



File #:2023-0269

DATE: December 5, 2023

SUBJECT:

ADOPT A RESOLUTION COMMITTING TO FULLY FUND THE MARINA WAY REALIGNMENT AND FIRST POINT OF REST RECONFIGURATION IN NATIONAL CITY, IF NEEDED, AS A CONDITION OF ALLOCATING FUNDING FROM THE CALIFORNIA PORT AND FREIGHT INFRASTRUCTURE PROGRAM, ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS)

EXECUTIVE SUMMARY:

This agenda item would confirm the Board's commitment to fully fund the realignment of Marina Way project and reconfiguration of the First Point of Rest project at the National City Marine Terminal beyond the \$8.8M in California Port and Freight Infrastructure Program (PFIP) funds, administered by CALTRANS. CALTRANS is requiring this Board commitment. The remaining project cost, at least \$14.2M, can come from other grants or District funds in future fiscal years.

District staff has outstanding grant applications totaling an additional \$14.2M in capital funding requested in two grant programs: the US Department of Transportation's Reconnecting Communities Program, and CALTRANS' Reconnecting Communities Highway-to-Boulevard (H2B). Together, if the District is successful, these outstanding grant applications would likely fully fund the remaining costs of the reconfiguration of the First Point of Rest to expand Pepper Park, and the realignment of Marina Way.

To remain on schedule with CALTRANS' funding allocation process for the PFIP program and secure the PFIP grant funds for the Marina Way realignment and the First Point of Rest reconfiguration, CALTRANS staff has requested that the District pass a resolution agreeing to fully fund the First Point of Rest Reconfiguration and Marina Way Realignment project elements in the event that outstanding grant applications are unsuccessful. This resolution confirms the District's commitment to these two project elements, including consideration of budgeting future grant or District funds for these project elements in future budgets. Requested funding can be budgeted over multiple fiscal years to align with the final project schedules.

This resolution is a requirement to accept PFIP grant funding.

RECOMMENDATION:

Adopt a Resolution committing to fully fund the Marina Way realignment and First Point of Rest reconfiguration in National City, if needed, as a condition of allocating funding from the California Port

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and Freight Infrastructure Program), administered by the California Department of Transportation.

FISCAL IMPACT:

This agenda item will not result in any fiscal impact during FY24.

This agenda item would confirm the Board's commitment to fund remaining project costs beyond the \$8M California Port and Freight Infrastructure Program (PFIP) grant funds, administered by CALTRANS, in future fiscal year budgets to implement the realignment of Marina Way project and reconfiguration of the First Point of Rest project at the National City Marine Terminal, at least \$14.2M, which can come from other grants or District funds. . District staff has two outstanding grant applications that, if successful, would fund a portion of the \$14.2M needed, and will continue to aggressively pursue additional funding sources to advance these projects.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goal(s).

- A Port that the public understands and trusts.
- A thriving and modern maritime seaport.
- A vibrant waterfront destination where residents and visitors converge.
- A Port with a comprehensive vision for Port land and water uses integrated to regional plans.
- A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

The 2022-2023 California state budget included \$1.2B in one-time port and freight infrastructure (PFIP) funding to ease supply chain congestion and increase goods movement capacity in the state.

Staff submitted a request for \$35.5M in capital construction funds for the National City Balanced Freight Project at NCMT. The funds requested in this application will be used for the construction and implementation of:

- The rehabilitation of berths 24-3 and 24-4
- The realignment of Marina Way
- The construction of a rail connector track and storage track
- The reconfiguration of the historic first point of rest adjacent to Pepper Park, and
- Lighting upgrades in Warehouse 24-A

In July, District staff was notified that the above grant application was successful. Since that time, staff has worked with CALTRANS, the agency tasked with administering the program, to confirm the project's budget and implementation milestones ahead of formalizing the award acceptance with the Board of Port Commissioners in 2024.

In addition, District staff has outstanding grant applications totaling an additional \$14.2M in capital funding from the US Department of Transportation’s Reconnecting Communities Program, and CALTRANS’ Reconnecting Communities Highway-to-Boulevard (H2B) programs. If the applications are successful, together, these programs would likely fully fund the reconfiguration of the First Point of Rest to expand Pepper Park, and the realignment of Marina Way. The confirmed award and outstanding applications are broken out as follows:

Reconnecting Communities Funding Programs				
Project Element	Funding Source			
	California Port and Freight Infrastructure Program (funded)	US DOT Reconnecting Communities Program (outstanding application)	CALTRANS Reconnecting Communities H2B (outstanding application)	Port of San Diego (funded) match
Pepper Park Expansion and Reconfiguration	\$ 2,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00	
Marina Way Realignment	\$ 6,800,000.00	\$ 3,000,000.00	\$ 1,200,000.00	
Mobility Connection (FRANC)				\$ 400,000.00
Small Business Infrastructure				\$ 1,000,000.00
	\$ 8,800,000.00	\$ 8,000,000.00	\$ 6,200,000.00	\$ 1,400,000.00

