

Porter-Sesnon's Postmortem

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Ten years may have seemed like a long time for a political marathon like the Porter-Sesnon (aka Wingspread) dispute to keep running. But even to seasoned political observers, four days was just a bit too short for the entire thing to explode.

Four days, however, is all it took for a decade-long chapter in the local parks-versus-development saga to fizzle, erupt and go to the grave. Or, more specifically, for developer Rye Kelley to drop out of negotiations to sell 66 acres of rolling coast in Aptos to state parks; for the key political player engineering the purchase—State Senator Henry Mello—to drop the whole issue like a hot potato; and for the same legislator to drop funds long set aside to purchase the land into two projects in neighboring Monterey.

Commenting on his ongoing attempts to purchase the beachfront Porter-Sesnon property for parkland, Mello was blunt. "As Yogi Berra said, It ain't over till it's over. And it's over. It's through. It's finito. It's gone." A number of key facts, however, suggest that until Mello put the budget axe to the Porter-Sesnon bank account, the deal wasn't dead. Contrary to the senator's proclamation, it was only comatose.

Fact 1: Appraisals always lie. According to Mello, to Kelley and to the local press, the deal fell apart because the two parties—the state and the landowner—couldn't agree on a price. The state's General Services Administration had sent in experts who appraised the property at \$4.5 million. Kelley, meanwhile, beckoned his own appraisers and they came in at over double: \$9.4 million to \$9.9 million. No middle ground, right?

It's not that appraisers can't tell the truth, but land appraisal is a tricky business involving so broad a range of details that different assessments of the same property often vary widely. In this case the discrepancy is easy to spot:

At least one of developer Kelley's two appraisers, the San Francisco firm Pannell, Kerr and Forster, was operating with a less than complete set of information. According to PKF consultant Glenn Willette, his firm did not take Santa Cruz's notorious county planning department into account when assessing Porter-Sesnon's value. Willette would give *The Sun* no specifics about his firm's appraisal, which is not public record. But he did say the company never looked into the potential for permits. In contrast, the state

considered the county planning department so integral to the value of the property that the permit potential, or lack thereof, drove the state's assessed value down approximately 20 percent.

This oversight would put Kelley's appraisal at a price much higher than is realistic. Once a potential buyer caught wind of county planning's lengthy and labyrinthine permit process—and the history of controversy surrounding the property—chances are that buyer would flee, or offer a lower price.

Fact 2: Public appraisals lie, too. If Kelley's appraisals were high, the state's was comparably low. The state's appraisal was based on the assump-



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tion that 197 single hotel units could go in at a land value of \$30,000 each, a formula that left the state with a value essentially lower than what it had assessed in 1981. A number of local realtors and appraisers agree the \$30,000 figure is low; beachfront property listed in the current issue of *Coastal Homes Santa Cruz County* runs in the quarter-million dollar range. Meanwhile one local appraiser who often contracts with the state, Frank May, suggests the price per unit would be much higher. It's hard to believe there was no room for haggling.

Fact 3: People redo appraisals. Mello, Kelley and even the *Sentinel* joined forces to blame the state and its steadfastly low appraisal for the bitter ending to the Porter-Sesnon story. But neither Mello nor anyone else ever asked the state to do what Kelley did and what, according to May, is common practice when your assessment sounds unrealistic: Commission another appraisal. After all, they always lie.

Fact 4: Wingspread is dead. Kelley lost face, and he lost a lot of money, when he failed to sell the Wingspread arts and condomini-

um project to Santa Cruz voters last June. The project he now proposes is almost identical, minus the amenities that might have made Wingspread sexy for the voters. Now, sources in county government almost universally agree that with the mandate of the voters, supervisors will be hard pressed to let Kelley build a Wingspread II. And if Kelley can't build on the property, he may be sorry he didn't sell to the state. You have to wonder what the developer has on his mind.

Fact 5: Mello lost political points. As the messiah coming to save Santa Cruz County from the throes of Kelley's high-priced, beachfront development, Mello had a lot of political points to gain by seeing the Porter-Sesnon project to its end. Instead, he took \$3.9 million out of the state's Porter-Sesnon park fund and rolled it into two projects in Monterey, his district. Neither of those projects garnered mention in the *Monterey Herald*, which makes you wonder, in mathematical terms, if the Monterey properties mean as much to Monterey voters as Wingspread and Porter-Sesnon mean to Santa Cruz.

Fact 6: Mello is powerful. Mello is always hosting negotiations, bringing divergent parties to the table and wrenching agreements out of lawsuit-toting adversaries. It's his forte. Which makes it hard to imagine why the much-praised legislator couldn't bring Kelley back to negotiate or why, as a member of the powerful Senate Rules Committee, he had no leverage with the state's intransigent, appraisal-toting and not particularly powerful GSA.

Fact 7: Kelley and Mello are not strangers. In fact, Kelley has been a regular high-end contributor to Mello's many campaigns. Last year, according to records filed with county elections, he gave the senator \$500. In the early 1980s Kelley often contributed \$1,000 in a year, contributions much higher than the average gift to a state campaign.

These facts point to a host of burning questions, issues on the lips of almost every political entity directly embroiled in the Porter-Sesnon debate. Why, really, did Mello drop the deal; what is his relationship to Kelley; and what are the consequences—for Mello's political career, for Kelley's bank account, and for one of the largest open stretches of coast in central California? Describing his new role in Porter-Sesnon, Mello insisted to *The Sun*, "I'm out of the picture." Other parties are still wondering. •