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inside

MWD paid developer millions

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LOS ANGELES COUNTY

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A deal to preserve ecologically valuable land near the Metropolitan Water District's new reservoir enabled a developer to more than double his money in only 27 months, records show.

Metropolitan, with the state and Riverside County, paid \$35.4 million in February 1991 for 3,625 acres of

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*Richard Polanco,
assemblyman, D-Los Angeles*

undeveloped land. Dubbed the Santa Rosa Plateau, the pristine expanse west of Murrieta is being preserved to offset damage caused by construction of MWD's huge Domenigoni Res-

ervoir nearby.

While the deal was considered cutting edge -- even winning a 1992 White House award -- it didn't come on the cheap for taxpayers.

When he bought the same land in December 1988, Temecula developer Won Yoo paid \$15.5 million in December 1989.

"All I see is a developer making almost \$20 million at the expense of the public," fumed Assemblyman Richard Polanco, D-Los Angeles, a longtime district critic who wants a grand jury probe of its spending habits. "When does the MWD start thinking about protecting the interest of rate payers?"

The deal is just a sliver of the

\$1.48 billion Domenigoni Reservoir, which MWD says will ensure water supplies for the region's mushrooming population.

To finance Domenigoni -- and the \$3 billion system upgrade it highlights -- MWD will double water rates by the year 2000.

According to MWD attorney Greg Taylor and others, land values in fast-growing Riverside County were soaring when Yoo unloaded his

Turn to MWD / A6

Today's
weather:
high 80
low 54
A12

DEATH OF A LEADER

W T

MWD / Land sale

■ Continued from A1

property. It was only later Southland real estate prices were whacked by recession.

Yoo also hoped to build a sprawling 2,700-house development on the site, and was seeking final approval for his plan. Despite community opposition to the proposal, Yoo's property values increased anyway.

"It was a deal that represented the market at the time," said Taylor, who called Yoo a "first class" developer. "But there's no question he made a good amount of money."

Riverside County Supervisor Norton Younglove said both the county and MWD knew land costs were rising, but delays in state approval of the deal kept them from agreeing sooner.

"It is just the process," Younglove said. "Sometimes it gets in the way of protecting the public pocketbook ... as well as it should."

The \$35.4 million purchase price came from state-approved appraisals. The deal nearly unraveled be-

cause Yoo originally wanted \$65 million, Taylor said.

"It was a win-win deal, a perfect opportunity to help each other," Yoo said in a recent interview. While acknowledging he turned a profit, Yoo said he spent roughly \$3 million in design costs on his development plans.

Under the agreement, Riverside County shelled out \$15 million and the state pitched in \$5 million. MWD paid \$15.4 million — the same amount originally budgeted for the land.

The property has been turned over to The Nature Conservancy as a permanent open-space preserve.

Situated a few miles southwest of Domenigoni, the plateau's rolling hills are accented with Engelman Oaks — one of over 60 endangered or threatened species present there. Others include the red-legged frog and the coastal sage scrub, where the gnatcatcher makes its home.

"It would be a bargain at twice the price," said Conservancy ecologist Gary Bell.