

## SACRAMENTO

### Salt pond valuation under scrutiny

#### Appraiser of Cargill baylands charged with misconduct

- [Tom Chorneau, Chronicle Sacramento Bureau](#)

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**Sacramento** -- State prosecutors are seeking to suspend or revoke the license of a real estate appraiser over his work on the \$100 million taxpayer purchase of the Cargill salt ponds on San Francisco Bay in 2003.

The complaint filed by the state attorney general accuses Charles D. Bailey of more than 20 instances of professional misconduct in preparing the Cargill evaluation.

While the complaint does not say whether Bailey's alleged mistakes led to state and federal agencies overpaying for the land, critics of the conservation deal said the evidence shows taxpayers did not get fair value.

"The attorney general's complaint is consistent with what I've been saying since the beginning -- that this was a politically orchestrated excuse of an appraisal intended to fulfill the legal requirements and misled the public," said John Hansen, who heads a public advocacy nonprofit based in Santa Rosa and filed the original complaints about the Cargill transaction.

Bailey, of Mill Valley, said Wednesday that the complaint was without merit, noting that the Cargill appraisal was analyzed by several reviewer panels.

"First, this is just an accusation. None of this has been proven," Bailey said. "In fact, the opposite has been proven. The overwhelming evidence is that the appraisal meets all professional standards. I'm very confident we will win."

At issue is the sale of 16,500 acres of tidal marsh and salt ponds that Cargill sold to the state's Department of Fish and Game and the U.S. Wildlife Service in 2003 for \$100 million.

The agencies wanted the land as part of a broader bay restoration project. Efforts to restore the Cargill property are under way.

Bailey was hired by the Wildlife Service to perform the appraisal on the property. Both the state and federal agencies used his appraisal as a basis for their purchase offer.

Bailey's analysis found that most of the Cargill property was not suitable for development and its value as a source for salt products was limited. But the appraisal noted that the land also could be used as a "conservation bank" for development impacts in other parts of the Bay Area.

The concept, which had been used elsewhere in California, would allow developers looking to build in other environmentally sensitive areas to purchase "conservation credits" from the Cargill property to offset damage done elsewhere.

Bailey estimated that as a salt production site, the Cargill land was worth as little as \$3,000 per acre. As a conservation bank, however, he suggested the property was worth as much as

\$20,000 per acre.

The complaint from the attorney general said Bailey's appraisal of the key conservation bank option failed to accurately describe the existing market for conservation credits, the risks involved with getting the project off the ground and the potential benefits.

"The analysis does not discuss the sales adequately, does not describe them adequately and produces a grossly misleading value indication," the complaint from Deputy Attorney General Char Sachson states.

The filing came at the request of the state's Office of Real Estate Appraisers. The office, charged with regulating the professional conduct of appraisers, took three years to investigate the case.

Its findings concluded that Bailey should be disciplined for his failures on the Cargill project as well as an appraisal he did involving another conservation land purchase in Sonoma County, also in 2002.

If the state's claims are upheld, the overall cost of the Cargill property to taxpayers could come under question. But the state may not necessarily be an injured party.

Bailey's appraisal of the 16,500 acres set the value at \$243.3 million. The purchase price was \$100 million, of which the state paid \$74 million.

The difference between the purchase price and the overall appraised value was available as a tax deduction to Cargill, which the company intended to take, according to 2003 minutes of the California Wildlife Conservation Board, which voted to approve spending \$74 million in state conservation bond money for the purchase.

Lori Johnson, spokeswoman for the Minneapolis-based agriculture corporation, said that Cargill had no role in the appraisal process but noted that the report underwent three separate reviews before being approved.

"There was an enormous amount of oversight checks and rechecks," she said.

Teresa Schilling, spokeswoman for Attorney General Bill Lockyer, said that her office has no legal basis at this point to question the Cargill purchase. She noted that the attorney general's role in the case is to pursue professional misconduct charges made by the real estate regulators.

Schilling noted that the attorney general could investigate the issue further under the False Claims Act but at this point no complaints have been filed.

Environmentalists, who are supportive of conservation purchases, said the public suffers when government agencies overpay for restoration land.

"We were very discouraged about the price paid for the Cargill property because it means there is less money to protect other lands," said Florence LaRiviere of Palo Alto, a founder of the Citizens Committee to Complete the Refuge which has about 2,000 members in the South Bay.

"I'm very excited that the government is going to start looking at this more carefully," she said.

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