




October 6, 2025

To: Regional Transportation Planning Committee
From: Darrell E. Johnson, Chief Executive Officer 
Subject: 2026 State Transportation Improvement Program

Overview

Every two years, the Orange County Transportation Authority develops a program of projects for funding through the State Transportation Improvement Program based on Board of Directors' approved policies and state guidelines. Project recommendations for the 2026 program are presented for Board of Directors' consideration and approval.

Recommendations

- A. Approve the 2026 State Transportation Improvement Program submittal of eight projects for \$151.742 million, from fiscal year 2026-27 through fiscal year 2030-31.
- B. Authorize staff to make all necessary amendments to the State Transportation Improvement Program and the Federal Transportation Improvement Program and execute any necessary agreements to facilitate the recommendations above.

Background

The State Transportation Improvement Program (STIP) provides formulaic state-administered funding for transportation improvements throughout California. The STIP spans a rolling five-year period. Every two years, state and federal transportation revenues are forecasted and programmed for the new five-year period. The 2026 STIP covers the five-year period from fiscal year (FY) 2026-27 to FY 2030-31.

A fund estimate (FE) is developed for each STIP cycle to determine funding shares for each county in California. For the 2026 STIP, Orange County's new capacity is \$24.718 million. On September 8, 2025, the Orange County Transportation Authority (OCTA) Board of Directors (Board) received the 2026 STIP overview that provided background information on the STIP and updates to the guidelines and included the latest STIP funding share for Orange County.

The revenue that supports the STIP is primarily derived from an excise tax on gasoline. According to estimates developed by the California Department of Transportation (Caltrans), revenues are declining due to the growing number of fuel efficient, hybrid, and electric vehicles, which have reduced fuel tax collections.

OCTA is responsible for developing the priorities for the STIP funding for Orange County, which must be submitted to the California Transportation Commission (CTC) in late 2025 for approval and adoption in early 2026. Consistent with the Board adoption of the Capital Programming Policies on December 13, 2021, OCTA dedicates STIP funds for eligible transit capital, freeway, traffic system management, complete streets, commuter rail, fixed-guideway projects, as well as planning/programming and complementary activities, which seek an equitable balance among all modes and are consistent with state goals.

Discussion

The overall strategy for programming the 2026 STIP is to maintain support for existing projects and develop a multimodal package of projects. For the 2026 STIP, several projects were considered, including freeway, managed lane, active transportation, and transit capital improvements. The recommended capital projects meet the requirements for STIP funding and serve as a balanced and multimodal approach to meet the transportation needs of Orange County. The 2026 package retains commitments from prior cycles to advance freeway improvements, improve goods movement, expand the bicycle and pedestrian facilities network, and provide for efficient rail transit operations. A map of the 2026 STIP projects is provided as Attachment A.

The OCTA 2026 STIP proposal totals \$151.742 million, exceeding the funding target of \$130.720 million over the five-year period by \$21.022 million. Per the STIP FE and guidelines, the CTC may approve and program STIP funding above the targets. If approved, the \$21.022 million will be advanced from the 2028 STIP cycle, reducing new funding capacity from the future 2028 FE, but will allow Orange County to put the STIP funds toward projects earlier. A significant portion of this funding (\$106.002 million) is already committed through the Board-approved and CTC-adopted 2024 STIP to existing projects.

OCTA staff is recommending the projects and funding amounts for the 2026 STIP as presented in the table and discussed in further detail below. Additional information is included in Attachment B, which provides a brief description of each project and more details of the proposed funding changes.

