

Killey River Purchase Project KEN 4015 Summary

In 2016, Cook Inlet Region, Incorporated (CIRI) and the U.S. Fish and Wildlife Service (USFWS) began discussing the benefits of a land sale by CIRI to the United States. This sale would be part of a land transaction meant to satisfy an aspect of the July 2001 [Russian River Section 14\(h\)\(1\) Selection Agreement](#) (Agreement) between CIRI, USFWS and the U.S. Forest Service (USFS), which settled CIRI land claims in the Russian River area of the Kenai Peninsula. Because lands within the Kenai National Wildlife Refuge (Refuge) to be involved in this transaction included Congressionally designated Wilderness, the Agreement had to be ratified by Congress through the 2002 Russian River Land Act ([Public Law 107-362](#)). Included in the Agreement was a requirement that CIRI lands obtained by the United States in the transaction “be of higher value fish and wildlife habitat” than Refuge lands to be conveyed to CIRI.

CIRI and USFWS agreed to pursue a phased land transaction that involved both an exchange and purchase of CIRI lands to be permanently protected as part of the Refuge. In turn, the Refuge would divest some of its lands to CIRI, and CIRI would then sell a right-of-way to the Alaska Department of Transportation and Public Facilities that would allow for construction of the Juneau Creek Alternative, the State’s preferred alternative for the [Sterling Highway Milepost 45-60 Project \(Cooper Landing Bypass\)](#). As described below, the exchange portion of the project (Phase I) was completed first to quickly facilitate the construction of the Cooper Landing Bypass.

Phase 2 consisted of the habitat parcel purchase, which was approved by the *Exxon Valdez* Oil Spill Trustee Council (EVOSTC) at its October 17, 2018 meeting. Resolution 18-03, approved at that meeting, authorized four habitat purchases including the “Killey River property,” project KEN 4015. The EVOSTC authorized this purchase for up to a total purchase price of \$20.5 million, based on the following conditions: (1) the EVOSTC Executive Director determines, in consultation with the State of Alaska Department of Natural Resources, U.S. Department of Interior Solicitor’s Office, and the State of Alaska Department of Law, that the purchase is in the interests of the Council; (2) due diligence reports are acceptable to the three consulting parties described in (1); and (3) a purchase agreement is executed by May 1, 2020. The Killey River property benefits report (Appendix B), which was considered by EVOSTC when approving the purchase and attached to Resolution 18-03, described the project as “an approximately 3,263-acre group of parcels surrounding the lower Killey River from its confluence with the Kenai River upstream to the Kenai National Wildlife Refuge and the Congressionally designated Kenai Wilderness.” The benefits report stated that in combination with lands to be exchanged and other past projects, the purchase would create a contiguous block of lands and waters encompassing virtually all of the Killey River watershed within the Refuge. The benefits report also stated that this purchase would provide permanent habitat protection and benefit several

Exxon Valdez Oil Spill (EVOS)-affected species, including Bald eagles, Dolly Varden trout, harlequin duck, marbled Murrelet, river otters, and pink and sockeye salmon. This purchase would also contribute to a larger effort and strategy of the Kenai Mountains to Sea partnership to ensure maintenance of riparian corridors and connectivity for fish and wildlife along the Kenai and Killey rivers, assist EVOS-recovering human services, including commercial fishing, recreation, tourism and subsistence, and provide improved public access for sport fishing and hunting along an area of the Kenai and Killey Rivers with limited public access.

A purchase agreement between CIRI and USFWS and State of Alaska (“the parties”) was executed on April 9, 2020. After delays caused by the COVID-19 pandemic, the retirement of a key employee at USFWS, and an extended appraisal process, CIRI and USFWS agreed upon the lands to be included in an initial land exchange (Phase 1). The decision to conclude the exchange prior to the sale was an effort by CIRI to accommodate the State’s timeline for the construction of the Cooper Landing Bypass. The land exchange was completed on April 19, 2022. The land exchange included a conveyance of approximately 1,081 acres of CIRI land around Killey River that was included within the 3,263 acres approved in Resolution 18-03.

