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THE BAY**'02 salt pond purchase made on bad appraisal****Judge finds Cargill's land value based on future developments**

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A state hearing officer says the state and federal governments' purchase of 16,500 acres of salt ponds around San Francisco Bay from Cargill Inc. for \$243 million in cash and tax credits in 2002 relied on a faulty appraisal.

Appraiser Paul Talmage's assessments of the value of the land were "based largely upon unstated extraordinary assumptions and hypothetical conditions," said Administrative Law Judge David Benjamin in a ruling made public Thursday.

Among other things, he said the appraisal assumed that more than 11,000 acres could generate revenue from developers who would pay to preserve the wetlands while paving land for expansion projects at the San Francisco and Oakland airports -- projects that were then uncertain and have never been approved.

Benjamin said the appraiser also assumed that land around Cargill's Redwood City salt plant could be used for residential and office buildings, without evidence that government agencies would approve those projects, and that an area around a former company plant south of Napa could generate revenue as a site for disposal of dredging spoils, despite opposition from the U.S. Environmental Protection Agency.

The decision has no effect on the purchase, which can't be rescinded. The only impact is on the real estate appraisal license of Talmage, a longtime appraiser based in San Mateo with no previous record of discipline. Benjamin placed him on probation for three years and ordered him to pay the state \$36,500 for the costs of the investigation.

The sale, backed by Sen. Dianne Feinstein, D-Calif., transferred into public hands the largest intact piece of privately owned bay shoreline, in Alameda, San Mateo and Santa Clara counties, as well as ponds in Napa County. Cargill agreed to remove salt brine and toxic waste from the ponds to allow restoration of tidal marshes for fish and wildlife habitat.

Benjamin stopped short of concluding that government agencies had overpaid for the land, saying, "The actual harm to the public, if any, arising out of (Talmage's) appraisal is not clear." But one environmental advocate said Friday that the hearing officer's findings of a series of unreliable assessments bore out her organization's fears when the purchase was being considered.

"We were concerned from the beginning that we were paying too much," said Florence LaRiviere of Palo Alto, chairwoman of the Citizens Committee to Complete the Refuge. She said the appraisal was kept largely confidential when the sale was going through, making it difficult for the public to evaluate it.

But Cargill spokeswoman Lori Johnson noted that Talmage's appraisal had been overseen by state and federal agencies and approved by an independent appraiser before the sale.

"From our perspective, it was a low price," she said. "This was 16,500 acres at the edge of San Francisco Bay, the largest wetlands-restoration project ever undertaken on the West Coast."

Johnson said Cargill, based in Minneapolis, is still awaiting Internal Revenue Service approval of \$143 million in tax credits that was part of the sale price, along with \$100 million already paid in cash.

A lawyer for Talmage was unavailable for comment.

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