

Habitat Protection Program:
Large Parcel Status Report
DRAFT April 9, 2003

The *Exxon Valdez* Oil Spill Trustee Council funds the acquisition of land to protect the habitat of resources and services injured by the spill. Since 1993, the Council has committed over \$365 million to protect 644,836 acres of land. Most of the land is in large tracts that protect larger ecosystems and watersheds, but some is in smaller tracts with unique habitat or strategic value. This is a report on the status of the Large Parcel Habitat Protection Program.

	Acres Acquired	Cost
Large Parcels	635,770	\$343.3 million
Small Parcels	<u>9,066</u>	<u>\$22.1 million</u>
Total:	644,836	\$365.4 million

Large Parcel Acquisitions (Table 1). The Council has spent \$343.3 million to acquire 635,770 acres of land in large parcels, including inholdings in Kachemak Bay State Park, land on Afognak Island, commercial timber rights on land along Orca Narrows, a parcel on Shuyak Island, and lands formerly owned by Afognak Joint Venture, Akhiok-Kaguyak, Inc., Old Harbor Native Corporation, Koniag, Inc., Chenega Corporation, English Bay Corporation, Tatitlek Corporation and Eyak Corporation.

Large Parcel Commitments (Table 2). The Council has committed \$29.8 million to a ten-year non-development easement on 55,402 acres owned by Koniag, Inc. along the Karluk and Sturgeon rivers, with a possible sale at the end of the ten year period (July 2012).

Large Parcel Offers (Table 3). In November 2002, the Council agreed to contribute half (\$10.45 million) of the cost (\$20.9 million) of purchasing 17,000 acres, and timber rights on 2,300 acres, from a group of private landowners, which includes Koniag, Inc. The Council earlier sought to acquire these lands, which are located in the Perenosa Bay area on northern Afognak Island, but had insufficient funds at that time to do so.

Additional Protection Possibilities. In March 2000, the Trustee Council authorized appraisal of approximately 1,850 acres of lands owned by the Karluk Village IRA Council. An appraisal has been completed, and the landowner is now considering what type of protection/acquisition package they could support.

Table 1. Large Parcel Acquisitions

Parcel Acquired	Acreage	Total Price (Incl. Interest)	Trust Fund	Other Sources
Afognak Joint Venture (AJV)	41,750	\$73,966,348 ¹	\$73,966,348	\$0
Akhiok - Kaguyak, Inc.	115,973	\$46,000,000	\$36,000,000	\$10,000,000
Chenega	59,520	\$34,000,000	\$24,000,000	\$10,000,000
English Bay ²	32,537	\$15,371,420	\$14,128,074	\$1,243,346
Eyak	75,425	\$45,129,854	\$45,129,854	\$0
Kachemak Bay State Park Inholdings ³	23,800	\$22,000,000	\$7,500,000	\$14,500,000
Koniag (easement to 12/15/01)	55,402	\$2,000,000	\$2,000,000	\$0
Koniag (easement to 10/15/02)	(above)	\$300,000	\$150,000	\$150,000
Koniag (fee title)	59,674	\$26,500,000	\$19,500,000	\$7,000,000
Old Harbor	31,609	\$14,500,000	\$11,250,000	\$3,250,000
Orca Narrows (timber rights)	2,052	\$3,450,000	\$3,450,000	\$0
Seal Bay / Tonki Cape	41,549	\$39,549,333	\$39,549,333	\$0
Shuyak Island	26,665	\$42,000,000	\$42,000,000	\$0
Tatitlek	69,814	\$34,719,461	\$24,719,461	\$10,000,000
TOTAL:	635,770	\$399,486,416	\$343,343,071	\$56,143,346

Table 2. Large Parcel Commitments

Parcel	Acreage	Total Offer (plus interest)	Trust Fund ⁴	Other Sources
Koniag (easement 10/15/02 on)	(above)	\$29,800,000	\$29,800,000	\$0

Table 3. Large Parcel Offers

Parcel	Acreage	Total Offer (plus interest)	Trust Fund	Other Sources
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¹ An additional \$750,000 has been authorized by the Trustee Council for AJV subsurface. An additional \$167,475 was also authorized (the Council's total AJV authorization was \$74,133,823), a portion of which (\$110,481) for possible acquisition of the Randall inholding, but it will not be needed for the AJV acquisition and is not included in this report. Also note that the legislative authorization provided ADNR for AJV was \$74,397,953, which exceeded the amount authorized by the Council by \$264,130. This excess legislative authorization is not included in this report.