STIP Projects (\$000)	2024 STIP	Proposed Increase	2026 STIP
Carry-Over and Augmented Projects			
SR-74 Ortega Highway Gap Closure and Multimodal Improvements (CON)	\$24,600		\$24,600
OC Loop -- Segment A (La Habra) (ROW & CON)	\$38,233	\$4,156	\$42,389
SR-57 Truck Climbing Lane Phase II – Lambert Road to County Line (PS&E & ROW)	\$18,000	\$5,000	\$23,000
OC Maintenance Facility (Phase 1) (CON)	\$20,000	-	\$20,000
Planning, Programming, and Monitoring	\$5,169	\$1,824	\$6,993
Proposed New Projects			
PCH Coastal Rail Bridge (CON)	\$0	\$15,000	\$15,000
I-5 Improvement from County Line to Avenida Pico (ROW)	\$0	\$13,611	\$13,611
OC Loop - Segment B (Brea) (CON)	\$0	\$6,149	\$6,149
Total	\$106,002	\$45,740	\$151,742

CON – Construction
HOV – High-Occupancy Vehicle
I-5 – Interstate 5
PCH – Pacific Coast Highway

PS&E – Plans, Specifications, and Estimates
ROW – Right-of-Way
SR-57 – State Route 57
SR-74 – State Route 74

The SR-74 Ortega Highway Gap Closure and Multimodal Improvements is an existing STIP project. The project will add travel and bicycle lanes in both directions, a new north-side sidewalk, and will reconstruct the south-side sidewalk. This project is a multimodal gap closure that will alleviate a chokepoint in the arterial system in southern Orange County and improve interregional connectivity. This is one of several key projects that have been identified that will relieve congestion in south Orange County. With this funding and based on current estimates, the project is fully funded, and construction is expected to start before the end of 2026.

The OC Loop is a 66-mile regional active transportation corridor integrating Class I off-street trails and Class II/III on-street bicycle facilities to create a continuous, multi-jurisdictional network. The OC Loop Segment A, the La Habra Rails to Trails OC Loop Gap Closure Project, is an existing project in the STIP. The project will close a 3.1-mile gap in the OC Loop by constructing a Class I bikeway multi-use path along an existing rail line from the western La Habra city limit to Palm Street. Based on estimates provided by the City of La Habra and reviewed by OCTA, it was determined that the ROW phase requires additional funding. Staff is seeking approval of \$4.156 million in STIP funds for the ROW phase in FY 2026-27. The STIP funding in construction is consistent with current estimates and is recommended to remain at the current funding level.

The SR-57 Truck Climbing Lane Phase II is a carryover project proposed to receive additional STIP funds for the ROW phase. The project will construct a truck climbing lane on the SR-57 from the Lambert Road interchange to just north of the Orange County/Los Angeles County Line. The project is part of Measure M2 (M2) Project G, included in the M2 Next 10 Delivery Plan, and will complement the SR-57 Lambert Road Interchange Project which recently completed construction. Based on the estimate provided in the latest funding needs summary, staff is seeking approval for \$5.000 million in STIP for the ROW phase in FY 2029-30. Adjustments may be required as estimates are refined in the environmental and design phases. Staff will return to the Board with funding recommendations for the construction phase and any updates to the ROW phase at a later date.

The Orange County Maintenance Facility (OCMF) is a carryover transit project. The project is part of the Metrolink Southern California Optimized Rail Expansion program. The project allows for layover and light servicing of locomotives and rail cars in Orange County to reduce system operating costs. The OCMF will provide space and equipment to inspect, clean, and maintain locomotives and rail cars. Staff is not proposing any changes to the \$20 million in STIP funds for the construction phase but will request that the CTC delay the funding from FY 2027-28 to FY 2029-30 to align with an updated schedule.

The PCH Coastal Rail Bridge Project is a new project in the STIP and will be constructed in coordination with the Southern California Regional Rail Authority. OCTA is currently seeking funds for pre-construction phases and estimates the project may be ready for construction by FY 2030-31. This project will replace an existing 100-year rail bridge spanning PCH between the San Juan Capistrano and San Clemente rail stations. Contingent on final design, the new structure is planned to be a single-track steel plate girder bridge with an 85-foot-long span. The project will maintain a state of good repair, improve safety, and avoid rail line closures. Staff is seeking approval for \$15 million in STIP funds to partially fund the construction phase in FY 2030-31. Staff are also pursuing external grants to support the remaining funding need for construction.

