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THE HIGH-PRICED SPREAD

CAN SANTA CRUZ AFFORD TO DEVELOP PORTER-SESNON?

BY TERRI MORGAN

The Porter-Sesnon land, the last chunk of undeveloped beach land in Santa Cruz County between Watsonville and the North Coast, lies on the Aptos side of the Aptos-Capitola border. Bounded on one edge by McGregor Drive, a frontage road that parallels the freeway, the property extends to the bluffs overlooking the Pacific. Barely visible from Highway 1, the site consists of a narrow ravine between McGregor Drive and the train tracks and a large open meadow rimmed with cypress, pine,

eucalyptus and oak trees. The lay of the land, slightly higher than the freeway, muffles most of the sounds of the traffic, save the rumble of an occasional semi. Near the water, only the roar of the ocean, the chatter of the birds and the occasional creak of the trees in the wind shatters the stillness.

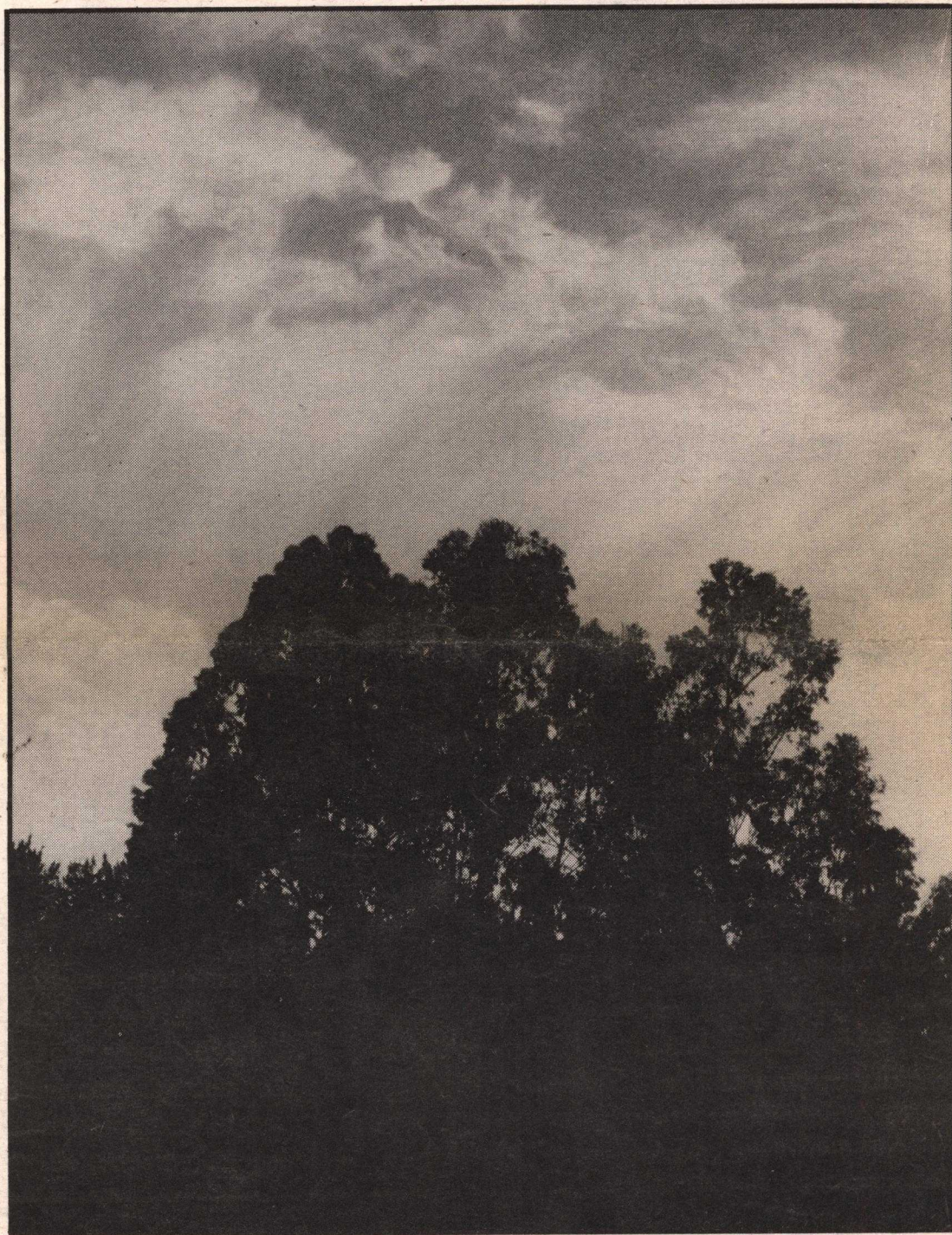
A hard-packed dirt road rims the meadow, and although a brand-new chain restricts automobile access

from the entrance along New Brighton Road, pedestrians and bicyclists have no trouble entering the property.