² The final English Bay closing (\$414,430, which is included in the Trust Fund amount), was originally scheduled for October 2002 but now may be as late as 2006.

³ Other funding is a State of Alaska contribution of \$7 million from the Exxon plea agreement and \$7.5 million from the civil settlement with the Alyeska Pipeline Service Company. For all other parcels, funding from other sources consists of a Federal contribution from the Exxon plea agreement.

⁴ The \$29,800,000 includes \$4,554,504 for a limited easement through 2011, at which time Koniag, Inc. may choose to accept the remainder of the funds in the account (including earnings) to sell the parcel in fee. Koniag may also choose at that time to extend the conservation easement or withdraw from the deal.

Afognak I.-Perenosa Bay	17,000	\$20,924,000	\$10,450,000	\$10,474,000
Afognak I.-Perenosa Bay (timber rights)	2,300	included	included	included
TOTAL:		\$20,924,000	\$10,450,000	\$10,474,000

Large Parcel Acquisitions & Commitments

Afognak Joint Venture. In November 1998, Afognak Joint Venture transferred to the state and federal governments surface title to about 41,350 acres of land on northern Afognak Island and easements on an additional 400 acres. Surface title was acquired in parcels adjacent to Shuyak Strait, adjacent to the Kodiak Island National Wildlife Refuge, east of Pauls and Laura Lakes, and adjacent to Tonki Bay, and several islands in Perenosa Bay and Blue Fox Bay. Afognak Joint Venture retained timber rights for 15 years on about 2,213 acres acquired to the east of Pauls and Laura Lakes. The acquisition included a conservation easement preserving a 200-foot buffer along the western shores of Pauls and Laura Lakes and easements for the operation of weir sites on the eastern shore of Waterfall Creek and at the mouth of Pauls Creek. Closing documents for purchase of subsurface rights are not yet finalized. The total purchase price was \$74 million.

Akhiok-Kaguyak. In May 1995, the federal government agreed to purchase from Akhiok-Kaguyak, Inc., surface title to 73,525 acres of land and conservation easements on 42,448 acres, for a total of 115,973 acres. These lands are within the Kodiak National Wildlife Refuge. The Council contributed \$36 million to this acquisition and the federal government contributed \$10 million from the federal restitution fund, for a total purchase price of \$46 million.

Chenega. In June 1997, the Chenega Corporation transferred to the U.S. Forest Service surface title to 20,968 acres of land and a conservation easement on an additional 22,284 acres. The corporation also transferred to the State of Alaska surface title to 16,268 acres of land. The total acreage protected is 59,520, all in Prince William Sound. Public access is allowed on all the land in the conservation easement except 3,330 acres on the southern portion of Chenega Island in the vicinity of the original Chenega village site. Two parcels acquired in fee simple, the Eshamy Bay and Jackpot Bay parcels, are among the highest ranked parcels for restoration benefit in the oil spill area. The Trustee Council contributed \$24 million to this acquisition and the federal government contributed an additional \$10 million from the federal restitution fund, for a total purchase price of \$34 million.

English Bay. In February 1997, the Trustee Council authorized funds for the purchase from the English Bay Corporation of land within the Kenai Fjords National Park and the Alaska Maritime National Wildlife Refuge. Surface title to 32,537 acres of land is being acquired for \$15.37 million. Certain access rights for hunting, fishing and gathering activities are reserved and retained by the English Bay Corporation. The Trustee Council has contributed

\$14.13 million to this acquisition and the federal trustees have agreed to provide up to \$1.24 million from federal criminal restitution funds to complete the acquisition. The English Bay Corporation will commit \$500,000 from its proceeds to establish a special cultural conservation fund to survey, protect, curate and interpret archaeological sites and cultural artifacts which are associated with the lands acquired. The Council's contribution to the English Bay acquisition consisted of a single payment to the federal government. The federal government's first closing on English Bay occurred in November 1997. Subsequent closings will occur through October 2002 to complete the acquisition.

