

**Arrowleaf and Early Winters:
A long-running land-use drama closes**

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With this special report the News traces the path of what will be recorded as an historic and unsuccessful 30-year attempt to develop a resort in the upper Methow Valley, culminating last month in the conservation sale of the property to the Trust for Public Lands.

1968: President Lyndon Johnson signs the North Cascades National Park Act, creating the park and the Ross Lake National Recreational Area. The act directs the National Park Service and the Forest Service to study potential sites for a ski area outside the park.

1970: The North Cascades Winter Sports Study designates Sandy Butte as the feasible location for a destination ski resort. The North Cascades Recreational Plan is also revised and The Early Winters area is designated for ski area development. The National Environmental Policy Act (NEPA) requires Environmental Impact Statements on all major federal actions, including ski hill special use permits.

1972: The North Cascades Highway opens.

1972-1978: Mazama Investors (later to become known as Methow Recreation, Inc. or "MRI") begins purchasing land near Sandy Butte for base facilities of a ski area. The project would involve 3,900 acres of U.S. Forest Service land on Sandy Butte for downhill skiing under a special use permit, and about 1,200 acres of private property for base facilities including accommodations.

1972: Okanogan County begins comprehensive land-use studies to address the proposed resort and related development. Okanogan County and the Forest Service sign a Memorandum of Understanding agreeing to cooperation and coordination in planning efforts on Early Winters and related matters.

1974: Aspen Skiing Company obtains an option to acquire Mazama Investors' stock and real estate. A house is constructed to serve as the company's on-site office and the home of the project manager. The National Park and Forest services issue a Joint Plan for the North Cascades area, with the Early Winters area designated as a potential ski area.

1974-1976: Aspen retains Design Workshop to develop a site analysis and master plan for skiing on the 3,900-acre Sandy Butte Forest Service site and facilities on 1,200 acres of base land. The company conducts numerous public workshops and meetings during the two-year planning process.

1976: Previously pending litigation (Sierra Club vs. Butz) challenges the Nixon Administration's RARE I process and related wilderness designations. The litigation enjoins the Forest Service from developing any roadless areas (such as the top one-third of Sandy Butte) until wilderness issues under the new RARE II process are resolved by the courts and Congress. Aspen has to put its development plans on hold pending resolution of the RARE II process.

1978: Aspen Skiing Company exercises its option with Mazama Investors/MRI and purchases the 1,200 acres of private land at the base of Sandy Butte.

August 21, 1978: The Forest Service decides to accept a special use permit application for a ski area on Sandy Butte and proceeds with a federal EIS, although it cannot issue a Final EIS (FEIS) Record of Decision until Congress and the courts resolve the RARE II issue.

Methow Recreation, Inc. files an application for a special use permit to develop skiing on [arrwrept http://www.rleehicks.com/arrwrept.htm](http://www.rleehicks.com/arrwrept.htm)

Sandy Butte (and Aspen Skiing Company retains the option to buy out MRI if MRI is successful in its application). The Forest Service begins scoping the NEPA.

1979: The Forest Service completes the RARE II re-evaluation of potential wilderness areas, but the Early Winters plan remains on hold pending passage by Congress of a wilderness bill that would preserve roadless areas, but free some land for timber and recreation development.

1982: Congress fails to act on RARE II recommendations. The Forest Service's appeal of the RARE II injunction is denied by the Ninth Circuit Court of Appeals.

August 27, 1982: The Early Winters draft EIS is released for public review with a 95-day public comment period. Nearly 2,000 persons respond with comments, including more than 1,000 letters.

Sept-Nov. 1982: The Okanogan National Forest and the Okanogan County commissioners hold three open houses (public meetings) in September, October and November as part of the NEPA DEIS process.

November 1982: Okanogan County publishes a Comprehensive Sewer Plan for Mazama/Early Winters (prepared by R.W. Beck Engineers) to accommodate the proposed resort development.

Early 1984: Congress passes the Wilderness Act of 1984, designating the Pasayten and Lake Chelan/Sawtooth Wilderness areas and specifically permitting the Forest Service to allow the planning and permit process for the Early Winters Recreation Area to proceed.

July 1984: The Forest Service's Record of Decision and Early Winters Alpine Sports Study — Final Environmental Impact Statement are released.

