

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

**FINAL FINDING AND DECISION**

of a  
**Proposed Land Offering in an Organized Borough  
Steele Hollow Subdivision – ADL 420416**  
AS 38.05.035(e), AS 38.05.045

and its  
**RELATED ACTION(S):**  
**None Proposed**

This Final Finding and Decision (FFD) complements and updates the Preliminary Decision (PD) dated October 26, 2016. The PD has had the required public review, and is attached.

**I. Recommended Action(s)**

The State of Alaska, Department of Natural Resources (DNR), Division of Mining, Land, and Water (DMLW), Land Sales Section (LSS) recommends offering for sale State-owned land for private ownership within the Steele Hollow project area (ADL 420416), as described in the Preliminary Decision. Surveyed parcels will be offered for future sale by a method under *AS 38.05.045 Generally*.

For the purposes of providing land for settlement in the Steele Hollow project area, DNR may develop a subdivision of no more than 6 parcels no smaller than 10 acres on the west side of Steele Creek, and one large parcel approximately 61 acres in size on the east side of Steele Creek. This project area is located within the Fairbanks North Star Borough and therefore survey, platting, and road construction will be completed to the relevant subdivision standards. The project may be subdivided and offered in multiple stages.

There are no related actions with this proposal.

**II. 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 provides: "It is the policy of the State to encourage the settlement of its land and 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*.

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### III. Public Participation and Input

All State requirements for public notice and public comment input have been met, as covered in detail in Section V. **Summary of Public Notice and Comments**. Further information may lead to alterations of design of this project within the parameters set forth through this decision. Should this project move forward with State approval, final subdivision design and survey will be completed by an Alaska licensed surveyor. The surveyor will submit a platting application including a preliminary plat to the local platting authority prior to survey. This process will be subject to Fairbanks North Star Borough (FNSB) ordinances and codes. During the process the public will have opportunity at the local level to provide additional comment and feedback prior to final establishment of lot corners and monuments.

Subdivision design will be submitted to the FNSB for review in accordance with Title 17 *Subdivisions* of their ordinance.

Chapter 17.12.030F *Action on major plat applications*. “All plans, data, and other supporting material shall be available for public inspection at the department of community planning at least 14 calendar days prior to the time set for platting board review.”

Chapter 17.12.030D *Major Plats*. “Verbal testimony by parties and interested persons may be given at the platting board meeting.”

A Public Open House was held on November 17, 2016 at the DNR Northern Regional Office to present the PD and provide opportunity for public comments and questions. Several of the attendees were interested in the parcel sizes for the proposed subdivision, noting that nearby parcels are relatively large, and that newer subdivisions in the vicinity (e.g. Birchwillow Subdivision) should have had larger parcel sizes. One attendee asked whether LSS was planning to subdivide the land on the east side of Steele Creek. One attendee pointed out that the easement ADL 45031 does not extend as far as depicted in **Attachment A** of the PD. The remainder of the comments and questions requested clarification on items within the PD or are addressed in Section V. **Summary of Public Notice and Comments**.

### IV. Traditional Use Findings

In accordance with AS 38.05.830 *Land Disposal in the Unorganized Borough*, a traditional use finding is required for project areas located within the Unorganized Borough. This project area is within an organized borough; therefore no Traditional Use Finding is required.

### V. Summary of Public Notice and Comments

Pursuant to AS 38.05.945 Notice, public notice inviting comment appeared on the State of Alaska Online Public Notices website at <https://aws.state.ak.us/OnlinePublicNotices/> and was posted on the DNR DMLW LSS website at [http://dnr.alaska.gov/mlw/landsale/public\\_notice/](http://dnr.alaska.gov/mlw/landsale/public_notice/) for the entire public notice period.

Notification and decision copies were sent directly to area state legislators and to multiple state agencies. Public notice was sent to other interested entities including landowners in the vicinity of the offering; additionally, parties were notified via the DNR Land Sales subscribers list by email. Information was also posted to Twitter, and Facebook. Notices were mailed to the

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Fairbanks North Star Borough per AS 38.05.945(c)(1) as well as Doyon, Limited regional corporation per AS 38.05.945(c)(2)-(3). Additionally, notices and a request to post for 30 days were sent to postmasters and librarians in the vicinity of the offering.

The public notice stated that written comments were to be received by 5:00PM, December 8, 2016, in order to ensure consideration and eligibility to appeal. For more information, refer to the Preliminary Decision.

