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September 7, 2010

To: City and Borough of Sitka Assembly

Thru: Jim Dinley, Municipal Administrator  
Michael Harmon, Public Works Director

From: Diane Mayer, Executive Director, Southeast Alaska Land Trust

Re: Crescent Bay Mitigation Project Proposal

**Assembly Briefing and Discussion:** The City and Borough of Sitka (CBS) Assembly is requested to consider a proposed mitigation project at Crescent Bay that involves CBS accepting ownership of Lot 8 within the Sheldon Jackson Campus Subdivision and selling a conservation easement for \$248,000 on some adjoining City tidelands. The project, which would satisfy mitigation requirements for the Sitka Airport Improvement Project, also provides CBS an opportunity to "bank" mitigation credits that would offset aquatic resource impacts from some future City project(s).

**Background:**

The Southeast Alaska Land Trust (SEALTrust) is a private, not-for-profit organization whose mission is *to work with communities and willing land owners to ensure that vital natural areas remain in place for the benefit of each generation*. Under an agreement with the US Army Corps of Engineers (COE), SEALTrust serves as an "in-lieu fee sponsor" throughout the Southeast Region. This means permittees can pay SEALTrust a "fee in-lieu of mitigation" to compensate for unavoidable impacts to wetlands or aquatic sites that result from their development projects.

When accepting these "in-lieu fees," SEALTrust also accept the "mitigation debt" identified in that COE permit. We use the "in-lieu fees" to fund the acquisition of conservation agreements or fee simple title on wetlands and aquatic sites that have important habitat functions. SEAL Trust has on numerous occasions provided our mitigation services to the Alaska Department of Transportation and Public Facilities (DOT) and have offered to do so for the Sitka Airport Improvement Project (Airport Project.)

As part of the Environmental Impact Statement for the Airport Project, DOT examined various mitigation actions to determine how to offset the aquatic impacts. Conservation of Lot 8 in the Sheldon Jackson Campus Subdivision (Plat 2009-8, Sitka Recording District) gained favor among State and federal project reviewers because it would provide riparian protections to the adjacent intertidal lands that support a high-functioning eelgrass bed and other aquatic resource values. Conservation of the Lot 8 uplands would limit development of these adjacent tidelands, would provide a *coastal* site to offset some of the impacts to *coastal* aquatic resources at the Sitka airport, and would provide coastal access for the general public and educational opportunities. The scenic vistas and Lot 8 location at the gateway to the Sitka Historic National Park do not score as mitigation credits, but are obvious, additional benefits.

During the Airport Project permit process, some agency reviewers challenged the EIS assumptions about the “mitigation credits” assigned to the conservation of Lot 8 and the adjacent high-valued City tidelands. The FAA, DOT and SEALTrust, with support from National Marine Fisheries Service, National Park Service, CBS, and Sheldon Jackson, developed additional information on the functional habitat value of these tidelands and options to insure their protection. This effort has quantified the benefits of the mitigation project and has kept the Airport project on schedule.

**Mitigation Site Map and Ownership:**

(Refer to Figure 3: Habitats Present on Tidelands adjacent to Sheldon Jackson Property)

The mitigation site map (Figure 3) identifies three areas:

- Area A: .65-acre SJ Lot 8 plus 5.18-acre City tidelands;
- Area B: 1.71-acre City tidelands currently under lease to NPS;
- Area C: 2.35-acre State tidelands

The proposed mitigation for the Airport Project covers Area A. The mitigation action would include the purchase of the 0.65-acre Sheldon Jackson Lot 8 shoreline property by SEALTrust, using in-lieu fees. Lot 8 would be donated to the CBS subject to a development restrictions that would insure public access and allow for Sitka's Sea Walk development. As part of the Airport Project mitigation, SEALTrust would also purchase a conservation easement on the 5.18 acres of CBS-owned tidelands within Area A. This easement has been appraised at \$248,000. This conservation easement would prohibit any tidelands development within Area A. The proposed Area A mitigation project satisfies the mitigation debt from the Airport Project and will leave a slight credit (0.59 habitat functional acre) on the “mitigation ledger” for DOT.

