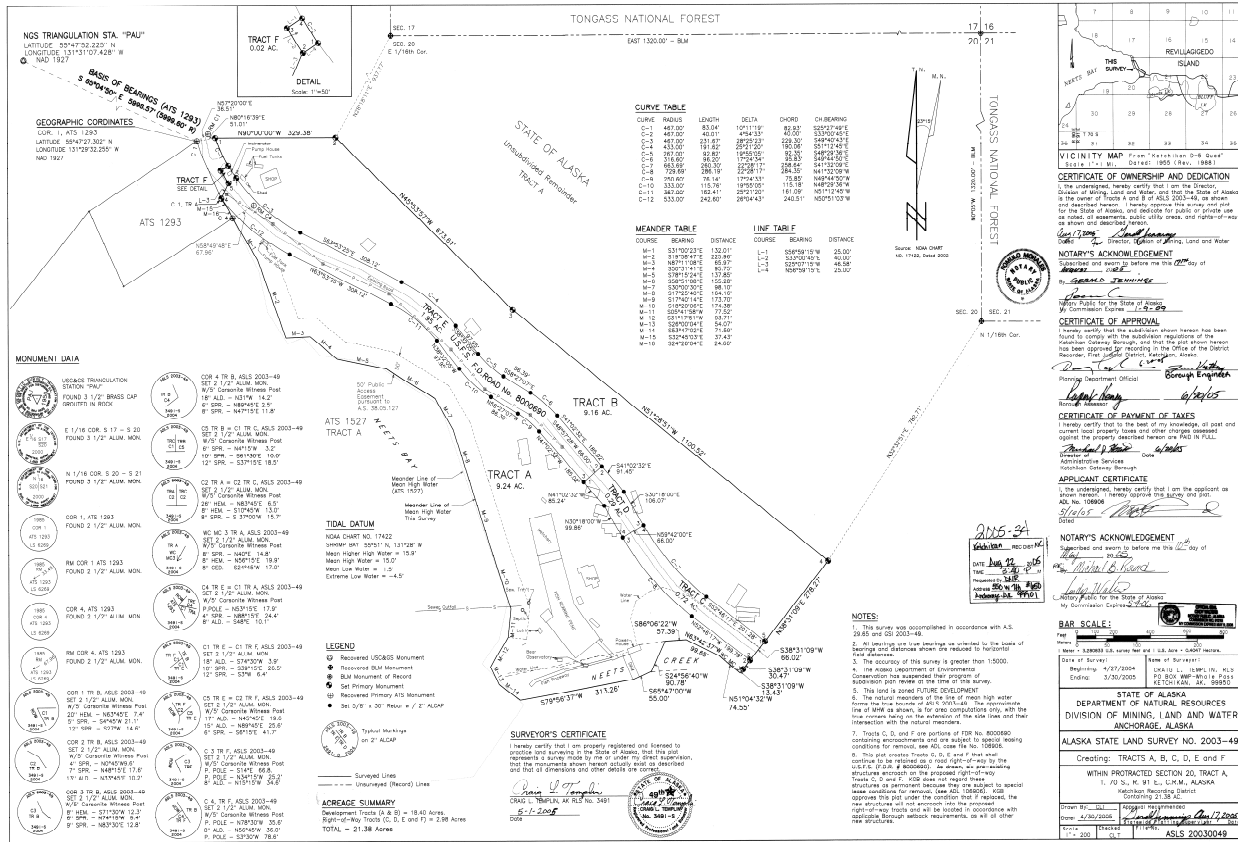


STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
Division of Mining, Land and Water
 Southeast Regional Land Office

Renewal Decision
ADL 106906
Southern Southeast Regional Aquaculture Association, Inc.
 Application for Lease Renewal
 AS 38.05.070(e)



Alaska State Land Survey (ASLS) 2003-49 showing SSRAA's leasehold (Tracts A and B) in the Neets Creek drainage on Revillagigedo Island, serialized by DNR as ADL 106906.

Requested Action

On December 9, 2024, the “Lessor” – State of Alaska; Department of Natural Resources (DNR); Division of Mining, Land and Water (DMLW) received an application from the “Lessee” – Southern Southeast Regional Aquaculture Association, Inc. (SSRAA) to renew their lease on state-owned, DMLW-managed uplands and shorelands for a 25-year term. This lease is for the continued use and operation of a private non-profit salmon hatchery located in the Neets Creek watershed on Revillagigedo Island, Alaska.

Proposed Action

DMLW will renew this lease under the authority of AS 38.05.070(e). This lease will be renewed for a 25-year term, for the continued use and operation of a private non-profit salmon hatchery. In order to qualify for a renewal, the lessee must be in “good standing.” Good standing refers to the fact that the lessee’s accounts are current, that there are no outstanding compliance issues, and that the lessee maintains a healthy business relationship with the Lessor. SSRAA has maintained its leasehold interest with no known compliance issues and is considered to be in good standing with DMLW.

