OCTA

October 5, 2026

To: Regional Transportation Planning Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Approval of Cooperative Agreement No. C260556 for Plans, Specifications, and Estimates for the State Route 74 Ortega Highway Gap Closure and Multimodal Improvement Project from Calle Entradero to Reata Road, Funding Actions and Project Update

Overview

The California Department of Transportation is implementing the State Route 74 Ortega Highway Gap Closure and Multimodal Improvement Project. The Orange County Transportation Authority is supporting this project as part of a multi-agency agreement to improve mobility in southern Orange County. A cooperative agreement is necessary to define roles and responsibilities, including project funding for the project.

Recommendations

A. Authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C260556 between the Orange County Transportation Authority and the California Department of Transportation in the amount of $1.5 million for the plans, specifications, and estimates phase of the State Route 74 Ortega Highway Gap Closure and Multimodal Improvement Project.

B. Authorize the use of an additional $3.581 million in State Transportation Improvement Program funds for the right-of-way capital phase for the State Route 74 Ortega Highway Gap Closure and Multimodal Improvement Project.

C. Authorize the use of an additional $1.1 million in State Transportation Improvement Program funds for the construction support phase for the State Route 74 Ortega Highway Gap Closure and Multimodal Improvement Project.

D. Authorize staff to make all necessary amendments to the State Transportation Improvement Program and the Federal Transportation Improvement Program and authorize the Chief Executive Officer to negotiate and execute or amend any necessary agreements to facilitate the recommendations above.

Background

The Orange County Transportation Authority (OCTA), in coordination with the City of San Juan Capistrano and the County of Orange, is supporting the California Department of Transportation (Caltrans) in the implementation of the State Route 74 (SR-74) Ortega Highway Gap Closure and Multimodal Improvement Project (Project). The Project is part of a multi-agency agreement to improve mobility in south Orange County.

The Project will provide a gap closure on SR-74/Ortega Highway between Calle Entradero and Reata Road to eliminate an existing chokepoint. The Project also includes installing a traffic signal at Hunt Club Drive and Via Cordova, providing a 12-foot-wide striped median, providing five- to eight-foot shoulders in each direction to accommodate Class II bicycle lanes, and reconstructing the existing sidewalk. The Project includes seven retaining walls to facilitate these improvements. A map of the project area is included in Attachment A.

OCTA has provided financial support for all phases of the Project through a combination of federal, state, and local funding sources including efforts to secure a $4 million Community Project Funding/Congressionally Directed Spending (CPF/CDS) award, of which $1.5 million was made available for the plans, specifications, and estimates (PS&E) phase and $2.5 million was designated for construction. A summary of funding provided for this project is shown below and further detailed in Attachment B.

Existing Funding (000's)	STIP	STBG / CPF-CDS	M2	Local	SHOPP	Total
PA/ED	$5,513	-	$1,950	$400	$250	$8,113
PS&E	$800	$1,500	$5,250	$1,750	-	$9,300
ROW CAP	$9,979	-	-	-	-	$9,979
ROW SUP	$2,500	-	-	-	-	$2,500
CON CAP	$17,800	$30,000	-	$3,000	-	$50,800
CON SUP	$6,800	$2,500	-	-	-	$9,300
Total	**$43,392**	**$34,000**	**$7,200**	**$5,150**	**$250**	**$89,992**

In June 2026, OCTA and Caltrans entered into Cooperative Agreement No. C250331 for the construction phase. Caltrans has performed all pre-construction work without requiring a funding agreement with OCTA. However, Federal Highway Administration (FHWA) is now requiring Caltrans to properly document and account for the use of the funds.

Discussion

The Project is currently in the construction phase and Caltrans advertised the Project on September 21, 2026. Bids are expected to be opened on November 10, 2026. Contract execution with the selected contractor is anticipated in late January 2027. The improvements are expected to be fully constructed and open to traffic in early 2029.

Although the PS&E phase is complete and the Project has advanced into construction, in order to comply with the FHWA, OCTA and Caltrans must enter into a cooperative agreement for the use of the federal CPF/CDS funds used for the PS&E phase. Consistent with the actual exercised roles and responsibilities during that phase, Caltrans will serve as the project sponsor and implementing agency, while OCTA will serve as a funding partner in the cooperative agreement.

Caltrans has identified additional funding needs for both the ROW and construction phases of the project. The ROW phase is currently funded solely with STIP funds. Caltrans has received $9.979 million in ROW capital funding, of which approximately $7.405 million, or 74.2 percent, has been expended. Caltrans' updated ROW capital estimate at completion is $13.560 million, resulting in an additional funding need of $3.581 million. This need is primarily due to increased costs for utility relocation and private easement acquisitions. Staff is requesting Board approval for $3.581 million in additional STIP funds for ROW. Caltrans expects to request CTC approval of the additional STIP funds in December 2026.

Caltrans has also identified an additional funding need in the construction phase of the Project for construction support. Staff is requesting approval for an additional $1.1 million in STIP funds to address the increase. This need is primarily due to additional intermediate construction stages, traffic handling, and outreach.. Staff will return to the Board in the future with an amendment to the construction cooperative agreement.

The use of additional STIP funds is consistent with OCTA's Capital Programming Policies. The $4.681 million of STIP funding that is detailed above will come from Orange County's future STIP shares. Attachment C, the Capital Funding Program, provides a summary of funding information for OCTA's capital projects. A summary of the proposed funding is shown in the table below and further described in Attachment B.

Proposed Funding (000's)	STIP	STBG / CPF-CDS	M2	Local	SHOPP	Total
PA/ED	$5,513	-	$1,950	$400	$250	$8,113
PS&E	$800	$1,500	$5,250	$1,750	-	$9,300
ROW CAP	$13,560	-	-	-	-	$13,560
ROW SUP	$2,500	-	-	-	-	$2,500
CON CAP	$17,800	$30,000	-	$3,000	-	$50,800
CON SUP	$7,900	$2,500	-	-	-	$10,400
Total	**$48,073**	**$34,000**	**$7,200**	**$5,150**	**$250**	**$94,673**

Summary

Staff is requesting Board approval to authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C260556 with the California Department of Transportation in the amount of $1.5 million for the plans, specifications, and estimates phase and to approve an additional $3.581 million in State Transportation Improvement Program funds for right-of-way capital and $1.1 million in State Transportation Improvement Program funds for construction support for the State Route 74 Ortega Highway Gap Closure and Multimodal Improvement Project.

A request is also made that will allow the Orange County Transportation Authority to program these funds into the Federal Transportation Improvement Program, which is required for all federal funds or funds supporting regionally significant projects, and to provide the Chief Executive Officer with the ability to amend or enter into funding agreements as necessary to implement the funding actions in this item.

Attachments

A. SR-74 Ortega Highway Gap Closure and Multimodal Improvements Map
B. State Route 74 Ortega Highway Gap Closure and Multimodal Improvement Project Description and Recommended Funding
C. Capital Funding Program Report

Prepared by:

Ben Ku
Section Manager,
Formula Funding Programs
(714) 560-5473

Approved by:

Rose Casey
Executive Director, Planning
(714) 560-5729