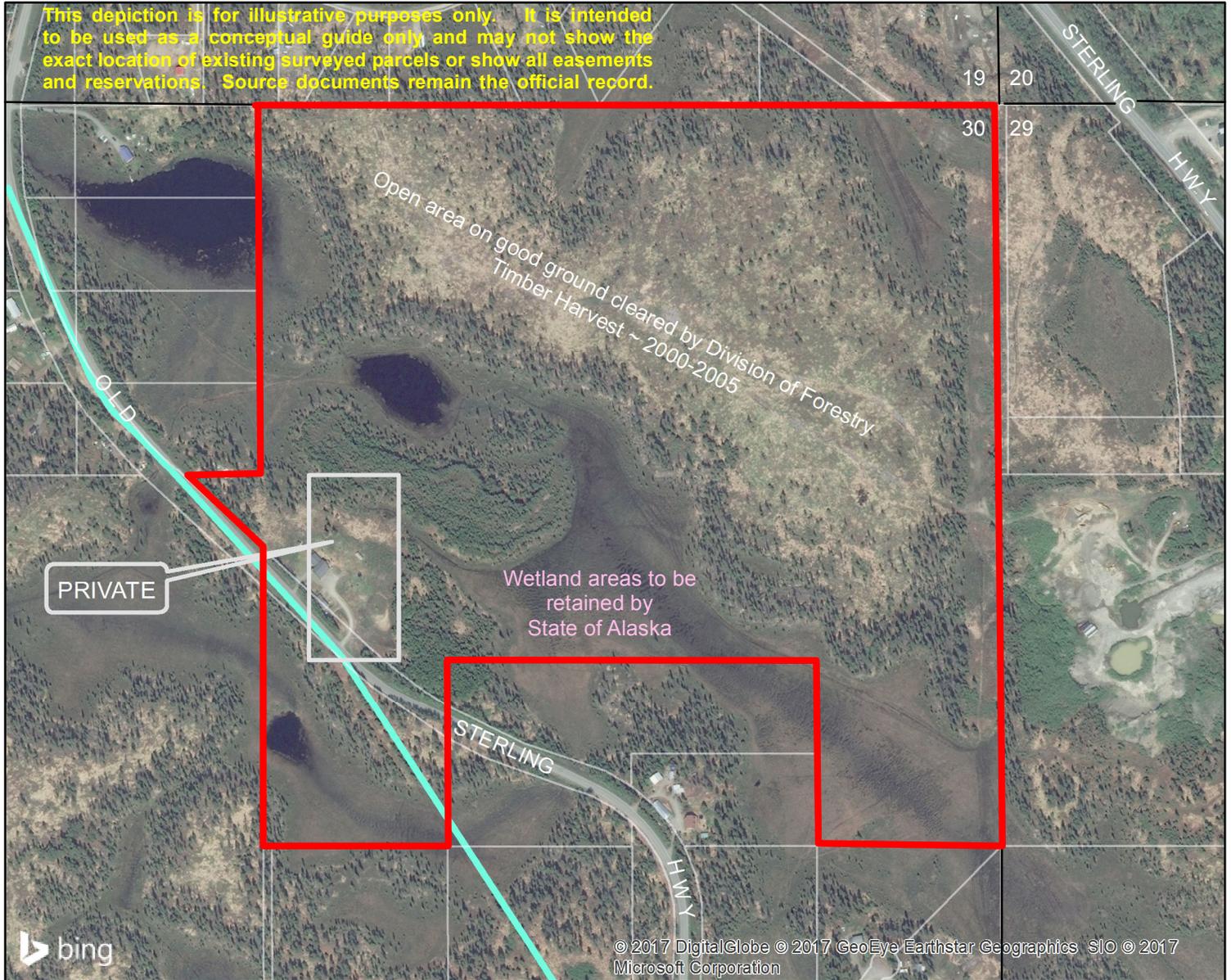
Date



FOREST KNOLLS Subdivision ADL 232332

Attachment A - Vicinity Map Proposed State Land Offering in the Kenai Peninsula Borough

This depiction is for illustrative purposes only. It is intended to be used as a conceptual guide only and may not show the exact location of existing surveyed parcels or show all easements and reservations. Source documents remain the official record.