Area B contains CBS tidelands leased by the National Park Service through 2027. The NPS has unrestricted use of this intertidal land in a “no-cost” lease from the CBS. As part of this overall conservation effort the NPS is willing to relinquish this lease on the condition that the conservation easement for Area A is expanded to also include Area B. If it chooses to include Area B in this mitigation project, the CBS would be able to “bank” the mitigation credit (1.71 acres) of Area B for use to offset aquatic impact in some future development projects.

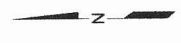
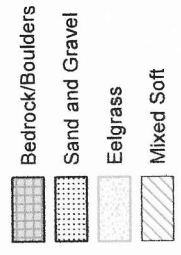
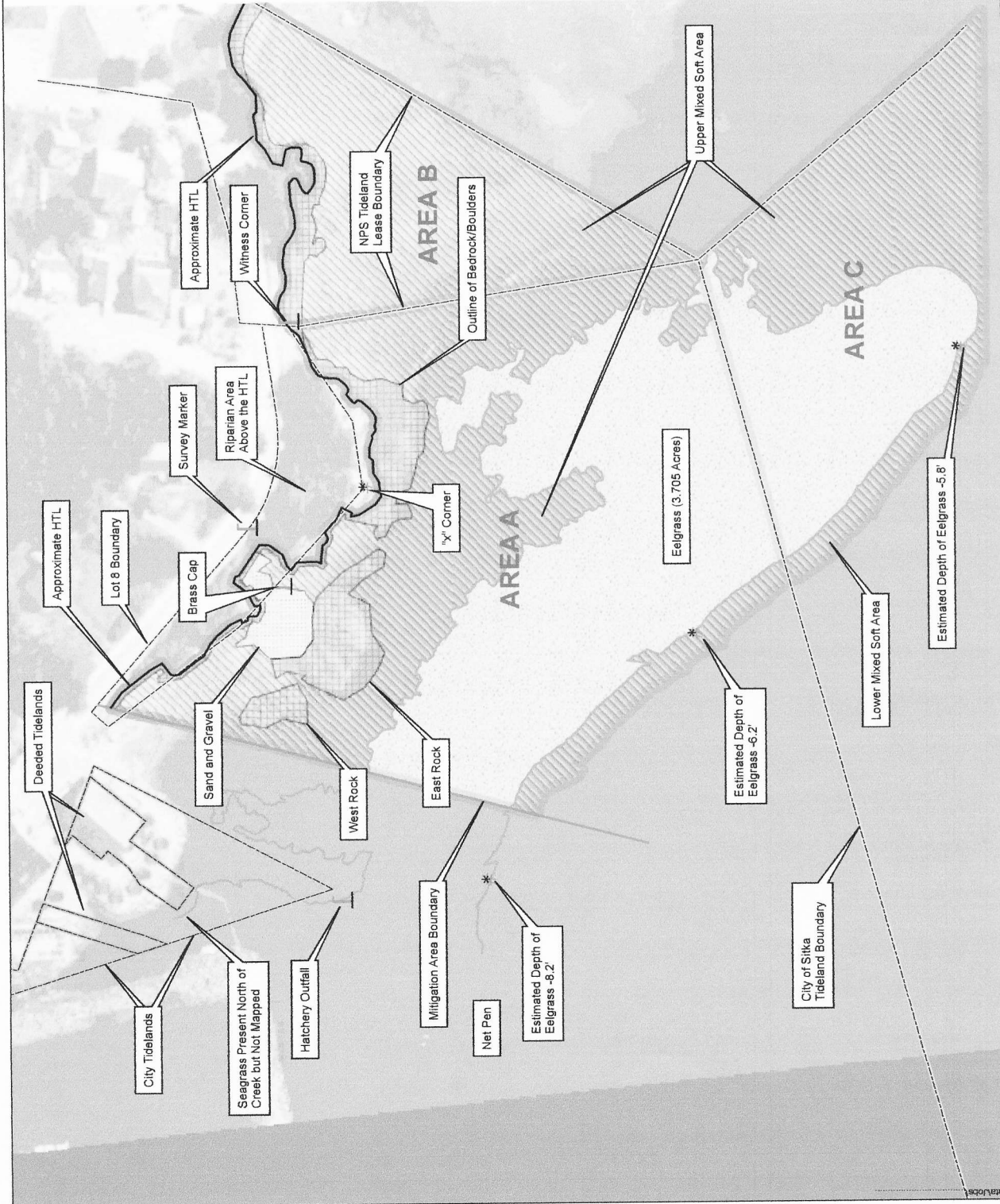
Area C encompasses State-owned tidelands covered by a significant expanse of eelgrass. While current State policy does not support conservation easements on State land, a conservation easement on Areas A and B, adjacent to the NPS ownership to the South, effectively surrounds Area C thereby protecting this habitat from future site development. SEALTrust will seek mitigation credit for Area C as part of this mitigation project. Those credits, if approved by the COE, would also be available for future CBS development projects.