By late spring the grasses of the meadow are nearly knee-high with their winter green bleaching into

brown. Purple lupins, golden poppies, white wild radish flowers and yellow wild mustard and dandelions add bursts of color to the meadow. A bee keeper, taking advantage of the abundance of pollen provided by

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THE HIGH-PRICED SPREAD

(from front page)

the variety of vegetation, has left dozens of bee hives on the property.

Overhead, hawks glide lazily, circling as they search for a meal. Blue jays squawk noisily and dart above the rolling, uneven terrain, then perch themselves precariously on the tops of the pines or disappear into the coastal shrubs that fill in a ravine underneath the pines near the ocean. Butterflies, equally as abundant as the birds, fly soundlessly through the field.

This peaceful site has been the focal point for an emotional debate that has divided the community. After nearly 10 years of heated argument, the voters of Santa Cruz County will have their chance to approve or disapprove proposed development on the 72-acre piece of coastal property.

On the surface the issue, Measure A on the June 7 ballot, appears straightforward. If Measure A passes, the developers, Conference Associates, would be allowed to build a 468-unit conference center-visitor resort and performing arts facility called Wingspread, provided they can get approval from the California Coastal Commission.

In exchange for permission from the county to build on the property, the developers must first build three public-use performing arts facilities and three public-use sports fields and pay for lighting of the Aptos High School baseball field. Other terms of the agreement call for Conference Associates to pay \$700,000 for traffic improvements and pay a minimum of \$500,000 a year or 8 percent of the hotel room revenues to the Wingspread Arts Foundation to operate the performance halls. The developers claim the project will provide revenue for the county because they will turn the lease to the property over to the county and then rent back the property. In addition, the county would receive tax revenues from the project.

The Wingspread project has been controversial since 1978, when the developers, Hare, Brewer and Kelley, of Palo Alto, who formed Conference Associates to develop the Porter-Sesnon land, obtained their 99-year lease on the 66-acre site that abuts a 6-acre parcel owned outright by Ryland Kelley. The lease was purchased from the University of California for \$1.75 million.

The site is between New Brighton and Seacliff State Parks and has been zoned as a "proposed park and recreation site" by the county's Local Coastal Program (LPC).

Opponents of the project would like to see it remain as open space or be bought by the State Park system. The state has appropriated \$4 million

to purchase the property if the measure is denied.

Kelley, however, insists that if the measure is defeated he will refuse the state's offer as he has in the past and build either a 197-unit motel or a 130-space RV park on the site, and these projects will not include public facilities such as the performing arts centers and sports fields.

"We have at no time had any interest in selling the property," Kelley said in an interview broadcast by KUSP. "It [RV development] isn't a bluff and it isn't an existing plan. [If the ballot measure fails] we would have an obligation to find a use for the property, either a 197-room motel or an RV park."

Environmentalist and longtime Wingspread opponent Hal Levin scoffs at Kelley's statement, calling it "campaign rhetoric. If the project is denied, the state has appropriate funds to buy the property as a state park." Levin added, "They [the state] see it as an important addition to the parks on each side of it. They're not going to use condemnation proceedings to force Kelley to sell, but it's conceivable at some point he may decide to cash out."

"It's clear [Kelley] has spent a large amount of money on the project, but it's hard to believe he's spent \$4 million," Levin continued. "He's a developer and one of the basic games of developers is to use as little of your own money as possible to control as much as possible."

Levin also said that although a motel or an RV park is permitted under the current zoning of the site, either project would still require county

"The county local land use authority is on the auction block to the highest bidder. It's sending a message to developers that if you set ransom high enough you can get your project approved."

