

**CITY OF NEWPORT BEACH**

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June 26, 2025

Via Electronic Mail [\[djohnson@octa.net\]](mailto:djohnson@octa.net)

Darrell E. Johnson
Chief Executive Officer
Orange County Transportation Authority
550 South Main Street
Orange, CA 92868

Dear Mr. Johnson,

The City of Newport Beach (City) appreciates the opportunity to work closely with the Orange County Transportation Authority (OCTA) to identify long-term transit needs in the Newport Beach area. Currently, the City is in negotiations for the potential acquisition of the property located at 3848 Campus Drive. To properly evaluate the financial terms under which the City might acquire the property—including, but not limited to, the amount of consideration, as well as the structure and timing of any potential transaction—it is necessary for the City to understand OCTA's potential interest in the site for a new transit center.

During the open session portion of the City Council meeting held on June 10, 2025, the City Council expressed interest in relocating Newport Beach Fire Station No. 3 to 1550 Avocado Avenue. Recognizing the expertise of OCTA in evaluating new sites for the relocation of the transit center, the City Council asked for OCTA's support in facilitating the relocation of Fire Station No. 3 to 1550 Avocado Avenue. To that end, City staff has conducted a preliminary analysis of the property at 3848 Campus Drive, and it is City staff's opinion that this is the best location for a new transit center, allowing for the relocation of the Newport Transportation Center (NTC) to this site.

To inform the City's negotiations about price and payment terms, the City requests OCTA's assistance in evaluating the feasibility of the 3848 Campus Drive site as a transit center and for OCTA to identify the general timing of any studies required to make that determination.

Relocation to 3848 Campus Drive

As noted above, based on City staff's analysis, City staff is of the opinion that the 3848 Campus Drive site is an ideal site for relocating the existing NTC from its current location. Relocation to this site would complement OCTA's transit network goals while aligning with the City's broader land use and housing strategies in the Airport Area, which is slated for significant residential and commercial expansion. Specifically, the 3848 Campus Drive site is located within the City's Airport Area, which is designated for high-density residential and employment growth under the City's Land Use and Housing Elements.

Similarly, it is City staff's opinion that the 3848 Campus Drive site would provide OCTA with additional flexibility because it would be free of deed restrictions, including overnight use restrictions.

Transit Operations Study Funding Commitment

Based on the City Council's June 10, 2025, request, it is our understanding that OCTA has indicated a desire to collaborate with the City and further evaluate the operational feasibility of 3848 Campus Drive. Regarding this evaluation, the City is willing to fully fund 100% of any technical or operational study specific to 3848 Campus Drive.¹ Should OCTA decide to include additional sites in the study for analysis, the City is willing to share the cost of the expanded study and fund 50% of the total cost.

Capital Investment Commitments.

Additionally, we want to emphasize that we fully understand that, if the 3848 Campus Drive site is deemed feasible for the relocation of the NTC, OCTA would expect the City to assume full financial and administrative responsibility for delivering the proposed transit facility. This responsibility would include, but not be limited to:

- The acquisition of the site;
- Completion of all required environmental review and entitlement processing;
- Full design, engineering, permitting, and construction of the new transit center; and
- Procurement and installation of all required transit infrastructure, including bus bays, passenger amenities, operator facilities, bicycle storage, signage, and streetscape improvements.

Also, we understand that the facility would need to be designed to meet or exceed OCTA's standards for operations, safety, and customer experience, while remaining

¹ It is the City's understanding that the cost of the study would be within the City Manager's contracting authority (\$120,000).

consistent with regional mobility goals and Federal Transit Administration (FTA) compliance requirements.

Furthermore, we understand that there would be an expectation that the City would be the lead agency through all phases of project implementation, while coordinating closely with OCTA to ensure operational needs are fully addressed in the final design.

Disposition of Existing NTC Property

As noted above, to properly evaluate the financial terms under which the City might acquire the property, the City needs OCTA to collaborate with the City to determine if the site is viable for OCTA as a future transit center. This determination is critical, as the City cannot establish a purchase price or fully negotiate terms and timing of payments without OCTA's insight into the site's feasibility for a transit center.

If it is determined that 3848 Campus Drive is a suitable location for a new, modernized transit facility—and that it can serve as a viable replacement for the current NTC—City staff would then be able to propose that the City enter real property negotiations with OCTA concerning both properties.

The City also acknowledges that 1550 Avocado Avenue currently may be subject to the Federal Transit Administration (FTA) requirements due to prior federal investment. Should we reach the point of entering real property negotiations, we understand the need to work with OCTA to ensure that any potential disposition of 1550 Avocado Avenue complies fully with all applicable federal and state regulations, including FTA guidelines and the California Surplus Land Act.

Additionally, we understand the importance of maintaining transit continuity, ensuring OCTA drivers and employees are not negatively impacted, and preserving the public benefit currently provided by the Avocado site. As part of any potential agreement, the City recognizes that OCTA will need to:

- Maintain bus service and bus stops on Avocado Avenue and around Newport Center so riders starting or ending their trips in/and around Fashion Island can continue to do so; and
- Coordinate closely with OCTA to minimize any service disruptions during the transition.

Overall, we believe the relocation of the NTC to the 3848 Campus Drive site would be mutually beneficial—enhancing regional mobility, supporting compliance with federal and state transit requirements, and enabling both agencies to further long-range transportation and land use goals.

We look forward to OCTA's thoughtful consideration of this request and we welcome the opportunity to meet and discuss the next steps.

Sincerely,

A handwritten signature in black ink, appearing to read 'Grace K. Leung', with a stylized, flowing script.

Grace K. Leung
City Manager
City of Newport Beach

cc: City of Newport Beach City Council