

Controversial Conaway

By Elisabeth Sherwin/Enterprise staff writer

WOODLAND - The increasingly contentious issue of private versus public ownership of the Conaway Ranch is boiling down to a game of "Whom Do You Trust?"

The five-person Yolo County Board of Supervisors (with Supervisor Duane Chamberlain dissenting) favors what it describes as the greater good - the public preservation of land, air, water, farming and wildlife.

On the other hand is Steve Gidaro, 53, a Sacramento developer, and nine of his partners making up the Conaway Preservation Group. Gidaro, in an interview out at his ranch on Tuesday, said he already is doing what the supervisors say they want to do - preserving the land - and has no intention of selling the land for housing developments.

A Davis town hall meeting called by the owners on how best to preserve the Conaway Ranch will begin at 7 p.m. Thursday, Aug. 11, in the Sequoia Room at the Hallmark Inn, 110 F St. A tri-tip dinner will be served at 6 p.m.

("The eating makes the meeting," said his spokesman Tovey Giezentanner. "Why not be hospitable?")

Gidaro doesn't deny he's a developer. That's how he's putting his three sons through college. But he also is an avid hunter and landowner committed to wildlife-friendly farming practices and the preservation of wildlife habitat and open space on the 17,300 acres that make up the Conaway Ranch northeast of Davis. Twenty farmers grow crops on Conaway land.

"I love it out here," he said. "I drive the entire ranch once a week."

Rice fields, drainage canals, brood ponds, fallow fields all coexist peacefully on the ranch property. Egrets, blue herons, hawks, ibis and tri-colored blackbirds are seen. Coyotes, beaver and deer come out in the early mornings.

Before giving visitors a tour of the ranch, Gidaro displayed scrapbooks full of pictures of his family - his late father and his three sons - hunting on the ranch.

"They grew up hunting here," he said about his boys. "We've been here since 1990," he added. "I spend 90 to 120 days a year here."

Chicago Cubs manager Dusty Baker, and golfers Arnold Palmer and Johnny Miller have been hunting guests at the ranch. The two farmhouses on the property have been turned into comfortable retreats.

Gidaro says he is willing to have conservation easements placed on the entire property, which would keep the land in agriculture or open space in perpetuity. Eighty percent of the land is protected by Williamson Act contracts. Much of it is subject to seasonal flooding.

He says the ranch is roughly equivalent in size to the towns of Davis, Woodland and West Sacramento combined.

Water is key

Observers say Gidaro and his nine partners who make up the Conaway Preservation Group could do just that - never develop ranch land into housing - and still make a fortune off the ranch's water rights - both surface water from the Sacramento River and water from the aquifer on which the ranch sits.

"Water is gold," said one observer. "And the price just keeps going up."

Gidaro's critics don't mind him getting rich, but they object to the impacts water sales will have on Yolo County farmers and the local economy if the water goes south.

"We are willing to consider offering first right of refusal to Yolo County users," Giezentanner said. "The county won't make the commitment regarding water they are asking us to make. We will sit down with the county to figure out a way to offer the county or its cities first right of refusal for any excess water that could be manufactured as long as the water transferred doesn't impact our farming, the groundwater table or impact our rights to draw water from the Sacramento River.

"We want to sit down with the county outside the eminent domain process and hash that out," he added.

Gidaro was a minor partner when PG&E Properties, which owned the ranch at the time, sold \$6 million worth of water in 1991 and in 1992 to the state's Drought Water Bank - a sale he says could have been forced by the state. But nonetheless the sale over two years created a series of negative impacts on the county, according to a 1993 Rand report.

"The ranch elected to sell water twice," Gidaro said, "at a time that the state could have taken it anyway." He said the water sales, which went to Los Angeles and San Francisco, were designed to help out on an emergency basis.

Ironically, Giezentanner said, the Board of Supervisors approved that first water sale in February 1991.

"That's the rest of the story that they don't tell you," he added.

Sale of the Sacramento River water was approved by the board as part of an agreement it forged with PG&E Properties to protect the ground water on the Conaway Ranch.

Compromise sought

"Why isn't there more movement toward reconciliation?" Giezentanner asked. "The parties could agree to suspend the lawsuit and enter into confidential discussions to try to hammer out some of this stuff including water, development, economics - we can come to an agreement."

Giezentanner said last month a very high-profile mediator was asked to work with Gidaro and the county to help achieve a compromise. But the county's position was absolutely intractable and the mediator withdrew.

The question of who will be allowed to guide the future of the ranch will be decided after the Aug. 23 eminent domain hearing in Yolo County Superior Court. Gidaro's attorney is Gary Livaich of Desmond, Nolan, Livaich & Cunningham. The county will be represented by Stuart Somach of Somach, Simmons & Dunn.

As of July 1, the county has spent \$552,800 on legal fees for the eminent domain action.

In conversations about the ranch, Gidaro describes himself almost as a victim, an unwilling seller of property the government is trying to take. But the county is trying to take the land not because of what Gidaro is doing now - running a wildlife-friendly ranch and subcontracting to farmers - but of what may happen in the future when his partners or their lenders demand a return on investment.

