

Industry negotiating over Tres Hermanos Ranch with mysterious company run by San Diego developer

By: Jason Henry (jhenry@scng.com) and Steve Scauzillo (sscauzillo@scng.com)

POSTED: Wednesday, April 12, 2017 - 8:06 p.m.

UPDATED: A DAY AGO



Alex Gonzalez, director of administrative services for City of Industry, opens the gate from Toner Canyon to 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)

City of industry >> A newly formed water and power company managed by a San Diego housing developer is negotiating behind the scenes with the City of Industry on the future of 2,500 acres of undeveloped rolling hills near the borders of Los Angeles, Orange and San Bernardino counties.

The business-centric City of Industry has been aggressively trying to regain control of the [historic Tres Hermanos Ranch](#) in Diamond Bar and Chino Hills, one of the largest remaining pieces of vacant private land in the region. The city lost access to the land during the demise of local redevelopment agencies five years ago.

Officials in the wealthy San Gabriel Valley city of about 200 residents claim they want to preserve the land for a public purpose. But the city's unwillingness to elaborate on what that

purpose would be has raised suspicions among local leaders and environmentalists that the property could be turned into housing tracts or a power-generating facility.

The tract of cow pastures surrounded by hills lies more than three miles outside of Industry's city limits. The land is divided between Diamond Bar in the north and Chino Hills in the south.

Industry [offered \\$100 million](#) for Tres Hermanos earlier this year, but a county-appointed oversight board postponed voting on the sale in January after [members demanded](#) to know how the city plans to use the land. City officials have scoffed at the request, saying state law doesn't require them to share anything.

Questions raised by negotiations with LLC

Advertisement

A closed session meeting on Thursday has provided new insights - and questions - about what those plans might be.

Industry's City Council is negotiating "price and term of payment" for Tres Hermanos with a limited liability corporation formed roughly a year ago. The company, San Gabriel Valley Water and Power LLC, is managed by Ambient Communities, a San Diego-based residential and commercial developer, public records showed.

Ambient has built hundreds of homes in Temecula and San Luis Obispo in recent years, according to its website.

Conservationists with Save the Tres Hermanos Ranch have said they would support any plan that preserves most of the land for open space, but the inclusion of a housing developer has them concerned they're being misled, according to Jim Gallagher, a member of the group.

Wade Hall, principal at Ambient and a project manager for San Gabriel Valley Water and Power, said housing is not part of the city's plans for Tres Hermanos.

"Even though we're housing and commercial guys, there's no intention to do that," said Wade Hall, a principal at Ambient and a project manager for San Gabriel Valley Water and Power. "The reason we're managers of that entity is because we're used to managing entitlement, large projects and large budgets and working with consultants and financing."

He would not provide any details about what has been discussed, but added the name of the LLC "implies what thoughts are being considered."

For decades, Industry officials have contemplated various [public utility projects](#) for Tres Hermanos, most recently a proposal that would have flooded the plains and hills for a series of reservoirs stretching south to Brea. Other proposals have included a hydroelectric facility and solar farms. Last year, Industry's City Council moved to investigate expanding their utility to meet the needs of the thousands of businesses within the city limits.

The Cordoba Corp., a consultant hired to run the public utility, is also being paid to investigate uses for Tres Hermanos.

Who's behind San Gabriel Valley Water and Power?

Hall would not disclose the members of the LLC, saying only they are "potential investors" who brought Ambient in to manage the LLC last year.

"I don't think that's public knowledge, or will be," he said.

Industry City Manager Paul Philips refused to comment on the San Gabriel Valley Water and Power LLC, its formation or the negotiations.

"Obviously, we have an obligation to figure out what we're doing," he said.

Neighbors, officials frustrated with Industry's actions

Industry's secretive nature has become frustrating for neighboring communities. Chino Hills City Manager Konradt Bartlam said he has never heard of Ambient or San Gabriel Valley Water and Power. Industry's council agenda abbreviated the LLC to "SGVWP LLC" instead of using the full legal name and provided only parcel numbers for Tres Hermanos, making it harder for an individual to know what the closed session item was about.

"They don't own the property ... so how can they negotiate with these entities," Bartlam said, adding that he feels Chino Hills is being kept in the dark. A large portion of Tres Hermanos is within Chino Hill's city limits.

Bartlam isn't the only one frustrated.

Santos Kreimann, the chair of the oversight board tasked with selling Tres Hermanos, was unaware of the negotiations between Industry and the Ambient-managed company. He said his responsibility continues to be to find the "highest and best use" for the land.

"The concern I have is that the Successor Agency staff and the city have not been forthcoming with any information," Kreimann said.

The interest from these outside investors and a previous [\\$101 million offer](#) by a real estate developer could make three potential bidders for the property, Kreimann said. That may mean the oversight board should consider putting the land on the public market to bring in the highest value, he said.

If that happened, the land would almost certainly become housing, as developers would pay much more than what Industry is offering.

"I certainly think it is an option we have to consider as a group," Kreimann said.

Researcher Ian Wheeler contributed to this report.