



**May 4, 2026**

**To:** Regional Transportation Planning Committee

**From:** Darrell E. Johnson, Chief Executive Officer

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

**Subject:** Cooperative Agreement No. C250331 with the California Department of Transportation to fund the Construction of the State Route 74 Ortega Highway Gap Closure and Multimodal Improvement Project

**Overview**

The Orange County Transportation Authority and the California Department of Transportation are working together to implement the State Route 74 Ortega Highway Gap Closure and Multimodal Improvement Project. This item proposes to enter into Cooperative Agreement No. C250331 with the California Department of Transportation to authorize use of state and federal funds for the construction phase of the State Route 74 Ortega Highway Gap Closure and Multimodal Improvement Project.

**Recommendation**

Authorize the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C250331 between the Orange County Transportation Authority and the California Department of Transportation to authorize the use of \$30 million in federal Surface Transportation Block Grant Program funds, \$24.6 million in State Transportation Improvement Program funds, and \$2.5 million in Community Project Funding/Congressionally Directed Spending funds, for the construction of the State Route 74 Ortega Highway Gap Closure and Multimodal Improvement Project.

**Discussion**

The Orange County Transportation Authority (OCTA) and the California Department of Transportation (Caltrans) are working collaboratively to implement the State Route 74 Ortega Highway Gap Closure and Multimodal Improvement Project (Project). The project is part of a three-agency agreement between OCTA, the County of Orange, and the City of San Clemente to improve mobility in south Orange County.

The Project will widen Ortega Highway from two to four lanes for a 1.1-mile section between Calle Entradero and Reata Road. The Project also includes installing a traffic signal at Hunt Club Drive and Via Cordova, providing a 12-foot-wide striped median, a five- to eight-foot shoulder on each side to accommodate a Class II bicycle lane, and reconstructing the existing sidewalk. The Project also requires four retaining walls and two soundwalls. Caltrans, as the lead agency for the Project, is currently working toward achieving the required right-of-way certification and plans to advertise for construction by the end of calendar year 2026. The total Project cost is \$91.5 million including construction capital and support costs of \$60.1 million and could be open to traffic by spring 2029.

The Board of Directors (Board) has authorized the use of \$30 million in federal Surface Transportation Block Grant (STBG) Program funds and \$24.6 million in State Transportation Improvement Program (STIP) funds for the construction of the Project. OCTA has also requested Community Project Funding/ Congressionally Directed Spending funds through Representative Mike Levin's (D-CA) office which resulted in a \$4 million award of funds of which \$1.5 million was used in preconstruction and \$2.5 million has been designated for use during construction. Finally, the County of Orange has committed \$3 million to the construction phase which is being provided to Caltrans through a separate agreement. These sources combined provide the \$60.1 million needed for the construction phase of the Project. In order for Caltrans to access the federal funds that OCTA previously authorized, the Federal Highway Administration requires that Caltrans enter into an agreement with OCTA as the sponsoring agency.

The Cooperative Agreement No. C250331, as proposed, authorizes Caltrans to draw state and federal funds directly. Because this is not a Measure M2 freeway project, and Local Streets and Roads funds through the Comprehensive Transportation Funding Program can only be awarded through a competitive process, OCTA will request that any additional funding that may be needed in the future be provided through the STIP. If this is not possible, OCTA will work with the Southern California Association of Governments to use STBG Program funds.

#### Fiscal Impact

The project funding will not flow through OCTA's budget so there is no direct fiscal impact to OCTA's Fiscal Year (FY) Proposed 2026-27 Budget and subsequent FY budgets.

**Cooperative Agreement No. C250331 with the California Department of Transportation to fund the Construction of the State Route 74 Ortega Highway Gap Closure and Multimodal Improvement Project from Calle Entradero to Reata Road**

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***Summary***

Staff requests Board approval for the Chief Executive Officer to negotiate and execute Cooperative Agreement No. C250331 with Caltrans, in the amount of \$57.1 million, for the Project.

***Attachment***

None.

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