The current PFIP grant schedule requires that the Marina Way realignment and First Point of Rest Reconfiguration project elements begin the construction bid process in mid-2026. To remain on schedule with CALTRANS’ funding allocation process for the PFIP program and secure the PFIP grant funds for Marina Way and the First Point of Rest, CALTRANS staff has requested that the Port adopt a resolution agreeing to fully fund the First Point of Rest Reconfiguration and Marina Way Realignment project elements if outstanding grant applications are unsuccessful. This resolution confirms the Port’s commitment to these two project elements, including consideration of budgeting future grant or District funds for these project elements in future budgets. Funding may be budgeted over multiple fiscal years based on final project schedules. This resolution is a requirement to proceed with finalizing the PFIP grant agreement and accepting grant funds at a future Board meeting.

District staff will continue to aggressively seek grant funding from multiple sources to fund as much of the estimated remaining \$14.2M necessary to complete the Marina Way realignment and reconfiguration of the First Point of Rest to expand Pepper Park as possible.

General Counsel’s Comments:

The Office of the General Counsel has reviewed and approved this agenda and proposed resolution, as presented, as to form and legality.

Environmental Review:

The reconfiguration of the first point of rest and realignment of Marina Way were adequately analyzed in the Final Environmental Impact Report (FEIR) for the National City Bayfront Projects & Plan Amendments (UPD# EIR-2018-232; SCH #2018121054, Clerk Document No. 74430) prepared and certified by the District on November 16, 2022 (Resolution No. 2022-137). The proposed Board action to commit to funding up to \$14.2M in future fiscal year budgets to implement the

reconfiguration of the first point of rest and realignment of Marina Way is not a separate project for CEQA purposes but is a subsequent discretionary approval related to a previously approved project. (CEQA Guidelines § 15378(c); *Van de Kamps Coalition v. Board of Trustees of Los Angeles Comm. College Dist.* (2012) 206 Cal.App.4th 1036.) Additionally, pursuant to CEQA Guidelines Sections 15162 and 15163, and based on the review of the entire record, including without limitation, the FEIR, the District finds and recommends that the proposed Board action to commit to funding up to \$14.2M in future fiscal year budgets to implement the reconfiguration of the first point of rest and realignment of Marina Way does not require further environmental review as: 1) no substantial changes are proposed to the project and no substantial changes have occurred that require major revisions to the FEIR due to the involvement of new significant environmental effects or an increase in severity of previously identified significant effects; and 2) no new information of substantial importance has come to light that (a) shows the project will have one or more significant effects not discussed in the FEIR, (b) identifies significant impacts more severe than those analyzed in the FEIR, (c) shows that mitigation measures or alternatives are now feasible that were identified as infeasible and those mitigation measures or alternatives would reduce significant impacts, or (d) shows mitigation measures or alternatives which are considerably different from those analyzed in the FEIR would substantially reduce one or more significant effects on the environment. Because none of these factors have been triggered, pursuant to CEQA Guidelines §15162(b), the District has determined no further analysis or environmental documentation is necessary. Accordingly, the proposed Board action to commit to funding up to \$14.2M in future fiscal year budgets to implement the reconfiguration of the first point of rest and realignment of Marina Way is merely a step in the furtherance of the original project for which environmental review was performed and no supplemental or subsequent CEQA has been triggered, and no further environmental review is required.

The proposed Board action complies with Sections 21 and 35, which allow the Board to authorize resolutions; and to do all acts necessary and convenient for the exercise of its powers. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine. Consequently, the proposed Board action is consistent with the Public Trust Doctrine.

The proposed Board action does not allow for “development,” as defined in Section 30106 of the California Coastal Act, or “new development,” pursuant to Section 1.a. of the District’s Coastal Development Permit (CDP) Regulations because it will not result in, without limitation, a physical change, change in use or increase the intensity of uses. Therefore, issuance of a CDP or exclusion is not required. However, development within the District requires processing under the District’s CDP Regulations. However, development within the District requires processing under the District’s CDP Regulations. Implementation of the reconfiguration of the first point of rest and realignment of Marina Way would remain subject to their own independent review pursuant to the District’s CDP Regulations, Port Master Plan (PMP), and the relevant chapter(s) of the Coastal Act. The exercise of the District’s discretion under the District’s CDP Regulations is in no way limited by the proposed Board action to commit to funding up to \$14.2M in future fiscal year budgets to implement the reconfiguration of the first point of rest and realignment of Marina Way.

Diversity, Equity, and Inclusion Program:

This agenda sheet has no direct DEI impact on District workforce or contract reporting at this time.

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PREPARED BY:

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