

Return to the [referring page](#).

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Lincoln County land sale nets \$47.5 million

BLM auctions 13,330 acres

By Launce Rake

[<lrake@lasvegassun.com>](mailto:lrake@lasvegassun.com)

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Despite an uncertain future regarding environmental approvals and the absence of water or city services, 13,330 acres north of Mesquite sold for \$47.5 million Wednesday, more than \$35 million above the Bureau of Land Management's appraised value.

The biggest buyer was Gary Goett's Olympia Group, a Las Vegas-based development company. Topping stiff competition from homebuilder Terry Manley, Goett bid \$14.5 million for almost 4,360 acres in the largest piece and \$5.7 million for 960 acres in an adjoining piece.

The BLM also sold six other parcels of the land just a few miles outside of Clark County's Mesquite in neighboring Lincoln County. Goett and other developers who successfully bid for land during the BLM auction said the issue of services -- including water, sewers, police and fire protection and other needs -- would have to be resolved before home construction can begin.

"Those are all big issues, and we will have to sort all of those out," Goett said.

One bidder that failed to win was the city of Mesquite, which quickly saw its \$670,000 bid for a 1,300-acre parcel outpaced by Las Vegas developer BLT Acquisition Group, which bid \$4.1 million.

Mesquite Mayor Bill Nicholes said the city's effort was motivated by a desire to protect the city's vistas of a neighboring mesa. The city is no stranger to real estate transactions; it partnered with Las Vegas' Meridian Group to develop 4,400 acres provided through earlier federal legislation.

The lion's share of Wednesday's auction, more than 6,000 acres including the largest parcel, almost failed to happen.

Federal attorneys went to court Tuesday to lift an injunction that U.S. District Judge David Hagen placed on the planned sale last March in response to a trio of environmental groups, which argued that the BLM failed to adequately conduct environmental studies of the impact that the development of the land would have.

While Nevada's congressional delegation unanimously supported legislation signed into law Nov. 30 that would remove the necessity for an environmental assessment before the sale and required the auction to go forward before the end of this week, the injunction remained until the court responded to the government's emergency motion Tuesday.

BLM officials said the legislation, the Lincoln County Lands Bill, would not remove the necessity to investigate the environmental impact of the development altogether.

Christopher Krupp, attorney for the Western Land Exchange Project, one of the environmental groups, said the failure of the government attorneys to act earlier was inexplicable.

"Any lawyer should know that an injunction would have to be lifted," Krupp said. "Despite the congressional act, the law is clear. Agencies have to clear it with the courts to lift an injunction."

Failure to do so could have exposed the federal government to a contempt citation, he noted, even if the sale itself had gone forward.

BLM officials, however, said the issue was resolved in the nick of time.

"We were able to clean up the legal issues and have a good clean sale," said Jeffrey Weeks, BLM field office manager, who said the court order Tuesday removed the last impediment to the sale.

But Weeks said before development can occur, other issues remain. The environmental issues have not been resolved, and Lincoln County is developing a plan to protect critical habitat for endangered or rare species.

The Lincoln County plan is modeled after a similar effort in Clark County. Clark County's plan allows developers to continue building homes on the open desert by paying a fee to protect, reconstruct or mitigate damage to habitat in other areas.

Weeks said before utilities and other infrastructure can go through what was until Wednesday federal land, environmental impacts will have to be identified and potentially mitigated.

Lincoln County Commissioner Ronda Hornbeck, a backer of the sale, said the habitat conservation plan should be completed before the end of this year.

Hornbeck attended the sale with Lincoln County Commission Chairman George T. "Tommy" Rowe and Commissioners Hal Keaton and Spencer Hafen.

"It will be an absolute shot in the arm for our community," Hornbeck said after the sale. The economic impact will bring money to Lincoln County business and significantly impact the tax base when homes come in, although until then the land will be appraised as low-value agricultural property.

Hornbeck said one service that the new developments will need is water, which will probably be provided by Vidler Water Co., a Nevada-based for-profit company that has partnered with Lincoln County to develop water resources.

Hornbeck said the cost to bring water from the Tule Springs area of Lincoln County to the developments along the Lincoln-Clark county line and the state line of Utah would be about \$17 million.

Developers who successfully bid on the Mesquite property, among them Goett and BLT Acquisition Group of Las Vegas, which bid \$13.3 million for more than 3,700 acres in three parcels, said they would work together to craft an overall master plan for the entire 13,330 acres.

Manley, a Las Vegas developer who bid more than \$4 million for 1,040 acres in the northwest corner of

the auctioned swath of land, said development would not likely occur overnight.

"If it is a long-term hold, then we are prepared to do that," Manley said.

Hornbeck said, and Nicholes agreed, that the city and the Lincoln County commission will meet within the next 30 days to discuss who would provide services to the new developments and how they would do it.

"These are all things that have to be worked out," Hornbeck said.

Senators John Ensign, R-Nev., and Harry Reid, D-Nev., trumpeted the sale in a press release. The entire Nevada delegation supported the bill signed into law Nov. 30 that, with Tuesday's court action, swept aside the challenge from environmental groups to allow the sale to go forward.

"The results of this auction far exceed expectations, so it is extremely gratifying to see the success of this first auction, having worked so hard to get the legislation enacted," Ensign said. "The winners in this process are the people of Lincoln County."

Reid, Democratic Senate minority leader, echoed the comments of his Republican colleague.

"This land sale is tremendous news for Lincoln County and Nevada. As a delegation we worked hard on the Lincoln County bill with exactly this purpose in mind, to help our landlocked counties expand their tax base and economic development," Reid said.

"Our legislation sought to benefit rural Lincoln County by selling land that should not be under federal ownership and granting the county part of the proceeds," Rep. Jim Gibbons, R-Nev., said. "Today, it achieved that goal."

Under the legislation, 85 percent of the proceeds from the sales go to wilderness planning, natural resource protection and recreational uses in Lincoln County. In addition, 10 percent of the funds go to Lincoln County and 5 percent go to the Nevada State General Education Fund.

More sales are likely. The legislation provides for the sale of an additional 90,000 acres of public land in Lincoln County. The plan for the sale of the land is being produced by the Ely BLM field office and should be available for public review next year.

Return to the [referring page](#).

[Las Vegas SUN main page](#)

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