Appraisal Summary

This proposed land exchange involves four parcels of property, two belonging to the Federal Government and two to the University of Idaho. Information below briefly describes individual properties and appraisal values. The appraisals were prepared by Norman Lee, Appraiser for the Helena National Forest. The details of the appraisal are included in Attachment 1.

Federal Property

Clark Fork: $140,000

This property consists of 35.27 acres (plus improvements) located one mile east of Clark Fork, Idaho. The property was appraised using both a cost approach and direct market comparison approach. The appraiser averaged the combined values of the approaches. Building appraisals are based on 1978 values, prior to University capital improvement projects.

Land Adjacent to Experimental Forest: 111,958

This parcel consists of 292.70 acres located about 20 miles northeast of Moscow. The property is surrounded by the University of Idaho Experimental Forest. The appraiser used a comparison of recent sales in the local area, arriving at a valuation of 450/acres or $131,715. This was reduced by 15% given their "multiple parcel" discount.

Total Federal Property Values	$251,958
Rounded To	$250,000

University of Idaho Property

Taylor Ranch: (Easement Value) $234,884

This parcel is comprised of 64.84 acres and is located fifty miles northeast of Challis, Idaho, within the River of No Return Wilderness. The appraiser determined that the highest and best use of Taylor Ranch would be a recreational subdivision. Four wilderness area sales were compared with this parcel. Based on this information, the land was valued at $10,100/acre or $654,884. Next the appraiser devalued the land because of easement restrictions. The restrictions prohibit subdivision, sale, lease or other conveyance as smaller tracts, etc. (see attached conservation easement deed). The result of the easement encumbrance which reduced the highest and best use from potential recreational subdivision to single-site recreational or institutional use was a devaluation of the subject property to $420,000. This land value reduction, $234,884 ($654,884 - $420,000) is what the University will receive as exchange.

Spence Property: 18,360

This second parcel consists of 40 acres located seven miles south of Priest River, Idaho. The highest and best use is timber production. Based on available cruise data, the appraiser estimated volume at 5.4 MBF/acre. Recent sales in the areas were used to establish value at $100/MBF or $21,600. The appraiser applied the multiple parcel discount of 15% to this appraisal which left a net value of $18,360.

Total Value University Lands	$253,244
Rounded To	$250,000

Appraisal Data Summary

1. Federal Property

Clark Fork		$140,000
Land Adjacent to Experimental Forest (292A)		111,958
	Total Federal	$251,958
	Round To	$250,000

2. University of Idaho Property

*Taylor Ranch (Easement Value)		$234,884
Spence Property		18,360
	Total U of I	$253,244
	Round To	$250,000

*Taylor Ranch Value without Easement Restrictions	$654,884
Taylor Ranch Value with Easement Restrictions	420,000
Easement Value	$234,884

Clark Fork

The Clark Fork Station since its acquisition by the University of Idaho on a lease basis in 1978 has been transformed into an exemplary field campus. $223,000 has been invested in this transformation, but the results have been an immeasurable increased in the University's "presence in Northern Idaho." The development of this facility has enhanced the University's as well as the College's goal of outreach and public service to Northern Idaho. The development of this facility has also broadened the opportunities of teaching and research in this area of Idaho.

From a financial perspective, the acquisition of Clark Fork in fee would be a wise investment. According to USFS appraisal information, the Clark Fork Station is currently worth $336,779, which means the University will have a net asset gain of about $196,779 if we take this property in trade for $140,000. The benefits of acquiring this unique facility may be summarized as follows:

A good investment. Property valued at about $336,779 and can be acquired at $140,000. This property represents a significant capital asset for the future.

Provides a strong, positive profile for the University of Idaho in Northern Idaho.

It provides a facility near one of the State's growth centers...Sandpoint. It is easily accessible to residents in that area, a large proportion of whom are senior citizens and other non-traditional potential students as well as influential citizens.

Programs at Clark Fork already provide regular service to local residents. The potential as a learning center has barely begun to be realized. Most programs are now part of a non-credit "enrichment series" that is conducted on a self-supporting basis.

