CITY OF NEWPORT BEACH
100 Civic Center Drive
Newport Beach, California 92660
949 644-3004 | 949 644-3039 FAX
newportbeachca.gov

October 3, 2025

The Honorable Sam Graves
Chair
House Committee on Transportation and Infrastructure
2165 Rayburn House Office Building
Washington, DC 20515

The Honorable Shelley Moore Capito
Chair
Senate Committee on Environment and Public Works
410 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Rick Larsen
Ranking Member
House Committee on Transportation and Infrastructure
2164 Rayburn House Office Building
Washington, DC 20515

The Honorable Sheldon Whitehouse
Ranking Member
Senate Committee on Environment and Public Works
410 Dirksen Senate Office Building
Washington, DC 20510

Re: Consideration of Surface Transportation Block Grant/Congestion Mitigation and Air Quality Suballocation Reform in Surface Transportation Reauthorization

Dear Chair Graves, Chair Capito, Ranking Member Larsen, and Ranking Member Whitehouse:

On behalf of the City of Newport Beach, I urge your consideration of restoring Surface Transportation Block Grant (STBG) and Congestion Mitigation and Air Quality (CMAQ) suballocation authority as part of the upcoming surface transportation reauthorization legislation.

For more than three decades, suballocation allowed local agencies to plan and deliver projects quickly, predictably, and with direct accountability to their residents. In 2021, however, a federal corrective action shifted project selection to the metropolitan planning organization (MPO) level. This change has created significant challenges. Approvals that once took two to three months now often take nine months or more. Local agencies can no longer adjust projects easily to respond to real-world needs. A portion of funds that should be invested directly in projects is instead diverted to MPO administrative processes. Cities are also required to take on additional administrative work in the application process without any certainty that their projects will be selected. In addition, county transportation commissions such as the Orange County Transportation Authority (OCTA), which once had the ability to provide cities with a more efficient and responsive process, are now limited in how they can help ensure that funding reaches local projects.

The challenges are particularly acute in the Southern California Association of Governments (SCAG) region, which is the largest and most complex metropolitan planning area in the nation. SCAG spans six counties, nearly 200 cities, and over 19 million residents. A one-size-fits-all regional process cannot adequately address such diverse local needs, which is why the long-standing practice of county-level suballocation worked so effectively in this unique setting. A fact sheet outlining the background and current issues is included in an attachment.

We propose restoring the previous framework by requiring further suballocation in very large metropolitan planning areas where state law already defines a formula. Proposed legislative language is included in the attachment. This approach would allow funds to be distributed fairly and predictably to county transportation agencies on the basis of population. MPOs would continue to oversee the regional Transportation Improvement Program, ensuring accountability. At the same time, local agencies would regain the flexibility to plan and deliver projects in a timely manner, which would allow every federal dollar to be used efficiently for the benefit of the communities we serve.

This approach is supported by county transportation commissions across the SCAG region, including the Riverside County Transportation Commission, the San Bernardino County Transportation Authority, and OCTA. Together, these agencies have decades of experience in delivering federal funds effectively at the local level and ensuring accountability to their cities.

We respectfully urge you to consider including this reform in the surface transportation reauthorization to help ensure that federal transportation funding is used efficiently and reaches the local level where it can make the greatest impact.

Thank you for your leadership and your commitment to ensuring federal transportation policy supports timely, effective project delivery.

Sincerely,

Joe Stapleton
Mayor

cc: Darrell E. Johnson, Chief Executive Officer, OCTA
Orange County Congressional Delegation
Newport Beach City Council

Enclosure

STBG/CMAQ Suballocation Comparison: Before and After 2021

Process	**Previous Process (Before 2021)**	**Current Process (After 2021 Federal Corrective Action)**	**Impact on Local Agencies**
Federal Funding	Congress appropriated funds for STBG and CMAQ.	Congress still provides STBG and CMAQ funding.	No change at the federal funding level.
State Administration	Caltrans administers and suballocates the regional share of the funds.	Caltrans continues to administer the funds.	No change in the state's role.
Regional Fund Distribution ("Split")	Per California Streets and Highways Code §182.6, regional STBG and CMAQ funds were suballocated to county transportation agencies (like OCTA) based on population. This practice was in place for over 30 years.	Although the state statute remains on the books, SCAG no longer follows the county-level suballocation. Project selection authority is centralized at the regional level.	Local agencies lost the ability to directly manage and prioritize their fair share of funds, limiting responsiveness to local needs and reducing accountability in project delivery.
Estimates	OCTA received multi-year estimates of its regional share, which enabled long-range planning, coordination, and timely delivery. Outlooks were generally 4 years with periodic updates to accommodate adjustments.	Funding estimates are now limited to a 2-year period and may shift at SCAG's discretion. This change was not required by the federal corrective action but reflects internal administrative decisions.	Shorter and less predictable estimates hinder planning, complicate programming, and reduce the ability of local agencies to deliver complex, multi-year projects efficiently.
Project Selection Authority	OCTA, as the County Transportation Commission (CTC), had full authority to select which local projects received funding, based on OCTA's Board-approved policies and long-range plans.	Project selection is now fully controlled by SCAG through a regional process. OCTA and cities must apply for funding and wait for approval.	OCTA no longer decides which Orange County projects receive federal funding. Local priorities may not align with regional scoring criteria.

