



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
November 1, 2022

TOPIC: Purchase of Real Property for Future Water Resources and Park Facilities

AGENDA TITLE

Purchase and Sale Agreement of Real Property at 4404 West First Street for Future Water Resources and Park Facilities (Non-General Fund and Revive Santa Ana Program)

RECOMMENDED ACTION

1. Authorize the City Manager to execute a purchase and sale agreement with RIF40, LLC, a California limited liability company, for the purchase of real property located at 4404 West First Street (APN 188-021-08), in the amount of \$10,500,000, plus normal closing costs and escrow fees, for a total amount not to exceed \$10,750,000, subject to non-substantive changes approved by the City Manager and the City Attorney.
2. Approve an amendment to the Fiscal Year 2022-23 Capital Improvement Program to include \$10,750,000 in construction funds for the West Station Well Project (No. 23-6477).

DISCUSSION

The City of Santa Ana's Public Works Agency (PWA)'s Water Resources Division oversees and maintains the daily operations of the City's water distribution system. The water system is comprised of approximately 480 miles of water main, 21 groundwater wells, 7 pump stations, 10 reservoirs with a storage capacity of 49 million gallons, 4 pressure regulating vaults (PRVs), and 7 connection points with the Metropolitan Water District of Southern California (MWD).

The Water Resources Division has been actively seeking to acquire land for the construction of new and replacement water infrastructure. As identified in the City's 2017 Water Master Plan, the City's groundwater-pumping infrastructure is robust; however, it is aging and approaching its end of useful life. The replacement plan for these assets is outlined in both the Master Plan and subsequent Water Rate Plan. The location of the subject property (Exhibit 1) is within the vicinity of the City's West Station located near the intersection of First Street and Newhope Street. The existing groundwater wells at this site are among the oldest in the system (in service since the late 1960s) and have operated beyond the expected lifespan of 50 years.

The acquisition of the subject property would allow the City to add new groundwater wells adjacent to the aging infrastructure and maintain the same level of service to the community, while also meeting regulations regarding siting of new wells relative to existing wells. The 2.5-acre lot is primarily used as an unpaved parking lot with a recently vacated small commercial building. The site more than satisfies the area requirements for future water infrastructure. PWA further proposes that any excess area not required for water facilities be utilized as public open space or developed into a future park. Funds for the purchase of the property would come from both the Water Enterprise and Revive Santa Ana Program funds for park acquisition.

An offer to purchase was made for the subject property based on the appraised value by a state-licensed real estate appraiser, and was accepted by the property owner. The purchase price for the acquisition is \$10,500,000 as shown in the corresponding Purchase and Sale Agreement (Exhibit 2). The Seller has agreed to split closing costs and escrow fees, which are anticipated not to exceed \$250,000, bringing the total anticipated purchase expenditure to a not-to-exceed total of \$10,750,000.

The approval of the amendment to the Fiscal year 2022-23 Capital Improvement Program will officially incorporate this project into the program (Exhibit 3).

ENVIRONMENTAL IMPACT

There is no environmental impact associated with the action.

FISCAL IMPACT

Funds for this action have been transferred from previously appropriated funds under Water Resources capital projects to the new West Station Well Project (No. 23-6477) and are available for expenditure in the current Fiscal Year 2022-23 as shown below. Water Resources will continue to pursue grant funding to offset the cost of the purchase price and future infrastructure improvement costs.

Funds Transfer

Fisher Park Neighborhood Water Main Improvements (Project No. 19-6429): \$2,635,000
Euclid Water Main Improvements (Project No. 21-6460): \$2,445,000
Fairview Water Main Improvements (Project No. 21-6464): \$2,445,000

| Fiscal Year | Accounting Unit - Account # | Fund Description | Accounting Unit, Account Description | Amount |
|--------------------|--|-------------------------------|---|---------------|
| 2022-23 | 06617647-66100 (23-6477) | Acquisition & Construction | Water Utility Capital Projects, Land | \$7,525,000 |

| Fiscal Year | Accounting Unit - Account # | Fund Description | Accounting Unit, Account Description | Amount |
|--------------------|--|--------------------------------|--|---------------------------|
| 2022-23 | 18117013-66220 (22-1344) | American Rescue Plan Act | ARPA – PWA, Improvements Other Than Building | \$3,225,000 |
| | | | | Total \$10,750,000 |

EXHIBIT(S)

1. Vicinity Map
2. Purchase and Sale Agreement
3. FY 2022-23 Capital Improvement Program Sheet

Submitted By: Nabil Saba, P.E., Executive Director – Public Works Agency

Approved By: Kristine Ridge, City Manager