



July 7, 2025

To: Regional Transportation Planning Committee

From: Darrell E. Johnson, Chief Executive Officer

Subject: Federal Fiscal Year 2026-2027 and 2027-2028 Surface Transportation Block Grant/Congestion Mitigation and Air Quality Program Project Prioritization Recommendations

Overview

On March 10, 2025, the Orange County Transportation Authority Board of Directors approved the federal fiscal year 2026-2027 and 2027-2028 Surface Transportation Block Grant/Congestion Mitigation and Air Quality Improvement Program project prioritization guidance and directed staff to return to the Board of Directors with a recommended priority for each project application. Recommendations are presented for Board of Directors' approval.

Recommendations

- A. Approve the federal fiscal year 2026-2027 and 2027-2028 Surface Transportation Block Grant/Congestion Mitigation and Air Quality Improvement Program project prioritization recommendations.
- B. Authorize staff to process all necessary amendments to the Federal Transportation Improvement Program to facilitate the above actions.
- C. Authorize the Chief Executive Officer or his designee to provide concurrence on future project scope changes, extension requests, and substitutions in order to preserve funding for Orange County projects.

Background

Surface Transportation Block Grant (STBG) and Congestion Mitigation and Air Quality Improvement (CMAQ) Program funding is made available through the Infrastructure Investment and Jobs Act or Bipartisan Infrastructure Law signed into law on November 15, 2021. The Southern California Association of Governments (SCAG) selects projects within its region to be funded with STBG and CMAQ. Project selection through the STBG/CMAQ Program includes a

two-step process that involves the Orange County Transportation Authority (OCTA) prioritizing projects from Orange County, followed by SCAG scoring and ranking projects based on SCAG Regional Council approved criteria. As part of the selection process, OCTA is asked to evaluate each project submitted for consideration and assign the project as highly recommended, recommended, not recommended, or contingency list. SCAG prioritization of projects is based on a combination of project and agency eligibility, OCTA evaluation, clear demonstration of community/stakeholder engagement, and project deliverability and readiness.

On March 10, 2025, the Board of Directors (Board) approved the prioritization guidance for the FFY 2026-2027 and 2027-2028 STBG/CMAQ call for projects (call). Prioritization guidance includes scoring criteria for local agency submittals. OCTA, the Los Angeles - San Diego – San Luis Obispo Rail Corridor Agency and the Southern California Regional Rail Authority (Metrolink) project recommendations are based on OCTA priorities and project timing. Applications were due to OCTA on May 16, 2025, and staff has prioritized projects consistent with the Board-approved criteria. Ultimately, SCAG will select projects for funding. However, OCTA's prioritization makes up approximately 50 percent of each project's score and can significantly influence which projects SCAG selects for funding.

Discussion

A total of 66 project applications were submitted from 27 Orange County agencies including (one project from Metrolink and seven projects from OCTA), requesting a total of \$420.661 million. The majority of the local agency projects were street rehabilitation or complete streets projects. Staff evaluated and prioritized the local agency projects, consistent with the Board-approved guidance and criteria, as highly recommended, recommended, contingency, and not recommended. Upon approval, these recommendations will be submitted to SCAG to be considered in SCAG's final selection process. SCAG assigns projects up to 50 points based on OCTA's project prioritization. SCAG will evaluate each project using its own criteria and assign up to 60 additional points.

While SCAG does not commit to any specific funding level for each County Transportation Commission, OCTA has a funding target of approximately \$200 million from this call. To ensure that the highest priority projects are delivered, staff is recommending a highly recommended funding threshold of approximately \$245 million. This ensures that the highest priority projects are given the best opportunity to compete in the SCAG project selection process. Also, it should be noted that project prioritization recommendations include at

minimum, one project from each applicant that is designated either highly recommended or recommended. Projects which are recommended may still compete well enough to be funded through SCAG's project selection process, but they may also be put on SCAG's recommended but not funded list which would allow them to utilize funding made available through future project cancellations and savings.

Local Agency Project Recommendations

Project prioritization (Attachment A) is based on the Board-approved prioritization criteria (Attachment B). Staff recommends that 21 local agency projects, requesting \$102.822 million, be designated as highly recommended. These projects will support a combination of local street rehabilitation and complete streets improvements. Highly recommended projects are distinguished by exceptional alignment with the OCTA prioritization criteria. Additionally, three highly recommended projects are "grandfathered" projects. These three projects were previously approved by the Board for STBG and CMAQ funding through the Orange County Complete Streets Program but were not "selected" by SCAG for funding. This designation limits the projects from seeking additional funding or requesting delays beyond fiscal year 2025-26. If these projects are formally selected by SCAG through this call, those limitations would no longer apply.

Staff has identified 26 projects totaling \$119.377 million as recommended. The recommended projects are generally aligned with the OCTA prioritization criteria and would also fund several local street rehabilitation and complete streets improvements. In some cases, the recommended match may be limited to the minimum required, the project justification is not tied to the OCTA program prioritization, or the project sponsor may not have demonstrated proficient delivery of federal funded projects over the past five years, particularly compared to those projects which are highly recommended.

The remaining 11 eligible projects have met the minimum OCTA prioritization criteria but are either not strong candidate projects or were placed in contingency due to the high volume of submissions from certain agencies, and to preserve geographic balance across the program. Regarding scoring, the applications for these lower scoring projects did not provide sufficient evidence of community support, project readiness, or sponsoring agency ability to deliver the project. Staff proposes they be placed on the contingency list. OCTA is not submitting any projects as not recommended.

