

December 15, 2015

**VIA E-MAIL AND
OVERNIGHT MAIL**

Mr. Jensen Uchida
Project Manager
Energy Division, CEQA Unit
State of California
Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

Re: Response to October 27, 2015 Information Request;
CPUC Application No. A.15-04-013

Dear Mr. Uchida:

I am writing in response to your correspondence of October 27, 2015, asking for additional information in connection with the California Public Utilities Commission's ("CPUC") Energy Division's investigations for the preparation of the Subsequent Environmental Impact Report ("SEIR") for Southern California Edison's ("SCE") Riverside Transmission and Reliability Project ("RTRP"). For your convenience, a copy of that letter is attached as **Exhibit A**. This letter concerns the property you have referred to as the "Vernola Park Industrial Park property."

Our office previously corresponded with you regarding the Vernola Marketplace Apartments Community site, and we are pleased to submit additional information to you now with respect to the property located immediately north of that site, which the Owners call the "Phase B" site. The Phase B property is composed of some 8.3 acres and bears Assessor Parcel No. 152-640-003. Formal vesting is: Anthony P. Vernola, Successor Trustee of the Pat and Mary Anne Vernola Trust – Marital Trust, as to an undivided one half interest; and Anthony P. Vernola, Trustee of the Anthony P. Vernola Trust U/D/T dated October 18, 2000, as amended, as to an undivided one half interest (collectively "Owners").

The Phase B property is located within City of Jurupa Valley's Specific Plan 266 and the I-15 Corridor Specific Plan. As characterized in a letter from the City dated August 20, 2015, by Thomas G. Merrell, SP 266 is "fully entitled and nearly complete." Applicable excerpts from this letter are attached. (See, **Exhibit B** hereto, "Projects Within Edison's 230KV Transmission Line Path Table, project No. 4.) SP 266 has been the subject of a series of "substantial conformance" determinations since originally being adopted by the Riverside County Board of Supervisors in November 1993. A summary of the progress of development within SP 266 is attached hereto as

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Exhibit C. Current zoning for the Phase B property is I-P, Industrial Park; land use is L-I, Light Industrial; and the Phase B property is located within Planning Area 5 of SB 266.

It is important to note, however, that in Jurupa Valley Specific Plan Amendment 1401, approved March 2015, a portion of the SP 266 industrial area was removed, and added to the Vernola Marketplace Apartment Community. The Owners call this site “Phase B” because it was originally planned to be a portion of the Vernola Marketplace Apartments Community. An original concept plan submitted to the City included it as part of that development proposal. Excerpts from that integrated concept plan, including grading, are attached as **Exhibit D**. This integrated project was favorably reviewed by the City of Jurupa Valley Planning Commission at a workshop held November 26, 2013. The City of Jurupa Valley was receptive to the larger scaled project, for all of the reasons that caused it to approve the VMAC entitlements in March, 2015.

The ultimate rezoning reduced the portions of the SP 266 converted from industrial to residential uses. Some two hundred units of high density residential product originally proposed for Phase B, with drainage, access, and recreational facilities integrated between it and the current VMAC property to the south, have been forestalled. The residential units planned for the Phase B property were not included in the VMAC development entitlements, because the original plan was to secure the phased development entitlements for Phase B once the construction of Phase A was underway. Such sequencing was in part intended to allow reasonable market absorption of the Phase A units, and in part to phase the timing of obligations like development impact fees, dedications, subdivision bonding and improvement costs, construction financing, and planning and processing fees, to bring Phase B on line at a time when revenues were being realized from Phase A. This was to allow cash flow from Phase A to support Phase B. Under this sequencing, the initial management and marketing expenses from bringing Phase A on line could also be capitalized upon by Phase B, increasing the Phase B profitability. Of course, for all of the reasons already described to you in our prior letter regarding the VMAC Phase A, its construction still has not happened, and because of RTRP, is unlikely to occur anytime soon.

From this history, the Owners believe that a change in zoning to high density residential for the Phase B piece is highly likely, if it were pursued. The same policy and market reasons that underpinned the City of Jurupa Valley’s decision on Jurupa Valley Specific Plan Amendment 1401 apply equally to the Phase B property, and the demographic and market influences on both the City generally and the SP 266 environs specifically have not changed materially (except for the intervening progress of the RTRP and the controversies it has spawned) since then.

In terms of the Phase B property’s physical layout, it is in semi-finished condition. Water and sewer to the property are already provided by way of facilities placed pursuant to an easement to Pats’ Ranch Road. This easement was recorded March 11, 2005, attached as **Exhibit E**. The Phase B property also enjoys a secondary access easement over adjacent property, also by way of an easement recorded March 11, 2005, attached as **Exhibit F**.

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With this access and location, the Phase B property is ideally situated as a transitional piece between the commercially developed uses to the north (the Vernola Marketplace) and the Vernola Marketplace Apartment Community currently under development to the south. Therefore, the Phase B site takes both commercial and residential influences, providing the maximum flexibility for capitalizing on positive market influences from either segment.

