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LAND NEGOTIATING POSITIONS

A. Seldin

1. Value Estimate - The U. S. initial offer for the needed acreages at Tanapag Harbor and Isley Field were \$482,000 and \$292,000 respectively. The offer was predicated upon the purchase of a future interest since Defense and Interior Council have concluded that the U. S. possesses a present interest that will survive the Trusteeship arrangements. The estimated "values" were influenced to a great extent upon traditional payments and were considered as generous but defensible.

The counter-offer of \$5,240,000 was allegedly based upon a classification of highest economic uses at unit values ranging from \$12,000 to \$100,000 p/acre at Tanapag and \$5,704,000 for the 482 acres @ \$12,000 at Isley Field. Our analysis of the approach revealed several defects in the logic and the base which was covered in the Memo dated 24 September 1974. If we closed our eyes to the question of retention lands and used the same approach employed by Mr. Seldin, the Marianas land consultant, we arrived at a different conclusion. Based on the hard data available on Guam within the TTPI our results produce a figure of \$1,875,000 for Tanapag and \$679,000 for Isley Field.

Further negotiations as to price appear to offer little hope. The Marianas delegation may continue to refer to Mr. Seldin as an authority and decline to debate specifics.

As to the legalism of the retention land question the Delegation would in all probability ride with their consultants' opinion which is not something Mr. Willens wishes to modify or retract.

The requirement for the land is important to note. The U. S. does not need a present possessory interest and this is fortified by the offer to lease back with or without cost. The sensitivity is in land ownership, more than in land use. The near term use of Tanapag Harbor for a public recreational area is acceptable to both sides. I am of the opinion that if we could avoid the land ownership problem we could reach an accord. This can be accomplished by the U.S. giving a quit-claim deed of all its rights, etc., on express condition that the land at Tanapag will be used solely for recreational purposes. Development will be confined to public recreational structures such as a marina, tables, shelters, restroom facilities, etc. The land would be subject to recapture in the event of a national emergency and would revert to the U.S. upon the breach of the dedicated use provision. Under this device since we are receiving nothing we pay nothing. We avoid the lease back provision and the specific argument of title. The restricted uses are those which have been agreed to.

The same device can be applied to the Isley Field area. The land will be transferred subject to the same recapture provisions. The use of the land will be limited to agricultural or airport related industrial and the development will be consistent with and subject to the rules, regulations and criteria for the operation of a civil or military airport.

Under the above procedure the U.S. receives no "title" or any identifiable present interest in the land. Since we receive nothing we pay nothing and this will reduce the claim of compensation by \$8,835,000.

B. Tinian

As for Tinian we have a more severe problem concerning the retention land. In all of the presentations by the Marianas land committee no reference

was made to the effect of retention lands on values. The suggested uses for industrial, commercial or residential areas were not identified by areas nor did the Marianas representatives discuss the possible uses of Tinian that is outside the taking area.

Although the land planner for the Marianas calculated that \$3,250,000 was a fair price for the areas to be acquired the counter-offer was \$25,105,000. The Government's estimate based on the planning and development approach was \$7,775,000, or a substantial difference of \$17,390,000. While this difference is large there are areas in which we can agree. We can agree to the estimate of value for 4,000 acres of land designated as construction land and undeveloped land. We can also agree on the resort value of \$3,000,000 for 300 acres of land. Agricultural use land 10,500 acres valued by their consultant @ \$5,250,000 was raised in the counter-offer to \$6,765,000 while our estimate is \$2,600,000 assuming that the land is unencumbered. The said fact is that most of this area is encumbered by an existing lease and retention land titles. It is in this area and in the area of a projected commercial area of 400 acres that we may have some success in negotiating. The main problem results from Mr. Seldin's prediction that 500 acres of land on Tinian in the vicinity of the harbor and the airport will have an immediate demand which will result in a present value of \$9,000,000. This particular not only disregards the title problems but any economic reality. Our analysis using Guam as a base and not considering the title produced a rather generous value of \$1,500,000.

There is no economic justification for a compromise of the values.

Mr. Seldin's unsupported opinions will not be changed. He may vary his arguments but it is unlikely that he will vary the final price.

We have a difference in the opinions of the industrial potential of Tinian or more particularly the portion of Tinian to be acquired by the U.S. Mr. Seldin's estimates for Tinian exceed those for similar uses on Saipan and those on Guam. His potential residential use projects a population far beyond any studies. What we are really arguing about is 2,400 acres of land which he values at \$15,000,000 and we can support our lumbered fee value of \$2,175,000. If we can reach a common basis in this area of disagreement we can compromise all of the remaining land value issues. In less than 20% of the land area to be acquired we have 100% of the value problem. If we could compromise some of the differences in this small area we could compromise the entire problem.