



CITY OF MENIFEE

SUBJECT: Agreement of Purchase and Sale for the Acquisition of Real Property Located at 27930 Watson Road

MEETING DATE: February 19, 2025

TO: Mayor and City Council

PREPARED BY: Jenny McConville, Management Analyst

REVIEWED BY: Nick Fidler, Public Works Director

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Approve and authorize the City Manager to execute an Agreement of Purchase and Sale and Escrow Instructions, in substantially the form provided in the attached Draft Agreement of Purchase and Sale, with property owner Marco Antonio Campista Cedillo, for real property located at 27930 Watson Road, Menifee, CA, identified as Assessor Parcel No. (APN) 329-050-049, for the Ethanac Road/Antelope Road/Highway 74 Intersection Realignment Project, Capital Improvement Program (CIP) Project No. 25-13, for a total amount not-to-exceed \$275,000; and
2. Authorize the City Manager to modify the Agreement of Purchase and Sale and Escrow Instructions, without modifying core deal terms, as necessary to further benefit the City, and to execute any additional documents required for the acquisition of the real property (APN 329-050-049); and
3. Adopt a budget amendment resolution for the Trust Fund approving an increase in revenue and appropriation of expenditures in the amount of \$275,000 (Transfer Out); and
4. Adopt a budget amendment resolution for the Capital Projects Fund approving an increase in revenue (Transfer In) and appropriation of expenditures in the amount of \$275,000 to the Project account assigned by the Finance Department.

DISCUSSION

On June 7, 2023, the City Council adopted the Fiscal Year (FY) 2023-2028 Capital Improvement Program (CIP), which included the Ethanac Road/Antelope Road/Highway 74 Intersection Realignment Project, CIP No. 25-13 ("Project"), as a future transportation project. The Project is identified in the City's General Plan as a long-range capital project necessary to address the

increased traffic demand resulting from the commercial and residential development in the surrounding vicinity.

The Project would construct an overpass to traverse the existing railroad tracks and realign Highway 74, Ethanac Road, and Antelope Road. The Project would include drainage, street lighting, and traffic signal improvements. The Project would also enhance multi-modal transportation by eliminating the current railroad crossing barrier and installing sidewalks and dedicated bicycle lanes. The Project is currently in the preliminary planning phase with a feasibility study expected to be conducted in the upcoming months to determine the environmental, drainage, and right-of-way constraints. As the Project advances into final design, City staff would coordinate with Caltrans and the Riverside County Transportation Commission as the owners of the railroad facilities and right-of-way along Highway 74.

City staff continuously works with private developers and local public utility agencies as an ongoing effort to coordinate and identify the future project needs of all stakeholders and to prevent development that may conflict with upcoming City projects, ultimately resulting in costly relocations. Through these coordination efforts, Eastern Municipal Water District (EMWD) shared with the City their plans to construct a Domestic Water Booster Station ("Booster Station") located at 27995 Ethanac Road, APN 331-150-027, a parcel of EMWD-owned land within the Project area. The timing of the Booster Station project would result in it being constructed ahead of the City's Project. If constructed at this location, the Booster Station would create a significant conflict with the proposed Project.

Staff has worked closely with EMWD to identify an alternate location for their future Booster Station which would better support and benefit both agencies in moving forward with their respective projects. Discussions with EMWD included the potential for the City to purchase property outside of the Project area that could serve as the future site for EMWD's Booster Station. Once an alternate property was identified and purchased by the City, the City could then transfer the property to EMWD to utilize as the future site of their Booster Station. EMWD would, in turn, transfer the property planned as the original site for the Booster Station to the City to support the Project realignment.

Staff in conjunction with EMWD identified an alternate location for the Booster Station in a property located at 27930 Watson Road, Menifee, CA, identified as Assessor Parcel Number 329-050-049 ("Property"). The Property is generally situated north of Watson Road, west of Antelope Road, east of Bruner Road, and south of Baroni Road. The Property would accommodate EMWD's future Booster Station and would prevent significant conflicts with the City's future Project location.

