

Newport Transportation Center Potential Relocation Term Sheet

NEWPORT DRAFT May 19, 2026 with OCTA comments, updated July 1, 2026

Markup in red reflects revisions made by the City of Newport Beach

Markup in blue reflects revisions made by Orange County Transportation Authority

Parties

Orange County Transportation Authority ("OCTA") & City of Newport Beach ("City"), collectively referred to as the "Parties".

Project Context

Both Parties are in mutual agreement to study the ~~potential~~ ~~potential~~ relocation of the Newport Transportation Center ("NTC") to an alternate location ("Project"). The Parties presently anticipate completing the Project on or before December 31, 2031, recognizing that completion of the Project remains subject to environmental review, funding availability, regulatory approvals, identification of a mutually acceptable site, possible property acquisition, and approval by the respective governing bodies of the Parties. ~~with a desired date of no later than February January end of 20312.~~

Both Parties ~~acknowledge gree that the goal of the~~ that the Project is intended to balance multiple public objectives including: ~~to create~~ (1) maintaining or enhancing regional ~~improved~~ transit services consistent with OCTA's operational requirements, while supporting options for OC Bus riders; (2) providing a replacement facility that allows OCTA to maintain ~~substantially comparable~~ transit service levels based on mutually agreed upon operational performance standards, including transit access, operational efficiency, ADA accessibility, passenger circulation, and service continuity; and (3) ~~options for OC Bus riders and~~ supporting the City's current public safety and future planning goals. ~~Nothing in this Term Sheet shall be construed to guarantee a particular service level, and OCTA's future transit service needs, that no degradation of transit service shall occur as a result of the project and also support the City's current and future land use goals.~~

The Term Sheet herein documents the Parties' understanding of the steps required to identify ~~potential~~ ~~potential~~ relocation sites, evaluate site feasibility, advance design and environmental work, and ~~construct a new NTC facility ultimately result in a newly constructed NTC.~~

The Term Sheet outlines the roles and responsibilities between OCTA and the City.

Both Parties ~~acknowledge that they will~~ endeavor to make ongoing and regular progress toward ~~each phase outcome~~ of this Project by the anticipated completion date, ~~subject to the terms set forth herein.~~

Newport Transportation Center Potential Relocation Term Sheet

Neither Party shall unreasonably impede the decision-making process, and the Parties shall ensure appropriate communication throughout the Project and during established progress check-ins.

The parties have entered into a Cooperative Agreement, dated December 15, 2025, to engage a consultant for a joint relocation study, with costs divided equally. The City has identified three (3) relocation site options within its jurisdiction, which are currently being studied. Within 30 days of the execution of this agreement, so as not to cause undue delay, OCTA may identify additional potential relocation site options for study which are located outside of the City's jurisdiction. The Parties agree to consider all site relocation options in good faith. Site evaluation criteria shall be jointly developed and consistently applied by both Parties.

The Parties shall share equally in the cost of preliminary feasibility studies unless otherwise agreed in writing.

Program of Work

The Parties anticipate the Project will proceed in phases, including:

- Feasibility and site analysis;
- Environmental review and preliminary design;
- Final design and property acquisition (if applicable);
- Construction; and
- Operational transition and existing site disposition.

Completion of each Project phase shall include joint review addressing:

- Completion of phase objectives;
- Updated Project schedule;
- Updated Project budget;
- Funding availability;
- Regulatory concerns; and
- Recommended next steps.

The Parties currently anticipate that the Project will consist of:

- Studying Evaluation of the potential relocation of the NTC to a mutually agreed site and presentation of a site relocation analysis and recommendations to the OCTA Board by MarchFebruary 2027November 30, 2026;
- Outreach to transit users and other stakeholders, as deemed appropriate by each Party;

Newport Transportation Center Potential Relocation Term Sheet

- Construction of a replacement transit facility within southwest Orange County, at a mutually acceptable location;
- Transition of transit operations from the existing NTC to replacement facility; and
- The anticipated disposition of the existing NTC site and transition to the City for a municipal use.

The Parties agree to work collaboratively to maintain transit service continuity, minimize disruption, ensure regulatory compliance, identify project cost responsible party(ies), and optimize cost and schedule across all Project components and phases.

Neither Party shall ~~Both Parties will endeavor to make ongoing and regular project progress to meet the completion date and shall not~~ unreasonably impede decision-making.

The Parties agree that there will be periodic progress check-ins to advance the project components ~~through each phase. to completion.~~

Advancement from one project phase to the next shall require mutual written agreement regarding scope, schedule, estimated costs, and funding availability ~~and may require approval by either Party's governing body.~~

Neither Party shall be obligated to proceed with subsequent project phases if environmental review identifies substantial impacts that cannot be feasibly mitigated; if project costs materially exceed agreed estimates; or if required federal, state, or regional approvals cannot reasonably be obtained.

