

# California Department of Finance refuses to review City of Industry's \$41.7 million purchase of Tres Hermanos ranch



Tres Hermanos Ranch, a 2,450-acre preserve was sold to the City of Industry. The sale is no longer being reviewed by the state Department of Finance. (Photo by Watchara Phomicinda, San Gabriel Valley Tribune/ SCNG file)

**1 COMMENT**

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California's top financial office will not challenge the City of Industry's purchase of nearly 2,500 acres of ranch land along the edge of Los Angeles, San Bernardino and Orange counties, clearing a hurdle for the city to move forward with plans to build a massive solar farm on the property.

The state Department of Finance is "taking no action" on the sale of **Tres Hermanos ranch**, said Justyn Howard, a program budget manager for the agency, in a two-paragraph letter sent Thursday to Industry City Manager Paul Philips.

In a review of California's plan for former redevelopment properties like Tres Hermanos, the Department of Finance said it wouldn't weigh in because the sale of the sprawling swath of land was "already approved" under that guidance, according to the agency's spokesman, H.D. Palmer.

The massive ranch east of the 57 Freeway is located entirely within the cities of Diamond Bar and Chino Hills, well outside the boundaries of the City of Industry. The two cities had asked for a review following the approval of the sale of the property by the Oversight Board of Los Angeles County for a discounted price of \$41.7 million.

Diamond Bar and Chino Hills said the sale represented a gift of more than \$60 million to the industrial city, since the land was appraised at a maximum value of \$122.5 million, according to state documents.

Chino Hills City Manager Konradt Bartlam called the state's decision "disappointing," especially after receiving word in September that the Department of Finance had said it would review the sale.

Industry viewed the state's announcement as a win.

"They can either reject, or not object," said Industry city attorney Jamie Casso. "They didn't object to it, so it's tantamount to an approval."

But the sale still isn't final — Diamond Bar and Chino Hills both filed lawsuits in October alleging Industry and the Oversight Board failed to follow the state's plan for the redevelopment properties dissolved in 2012 by Gov. Jerry Brown.

By selling Tres Hermanos at a discount, the two cities argued they, along with a local fire district and San Bernardino County, were shortchanged on property tax revenues. The lowered price cost Diamond Bar \$2 million, according to the city's letter.

After the development lawsuits, the City of Industry must also tackle additional lawsuits filed this week alleging the Tres Hermanos sale violated the California Environmental Quality Act.

The Department of Finance did not weigh in on whether the sale actually followed the Long Range Property Management Plan. Whether the sale fits the requirements of that plan will be up to the courts to decide, Bartlam said.

"I think there is a big outstanding question there," he said.

The property was sold at a reduced price because the City of Industry agreed to limit itself to using the land for open space, public use or preservation, and the city will "ultimately create a space for people to enjoy," said Philips in a statement.

In October, after working behind closed doors for more than a year, the City of Industry approved agreements to build a 450-megawatt solar project on the open land. Industry has spent \$14 million on the proposal, city officials said.

Industry's City Council voted to ratify a lease agreement and four amendments on Oct. 12. The project allows the developer, La Jolla-based San Gabriel Valley Water and Power, to request loans of up to \$20 million. They only have to pay back the loans if the project commences, according to the agreements.

According to solar experts, a 450 megawatt solar farm would take up more than 1,000 acres of the 2,450-acre ranch property. **Ground-level solar projects** are becoming more popular as the price of solar energy drops amid the pressure from state mandates for cleaner energy.

*Staff Writer Jason Henry contributed to this article.*