

**Expert Says Beachwood Property Worth Less Than \$2 Million if City Develops
*Environmental Lobbyists Exaggerate Value in Attempt to Defeat One-Of-A-Kind
Rescue Bill For Half Moon Bay***

“Show us the money,” says Attorney for Half Moon Bay to Environmental Lobby

CITY OF HALF MOON BAY, Calif. – Half Moon Bay Mayor Bonnie McClung today released an expert report concluding that the City would net only \$1.315 million if it developed Beachwood, contradicting claims by environmental organizations that the City could significantly offset the cost of an \$18 million settlement by developing the property itself. The report refutes a scenario, favored by California Coastal Commission staff, in which the City would build 19 houses on Beachwood and recoup most, if not all, of the \$18 million the City would owe if no bill is passed. The City’s outside financial consultant, Piper Jaffray, concluded that this scenario, and several others, were economically unworkable.

“Our opponents from the Coastal Commission and certain environmental organizations have no facts to support their claim that, if AB 1991 fails to pass, the City can avoid the intolerable burden of an \$18 million debt, a debt that would loom over its citizens for more than two generations,” said Lanny Davis, an attorney for the City. “If the opponents of AB 1991 disagree, then I have only four words for them: show us the money.”

Beachwood and an adjoining property, Glencree, are the subject of AB 1991, a special rescue bill that would allow Half Moon Bay to avoid making the \$18 million payment in settlement of a \$41.1 million court-imposed liability. The bill, which the California Assembly passed last week, would re-instate the vesting tentative maps for Beachwood and Glencree originally approved in 1990, before artificial man-made wetland conditions developed as a result of a failed City grading and drainage project.

Mayor McClung decided to release the analysis in its entirety so that the public could see the financial data when debating the future of Beachwood. “As I have said from the beginning, the City Council carefully considered every alternative before deciding that a settlement, and pursuit of AB 1991, was the best way to protect the financial health of our community,” said Mayor McClung.

Coastal Commission staff opposing the bill argue that the City could develop the property itself and use the proceeds from development to offset the \$18 million settlement cost. However, these suggestions have not been supported by any financial analysis. This analysis throws a harsh light on these “alternatives,” demonstrating that they would offer, at best, only a very modest offset of the \$18 million settlement payment if between 18 and 50 homes were developed on the site.

According to John Knox, an attorney for Half Moon Bay and partner at Orrick, Herrington & Sutcliffe LLP, the groups that suggested City-backed development of Beachwood should have done this analysis. “Frankly, I’m surprised that anyone would

suggest there is an alternative to AB 1991 without doing a real-world financial analysis to see if the numbers work,” Mr. Knox said. “To appear before the Legislature in opposition to a bill and suggest that an alternative exists when it doesn’t is disingenuous and does not belong in a fact-based discussion about the merits of approving AB 1991.”

A copy of the report is available on the City website at http://www.half-moon-bay.ca.us/Beachwood_Information/Beachwood_Information_Page.html

CONTACTS- Lanny Davis: (301) 928-7532; Josh Galper: (202) 744-4047; John Pitts: (443) 326-7609