Project Approval / Environmental Documentation

City shall:

- Prepare its own California Environmental Quality Act (CEQA) documentation;
- Conduct the appropriate public outreach consistent with CEQA requirements;
- Conduct and fund necessary documentation (technical studies and appraisal(s)); and
- Process applicable land use applications in good faith and in accordance with applicable law, including CEQA and the Newport Beach Municipal Code.

OCTA shall:

- Prepare its own CEQA and National Environmental Policy Act (NEPA) documentation, ~~as applicable~~;
- Conduct the appropriate public outreach consistent with CEQA and NEPA requirements, ~~as applicable~~;

Newport Transportation Center Potential Relocation Term Sheet

- Provide technical input on transit operations and facility requirements;
- Identify all federal improvements and costs associated with the existing project site;
- Lead coordination with Federal Transit Administration (FTA); and
- Confirm that the technical studies and appraisal documentation adequately address transit operational requirements prior to advancement.

The Parties shall mutually:

- Coordinate methodology and scope;
- Coordinate on approval processes;
- Review and comment on respective CEQA and NEPA documents; and
- Avoid any action or public statement that commits the project to a specific outcome before environmental clearance is complete, including actions that would eliminate feasible alternatives or mitigation measures.

Nothing in this Term Sheet shall be construed as predetermining the outcome of any discretionary land use, CEQA, NEPA, or other regulatory approval process or commitment to a definite course of action prior to completion of CEQA or NEPA.

OCTA shall develop objective operational performance standards to be utilized during environmental review and final facility acceptance for City review and comment.

Project Development / Final Design

City shall:

- Review proposed designs; and
- Review for compliance with applicable local, state, and federal codes and standards.

OCTA shall:

- Lead final design of the proposed transit facility in consultation with City, subject to City approval of major design milestones, budget assumptions, and material scope modifications;
- Define operational and design requirements reasonably necessary for the replacement facility, including the basis for such requirements and related costs and schedule;
- Ensure the facility meets existing and reasonably foreseeable transit operational needs identified during the planning process; and
- Review and provide concurrence on design submissions, within mutually agreed review periods.

Newport Transportation Center Potential Relocation Term Sheet

The Parties shall mutually:

- Reassess project complexities upon completion of final design and update any agreements, as applicable.

City approval shall be required for material design changes affecting project cost, land use compatibility (if applicable), circulation, aesthetics, or other material obligations, when applicable.

Funding

- Subject to future funding agreements approved by the governing bodies of the Parties, City shall fund 100% of Project costs, **to relocate and replace the NTC with a functionally equivalent transit facility (if approved by OCTA's Board of Directors) that is based on mutually agreed upon operational performance standards. Project costs may include: City shall fund 100% of Project costs, including:**
 - Necessary technical documentation including studies and appraisal;
 - Environmental clearance and remediation responsibilities;
 - Design and engineering;
 - Land acquisition;
 - Construction; and
 - Construction management.

~~Each Party shall bear its own internal staffing, attorney, consultant,~~ **Except as expressly provided herein,** OCTA shall have no other funding obligations except as mutually agreed in writing. The Parties may jointly pursue applicable state and federal grant funding opportunities. Any grant funding obtained shall be credited proportionally toward the Parties agreed Project obligations.

A mutually acceptable range of Project costs will be developed after further study, and project funding will be the subject of a separate funding agreement between the Parties. Entry into a funding agreement shall occur prior to the expenditure of funds, and amounts expended prior to entry into an agreement shall not be subject to reimbursement.

Neither Party shall be obligated to proceed with construction unless full project funding has been identified and approved by the governing bodies of both Parties.

Nothing in this Term Sheet shall obligate either Party or its governing body to approve future funding commitments, appropriations, land use approvals, or project approvals

Project Delivery (Construction Phase)

City shall:

Newport Transportation Center Potential Relocation Term Sheet

- Endeavor to expeditiously approve applicable project documentation related to construction activities (if applicable) in accordance with applicable law.

OCTA shall:

- Advertise, award, and manage construction contract(s), subject to City approval of procurement documents, contract award recommendations, and material change orders affecting project cost or schedule, **which approval shall not be unreasonably withheld**;
- Deliver the project within agreed scope, budget, and schedule consistent with mutually approved design and operational requirements;
- Provide oversight related to transit operations; and
- Provide coordination during construction.

The Parties shall:

- Coordinate sequencing to maintain transit service.

The Parties shall jointly establish project governance procedures, including budget oversight, schedule monitoring, change order review, and dispute resolution procedures.

OCTA shall provide regular project status reports, updated cost projections, and prompt notice of material schedule delays or budget impacts.