Scope of the Decision

The scope of this decision is to determine if it is in the State’s interest to renew the long-term, non-competitive, uplands lease, ADL 106906, for the proposed use. The scope of administrative review for this authorization, AS 38.05.070(e), is limited to (1) reasonably foreseeable, significant effects of the uses to be authorized; (2) applicable statutes and regulations; (3) facts pertaining to the land or resources; and (4) issues that are material to the determination that issuing the authorization will best serve the interest of the State of Alaska. All other aspects of the lessee’s project are outside the scope of this decision.

Authority

This lease renewal application is being adjudicated pursuant to AS 38.05.035(b)(1), AS 38.05.070(e), and AS 38.05.810(b)-(d). Under AS 38.05.070(e), leases may be renewed only once for a term not longer than the initial term of the lease. Lease renewal applications adjudicated under AS 38.05.070(e) are not subject to AS 38.05.035(e) or AS 38.05.945.

Administrative Record

The administrative record for the proposed action consists of the Constitution of the State of Alaska; the Alaska Land Act as amended; applicable statutes and regulations referenced herein; the Central/Southern Southeast Area Plan (CSSEAP, November 2000) and other classification references described herein; and the casefile for the application serialized by DMLW as ADL 106906.

Location Information

Geographic Location

The leasehold is located on state-owned, DMLW-managed uplands and shorelands in the Neets Creek watershed on Revillagigedo Island (*Sanyaa Aani*), 31 miles north of Ketchikan (*Kichxáan*), Alaska; USGS Quad Ketchikan D-5.

Legal Description

Tracts A and B, Alaska State Land Survey (ASLS) No. 2003-49, located within the NE ¼ of Section 20, Township 70 South, Range 91 East, Copper River Meridian, and contains 18.40 acres, more or less, according to the survey plat recorded in the Ketchikan Recording District on August 22, 2005, as Plat No. 2005-34, Document No. 2005-003215-0.

Other Land Information

Municipality: Ketchikan Gateway Borough (KGB)

Regional Corporation: Sealaska Corporation

Village Corporation: Cape Fox Corporation

Federally Recognized Tribe: Ketchikan Indian Community, Organized Village of Saxman,
Central Council of the Tlingit and Haida Indian Tribes of Alaska

Approximate Coordinate Location: 55°47'18" N, 131°29'22" W (DATUM – WGS 84)

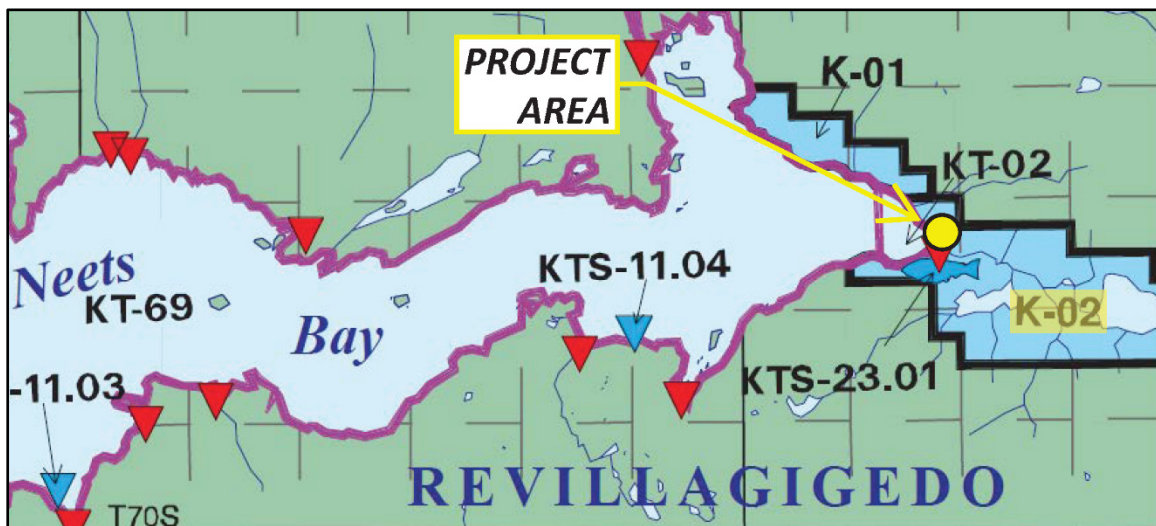
Title

A DNR title report (RPT-23835) issued on March 6, 2025, from DNR's Realty Services Section (RSS) reports that the State of Alaska holds title for the land and mineral estates, excepting Forest Development Road (FDR) No. 80 and No. 8000690 for the Title Report Project Area (see legal description above), under Patent 50-2003-0298 which was acquired through State Selection National Forest Community Grant (NFCG) 388.

