

# Controversial Pacifica quarry changes hands, future uncertain

**Julia Scott, San Mateo County Times, 3-2-10**

PACIFICA — Pacifica's vacant limestone quarry has been sold to a private investment company, leaving its future more uncertain than ever.

The 87-acre Rockaway Quarry has been sold to an unidentified affiliate of Ambit Funding LLC, a Pennsylvania-based company that originally loaned former quarry owner The Peebles Corp. \$16 million to purchase and develop the property, according to an announcement by Peebles. Peebles bought the quarry for \$7.5 million in 2005 from another company that had tried and failed to build a mixed-use housing and retail development in that location.

Florida-based Peebles likewise failed to convince a majority of Pacifica voters in 2008 of the value of its proposed 355-unit mixed housing plan, which would also have included a luxury hotel and ample retail space — a new downtown along Highway 1, steps away from the ocean and several favorite beaches.

While some Pacificans praised the Peebles plan as a new economic engine for the deficit-prone city, others decried it as an irreplaceable loss of open space and a threat to sensitive species living on parts of the site. Not even city officials know what Ambit, or its affiliate, has in mind for the quarry now. A representative of Ambit was due to meet with City Manager Steve Rhodes and other staff members today, a few days after the deal was completed. "It doesn't matter to me who the owner is. I guess at some point they'll disclose that," Rhodes said.

Ambit representative did not return phone calls Tuesday. Many details about the transaction, including the purchase price, remain unknown because the deed transfer has not yet been registered with the San Mateo County Recorder's Office.

Peebles Corp. Senior Vice President Daniel Grimm would not discuss the particulars of the loan his company received from Ambit, but said it put the quarry up for sale in March 2009 to settle a previously undisclosed dispute over the terms of the loan from Ambit.

Unfortunately, Rockaway Quarry was not a hot ticket among commercial developers in the sliding economy. Grimm said it had three or four offers, all of which were far below the \$25 million his company was seeking. The quarry was most recently appraised at \$85 million. "We were unable to sell it for a price to satisfy both parties, so we had to have another discussion," Grimm said. "We reverted back to our positions, which was a dispute, and agreed to sell it to an affiliate of the lender. ... I know they gave us a good deal, so we took it."

Ambit specializes in real estate bridge lending, according to its Web site. Many of its loans are financed by groups of investors who contribute to hedge funds and private equity funds. An Ambit bridge loan usually has a short term (up to 12 months), generally bears an interest rate of 12 percent to 15 percent, and "usually has nonstandard elements that make it difficult for traditional lenders to finance, often for regulatory reasons."

Ambit is not a real estate company, although its affiliate may choose to sell the quarry to a developer. The new quarry owner could choose to ride out the economy until it improves without proposing any changes to the site. Alternatively, the owner could sell or donate it to the Golden Gate National Recreation Area or a similar open space agency and take a tax write-off.

That's the outcome Todd Bray is hoping for. The environmentally minded Pacifica resident doesn't believe the

quarry has redevelopment potential after two such proposals have failed to garner support. "I just don't see anybody else being able to do anything over there, given the history of regulation on that property," Bray said.

But fellow Pacifican Jim Heldberg, a former Peebles plan supporter, said he can't wait to see the quarry put to "good use."

"It's like the big Christmas present sitting over there, waiting to be unwrapped," Heldberg said. "I see banks, I see grocery stores, I see nightclubs, I see apartments. I intend to live in the quarry if I don't die first."