Other programs, including Elderhostel, credit courses (both in and outside FWR), special events and retreats are planned.

Temporary housing and workspace is occasionally provided to researchers, faculty and student interns.

If acquired in fee, the University will gain long-term benefits from its investment to date ($223,000), avoid a significant annual lease increase, and annex adjoining timber land that can be developed into a model, demonstration woodlot. The latter will contribute to public education, service to Idaho's 40,000 owners of small, private woodlands, and the opportunity to conduct long-term forestry research.

Since July, 1984 the College of Forestry has conducted 26 events (short courses) at Clark Fork, involving 994 participants and 55 instructors. In addition to these activities, the following groups have used the Clark Fork facility for their own sponsored events:

U.S. Forest Service
College of Business-U of I
Outdoor Recreation-U of I
Sandpoint Community Assistance League
Montana Fish & Game
Boy Scouts
College of Agriculture-U of I
Idaho Fish & Game
Bonner County School System
U.S. Fish & Wildlife Service
English Dept.-U of I
Soil Conservation Service
Eastern Wash. State University

Spence Property

This forty-acre parcel was gifted to the University of Idaho by Mr. James M. Spence on October 3, 1979. It was given without restrictions on its use or disposal. Since its acquisition, the College of Forestry has tried to utilize this land for its teaching and/or research programs. However, its remote location has ruled out all possible uses. Vice President McKinney wrote Mr. Spence in September, 1984 about including the land in a previously-proposed exchange. Mr. Spence's reply was a reluctant approval because as he said, "this exchange would result in the loss of family identity with the land being exchanged." He did, however, agree that we were at liberty to administer the property in whatever manner we felt would be most advantageous to the College of Forestry. Therefore, we are now proposing this parcel be included in the proposed land exchange.

Taylor Ranch

The Taylor Ranch was purchased as a field station for the establishment of the University of Idaho Wilderness Research Center in 1969 for the sum of $100,000.00. This unique facility is the only research station entirely surrounded by wilderness--the 2.3 million acre Frank Church River-of-No-Return Wilderness. It is operated on a year-round basis to promote research and educational programs leading to a better understanding of natural ecosystems.

Throughout its history, a series of ongoing research projects have been conducted, the most renowned of which is the mountain lion research of Dr. Maurice Hornocker. This tradition has been continued in recent years with a variety of research projects. These include the archeological study prehistoric Indian occupation; studies of owls and songbirds in pristine settings; predator ecology of cougars, bobcats and coyotes; analysis of big game range conditions; ecology of the bighorn sheep; and a behavioral study of bighorn, elk and deer, which is ongoing. The oldest log cabin at Taylor Ranch has been converted into a field laboratory. It houses the herbarium, an animal collection, and provides laboratory equipment and workspace for visiting researchers.

In the last decade, the Taylor Ranch Field Station has attracted funding for wilderness-related research from the National Geographic Society, National Science Foundation, American Museum of Natural History, New York Zoological Society, the National Rifle Association, the Boone and Crockett Club and several federal and state agencies.

The effects of the proposed exchange are contained in the encumbrances and restrictions of the conservation easement which would be purchased by the U.S. Forest Service. The primary restrictions prohibit subdivision or sale as smaller tracts and precludes further development of buildings (except for replacement of existing structures). Commercial activities and the use of motorized vehicles are also prohibited.

It has always been the policy of the Wilderness Research Center to operate within the philosophy of the Wilderness Act. Within the guidelines of this easement the Center would be able to continue to conduct research and education activities according to its mission. Nonconforming activities (activities not directly related to wilderness research, such as, non-wilderness related conferences, retreats, and courses, or visits for recreational purposes) will continue to be excluded.

The restrictions placed upon Taylor Ranch by the easement will entail some additional administrative burden on the Wilderness Research Center. They will not significantly affect the field research projects and operations of the Ranch.