Following the land exchange, the parties began working on Phase 2 of the project, which was the sale of additional CIRI lands. These lands, consistent with EVOSTC approval, would be owned by the United States (USFWS), with a conservation easement held by the State of Alaska (Department of Natural Resources). When completing the appraisal for the sale, the parties included a broader range of lands in the general vicinity of the acreage identified in the benefits report, given that some of the lands had been acquired through the Phase 1 land exchange and because the parties could not predict the value of each parcel and which of the many possible parcels the CIRI Board of Directors would ultimately elect to sell. After completion of the appraisal, including a review appraisal, the parties narrowed the package to 4,283 acres, which represented lands USFWS identified as having the highest priority for acquisition based on benefits to habitat. This package included approximately 2,027 acres of surface and subsurface parcels¹ that were specifically included in the benefits report and purchase agreement and approximately 2,256 acres of surface only parcels that were not specifically included in the benefits report or in the purchase agreement.

Given the high priority of the lands, CIRI’s interest in selling a somewhat larger package of lands, its satisfaction with the narrowed package, the use of “approximate” to describe the acreage in the benefits report, the general location and habitat and other benefits of these lands being consistent with Resolution 18-03, and the total sale price of the proposed package being

¹ The total surface acreage is 2,033 acres due to CIRI not owning the subsurface for a small portion of the lands that are islands within the Kenai River. All 2,033 acres of surface would be included in the purchase.

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approximately \$5 million under the sale price authorized by the EVOSTC, the parties sought and received CIRI Board approval and proceeded with due diligence needed to close on the sale. In addition to the appraisal, major elements of due diligence included completion of a Phase I environmental report and the corresponding federally required environmental evaluation, review of encumbrances on the lands to be acquired, title and legal description review by federal and State title experts and surveyors, and the drafting of conveyance and other documents.

Due diligence was nearly complete by August 2024, at which point EVOSTC staff requested release of EVOSTC funds for the sale via a court notice memo. At this time, some Trustees raised questions about the purchase, specifically the change in acreage to be acquired compared to what was approved by EVOSTC in 2018. While some Trustees were comfortable moving forward with the purchase, some preferred to hold a public meeting to discuss and reconsider this habitat purchase before releasing any funds. As a result, an EVOSTC meeting was scheduled for September 18, 2024.

In preparation for this September 18, 2024 meeting, the EVOSTC is asking the Public Advisory Committee and the public to review and comment on three options for the Killey River Project:

Option A:

EVOSTC moves forward with purchases of only 2,027 acres of Cook Inlet Region, Inc. (CIRI) - owned lands, both surface and subsurface, included in the KEN 4015 benefits report in Resolution 18-03, as shown on the attached map (Appendix A). This acreage is approximate and could change slightly between approval and the purchase. The value of the interests in land will be determined based on fair market value in the completed appraisal and is estimated to be approximately \$12.7 million.

Option B:

EVOSTC moves forward with purchase of the 4,283 acres of CIRI-owned lands in the final configuration approved by the CIRI Board, including a combination of surface only and both surface and subsurface parcels, as shown on the attached map (Appendix A). This acreage is approximate and could change slightly between approval and the purchase. The value of the interests in land will be determined based on fair market value in the completed appraisal and is estimated to be approximately \$15,075,000.

Option C:

EVOSTC moves forward with Option B now and re-initiates discussions with CIRI to potentially purchase 2,256-acres of CIRI-owned subsurface under the surface-only parcels included in

