



August 14, 2025

To: Transit Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: SB 1 (Chapter 5, Statutes of 2017) State of Good Repair Program and SB 125 (Chapter 54, Statutes of 2023) Transit Program Funding Recommendations for Fiscal Year 2025-26 and 2026-27

Overview

The SB 1 State of Good Repair Program and the SB 125 Transit Program provide funding for transit system state of good repair and capital improvement projects. Programming recommendations for fiscal year 2025-26 and 2026-27 funds are presented for Board of Directors' consideration.

Recommendations

- A. Approve Resolution No. 2025-069 to authorize the use of fiscal year 2025-26 SB 1 State of Good Repair Program funding, which is estimated to provide approximately \$7.542 million, for the following proposed projects:
- Heating-ventilation replacement at the Santa Ana Bus Base (\$1.747 million)
 - Battery-electric chargers at the Santa Ana Bus Base (\$1.290 million)
 - Hydrogen fueling station at the Garden Grove Bus Base (\$4.505 million)
- B. Authorize the use of the following funds for a hydrogen fueling station at the Garden Grove Bus Base:
- Fiscal year 2026-27 SB 1 State of Good Repair (\$3.651 million)
 - SB 125 Transit Program accrued interest (\$0.424 million)
- C. 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 \$137.953 million statewide in SGR for fiscal year (FY) 2025-26.

On average, the Orange County Transportation Authority (OCTA) has received \$6.5 million per year since the program started. For FY 2025-26, OCTA's share is estimated to be \$7.542 million. To date, OCTA has received almost \$52 million through eight cycles of SGR funding. Prior year funds have been used for projects such as the Transit Security Operations Center, San Juan Creek Bridge, Security Gates at Anaheim, Garden Grove, and Santa Ana facilities, multiple replacement buses, and various modifications, upgrades, and replacement projects at OCTA locations.

The California Department of Transportation (Caltrans) revises the SGR guidelines on an annual basis, with the most recent version approved in July 2024. Transit agencies are required to submit projects for Caltrans' confirmation of eligibility by September 1, 2025. FY 2025-26 funds will be allocated quarterly by the State Controller's Office (SCO) beginning in November 2025.

The SB 125 Transit Program is a formula funding program administered by the California State Transportation Agency. As the regional transportation planning agency for Orange County, OCTA is a direct recipient of these funds. The SB 125 Transit Program consists of two components: the Transit and Intercity Rail Capital Program formula funds, distributed pursuant to a population-based formula to support transit operations and capital needs and the Zero-Emission Transit Capital Program funds, distributed based on a formula that combines population and revenues to fund zero-emission transit equipment and operations. OCTA anticipates receiving up to \$380.916 million over a five-year period. The OCTA Board of Directors (Board) approved the use of SB 125 Transit Program funds on August 8, 2024. These funds are received once approved rather than on a reimbursement basis, and interest earnings can be programmed for eligible projects.

Discussion

On August 14, 2024, the Board approved programming \$2.846 million in FY 2024-25 SGR funds and \$4.154 million in FY 2025-26 SGR funds to fully fund the heating, ventilation and air conditioning (HVAC), exhaust fan and vacuum units replacement at the Santa Ana Bus Base. Subsequent to that action, the contract for this project was awarded at a significantly lower cost than the original estimate, resulting in \$2.407 million in FY 2025-26 SGR being available for programming to a new project.

On August 14, 2023, the Board approved the use of \$1.500 million in prior year SGR funding for battery-electric (BE) chargers at the Santa Ana Bus Base. The project includes installation of ten BE chargers and the required electrical equipment. These BE chargers will provide essential infrastructure to help test technologies and assist in OCTA's eventual transition to a zero-emission bus fleet. The lowest responsive bid received is \$2.790 million, \$1.290 million above the programmed amount. Staff recommends programming an additional \$1.290 million in FY 2025-26 SGR funds to fully fund the project.

Lastly, staff is recommending that the remaining FY 2025-26 SGR funding of \$4.505 million, \$3.651 million in future FY 2026-27 SGR funding, and \$0.424 million in SB 125 accrued interest be used for the hydrogen (H₂) fueling station project at the Garden Grove Bus Base. The H₂ fueling station project will install a liquid H₂ fueling station, fuel-cell electric bus de-fueling appurtenances, H₂ detection in bus maintenance facilities, metered electrical infrastructure, a standby power generator, a fuel-cell electric maintenance platform, and related work. The total project cost, including construction management, 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. This leaves an outstanding funding need of \$8.580 million which is recommended to be provided through the use of the FY 2025-26 and FY 2026-27 SGR funds and the accrued interest earned from the SB 125 Transit Program.

The following table provides a summary of the above recommendations for FY 2025-26 SGR funding:

SB 1 (Chapter 5, Statutes of 2017) State of Good Repair Program and SB 125 (Chapter 54, Statutes of 2023) Transit Program Funding Recommendations for Fiscal Year 2025-26 and 2026-27

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SGR Projects (\$000)	Prior 25/26 SGR	Difference	Proposed 25/26 SGR
Project Cost Savings			
Heating-ventilation replacement at the Santa Ana Bus Base	\$4,154	-\$2,407	\$1,747
Proposed New Projects			
BE chargers at the Santa Ana Bus Base	-	\$1,290	\$1,290
H ₂ Fueling Station at the Garden Grove Bus Base	-	\$4,505	\$4,505
Total	\$4,154	\$3,388	\$7,542

OCTA is required to submit a Board-approved list of proposed projects to the State by September 1, 2025. A resolution for the proposed projects is also required and included as Attachment A.

The use of SGR funding and the SB 125 accrued interest for the transit capital projects listed in this item is consistent with 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 2025-26 project list to Caltrans by September 1, 2025, for the use of \$7.542 million. Caltrans will finalize and submit the statewide list of FY 2025-26 projects to the SCO on October 1, 2025. It is anticipated that the SCO FY 2025-26 funds will begin being released to transit agencies on a quarterly basis, beginning in November 2025.

Summary

Staff recommends that the OCTA Board approve the required resolution for the list of proposed projects and approve the use of FY 2025-26 SGR funds for the HVAC replacement, battery-electric chargers, and hydrogen fueling station projects.

Attachments

- A. Resolution 2025-069 of the Orange County Transportation Authority, SB 1 (Chapter 5, Statutes of 2017) State of Good Repair Program, Fiscal Year 2025-26
- B. SB 1 (Chapter 5, Statutes of 2017) State of Good Repair Program Proposed Project Descriptions
- C. Capital Funding Program Report

Prepared by:



Mina Kim
Senior Transportation Funding Analyst,
Formula Funding Programs
(714) 560-5705

Approved by:



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