DNR DMLW LSS received comments from the State of Alaska, Department of Fish and Game; State of Alaska, State Pipeline Coordinator's Section; Fairbanks Soil and Water Conservation District; Esro Road Association; and nine individuals. All comments received during the public comment period are summarized below.

LSS received brief comments of non-objection from: the Department of Fish and Game; and the State Pipeline Coordinator's Section.

DNR DMLW LSS Response: LSS appreciates the time and interest taken to review the Preliminary Decision.

Fairbanks Soil and Water Conservation District (FSWCD) Comment: FSWCD found Alternative 1 or 2 acceptable. They noted that Minto soils have permafrost and ice lenses occurring at depths not shown on the Natural Resource Conservation Services Soil Survey. Therefore DNR's sales packet should include information about this, and potential buyers should be notified of the importance of getting the property drilled to test for permafrost.

DNR DMLW LSS Response: Thank you for reviewing the PD and providing this comment. LSS will include information in the land sales brochure regarding potential permafrost and ice lenses within the project area and the importance of testing for permafrost prior to building.

Esro Road Association Comment: The Esro Road Association objects to the recommendation and intent to "legitimize" the portion of the property that fronts Esro Road. The residents maintain the road and it is private. Conditions on the plat should not violate the private road status, and the Esro Road Association should have the responsibility to decide whether their road is public or private. The Esro Road Association requests removing the condition to dedicate the frontage along Esro Road.

DNR DMLW LSS Response: LSS recognizes that Esro Road is a private road managed through an agreement with property owners and did not intend to imply that Esro Road is 'illegitimate.' Before selling land, DNR is required to provide public access for various purposes, including neighborhood service roads and existing roads without a reserved easement (11 AAC 51.015(d)(1)). Also, the FNSB Comprehensive Road Plan calls for dedication of the eastern boundary of the property. Furthermore, if DNR were to sell that parcel of land containing Esro Road without reserving legal access, the subsequent purchaser would have the legal right to block access on Esro Road. The dedication or reservation of public access along this section of Esro Road does not change the private status of the remainder of Esro Road.

Nine individuals commented on the proposed project area. LSS grouped and addressed the comments in the following categories:

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### Land Sale Proposal

Four commenters explicitly stated support for the proposed land sale to develop the Steele Hollow Subdivision. Two commenters considered the area as a poor choice for development based on their assessment of the land quality, but nonetheless provided recommendations on how best to develop the subdivision that are addressed in the categories below.

### Esro Road and the Eastern Project Boundary

Three commenters supported providing public access along Esro Road within the project area, while two commenters objected to providing this legal public access.

Comments Supporting Public Access: Dedication of Esro Road within state lands is important to providing opportunities for future development of nearby land.

Comments Against Public Access: Decisions about public or private dedications on the east side of the property should be made by a subsequent land owner. Esro Road does not require any changes to its status on the property, as any future resident would be treated the same as others along Esro Road.

DNR DMLW LSS Response: Please see the response above to the Esro Road Association comment.

### Easements and Building Setback within Proposed Project Area

One Comment: Remove easement ADL 45031 from a portion of the south boundary since the parcel is now accessed from a different location.

DNR DMLW LSS Response: LSS is coordinating with the Permits and Easements Section of DNR regarding the possible closure of this easement. If this easement is closed prior to platting of the subdivision, the easement will not be platted.

One Comment: Retain easement ADL 400054.

DNR DMLW LSS Response: ADL 400054 is a State-issued public easement which will be reserved. LSS intends to include this easement on the final subdivision plat.

One Comment: Consider vacating the section line easement (SLE) along the north portion of the project area since access will be provided by dedications within the proposed subdivision.

DNR DMLW LSS Response: The SLE provides legal access within the proposed project area and to lands beyond this proposed project. Before a SLE may be vacated, DNR must demonstrate that equal or better access to these areas can be provided and protected by an easement of record. This SLE currently exists as legal access across State-owned land and provides legal access to Esro Road in this location. LSS is not proposing to dedicate or reserve any additional legal access to Esro Road through the development of the subdivision. Therefore, LSS is proposing to retain the SLE.

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Two Comments: Spoke in favor of the 300-foot building setback from Steele Creek as a means to provide some open space within the subdivision or keep development away from potential aufeis.

DNR DMLW LSS Response: LSS intends to impose this setback on the subdivision plat per comments received during the public scoping meeting.

