

**STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
SOUTHCOST REGION**

**Best Interest Finding for an Exchange of State Land
17 AAC 10.100-130
for the Ward Cove Marine Access Facility, Project No. 70006**

I. INTRODUCTION

The State of Alaska, Department of Transportation & Public Facilities (DOT&PF), Southcoast Region is conducting preliminary planning and design work to construct a new ship berthing facility and ferry terminal in Ward Cove for the Alaska Marine Highway System (AMHS). The AMHS Ward Cove Marine Facility Project is intended to provide functional replacement for the existing AMHS South Berth Facility in Ketchikan and to consolidate all Ketchikan-based AMHS engineering and management functions of the Ward Cove property. The planned marine facility consists of a pile supported trestle, rock fill causeway, steel transfer bridge, steel or concrete mooring float, and associated mooring dolphin structures.



Fig 1: Ward Cove, Ketchikan, Alaska

The project is planned to be constructed in four phases and is currently at the preliminary design stage. Phase 1 will include dredging Bolles Ledge and placing fill on the existing shoreline for upland slope restoration. Phase 2 will construct most of the in-water structures including; the approach causeway, trestle, transfer-bridge, floating dock, and the mooring structures for the

East side of the facility. Phase 3 will construct mooring structures for the West side of the facility. Phase 4 will construct upland facilities, including; a terminal building, access roads, parking areas, etc.

II. PROPOSED ACTION

DOT&PF proposes to adjust the property boundary of a parcel of state land through a “plat alteration” in order to accommodate its proposed AMHS Ward Cove Marine Facility project. The plat alteration will require the exchange of a parcel of state land (Parcel 1, 7.22 acres) for a privately owned parcel (Parcel 2, 11.08 acres) of submerged lands owned by Power Systems and Supplies of Alaska, LLC (PSSI).