Eyak. In July 1997, the Trustee Council authorized \$45 million to purchase 75,425 acres from The Eyak Corporation. The agreement includes surface title to 55,357 acres of land in eastern Prince William Sound, conservation easements on an additional 6,667 acres and timber easements on 13,401 acres. This acquisition protects habitat in the wooded shoreline areas of Nelson Bay, Eyak Lake and Hawkins Island, much of it visible from the City of Cordova. The package also includes Port Gravina, Sheep Bay and Windy Bay, which are considered among the most valuable parcels in Prince William Sound for recovery of species injured by the spill. Most of the land will be administered as part of the Chugach National Forest. One small tract will be managed by the State as part of the existing Canoe Passage State Marine Park. The total purchase price of \$45.1 million is being distributed in a series of payments to the landowner; the final payment is scheduled to occur in September 2002.

Kachemak Bay. In August 1993, the state acquired surface title to 23,800 acres of private inholdings within Kachemak Bay State Park on the Kenai Peninsula. This acquisition protects a highly productive estuary, several miles of anadromous fish streams and intertidal shoreline and upland habitat for bald eagles, marbled murrelets, river otters, and harlequin ducks. The Trustee Council contributed \$7.5 million to this purchase and the State of Alaska contributed \$7.0 million from the Exxon plea agreement and \$7.5 million from the civil settlement with Alyeska Pipeline Service Company.

Koniag. In November 1995, the federal government agreed to purchase from Koniag, Inc., surface title to 59,674 acres of prime habitat for bear, salmon, bald eagles, and other species in the Kodiak National Wildlife Refuge. The Trustee Council contributed \$19.5 million to the acquisition of fee title and the federal government contributed \$7.0 million from the federal restitution fund, for a total purchase price of \$26.5 million. The 1995 agreement also protected, through payment of \$2 million, an additional 55,402 acres along the Karluk and Sturgeon rivers under a non-development easement. The original easement expired in December 2001, but has now been extended (with the addition of Camp Island) through at least 2012. The terms of the extension agreement include establishment of a fund that begins at \$29.8 million and will accrue earnings over time. The fund may be tapped in exchange for fee acquisition at Koniag's sole discretion at some date in the future.

Old Harbor. In 1995, the federal government agreed to purchase from the Old Harbor Native Corporation surface title to 28,609 acres of land and the corporation donated a conservation easement on 3,000 acres. These lands are within the Kodiak National Wildlife Refuge. In addition, the Old Harbor Native Corporation agreed to preserve 65,000 acres of land on nearby Sitkalidak Island as a private wildlife refuge. The Trustee Council contributed \$11.25 million to this acquisition and the federal government contributed \$3.25 million from the federal restitution fund, for a total purchase price of \$14.5 million.

Orca Narrows Subparcel. In January 1995, the federal government purchased from the Eyak Corporation commercial timber rights on 2,052 acres of land in Orca Narrows. This parcel is near Cordova in Prince William Sound and contains anadromous fish streams, active bald eagle nests and favorable habitat for marbled murrelet nesting. The Trustee Council paid \$3.45 million for this acquisition.

Seal Bay and Tonki Cape (Afognak Island). In November 1993, the state purchased surface title to 41,549 acres on northern Afognak Island. This mature spruce forest is adjacent to highly productive marine waters, includes anadromous fish streams, and provides excellent habitat for bald eagles and marbled murrelet nesting. The Trustee Council contributed \$39.5 million (including interest) to this acquisition. In 1994, the Alaska State Legislature designated these lands as the Afognak Island State Park.