## Zoning

East Side of Steele Creek Zoning: Two commenters proposed Rural and Agriculture (RA)-20 rather than the proposed RA-40 zoning on the east side of Steele Creek. An additional commenter suggested RA-10 zoning as a way of establishing a minimum parcel size, but did not acknowledge or take issue with the proposed zoning of RA-40.

DNR DMLW LSS Response: Most comments received during public scoping for the project demonstrated interest in keeping the land to the east side of Steele Creek as one large parcel. FNSB Ordinance provides that in the RA-40 district, lot area shall not be less than 1,600,000 square feet (approximately 37 acres). The RA-40 zoning provides the greatest protection against further subdivision of the parcel. Additionally, as the DNR Division of Agriculture expressed the potential for agricultural development on this parcel, the RA-40 zoning provides the greatest protection for maintaining the agricultural potential. LSS proposes to modify the zoning of the easterly parcel to RA-40 as a separate action through the FNSB.

West Side of Steele Creek Zoning: One commenter requested that the area be zoned RA-10 so that the proposed 10-acres parcels cannot be subdivided further, thereby limiting the development to better conform to the existing using uses in the surrounding area. Another commenter requested the area be zoned as Rural Estate (RE) or RA to maintain the rural setting of the area. One other commenter requested the area be zoned rural estates with at least 2 or more acres per lot.

DNR DMLW LSS Response: As noted in the PD, and consistent with the preferences expressed in many of these comments, LSS proposes to offer up to 6 parcels, no smaller than 10 acres each on the west side of Steele Creek. Lands immediately to the north of the proposed subdivision west side are zoned Rural Residential and lands to the south are zoned RE-2, while much of the land within the vicinity is zoned General Use-1 or RA. LSS has not currently proposed any zoning for the west side of Steele Creek, however, as part of the proposed zoning action on the easterly parcel, LSS may consider proposing a residential zoning such as RE or RR. This action may run concurrently with the zoning of the easterly parcel.

## Road Construction and Routing Considerations

One Comment: Supported dedicated but not constructed access to the eastern parcel via the internal road system to be dedicated on the western parcel. Brushing this dedication should terminate at the cul-de-sac.

DNR DMLW LSS Response: As proposed, dedicated access to the easterly portion will be from Juniper Drive. LSS plans to brush the road dedication into the western portion of the project area (to the cul-de-sac), but is not planning on constructing roads.

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Three Comments: Design the subdivision to provide public access from Juniper Drive across Steele Creek to the proposed eastern parcel and Esro Road.

DNR DMLW LSS Response: LSS is only proposing to dedicate access to (not through) the easterly parcel from Juniper Drive. The SLE currently exists as legal access across State-owned land, and provides legal access to Esro Road in this location. LSS is not proposing to dedicate or reserve any additional legal access to Esro Road through the development of the subdivision. Therefore, we intend to retain the SLE along the northern subdivision boundary.

One Comment: The State should negotiate a wetlands permit to facilitate the future construction of a road crossing Steele Creek.

DNR DMLW LSS Response: Thank you for the suggestion to facilitate development of the subdivision, but LSS proposes to only dedicate legal access to the easterly parcel from Juniper Drive. There are several options that may be pursued to provide access to the eastern parcel, which is a decision best made by the subsequent land owner. It is not appropriate for LSS to acquire a permit in advance of this decision.

One Comment: The entrance to the project area off of Juniper Drive is a poor location due to safety issues. A safer location would be where the proposed sale meets Birchwillow Drive.

DNR DMLW LSS Response: Thank you for mentioning this concern. LSS has not determined the exact location of the connection to Juniper Drive. Final subdivision design, including design of the road, will be completed by a DNR contracted surveyor, and will be done in accordance with FNSB platting ordinance.

One Comment: The land situated on the Juniper Drive side is predominantly permafrost soils and is not suitable for any development. Any road construction will require more expense than what the parcels are worth. I suggest offering the land as four parcels, two on each side of Steele Creek, thereby requiring no road construction.

DNR DMLW LSS Response: Soils containing permafrost are a common feature throughout the Fairbanks vicinity, and development must be designed accordingly. Although LSS is not proposing to construct roads, platted roads within the subdivision must be designed to FNSB standards. LSS will include information in the sales brochure regarding potential permafrost within the project area. The two developed subdivisions immediately adjacent to the western half of the project area demonstrate that development has already occurred on similar soils, notably with parcel sizes substantially smaller than what LSS is proposing for the Steele Hollow subdivision. Parcels within the project area are going to be relatively large, and thus should provide suitable development sites.