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JWT 8/29/2017

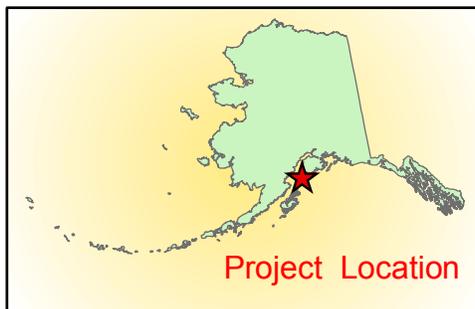
Project Area
Approximate
Utility Line



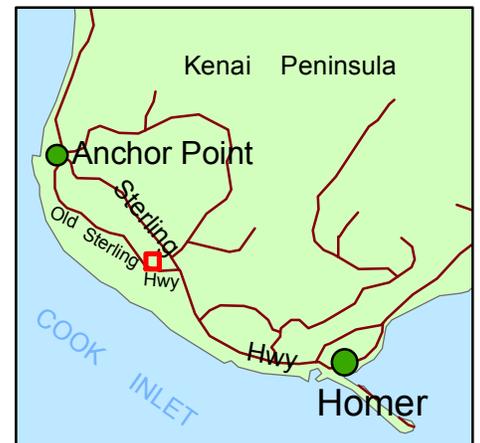
Portions of Section 30
Township 5 South
Range 14 West
Seward Meridian

USGS QUAD 1:63,360
Seldovia (C-5)

For more information contact:
John W. Thomas
Department of Natural Resources
Division of Mining, Land, and Water
Land Sales Section or Survey Section
Phone 907.269.8591
Fax 907.269.8916
Email land.development@alaska.gov



Project Location



**STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND, AND WATER**

ATTACHMENT B: AREA DATA SUMMARY TABLE

to the
Preliminary Decision

for a
Proposed Land Offering in the Kenai Peninsula Borough

Forest Knolls Subdivision – ADL 232332

Offering Information	
Proposed Number of Parcels	Up to 20 parcels
Proposed Parcel Size	Varying in size from 2 to 14 acres
Proposed Related Actions	Amendment to the KAP SC-99-002A12, Land classification order CL SC-99-002A12, and Mineral order 1189 (closing)
Project Area	
Location	Approximately 9 air miles northwest of Homer and 5.5 air miles southeast of Anchor Point along the Old Sterling Hwy
Project Area Acreage	Approximately 136 acres, approximately 91 acres proposed for development
USGS Topography Map	USGS Quad Seldovia (C-5)
Legal Description	NE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ north of Old Sterling Hwy and NE $\frac{1}{4}$, excluding: <ul style="list-style-type: none"> • E$\frac{1}{2}$W$\frac{1}{2}$NW$\frac{1}{4}$SW$\frac{1}{4}$NE$\frac{1}{4}$ • W$\frac{1}{2}$E$\frac{1}{2}$NW$\frac{1}{4}$SW$\frac{1}{4}$NE$\frac{1}{4}$ • SE$\frac{1}{4}$SW$\frac{1}{4}$NE$\frac{1}{4}$, and • SW$\frac{1}{4}$SE$\frac{1}{4}$NE$\frac{1}{4}$; within Section 30, Township 5 South, Range 14 West, Seward Meridian, located within the Homer Recording District, Third Judicial District, Alaska.
Title	Patent 1235445 dated March 11, 1964 and Patent 50-91-0395, dated 7/15/1991: State-owned land
Area Plan and Classification	Kenai Area Plan (KAP), adopted 1/7/2000, Region 7, Management Unit 244 and ~1 acre of Unit 237, lands classified Resource Management Land to be changed to Settlement Land should this proposed project and related actions be approved.
Mineral Orders	None. Project area will be closed to mineral entry prior to offering by proposed MO No. 1189.
Physical Characteristics	

