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September 30, 2014

(Via First Class Mail)
Los Angeles Department of Water and Power
Attn: Reynan Ledesma, Manager of Real Estate
Room 1555-H, 15th Floor
111 N. Hope Street
Los Angeles, CA 90012

*Re: Objection to Proposed Ordinance Adopting LADWP's Resolution of Necessity
for Acquisition of a Portion of Certain Real Property Located in
Kern County, CA (APN:461-150-10) Right of Way # 461004*

Dear Members of the Los Angeles City Council:

I represent and am writing on behalf of Davood Golshrazian, Mojave Investments, LLC & Lancaster Commercial, LLC, owners of the above-referenced property (the "Subject Property").

I have been informed that the City Council of the City of Los Angeles will hold a public hearing to consider an Ordinance adopting the Board of Water & Power Commissioners for the Los Angeles Department of Water & Power ("LADWP")'s resolution of necessity authorizing the taking of portions of the Subject Property by condemnation for the Barren Ridge Renewable Transmission Project (the "Project"). The hearing on the ordinance is set for October 8, 2014 at 10:00 am in the Council Chambers. The purpose of this letter is to provide written objections on behalf of the owner to the adoption of the ordinance. Accordingly, we request that this letter be included as part of the formal record on that agenda item.

The owners object to the adoption of the ordinance on each of the following specific grounds:

1. The Proposed Project Is Not Planned Or Located In A Manner That Will Be Most Compatible With The Greatest Public Good And The Least Private Injury.

One of the components that must be analyzed when considering the adoption of a resolution to authorize the taking of private property is whether the proposed project for which the property is sought

to be taken is planned or located in a manner that is most compatible with the greatest public good and causes the least private injury. (Code Civ. Proc., § 1240.030, subd. (b).) In the absence of substantial evidence supporting LADWP's determination as to the planning and location of the proposed project, the resolution of necessity is invalid.

In this case, the LADWP's Project violates the "least private injury" prong of the necessity calculus in that the Project appears to require a more intensive use of property rights than necessary. LADWP seeks to unnecessarily expand its existing easement in a manner causing the greatest private injury. The Project will include the construction of an electrical transmission line between Barren Ridge Switching Station and Rinaldi Substation to access renewable energy resources.

Since September 2009, the Subject Property has been under an option contract for purchase by SiteCo, LLC. Since this date, SiteCo has been diligently pursuing the development of the property as a utility scale solar generating power facility. During this time, SiteCo has been making significant option payments, conducting various diligence investigations, permitting the property with governmental agencies and pursuing interconnection studies. In total, SiteCo has incurred well in excess of \$1,500,000 dollars in connection of its development of the property to date, not including hundreds of hours of time related to all of these activities by their in house employees and contractors as well as many hundreds of hours of time by the Owners managing all these various activities undertaken by the Optionee.

In December, 2011, SiteCo obtained a General Plan Amendment and Conditional Use Permit from the County of Kern for the proposed solar project. As such, all of the work described above adds significant value to the property as a large-scale solar development, above and beyond the value of vacant land.

LADWP's proposed purchase impacts the overall development of the Subject Property by reducing the developable area by 10.451 acres for the loss of the Right of Way area. Furthermore, should the proposed 230kV transmission line be constructed in the proposed Right of Way, it renders the northwestern-most portion of the property unsuitable for development, resulting in the loss of an additional 13.76 acres of land. As such, a combined total of 24.21 acres of the property would become unusable by SiteCo. Such taking of the land increases SiteCo's development costs on the remainder area and contributes towards other issues such as reducing the developable footprint and shading impacts from the proposed 230kV transmission line.

These matters are not adequately discussed in the LADWP's appraisal nor, to our knowledge, in the environmental impact reports. Without such an adequate discussion, the Project cannot and should not proceed.

2. The Notice of Resolution Hearing is Defective In That It Fails to Adequately Describe The Nature and Extent Of Property Rights Proposed To Be Taken.