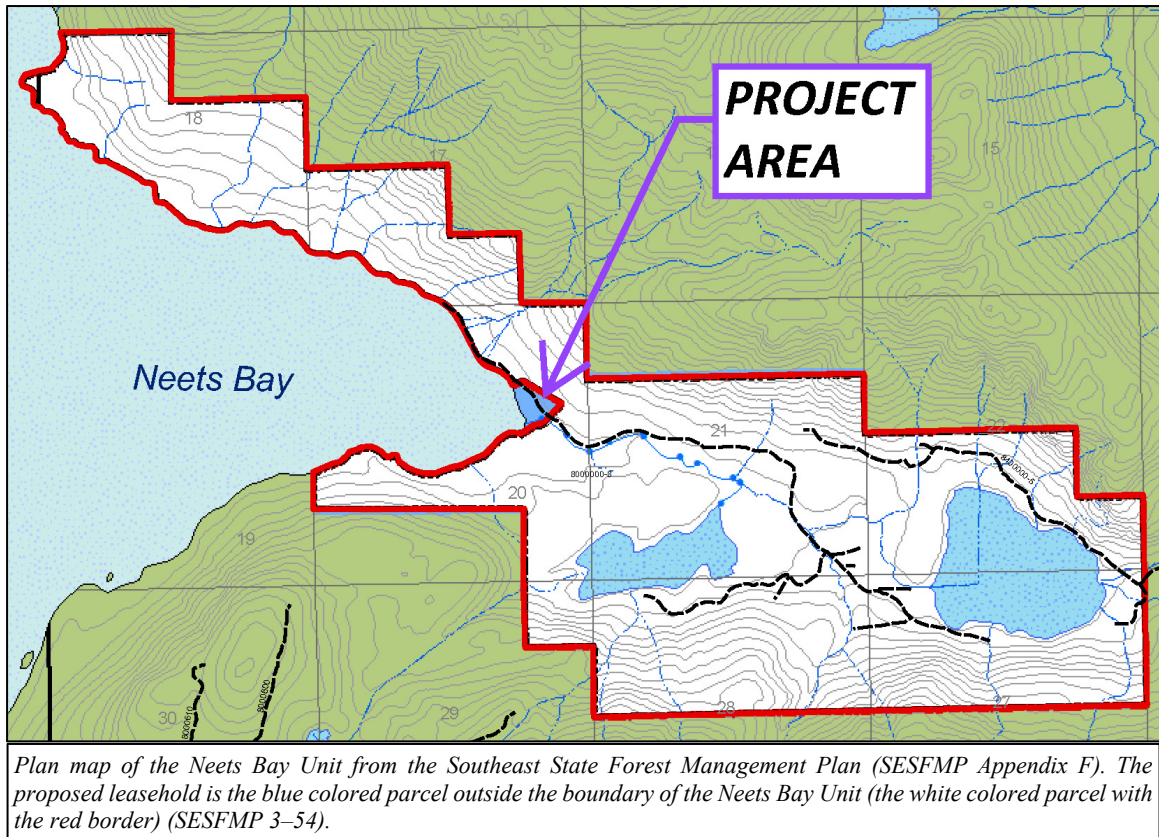
Adjacent Landowners

- U.S. Department of Agriculture (USDA), U.S. Forest Service (USFS), Tongass National Forest (TNF), Ketchikan Ranger District (KRD)
 - FDR No. 80 and FDR No. 8000690
- Ketchikan Gateway Borough (KGB), Manager's Office, Lands Department
 - Alaska Tidelands Survey (ATS) 1293 and Tract A, ATS 1527

Planning and Classification



The CSSEAP's map for Ketchikan – Cleveland Peninsula (3–243). The yellow circle indicates the location of the proposed leasehold. The proposed leasehold is within Management Unit K-02 (CSSEAP 3–279).



The CSSEAP has remained unchanged since the lease was first issued in 2005. The proposed leasehold renewal is located within Management Unit K-02 – “Neets Creek drainage into Neets Bay (Revillagigedo Island)” (CSSEAP 3–243, 279). Although the CSSEAP has remained unchanged, on July 1, 2011, the Alaska State Legislature established the Southeast State Forest (SESF), and on February 11, 2016, the Southeast State Forest Management Plan (SESFMP) was implemented. At the time of the SESF’s enactment, the majority of the land that embodied CSSEAP’s Management Unit K-02 was designated as part of the SESF, “Township 70 South, Range 91 East, Copper River Meridian Government Tract A, excluding Tracts A–F of ASLS 2003-49 within Sections 17, 18, 20–22, and 27–29” (AS 41.17.500(e)(19)). Within the SESFMP, this legislatively designated land is called the Neets Bay Unit, within the Ketchikan Management Area (3–54). As the statute above states and the SESFMP details, the tracts that embody this proposed leasehold renewal (Tracts A and B, ASLS 2003-49) are not a part of the SESF nor are they subject to the SESFMP.

