



United States
Department of
Agriculture

Forest
Service

Chugach
National
Forest

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File Code: 2720

Date: MAY 25 2007

John Wolfe
Executive Director/Project Director
Alaska Mountain and Wilderness Huts Association
3039 Alder Circle
Anchorage, AK 99508

Dear Mr. Wolfe:

I want to thank you for your revised financial analysis of the alternatives for the proposed hut to hut system on the Chugach National Forest. As we have discussed since we first began working together on this project, the economic viability of privately owned facilities proposed for national forest lands is a critical and required agency consideration. This requirement became a concern last fall when you informed us that none of the alternatives being environmentally analyzed were viable. Since then, you have provided us with a revised financial analysis which we had evaluated by a knowledgeable and objective third party. That evaluation concludes that the proposal is not financially viable at this time. Regrettably, this situation means the Forest Service cannot move forward with the environmental analysis as further expenditures would not be in the public interest.

As you know, financially self-sustaining recreation development on National Forest System lands, particularly on the Kenai Peninsula, is extremely challenging. This is primarily because of: (1) the significant costs associated with development and maintenance of recreation infrastructure in remote and undeveloped areas; (2) the very slow growth rate projected for Kenai Peninsula area for backcountry rentals; and (3) the small local population base.

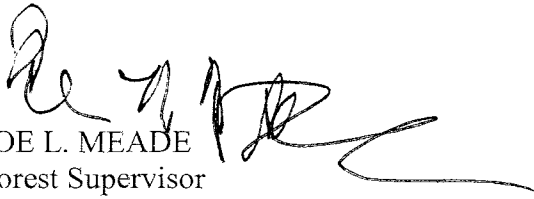
In addition, the hut to hut proposal is a significant recreation development proposal that will require Alaska Mountain Wilderness Huts Association to raise a considerable amount of capital investment. In most cases, to secure firm commitments from investors, the proposal must reflect viability within three years. After reviewing your financial analysis, and with the above considerations in mind, it does not appear likely that Alaska Mountain Wilderness Huts Association will be able to demonstrate viability within three years. As a result, it will be difficult to raise adequate capital to support the proposed project infrastructure for the operations and start up costs.

Although I believe that the concept of a hut to hut system may be a beneficial use of Chugach National Forest lands, for the above reasons, I cannot continue to move forward with a hut to hut



proposal in the Mills Creek area. I am returning your proposal and have attached the Forest Service's review of your financial analysis of the hut to hut alternatives. Please contact Jeni Evans, Seward District Ranger, with any questions.

Sincerely,



JOE L. MEADE
Forest Supervisor

cc: Jeni Evans