



August 13, 2026

To: Transit Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: SB 1 (Chapter 5, Statutes of 2017) State of Good Repair Program Funding Recommendations for Fiscal Year 2026-27 and 2027-28

Overview

The State of California SB 1 State of Good Repair Program provides funding for projects to maintain a state of good repair. The proposed projects aim to enhance the Orange County Transportation Authority's transit infrastructure consistent with state program goals. Programming recommendations for fiscal year 2026-27 and 2027-28 funds are presented for Board of Directors' consideration.

Recommendations

- A. Approve Resolution No. 2026-057 to authorize the use of fiscal year 2026-27 SB 1 State of Good Repair Program funding, which is estimated to provide approximately \$7.120 million, for the following proposed projects:
- Hydrogen fueling station at the Garden Grove Bus Base (\$3.651 million)
 - Santa Ana Bus Base Hydrogen Fueling Replacement and Capacity Expansion Project (\$3.469 million)
- B. Authorize the use of fiscal year 2027-28 SB 1 State of Good Repair Program funding for the Santa Ana Bus Base Hydrogen Fueling Replacement and Capacity Expansion Project (\$4.701 million).
- C. Authorize the Chief Executive Officer, or designee, to execute all documents and take all actions necessary to implement the Santa Ana Bus Base Hydrogen Fueling Replacement and Capacity Expansion Project.

- D. Authorize staff to make all necessary amendments to the Federal Transportation Improvement Program and execute any necessary agreements to facilitate the above recommendation.

Background

On April 28, 2017, California Governor Brown signed SB 1, known as the Road Repair and Accountability Act of 2017. One of the programs that was enacted through SB 1 is the State of Good Repair (SGR) Program which is intended to support eligible transit maintenance, rehabilitation, and capital projects. The SGR program is funded through vehicle registration and renewal fees assessed on zero-emission vehicles, which is referred to as the SB 1 Transportation Improvement Fee (TIF). It is estimated that the TIF will provide \$140.678 million statewide in SGR for fiscal year (FY) 2026-27. On average, the Orange County Transportation Authority (OCTA) has received \$6.5 million per year since the program started, and this program does not have an end date.

For FY 2026-27, OCTA's share is estimated to be \$7.120 million. However, the State Controller's Office (SCO) will release a revised estimate for the FY 2026-27 SGR funds in August 2026, after this staff report is published, and actual revenues may differ based on the reconciliation of funds collected through the TIF. Despite the timing of the published revenues, the State requires submittal of a project list on or before September 1, 2026.

The SGR Program's goal is to rehabilitate and modernize existing local transit systems, equipment, and facilities. Eligible projects include transit capital projects, services to maintain or repair the existing transit vehicle fleet, transit facilities that improve existing transit services, and transit services that complement local efforts.

To date, OCTA has received almost \$60 million through nine cycles of SGR funding. Prior year funds have been used for projects such as the heating-ventilation replacement at the Santa Ana Bus Base, hydrogen fueling station at the Garden Grove Bus Base, Transit Security Operations Center, San Juan Creek Bridge, security gates at Anaheim, Garden Grove, and Santa Ana bus bases, multiple replacement buses and various modifications, upgrades, and replacement projects at OCTA facilities.

Discussion

Staff is recommending that the FY 2026-27 SB 1 SGR funding be directed to two transit capital projects.

The first project that is recommended for FY 2026-27 SGR funding of \$3.651 million, which is also consistent with prior Board of Directors' (Board) approval from the 2025-26 SGR authorization, is the hydrogen fueling station at the Garden Grove Bus Base. The project will install a liquid hydrogen fueling station, fuel-cell electric bus de-fueling appurtenances, hydrogen detection in bus maintenance facilities, metered electrical infrastructure, a standby power generator, fuel-cell electric maintenance platform, and related work. The total project cost of the hydrogen fueling station, including construction management and fuel cost, is estimated at \$22.080 million. The Board previously authorized \$13.500 million in Low Carbon Transit Operations Program and Transit and Intercity Rail Capital Program funds for this project. A previous round of SGR funds and interest earned from the SB 125 (Chapter 5, Statutes of 2017) Transit Program accrued interest in FY 2025-26 provided \$4.929 million. This leaves a funding need of \$3.651 million which will be met through the recommended use of the FY 2026-27 SGR funds.

The second project recommended for funding is the Santa Ana Bus Base Hydrogen Fueling Replacement and Capacity Expansion Project. This project will replace the existing hydrogen fueling system at the Santa Ana Bus Base at 4301 W. MacArthur Boulevard in the City of Santa Ana to support the agency's fleet of zero-emission fuel-cell electric buses. This project aims to update system capacity to accommodate 40 additional fuel-cell buses currently on order to add to the existing ten buses in the fleet for a total of 50 fuel-cell buses. The estimated total project cost is \$19.003 million. Staff is requesting Board approval to program the remaining \$3.469 million in FY 2026-27 SGR funds and \$4.701 million in FY 2027-28 SGR funds for this project. The remaining \$10.833 million project funding is anticipated to be provided through discretionary and formula program funds pending future Board action.

Implementation of OCTA's Santa Ana Bus Base Hydrogen Fueling Replacement and Capacity Expansion Project is subject to compliance with the California Environmental Quality Act, as applicable. Any required notices or environmental documentation may be prepared and filed, as appropriate, to facilitate implementation of the project. A more detailed overview of the project is included in Attachment B.

OCTA is required to submit a Board-approved list of proposed projects by September 1, 2026. Staff is seeking limited flexibility in the FY 2026-27 SGR funding recommendation by requesting approval for the required resolution (Attachment A) without including specific amounts in the resolution for each project. However, staff will provide an update to the Board through a future programming item.

The use of SGR funding for the transit capital projects listed in this item is consistent with the California Department of Transportation's (Caltrans) SGR program guidelines, meets the program goals, and is consistent with OCTA's Capital Programming Policies, approved by the Board in December 2021. Project descriptions and additional information for each of the projects listed in this staff report are included in Attachment B. The actions recommended in this report have been added to OCTA's Capital Funding Program provided in Attachment C.

Next Steps

With Board approval, staff will submit the FY 2026-27 project list to Caltrans by September 1, 2026, for the use of \$7.120 million to support the projects. Caltrans will finalize and submit the statewide list of FY 2026-27 projects to the SCO on October 1, 2026. It is anticipated that the SCO FY 2026-27 funds will be released to transit agencies on a quarterly basis, beginning November 2026.

Summary

Staff is recommending that the Board approve the required resolution which authorizes the use of FY 2026-27 SGR funds for the hydrogen fueling station projects at Garden Grove and Santa Ana Bus Bases as well as authorize the Chief Executive Officer, or designee, to execute all documents and take all actions necessary to implement the Santa Ana Bus Base Hydrogen Fueling Replacement and Capacity Expansion Project.

Attachments

- A. Resolution 2026-057 of the Orange County Transportation Authority, SB 1 (Chapter 5, Statutes of 2017) State of Good Repair Program, Fiscal Year 2026-27
- B. SB 1 (Chapter 5, Statutes of 2017) State of Good Repair Program Proposed Project Descriptions
- C. Capital Funding Program Report

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