The proposed resolution of necessity must contain a description of the general location and extent of the property to be taken with sufficient detail for reasonable identification. (Code Civ. Proc. §1245.230). It is unclear from the Notice of Public Hearing if a fee interest or less than fee interest is being acquired. We have not been provided with a copy of the proposed Resolution of Necessity and,

therefore, we are unable to ascertain the exact nature and extent of the property to be taken.

3. The LADWP Failed To Extend A Legitimate Precondemnation Offer Pursuant To Government Code Section 7267.2

Government Code section 7267.2 requires LADWP to make a legitimate offer of just compensation based upon an approved appraisal prior to initiating condemnation proceedings. Just compensation includes the "fair market value" of the property rights taken (as well as severance damages to the remainder), which is defined as the "highest price on the date of valuation" that would be agreed to by a willing buyer and seller of the property in question. (Code Civ. Proc., §1263.320.) Here, the LADWP's precondemnation offer is invalid in that the amount offered is woefully inadequate and fails to consider SiteCo's interest in the Subject Property or address the considerable damages that have resulted and will result from the LADWP's acquisition and use of the Project in the manner proposed.

4. The LADWP Failed To Negotiate In Good Faith Pursuant to Government Code Section 7267.1.

Government Code section 7267.1 imposes an affirmative obligation on a public entity seeking to condemn property to acquire that property first by negotiation. (Johnson v. Sonoma County Agricultural Preservation & Open Space Dist. (2002) 100 Cal.App.4th 973.) "The public entity shall make every reasonable effort to acquire expeditiously real property by negotiation." (Govt. Code, §7267.1, subd. (a).) The duty to negotiate is designed to avoid litigation.

Here, the LADWP did NOT negotiate in good faith prior to commencement of this case, where it refused to recognize obvious errors in its appraisal and ignores SiteCo's interest in the Subject Property and intended use.

These errors, include but are not limited, to:

a. The comparables are taken from properties that are not even in the same adjoining County. The appraisal uses comparables from Barstow approximately 100 miles away.

b. The comparables date back to two and three years ago when the only activity was foreclosures and fire sales due to the downturn in the economy. Even Los Angeles County does not accept any comparable that is 180 days old.

c. We have a list of comparables but not as prime properties within the same area which is being marketed for \$5000.00 to \$6000.00 per acre without a freeway frontage. This property has 1 mile of frontage along highway 14.

The LADWP's offer is so far below fair market value it is hardly legitimate.

The LADWP made a conscious choice to forge ahead with this litigation despite repeated efforts by the Owners to negotiate in good faith.

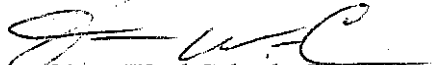
5. The LADWP Is Incapable Of Conducting A Fair, Legal and Impartial Hearing On The Proposed Adoption Of The Resolution.

The LADWP has already committed itself to the purported Project, and taking. As such, any hearing resulting in the adoption of the resolution would be a predetermined result. The hearing is a pretense and artifice and any adopted resolution under these circumstances would be voidable by a court of competent jurisdiction. (See, Redevelopment Agency v. Norm's Slauson (1985) 173 Cal.App.3d 1121.)

In addition, the LADWP is unable to provide a fair and impartial hearing because it is under contract to purchase power from the Owners' optionee while severing the Owners' property. This is an impermissible conflict of interest. Therefore, the LADWP must refer this matter to an independent panel for a fair and impartial hearing and report.

Based on the foregoing objections, the owners respectfully request that the City Council not adopt the ordinance, or, at a minimum, continue the hearing on this agenda until such time as the objections are addressed.

Sincerely,



Glenn Ward Calsada, Esq.

Cc: Reynan L. Ledesma, Manager of Real Estate (by mail)
Timothy J. Chung, Deputy City Attorney (by mail)
Client (by email)