Additionally, there are five projects located in the cities of Placentia, Santa Ana, and Tustin that, if awarded funding, may require modifications to OCTA's Master

Plan of Arterial Highways (MPAH). The MPAH includes the plan for the complete build out of Orange County arterials, where each arterial has a specific classification such as a major or primary arterial which specifies the minimum number of travel lanes. Any proposed changes to the MPAH will require the city to submit a formal letter requesting an amendment.

Upon receipt, the request will be incorporated into the next available MPAH update and submitted for review and approval by the Board. These projects are identified in Attachment A.

OCTA and Metrolink Project Recommendations

As noted in the Board-approved prioritization guidance, OCTA and Metrolink are eligible applicants and directly submitted the following eight projects:

Project Name	Project Designation	Total Funding Request
Alternate Fuel Replacement Buses (18)	Highly recommended	\$ 30,000,000
Metrolink Rehabilitation (two years)	Highly recommended	\$ 30,000,000
OC Connect	Highly recommended	\$ 25,000,000
Interstate 5 Improvements from San Diego County Line to Avenida Pico	Highly recommended	\$ 40,000,000
First Street Complete Streets and Transit Signal Priority	Highly recommended	\$ 12,000,000
Metrolink Pacific Coast Highway Bridge Replacement (PA&ED and PS&E)	Highly recommended	\$ 5,544,000
OC Streetcar Operations	Recommended	\$ 22,000,000
State Route 74 Ortega Highway Gap Closure and Multimodal Improvements	Recommended	\$ 5,000,000
Total		\$ 169,544,000

PA&ED – Project Approval and Environmental Document
PS&E – Plans, Specifications, and Estimates

OCTA's submittal and recommendations are based on OCTA's priorities as well as project timing. Staff sought to propose and highly recommend a multimodal program of projects keeping in mind the County target.

- Alternative fuel replacement buses are needed to help OCTA achieve compliance with the California Air Resources Board Innovative Clean

Transit Regulation and meet the zero-emission deployment and transition goals.

- Metrolink rehabilitation is needed to support OCTA's share of Metrolink rehabilitation costs, and this will build on OCTA's investment in Metrolink service and ensure the rail system remains in a state of good repair.
- OC Connect would provide almost four miles of Class 1 bicycle and pedestrian facilities as well as provide several features that would improve safety for pedestrians and bicyclists.
- The Interstate 5 Improvements from the San Diego County Line to Avenida Pico would help provide interconnectivity between Orange and San Diego Counties as well as help to reduce congestion and delay along the corridor by adding a managed lane in each direction, among other improvements.
- Lastly, the First Street Complete Streets and Transit Signal Priority Project will provide active transportation as well as transit improvements along First Street in the City of Santa Ana.

These projects all align with OCTA's 2025 Board and Chief Executive Officer (CEO) Initiatives to deliver a balanced, sustainable, and equitable transportation system as well as ensuring organizational resiliency through fiscal and environmental responsibility by seeking external funding.

For the two remaining projects which are recommended, the OC Streetcar and the State Route 74 Ortega Highway Gap Closure and Multimodal Improvements Project, it is likely that SCAG may ultimately select both projects but would not have funding remaining to support them. In that case, the projects would be eligible to receive funding made available through future project cancellations or savings. The OC Streetcar Project aligns well with SCAG's criteria and may score highly through the SCAG regional selection. It is also well positioned to participate in the next call cycle. The State Route 74 Ortega Highway Gap Closure and Multimodal Improvements Project funding need is still being determined and could be considered for funding through other state funding programs. More detailed project descriptions for OCTA's projects are included in Attachment C.

Ultimately, for projects to receive federal funding, they must be included in the Federal Transportation Improvement Program (FTIP); therefore, Board direction to add or amend awarded projects in the FTIP is requested. To ensure that any projects needing an amendment or immediate action can move forward, staff recommends that the CEO be granted the ability to amend projects as necessary to avoid any loss of funds.

The project prioritization recommendations are provided in Attachment A. If these projects are ultimately approved by SCAG, then approximately 24 miles of local streets will be rehabilitated, over eight miles of bicycle and pedestrian facilities will be created or improved, 18 replacement buses will be purchased, two years of rehabilitation will be funded for Metrolink, and other projects will be able to move forward. Attachment B includes Board-approved program prioritization guidance as reference.

Next Steps

Project prioritization submission is due August 1, 2025, to SCAG. With Board approval, OCTA staff will provide the project prioritization designations to SCAG for consideration of STBG/CMAQ funds. The SCAG Regional Council is expected to consider project selection in the November/December 2025 timeframe. Once the projects have been formally selected by SCAG, staff will notify the Board about award recipients and create a public website with project information.

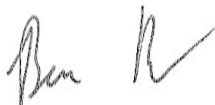
Summary

Through the STBG/CMAQ call, OCTA staff is seeking Board approval of the project prioritization recommendations for submittal to SCAG as part of the project selection process.

Attachments

- A. Federal Fiscal Year 2026-2027 and 2027-2028 STBG/CMAQ Program Project Prioritization Recommendations
- B. Federal Fiscal Year 2026-2027 and Federal Fiscal Year 2027-2028 Surface Transportation Block Grant/Congestion Mitigation and Air Quality Improvement Program Prioritization Guidance – Orange County Transportation Authority Ranking Criteria
- C. The Southern California Association of Governments Federal Fiscal Year 2026/2027-2027/2028 Surface Transportation Block Grant and Congestion Mitigation and Air Quality Improvement Program Call for Projects Nominations – Orange County Transportation Authority Project Descriptions

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