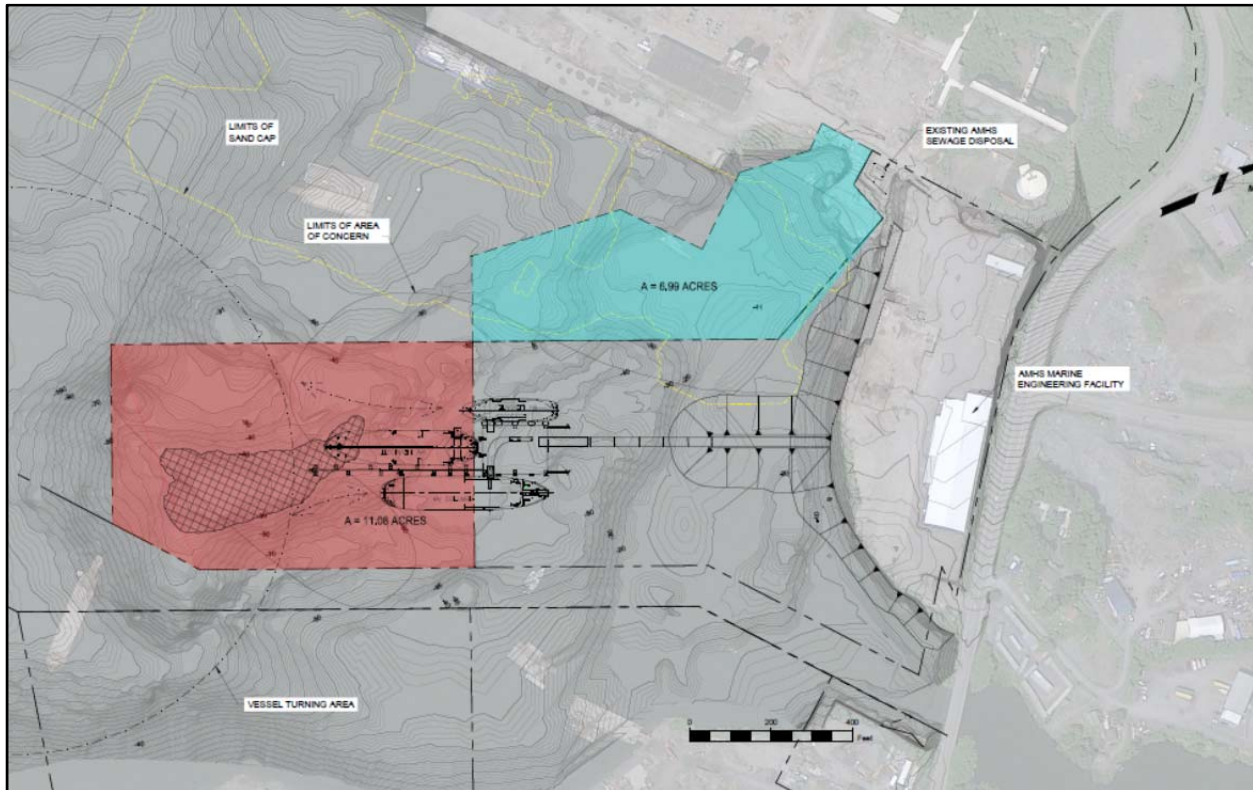


Fig 2: Proposed AMHS Ward Cove Marine Facility, Ketchikan., Alaska (Parcel 1 – red, Parcel 2 = blue)

III. AUTHORITIES

- 17 AAC 10.100, 17 AAC 10.120, 17 AAC 130

IV. LOCATION/ LEGAL DESCRIPTION

The project is located in Ward Cove in Southeast Alaska, approximately 5 miles northwest of Ketchikan.

The legal description for Parcel #1 is Lot 3A, Tract 3005 of the Ward Cove 2010 Subdivision according to Plat 2010-19 recorded on June 10, 2010 in the Ketchikan Recording District, First Judicial District, State of Alaska.

Parcel #1 is a 7.22 acre (proposed) subdivision of a larger 28.9-acre parcel owned by the State of Alaska, Department of Transportation and Public Facilities. Parcel #1 is required by PSSI for their access and development plans of the western shore and uplands at Ward Cove and the near shore submerged lands and water adjacent to the western shore. Parcel #1 is considered excess to the needs of the DOT&PF.

The legal description for Parcel #2 is Lot 3B, Tract 3005 of the Ward Cove 2010 Subdivision according to Plat 2010-19 recorded on June 10, 2010 in the Ketchikan Recording District, First Judicial District, State of Alaska.

Parcel #2 is an 11.08-acre (proposed) subdivision of a larger 193.92 acre parcel owned by Power Systems and Supplies of Alaska, Inc. Parcel #2 is required by DOT&PF to provide sufficient right-of-way and construct the seaward-most portion of the Alaska Marine Highway System (AMHS) Ward Cove ferry terminal and moorage facility. Parcel #2 is considered excess to the needs of PSSI.

V. BACKGROUND

The proposed project is located in an area that was home of the Ketchikan Pulp Mill for over 40 years until it was closed in 1997. The Ketchikan Pulp Company (KPC)'s predominant waste products generated from the mill included ash, wood waste, wastewater, and the resulting wastewater-treatment sludge. After the mill closed, the Alaska Department of Environmental Conservation and the Environmental Protection Agency (EPA) conducted an extensive investigation, assessment, and clean-up of contamination. In 2010, the ADOT&PF purchased 30 acres of the site which includes 20.5 acres of tidelands for the proposed AMHS ferry terminal site.

As Superfund sites, development of the DOT&PF and PSSI lots is limited by environmental covenants that run with the land through deed and easement restrictions. Development of the lots is also limited by CERCLA's prohibition of releasing or threatened release of contaminated materials, which requires EPA review and approval of ground disturbing activities to ensure no release or threatened release.

Parcel #1 contains development restrictions on the upland portion and on the tideland portion.

The upland portion of Parcel #1 may never be used for human habitation, schooling of children, hospital care, child care, or any purpose with around-the-clock presence of humans. Use of groundwater for drinking is prohibited. Any development of the upland portion of Parcel #1 requires coordination and approval by EPA and the Alaska Department of Environmental Conservation (DEC) to ensure that contaminated soils (on the uplands and tidelands) are not disturbed by the proposed development.

