

Mello predicts state will get Porter-Sesnon

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SANTA CRUZ — State Sen. Henry Mello said Wednesday that he believes Wingspread developer Ryland Kelley will eventually hit a "stone wall" in his attempts to build a hotel/conference center-performing arts complex on the 72 acres of land Kelley leases and owns adjacent to New Brighton Beach State Park.

And when that happens, Mello predicted, the Palo Alto developer will be glad to "throw in the towel" and sell to the state his 99-year lease on the 66-acre Porter-Sesnon property and his six-acre parcel.

But even if Kelley should decide to hang onto part of his holdings, Mello said, state officials will have some

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maneuvering room in future negotiations with the developer, thanks to a bill Mello pushed through the Legislature on Saturday.

The Watsonville Democrat wrote legislation setting aside state park bond funds for the purchase of Kelley's land holdings in Aptos.

Kelley said Wednesday that no

Wingspread

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matter how state legislators slice it, there isn't enough money in the bond-fund pie to persuade him to part with the Wingspread property.

And the developer, who said Tuesday that he hadn't given a "good God damn" last week whether Mello's bill was approved, acknowledged that a lobbyist employed by him had worked with the senator to see the measure through to final passage. But Kelley said that he hadn't known that the lobbyist, William Yeates, had been working on the bill.

The state Parks and Recreation Department has stood ready to buy Kelley's Porter-Sesnon lease since Mello pushed a \$4-million appropriation bill through the Legislature for that purpose four years ago.

Under the original appropriation measure, the department could not use the money to buy the neighboring Widera property, which is seen as a vital link between Porter-Sesnon and New Brighton State Beach. Mello's latest bill rectified that oversight, authorizing the state to use the funds to acquire the Widera land, provided they were used to buy a majority of the Porter-Sesnon leasehold first.

Wingspread opponents, who see Kelley's ambitious development as a threat to the last remaining beachfront open space in midcounty, have charged that Mello's bill was intended to allow Kelley to collect the park bond money and still proceed with his plans.

Mello said Wednesday that it has always been his intent that the entire Wingspread site be acquired by the state for a park. "I want to buy the whole darn thing for the state parks system," he said.

But in case the "whole thing" isn't available, said Mello, thanks to his bill, the state now has the "flexibility to put a package together" to acquire the remaining land.

Parks Department officials have said that they have no interest in buying only a portion of the Porter-Sesnon property.

The senator said he'd felt such flexibility was needed because, under the county's Local Coastal Program, Kelley would still have the right to build at least 130 hotel units on the Porter-Sesnon site, even if the present Wingspread project should collapse. Kelley's current plans call for construction of a 468-unit

hotel/conference center, a three-hall performing arts facility and several athletics fields on the Porter-Sesnon and Widera properties.

Mello said that, under state law, the bond money which has already been set aside to purchase the land could be augmented by another \$800,000, without any further action by the Legislature.

But Kelley said \$4.8 million won't begin to meet his Wingspread costs, which, he said, have already topped \$8 million.

The developer said the Porter-Sesnon lease had cost him \$2.2 million, including \$1.8 million which he paid the University of California — which owns the property — and another \$400,000 which Kelley said he eventually paid to buy out several bid partners.

Kelley, who actually bid for the Porter-Sesnon parcel twice, said the partners were previous competitors who had indicated they planned to bid against him in the second go-around.

The developer said he had paid another \$700,000 for the Widera parcel, which he and his brother William purchased in 1981.

And he said he had spent at least \$3 million on "pre-development costs" for Wingspread.

Kelley said interest on loans had added another \$3 million to his Wingspread expenses since 1979.

The developer said that Yeates, his lobbyist, started working with Mello on the latest park bond bill last fall. At the time, Kelley said, he was still trying to persuade state parks officials to purchase the Porter-Sesnon lease and the Widera property, lease the land back to him, and allow him to construct and operate Wingspread as a state concession.

It was during those negotiations, Kelley said, that it was discovered that the park bond money could not be used to buy the Widera land.

Kelley said that after the state rejected his proposal, he lost interest in the Mello bill.

But, unknown to him, said Kelley, Yeates kept working on it.

Kelley said the lobbyist, who is on a retainer with Kelley's development firm, was "following up on whatever he started to do on behalf of Henry, the state and ourselves."