With this background in mind, we provide the following responses to your October 27, 2015, request:

1. A description and conceptual site development layout, if available, depicting how the Vernola Trust property is intended to be developed.

There are no active development proposals now being pursued with respect to the Phase B property. The Owners have fielded inquiries from representatives of a number of different potential users, including medical office, grocery and village shops, and specialty retail, as might be expected for a site immediately adjacent to the Vernola Marketplace commercial development. However, the pendency of the RTRP, and the prospect that any development approvals that might be secured for this site would likely be subject to litigation by SCE and the Riverside Public Utilities (in the same manner as both such entities sued to challenge the approvals on the Vernola Marketplace Apartment Community), have chilled any reasonable opportunity to take advantage of current favorable market conditions. Thus, while the Owners have secured access to Pats' Ranch Road through previously-identified easements, and brought water, sewer, and other utilities to the site to make it "development-ready," at this point, development of the site sits in limbo pending resolution of the RTRP alignment and the many issues it raises.

2. Description and conceptual site development layout, if available, depicting how the Vernola Trust property would be configured if the RTRP project was built as shown in Figure 1, including the types and square footage of development uses that would be lost as a result of the proposed ROW, if applicable.

At this juncture, it is neither feasible nor realistic for the Phase B Owners to proceed with any type of conceptual development layout. The spectre of the RTRP casts too many complications over the site.

First, the acquisition of the proposed right-of-way as depicted in your drawing will pose significant site depth constraints to the Phase B property. The existing depth is approximately 360 feet. The proposed RTRP acquisition contemplates a direct loss of a minimum 100 feet, likely more. The Owners' engineers estimate up to 30 feet of additional width could be lost to slopes along the western alignment of the RTRP easement.

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The proposed RTRP Project wreaks havoc with the prior residential planning concepts so enthusiastically received by the City of Jurupa Valley. The proposed SCE access road will cut through the very heart of the property's developable area, serving as both a grading and on-site circulation "control point" that is dictated by SCE's needs, not those of the developer or the residents who ultimately will live there. On-site circulation demands, both for fire safety equipment and for the higher density residential uses contemplated (let alone for the heavy equipment SCE will undoubtedly bring on the site to service the transmission facilities), will be severely constrained, especially by the need for turnaround areas. Of course, should the property develop with residential uses, the market impact from immediately adjacent overhead electrical wires, both on aesthetics and perceptions of potential electromagnetic field complications, will further cripple the market appeal of the site. In short, the RTRP project essentially robs the Phase B site of any economically viable residential use, and perhaps any use.

Even ignoring the strong likelihood of a favorable zone change to higher density residential, and assuming the Phase B property proceeded under uses presently allowed as a matter of right, the remaining 230-foot (or less) site depth leaves significant challenges for development of the type of village shop or specialty retail commercial uses, which would be synergistic with the transitional area between more intensive commercial uses to the north and residential to the south. This is particularly true for the vast majority of commercial uses that require front parking fields.

Further, any commercial or light industrial development likely to occur will orient to the vehicular access point this property enjoys on Pats' Ranch Road. The areas of the right-of-way are therefore most likely to be devoted to "back of house" delivery and service functions, as is the case with the adjacent Lowe's on the Vernola Marketplace commercial development. By taking the area most suitable for these utilitarian uses, the overall square footage yield on the site is dramatically diminished. These constraints will pose significant challenges for parking, internal site circulation, and compliance with applicable setbacks.

Furthermore, to the extent the RTRP right-of-way does not align exactly along the westerly property line, the right-of-way corridor will cut-off "remnant" areas between the right-of-way and the freeway, rendering portions of the site stranded, and unusable. This would impair the site regardless of whether residential or commercial development is pursued.

The location of the proposed right-of-way is just the beginning of the challenges, however. SCE has a set of published policies for how it deals with the interface between the right of way rights it acquires with its transmission easements, and the residual rights of the owners from whose properties such easements are taken. These policies, denominated "Transmission Line Right of Way Constraints and Guidelines," are attached hereto as **Exhibit G**. Under this document, SCE reserves the right to review and approve any use of any of its right of way area, and many of the uses of adjoining property, on an individual "case by case basis." (See, **Exhibit G**, No. 1.) SCE

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requires 24/7 access to its transmission facilities (apparently including access rights over areas of the servient tenement needed to reach the right of way), prohibits any permanent, non-moveable structures or pipelines, and reserves the right to impose safety requirements or mitigation measures over third party users of both the right of way and the remaining property. (*Id.* at Nos. 2,3,5,11,13.) These policies pose cumbersome additional burdens, both procedural and substantive, on users of the remaining property, regardless of the type of development.