**Summary:**

The mitigation project "formula" for CBS is:

1. CBS would get full market value for a conservation agreement on the tidelands of Area A;
2. CBS gets Lot 8 with restricted use for the Sea Walk;
3. CBS gets additional mitigation credits on the ledger from Area B (credits for Area C are yet to be determined.)

I look forward to discussing this important mitigation project with you. Thank you for your consideration.



Sheldon, Jackson  
Sitka, Alaska

**Habitats Present on Tidelands adjacent to Sheldon Jackson Property, July 12, 2010**

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Figure **3**

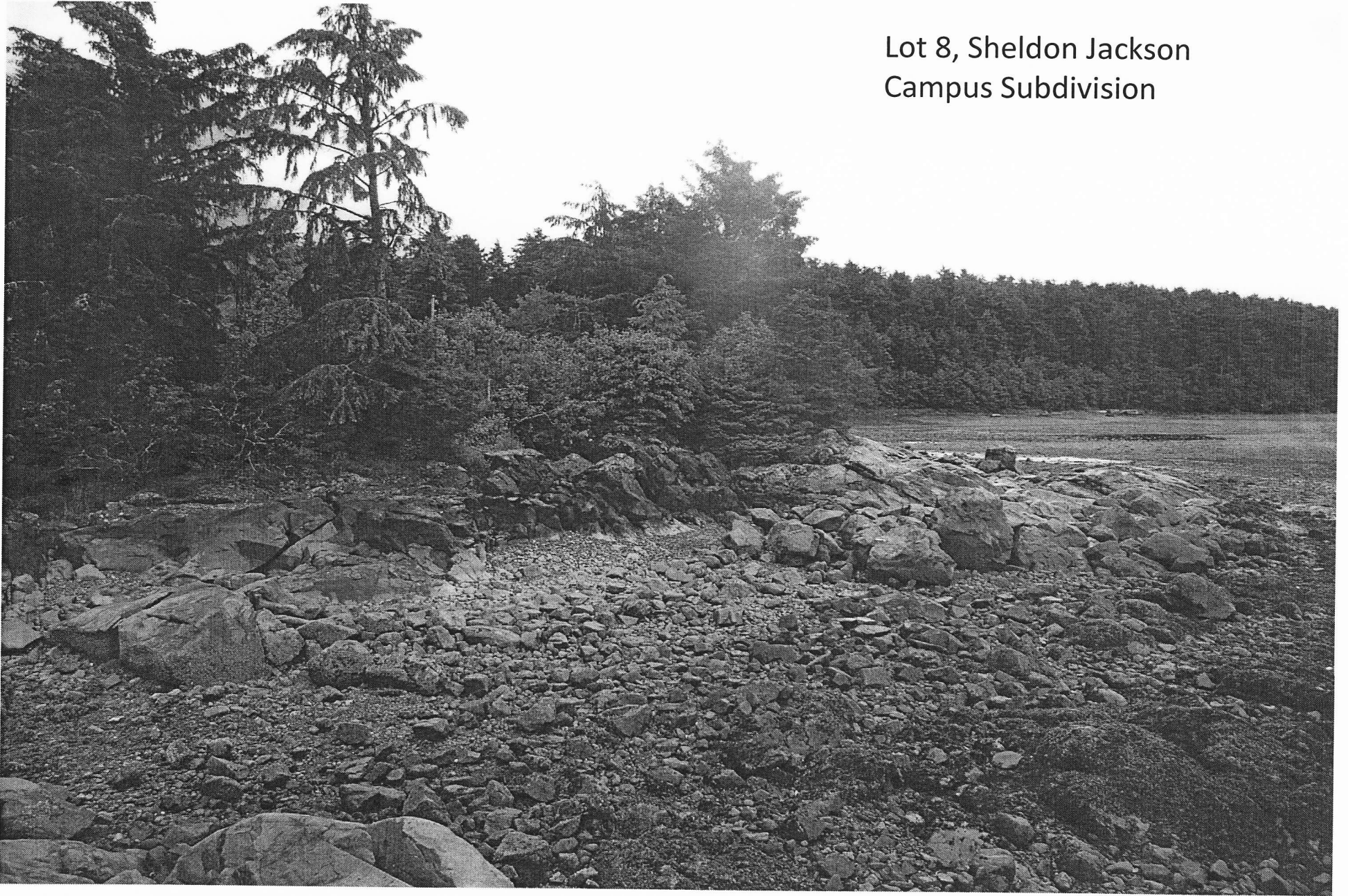
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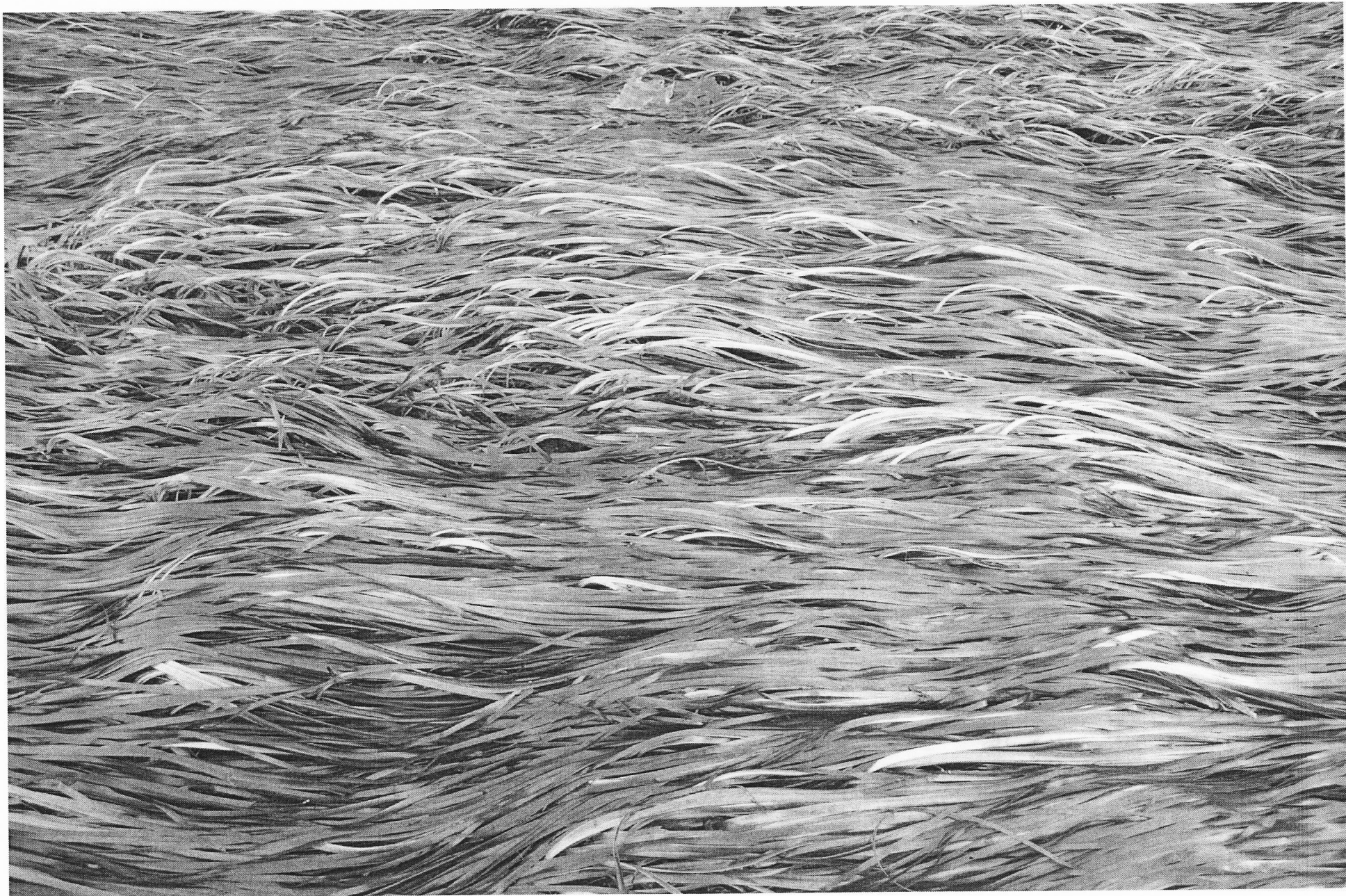
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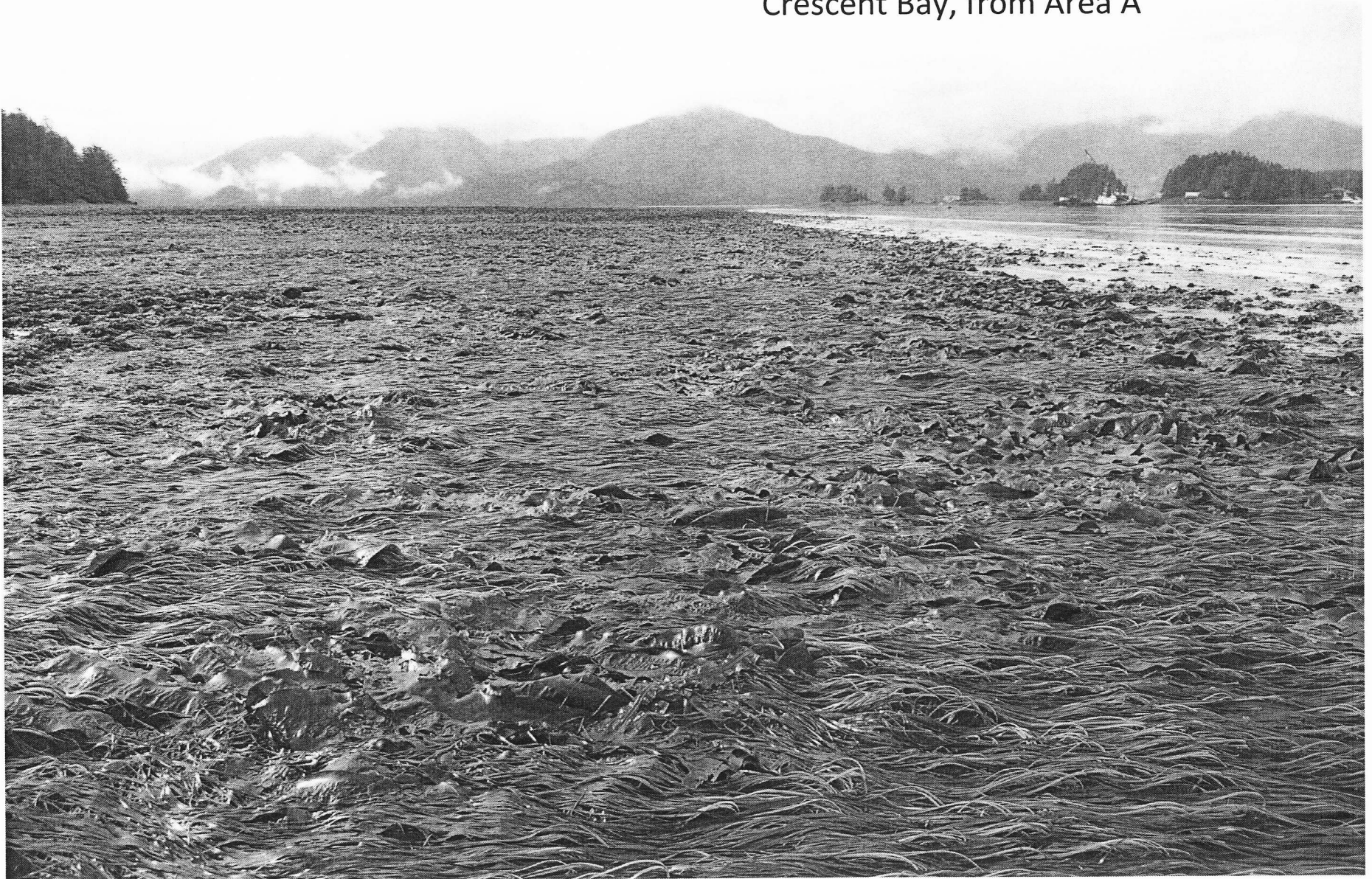
Lot 8, Sheldon Jackson  
Campus Subdivision