## Land Sale Method

Two commenters were in favor of an outcry auction to ensure local access to the land sale.

DNR DMLW LSS Response: Public outcry auctions come with higher administrative costs, and therefore are seldom done. As discussed at the public scoping meeting and

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public open house, outcry auctions may be considered when DNR intends to reduce competition for local residents due to a need for land for community expansion where local residents are unable to compete with Statewide interest, or where it is necessary for potential purchasers to evaluate infrastructure or unique conditions of the parcel. These conditions do not apply to the Steele Hollow Subdivision.

### Miscellaneous Topics

Information on the Proposed Subdivision: One commenter stated that it was difficult to provide reasonable feedback on the proposed land sale because of the lack of details provided in the distributed public notices.

DNR DMLW LSS Response: LSS made available detailed information about the proposed Steele Hollow subdivision in the PD. The public notice (e.g. Attachment C of the PD) is not intended to provide comprehensive information, but instead to provide notice that the proposed land sales process is ongoing and to provide means for interested parties to find further information and provide comments. The public notice provides instructions on how to obtain a copy of the PD.

Project Area Name: One commenter requested that the name of the project area be changed to Steele Creek Subdivision instead of Steele Hollow Subdivision.

DNR DMLW LSS Response: There are three other subdivisions within the Fairbanks Recording District with some form of variation of Steele Creek in the name. To avoid confusion with such subdivisions, LSS will avoid using Steele Creek in the name of the proposed subdivision. Although “Hollow” may not conform completely to the applicable vernacular, LSS feels that it is sufficiently appropriate and elects to avoid additional confusion associated with a project name change.

High Density Development Concern: One commenter was concerned about allowing the land be sold as currently zoned because this could lead to high density development within the subdivision. The commenter expressed concern that this would degrade the local air quality and lead to dangerous, congested traffic within the area.

DNR DMLW LSS Response: Thank you for expressing this concern. LSS is proposing to design the subdivision with no more than six parcels no smaller than ten acres each on the west side of Steele Creek, and one parcel approximately 61 acres on the east side of Steele Creek. Please note that these proposed parcels are significantly larger than those in surrounding, developed subdivisions. While ambient air quality control is beyond the direct purview of DNR, LSS does not anticipate a significant change in ambient air quality or a significant increase in traffic along Juniper Drive as a result of the development of up to seven additional parcels in the area.

## **VI. Modifications to Decision and/or Additional Information**

The recommended action has not been modified from the original proposed action(s) described in the Preliminary Decision.

Recommendation and Approval of the Final Finding and Decision follow.

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**VII. Final Finding and Decision**

The Department recommends proceeding with the proposed action as described in the Preliminary Decision and as amended herein. Offering these parcels for sale will help meet the State’s goal to provide land for settlement for sale to the public and raise revenue for the State.

The findings presented above have been reviewed and considered. Public Notice has been accomplished in accordance with *AS 38.05.945 Notice* and comments received were considered. The project file has been found to be complete and the requirements of all applicable statutes have been satisfied. The proposed actions are consistent with constitutional and statutory intent for State-owned land and this action is undertaken under relevant authorities.

Under the authority of the applicable statutes, it is hereby found to be in the best interest of the State of Alaska to proceed with the recommended action(s) as described and referenced herein.

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

February 3, 2017  
Date

/s/  
Approved by: Brent Goodrum  
Director  
Division of Mining, Land, and Water  
Department of Natural Resources  
State of Alaska

February 21, 2017  
Date

## **Appeal Provision**

A person affected by this decision who provided timely written comment or public hearing testimony on this decision may appeal it, in accordance with *11 AAC 02*. Any appeal must be received within 20 calendar days after the date of “issuance” of this decision, as defined in *11 AAC 02.040(c) and (d)* and may be mailed or delivered to the Commissioner, Department of Natural Resources, 550 W. 7<sup>th</sup> Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 907.269.8918; or sent by electronic mail to [dnr.appeals@alaska.gov](mailto:dnr.appeals@alaska.gov). If no appeal is filed by that date, this decision goes into effect as a final order and decision on the 31<sup>st</sup> calendar day after issuance. An eligible person must first appeal this decision in accordance with *11 AAC 02* before appealing this decision to Superior Court. A copy of *11 AAC 02* may be obtained from any regional information office of the Department of Natural Resources.