—Joe Cucchiara

approval, which may prove more difficult to get without public support. "If he abandons the performing arts center he loses a large block of voter support," Levin said.

The performing arts carrot that Conference Associates is dangling at the insistence of the

The Porter-Sesnon land as it looks today

county board of supervisors has won the project a lot of supporters. The backers of Measure A have raised \$100,000 because they want to see a 1,000-seat concert hall, a 500-seat theater and 200-seat experimental theater built. Other supporters are attracted by the promised sports fields, which will be managed by a nonprofit Coastal Community Sports Foundation.

According to Rowland Rebele, chairman of the Yes on A campaign and a member of the Wingspread Arts Foundation, nonprofit groups will have first call or preferential booking on 40 percent of the dates at the performing arts facilities at reduced rates. "They'll pay [on a sliding scale] \$25-\$200 a night or 5 percent of the gross ticket sales," Rebele said. These public-use performance halls are described in a glossy brochure produced by the Yes on Measure A committee and mailed to registered voters in the county.

The opposition is equally committed to their position, but not as copiously funded. "We just put together a \$10,000 'wish list' budget," said one member of the grassroots group wistfully. "But it's really just a wish list."

Most of the opponents of the Wingspread developer say they are not against a performing arts facility, they just feel the Porter-Sesnon land is not the right location for it. Many express skepticism that the performing arts facilities will benefit many local residents, especially since 60 percent of the dates will be rented to for-profit groups. Only registered nonprofit groups will be eligible for reduced-rate rentals. This requirement will exclude many Santa Cruz artists who, although they may be operating at close to nonprofit status, are not registered nationally as nonprofit organizations.

"Santa Cruz artists are poor," stated Jane Heyse, who opposes Wingspread. "They need facilities like Loudon Nelson. The economic feasibility report on the project says that the developers will need to have world-class performers coming in to make the project feasible. It's a money-making operation, the facilities will be expensive to use and rent and the ticket prices will reflect that. I love

the symphony and the classical arts, but there will only be a few times a year I can afford to go."

Friends of Porter-Sesnon, a group that has been fighting for years to preserve the site, suggests that restoration of the Santa Cruz Civic Auditorium might be a better way to provide performing arts facilities for the county. According to Jim Lang of the Parks and Recreation Department, the City of Santa Cruz and the Cultural Council Committee have studied the possibility of renovating the Civic Auditorium to accommodate 500-2,000 seats in a performing arts facility.

According to the financial feasibility report prepared for the city, the renovation project would cost \$7.2 million. The report also stated that while all those interviewed expressed support for the Civic renovation project, many said they would not help fund it because they would rather see Wingspread built. The restoration project has been put on the back burner until the Wingspread issue is decided.

Even if Wingspread gets the green light, its foes say the performing arts issue will become a moot point if the Wingspread project fails economically. Urban consultant J. Richard Recht, who analyzed the financial feasibility of the Wingspread project concluded: "My overall observation is that the information currently available does not yet provide a basis for the county to conclude that the project is feasible. The county is aware, of course, that the people involved in Conference Associates are experienced and successful in real estate investment matters and their ability should be respected."

Levin suggests that Conference Associates might be setting themselves up to walk away from the project if it is unsuccessful. "Why aren't they calling themselves Hare, Brewer and Kelley?" he asked. "Is it because they're not willing to stand up for their project?"

"The [county's] revenues depend on the financial success of the hotel, which requires drawing on a national market," added Levin. "If the place is only half-full year after year the county will get nothing; the performing arts

will get nothing."

"We've never really had a complete economic report as to whether this project is viable," said First District supervisorial candidate Laurence Frommhagen. "There is a flood of condos on the market and our local hotel/motel industry is not faring well. There's some strong possibility that this project will not succeed."

To protect county taxpayers, the board of supervisors passed an ordinance barring the county from becoming financially involved in the project.

"The board did adopt a fiscal responsibility ordinance," said Supervisor Joe Cucchiara, "but the lease sale agreement does involve staff time and legal fees. It's clear to me that the county is in violation of its own ordinance."

Rebele, however, feels confident that the county is protected from financial liability. He says that even if the developer goes bankrupt and someone else succeeds an interest to the property they are also bound to the contract. "They would inherit the agreement," Rebele insisted. "The contract is ironclad and it provides for all three performing arts halls to be finished before the hotel is constructed."

