

# Wingspread developer proposes an 'unusual' state ownership plan

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A state Department of Parks and Recreation task force has been appointed to consider a proposal that the state purchase Wingspread developer Ryland Kelley's 99-year lease on the Porter-Sesnon property and then lease the land back to Kelley for development of a hotel and performing arts complex there.

Kelley is reportedly seeking a total of \$5.5 million for the Porter-Sesnon lease and a six-acre parcel adjoining the property. Kelley leased the Porter-Sesnon land from the University of California in 1978 for \$1.75 million, and paid \$700,000 for the other property, according to the county Planning Department.

Formally presented to parks officials a week ago during a meeting in the Sacramento office of State Sen. Henry Mello, Kelley's proposal will be reviewed by Ken Mitchell, chief of the department's acquisition division, and concession and planning division chiefs Conrad DeCastro and Ross Henry.

Mitchell said Tuesday that the group is to "determine if this proposal is in the best interest of the state or not," and report its findings to Chief Deputy Parks and Recreation Director Les McCargo by mid-October — about the same time the county Planning Commission is scheduled to hold hearings on two other Wingspread plans.

The parks and recreation official Tuesday called Kelley's proposal to the state "highly unusual."

Wingspread opponents attacked Levy and Mello Tuesday for their participation in the "secret" meeting, which, they charged, was aimed at circumventing local planning procedures.

Both Mello and Second District Supervisor Robley Levy, who was in attendance when Kelley unveiled his plan, said their presence at the meeting did not mean that they were in support of the developer's latest proposal.

And a spokesman for Kelley sought to minimize the importance of the whole episode.

"It's kind of a no-news situation as far as we're concerned," said Tim Welch. "We've been talking to the state since March 1984, and the meetings continue, I guess."

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## Wingspread's new plan

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"It's really kind of premature to talk about it."

Kelley first approached parks officials, through Mello, more than a year ago to propose that the state buy back his lease on the 66-acre Porter-Sesnon property. He proposed then to bid for the right to develop and operate concessions on the land.

According to Mitchell, last week marked the first time that the Palo Alto-based developer actually presented the state with a formal proposal.

Under Kelley's latest proposal, his firm would retain the right to develop the Porter-Sesnon property under a complicated lease/lease-back deal with the state.

Mitchell would not disclose the details of the proposed deal Tuesday, saying that the terms of the agreement were still a confidential matter between Kelley and state officials.

But Mello said late Tuesday afternoon that Kelley had asked the state to pay him a total of \$5.5 million for the lease on the Porter-Sesnon property and title to the adjoining six-acre parcel.

The Watsonville Democrat said Kelley believes the properties' current worth is about \$6.5 million. He said Kelley had offered to reduce his asking price by \$1 million as a gift to the state, and had offered to deduct still another \$800,000 from the price, as a "pre-payment" on his proposed lease-back of the Porter-Sesnon land.

Those deductions would leave the state to pay Kelley \$4.7 million for the Porter-Sesnon lease and the six-acre parcel, Mello said. But, he said, the state currently has only \$3.9 million — state parks bond money the senator obtained several years ago — to purchase the Porter-Sesnon lease.

Mello said Kelley had proposed to get around that problem by offering the state an option to purchase the six-acre parcel, for \$800,000. The state would have three years to exercise its option on the land, Mello said, and could choose not to purchase the property, which would meanwhile be developed as a recreational vehicle park.

### Wingspread proposal

Here are the details of developer Ryland Kelley's financial deal with the state, as outlined by state Sen. Henry Mello.

Kelley wants \$6.5 million for the Porter-Sesnon lease and a six-acre parcel he owns adjoining the Porter-Sesnon property. But the state only has \$3.9 million — in state parks bond money Mello secured several years ago — to spend on the property.

To lower the cost to a level the state can afford, Kelley has proposed:

- To reduce the price by \$1 million as a "gift" to the state (tax-deductible).
- To further cut the price by another \$800,000, as a "pre-payment" on Kelley's proposed lease-back of the Porter-Sesnon land.
- To reduce the need for up-front cash still further by offering the state an option to purchase the six-acre parcel for \$800,000 within three years.

The biggest obstacle to the deal, Mello said Tuesday, is that the state doesn't believe the Porter-Sesnon property is worth as much as Kelley says it is.

While reluctant to disclose any figures Tuesday, Mitchell confirmed that the state doesn't accept Kelley's appraisal.

According to Mello, the state several years ago set the value of the land at about \$3.8 million.

Mitchell said Kelley's proposal was an "unusual" one for the Parks Department, in that the department normally limits its development projects to campgrounds. Kelley's proposal reportedly calls for construction of a hotel-conference center, cultural center, youth hostel and athletic fields on the Porter-Sesnon site.

The plan he reportedly presented to state officials is similar to the so-

called Wingspread "Plan B," one of two proposals currently pending before the county Planning Commission.

A second proposal, "Plan A" calls for more limited development on the property.

Wingspread foes are fearful that if the state makes any kind of deal with Kelley on the Porter-Sesnon land, local planning procedures will be pre-empted.

But both Levy and Mello said Tuesday that that's not possible, because the property lies in the Coastal Zone and is subject to review by county planners and supervisors under the county's Local Coastal Program.

Word of last week's meeting came Tuesday from Vickie Powell, chairwoman of Friends of Porter-Sesnon. In a letter to the Board of Supervisors and disseminated to the press, Powell blasted Mello and Levy for participating in a "backroom political deal" while the county is still reviewing the Wingspread proposal.

Another member of the group, Greg Hudson, appeared before the board late Tuesday afternoon to charge that Mello had already committed himself to Kelley's proposal. "This is all going on behind closed doors, and they (Kelley, Mello and state officials) are going to come down here and spring it on everybody in mid-October," Hudson said.

Levy said Tuesday that she had gone to Sacramento to "get an understanding" of state parks officials' intentions regarding the Porter-Sesnon land, and said she had not expected Kelley to propose a deal at the meeting. When he did, she said, "I made it clear that I was there for information and was not making any commitments."

Mello said that he had made no commitments to Kelley either.

"All I did was listen to their proposal," the senator said.

Mello said he would prefer to see the Porter-Sesnon land added to neighboring New Brighton and Seaclyff Beach state parks. "My first priority would be to have the state buy up the lease without any lease-back," he said. "I would rather see a clean transaction made where ... we (the state) regain title to the property."