Since the proposed leasehold is still subject to the CSSEAP, the applicable Chapter 2 guidelines for the proposed leasehold are Fish and Wildlife Habitat and Harvest Areas (CSSEAP 2–11-21); Recreation, Tourism, and Scenic Resources (CSSEAP 2–36-39); Shorelines, Stream Corridors and Coastal Areas (CSSEAP 2–45-49); and Trail and Public Access Management (CSSEAP 2–53-56). Management Unit K-02’s land use designation is Gu – General Use (CSSEAP 3–2-3, 279) which converts to 11 AAC 55.200. Resource Management Land as the land classification (CSSEAP 4–3, 5).

**K-02 – “Neets Creek drainage into Neets Bay (Revillagigedo Island)” (CSSEAP 3–279):
Management Intent, Resources/Uses for which Unit is to be Managed**

Management Intent: This parcel is to be managed for multiple uses, including dispersed recreation, current (but primarily) future forest values, and the maintenance of the aquaculture facility in Neets Bay. During the planning period, timber projects undertaken may include timber sales, pre-commercial and commercial forest thinning to improve forest productivity and habitat, and pruning to improve wood quality. A proposed timber sale Forest Land Use Plan/Preliminary Decision/Final Finding shall give consideration to the potential impacts on dispersed recreation, anadromous streams, wildlife habitat, the operations of the aquaculture facility and use appropriate protection and/or mitigation techniques. A proposed timber sale must follow the guidelines of Chapter 2 as well as other pertinent state laws and regulations. Because of terrain and the remote location of the parcel, land disposals are not recommended during the planning period. Any development or extractive activities that may be authorized must preclude adverse effects to the operation of the aquaculture facility. No vegetation disturbance should occur within 100’ of the lakes and Neets Creek; this area should be retained if other portions of the unit are conveyed out of state ownership.

Managed Resources: Timber, Habitat/Wildlife

Resources: There are over 1,800 acres of forested land in this unit. Most of the parcel has experienced previous timber harvest, with over 1,100 acres of regenerating clear cut forests within this unit and the adjacent parcel, K-01. There is at least one anadromous stream.

DMLW finds the proposed leasehold is consistent with Management Unit K-02’s management intent, designations, classification, as well as the applicable Chapter 2 guidelines of the CSSEAP. The proposed leasehold is consistent with K-02’s management intent, resources and uses because the proposed leasehold is for the continued maintenance and operation of the private non-profit salmon hatchery and aquaculture facility in the Neets Creek drainage. The proposed leasehold is consistent with the General Use designation, the Resource Management Land classification, and the applicable Chapter 2 guidelines because the proposed leasehold meets the appropriate design, siting, and operation criteria to make it compatible with the variety of resources in the area (fish, wildlife, recreation, tourism, etc.).

Mineral Orders

The proposed leasehold does not fall within the areas delineated in Administrative Mineral Closing Order (MCO) No. 747 (CSSEAP Appendix B). Neither an MCO nor a leasehold location order is necessary or appropriate for this proposed leasehold.

Local Planning

The proposed leasehold is within the Ketchikan Gateway Borough (KGB) and is subject to local planning and zoning ordinances. The Borough will be notified of this Renewal Decision.

Traditional Use Finding

This finding is not required since the proposed leasehold is located within an organized borough (AS 38.05.830). The Borough will be notified of this Decision.

Access

Physical and Legal Access

Physical access to the proposed leasehold is via the tide and submerged lands associated with Neets Bay, a public and navigable body of water. The tide and submerged lands of Neets Bay immediately adjacent to the proposed leasehold — Alaska Tidelands Survey (ATS) 1293 and Tract A, ATS 1527 — are owned and managed by KGB (Tidelands Patent No. 445). SSRAA has legal access to the proposed leasehold via two lease agreements with KGB: Borough Document Nos. 05-080 (ATS 1293) and 05-081 (Tract A, ATS 1527), filed in the Ketchikan Recording District on June 30, 2016, as Document Nos. 2016-001697-0 and 2016-001698-0, respectively.

Access To and Along Public Waters

The proposed leasehold is adjacent to Neets Bay, a public and navigable body of water. Pursuant to AS 38.05.126(a), the public has a constitutional right to free access to, and use of, navigable or public waters of the State of Alaska. Under 11 AAC 51.045 and AS 38.05.127, DMLW is required to reserve specific public-access easements to and along these waters. Unless comments and other information submitted to DMLW provide justifiable and convincing evidence to do otherwise, this disposal of state interest will be subject to a 50-foot public access easement landward of the line of mean high water.

