



May 14, 2026

To: Transit Committee

From: Darrell E. Johnson, Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Darrell Johnson", is written over the "From:" line of the memo.

Subject: Approve Cooperative Agreements with the City of Irvine for Proposition 116 Replacement Funds and OC ACCESS Services

Overview

In 2010, the Orange County Transportation Authority and the City of Irvine entered into a cooperative agreement related to the use of Proposition 116 funds secured by the City of Irvine and used by the Orange County Transportation Authority for rail capital projects. The cooperative agreement provided for a 30-year payback term along with other provisions and has been amended nine times. Several changes have occurred since that time that now warrant the need to replace the original agreement.

Recommendations

- A. Authorize the Chief Executive Officer, or designee, to negotiate and execute Cooperative Agreement No. C250333 for the Proposition 116 payback to replace related provisions in Cooperative Agreement No. C-0-1892.
- B. Authorize the Chief Executive Officer, or designee, to negotiate and execute Cooperative Agreement No. C250332 for the provision of OC ACCESS services to replace related provisions in Cooperative Agreement No. C-0-1892.

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. 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, number 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 required dollar-for-dollar local matching funds as well as any operating funds needed for projects utilizing

the Proposition 116 funds. 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 existing agreement between OCTA and the City, OCTA has paid the City \$27.6 million of the \$121.3 million for OCTA's use of the Proposition 116 funds. OCTA expects to provide another \$3.7 million to the City in advance of executing the recommended agreements herein. The original payback schedule is provided in Attachment A. OCTA has used primarily Measure M2 transit funds (Project R/passenger rail) to pay the City, since Proposition 116 funds were used for commuter rail projects. As a result, the City is required to use the funds for projects that support passenger rail. The agreement specifies the terms of the 30-year payback of funds and has allowed for support of the City's iShuttle service which directly served rail passengers since fiscal year (FY) 2010-11. The existing agreement has a ten percent match requirement. It also outlines the terms for establishing a reserve and who holds the reserve to help fund capital needs.

The City initially provided the iShuttle service via a contracted service provider; however, in 2016, OCTA began providing the service through its contracted fixed-route service provider. In June, 2025, the City cancelled the iShuttle service provided by OCTA and is now directly providing transportation service known as Irvine CONNECT in areas and routes not fully served by OC Bus. The primary difference in the service being provided is that iShuttle service frequency was directly tied to passenger rail services, whereas the Irvine CONNECT service still supports passengers using commuter and intercity rail service but runs on its own frequencies and throughout the day.

Discussion

The City is using Proposition 116 repayment funds from OCTA through Cooperative Agreement No. C-0-1892 for the Irvine CONNECT service. The Irvine CONNECT service was developed through the City's Transit Vision Study and provides free shuttle service for community members traveling between the

northern end of the City to the Irvine Transportation Center/Metrolink Station, with stops at parks, schools, hospitals, and shopping centers. Service is provided daily with 20-minute headways from 6:00 a.m. to 8:00 p.m. on weekdays and from 9:00 a.m. to 10:00 p.m. on weekends, not including certain holidays.

In June 2025, the City cancelled the iShuttle service and requested that all iShuttle vehicles be transferred back to the City, which was completed under the existing agreement. Cooperative Agreement No. C-0-1892 allowed the City to submit invoices and be reimbursed for the Irvine CONNECT service only after OCTA had received credit for providing the previous iShuttle service. The existing agreement, which has been amended nine times, including the most recent amendment which fully integrated the Irvine CONNECT service, has become outdated and complicated, necessitating tremendous redrafting to facilitate the current goals and original payback.

The existing agreement includes a fixed-payback schedule; however, with the provision of transit services originating with the City then shifting to OCTA and now returning to the City, it is out of date. In addition, the existing agreement was amended to include a process to reimburse OCTA for the provision of OC ACCESS paratransit services and includes requirements as to who would carry the prior year balance for unused payback funds in order to create a reserve for future vehicle and equipment needs. The current agreement also has a ten percent match requirement, which requires OCTA staff to review costs before providing the payback funds to the City.

Staff recommends entering into a new simplified agreement to continue repayment to the City based on the existing payback schedule, release the reserve balance (estimated to be \$11.4 million) over a three-year period, and remove the ten percent match requirement. Consistent with the existing agreement, the revised terms would also clarify that the payback funds are to be used for transit services with a nexus to passenger rail, or for another project or program with a clear nexus to passenger rail, as the commuter rail program originally benefited from Proposition 116 funds. This would be confirmed through the three-year expenditure plan and an annual report of expenditures.

It is also recommended to enter into a new and separate agreement that would provide reimbursements to OCTA for required paratransit services provided through OC ACCESS. The requirement for this paratransit service is generated by the transit services funded by Proposition 116 funds. This need would exist with or without OCTA's payback of Proposition 116 funds. The inclusion of the terms related to OC ACCESS in a standalone agreement provides clearer and more streamlined administration and payment for this service.

The proposed amendment terms are outlined in Attachment B.

Next Steps

With approval from the OCTA Board of Directors (Board), staff will finalize two agreements with the City: one to continue the Proposition 116 payback in accordance with the existing schedule, and another to outline the terms under which the City may receive, as needed, Americans with Disabilities Act (ADA) paratransit services through OC ACCESS, including the reimbursement process to OCTA for those services.

Summary

Board approval is requested to authorize the Chief Executive Officer, or his designee, to negotiate and execute two cooperative agreements to replace Cooperative Agreement No. C-0-1892 with the City for the repayment of Proposition 116 funds and for OCTA to provide OC ACCESS services to the City in order to meet the requirement for ADA complementary service.

Attachments

- A. Cooperative Agreement No. C-0-1892 Exhibit A: Proposed Funding Schedule for Irvine Proposition 116 Fund Exchange Agreement
- B. Term Sheet – Two New Cooperative Agreements to Replace Cooperative Agreement No. C-0-1892 with the City of Irvine for Proposition 116 Repayment Funds

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