"As an attorney," said Wingspread foe Celia Scott-Von der Muhll, "I'm touched by this faith in contracts. If contracts couldn't be voided, there would be a lot of attorneys out of work."

Wingspread supporters argue that the development firm has been in business since 1925 with no bankrupt projects. The oldest real estate firm on the San Francisco Peninsula, locally Hare, Brewer and Kelley were responsible for the development of Pajaro Dunes. While there have been rumors circulating throughout the county that Kelley reneged on his obligation to build a fire station at Pajaro Dunes, Jim Maggio, the general manager of Pajaro Dunes, said that construction of a fire station was not part of the developer's obligation and that the developer "most certainly" lived up to his agreements.

Rebele dismisses criticism that the project appears unfeasible financially. "Does anyone think a bank is going to



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lend \$80-\$100 million for construction without satisfying themselves that the business is sound and can succeed?" he scoffed.

Rebele also expressed confidence in the developer. "In my dealings with Mr. Kelley over the last six years I've found him to be a worthy businessman. He's strong, he's dedicated, he's innovative and he's tough.

"I got involved with the Wingspread Arts Foundation because of my love of the arts," Rebele added emphatically. A newspaper co-owner and consultant by profession, Rebele is on the Santa Cruz Symphony and Santa Cruz Actors Theater boards and a member of the Friends of the Arts at UCSC. He resigned his presidency of the symphony last June to head the Wingspread Arts Foundation. "A number of us [on the foundation] realized we weren't going to be in favor of the project just to get a performing arts facility. If the project made no sense environmentally we were not about to throw the baby out with the bathwater. Just because he offers us this plum—he knows that's a lure to sucker us into something that could be environmentally damaging. So we called in an environmental impact specialist and said okay, what about this project? Our conclusion after listening to them was that this project would not be environmentally damaging.

"The other thing that convinced me was Mrs. [Supervisor Robley] Levy's support for this project," Rebele continued. "She comes to the board as a liberal, environmentally oriented person. When she came down in favor of the project, at that point we said ok."

Supervisor Levy was the last of the county board of supervisors to decide her position on the project. With supervisors Patton and Cucchiara opposed and supervisors Mehl and Forbus for the project, Levy's vote swung the board in favor of the development. She has been criticized by Wingspread opponent Mitchell Page for delaying the announcement of her decision.

"It's been a closed-door approach," said Page angrily. "Levy said she hasn't made up her mind and meanwhile her aides are answering her phone during the campaign and saying, 'What do you want there, an RV park?' She [Levy] says she's waiting for more public input and calls a public hearing. Then, after three hours of hearing from the public she presents a prepared speech that she obviously didn't write while she was listening to the public."

Levy responded to Page's criticism, saying that "it was a difficult, difficult decision. I needed to have all the facts in before I made up my mind. With two supervisors on each side, I represented the deciding vote. I needed to look at three successive levels of environmental reports before I made up my mind.

"I didn't make up my mind until the very end," Levy insisted. "I did prepare my statement the weekend before I announced it. I did modify it in part because of things that were said at the public hearing."

Levy added that she decided to support Wingspread because she feels it is environmentally sound, that it provides public access to the coast, provides a balance of public benefits and

mitigates all traffic impacts.

The two sides have both drawn swords over the traffic concerns. Conference Associates has agreed to pay \$700,000 to install traffic signals at Park and McGregor and at the three-way intersection of McGregor, Seaside and State Park drives, and three-way stop signs at other intersections if the project is approved. They also plan to enlarge and extend freeway offramps near the project and widen the roads in the area to improve the traffic flow.

Critics of the project claim hotly that these improvements are far from adequate, especially since they do not address "our already congested Highway 1." Wingspread supporters say that the project will pay to "get the cork out of the bottle at these congested intersections." Page responded to those claims by saying, "If you believe that, you deserve this project." Page added that traffic lights and signals, rather than improving operations at an intersection, simply force all the drivers to share the delays.

"Traffic is not being adequately addressed at all," said Supervisor Joe Cucchiara. "It's very clear this project needed a direct freeway access to and from the site. It [freeway access] was one of the initial conditions of the project, but the developer indicated he didn't want to build it and the three members of the board who had made it a requirement of the project deleted it from the conditions."