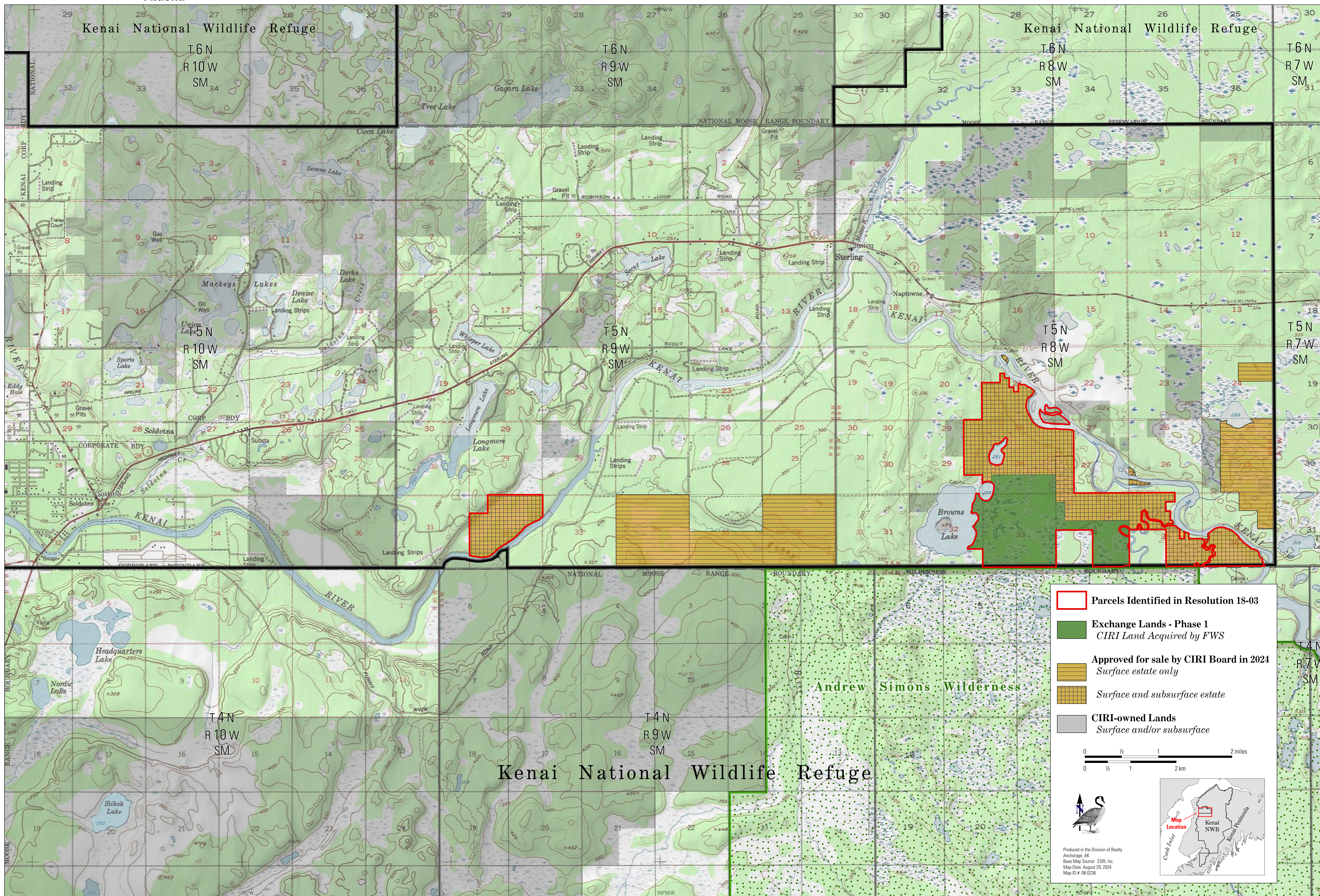
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Option B along with possible additional CIRI-owned lands in the same general vicinity as those identified on the attached map (Appendix A), so long as these lands have similar benefits to habitat and/or other EVOS-injured resources. This option would not have an acreage limitation, but any purchase would require CIRI Board authorization and USFWS's commitment to acquire the specific lands, and any purchase would need to be valued at fair market value established by an approved appraisal. Further, the total cost of this Option C purchase, including the cost of the purchase described under Option B and including due diligence and any closing or other costs or fees, shall not exceed \$20,500,000.