The Interstate 5 (I-5) Improvement from County Line to Avenida Pico Project is a new freeway project in the STIP. Primarily federal funds are planned to be used for the environmental and design phases. STIP funds are proposed for the ROW phase of the project. The project will construct new HOV lanes to connect to the existing HOV lanes at Avenida Pico. The project would widen or replace several bridges, implement ramp improvements, where feasible, and construct auxiliary lanes. The project also includes Transportation Systems Management/Transportation Demand Management features. Staff is recommending \$13.611 million for the ROW phase in FY 2029-30. This is an extension of and complementary to Project C, which extended the HOV lanes between San Juan Creek Road and Avenida Pico and was completed in 2018.

OC Loop Segment B, the Western Extension to the Tracks at Brea, is a new project proposed in the STIP. In coordination with the City of Brea, the project will close a 1.3-mile gap in the OC Loop bikeway from the Brea Canyon Flood Channel to Palm Street, along the Union Pacific Railroad Corridor, creating a 4.7-mile continuous bike facility. This gap closure will improve access, mobility, and safety for bicyclists and pedestrians in the City of Brea and neighboring communities. It also brings the regional OC Loop project one step closer to completion. Staff is recommending \$6.149 million in STIP funds in FY 2029-30 for the construction phase.

Attachment C provides a table that depicts the projects proposed for the 2026 STIP and is part of the submittal that will be provided to the CTC. Attachment D provides the updated Capital Funding Plan, which is a summary of the funding information for all OCTA's capital projects.

Per STIP guidelines, CTC staff may request changes due to revised funding capacity or timing constraints related to state and federal funding. As such, adjustments to the recommended program may be necessary, and staff will continue to work with the CTC, Caltrans, and other appropriate agencies to ensure the projects continue to move toward the 2026 STIP adoption by spring 2026. Staff will keep the Board apprised if material changes are necessary.

As part of the STIP process described in the 2026 STIP overview, the STIP is divided into two major funding categories, the Regional Transportation Improvement Program described in this staff report and the Interregional Transportation Improvement Program (ITIP). Caltrans is responsible for submitting requests for funding for the ITIP and primarily submits projects that are significant for interregional transportation with a focus on highways and intercity rail. Caltrans and OCTA staff have met to discuss their submittal for District 12, and their plan is to submit the I-5 Managed Lanes Project from Red Hill Avenue to the Los Angeles County Line. Caltrans District 12 submitted the same project in the 2024 STIP. OCTA is required to identify the highest priority for our region for the ITIP from the Caltrans list of projects. The I-5 corridor continues to be a critical transportation link in Orange County and is the only project being put forth by Caltrans for ITIP funding at this time, and therefore the high priority ITIP project for Orange County.

Next Steps

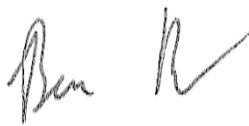
With Board approval, staff will finalize and submit the 2026 STIP to the Southern California Association of Governments for quantification of regional benefits, and to the CTC by December 15, 2025. The CTC will hold public hearings on the proposed 2026 STIP on January 28, 2026, in Northern California and on February 5, 2026, in Southern California. The CTC is expected to adopt the program at the March 19-20, 2026, CTC meeting. A 2026 STIP development schedule is included as Attachment E.

Summary

OCTA is responsible for the development and programming of the STIP for Orange County. Staff is recommending that OCTA submit eight projects for \$151.742 million in STIP funds for FY 2026-27 through FY 2030-31. The use of STIP funds for these projects supplements the local M2 Program and will provide a range of benefits to Orange County.

Attachments

- A. OCTA 2026 State Transportation Improvement Program, Proposed Projects
- B. 2026 State Transportation Improvement Program, Project Descriptions
- C. Draft Funding Plan for Proposed 2026 STIP
- D. Capital Funding Program Report
- E. 2026 State Transportation Improvement Program Development Schedule

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