

Shasta Resources Council

Securing Old Shasta's Future

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March 13, 2006

Mike Pool, State Director
Bureau of Land Management
California State Office
2800 Cottage Way, Suite W-1834
Sacramento, CA 95825-1886

SUBJECT: Community Acquisition of Area 51 Parcel

Dear Mr. Pool,

This will update you as to our progress toward formulation of a buy-out offer to Rice-Owen, timeframe and new possibilities as to the direct-purchase scenario. Thank you for providing us with copies of the appraisals. We respect and appreciate this departure from procedure as a gesture of accommodation to us. The Council has reviewed the appraisals internally and, in spite of the substantial increase in values over previous valuations, we are still prepared to commit the funds necessary for either the buy-out or direct-purchase scenarios. As previously discussed, success of the buy-out scenario is dependant on the willingness of Rice-Owen to sell at fair market value.

Our due diligence effort is well underway. Vetting the appraisals to the satisfaction of our money sources is our immediate objective. To this end, we have asked a qualified appraiser to peer review the reports and provide us with comments. We are not expecting the reports to be flawless; we simply want the values to be arguably fair and representative. In support of this, we were able to assemble and supply most of the supplementary documentation requested by the appraiser in reference to both parcels, except for the timber cruise report on which the Grass Valley Creek parcel appraisal was based. The appraiser will advise us shortly if this report is needed. In any case, the Council still feels it appropriate that the draft Environmental Assessment, which addresses conditions and resource impact factors related to both parcels, be reviewed as part of our due diligence effort. Therefore, we ask again that you consider authorizing the release of the Draft EA document to us to allow a fully informed acquisition negotiation with Rice-Owen and subsequent formulation of a trade proposal to the BLM.

The timeframe through to submittal of an offer to Rice-Owen is now dependant on completion of pertinent document review. This will add about 15 days to the 30 days originally projected in my previous letter to you of February 28. As soon as we have vetted the pertinent documentation, we intend to follow with an offer to Rice-Owen. We expect that EA review can be concluded in this same timeframe, assuming that the conclusions do not contradict our intended public use and limited resale scenario. Therefore, we ask that you allow us until April 21 to conclude negotiation with Rice-Owen and formally submit our own trade proposal.

Now for new possibilities. Charlie Wright of the Redding office has brought to our attention a very interesting variation in the direct-purchase option. We feel it important that we grow such an option along-side pursuing buy-out as we are not confident that Rice-Owen will cooperate.

Also, there are another 300+ acres we would like to acquire to further our natural park and trail system plan goals, and direct-purchase will be the most feasible approach for us as a community organization.

We understand that by securing the consent of the Secretaries of the Interior and Agriculture, 100 percent of the funds derived from the community's purchase of the Area 51 parcel and other lands can go to BLM acquisition of priority target lands desired for preservation such as those in the Sacramento Bend area. This means that, with the support of our congressional representatives, our community now also has the prospect of contributing to substantial expansion of a major national heritage preserve in our region. Knowing that 100% of the funds paid to acquire lands for our natural park and trail system are going to such a high-profile project would add a very significant incentive for the community to mobilize congressional representative support and commit the necessary funds. The SRC feels that, given fair consideration, such a direct-purchase arrangement could very well emerge a preferred outcome overall for the BLM and public compared with the Rice buy-out option we are now pursuing. As you know, for us, the out-of-pocket cost to acquire Area 51 must of necessity be the same either way and reflect fair market value to square with the community. Therefore, from a cost standpoint, whether we acquire Area 51 through buy-out or direct-purchase, it is the same. However, knowing that our funds are going to expansion of the Bend area, possibly to become a National Recreation Area, would certainly be far more satisfying. However, if our offer to Rice-Owen is accepted, then the funds are committed to Rice-Owen and cannot go to the Bend area.

Charlie Wright is kindly compiling additional information for us regarding the "100% consent" option. Given the upside potential for all concerned, regardless of the Rice-Owen negotiation outcome, we request that you consider authorizing a modest amount of key staff time to facilitate our effort to obtain the Secretaries' consent in a manner that is most efficient and meets protocol.

We look forward to your continued cooperation on this project of such great importance to the Old Shasta community and public.

I can be reached at (530) 221-0440 or rhauser@enplan.com should you require clarification or additional information.

Sincerely,

Randall Hauser, Chair

cc: Hon. Barbara Boxer, U.S. Senate
Hon. Diane Feinstein, U.S. Senate
Hon. Wally Herger, U.S. House of Representatives
Board of Directors, Shasta Community Services District
Mark Cibula, Shasta County Supervisor
David Kehoe, Shasta County Supervisor