U.S. Fish & Wildlife Service Kenai National Wildlife Refuge Alaska

Killey River Habitat Project



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Anchorage, AK
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Map ID #: 08-0236

Killey River Property, Kenai Peninsula
Prepared by U.S. Fish and Wildlife Service

October 5, 2018

Property Name	Killey River Property, Kenai Peninsula, KEN 4015
Owner	Cook Inlet Region, Incorporated
Agency Sponsor	U.S. Fish and Wildlife Service
Appraised Value	To be determined upon completion of appraisal
Funding Request	Up to \$20.5 million, including due diligence and closing costs
Acreage	Approximately 3,263 acres
Legal description	See attached maps for property description and location

Overview:

This project includes an approximately 3,263-acre group of unimproved parcels that are owned by Cook Inlet Region, Incorporated, surrounding the lower Killey River from its confluence with the Kenai River upstream to the Kenai National Wildlife Refuge (Refuge) and the Congressionally-designated Kenai Wilderness. It includes parcels along the south shoreline of the Kenai River, as well as along the lower Killey River. On the attached maps, the parcels to be acquired are outlined in red. In combination with lands to be exchanged between the U.S. Fish and Wildlife Service (Service) and Cook Inlet Region, Incorporated (CIRI) and lands previously acquired by The Nature Conservancy which will be donated to the Service, this project would create a contiguous block of lands and waters encompassing virtually all of the Killey River watershed in conservation status within the Refuge. The project would ensure long-term protection of an important fish and wildlife corridor along the Kenai and Killey rivers from their confluence upstream to the Killey River's headwaters. This acquisition is fee simple (both surface and subsurface estates). The current landowner is Cook Inlet Region, Inc. (CIRI). The fair market value of the parcels will be determined by an appraisal prepared to EVOSTC, USPAP and UASFLA appraisal standards and reviewed and approved by an Office of Valuation Services (Department of Interior) review appraiser.

Property Description and Habitat:

The Killey River is a major tributary of the Kenai River which drains an approximately 596 km² watershed; all but its lower 2 miles flow on Refuge lands. Within the upper watershed, the substrate is primarily gravel and cobble mixed with boulders. The majority of the river channel is steep in gradient with variable sinuosity. The lower watershed flows through an unconfined alluvial plain, and concurrently includes three main channels.

Approximately 85 per cent of the proposed undeveloped tracts are forested, with black spruce, white/Lutz/Sitka spruce and mixed paper birch/aspens/spruce forest the predominant types. The tracts contain approximately 300 acres of graminoid wetlands and 40 acres of shrub wetlands.

Riparian areas along the Killey and Kenai rivers are vegetated with stands of cottonwood, alder, spruce and grasses.

The parcels and surrounding area contain habitat that supports bald eagles, harlequin duck, Dolly Varden trout, river otters, pink and sockeye salmon, all of which are EVOS-affected species. The Marbled murrelet is an EVOS-affected species designated as 'not recovering'. Coastal forests within the Refuge and its Kenai Wilderness contain Marbled murrelet nesting habitat.

Migratory birds documented using the property include several species of waterbirds and neotropical birds, many of which have suffered serious population declines over the past 20 years. Neotropical migrants include olive-sided flycatcher and western wood-pewee. Other notable migratory bird species found in the area include sandhill crane, Hudsonian godwit, spotted sandpiper, Lesser yellowlegs, Bonaparte's gull, mew gull, and Arctic tern. Resident birds that nest on the property include bald eagle, northern goshawk, a variety of owls, boreal chickadee and three-toed woodpecker.

Mammals utilizing the property include moose, caribou, wolf, coyote, black and brown bear, lynx, wolverine, beaver, porcupine, river otter, and mink. Undeveloped riparian habitats along the Killey and middle Kenai rivers serve as important corridors for bird and wildlife movement. By adding the lands around the lower Killey to the Refuge, this project will connect the rivers' riparian areas and permanently conserve one of the Kenai Peninsula's most important wildlife corridors.