Implementation and Transition

The replacement facility must be fully constructed, tested, and operational prior to relocation.

The existing NTC site shall remain operational until the replacement facility is accepted by OCTA in writing, which acceptance shall not be unreasonably withheld.

Transition of operations shall be jointly coordinated, and OCTA approval of interim operational changes shall not be unreasonably withheld, conditioned, or delayed.

Conditions for Relocation

All efforts shall be made to complete Project tasks by **February 2032 December 31, 2031**.

Relocation shall not occur unless:

- Environmental clearance is fully complete;
- The replacement facility is fully constructed, tested, and operational;

Newport Transportation Center Potential Relocation

Term Sheet

- OCTA confirms the replacement facility satisfies the mutually agreed operational performance standards established by the Parties;
- All required approvals are obtained, including:
 - OCTA Board and related committees;
 - City Council and related commissions; and
 - FTA concurrence;
- A mutually acceptable project funding plan is approved and necessary funding is secured.

The Parties shall meet and confer if schedule changes or delays arise, and reasonable accommodations shall be developed.

OCTA and City review and acceptance determinations shall occur within mutually agreed review periods.

Regulatory Compliance

The Project shall comply with local, state, and federal regulations and laws, including but not limited to:

- FTA requirements;
- CEQA and NEPA, as applicable, and implementing applicable regulations;
- California Surplus Land Act; and
- Applicable third-party agreements and property restrictions.

Disposition of the existing NTC site and replacement site concurrence shall remain subject to applicable FTA requirements and future agreement between the Parties.

The Parties acknowledge that disposition of the existing NTC site, including ownership interests, permitted uses, financial considerations, federal requirements, and any allocation of disposition proceeds, remains subject to future negotiation and mutual agreement.

Nothing in this Term Sheet shall be construed as creating any present or future property interest, ownership right, development entitlement, or transfer obligation regarding either the existing NTC site or any proposed replacement site.

The Parties shall cooperate in good faith regarding all federal and state regulatory approvals. Responsibility for federally required transit improvements or mitigation measures shall be allocated by mutual written agreement.

Newport Transportation Center Potential Relocation

Term Sheet

Neither Party shall be deemed in default for delays caused by regulatory agencies, litigation, force majeure events, or circumstances outside the reasonable control of the Parties.

Operations

OCTA shall operate the replacement NTC, including:

- Bus operations;
- Facility maintenance;
- Service planning; and
- Passenger information systems.

Additional operational terms may be addressed in a future agreement.

Risk Allocation

The Parties acknowledge that project cost estimates may materially change over time due to market conditions, inflation, regulatory requirements, supply chain conditions, and public construction escalation.

The Parties shall work collaboratively to minimize project cost overruns and schedule delays. Risk allocation shall be negotiated in a future definitive agreement. ~~Neither Party shall bear cost overrun, schedule delay, third-party, regulatory, construction, site condition, hazardous materials, funding, or force majeure risks unless expressly agreed in writing. Responsibility for cost increases or delays shall be allocated based upon the cause of the delay or cost increase, including delays arising from regulatory approvals, scope changes, third-party actions, force majeure events, or operational requirements.~~

OCTA shall be responsible for transit operations and service transition.

The Parties shall coordinate regarding regulatory and third-party risks.

~~Neither Party shall be responsible for delays or cost increases caused by the acts or omissions of the other Party.~~

The Parties shall establish mutually agreed contingency procedures for material project cost escalation.

Liability / Future Agreements

Allocation of liability, indemnity obligations, litigation responsibility, and claims arising from environmental review, construction, property acquisition, site contamination, or project implementation shall be addressed in future definitive agreements.

Newport Transportation Center Potential Relocation Term Sheet

Property acquisition responsibilities, including any potential eminent domain authority, shall be determined in future agreements. Nothing herein shall obligate either party to exercise its eminent domain authority.

Termination Rights

Either Party may suspend or terminate participation in the Project upon written notice if:

- Environmental review identifies substantial unavoidable impacts;
- Project costs materially exceed agreed estimates;
- Required funding cannot be secured;
- Required local, state or federal approvals cannot be obtained;
- The parties cannot reach agreement related to the existing NTC site; or
- The governing body of either Party declines to approve continued participation.

~~Unless otherwise agreed, each Party shall bear its own costs incurred prior to termination.~~

Non-Binding

This Term Sheet is non-binding and intended solely to guide negotiation of future agreements. Neither Party shall be obligated to proceed with any Project phase absent subsequent written agreement approved by the respective governing bodies of the Parties. Nothing herein creates an implied contract, reimbursement rights, or equitable or promissory estoppel.

City's Police Powers

Nothing herein shall limit or impair the City's discretionary land use authority, legislative discretion, budgeting and appropriations authority, or police powers.