



July 27, 2026

To: Members of the Board of Directors

From: Darrell E. Johnson, Chief Executive Officer

Subject: Execute Term Sheet with the City of Newport Beach for the Potential Relocation of the Newport Transportation Center

Overview

The Orange County Transportation Authority and the City of Newport Beach are conducting a joint feasibility study evaluating potential relocation of the Newport Transportation Center. The study was initiated in early February and is anticipated to be completed in November. To support continued coordination, the Orange County Transportation Authority and the City of Newport Beach have developed a proposed non-binding term sheet establishing a framework for future project development if a feasible relocation alternative is mutually identified.

Recommendation

Authorize the Chief Executive Officer to execute a non-binding term sheet between the Orange County Transportation Authority and the City of Newport Beach establishing a framework for continued coordination on the potential relocation of the Newport Transportation Center.

Background

The Newport Transportation Center (NTC), located at 1550 Avocado Avenue in the City of Newport Beach (City), serves as a key hub for the Orange County Transportation Authority's (OCTA) OC Bus service, providing regional access to destinations across Orange County and connections to employment, educational, recreational, and commercial centers. The NTC opened for bus service in 1991 through an agreement with the Irvine Company and currently serves four OC Bus routes: 1, 55, 57, and 79. The site also functions as a park-and-ride facility and has long served as an anchor for transit access in central coastal Orange County.

In June 2025, the Newport Beach City Council directed City staff to explore relocating Fire Station No. 3 to the current NTC site. The City subsequently requested that OCTA partner in a feasibility study to evaluate the potential relocation of the NTC. In October 2025, the OCTA Board of Directors (Board) authorized the Chief Executive Officer (CEO) to enter into a cooperative agreement with the City to perform the NTC Relocation Feasibility Study (Study) to evaluate the potential feasibility of relocating the site. The cooperative agreement was finalized on December 15, 2025, and a consultant contract with HDR Engineering, Inc. was executed on January 28, 2026. Staff provided a status update on the Study to the Transit Committee on April 9, 2026, and June 11, 2026, and to the Board on June 22, 2026.

Discussion

As the Study has progressed, OCTA and City staff have continued to coordinate on the technical, operational, regulatory, financial, and implementation issues that would need to be addressed before any potential relocation of the NTC could proceed. The Study continues to advance and is currently in the evaluation phase with a planned completion of November 2026.

To support continued coordination, OCTA and the City have developed a proposed non-binding term sheet. The term sheet is intended to document the parties' understanding of the steps required to evaluate potential relocation sites, define major project phases, responsibilities, and decision points, advance environmental review and design work, identify funding responsibilities, preserve transit service continuity, coordinate regulatory approvals, and address future property disposition considerations.

OCTA staff provided a draft term sheet to the City on May 5, 2026 (Attachment A). City staff provided initial edits on May 14, 2026 (Attachment B). OCTA and City staff met on May 20, 2026, to discuss the term sheet and associated edits. Based on this discussion, OCTA provided the City with a revised draft of the term sheet on May 21, 2026 (Attachment C).

At the June 11, 2026, Transit Committee meeting and June 22, 2026, Board meeting, staff presented an overview of the proposed term sheet and its key terms. The Board directed staff to enter into a term sheet agreement with the City within 30 days to relocate the NTC, with the understanding that the City will be responsible for the relocation costs for a functionally equivalent transit center. The Board also directed staff to take all reasonable actions necessary to advance toward the goal of relocation with a target completion date of 2031, with the key inclusion of being subject to environmental regulations, OCTA Board, and City Council approvals.

Following the June 22, 2026, Board meeting, OCTA staff followed up with City staff on June 23, 2026, requesting any additional edits to the term sheet. On June 25, 2026, the City provided revisions to the term sheet and on July 2, 2026, OCTA provided a revised draft of the term sheet (Attachment D). On July 10, 2026, the City provided a revised draft of the term sheet with minor formatting revisions. A final proposed version of the term sheet is included in Attachment E.

The proposed term sheet identifies the shared goal of creating improved transit service options for OC Bus riders while ensuring that any potential replacement facility maintains comparable transit service levels. OCTA's established operational performance standards include considerations related to transit access, operational efficiency, Americans with Disabilities Act accessibility, passenger circulation, and service continuity.

Consistent with OCTA's prior discussions with the City, the term sheet is intended to preserve an objective and transparent evaluation process. Site evaluation criteria would be jointly developed and consistently applied, and the environmental review process would not be predetermined. OCTA would also continue to ensure that transit riders and the public have an opportunity to be informed and provide input as the Study advances.

In summary, the key terms include the following and are further described below:

- Mutually acceptable relocation site required
- Site evaluation criteria jointly developed and consistently applied
- City to fund 100 percent of project costs for functionally equivalent replacement transit center unless otherwise agreed
- Advancement between phases requires future agreement on scope, schedule, costs, and funding
- Either party may decline to proceed if key issues cannot be resolved
- If the project proceeds through all phases, transition to new site could occur in 2031

The term sheet outlines anticipated project phases, including feasibility and site analysis, environmental review and preliminary design, final design and property acquisition, construction, operational transition, and disposition of the existing NTC site. Advancement from one phase to the next would require future agreement regarding scope, schedule, estimated costs, funding availability, and applicable approvals. An illustrative schedule of the potential relocation of NTC is included in Attachment F.

The term sheet further recognizes that any potential relocation or disposition of the existing NTC site would need to comply with applicable local, state, and federal requirements, including Federal Transit Administration requirements, California Environmental Quality Act, National Environmental Policy Act, California Surplus Land Act, and applicable third-party agreements and property restrictions. Future agreements would be brought back to the Board for consideration, as appropriate.

As shared with the Board in June, the term sheet does not approve a relocation site, commit OCTA to relocate the NTC, authorize disposition of the existing NTC site, commit OCTA funds, or approve construction of a replacement facility. Any future relocation would remain subject to environmental review, funding availability, identification of a mutually acceptable site, applicable state and federal regulatory approvals, and approval by the respective governing bodies of OCTA and the City. The term sheet commits the City to fund 100 percent of project costs for a functionally equivalent replacement transit center unless otherwise agreed. OCTA would be responsible for incremental costs for OCTA-requested betterments beyond the mutually agreed replacement transit facility requirements, subject to future written agreement and Board approval.

Execution of the proposed non-binding term sheet will allow OCTA to continue coordinating with the City while ensuring the Study fully considers near-term feasibility, long-term transit needs, rider impacts, regulatory requirements, and future implementation considerations.

Summary

Staff recommends the Board authorize the CEO, or his designee, to execute a non-binding term sheet between the OCTA and the City establishing a framework for continued coordination on the potential relocation of the NTC.

Attachments

- A. Newport Transportation Center Potential Relocation Term Sheet, OCTA Draft, May 4, 2026
- B. Newport Transportation Center Potential Relocation Term Sheet, Newport Draft, May 14, 2026
- C. Newport Transportation Center Potential Relocation Term Sheet, OCTA Revised Draft, May 22, 2026
- D. Newport Transportation Center Potential Relocation Term Sheet, Newport Draft May 19, 2026 with OCTA Comments, Updated July 1, 2026
- E. Newport Transportation Center Potential Relocation Term Sheet, Proposed Draft for Authorization, July 10, 2026
- F. Illustrative Timeline for Potential Relocation of Newport Transportation Center

Prepared by:



Katie Persons
Department Manager,
Transit Planning
(714) 560-5683

Approved by:



Rose Casey
Executive Director, Planning
(714) 560-5729