The requirement of a 50 foot minimum centerline radius on all access road curves also betrays the insufficiency of SCE's proposed 100 foot right of way. SCE dictates that roadways must be no less than 14 feet wide, with an additional two feet of swale or berm on either side. (*Id.* at No. 17.) The effect of these requirements taken together means that on curves in access roads (such as the one shown on the yellow line traversing the Phase B property on the diagram attached to your October 27, 2015 request), the minimum required distance will be **114 feet, or 118 feet with berms/swales**. (See, **Exhibit H** hereto.) SCE is therefore understating its right of way needs.

The overall result is an increase in risks associated with the development hurdles to bring market-appropriate uses to bear on the site, and the costs associated with engineering, financing, permitting, and construction required to make them a reality.

In addition, the Riverside County Flood Control and Water Conservation District ("County Flood") has a regional drainage facility that serves and traverses this area, known as the Day Creek MDP Line J ("Line J"). Line J crosses the Phase B property as depicted in **Exhibit I**. The RTRP proponents have yet to explain how their proposed 230 KV support structures, one of which is proposed to go directly within the previously existing easement held by County Flood and literally on top of Line J, will harmonize with this prior regional utility use. Furthermore, since the natural drainage pattern of the Phase B property is to the south and the property will drain to Line J, the "Constraints and Guidelines" pose a substantial grading and design burden on the property, to drain the portions of the property located within the approximately 2.3 acres of proposed right-of-way take. Because neither pipelines nor parallel/longitudinal encroachments are permitted by SCE, the natural drainage will all have to be redirected to the west, outside of the proposed right-of-way easement taking, if the site can be drained at all. Such drainage rerouting will require extra facilities, additional grading, and perhaps even a lift station to alter the site's natural drainage pattern to avoid SCE's contemplated easement.

Through prior environmental reporting on RTRP, the project proponents have failed to reconcile the constraints provided by Line J with their proposed uses, or to explain how the RTRP can be compatibly integrated with the existing easement and practical physical constraints created by the present reality of the Line J drainage facility. The Phase B Owners would hope and expect this utility conflict to be fully discussed in the Subsequent Environmental Impact report now being required of SCE and RPU.

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Your letter also makes reference to “lattice towers” for the RTRP development as it passes the Phase B site. We would appreciate identification of the source of your conclusion that the transmission line support structures as they cross this property will be lattice towers, as opposed to tubular steel poles. The Phase B Owners had been given to believe a tubular steel pole configuration was planned. Assuming lattice towers will be the case, however, they will require broader footprints and more temporary construction easement area encumbrances, as well as presenting broader “lay down” safety area profiles and increased turning radii for access roadways. The lattice towers also impose greater visual and aesthetic impact to the site, decreasing any ability of any potential commercial or industrial developments to take advantage of signage and other benefits from freeway frontage and visibility.

3. An overall timeline for construction and buildout of the Vernola Trust property.

Given all of the foregoing, the Phase B Owners simply cannot commit to a timeframe for development of the site, until the many questions, issues, and encumbrances RTRP presents are resolved. In the absence of the RTRP project, however, we estimate that this property would develop likely by 2018-19.

The Phase B Owners have had the property analyzed by Albert A. Webb Associates, engineers for a description of the development constraints the RTRP visits upon the site. Attached hereto as **Exhibit J** is a summary of the impacts they have found, many of which are discussed above.

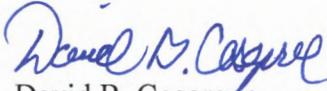
In sum, the advanced planning for development of the Phase B property has been stopped in its tracks with the RTRP. The site does not have sufficient depth dimension to absorb the constraints of the loss of approximately one-third of its developable area, particularly given pre-existing shape, access, and Line J drainage facility profiles. The pending RTRP project renders any realistic formulation of a development plan for the site presently futile, since prospective users are loathe to buy into a looming eminent domain action. This is compounded by the broad nature of rights SCE reserves to itself as a matter of policy, over both the direct right-of-way acquisition and the remaining property that supports it, given the permanent impacts SCE’s “Constraints and Guidelines” impose on the property for any user. The Owners’ work to date in securing access, water, and sewer to the site have essentially been stranded under the pall of uncertainty the RTRP creates for any viable future use of the site.

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We appreciate the opportunity to explain to you the impacts of the RTRP on this property, and we would be happy to follow-up with you on any additional information you might require on any of the points discussed above, or any related matter.

Very truly yours,

RUTAN & TUCKER, LLP



David B. Cosgrove

DBC:mrs

Enclosures: Exhibit A – October 27, 2015 Request for Information
Exhibit B – Thomas G. Merrell Letter of August 20, 2015 (Excerpts)
Exhibit C – Summary of Development under SP 266
Exhibit D -- Phase B/VMAC Integrated Development and Grading Concept
Exhibit E – Road and Utility Easement
Exhibit F – Secondary Access Easement
Exhibit G – SCE “Constraints and Guidelines”
Exhibit H – On-Site Access Constraint diagram
Exhibit I – Line J on Phase B Property Diagram
Exhibit J – Engineering Constraint Summary Memo