Attachment B: Area Data Summary Table

for a Proposed Land Offering in the Kenai Peninsula Borough

Forest Knolls Subdivision – ADL 232332

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Access	Old Sterling Hwy transects the project area and will provide direct access which, along with internal ROWs, will be subject to DOT/PF and local platting authority requirements.
Terrain and Major Features	Undulating dry ground with areas of retained wetlands, including small, shallow pond, typical of land along the Old Sterling Hwy.
View	Local view of Anchor River foothills to the east; large tree buffer around cleared areas provides view screen in places.
Climate	The project area falls within the gulf coast maritime climate zone, characterized by a rainy atmosphere, long, cold winters, and mild summers. This area lacks prolonged periods of freezing weather at low altitudes and is characterized by cloudiness and frequent fog. US Climate Data for Homer indicated 30-year average temperature: annual high 45.4°F, low 32.2°F; July high 61°F, Jan low 19°F; annual rainfall 24.3 inches, snowfall 48 inches.
Soils	USDA custom soil report: Soils within the project area generally consist of well drained rolling uplands with Iliamna silt loam, 4-15% slopes and Redoubt silt loams, 11-20% moderately steep and gently sloping; and low-lying, very poorly drained wetland complex areas with Starichkof and Doroshin soils, 0-4% slopes including estimated shallow ponding areas of up to 2 acres. Known soil concerns will influence the project's design and feasibility and such features will be described in the project file and offering materials where relevant.
Wetlands	Wetlands constitute less than 38% of the entire project area under consideration. It is intended to retain most of the wetland areas in state ownership. Dredging or filling of wetlands may require a permit from the US Army Corps of Engineers.
Vegetation	Mixed mature spruce and birch with local understory vegetation showed no sign of recent wild land fire; significant areas of wetland grass and sedges are present. A large segment of uplands was cleared by timber harvest in 2004; good second growth and soil stabilizing grasses are present in those areas.
Water Source	Any water development must meet the regulatory requirements of the Alaska Department of Environmental Conservation. Water quality is unknown.
Anadromous Waters	None
Local Management Information	
Fire Management Option	The entire area is designated "Critical Protection" in the Division of Forestry, State Fire Management Options 2016. The proposed subdivision is within KPB Anchor Point Fire and Emergency Medical Service Area.
Game Management Unit	DFG game management unit 15C
Local Authority	Kenai Peninsula Borough exercises authority for planning, platting, taxes, and zoning for the project area.

Attachment B: Area Data Summary Table

for a Proposed Land Offering in the Kenai Peninsula Borough

Forest Knolls Subdivision – ADL 232332

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Flood Zone	The relevant Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map is Community Panel Number 020012 4325 A. This project area is in Zone D, areas of undetermined but possible flood hazard. Portions to be offered for sale are on uplands that appear to have good drainage transitioning into wetlands common to the area. USDA customized soil report stated that for all upland area soils frequency of flooding or ponding is none.
Utilities	This area is currently served by Homer Electric Association (HEA) and powerlines run along the old highway and through the parcel on the south side. There are no natural gas or centralized sewer or water services available presently.
Waste Disposal	Solid waste disposal is handled at transfer facilities or sites maintained by the KPB at Anchor Point and Homer. All on-site waste water disposal systems must meet the regulatory requirements of the Alaska Department of Environmental Conservation.
Setbacks, Reserved Areas, Easements, and Conditions	
Improvements	Prior to construction of any structure, driveway, or waste disposal system, contact the platting authority for any permits or for required setbacks from water bodies, lot lines, and easements.
Building Setbacks	Building setbacks per KPB ordinances.
Public Access and Utility Easements	Parcels may be subject to the following: <ul style="list-style-type: none">• public access easement(s);• utility easement within certain parcels and/or along certain lot lines;• 200-foot wide Old Sterling Highway (100-feet on each side of the centerline) will be retained in state ownership;• a 50-foot-wide section-line easement on each side of surveyed or protracted section lines on State-owned land in accordance with <i>AS 19.10.010 Dedication of Land for Public Highways</i> and <i>11 AAC 51.025 Section-line Easements</i>; section-line easements may be vacated under <i>AS 19.30.410 Vacation of Rights-of-Way</i> and <i>11 AAC 51.065 Vacation of Easements</i> as part of the subdivision development;• a 5-foot survey easement from the nearest practical point on the property boundary to control monuments within the parcel and an easement with a radius around the control monument, and as applicable, a 5-foot direct line-of-sight easement from the control station to an azimuth mark or other control monument; and• additional reservations and/or restrictions required by the local platting authority
Retained Lands	DNR intends to retain most wetlands and Old Sterling Highway right-of-way.