Supervisor Levy had initially approved the project on the condition that direct freeway access would be provided. However, after Caltrans said the proposed offramp was too close to existing freeway on-off ramps, she dropped the stipulation. Levy told *The Sun* after changing her condition

that "I'm not a traffic expert and Caltrans decided it wasn't a feasible thing to do."

Neither side can agree on just how much traffic will be generated if the Wingspread development becomes a reality. The opponents fear it will add an additional 7,000 cars a day on the roads, while supporters of the project say that number is closer to 5,600.

Another point of contention is how much of the property will be developed and the definition of "open space." Wingspread supporters claim that "80 percent of the property will remain open space with only 5 percent to be used for building, and only 15 percent to be used for roads, pathways and parking." Opponents of the project say these figures are misleading because the developer is considering the sports fields to be open space as well as the portions of the property that are too steep to build on.

"They're trying to ignore parking lots as if they are not some degradation of the environment," scoffed Page.

According to a coastal commission report, "46 percent of the developable land on the site will be developed."

Another aspect of the plan that Wingspread opponents claim is misleading is that the project will make the beach available to the public for the first time. Beach access has always been available through Seaciff and New Brighton beaches. According to the state coastal commission, "the State of California owns the tide and submerged lands seaward of what is called the mean high tide line.... Although it is difficult to ascertain the boundary

between public and private lands, a general rule to follow is that visitors have the right to walk on the wet sand."

The Wingspread project would dedicate the portion of the beach between the mean high tide line and the cliffs to the county. However, according to the coastal commission's *Coast-*

Only registered non-profit groups will be eligible for reduced-rate rentals, which will exclude many Santa Cruz artists who, although they may be operating at close to nonprofit status, are not registered nationally as nonprofit organizations.

al Access Guide, it appears that the public has already acquired the right to gain access to the shoreline through the legal doctrines of "implied dedication" and "prescriptive rights."

The project would also provide 126 public beach parking spaces in a lot off McGregor Drive and an asphalt handicapped-accessible footpath to the beach, public restrooms and stairs to the beach. There has been an unpaved path to the beach through the property for years. While visitors cutting through the property have tech-

nically been trespassing, the public has been using the trail for quite some time.

The voters will not have the final say on the project. The ultimate decision to approve or deny Wingspread will come from the coastal commission after the election.

The coastal commission was scheduled to vote on the project last February in Marina Del Rey but Supervisor Levy withdrew the application after four of the 12-member board left unexpectedly. According to coastal commission rules, seven votes are required to approve a project. With only eight commissioners voting, two negative votes would have resulted in a denial of the project. Supervisor Levy, who was appointed by a majority of the supervisors to represent them in Marina Del Rey, was criticized harshly for her actions by Wingspread opponents who implied she was colluding with the developer. According to the *San Jose Mercury News*, several members of the commission also criticized her for withdrawing the application.

Levy, obviously stung by what she feels is unwarranted criticism, paused to collect her thoughts before explaining her actions at the coastal commission hearing. "I was in Marina Del Rey representing the board of supervisors, whose position was the project was to be approved," she said. "In the absence of four commissioners, a single negative vote would have been a veto. That didn't seem to me to be fair.