Shuyak Island. In March 1996, the state purchased from the Kodiak Island Borough surface title to 26,665 acres of prime habitat on Shuyak Island, at the northern tip of the Kodiak archipelago. The purchase price was \$42 million to be paid over seven years, with the final payment scheduled to occur in October 2002. The Kodiak Island Borough agreed to commit \$6 million from the land sale to expansion of Kodiak's Fishery Industrial Technology Center. The parcel was added to Shuyak Island State Park by the legislature in 1997.

The resolution providing funds for acquisition of lands on Shuyak Island also authorized up to \$1 million to purchase small waterfront lots forfeited to the Kodiak Island Borough because of tax delinquency. As a result of the 1980 merger of the former Larsen Bay village corporation with Koniag, Inc., the Larsen Bay Tribal Council received about 2,000 acres of land to be distributed among the shareholders of record. About 10 acres in size, these parcels occupy key waterfront locations along Uyak Bay within the boundaries of land purchased from Koniag, Inc. Kodiak Island Borough acquired some of these lots as a result of forfeitures for tax delinquencies; the rest are held by Larsen Bay shareholders. In June 1998, the Council allocated \$355,000 of the earmarked funds for the purchase of forfeited tax parcels and \$645,000 for the purchase of parcels owned by Larsen Bay shareholders. (See Small Parcel Status Report for further detail.)

Tatitlek. In June and October 1998, Tatitlek Corporation transferred to the state and federal governments surface title to 32,284 acres of land and conservation easements on 37,530 acres. The total acreage protected is 69,814. Two of the parcels acquired, Bligh Island and Two Moon Bay, were the third and fourth highest ranked parcels in Prince William Sound. The acquisition includes timber-only conservation easements on the north shore of Port Fidalgo and on land at Sunny Bay. The Trustee Council contributed \$24.7 million to this acquisition and the federal government contributed an additional \$10 million from the federal restitution fund, for a total purchase price of \$34.7 million.

The resolution providing funds for acquisition of lands from Tatitlek Corporation also designated homesite lots in the Two Moon Bay and Snug Corner Cove subdivisions as parcels meriting special consideration under the Trustee Council's small parcel process. If the United States or the State of Alaska acquires any block of six or more of these homesite lots from willing sellers, the Tatitlek Corporation will convey, at no cost, the surface fee estate to the acreage immediately behind the block of homesite lots. (See Small Parcel Status Report for further detail.)

Large Parcel Offers

Northern Afognak/Perenosa Bay. On November 18, 2002 the Trustee Council committed, as matching funds, \$10.45 million to a group of private landholders for acquisition of 17,000 acres of land, and the timber estate on an additional 2,300 acres (Pauls and Laura lakes), in the Perenosa Bay area on northern Afognak Island. The approved value of these parcels is \$20,924,000 – the Council has offered to pay half, with the balance of funds to be obtained by a group called the Afognak Conservation Partners, which consists of the Kodiak Brown Bear Trust, the Rocky Mountain Elk Foundation, and the American Land Conservancy. The Council's offer is good until November 8, 2004, which gives the partners two years to obtain the matching funds. The lands, which are owned by a number of Alaska Native corporations, including Koniag, Inc., lie within and near lands purchased by the Council some years ago that are now within Afognak Island and Shuyak Island state parks. The Council earlier sought to acquire these additional lands but had insufficient funds available to purchase them at that time.

Additional Protection Possibilities

Karluk. On March 16, 2000, the Trustee Council authorized the Alaska Department of Natural Resources to move forward with an appraisal, hazardous materials survey, and title search of approximately 1,850 acres owned by the Karluk Village IRA Council. The appraisal, which was completed and approved in February 2001, is \$2.2 million for a total of 2,191 acres. This consists of 1,008 acres within the Karluk River drainage (including the

5-acre Karluk weir site which was first evaluated as KAP 150 in 1994) and 1,183 acres within the Kodiak National Wildlife Refuge around Sturgeon, Grant, and Halibut lagoons (these lands are within large parcels -- KON 05 and KON 06 -- that were previously evaluated). The landowner is now considering what type of protection/acquisition package they could support.