



**June 11, 2025**

**To:** Finance and Administration Committee

**From:** Darrell E. Johnson, Chief Executive Officer 

**Subject:** Declare Surplus Property for the Interstate 5 Improvement Project Between State Route 73 and Oso Parkway

**Overview**

The Orange County Transportation Authority's Interstate 5 Improvement Project between State Route 73 and Oso Parkway required the acquisition of property rights from public and private parties, adjacent to the existing freeway and city streets. Staff is requesting approval to sell a portion of a vacant commercial property, approximately 10,148 square feet, located at the corner of Camino Capistrano and Avery Parkway in the City of Laguna Niguel, Assessor Parcel No. 637-231-01, and a portion of a vacant commercial property approximately 24,434 square feet, located at Marguerite Parkway and Avery Parkway in the City of Mission Viejo, assessor parcel nos. 740-014-01 and 740-014-05 as surplus land, under the Surplus Land Act (Government Code Section 54221 et seq.).

**Recommendations**

- A. Declare a portion of the property located at the corner of Camino Capistrano and Avery Parkway in the City of Laguna Niguel, within the Interstate 5 Improvement Project between State Route 73 and Oso Parkway, Assessor Parcel No. 637-231-01, as surplus land pursuant to the Surplus Land Act (Government Code Section 54221 et seq.).
  
- B. Declare a portion of the property located at the corner of Marguerite Parkway and Avery Parkway in the City of Mission Viejo, within the Interstate 5 Improvement Project between State Route 73 and Oso Parkway, assessor parcel nos. 740-014-01 and 740-014-05, as surplus land pursuant to the Surplus Land Act (Government Code Section 54221 et seq.).

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- C. Direct staff to seek potential buyers interested in the purchase of the surplus lands located within the Interstate 5 Improvement Project between State Route 73 and Oso Parkway in accordance with Surplus Land Act (Government Code Section 54221 et seq.) and the Real Property Policies and Procedure Manual, dated August 22, 2022.
- D. Direct staff to negotiate sales terms with potential buyers and return to the Board of Directors to recommend approval of the sale of the surplus land.

***Background***

The acquisition of public and private properties is often required to implement transportation projects, even though extensive efforts are made during the planning and design process to avoid or minimize the impacts to public and private properties. Cooperative Agreement No. C-5-3661 between the Orange County Transportation Authority (OCTA) and the California Department of Transportation (Caltrans) was approved by the Board of Directors (Board) on May 9, 2016, and amended on October 25, 2022. This cooperative agreement defined the roles and responsibilities of OCTA and Caltrans for final design, construction, and right-of-way (ROW) acquisition for the Interstate 5 (I-5) Improvement Project between State Route 73 and Oso Parkway (Project). Pursuant to the cooperative agreement, Caltrans is the lead implementing agency for ROW acquisition for the Project, and OCTA is the lead agency for property management and for disposing of any OCTA-owned surplus property.

The approved design for the Project required the acquisition of improved commercial properties located adjacent to the Project to accommodate the reconstruction of the Avery Parkway interchange at I-5. Construction of the freeway is now complete; therefore, portions of two remaining properties, as acquired, are no longer needed by the Project, resulting in the creation of surplus land (Attachment A). OCTA staff recommends the Board declare a portion of the property located at the corner of Camino Capistrano and Avery Parkway in the City of Laguna Niguel, Assessor Parcel No. 637-231-01, and a portion of the property located at the corner of Marguerite Parkway and Avery Parkway in the City of Mission Viejo, assessor parcel nos. 740-014-01 and 740-014-05 (collectively the Subject Properties) as surplus land and authorize disposal of the Subject Properties in accordance with the Surplus Land Act (SLA), (Government Code Section 54221 et seq.), and the Real Property Policies and Procedure Manual, dated August 22, 2022.

***Discussion***

The SLA requires OCTA to send notices of availability of surplus land to local public entities and housing sponsors and engage in good-faith negotiations with any parties that, within 60 days, express interest to purchase or lease the land for purposes specified in the SLA. It defines surplus land as “land owned in fee simple by a local agency for which the governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency’s use.” Under the SLA, an “agency’s use” includes, but is not limited to, land that is being used or is planned to be used pursuant to a written plan adopted by the local agency’s governing board (Government Code Section 54221 et seq.).

The Project required acquisition of commercial properties located at the intersections of Camino Capistrano and Avery Parkway in the City of Laguna Niguel, and at Marguerite Parkway and Avery Parkway in the City of Mission Viejo. A portion of the property located at Camino Capistrano and Avery Parkway was needed to accommodate construction of the I-5 southbound on-ramp and for the widening and street improvements of Avery Parkway; however, a portion of said property is no longer needed for the Project. A portion of the property located at Marguerite Parkway and Avery Parkway was needed to accommodate construction of the I-5 northbound off-ramp and for the widening and street improvements of Avery Parkway; however, a portion of said property is no longer needed for the Project. The Subject Properties, recommended to be sold separately as surplus land, are an approximately 10,148 square foot vacant property and an approximately 24,434 square foot vacant property. The Subject Properties are no longer needed by the Project and are not planned to be used by OCTA. Staff has analyzed the potential uses for the Subject Properties and determined that it is not necessary for any highway-related purposes or other OCTA uses.

To proceed with the sale of the properties for the Project, the Board is requested to declare the Subject Properties as surplus land. Upon approval, staff, in consultation with OCTA General Counsel, will proceed with sending notices of availability to housing sponsors and government entities and will negotiate in good faith with interested buyers as required by the SLA. If OCTA is not able to come to terms with an agreement with an interested buyer for SLA purposes, or if no interest is received, then OCTA will proceed with marketing the property for sale through its commercial brokerage firm. Prior to finalizing any potential sale, OCTA staff will return to the Board to seek approval of the proposed sales.

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Upon completion of the SLA process, OCTA will be required to provide information regarding the proposed sales to the California Department of Housing and Community Development to confirm that SLA requirements have been satisfied. This information includes a summary of the notice of availability process, as well as mandatory affordable housing restrictions, which are required to be recorded on the property. If it is determined that SLA requirements have been satisfied, OCTA will then be able to proceed with the proposed disposition of the land, as authorized by the Board.

**Fiscal Impact**

Proceeds from the surplus land sales will be returned to the local Measure M2 fund.

**Summary**

Staff recommends the Board of Directors formally declare portions of the properties located at corners of Camino Capistrano and Avery Parkway in the City of Laguna Niguel, Assessor Parcel No. 637-231-01, and Marguerite Parkway and Avery Parkway in the City of Mission Viejo, assessor parcel nos. 740-014-01 and 740-014-05, as surplus land pursuant to the Surplus Land Act (Government Code Section 54221 et seq.) and direct staff to seek and negotiate with potential buyers interested in the purchase of the surplus land.

**Attachment**

- A. Photo Aerial Exhibit

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