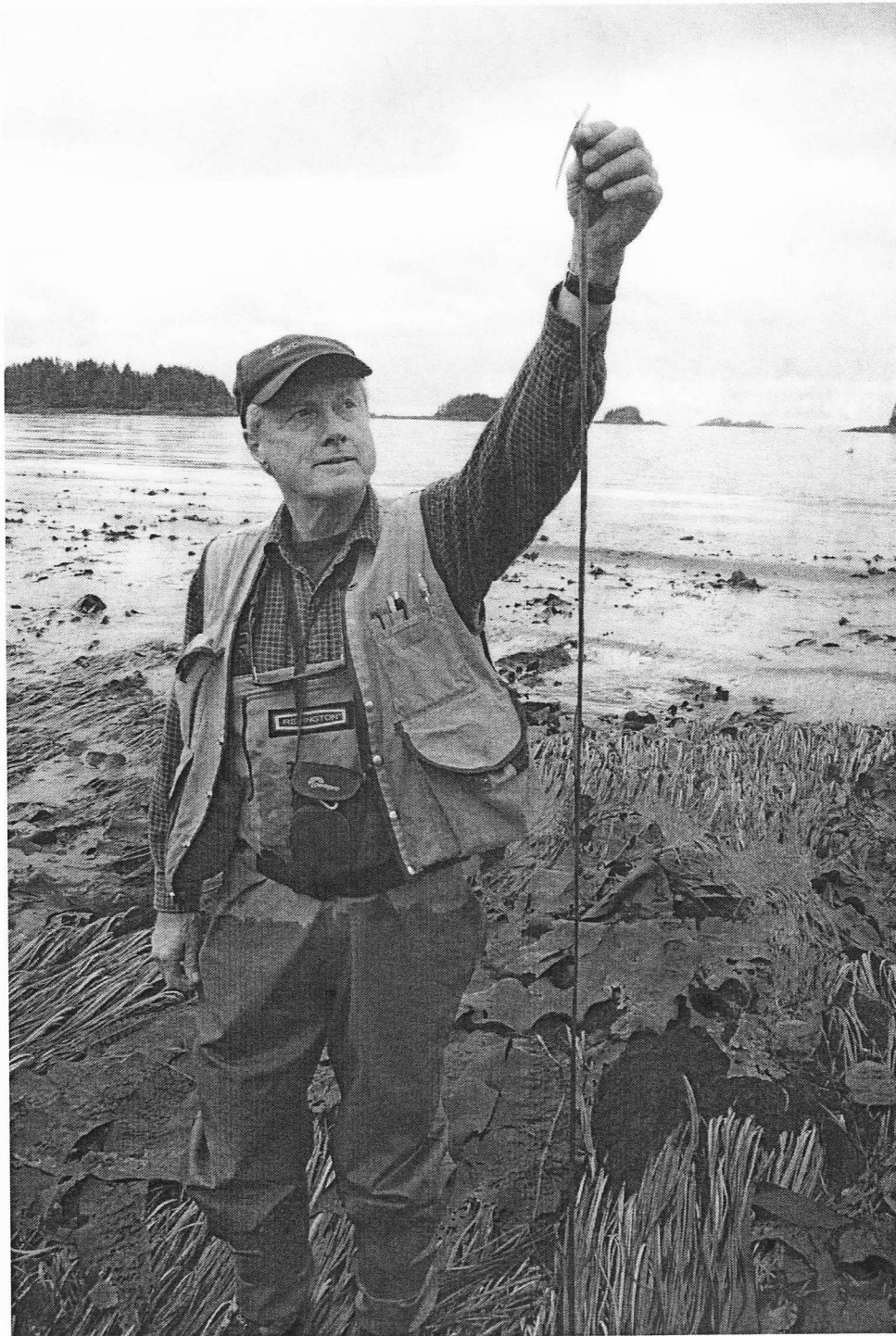




Eel Grass at Crescent Bay

Views and intertidal at  
Crescent Bay, from Area A





Eel grass;  
As good as it gets!

Sitka Sea Walk experience