Environmental Risk

Hazardous materials, specifically hydrocarbons and disease control chemicals are stored within the proposed leasehold while wastewater and seafood waste are processed within the proposed leasehold as well. Stipulations will be included in the lease to ensure proper handling and storage of the hazardous materials. The use and storage of all hazardous substances must be done in accordance with existing federal, state, and local laws. Debris (such as soil) contaminated with used motor oil, solvents, or other chemicals may be classified as a hazardous substance, and must be removed from the leasehold and disposed of in accordance with state and federal law.

The hydrocarbons (25,990 gal. total) stored within the proposed leasehold:

- Tract A
 - One 5,000 gal. gasoline fuel tank and pump house located near the barge landing
 - One 5,000 gal. diesel fuel tank located near the hatchery building
 - Four 165 gal. heating fuel tanks located next to the four residences in Tract A
- Tract B
 - One 5,000 gal. diesel fuel tank located near the shop
 - One 8,000 gal. diesel fuel tank located near the shop
 - One 2,000 gal. heating fuel tank located near the shop
 - Two 165 gal. heating fuel tanks located next to the two residences in Tract B

The bulk hydrocarbon fuel storage tanks ($\geq 2,000$ gal.) are double-walled and regularly checked onsite by the lessee's staff. The shop located in Tract B stores fuel spill containment supplies and there are seven fire hydrants located within the proposed leasehold in the event that any of the stored hydrocarbons combusted or ignited.

The disease control chemicals stored within the proposed leasehold:

- Tract A
 - 500 gal. of Formalin located inside the incubation building
 - 19 L. of Argentyne Iodine located inside the incubation building
 - 1.776 g. of Virkon Aquatic located inside the incubation building

The lessee has the following permits from the State of Alaska, Department of Environmental Conservation (DEC):

- Alaska Pollutant Discharge Elimination System (APDES) Permit
 - Authorization No. AKG130023
 - General Permit No. AKG130000
 - DEC File No. 1516.48.008
- Construction and Operation Certificate for Domestic Wastewater Disposal Systems
 - Plan Tracking No. 29081
- Permit to Operate, PL-1 Land-Based Processing less than 5,000 lbs./day
 - Permit No. 1158 / AK No. 138

On March 11, 2024, DEC issued a Notice of Violation (NOV) to the lessee regarding Authorization No. AKG130023. The notice identified several violations: the lessee did not include water monitoring in the 2021 annual report; the April 2021 drawdown monitoring for ammonia from raceways 2, 3, 5-8 was not completed; the benthic monitoring form did not document sediment type, color, presence of feed or other debris, and presence and extent of benthic bacteria or fungal mats; and the monitoring log for samples collected in December 2023 did not document the time the sample was collected.

In light of these violations, DEC required the lessee to do the following by April 12, 2024: explain why receiving monitoring information was not included in the 2021 annual report and how they will ensure future annual reports are complete; provide an explanation of why the April 2021 drawdown monitoring for ammonia was not completed and how they will ensure monitoring for ammonia will be completed in the future; submit a procedure or form that ensures benthic monitoring will document the required information; and submit an explanation of how they will ensure that the time samples are collected is documented in the future. On May 13, 2024, DEC sent the lessee a close-out letter informing them that the required deliverables listed above were received and accepted by DEC.

Background

SSRAA began operating the Neets Bay Hatchery on U.S. Forest Service (USFS) land in July 1983. The hatchery was authorized under USFS Special Use Permit (SUP) No. 4068-01. On December 20, 1993, the State of Alaska submitted a selection application (Bureau of Land Management (BLM) Casefile No. AA-77025, NFCG 388) for lands encompassing the Neets Bay Hatchery (Government Tract A, C070S091E). On February 23, 1998, BLM issued Tentative Approval (TA) No. 1998-0036 for the selected lands. Per federal regulations, Neets Bay Hatchery permit USFS SUP 4068-01 was closed upon issuance of TA No. 1998-0036. With the closure of the USFS permit and transfer of land to state ownership, SSRAA worked with DMLW to acquire authorization to lease state land.

On June 10, 2003, the United States officially conveyed the lands identified in Patent No. 50-2003-0298 to the State of Alaska. The patent reserved easement interests and management authority over three Forest Development Roads (FDRs) – FDR No. 80, FDR No. 84, and FDR No. 8000690 – to the United States.

On February 7, 2006, the lease agreement for ADL 106906 was signed and issued, with the effective dates of June 1, 2005, to May 31, 2030. Per Special Stipulation No. 4 of the lease agreement, the submittal of a PG in the amount of \$460,000.00 was suspended and would only take effect if a lease renewal application was not received by December 1, 2024. Although SSRAA worked diligently to submit a lease renewal application before the December 1, 2024, deadline, the application was submitted on December 9, 2024, and DMLW accepted the application because SSRAA acted in good faith and kept DMLW informed of their progress.