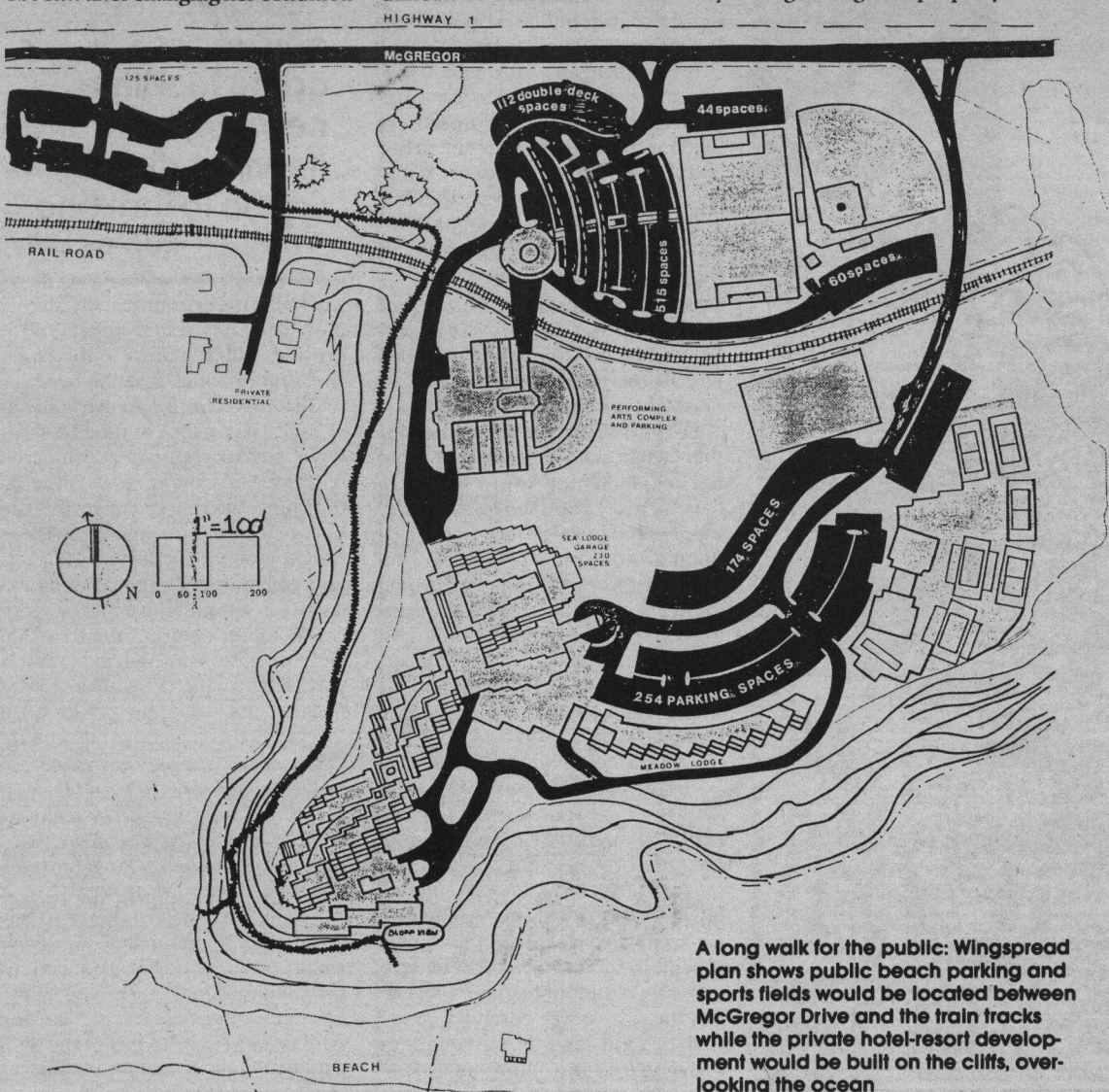
"We grant as a courtesy continuance to applicants before us when we don't have a full board," Levy continued. "Likewise, the coastal commission does the same, as their staff indicated to me at Marina Del Rey."

Prior to the hearing the coastal commission staff released to the public a 69-page report recommending that the project be denied. According to the staff report, the Wingspread project would "diminish coastal recreation opportunities at the site, reduce and impede public access to the beach and the site and run counter to a Coastal Act stricture that lower cost visitor and recreational facilities shall be encouraged, and, where feasible, provided." The report also stated that a number of the facilities planned in the project "have no direct relationship to a coastal setting" and that "performing arts facilities are not as a rule considered coastal recreation, nor even truly visitor-serving."

Despite the coastal commission's report, Levy said she supports the project because it meets all the standards by which she measures all projects, which include environmental concerns, traffic mitigations and providing public access and benefits. "The people of this community have the ability to use and enjoy that project and the public benefits," she said. "The performing arts facilities, playing fields and coastal access will provide that opportunity."

Supervisor Cucchiara has a vastly different opinion of the project. "The county local land use authority is on the auction block to the highest bidder," he said. "It's sending a message to developers that if you set ransom high enough you can get your project approved. I vigorously urge the voters to say no to this measure and send a message that Santa Cruz County is not for sale to the highest bidder." •

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A long walk for the public: Wingspread plan shows public beach parking and sports fields would be located between McGregor Drive and the train tracks while the private hotel-resort development would be built on the cliffs, overlooking the ocean