The sale of this easement will convert a portion (approximately 40%) of the property value into monetary value. Investing this monetary value into an endowment to support wilderness research will guarantee an ongoing source of funding for research projects. This would be the initiating step to implement the College of Forestry's Quest for Excellence in wilderness and natural area management. In addition, the capture of the easement value in such an endowment would further several of the

University of Idaho's long range goals. These include: Goal VII, expand and upgrade the university's research efforts; Goal VI, promote interdisciplinary and interinstitutional cooperation; Goal VII, strengthen graduate education; Goal XIII, develop supplementary sources of funding and alternative methods of finance. Finally, this would be a major step in accomplishing the new Wilderness Research Center Plan.

Alternatives for Easement Payback and Investment Strategies

Alternative A

The total easement value ($234,884) would be exchanged for prime timberland from the Forest Service. This would be immediately sold and the money invested in the University of Idaho Consolidated Investment Trust to endow wilderness research activities.

From the viewpoint of the Wilderness Research Center, this alternative would produce to greatest immediate return. In this alternative the primary beneficiary would be the Wilderness Research Center.

Alternative B

Following the proposed Forest Service land exchange, the University and the Experimental Forest would deposit the exchanged value of $234,884 (i.e. $140,000 for Clark Fork and $111,958 for additions to the Experimental Forest minus $18,360 for the Spence property) into the University of Idaho Consolidated Investment Trust to endow wilderness research. If this payback is made over 5 or 10 years, interest would be added to the original amount.

In this alternative the Wilderness Research Center would benefit as would the University from acquiring Clark Fork and the College of Forestry from acquiring 292 acres with timber potential and improved forest access.

Alternative C

Following the proposed Forest Service land exchange, the University and the Experimental Forest would payback the exchanged value of $234,884 without interest as follows:

$100,000 initially deposited in the endowment (CIT Fund) by the University for the value obtained from Clark Fork.

$ 22,926* payed to the endowment if and when the Clark Fork property would be sold. *($40,000 - $18,360 Spence property).

$111,958 over 10 years ($11,196/yr.) payed to the endowment without interest for the value obtained from the 292 acres on the Experimental Forest.

In this alternative the Wilderness Research Center would benefit as would the University from acquiring Clark Fork and the College of Forestry from acquiring 292 acres. In addition, the payback burden would be considerably reduced because no interest is payed and the Experimental value is spread over 10 years. Thus, the Wilderness Research Center would gain a valuable research endowment while forgoing approximately $80,000 in interest. Nevertheless all three parties receive substantial benefits.

Alternative D

Following the proposed Forest Service land exchange, the Experimental Forest would payback the exchanged value of $111,958 over 10 years without interest. If and when the Clark Fork property would be sold, the original exchange value ($140,000) would be payed into an endowment for wilderness research.

In this alternative the University and the Experimental Forest would benefit at the expense of the Wilderness Research Center. The Center would only gain partial value from the sale of the easement and no endowment would be established to perpetuate research funding unless Clark Fork were to be sold.

Alternative E

No land exchange or sale of conservation easement takes place.

The benefit from this alternative is that Taylor Ranch will have no restrictions imposed from the conservation easement. The drawbacks of this alternative are that (1) the University will be charged a significant annual lease increase at Clark Fork, (2) the Experimental Forest will not gain desirable access to portions of its land, and (3) the Wilderness Research Center will gain no endowment for long-term research activities.

Recommendations

Alternative C is recommended because it provides substantial benefits to all parties involved. The University gains ownership of Clark Fork which has a very high appreciation potential and which insures the University's continued visibility and service to northern Idaho. The Experimental Forest gains land with timber potential, desired plant communities, and improved access to other parts of the forest. The Wilderness Research Center gains a valuable long-term source of funding through the proposed endowment. The value of the easement is largely retained. This sum would be reinvested for wilderness research purposes.

Of all the alternatives, Alternative C will best further the goals of the University Long-Range Plan, the College of Forestry Plan and the Quest for Excellence, the Experimental Forest Plan, and the Wilderness Research Center Long-Range Plan.