October 19, 1984: An administrative appeal of the Record of Decision and EIS is filed by the Methow Valley Citizens Council along with three other environmental groups (Sierra Club, Washington Environmental Council, and the Washington Sportmen's Council).

January 1985: The Hosey Group, whose principal is engineer Harry Hosey, purchases

Aspen's option to buy the private base land, development rights and shares of Methow Recreation, Inc. In 1986, the project's environmental analysis is completed and a conceptual master plan is developed. Several years later, the Hosey Group exercises the option, buying out Aspen Skiing Company's entire interest in the project.

Jan. 1985-Aug. 1992: The Hosey Group works with Okanogan County to satisfy Forest Service mitigation measures contained in the final EIS and Record of Decision. These include adoption of a dog control ordinance to protect deer, adoption of a county air quality management program (including a wood-smoke control and burning ban ordinance), development of a multi-agency Memorandum of Understanding for management of the mule deer herd (including protecting zoning measures), updating land-use codes to comply with state enabling legislation, development of a foundation to address Methow Valley community needs, and a cost-reimbursement Memorandum of Understanding with Okanogan County to pay for processing of the project's various permit applications.

December 1985: Forest Service Chief Dale Robertson dismisses the EIS appeal after formally reviewing the record compiled by the agency's regional office. Three of the four environmental groups appeal the dismissal to U. S. District Court (Robertson, et al. vs. Methow Valley Citizens Council, et al.). Methow Recreation, Inc. is named a party to the appeal (as permit holder) and fights the appeal.

May 1986: U. S. District Court in Portland decides for the Forest Service and Methow Recreation, Inc. and dismisses the appeal.
arrwrept <http://www.rleehicks.com/arrwrept.htm>

June 1986: Appellants appeal District Court decision to the Ninth Circuit Court of Appeals.

December 1987: The Ninth Circuit Court of Appeals finds four issues in the federal EIS to be inadequately analyzed (mule deer impacts, worst-case analysis, alternative sites and air pollution impacts on the Pasayten Wilderness Area) and requires that mitigation plans be in place prior to issuing a Record of Decision.

January 1988: The Hosey Group joins the Forest Service in appealing two of the issues (mitigation planning and worst-case analysis) to the U.S. Supreme Court.

March 1988: After two public meetings, the Department of Ecology designates the Methow River Basin a groundwater management area. The Groundwater Advisory Committee (June 19, 1989 - October 23, 1990) and the Methow Regulation Review Advisory Committee (October 24, 1990 - February 19, 1991) are formed to advise Ecology over the next three years. The Hosey Group retains Golder & Associates to develop an overall water resources plan for the project consistent with Ecology's groundwater management planning. Ecology accepts the Golder report on September 13, 1991. The project enters into extensive consultation with affected agencies and tribes concerned with instream resources (including the U.S. Fish and Wildlife Service, Department of Fisheries, state Department of Fish and Wildlife, Yakama Indian Nation and Colville Confederated Tribes).

May 1989: The U.S. Supreme Court decision rules on the Ninth Circuit Court of Appeals decision in Robertson, et al. vs. Methow Valley Citizens Council, et al. Issues that were not appealed must still be resolved by completing a Supplemental EIS.

September 1989: Early Winters Resort files applications to establish a priority date for three water rights. The Department of Ecology decides it cannot grant a water right until the project has received all other required permit approvals. Ecology says its policy is not to grant a water right if water cannot be immediately put to "beneficial use." Ecology also halts processing of any further water right applications in the Methow Valley until after completion of the groundwater management planning process.

Feb 8 - May 17, 1990: The Forest Service solicits public comments for the Draft Supplemental EIS. Public meetings are held in Winthrop and in Seattle.

June 1990: Discussion draft of the Draft Supplemental EIS (re-analyzing those issues not appealed to the U.S. Supreme Court) is circulated to agencies by the Forest Service

August 1992: The Hosey Group loses its interest in Early Winters (land, plans, studies, MRI stock, etc) through foreclosure to its lender, R.D. Merrill Co.

September 1992: Merrill Co. begins community meetings and review of the project possibilities. Merrill hires Lowe Development Resorts as project developer.

