



# Press Release

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## **CHINO HILLS FILES SECOND LEGAL SUIT AGAINST CITY OF INDUSTRY, ALLEGES CEQA VIOLATIONS ON TRES HERMANOS RANCH SALE**

Chino Hills, CA – The City of Chino Hills filed a second legal action in Los Angeles County Superior Court on November 1, 2017 against City of Industry (Industry) and other related agencies involved in the sale of the Tres Hermanos Ranch for failure to conduct a California Environmental Quality Act (CEQA) review, Gift of Public Funds, and Due Process Violations. The City of Diamond Bar has also filed a similar lawsuit.

Both lawsuits allege that Industry failed to follow CEQA requirements and to conduct an environmental review before entering into a lease agreement that committed Industry to a solar project with terms of up to 65 years. In addition, the lawsuit alleges that the Oversight Board's August 24, 2017 approval of the sale of Tres Hermanos Ranch to Industry for \$41.65 million, nearly \$60 million under the most recent market appraisal of \$100 million, was a gift of public funds to Industry. As noted in the lawsuit, Industry's City Manager Paul Phillips, in his role as a member of the Oversight Board, commented that the intent was to reduce Industry's costs to develop the project as he made the motion to approve the sale at the reduced price. The motion passed 4-3.

Further violations include Industry's failure to submit the project to Chino Hills and Diamond Bar for General Plan review prior to the approval of the sale agreement as required by law, and due process procedural concerns that blocked the public's right to participate in discussion and review of the project.

According to Chino Hills City Manager Rad Bartlam, Industry refuses to reveal their development plans and identify significant environmental impacts for a massive 450-megawatt utility-scale solar operation despite having spent \$14 million on consultants. The solar project could potentially cover the entire 2,450-acre Tres Hermanos Ranch plus additional acreage Industry owns in adjacent Tonner Canyon.

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"In reviewing the documents obtained from the City of Industry, 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," said Mark Hensley, Chino Hills City Attorney. "As a result, they failed to maximize the value of the land and did not accept a legitimate offer to purchase the land for \$101 - \$108 million."

According to Hensley, payments made to a myriad of consultants make it clear that significant work has been done, the results of which have not been made public by Industry.

"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. 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 City that will be most directly impacted by any development," said Mayor Ray Marquez.

The Cities of Chino Hills and Diamond Bar both filed a prior legal action in late October that attempts to force City of Industry to be forthright about their intended plans for the land and comply fully with the Redevelopment Dissolution Act (Act). Both cities have requested that the state Department of Finance void the sale of Tres Hermanos Ranch because of the violations of the Act. A decision has not been announced.

Tres Hermanos has been owned by Industry's Redevelopment Agency (RDA) since the 1970s. In 2011, the State of California ordered the dissolution of redevelopment agencies in the State and defined a process for the sale of RDA assets.

Approximately 1,750 acres of Tres Hermanos Ranch falls within Chino Hills' city boundary, and 700 acres within Diamond Bar. The land offers very limited development potential because of its topography and biological and cultural resources. This is reflected in the General Plans of Chino Hills and Diamond Bar, which specify 675 residential units and 630 residential units, respectively.

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