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'An imperfect understanding' of the environment

Dennis Cauchon, USA TODAY

Developer Robert Stine walked into the Santa Monica, Calif., office of his longtime environmental nemesis — the National Resources Defense Council — and thought what any real estate guy would have about land near the beach: “Nice piece of real estate.”

Stine had arrived in September 2006 to begin secret talks on a deal to determine the fate of the 422-square-mile Tejon Ranch. The ranch is the largest piece of private property in California and, because it's located an hour's drive from Los Angeles, may be the most valuable large tract of raw land in the USA.

“This property could have been ground zero for 50 years of litigation,” says Graham Chisholm, lead negotiator for Audubon California. “Instead, we came to an imperfect understanding.”

That compromise is one of a series of major deals environmental groups and big business are making to settle contentious issues standing in the way of corporate profits, the preservation of thousands of acres of pristine lands and other key goals. Last month, a landmark 268-page agreement was signed to seal the future of Tejon Ranch. The deal outlines how much of the land would be conserved or developed and how

that would affect the habitat of the rare California condor.

The trade-offs affected not only the environment but hundreds of millions of dollars in future profits of Tejon Ranch Co., which trades on the New York Stock Exchange. The firm's stock value has fallen \$200 million to \$517 million since the deal was announced May 8. The company still must obtain local, state and federal government approval for its projects and could be sued by other groups.

Tejon Ranch dates to a land grant in 1843. Subsequent owners expanded the holdings to 270,000 acres of mountains, lakes, valleys and canyons. Parts of the property are used for cattle, farming, vineyards, mining and oil production. Most of it is untouched. The California condor — nearly extinct 25 years ago — flies over the ranch. Only 150 condors — whose 9-foot wingspan is the largest of any North American bird — survive in the wild. Tejon Ranch is one of the giant bird's prime habitats.

The carnivorous vulture symbolized the environmental problems the Tejon Ranch Co. faced in developing the land in a state that has some of the USA's toughest conservation laws. After years of tug-of-war with environmental groups, Stine decided it was time to try for

a mega-deal that settled all top issues with leading environmental groups.

“We had to accept the fact that environmentalists are not the enemy,” says Stine, who has run Tejon Ranch Co. since 1996.

“The question we often asked was: What does Bob want?” Sierra Club negotiator Jim Dodson says. Dodson concluded that the developer wanted certainty — the ability to build something responsible without facing endless litigation.

The environmentalists prized a chance for a deal covering the entire ranch. “Piecemeal fights that last decades result in poor outcomes for conservation,” Chisholm says.

The culture clash was challenging, both sides say. As a veteran developer and hard-nosed CEO, Stine had authority to make decisions. By contrast, the six environmental groups worked by consensus. For the Sierra Club and Audubon, public access to the ranch was a top priority. To the Center for Biological Diversity, species preservation and habitat protection were paramount. The result was a break in the united environmental front during the talks.

The company was committed to building a 4,500-home luxury resort development in hills and

canyons. According to the center, the project would irreparably harm the condor's habitat. The center pulled out of the talks in 2007 and wanted the other groups to quit, too. Instead, the five other conservation groups kept negotiating with Tejon Ranch.

Talks inched along for 20 months before the two sides agreed it was time to make a deal or walk away. A three-day "lockdown" was scheduled. The marathon began on a Monday morning in April. The deadline: Deal or no deal by 6 p.m. Wednesday. "It was 24/7 for three days," Stine says. At 5:45 p.m. Wednesday, the last issue was settled.

In May, Gov. Arnold Schwarzenegger traveled to Tejon Ranch when the deal was announced. In June, the two sides held a private signing ceremony in San Francisco.

The two sides share a mutual respect, more than friendship. "Bob's not an environmentalist, but he does love Tejon Ranch," Dodson says. "He'd be OK to have a beer with."