On April 18, 2025, DMLW issued and recorded Amendment No. 1 (Document No. 2025-000821-0) to the lease agreement, thereby, authorizing the demolition and replacement of the bear observatories located near Neets Creek, and increasing the Visitor Day Use Fee to \$4.00/day per visitor.

Agency Review

An agency review of this lease renewal application was conducted from Tuesday, January 14, 2025, through Friday, February 14, 2025. Information and comments received from sections within DMLW during this agency review have been considered and included in the preparation of this Renewal Decision.

The following organizations were included in this agency review:

- Alaska Association of Conservation Districts (AACD); Administrator’s Office
- Alaska Department of Fish and Game (ADF&G); Division of Wildlife Conservation (DWC); Access Defense Program (ADP)
- ADF&G; Habitat Section; Ketchikan and Prince of Wales Island Area
- DEC; Commissioner’s Office (CO); Hearings, Regulations, and Special Projects
- DEC; Division of Environmental Health (EH); Solid Waste Program (SWP); Hazardous Waste Section (HWS)
- DEC; Division of Spill Prevention and Response (SPAR); Contaminated Sites Program (CSP); Underground Storage Tank Prevention Section
- DEC; SPAR; Prevention, Preparedness, and Response Program (PPRP); Interagency Coordination Unit (ICU)
- DEC; SPAR; PPRP; Southeast Region
- DEC; Division of Water (Water); Director’s Office (DO)
- DEC; Water; Compliance Program; Juneau Team
- DEC; Water; Wastewater Discharge Authorization Program (Wastewater); Engineering Support and Plan Review
- DEC; Water; Wastewater; Industrial, Municipal, Domestic, and Seafood Processing Wastewater Discharge Sections
- DEC; Water; Wastewater; Stormwater Section (Stormwater); Construction and Multi-Sector General Permit

- DEC; Water; Wastewater; Stormwater; Excavation/Hydrostatic Authorizations and Stormwater Plan Reviews
- DEC; Water; Wastewater; Stormwater; Wetlands – 401 Certifications and Permits
- DEC; Water; Water Quality Standards, Assessment, and Restoration Program; Nonpoint Source Water Pollution, Prevention, and Restoration
- DNR; DOF&FP; Coastal Region; Southeast Area
- DNR; DOF&FP; Director’s Office (DO)
- DNR; DOF&FP; Forest Practices Program
- DNR; Division of Parks and Outdoor Recreation (DPOR); Office of History and Archaeology (OHA); Review and Compliance Unit (R&C Unit)
- Department of Transportation and Public Facilities (DOT&PF); Design and Engineering Services (DES); Design and Construction Standards (DCS); Right-of-Way (ROW) Office

Agency Review Comment and Response

ADF&G; DWC; ADP Comment Summary:

ADF&G has no objection to this authorization but offers the following recommendations:

1. While no critical habitats are present, several marine mammal species inhabit the area. To minimize risks, all deconstruction materials should be removed, construction materials contained, and trash properly disposed of, so they do not enter the marine environment. Spill kits should be available on-site to contain any disease control chemicals in the event of a spill. If any marine mammal interactions occur, please contact the ADF&G Marine Mammal Program (dfg.dwc.mmcomments@alaska.gov) and the 24/7 Marine Mammal Stranding Hotline (877-925-7773).
2. Fuel, food, trash, and other wildlife attractants should be properly stored. Using bear-resistant containers, keeping a clean site, and removing attractants when sites are unoccupied will reduce the likelihood of nuisance wildlife encounters. Additional [guidance](#) and [reporting](#) tools are available on ADF&G’s website.

DMLW Response:

The lessee will be informed of ADF&G’s guidance and reporting recommendations for marine mammal interactions and nuisance wildlife encounters. The renewed lease agreement (Attachment 2) will include stipulations outlining the proper procedures for the use, storage, discharge notification, spill response, and disposal of fuel and hazardous substances. The renewed lease agreement will also include stipulations detailing appropriate food storage and waste disposal practices.

DEC; EH; SWP; HWS Comment Summary:

Please provide additional information regarding how the demolished bear viewing observatories were disposed of.

DMLW Response:

Any salvageable materials from the demolished bear viewing observatories were used for other site purposes. Unsalvageable materials were loaded onto a barge and transported to Ketchikan, where the materials were disposed of at the Deer Mountain Landfill.

DEC; SPAR; CSP Comment Summary:

DEC-SPAR-CSP has no comments related to this request. If the project scope changes, update your research, and contact CSP as needed. Please note residual contamination may remain at cleanup completed sites. Spills are also handled by DEC-SPAR-PPRP and can be searched in their [SPILLS](#) database.

DMLW Response: None required.

DEC; SPAR; PPRP; ICU Comment Summary:

The DEC-SPAR-PPRP-ICU has no comments related to this request.