The Killey River and its tributaries provide critically important spawning habitat for Chinook salmon. Radio telemetry studies have documented that the Killey River supports greater than half, and potentially up to seventy-three percent of the early-run Chinook salmon returning to the Kenai River watershed to spawn. Early-run Chinook salmon enter the Killey River during late June and early July and spawn from mid to late July. Lower Benjamin Creek is considered the most important spawning area for Chinook salmon in the Killey River watershed. Coho and pink salmon also spawn in the Killey River and its tributaries. Telemetry studies have also documented the importance of the Killey River system to Dolly Varden in the Kenai River watershed, with most Dolly Varden from the Cooper Creek and some from the Quartz Creek and Kenai River spawning aggregates found in the Killey River during June and July. Dolly Varden are likely attracted to the Killey River during early summer because of abundant food supplies. Large numbers of chinook and coho salmon smolt emigrate from the Killey River during May and June, and the Killey provides spawning habitat for the majority of early-run Chinook salmon returning to the Kenai River watershed.

The Kenai River watershed is the primary contributor to Cook Inlet area commercial, recreation and personal use sockeye salmon fisheries. The parcels are a part of the Kenai River complex, which contains a spectacular varying landscape. The purchase of this property containing high-value riparian and wildlife habitat is considered to be a high priority acquisition for the Service and Refuge System.

Restoration Benefits:

The conservation of the CIRI Killey River parcels would provide permanent habitat protection and benefit several EVOS-affected species, including Bald eagles, Dolly Varden trout, harlequin duck, marbled Murrelet, river otters, and pink and sockeye salmon, thereby assisting the EVOSTC in maintaining the protection of these species and their habitat. It would ensure conservation and protection of the lands and its wildlife in perpetuity. It would significantly contribute to a larger effort and strategy of the *Kenai Mountains to Sea* partnership to ensure that riparian corridors and connectivity for fish and wildlife are maintained along the Kenai and Killey rivers. In addition to the benefits afforded to fish, wildlife and habitats, this acquisition would also assist with the designated recovering human services affected by EVOS, including commercial fishing, recreation, tourism and subsistence. These parcels potentially would provide improved public access for sport fishing and hunting along an area of the Kenai and Killey Rivers that has limited public access.

Potential Threats:

The acquisition and conservation of these parcels would eliminate a number of threats to fish, wildlife and habitats, including potential development causing habitat loss and fragmentation and resulting in restrictions to wildlife movement and fish passage. Habitat fragmentation can result in decreased genetic diversity and decreased ability of fish and wildlife populations to adapt to changes in the environment, and prevent their access to required resources necessary to maintain healthy populations.

Proposed Management:

The property would be managed by the U.S. Fish and Wildlife Service, Kenai NWR, with a conservation easement to the State of Alaska.

Funding Request:

