

Sealaska Lands Bill S.730
Summary of Comparative Land Value Analysis
March 7, 2012

This paper summarizes an analysis by the Forest Service that compares the value of land Sealaska could obtain under current law to the value of the ten parcels of “economic development” lands the Forest Service proposes to include in S.730. Other attributes are also compared, such as the acreage of young growth forest, old growth reserves, and roadless areas. The analysis is based on the following approach, developed in consultation with BLM:

1. Under current law, BLM would convey land from Sealaska’s 2008 list of prioritized selections, starting at the top and continuing until 70,880 acres are conveyed.
2. Sealaska identified lands in the Yakutat and Saxman withdrawal areas as their top priorities. These lands cannot be conveyed without the approval of the Governor. Because such approval is considered unlikely, two current law scenarios must be analyzed; one that includes lands in these two areas and one that does not.
3. These two scenarios are compared to the set economic development parcels depicted on maps prepared by the Forest Service dated December 14, 2011 for inclusion in S.730.
4. Because the primary economic activity on the economic development lands is expected to be timber harvest, land values are estimated based primarily on the value of the timber.
5. In addition to timber values, the figures below include public investments in roads, log transfer facilities (LTFs), rock pits, and young growth management (thinning and planting). While precise numbers for the cost of roads in the prioritized selections are not available, the estimates summarized in the table below are considered upper bounds.

	Scenario 1 (Current Law, Including Yakutat and Saxman)	Scenario 2 (Current Law, Without Yakutat and Saxman)	Scenario 3 (S.730 as Proposed by FS 12/14/2011)
Total Timber Volume (Net Sawlog + Utility)	832 MMBF	735 MMBF	1,207 MMBF
Old Growth Reserves	18,155 acres	22,591 acres	8,898 acres
Roadless Areas	33,517 acres	28,934 acres	20,443 acres
Young Growth	3,590 acres	876 acres	21,094 acres
Estimated Timber Value (Net of operating costs)	\$2.7 million	\$4.2 million	\$7.7 million
Cost of Roads, LTFs, and Rock Pits	≤ \$10 million	≤ 3 million	\$25.5 million
Young Growth Expenditures	\$343,000	\$113,000	\$5,162,000
Estimated Total Value	≤ \$13.1 million	≤ \$7.4 million	\$38.4 million

Scenario 3, the legislative alternative proposed by the Forest Service on 12/14/2011, has considerably more timber than either of the current law scenarios (45% more than Scenario 1 and 64% more than the more likely Scenario 2).

The differences in timber values among the scenarios are even greater, because Sealaska is seeking through S.730 the most valuable timber it can find on the Tongass. These values are not directly proportional to timber volume because they also take into account factors such as species composition and tree diameter, height, and density. Consequently, the total timber value of Scenario 3 is 2.85 times that of Scenario 1 and 1.83 times that of Scenario 2.

Similar disparities exist among the scenarios in the amount of public investment in roads and associated facilities, but the pattern is the same: Sealaska would receive much greater value under the bill than would be possible under current law, approximately 2.5 times more than Scenario 1 and 8 times as much as Scenario 2.

Because the bill's economic development parcels include far more acres of young growth, Scenario 3 also includes far higher public investments in thinning, planting, and other young growth improvements.

In total, Sealaska would receive under S.730 (as recommended by the Forest Service last December) land and public improvements worth nearly 3 times the value of land and improvements they could obtain under current law, even if the Governor were to approve their selections near Yakutat and Saxman. Without such approval, the legislative scenario is worth over 5 times that of current law.

Sealaska has previously made the point that the legislation should compensate Sealaska for reducing the impacts of their selections on roadless areas and old growth reserves, compared to their prioritized selections. This analysis shows that such impacts are indeed lower under the bill, and Sealaska is being extremely well compensated for those reductions.

Final caveats:

- The timber values shown above are based primarily on domestic prices, because we do not have good information on export prices for all species and grades. Export prices are generally higher, however, which is why Sealaska exports virtually all of its timber. Accordingly, the estimated timber values in the table are low for each scenario; the gap between Scenario 3 and each of the other scenarios is probably understated, but the proportional differences are likely to be similar.
- Senator Murkowski's office forwarded relatively minor changes to the Calder economic development parcel while this analysis was being done. Those changes would make Scenario 3--the legislative option--even more valuable, but not significantly so.