



STAFF REPORT

CITY of YORBA LINDA

PUBLIC WORKS DEPARTMENT

DATE: SEPTEMBER 20, 2022

TO: HONORABLE MAYOR AND MEMBERS OF THE COUNCIL

FROM: JAMIE LAI, P.E., PUBLIC WORKS DIRECTOR/CITY ENGINEER
PREPARED BY: RICK YEE, P.E. DEPUTY PUBLIC WORKS DIRECTOR

SUBJECT: REIMBURSEMENT OF SALE PROCEEDS TO OCTA FROM REMNANT
PARCEL SALE OF 18231 IMPERIAL HIGHWAY

RECOMMENDATION

It is recommended that the City Council:

1. Approve an appropriation of \$541,533.39 from the unappropriated reserves of the Library Fund (202); and
2. Approve a proportional revenue share payment in an amount of \$541,533.39 to the Orange County Transportation Authority (OCTA) for the proceeds from the remnant parcel sale of the property at 18231 Imperial Highway (APN 323-303-03).

BACKGROUND

In 2004, the City of Yorba Linda acquired the subject property located at 18231 Imperial Highway (former Ultramar Gas Station located at the northeast corner of Imperial Highway and Lemon Drive per Attachment 1 – Vicinity Map). The property acquisition was necessary to accommodate the Imperial Highway Widening Project improvements which occurred in the early 2000's. Since the Imperial Highway Widening Project was a regional improvement with funding from OCTA, the acquisition costs were fully subsidized by OCTA. Only a portion of the acquired parcel was utilized for the roadway widening, while the resulting remnant parcel was consequently sold in 2021.

The City and OCTA entered into an amendment to an existing cooperative agreement wherein the City agreed to initiate sale of the unused parcel after completion of remediation efforts and property appraisal. As part of the cooperative agreement between the City and OCTA for the Imperial Highway Widening Project, it was agreed that City would reimburse OCTA with sale proceeds within eighteen (18) months after the close of escrow. OCTA recently requested payment from the City via an invoice, which is provided as Attachment 2 to this staff report.

DISCUSSION

Pursuant to the cooperative agreement, the net sales proceeds (after deducting costs of the

property transaction) would be split proportionately between the City and OCTA. The proportionality split was to be based upon the amount invested by both agencies relative to the costs of site remediation. The site had previously operated as a gas station; and the underground tanks leaked fuel into the subsurface soil and groundwater necessitating a cleanup effort. Therefore, an extensive remediation effort was undertaken to mitigate various petroleum contaminants in the groundwater and soil. The total cost of remediation amounted to \$4.34 million which included various methods to physically remove contaminated soil and a multi-year effort to remediate contaminants in the groundwater. Additionally, the cost of remediation included extensive environmental consultant efforts and extensive subsurface monitoring efforts (both on-site and off-site). The State's Underground Storage Tank Fund provided \$1.5 million towards remediation efforts while the City and OCTA contributed the remainder in the amount of \$2.84 million. OCTA's share of the \$2.84 million represents approximately 81% while City's share represents approximately 19%.

On June 19, 2018, the City Council approved the sale of City-owned parcels located at 18181 Imperial Highway (former Yorba Linda Library site) and 18231 Imperial Highway (former gas station). The parcels were consolidated into a 1.519-acre site that yielded a purchase price of approximately \$3.5 million in total. Since the former gas station parcel sold for \$667,984.36, the corresponding revenue split of the sale proceeds result in an OCTA share of \$541,533.39 and a City share of \$126,450.97. The City is now contractually obligated to provide reimbursement to OCTA for their proportional share of the revenue from the sale, since the City received all initial proceeds from the sale of the remnant parcel.

FISCAL IMPACT

Payment by the City to OCTA for the proportional share of proceeds from the parcel sale requires an appropriation in an amount of \$541,533.39. Sufficient funds from the proceeds of the land sale of the remnant parcel (APN #323-303-03) are available in the unappropriated reserves of the Library Fund (202). Therefore, staff recommends an appropriation of \$541,533.39 with a corresponding increase to the Public Works Project Development budget for contractual services (1010310-433950).

ALTERNATIVES

Do not provide reimbursement to OCTA; however, this would violate the terms of the cooperative agreement and the City would not be able to meet the delivery timeline for return of sale proceeds within 18 months of the close of escrow.

ATTACHMENTS

Attachment 1 - Vicinity Map
Attachment 2 - OCTA Invoice