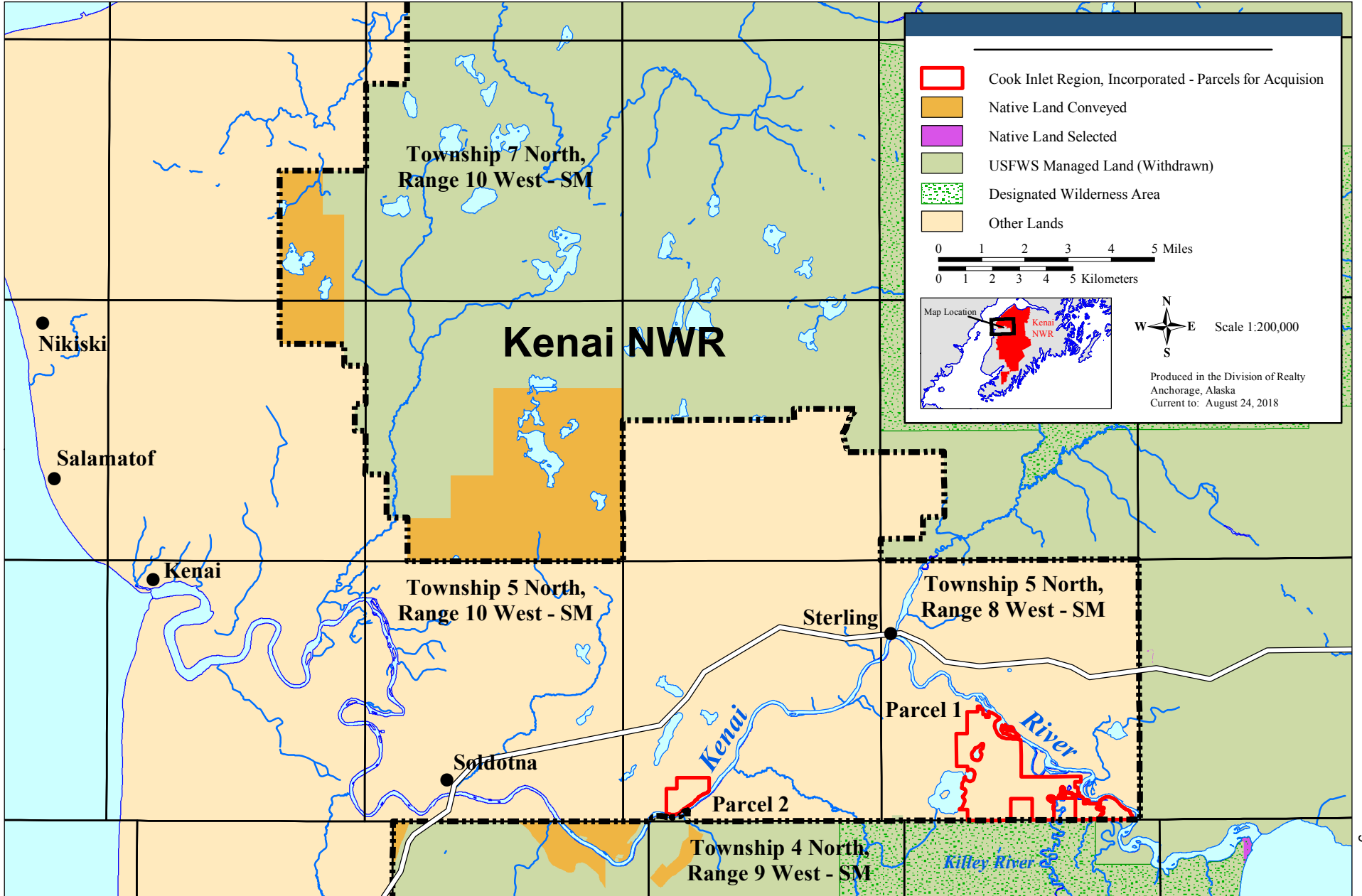
The funding requested to acquire the property is up to \$20.5 million, including due diligence and closing costs, with the final purchase price to be determined based on a completed appraisal meeting EVOSTC, USPAP and UASFLA standards and reviewed and approved by the Office of Valuation Services (Department of Interior).



U.S. Fish & Wildlife Service

Proposed Acquisition from Cook Inlet Region, Incorporated (CIRI) General Area Map