No matter how much Gidaro may love his land, they say, he will buckle under financial pressure if he has to and will sell what everyone agrees are priceless assets.

Gidaro says the ranch makes a 2 percent return on investment now through natural gas leases and farming.

A year ago, the Yolo County Board of Supervisors decided to ask the courts to rule on whether it has the right to take the Conaway Ranch property, citing a need to preserve and protect the ranch for public benefit. The faces on the board will change over time, of course, but the supervisors past, present and future are supposed to be motivated by a desire for public good.

"There's a fundamental difference in accountability," said one supervisor who asked not to be identified. "If we don't live up to our word, we can be kicked out of office. If Gidaro doesn't live up to his word, what are you going to do?"

County supervisors have said they feel confident the court will rule in their favor.

Gidaro says: "I just want a fair hearing. I don't want them to take it away from me because of my profession."

Gidaro is a resident of Sacramento. He bought the Conaway Ranch from the Jagel family in 1989-90 because he wanted a place to hunt with his father. That the ranch also could generate income was a plus.

"John Reynen was a key partner and we selected PG&E Properties as a financial partner," Gidaro said.

"By 1995, PG&E Properties wanted 100 percent control and acquired our interest," he added. "It was a mutual buyout that left us with a hunting lease.

"John and I decided then that if the property re-sold we would make an offer," Gidaro

said. "When the property was offered by NEGТ (Natural Energy & Gas Transmission, a spin-off of PG&E Properties) early in 2004, we immediately let them know we wanted it."

Yolo County also tried to buy the ranch in 2004, but NEGТ insisted on a closed-bid process, which, as a public entity, the county cannot enter into.

Gidaro said he and his partners discussed development on the Conaway property but elected conservation.

"We have not proposed any development and have no intentions of developing it," he said. "Our goal is to put 17,000 acres in conservation easements," he repeated.

Eminent domain filed

The county filed its intention on July 8, 2004, to acquire the property through eminent domain by forcing the owners to sell. Gidaro and his partners bought the property in December 2004 for \$60 million. Additional money was spent cleaning up the hazards left on the property from old farming practices, he said. Still, he agreed that \$60 million was a good price.

"I would have thought that the county would embrace the fact that the ranch was bought by someone who had been involved with it for 15 years," he said.

In that regard, Gidaro was wrong. Yolo County supervisors were not at all happy to learn that a group of developers bought the property.

"I've known most of my partners for over 15 years and hunted with them," Gidaro said. "Yes, they are developers but we think we've found ways to preserve this ranch without development and in ways that will still make a return on investments."

Gidaro did not specifically say how the return would be realized, but Supervisor Helen Thomson made a guess.

"Water is the most significant issue," she said. "It is the main reason we got into this. People should be very worried about having water sold out of county.

"I don't trust him," Thomson added. "(Gidaro) talks out of both sides of his mouth."

She said the county has the history and the track record to back up what it says it will do with the ranch, mainly, preserve status quo.

To that Gidaro asks: "Why is it necessary for the county to take my land and continue doing what I'm already doing?"

He added that the ranch does not need to pursue selling water to Los Angeles.

"I'd like to have Mike (McGowan) come out here and see what we're doing," he added.

Gidaro said the only supervisor who has toured the ranch is Duane Chamberlain, who joined the board in January. It was Chamberlain's 5th District predecessor, Lynnel

Pollock, who voted for the eminent domain action.

Black-hat developer?

But to a certain segment of the population, Gidaro will continue to be thought of as a villain, a black-hat developer.

Davis residents may remember him as the out-of-town developer who tried to influence the March 2004 election by pumping thousands of dollars into an 11th-hour phone poll in support of Stan Forbes, Mike Harrington and Don Saylor.

Gidaro admits he got some bad public relations advice (from Porter Novelli, the firm that is handling public relations for the county) but says there's nothing wrong with encouraging people to vote for certain candidates.

More recently, at a special Davis City Council meeting on Monday, the council refused to consider a plan Gidaro put forward to build homes on 424 acres of ag land north of the Mace/Covell Boulevard curve.

"Stop wasting the council's time," Councilman Stephen Souza told Gidaro at the meeting.

JPA ready to go

In anticipation of acquiring the ranch, a Joint Powers Authority has been formed, which includes representatives from the county's four cities plus UC Davis and the Yolo County Flood Control and Water Conservation District. The Rumsey Band of Wintun Indians, which has agreed to finance the purchase of the ranch for the county, has been invited to become a member of the JPA.

But what if the Aug. 23 hearing doesn't go Gidaro's way? What if a jury later assigns a price to the ranch to enable to county to buy out the Conaway Preservation Group at fair market value?

"Then I'll meet you at the OK Corral," Gidaro said. Asked to explain that remark, Gidaro said he means that you get tough as life goes on. And he's not going to give up the ranch - where he wants to spend the rest of the life with his sons - and a billion-dollar corporation easily.

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