DMLW Response: None required.

DNR; DOF&FP; Coastal Region; Southeast Area Comment Summary:

The SESF's Neets Bay Unit surrounds the hatchery, which in turn is surrounded by the Tongass National Forest. Use of the Neets Bay Unit is challenging due to a lack of suitable and feasible access to tidewater. Future use of the Neets Bay Unit will need to utilize FDR 8000690 as the hatchery occupies controlling topography in the middle of Government Tract A, C070S091E. The surrounding topography prevents rerouting FDR 8000690 around the leasehold and doing so would be a major cost to the State or the USFS. While adjustments to the road alignment within the ROW may be possible to mitigate direct conflict, SSRAA's structures within the ROW and near the road surface are not in either party's long-term interest.

The road was originally built for commercial forestry, which involves large and heavy traffic. Concentrated use near the road raises safety and operational concerns. Most structures shown on the plat could likely be relocated.

At the time of the placement of the notes on the plat (2003), the USFS acknowledged the road's uncertain future but maintained its potential management need. Timber management activities in the Neets Bay Unit are more likely to occur during the lease term than those in the surrounding National Forest. Given the 25-year lease request, resolving this encroachment issue now aligns with the State's long-term interests, especially as young-growth timber nears merchantability.

DOF acknowledges the hatchery's historical and regional importance and considers it compatible with the SESF's mission of supporting renewable resource production.

DMLW Response:

DMLW thanks DOF&FP for their comment and recognizes DOF&FP’s potential need for future access along FDR 8000690. In light of DOF&FP’s comment, DMLW will take this opportunity to address the management authority of FDR 8000690. Per U.S. Patent 50-2003-0298, the federal government retains an easement interest and management authority over FDR 8000690 until such time as USFS determines it no longer needs the right-of-way and executes relinquishment of its authority and interest, in the form of a recordable document. As USFS has not terminated the easement interests reserved in Patent 50-2003-0298, DMLW has no authority over the alignment, location, use, or management of FDR 8000690. Hence, this leasehold only includes Tracts A and B, ASLS 2003-49; FDR 8000690 (Tracts C-F, ASLS 2003-49) is not a part of this leasehold.

Additionally, because USFS was not a signatory to ASLS 2003-49, FDR 8000690 cannot be considered a surveyed, or fixed, right-of-way. USFS may freely relocate any portion of FDR 8000690 at any time without concurrence or approval from the State of Alaska. In the event USFS chooses to improve, realign, or otherwise exercise management authority over FDR 8000690, it is the responsibility of the lessee to remove, relocate, or adjust any lessee-owned improvements or activities USFS determines to be encroachments. During the lease renewal adjudication process, DMLW has consulted with USFS on multiple occasions, and to date, USFS has offered no objections regarding the lessee’s encroachments on the current location of FDR 8000690, nor has USFS requested the lessee address or remedy said encroachments.

DNR; DPOR; OHA; R&C Unit Comment Summary:

The proposed project is unlikely to affect cultural resource sites, and a finding of “No Historic Properties Affected” is considered appropriate. However, known cultural resources are located nearby. The Alaska Historic Preservation Act (AHPA) prohibits the disturbance or removal of such resources on state land. If any cultural resources are inadvertently discovered during the term of the lease, work must stop immediately and OHA (907-269-8700, oha.revcomp@alaska.gov) must be notified for evaluation under AS 41.35.070(d). Please note that some sites may be deeply buried and fossils are considered cultural resources subject to the AHPA.

DMLW Response:

The lessee will be informed that they must stop work immediately and notify OHA if any cultural resources are discovered during the term of the lease. Furthermore, the renewed lease agreement will include a stipulation regarding the AHPA and how the lessee shall act and respond if any cultural resources are discovered.

DOT&PF; DES; DCS; ROW Office Comment Summary:

Thank you for the opportunity to review this proposal. DOT&PF has no comment at this time.

DMLW Response: None required.

Discussion

This lease renewal is in the best interest of the State as the land under lease will continue to support and enhance Alaska's fisheries by increasing salmon abundance. SSRAA has remained in good standing and has a positive working relationship with DMLW.

Recommendation and Renewal Decision

Authorization Type and Term

As provided by AS 38.05.070(e), DMLW has determined that it is appropriate to renew the expiring lease issued to SSRAA for a consecutive 25-year term beginning June 1, 2030, which will expire May 31, 2055, subject to the terms and conditions of the draft lease agreement (Attachment 2) and the following.

Performance Guaranty

Performance guaranties are a means to encourage compliance with the terms and conditions of a lease and provide for a way to pay for corrective action should the user of state-owned land fail to meet those requirements. The amount of a performance guaranty should equal the possible costs the state would incur to terminate an agreement authorizing use of state land, and return the land to marketable and environmentally sound condition.