Kenai National Wildlife Refuge
Alaska

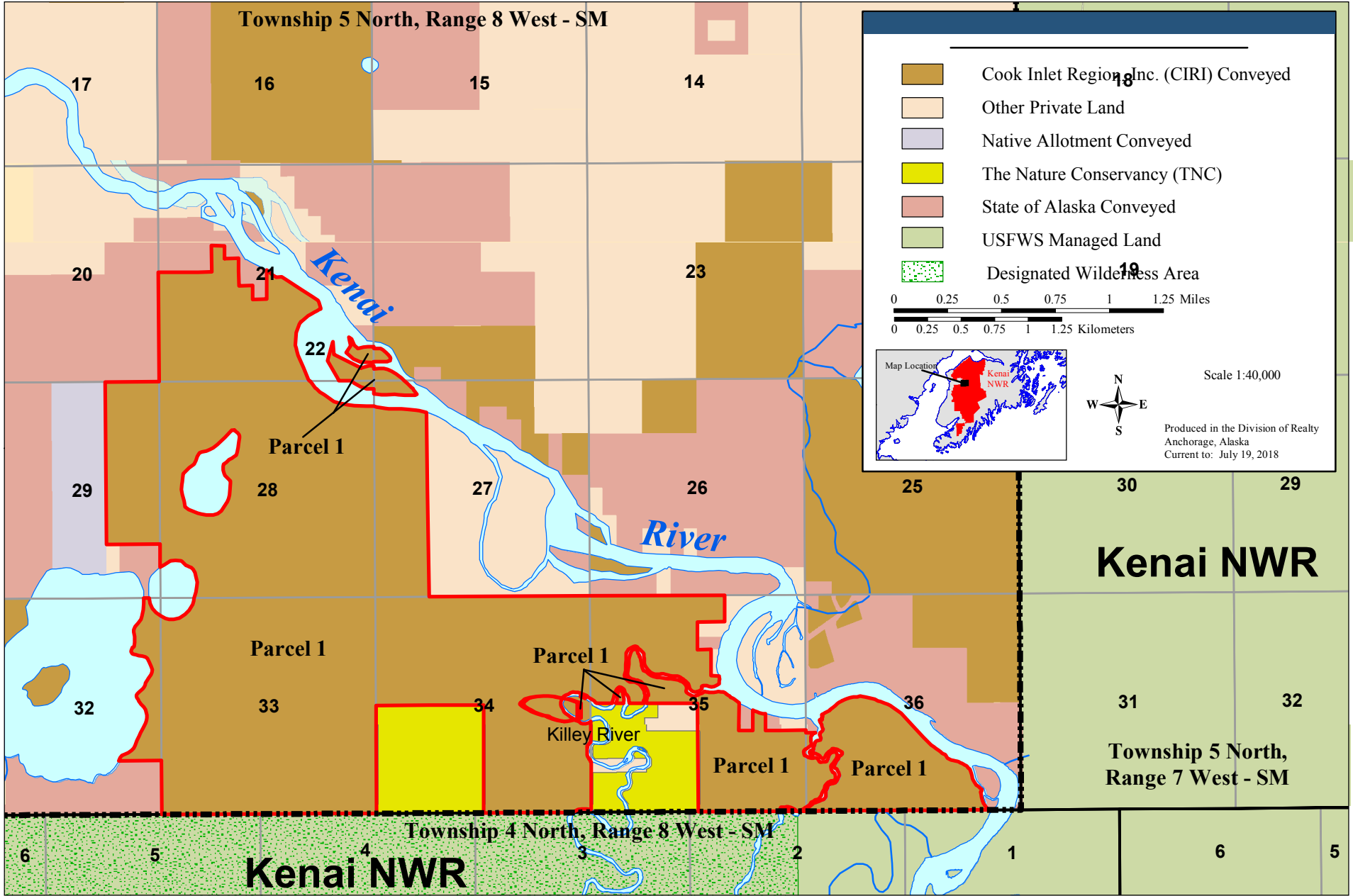




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Proposed Acquisition from Cook Inlet Region, Incorporated (CIRI) Map 1 of 2

Kenai National Wildlife Refuge
Alaska



	Cook Inlet Region, Inc. (CIRI) Conveyed
	Other Private Land
	Native Allotment Conveyed
	The Nature Conservancy (TNC)
	State of Alaska Conveyed
	USFWS Managed Land
	Designated Wilderness Area