On November 20, 2024, staff received authorization from the City Council during a closed session meeting to commence negotiations for the purchase the Property. The appraisal report, prepared by the City's approved right-of-way consultant, Dokken ("Consultant"), valued the Property at \$245,000; the property was listed for sale at \$300,000. Upon approval, the Consultant initiated the negotiation efforts. Following several discussions between the Consultant and the Property owner's representative, the Property owner agreed to accept a final purchase price in a total amount not-to-exceed \$275,000 for the Property. Based on the appraisal report for the Property, staff and the Consultant agree that this amount is a fair and equitable price for the Property and is within the approved amount authorized by City Council. The terms for the purchase of the

Property are currently under review to ensure the City's interests are protected. As a result, minor modifications to the language in the proposed Agreement for Purchase and Sale and Escrow Instructions ("Agreement") may occur. Changes to the Agreement language would not impact the final purchase price of the Property, which would remain for a total amount not-to-exceed \$275,000.

By purchasing the Property now, the City would ultimately save a significant amount of time and money that would otherwise be required to relocate EMWD's Booster Station before the City's Project could begin construction activities. Staff is actively working with EMWD to develop an agreement to memorialize property transfer arrangements. Given that property appraisals are only valid for a specific period and knowing that property values are likely to increase should an additional appraisal be required, time is of the essence in moving forward with the purchase of the Property at this time.

On May 3, 2023, City Council approved a Community Benefit Agreement (CBA) for the NOVA Power Bank Project ("NOVA Project"), which is located on a 44.22-acre site at 26226 Antelope Road, Menifee, CA, identified as APN's 331-180-021 and 331-180-022. The NOVA Project includes the re-development of the Inland Empire Energy Center (IEEC) generation plant which would interconnect with the energy grid at Southern California Edison's Valley Substation. In addition to standard conditions of approval to construct public improvements (i.e., Antelope Road frontage with extension to McLaughlin Road, and San Jacinto Road frontage with extension to McLaughlin Road), the NOVA Project is required to participate in a future Road and Bridge Benefit District (RBBD). The RBBD, which is currently in the formation process, would be established to fund future transportation infrastructure in the vicinity. It is anticipated that the RBBD fee required for the NOVA Project would not exceed \$1,000,000 and would be paid from the Community Benefit Fee collected as part of the CBA. The City's future Project is located within the proposed RBBD vicinity. As such, it is recommended that a portion of the Community Benefit Fee received from the NOVA Project be appropriated to the Project at this time to fund the purchase of the Property, and in ultimate support the development of the Project as a facility funded in part by the future RBBD.

The amount of the proposed Agreement exceeds the City Manager's signing authority. Pursuant to Menifee Municipal Code §3.12.040, any contract amount that exceeds the City Manager's signing authority shall be approved by the City Council

STRATEGIC PLAN OBJECTIVE

Connectivity and Mobility

FISCAL IMPACT

The total fiscal impact of the proposed Agreement for the acquisition of property identified as APN 329-050-049 is for the total amount not-to-exceed \$275,000. Funding for the Agreement is available within the Trust Fund which holds a balance of \$1 million received by the Nova Power Bank Project Community Benefit Agreement (CBA) collected in 2023 for a future Road and Bridge Benefit District (RBBD). The proposed Agreement is an eligible expense under the future RBBD. Accordingly, \$275,000 from the \$1 million held in trust will be recognized as revenue in the Trust

Fund (8350-438850). The funding would then be transferred out of the Trust Fund (8350-PWD-CIPS-659000) and transferred into the Capital Projects Fund (4320-439000). The Finance Department would appropriate corresponding expenditures within the Capital Projects Fund (4320-PWD-CIPS-760000) for the Project, as summarized in Table 1 on the following page.

TABLE 1 – PROJECT BUDGET SET-UP

Fund	Account Description	Account#	Revenue Budget	Expenditure Budget
Trust Fund	Revenue - NOVA CBA fees	438850	\$275,000	
Trust Fund	Transfer Out	659000		\$275,000
Capital Projects	Transfer In	439000	\$275,000	
Capital Projects	Expenditures - CIP Transportation	760000		\$275,000

ATTACHMENTS

1. Property Location Map
2. Draft Purchase and Sale Agreement
3. Budget Amendment Resolution - Trust Fund
4. Budget Amendment Resolution - Capital Projects Fund