The original Preliminary Decision and Final Finding and Decision determined a performance guaranty of \$460,000.00 was sufficient to satisfy the provisions of AS 38.05.035(a)(4). However, according to the June 29, 2004, letter from the Commissioner of the Department of Natural Resources and Amendment #1 to the Final Finding and Decision, this performance guaranty amount was waived and replaced with a requirement that five years before the lease expires, SSRAA must apply to renew the lease or post a bond of \$460,000.00 for the removal of facilities and site rehabilitation.

Therefore, in accordance with the terms of the original lease, the performance bond of \$460,000.00 will be sufficient to satisfy the provisions of AS 38.05.035(a)(4), but will continue to be deferred as long as SSRAA submits a new lease application by May 31, 2050, which will be five years before the lease expires on May 31, 2055. If SSRAA does not submit a new lease application by May 31, 2050, the performance guaranty amount of \$460,000.00 will be incorporated into the calculation for SSRAA's Blanket Performance Guaranty and Security Agreement and will be adjusted accordingly.

Insurance

Consistent with AS 38.05.035(a), to protect the State from liability associated with the use of the site, the lessee shall provide and maintain a comprehensive general liability insurance policy with the State of Alaska named as an additional insured party per the stipulations of the Lease Agreement. The lessee shall secure or purchase at its own expense, and maintain in force at all times during the term of this lease, liability coverage and limits consistent with what is professionally recommended as adequate to protect the lessee and the State, its officers, agents and employees from the liability exposures of all the insured's operations on state land. The insurance requirement may be adjusted periodically.

Compensation and Appraisal

Annual Land Use Fee

Pursuant to 11 AAC 58.410(b), AS 38.05.075(f) and AS 38.05.840(b), the annual lease compensation will be \$7,064.00.

In accordance with the terms of the original lease, a formal appraisal will not be required at this time as this site qualifies for a compensation assignment from a Minimum Rent Determination. In accordance with AS 38.05.840(a), an acceptable appraisal may be required for future rent adjustments if the sites no longer meet the conditions and limitations to apply the remote land fee schedule, or if a periodic market analysis indicates the need for such an appraisal.

Periodic Rate Adjustment

In accordance with AS 38.05.105, the annual rent payment will be subject to adjustment at five-year intervals after the issuance of the lease renewal.

Visitor Day Use Fee

All commercial recreation authorizations are subject to a \$4.00/day “Visitor Day” fee under 11 AAC 96.250(18), for each client using state land. A Visitor Day is defined as meaning all or any part of a calendar day which a commercial recreation client is present, with each client representing a separate visitor day if multiple clients are present at any time during a calendar day. This fee is collected once a year and will be due on the same day as the annual fee.

Survey

DMLW will continue to use the existing survey (ASLS 2003-49) to delineate the leasehold.

Adjudicator Recommendation

Based on the information provided by the lessee and other agencies, as well as a review of planning documents, statutes, and regulations, I recommend approving a renewed lease.

John Henry Driscoll III

**John Henry Driscoll IH
Natural Resource Specialist 3**

04/06/2026

Date

Renewal Decision

The file has been reviewed and found to be complete. It is the finding of the Division of Mining, Land and Water; Southeast Regional Land Office; Natural Resource Manager 2 that renewal of this lease is appropriate. If no appeal is filed by the appeal deadline, this decision goes into effect as a final administrative order and decision of the Department on the 21st day after issuance.

**Mason Auger¹
Natural Resource Manager 2**

Date

¹Authority to sign on behalf of the Commissioner has been delegated by memorandum dated September 30, 1999, to the Director of the Division of Mining, Land and Water, and redelegated from the Director to the Regional Managers. Authority to sign on behalf of the Southeast Regional Manager has been delegated by memorandum dated April 15, 2024, to the Natural Resource Manager 2.

Attachments

Attachment 1. Development Plan

Attachment 2. Standard Lease Agreement and Additional Stipulations

Attachment 3. Request for Final Deliverables

Appeals

An eligible person affected by this decision may appeal to the DNR Commissioner per AS 44.37.011 and 11 AAC 02. Any appeal must be received within twenty (20) calendar days after issuance of this decision under 11 AAC 02.040. An eligible person must first appeal a decision to the Commissioner before seeking relief in superior court. The Alaska Court System establishes its own rules for timely appealing final administrative orders and decisions of the department. Appeals may be mailed or hand-delivered to the DNR Commissioner's Office, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska, 99501; or faxed to (907) 269-8918; or sent by electronic mail to dnr.appeals@alaska.gov. Appeals must be accompanied by the fee established in 11 AAC 05.160(d)(1)(F), which has been set at \$200 under the provisions of 11 AAC 05.160(a)-(b). A copy of 11 AAC 02 is available on the department's website at dnr.alaska.gov/mlw/pdf/DNR-11-AAC-02.pdf.