0 0.25 0.5 0.75 1 1.25 Miles
0 0.25 0.5 0.75 1 1.25 Kilometers

Map Location

Scale 1:40,000

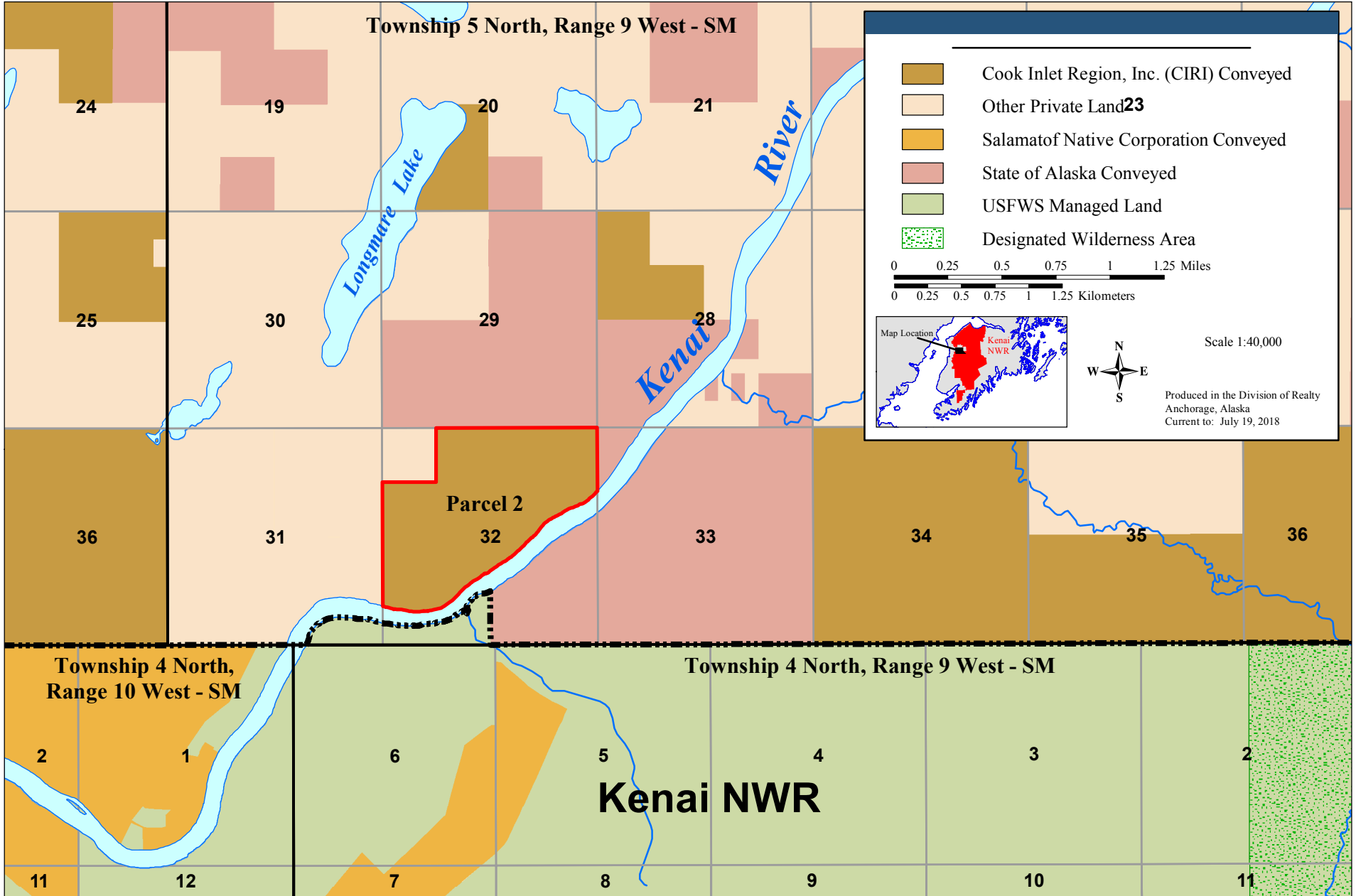
Produced in the Division of Realty
Anchorage, Alaska
Current to: July 19, 2018



U.S. Fish & Wildlife Service

Proposed Acquisition from Cook Inlet Region, Incorporated (CIRI) Map 2 of 2

Kenai National Wildlife Refuge
Alaska



	Cook Inlet Region, Inc. (CIRI) Conveyed
	Other Private Land ²³
	Salamatof Native Corporation Conveyed
	State of Alaska Conveyed
	USFWS Managed Land
	Designated Wilderness Area

0 0.25 0.5 0.75 1 1.25 Miles
0 0.25 0.5 0.75 1 1.25 Kilometers

Map Location

Scale 1:40,000

Produced in the Division of Realty
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