

Newport Transportation Center Potential Relocation Term Sheet

OCTA Revised DRAFT May 22, 2026

Parties

The Orange County Transportation Authority (OCTA) and the City of Newport Beach (City), collectively referred to as the “Parties”.

Project Context

Both Parties are in mutual agreement to study the potential relocation of the Newport Transportation Center (NTC) to an alternate location subject to environmental review, funding availability, identification of a mutually acceptable site, and approval by the respective governing bodies of the Parties, with a target completion date of no later than February 2032.

Both Parties agree that the goal of the project is to create improved transit service options for OC Bus riders and that the replacement facility shall maintain comparable transit service levels based on OCTA’s operational performance standards, including transit access, operational efficiency, Americans with Disabilities Act accessibility, passenger circulation, and service continuity, while supporting the City’s current and future land use goals and OCTA’s future transit service needs.

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

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

Both Parties endeavor to make ongoing and regular progress toward the outcome of this project.

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 City may reject or defer consideration of any proposed site based on land use, environmental, operational, fiscal, community, legal, or policy considerations, and OCTA may reject or defer consideration of any proposed site based on transit service requirements, provided that the Parties will discuss such concerns 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.

Newport Transportation Center Potential Relocation Term Sheet

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;
- Construction; and
- Operational transition and existing site disposition.

The project consists of:

- Studying the potential relocation of the NTC to a mutually agreed site, by March 2027 (this includes the addition of up to five sites beyond the four included in the current study effort);
- Outreach to transit users;
- 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
- Disposition of the existing NTC site and transition to the City for 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.

Both Parties will endeavor to make ongoing and regular project progress and shall not unreasonably impede decision-making.

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

Advancement from one project phase to the next shall require mutual written agreement regarding scope, schedule, estimated costs, and funding availability.

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; if required federal, state, or regional approvals cannot reasonably be obtained; if a mutually acceptable relocation site cannot be identified; if the proposed site is determined to be incompatible with applicable land use, circulation, operational, environmental, or community compatibility considerations; if either Party reasonably determines that the proposed location would materially interfere with existing or planned land use objectives, operational requirements, or municipal uses; or if the Parties are unable to reach agreement regarding the disposition,

Newport Transportation Center Potential Relocation Term Sheet

timing of transfer, operational transition, regulatory constraints, or future municipal use of the existing NTC site.

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); 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;
- Conduct the appropriate public outreach consistent with CEQA and NEPA requirements as applicable;
- 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.

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

Newport Transportation Center Potential Relocation Term Sheet

Project Development / Final Design

City shall:

- Review proposed designs; and
- Ensure 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 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.

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, circulation, aesthetics, or other material obligations, when applicable.

Funding

City shall fund 100 percent of project costs to relocate and replace the Newport Transportation Center with a comparable facility, 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 and administrative costs unless otherwise agreed in writing.

Newport Transportation Center Potential Relocation Term Sheet

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.

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:

- Endeavor to expeditiously approve applicable project documentation related to construction activities 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;
- 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.

Newport Transportation Center Potential Relocation Term Sheet

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.

Relocation shall not occur until:

- Environmental clearance is fully complete;
- The replacement facility is fully constructed, tested, and operational;
- OCTA confirms the replacement facility satisfies the mutually agreed operational performance standards established by the Parties;
- All required approvals are obtained, including:
 - OCTA Board of Directors and related committees;
 - City Council and related commissions;
 - FTA concurrence; and
- 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.

If either Party reasonably determines that relocation is no longer feasible due to environmental, operational, legal, or financial constraints, the Parties shall meet and confer regarding suspension, modification, or termination of the project.

Selection of the replacement site shall require mutual agreement of the Parties.

Newport Transportation Center Potential Relocation Term Sheet

Regulatory Compliance

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

- FTA requirements;
- CEQA and 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.

If FTA conditions or federal requirements materially alter project feasibility, scope, timing, or economics, the Parties shall meet and confer regarding modification or termination of the project.

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.

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.

Newport Transportation Center Potential Relocation Term Sheet

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.

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.

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;
- A mutually acceptable relocation site cannot be identified;
- The parties cannot reach agreement related to the existing NTC site; or
- The governing body of either Party declines to approve continued participation.

Newport Transportation Center Potential Relocation Term Sheet

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.

City's Police Powers

Nothing herein shall limit or impair the City's discretionary land use authority, police powers, or governmental authority.