Fall 1993: Merrill signs an agreement with the Methow Valley Citizens Council and Friends of the Methow that eliminates downhill skiing as a possibility at Sandy Butte in exchange for the environmental groups' assurance they will not file suit against the project. The agreement also gives the group a "right of opportunity" to purchase the site if Merrill withdraws development plans.

1993: R.D. Merrill applies for and receives preliminary approval from Okanogan County of Wilson Ranch Planned Development.

April 1994: The state Department of Ecology issues its decision approving changes to seven existing water rights to provide water for Wilson Ranch.

May 1994: The DOE water rights decision is appealed to the Pollution Control Hearings Board <http://www.rleehicks.com/arrwrept.htm> by Aaron Burkhardt (a property owner in the vicinity) and the Okanogan Wilderness League (a non-profit corporation comprised of Lee Bernheisel and Lucy Reid).

January 1995: R.D. Merrill Co. submits a preliminary development plan to Okanogan County for a planned destination resort, then known as River Trace, designed as a year-round resort including a village center with a lodge, retail, and commercial uses, an 18-hole golf course, residential units, a trail system, and other recreational amenities. Okanogan County begins the process of environmental review of the proposal under SEPA.

April 1995: The Pollution Control Hearings Board generally upholds the DOE water rights decision with the exception of a right the board says was not valid and could not be used

for the Wilson Ranch project.

May 1995: Both sides appeal the Pollution Control Hearings Board decision to Okanogan County Superior Court.

June 1995: Merrill meets with WDOE staff and requests amendments to the 1989 and 1991 Early Winters water rights applications to provide water supply for the Arrowleaf PDR.

1995: R.D. Merrill Co. and Lowe Development Resorts form the Methow Valley Limited Liability Corporation (LLC).

December 1995: Okanogan County issues the Draft Environmental Impact Statement required by the State Environmental Policy Act for the Arrowleaf PDR (formerly known as River Trace).

May 1996: In response to comments from Okanogan County staff, agencies, and the public, MVLLC revises the Arrowleaf PDR proposal to increase open space and wildlife habitat and reduce environmental impacts. Okanogan County issues the Final EIS for the project.

June 1996: Judge Jack Burchard of the Okanogan County Superior Court hears arguments in the appeal of the Pollution Control Hearings Board decision on the Wilson Ranch water rights.

June 1996: The Freestone Inn opens at Wilson Ranch.

July 1996: Okanogan County commissioners conduct a two-day hearing on the Arrowleaf PDR, including a 29-page appeal by the Methow Valley Citizens Council of the adequacy of the EIS for the project.

August 1996: County commissioners approve the Arrowleaf PDR and reject the EIS appeal.

September 1996: The Methow Valley Citizens Council appeals the Board's decision to Chelan County Superior Court.

September 1996: Judge Burchard upholds the PCHB ruling on the Wilson Ranch water rights, except for the Wilson Irrigation Claim, which he reinstates as a valid water right.

October 1996: OWL and Aaron Burkhart appeal Judge Burchard's decision on the Wilson Ranch water rights directly to the Washington Supreme Court.

November 1996: Merrill Co. (dba Methow Valley Limited Liability Corporation) applies for shoreline permits for portions of the golf course and improvements to floodplain channels in the proposed Arrowleaf village area.

December 1996 and January 1997: Okanogan County issues shoreline permits. MVCC arrwrept <http://www.rleehicks.com/arrwrept.htm> and OWL file appeals of the permits to the Washington Shorelines Hearings Board.

January 1997: Merrill Co. files with Okanogan County its application for approval of the Final Development Plan for Phase 1 of the Arrowleaf PDR.

February 1997: DOE intervenes in the pending shoreline appeals on the side of the project opponents. A DOE attorney provides a written list raising new issues criticizing the site plan and the shoreline permit decisions.

March 1997: Merrill Co. decides to attempt to work with DOE to negotiate site plan revisions and resolve shorelines concerns. The company withdraws applications for shorelines permits from the County pending work with DOE.

March 1997: County commissioners approve the Final Development Plan for Phase 1 of the Arrowleaf PDR.

April 1997: MVCC appeals the Final Development Plan approval to Chelan County Superior Court.

January to April 1997: Merrill works for passage of several legislative proposals and obtains amendments to the state Water Code to provide support for the Arrowleaf water rights applications which are still pending before DOE.

