



**November 9, 2023**

**To:** Transit Committee

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

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is placed over the name in the "From:" field.

**Subject:** Amendment No. 9 to Cooperative Agreement No. C-0-1892 with the City of Irvine for Proposition 116 Replacement Funds

**Overview**

In 2010, the Orange County Transportation Authority and the City of Irvine entered into an agreement related to Proposition 116 funds secured by the City of Irvine and used by the Orange County Transportation Authority for rail capital projects. A cooperative agreement was developed so that the Orange County Transportation Authority would pay back the City of Irvine for the use of the funds over a 30-year period. An amendment is recommended for Board of Directors' approval to allow Orange County Transportation Authority to both to continue provide some iShuttle service and provide funding and transfer iShuttle vehicles to the City of Irvine for a new iShuttle pilot transit service.

**Recommendation**

Authorize the Chief Executive Officer or his designee to negotiate and execute Amendment No. 9 to Cooperative Agreement No. C-0-1892, which allows both the City of Irvine and the Orange County Transportation Authority to use Proposition 116 payback funds to support ongoing transit services in and the transfer of vehicles to the City of Irvine.

**Background**

In 1990, through the Proposition 116 Clean Air and Transportation Act, the City of Irvine (City) received \$125 million in Proposition 116 funding from the State of California (State). By statute, the Legislature could reallocate funds to other passenger rail projects if the funds were not encumbered (allocated) prior to July 1, 2010. In January 2009, prior to that deadline, the City and the Orange County Transportation Authority (OCTA) entered into an agreement, C-0-1892, to transfer the remaining \$121.3 million of Proposition 116 funds to OCTA to use for rail capital projects. In addition, OCTA provided the dollar-for-dollar local matching funds required by Proposition 116 as well as any operating funds needed. The projects that have been supported with this funding include:

- Metrolink Service Expansion and Safety Crossing Program
- Fullerton Transportation Center and the Elevator Project
- Tustin Rail Station
- Sand Canyon Avenue Grade Separation
- Positive Train Control
- Fiber Optics
- Improvements at Control Point Stadium
- Crossing Improvements at North Beach
- Laguna Niguel Passing Siding Project

In accordance with the agreement between OCTA and City, the City received credit of \$121.3 million for OCTA's use of the Proposition 116 funds. OCTA has used Measure M2 transit funds (Project R/Metrolink) to pay the City since the Proposition 116 funds were used for commuter rail projects. The agreement specifies the terms of the 30-year payback of funds and has allowed for support of the City's iShuttle service since fiscal year (FY) 2010-11. The City initially provided the service via a contract service provider; however, in 2016 OCTA began providing the service.

***Discussion***

The City has requested to use Proposition 116 repayment funds for a Yale-Barranca Fixed-Route Pilot Service (Pilot) that will be provided through a contractor procured by the City. The Pilot, which was developed through the City's Transit Vision study, will be provided for an initial 12-month period and may be extended, at the City's discretion. Service will be daily with 20-minute headways from 6 AM to 8 PM on weekdays and from 9 AM to 10 PM on weekends. The service is planned to start in January 2024.

The City has requested adjustments to the existing OCTA-provided iShuttle services to ensure there is sufficient funding for both the remaining iShuttle service and the Pilot. These adjustments will make funding available to support the pilot and also allow the City to use five of the existing iShuttle vehicles for the Pilot. These vehicles, owned by OCTA, are available for the Pilot following the City's recent cancellation and restructuring of iShuttle routes. With Board approval of an amendment to the agreement, the vehicles will be transferred to the City for use by their contractor to provide the Pilot. An amendment to the agreement is also needed so that the City can be reimbursed for services it pays for and provides through the contractor. The current agreement does not include a process to reimburse the City for the costs of the Pilot.

Finally, the proposed amendment will ensure that the Pilot is following standard requirements for transit operations as well and reporting operating and cost information to both OCTA and the National Transit Database (NTD).

Staff recommends approval of the requested amendment to allow for five vehicles to be transferred appropriately, insured, and maintained properly by the City's contractor. It will also ensure the City's contractor complies with relevant Federal Transit Administration requirements. Additionally, the amendment will allow OCTA to reimburse the City for the Pilot using Proposition 116 repayment funding (typically, Measure M2/Project R). The proposed amendment terms are outlined in Attachment A.

#### Next Steps

With the Board of Directors' (Board) approval, staff will finalize the amendment with the City. OCTA will reimburse the City in early FY 2024-25 for the Pilot provided in FY 2023-24. If the service continues beyond this initial six-month period, OCTA will reimburse the City quarterly.

#### **Summary**

The Board's approval is requested to authorize the Chief Executive Officer or his designee to negotiate and execute Amendment No. 9 to Cooperative Agreement No. C-0-1892 with the City for the use of Proposition 116 repayment funds for a pilot service in the City.

#### **Attachment**

- A. Term Sheet – Amendment No 9 to Cooperative Agreement C-0-1892 with City of Irvine for Proposition 116 Repayment Funds

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