

THE OREGONIAN
A valley's acres of anger
03/09/03
By Alex Pulaski

PARKDALE -- On a clear day, the snow-draped bluff along Road 3511 commands a million-dollar view of the upper Hood River Valley.

This was government-owned forestland until two years ago, when Hood River County commissioners agreed that its value was \$325 an acre and traded it to Mt. Hood Meadows for timberland nearby. Now, as Meadows proceeds with plans for a destination resort, a group of county residents is trying to turn back the clock and return the acreage to county hands.

The citizens group, the Hood River Valley Residents Committee, filed suit last year against the county and Meadows to overturn the trade. In depositions and correspondence compiled in the suit, the residents have shown that county employees and elected officials knew of Meadows' resort plans months before agreeing to the trade.

The basic question before county Circuit Judge Donald Hull is whether the county disregarded state law and common appraisal practice, enriching Meadows by millions of dollars by undervaluing its own land. Meadows got 620 acres farther from commercial farming areas -- vital to hurdle state zoning requirements on resorts -- and a check from the county for \$1 million; the county got 785 acres, much of it merchantable timber.

"Was it a good deal for us?" said Ken Galloway, the county's forest

Meadows also stands by the trade.

"There's no doubt in my mind that the exchange was handled appropriately and legally and will stand as valid through any challenge," said Dave Riley, Meadows' general manager.

The political fallout from the trade, however, may have contributed to John Arens losing his seat as chairman of the county Board of Commissioners. Longtime county residents say the land-trade issue was just one of many in last year's election, and it resonates most deeply with those dead set against development on Mount Hood.

The man who beat Arens in May, Rodger Schock, said the county appears to have acted in legal fashion but hadn't been open with the public about its dealings with Meadows.

"The way the process evolved has left a taste of distrust in the public's mouth," Schock said. "Until we clear that up, we'll have our beautiful valley divided right down the middle."

Mike McCarthy, a prominent member of the residents' committee behind the lawsuit, said the county had to turn a blind eye to everything it knew about Meadows' plans to value its land at \$325 an acre. Worse yet, in McCarthy's mind, was ensuring that the public remained blind in the process.

Meetings packed

In a measure of public outcry since the trade was approved in August 2001, hundreds of people have packed county planning commission meetings this year to consider rules governing a destination resort. Most of those in attendance have been opponents.

The trade began innocuously enough. On May 1, 2001, Galloway mailed letters to Meadows and about 20 other property owners asking whether they had forestland to trade or sell.

The county manages about 50,000 acres of forest and was flush with \$7.5 million in cash from a land sale to the federal government. Galloway points out that his timber sales regularly contribute roughly one-third of the county's general fund revenue, but the \$7.5 million had to be spent on more land to conform to county rules.

In the weeks before that May notice went out, Meadows was signaling its interest in establishing a destination resort.

Steve Warila, Mt. Hood Meadows director of mountain operations and planning, e-mailed two resort-planning maps to a member of the county's planning staff on April 13. "Can we meet next week so I can show you what I have?" Warila wrote.

Three days later, county commissioners endorsed House Bill 3585, which would have relaxed state rules for siting destination resorts. The bill died in committee.

By late June, county officials -- including County Administrator David Meriwether and then-Commissioner Arens -- were meeting with Riley to discuss a land trade.

They also met in July in Salem with state land-use planners to talk about the trade and a destination resort.

The view from the sky

Aerial photos shown at the Salem meeting demonstrated why a trade was so important to Meadows. Although both pieces of land are near Cooper Spur, the portion owned by Meadows was too close to existing farms to qualify as a destination resort.

When commissioners met Aug. 6 to consider the trade, and again on Aug. 20, they did not ask for a method of valuing their land or Meadows' acreage. Nor were given one. They agreed only to hire an independent survey of timber values on the properties and tentatively approved the trade provided that the values arrived within \$1.5 million of each other.

Asked by commissioners to justify the trade, Galloway, the forester, told them it would increase access to log nearby holdings and add to their inventory of mature timber.

Since then, two separate written documents have emerged in which Meadows itself downplayed the timber capabilities of its 785 acres.

In one, Franklin Drake, Meadows' principal owner, wrote a state senator in May 1991 to say that the acreage Meadows owned near Cooper Spur "cannot support either timber or agricultural use."

A September 1980 timber report on the Meadows property concluded that only about 550 of the acres were suitable for aggressive timber production. The report outlined problems with gophers and root rot, and it suggested the property's best use would be developing 93 acres as a destination resort with the rest dedicated to timber.

Galloway said he had not seen either document. In depositions and interviews, the forester maintains the two properties are comparable in their capacity for timber production.

By Aug. 25, five days after the county approved the trade, Riley was meeting with area residents to discuss plans for a golf course, ice-skating rink, stores and as many as 450 dwellings near Cooper Spur.

Determining a value

By early September, county assessors had determined that the land in the trade should have a base value on both sides of \$325 an acre, in addition to any timber. Duane Ely, the county's chief appraiser, wrote Galloway to say that his calculations followed a 1999 forestland study and had expressly ignored "any possible proposed future development potential."

On Oct. 2, Riley and others from Meadows met with county representatives, including Meriwether, to lay out their development plans. Meadows proposed a timeline for obtaining regulatory approvals by fall 2002 and showed conceptual resort drawings, which under a court order have not been made public.

After the timber values were established, but before the deal was finalized, Galloway suggested that the county would be better off if it retained about 107 of its acres. Galloway wrote the county administrator to say that retaining the land would follow a section line and create distance between neighbors and a proposed county rock pit.

Meriwether, the county administrator, wrote back to say that "Meadows will probably find loss of this entire area detrimental for their purposes."

Instead, the county elected to retain about 20 acres in the area.

"There was nothing magic about the amount of land we kept in the area," Meriwether said in an interview. "The line could move."

Meriwether said he had no regrets about how the trade evolved. "Some of the fervency . . . some of the challenges, aren't fortunate," he said. "But we still feel it was a good decision."

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