STBG/CMAQ Suballocation Comparison: Before and After 2021

Process	Previous Process (Before 2021)	Current Process (After 2021 Federal Corrective Action)	Impact on Local Agencies
Selection Process Timeline	OCTA selected projects, obtained OCTA Board approval (as an internal policy), and programmed them in the Federal Transportation Improvement Program (FTIP). Adjustments were easy and typically processed within 2–3 months.	Cities and local agencies must fill out applications. The 2025 cycle opened March 31 and closes May 16. OCTA must review and rank projects by August 1. SCAG then reviews projects until December 2025, when the Regional Council votes on final selections. Project development is expected to span approximately 8.5 months.	The new process takes about nine months. There is no guarantee a project will be approved, even after all the effort. This makes it hard to plan with certainty. For example, the City of San Clemente is seeking funding to support Olympic-related efforts. In the past, we had the flexibility to redirect STBG or CMAQ funds to eligible projects like this. Now, however, the city must navigate the full, often lengthy, application process—without any guarantee of approval.
Flexibility to Adjust Projects	OCTA could easily shift funds between projects or move funding across fiscal years through a simple FTIP amendment. This allowed for fast response to savings or delays.	Once a project is selected by SCAG, its funding is locked in, meaning that cost increases are not allowed unless there is savings from other projects. It is also unclear how changes will be processed.	OCTA can no longer adjust plans to respond to real-world issues. This can result in funding going unused or delayed delivery.

STBG/CMAQ Suballocation Comparison: Before and After 2021

Process	Previous Process (Before 2021)	Current Process (After 2021 Federal Corrective Action)	Impact on Local Agencies
Ability to Deliver Quickly and Reap Benefits	OCTA focused funding on projects it could deliver quickly to take advantage of the federal "August redistribution" — when unused funds are reallocated to agencies ready to use them. This maximized the State's ability to secure federal transportation funds from other regions of the country that could not meet these deadlines.	Any unused funds are returned to SCAG and rolled into future funding cycles, rather than being redirected to ready-to-go projects. This means neither OCTA nor local agencies benefit directly from the potential of accelerated project delivery.	There is no incentive to deliver faster. If local cities struggle to deliver, the entire region can lose out on redistributed funds.
Program Design and Administration	OCTA used its own long-standing policies and plans to determine how to prioritize and program funding. No additional process was needed.	SCAG now develops regional guidelines, which took more than six months to finalize. This involved workshops, agency notifications, a new website, and support for dozens of inquiries.	This added a major administrative burden. Cities are less familiar with federal processes, and OCTA had to take on a new support role to help them.
Alignment of Priorities	OCTA funded projects based on Orange County priorities — including pavement rehabilitation, complete streets, and other multimodal improvements.	SCAG uses a regional scoring system that prioritizes climate resilience, clean transportation, and goods movement. Pavement rehabilitation and complete streets are scored lower.	Local needs, like fixing aging roads, may score 5–10 points lower than regional goals, even if they are critical in Orange County. OCTA had to push for a compromise "Tier 2.5" to reduce the disadvantage.
Risk to Regional Air Quality Compliance	OCTA ensured delivery of "Transportation Control Measure" (TCM) projects — federally required to maintain clean air standards. OCTA could shift funds if a project was delayed.	Small cities now manage their own projects, but many are unfamiliar with federal rules. If they cannot deliver TCM projects on time, the region could fall out of compliance.	Risk of non-compliance could lead to serious federal consequences for the entire region, including lost funding or project delays. OCTA has less ability to step in and help.

Proposed Language for Reauthorization

Amend 23 U.S.C. § 134(j) by adding the following new paragraph:

(5) Suballocation in large metropolitan areas.
In metropolitan planning areas with a total population exceeding 10,000,000, as determined by the most recent decennial census, the metropolitan planning organization shall further suballocate funds provided under sections 133 and 149 to county transportation agencies if the following requirements are met:

(A) the state which the metropolitan planning organization is located has enacted a statute detailing a suballocation process

> (i) The suballocation process for funding under section 133 shall be based on population
>
> (ii) the suballocation process for funding under section 149 shall be based on existing state statute that accounts for population and attainment status.

(B) the metropolitan planning organization retains responsibility for the final approval of the transportation improvement program under paragraph (1) of this subsection.