

# Chino Hills, Diamond Bar sue City of Industry a second time over Tres Hermanos property



Many Longhorn cattle sunbathe in Tres Hermanos Ranch, a 2,450-acre preserve owned by City of Industry, between Diamond Bar and Chino Hills on Monday, Nov. 7, 2016, is up for sale. (Photo by Watchara Phomicinda, San Gabriel Valley Tribune/ SCNG)

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The cities of Chino Hills and Diamond Bar separately filed second lawsuits against the City of Industry and its affiliated agencies Wednesday, this time alleging the sale of a 2,450-acre ranch within their boundaries violated state environmental laws and resulted in an illegal gift of public funds.

The cities sued Industry and others in October, alleging the same sale did not comply with the state's redevelopment dissolution act when Industry was given a \$60 million discount by a local oversight board tasked with liquidating the property.

Industry wants to build a solar farm capable of generating at least 450 megawatts of energy on the land and has spent \$14 million on the plan so far, according to documents obtained by the Southern California News Group.

“It is clear that Industry has rigorously concealed the existence of a solar project and the many steps they have taken to move the project forward since 2015 when they apparently decided on this course of action,” Mark Hensley, Chino Hills city attorney, said in a statement. “As a result, they failed to maximize the value of the land and did not accept a legitimate offer to purchase the property for \$101 to \$108 million.”

Industry City Attorney Jamie Casso said his office is still evaluating the new claims and will advise the City Council next week.

“I’m confident we will vigorously defend the actions,” he said.

Casso said Industry has tried to work with Chino Hills and Diamond Bar to no avail; officials in those two cities claim the opposite, saying Industry has refused to provide any details.

Tres Hermanos Ranch is made up of 700 acres in eastern Diamond Bar surrounding Grand Avenue and 1,750 acres in Chino Hills, on the borders of San Bernardino, Los Angeles and Orange counties. Still used for cattle grazing, the land has been owned by Industry’s redevelopment agency since November 1978.

A 2011 law ended redevelopment, setting in motion the sale of all agency assets, with this property the largest put up for sale in the state. In August, an oversight board made up of county and local officials voted 4-3 to sell the land back to Industry for \$41.7 million, in exchange for a covenant that would limit the future uses of the property to public facilities and open space. The board previously received an appraisal of \$100 million and an offer from a housing developer for as much as \$108 million.

Wednesday’s lawsuits allege Industry failed to follow the California Environmental Quality Act in 2016 when they entered into a lease agreement lasting up to 65 years with the solar farm’s potential developers. City officials in Industry have argued they do not yet have a project under CEQA because they’re still investigating their options.

Industry has partnered with a mysterious and newly formed company, San Gabriel Valley Water and Power LLC, to construct and operate the solar farm, according to lease agreements. Officials in Industry were unable to say who would make money from the deal, as they had not seen a list of investors as of August. Industry’s City Council authorized loans of up to \$20 million for the project and will only get paid back if the solar farm breaks ground.

At least one of the key figures in the deal is a La Jolla-based developer who, at one point, owed \$50 million to debtors for failing to pay back loans.

The new lawsuit calls the nearly \$60 million discount on the property “a gift of public funds.” The two cities previously argued the discount would reduce the amount of money Diamond Bar, Chino Hills, San Bernardino County and others would receive in taxes.

Industry City Manager Paul Philips told the oversight board the saved money would go back into their project.

In the new suits, Chino Hills and Diamond Bar also alleged Industry failed to submit the solar project to their planning commissions for review prior to approving the sale of the property. The two cities have tried to get the sale voided, in part because they believe Industry will bypass the need to get local approval.

“A majority of Tres Hermanos lies within the boundaries of the city of Chino Hills, and the city’s residents deserve to know Industry’s development plans,” Mayor Ray Marquez said in a statement. “We are very concerned that Industry will use their position as a ‘public agency developing the land for public benefit’ to proceed without any input from the residents and the city that will be most directly impacted by any development.”

There is some precedent for the state helping Industry bypass red tape — Gov. Arnold Schwarzenegger signed a bill into law in 2009 exempting a \$800 million stadium project in the city from certain environmental requirements in an attempt to speed up the construction.

That stadium never materialized. But in the case of Industry’s potential solar project, the city could see more support for its plans as the state pushes for a larger share of its energy from renewable power sources.