The tideland portion of Parcel #1 is almost exclusively covered in the sediment cap that separates contaminated materials from the surrounding environment. Earth disturbing activities on the tideland portion of Parcel #1 are regulatory- and cost-prohibitive to the extent that these activities

are functionally prohibited by CERCLA and by the deed and easement restrictions meant to ensure CERCLA compliance.

Parcel #2 is located completely outside of the sediment cap and, thus, has fewer development restrictions. Any development of Parcel #2 requires coordination and approval by EPA and DEC to ensure that contaminated soils are not disturbed.

VI. SCOPE OF REVIEW

The scope of review for this authorization considers whether disposal of state land through an exchange is in the best interests of the state and in accordance with 17 AAC 10.120.

VII. ADMINISTRATIVE RECORD

The administrative record for this proposed exchange consists of:

- AMHS Ward Cove Marine Facility – Biological Evaluation and Essential Fish Habitat Assessment, AECOM, Alaska Seismic & Environmental and R&M Consultants, Inc. October 19, 2016.
- [NOTE: the draft CWA 404 permit application would be better to show the PSSI property is necessary for DOT&PF's proposed project. ALSO, a request from PSSI to exchange property should be included in the administrative record.]
- Appraisal Report, Real Estate Appraisal of Ward Cove Land Exchange, Prepared by Ramsey Appraisal Resource, May 10, 2017

The administrative record documents may be viewed at the office of DOT&PF's Southcoast Region, Juneau Alaska, or upon request.

VIII. TITLE

Parcel #1: Title is vested in the State of Alaska, Department of Transportation

Parcel #2: Title is vested in the Power Systems of Alaska

IX. FAIR MARKET VALUE APPRAISAL

A fair market value appraisal was completed by Ramsey Appraisal Resource on May 10, 2017 to determine values for Parcels 1 and 2, and to establish whether the parcels are substantially equal. The appraisal report reflected a value for Parcel 1 of \$390,028.00 and a value for Parcel 2 of \$390,145.00, indicating that the values for both parcels are substantially equal. Therefore, the threshold for meeting the requirements of 17 AAC 10.120 have been met, and the difference in values of \$117.00 shall be paid by the owner of Parcel 1 (State of Alaska, DOT&PF) to the owner of Parcel 2 (PSSI) prior to the exchange being completed.

The fair market value appraisal referenced above was reviewed by the Alaska DOT&PF Review Appraiser and found to meet the Scope of Work for the project, the minimum requirements for an appraisal under State of Alaska Policies and Procedures, the federal Uniform Act, and the Uniform Standards for Professional Appraisal Practice (USPAP).

X. SURVEY AND PLATTING

Parcel 1 and Parcel 2 will be surveyed by a professional land surveyor registered in the State of Alaska. The final plats will be processed as a “plat alteration” rather than as new parcels, which will be reviewed, approved and accepted by the local platting authority, Ketchikan Gateway Borough. The final plats will be recorded and submitted as exhibits with the Deeds of Conveyance.

XI. AGENCY REVIEW/PUBLIC NOTICE

Public notice of the decision to exchange Parcel 1 with Parcel 2 will be made on the Alaska Online Public Notice System, and published at least once in a local newspaper in general circulation in the area where the parcels to be exchanged are located 30 days before the projected date of the exchange. DOT&PF will accept public comments regarding the exchange that are received before the projected date of the exchange.

XII. RECOMMENDATION

DOT&PF recommends that a land exchange be completed as discussed above and subject to the terms and conditions described herein and identified in the Land Exchange Agreement and Deeds of Conveyance.

Joanne Schmidt
Right of Way Agent
Southcoast Region

Date

APPROVED:

Greg Weinert
Chief, Right of Way Section
Southcoast Region

Date

D. Lance Mearig, PE
Regional Director
Southcoast Region

Date