May 1997: Merrill begins a lengthy process of meetings, site visits, and negotiations with DOE staff to address shoreline issues raised by the golf course routing and trails plans, including the location of the ordinary high-water mark, wetland delineations, and retention of significant vegetation. Over the course of the next year, the PDR site plan is revised numerous times to reduce the impacts of trails in the riparian area and move the golf course farther away from the Methow River.

July 1997: Chelan County Superior Court Judge Carol Wardell hears four days of testimony on the Arrowleaf EIS appeal.

October 1997: The Washington Supreme Court hears oral arguments on the Wilson Ranch water rights appeal.

Fall 1997: Merrill Co. and DOE officials agree to work on a coordinated permit process intended to streamline decisions on different issues such as water rights, shorelines, air quality and others.

December 1997: Judge Wardell of Chelan Superior Court issues the first of two rulings on the MVCC lawsuits against Arrowleaf. She remands the EIS to the County for additional analysis and information regarding impacts of golf course pesticides on water quality, and effects on water quantity from groundwater withdrawals. Judge Wardell upholds the other aspects of the EIS, and simultaneously announces her resignation from the bench to

become counsel for the Chelan Public Utility District.

January 1998: Judge Wardell issues a second ruling, directing Okanogan County to provide additional detail on Arrowleaf's conformance with the County's planned destination resort code definition, and remanding the Final Development Plan approval for reconsideration in light of the new EIS information required on water quality and water quantity.

January 1998: Merrill Co.'s consultants begin preparation of the additional EIS information required by the Superior Court.

May 1998: Okanogan County issues an addendum to the Arrowleaf EIS addressing the new information on water quality and water quantity in response to the court's remand. [arrwrept http://www.rleehicks.com/arrwrept.htm](http://www.rleehicks.com/arrwrept.htm)

June 30, 1998: County commissioners unanimously accept the EIS addendum after hearing more objections from project opponents.

January 1999: Judge Wardell rules that the additional water quality and quantity information satisfies her earlier ruling. Resort opponents do not appeal.

January 1999: A state Supreme Court ruling appears to clear the way for sales of 18 cabin sites around the Freestone Inn on the Wilson Ranch planned development, a forerunner of Arrowleaf, owned by Merrill Co. A state assistant attorney general advises DOE that the ruling leaves water for the sites in question and Merrill delays lot sales.

Summer 1999: County commissioners approve the Phase 1 Final Development Plan for Arrowleaf.

October 1999: DOE issues "tentative findings of fact" that two water rights planned for Arrowleaf were not beneficially used and therefore relinquished, and that three others were issued under the 1977 Family Farm Act and could only be used for agriculture. DOE also concludes that plans for a resort were only in an exploratory, feasibility stage until the mid-to-late 1980s.

November 1999: One DOE official says it could be six to eight months before final reports of examinations on the water rights can be issued. Another says it could be a year or more.

December 7, 1999: Merrill announces it is withdrawing the proposal for a destination resort and will consider marketing the site for more than 50 parcels of 20 acres each as already permitted. MVCC and FOM elect to exercise a "right of opportunity" to purchase the site and designate the Trust for Public Lands to represent them.

January 2000: Merrill settles a lawsuit by the Okanogan Wilderness League and some members of the late Aaron Burkhardt's family that challenges water for its Wilson Ranch/Freestone Inn project. In return for enabling Wilson Ranch expansion, Merrill relinquishes some water rights for Arrowleaf.

July -Oct. 2000: The Trust for Public Lands misses deadlines to complete the Arrowleaf purchase for about \$17 million. After missing the October deadline, Merrill agrees to another date of Dec. 21 to close the transaction with suggestions that it could be TPL's last chance to finish the transaction.

December 29, 2000: TPL buys the Arrowleaf site from Merrill Co. for \$15.165 million, reflecting a discount for cash and 80 acres that the company's family owners will retain for their own use. TPL in turn sells about 450 acres as homesites for three individual landowners. Conservation easements and deeds guarantee recreation trails access, with some revisions from previous use.

Publisher's note: *The more than 30-year chronology of the Early Winters/Arrowleaf resort property was assembled from documents of the various owner-developers, the archives of the Methow Valley News and other sources.*