



# STATE OF ALASKA

## Department of Natural Resources

### Office of the Commissioner

**DATE: December 2022**

---

**Project Intent:** The Nenana-Totchaket Agricultural Project brings to Alaska the intent for additional food security from its own soil. This project is unique, as it is being planned using science to optimize sustainable production of food, fiber, and fuel – while keeping Alaska's land and water healthy and our soils productive. The project is intended to grow for generations and become a vital key to our agricultural industry and the state's economy.



**Background and Location:** The Nenana-Totchaket agricultural area is located 5 miles west of the City of Nenana. The area is accessed by the Totchaket Road, which is presently constructed approximately 6.5 miles into the agricultural area (approximately 12 miles from the Nenana-Totchaket Bridge). The easement for the Totchaket Road has been in place since 1984; the road was extended into the area for gas exploration between 2013 and 2016.

The Nenana-Totchaket area was planned as a farming project decades ago, but the lack of access to the area limited the ability of the agricultural development to gain traction. A bridge constructed over the Nenana River in 2020 connecting to the Totchaket Road was the key to unlocking the development of millions of acres of land owned by the State, Alaska Native Corporations, the University of Alaska, and the Mental Health Trust Land Office.

#### Key milestones

- **1970's:** The Nenana-Totchaket region was identified for agricultural development.
- **1985:** Department of Natural Resources (DNR) adopted the Tanana Basin Area Plan that designated a large area west of Nenana for agricultural development.
- **2014:** DNR approved the Yukon Tanana Area Plan (YTAP). This plan places 148,502 acres in the Kantishna Region, unit K-32, and Classifies/Designates it for Agricultural development.
- **September 2019:** Division of Agriculture started outreach to local stakeholders (City of Nenana & Nenana Native Association)
- **July 2020:** Bridge construction provided road access to the Nenana-Totchaket project area.
- **June 2021:** DNR hosted the Nenana Agriculture Education Day and public meeting in the project area.
- **July 2021:** DNR issued a Best Interest Finding (BIF) decision authorizing approximately 35,000 acres of the 148,500 acre YTAP designated agricultural land for agricultural sale in Phase 1. The BIF is a culmination of a review of the physical conditions of the land; YTAP management intent; agency review; comments received from the public; public meetings in Fairbanks, Nenana, and virtual; and consultation with neighboring landowners including the City of Nenana, Toghothle Corporation, and the University of Alaska.
- **June 2022:** DNR hosted the Nenana Agriculture Education Day in the project area.
- **October 2022:** Auction #494 bid opening. The offering includes 27 parcels varying in size from approximately 20 acres to 320 acres; totaling 2,045 acres offered for sale.
- **December 2022:** DNR attended a Nenana community listening session and answered questions from the meeting on the DOT&PF Totchaket Road project website.

#### Common Questions and Answers

##### 1. *What are the Agricultural Offerings/Restrictions?*

In State agricultural auctions there is no limit to the number of parcels purchased, purchasers are not required to be an Alaska resident, and businesses can participate in the auction. When agricultural land is sold, it is subject to a perpetual agricultural covenant. This covenant provides that the land may only be used for agricultural purposes, and places restrictions on future subdivision of the parcel. Other activities

may occur on an agricultural parcel if they are incidental to and consistent with the primary use of the land for agricultural purposes.

2. *What is a State Farm Conservation Plan (SFCP)?*

Prior to entering into a land sale contract, the successful bidders must complete a SFCP to identify how the parcel will be developed. This includes where the agricultural development (i.e., row crops, pastureland, windbreaks, infrastructure, etc.) will be located, how the development will occur, and any planned conservation measures. The SFCP is reviewed by the local soil and water conservation district (SWCD) and approved by the Director of the Division of Agriculture. This allows DNR and the SWCD to vet the proposed development to ensure that both the type and method of development are appropriate and adequately protect the agricultural resource.

Within 5 years of purchase (contract) the purchaser must complete their clearing requirement and maintain the agricultural parcel in that farmable condition through the term of the contract. The clearing requirement is typically set at 25% of the available cropland for each parcel. Depending on the type of agricultural activity the purchaser wishes to pursue, rather than clearing and tilling the land, the purchaser may elect to develop the parcel in another way, such as improving and fencing pastureland, developing raised beds/hoop houses, etc. This is all addressed in the SFCP and must be approved by the Division of Agriculture.

3. *What are the terms of a purchase contract?*

DNR offers financing through land sale contracts. A DNR land sale contract is a legally binding purchase agreement in which ownership is transferred after terms of the contract are satisfied. A DNR contract is different from a mortgage in that equity is not earned during the life of the contract. If you fail to make payments, or default on the contract in other ways, DNR retains all monies paid to that point, and retains ownership of the land. Your money will not be refunded if the contract is in default, has been relinquished, or is otherwise terminated. If you are purchasing more than one parcel, separate sale contracts will be issued for each parcel.

Land sale contracts can be issued for land purchases over \$2,000. The interest rate is set by law at 3% plus the prime rate at the time the contract is written and is fixed for the life of the contract. The length of the contract depends on the amount being financed as follows:

- \$2,000.00 or less must be paid in full at time of purchase;
- \$2,000.01 to \$9,999.99, contract length is 5 years;
- \$10,000.00 to \$14,999.99, contract length is 10 years;
- \$15,000.00 to \$19,999.99, contract length is 15 years; and
- \$20,000.00 or more, contract length is 20 years.

If the purchase price minus the minimum 5% down payment, per parcel, is \$2,000 or less, the balance due must be paid in full and a land sale contract will not be issued (11 AAC 67.875 Installment Payments). The balance after down payment, plus a nonrefundable contract or patent application and recording fee will be due upon application for an Over-the-Counter (OTC) parcel or at a date specified in the Auction brochure for an apparent high bidder in the Sealed Bid Auction. If an apparent winner or purchaser fails to comply with these requirements, or it is the applicant's decision not to move forward, the applicant will forfeit all or part of the deposit and lose all opportunity, right, title, and interest in the land.

4. *What are the future phases and offerings?*

DNR is currently planning for future phases and offerings within the Nenana-Totchaket area. The next offering is tentatively planned for 2024.

DNR is currently evaluating options for additional roads as well as power and communication utilities into the area. DOT&PF is presently working on upgrading the Totchaket Road through the agricultural project area. DNR is presently coordinating with DOT&PF on the construction of roads within the Phase 1A offering as part of the Totchaket Road work.