Attachment B: Area Data Summary Table

for a Proposed Land Offering in the Kenai Peninsula Borough

Forest Knolls Subdivision – ADL 232332

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Public or Navigable Water Bodies	None identified. If any water bodies are deemed public or navigable within the project area prior to platting, DNR DMLW will comply with statutory requirements to provide access to and along said water bodies.
Additional Information	
Native Regional Corporations	Cook Inlet Region, Inc. (CIRI) – regional corporation
Villages and Tribal Councils	Native Villages of Ninilchik & Seldovia; Ninilchik Traditional Council, & Seldovia Village Tribe
Oil and Gas Activity	None known.
Mining Activity	None known.
Comments	None.

ATTACHMENT C: PUBLIC NOTICE

STATE OF ALASKA, DEPARTMENT OF NATURAL RESOURCES DIVISION OF MINING, LAND, & WATER, LAND SALES SECTION

PUBLIC NOTICE

Requesting Input for
Two Proposed State Land Offerings:
Forest Knolls Subdivision – ADL 232332
Old Sterling Hwy Subdivision – ADL 232300
Preliminary Decisions and Proposed Related Actions:
Amendments to the Kenai Area Plan SC-99-002A12 and SC-99-002A13,
Land Classification Orders SC-99-002A12 and SC-99-002A13,
Mineral Orders 1188 & 1189 (Closing)

COMMENT PERIOD ENDS 5:00PM, TUESDAY, OCTOBER 3, 2017

This proposed project includes offering for sale surveyed parcels in a future offering under the method and the related actions as described in the Preliminary Decision documents. The projects may be subdivided and offered in multiple offerings over time.

Old Sterling Hwy SD: along Old Sterling Hwy, two parcels ~ 6 miles and ~ 7.5 miles south of Anchor Point of ~15 acres proposed project area with up to 5 parcels sized from 1 to 5 acres

Forest Knolls SD: along Old Sterling Hwy, ~ 7 miles southeast of Anchor Point and ~9 miles northwest of Homer, of ~136 acres with proposed development ~91 acres; up to 20 parcels, ranging from ~2 to ~14 acres.

To obtain copy of the notice, Preliminary Decisions, Mineral Orders, Land Classification Orders, Area Plan Amendments, or instructions on submitting comment, go to <http://landsales.alaska.gov/> or <http://aws.state.ak.us/OnlinePublicNotices/>. For assistance in obtaining the documents by an alternative method, to request auxiliary aids, services, or special accommodations, contact DNR's Public Information Centers on State work days, Monday through Friday, between 10AM and 5PM in Anchorage at 907.269.8400 (TDD for the hearing impaired: 907.269.8411) or Fairbanks at 907.451.2705 (TDD for the hearing impaired: 907.451.2770), or the Southeast Land Office in Juneau at 907.465.3400 (TDD for the hearing impaired: 907.465.3888), or go to <http://dnr.alaska.gov/commis/pic/> for additional contact information. Individuals who require special assistance must request assistance from the Public Information Center in Anchorage no later than 4:00 PM, Tuesday, September 26, 2017.

Pursuant to AS 38.05.945 Notice, the public is invited to submit comment on the Preliminary Decisions, Mineral Orders, Land Classification Orders, or Area Plan Amendments for which notice is being conducted concurrently. If commenting on more than one proposed action, separate comments should be submitted for each. **The deadline for public comment is 5:00PM, TUESDAY, OCTOBER 3, 2017.** Only persons from whom DNR DMLW LSS receives timely, written comment during the identified comment period will be eligible to file an appeal of the Final Finding and Decisions. Written comment may be received by fax, email or postal mail:

Attachment C: Public Notice

to the Preliminary Decision and its Related Actions
for a Proposed Land Offering in the Kenai Peninsula Borough
Forest Knolls Subdivision – ADL 232332
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fax # 907.269.8916; land.development@alaska.gov; or DNR DMLW LSS, 550 W. 7th Ave., Suite 640, Anchorage, AK 99501. If you have questions, call John Thomas at 907.269.8594.

If no significant change is required, the preliminary decisions, mineral orders, land classification orders, and area plan amendments, including any minor changes and a summary of comments and responses, will be issued separately as the final finding and decision for each project without further notice. A copy of the final finding and decision will be sent to any persons who commented timely on the preliminary decision.

DNR reserves the right to waive technical defects in this notice.