

FILE NUMBER: 2025-166

DATE: Tuesday, July 15, 2025

SUBJECT: Resolution Accepting \$5,550,000 from the America's Marine Highway (AMH) Grant Program and Allocating Match

DESCRIPTION: 1) Resolution (A) Finding the Board Action Exempt Under the California Environmental Quality Act (CEQA), Including without Limitation CEQA Guidelines Sections 15301 and 15302; and (B) Accepting \$5,550,000 from the America's Marine Highway Grant Program Administered by the US Department of Transportation (USDOT) Maritime Administration (MARAD) and Allocating \$9,700,000 in Match from the Economic Recovery Program (ERP) for a Total of \$15,250,000 for the West Coast M-5 Coastal Connector Project; and 2) Ordinance Amending the District's FY 2026 Budget Increasing the Major Maintenance Capital Projects Appropriation by \$15,250,000 for the Structural Repairs at National City Marine Terminal (NCMT) Berth 24-11 Project.

EXECUTIVE SUMMARY:

In January 2021, the District, in partnership with the California Department of Transportation (CalTrans), the Oregon Shipping Group, and the Port of Bellingham (Bellingham), submitted a route designation request to US Department of Transportation (USDOT) Maritime Administration (MARAD) for the West Coast M-5 Coastal Connector (M-5). In the summer of 2021, MARAD notified the District and Bellingham of the approval of the M-5. This approval was necessary for the District, and project partners, to become eligible for grant funding.

In June 2022, District staff submitted a grant application to the USDOT America's Marine Highway (AMH) grant program in partnership with Bellingham. This grant application requested a total of \$14,000,000 in AMH grant funds (\$6,000,000 for the District, and \$8,000,000 for Bellingham), with a match of \$11,200,000 (\$9,700,000 from the District and \$1,500,000 from Bellingham). On October 6, 2022 MARAD announced the selection of projects. This announcement awarded \$5,550,000 to the District for berth repairs at the National City Marine Terminal (NCMT); a portion of the application request. Since the award announcement, District and MARAD staff have completed National Environmental Policy Act (NEPA) review and negotiated the terms of the grant agreement.

The grant will be administered by MARAD, a department of USDOT. This agenda item will accept the \$5,550,000 in grant funds and allocate \$9,700,000 in match funding previously approved by the Board on October 12, 2021 (File 2021-0349, Resolutions 2021-132 and 2012-133) as part of the Economic Recovery Program (ERP). Any additional or unanticipated project funding will be included in the appropriate fiscal year, subject to Board of Port Commissioners approval.

RECOMMENDATION:

1) Adopt a Resolution Accepting \$5,550,000 from the America's Marine Highway Grant Program Administered by the US Department of Transportation (USDOT) Maritime Administration (MARAD), and Allocating \$9,700,000 in Match from the Economic Recovery Program for a Total of \$15,250,000 for the West Coast M-5 Coastal Connector Project

2) Adopt an Ordinance Amending the District's FY 2026 Budget Increasing the Major Maintenance Capital Projects Appropriation Budget by \$5,550,000 for the Structural Repairs at NCMT Berth 24-11 Project

2)

FISCAL IMPACT:

This agenda item will increase the District's FY 2026 Major Maintenance Capital Projects Budget appropriation by \$15,250,000. \$5,550,000 will be funded from the FY22 AMH grant award for the Structural Repairs at NCMT Berth 24-11 Project, and \$9,700,000 will be funded from the ERP. Funds required for future fiscal years will be budgeted in the appropriate fiscal year, subject to Board approval.

West Coast M-5 Coastal Connector Total Project Budget

<u>Project Source</u>	<u>Amount</u>
<u>Economic Recovery Program</u>	<u>\$9,700,000</u>
<u>FY22 America's Marine Highway Grant Award</u>	<u>\$5,550,000</u>
<u>Total</u>	<u>\$15,250,000</u>

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 Port with an innovative and motivated workforce.
- A financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

FY22 American Marine Highway Grant Application

In March 2022, the US Department Of Transportation (USDOT), Maritime Administration (MARAD) released the Notice of Funding Opportunity for the federal FY22 American Marine Highway (AMH) grant program. AMH funds can be used for previously designated marine highway routes for capital or planning projects, including vessels, port and landside infrastructure, and cargo handling equipment. This agenda item will accept \$5,550,000 in grant funds and allocate \$9,700,000 in District match funding previously approved by the Board as part of the ERP on October 12, 2021.

In June 2022, District staff submitted a grant application to the USDOT AMH grant program in partnership with the Port of Bellingham. The grant application requested a total of \$14,000,000 in AMH grant funds (\$6,000,000 for the District, and \$8,000,000 for

Bellingham), with a match of \$11,200,000 (\$9,700,000 from the District and \$1,500,000 from Bellingham).

FY22 AMH Grant Award Announcement

On October 6, 2022 MARAD announced the selection of projects. This announcement awarded a portion of the grant application request; \$5,550,000 to the District for berth repairs at the National City Marine Terminal (NCMT). MARAD declined to fund \$1,000,000 of District requested project elements and the entirety of the \$8,000,000 of the Bellingham request.

The District awarded portion of the application will fund the Structural Repairs at NCMT Berth 24-11 Project. The work will consist of the following:

- Removal and replacement of a concrete deck with dimensions of approximately 756' x 62' x 16"
- Connection of all existing piles to the new concrete deck
- Removal and replacement of a fender system (bid option*)
- Structural reinforcement of piles through the installation of structural and/or durability jackets
- Installation of storm drain system

Since the award announcement, District and MARAD staff have worked collaboratively to complete a NEPA analysis of multiple projects that will receive federal funding at the National City Marine Terminal. This approach, further impacted by the change in federal administration, introduced a project delay during the grant negotiation phase. However, MARAD and District staff are comfortable with the revised project schedule and believe that completed environmental review will ease future grant negotiations for federally funded projects at NCMT.

The project schedule included in the grant agreement is as follows:

Milestone	Date
Berth Repairs Project Start Date	November 1, 2025
Berth Repairs Substantial Completion Date	March 30, 2027

The grant agreement is attached to this agenda as Attachment A.

Next Steps

Pending Board acceptance of grant funds and match allocation, staff will proceed with final design development and scope validation. This step will result in a final construction budgeting plan. Once complete, staff will return to the Board at the appropriate time with a proposed contract award, recommendations for proceeding construction and any necessary budget adjustments.

General Counsel's Comments:

The Office of the General Counsel has reviewed this agenda as presented to it and approves the same as to form and legality.

Environmental Review:

The proposed Board action, including without limitation accepting \$5,550,000 from the America's Marine Highway (AMH) Grant Program, allocating \$9,700,000 in match from the Economic Recovery Program for the West Coast M-5 Coastal Connector Project, and increasing the District's FY26 Major Maintenance Program Budget by \$5,550,000 for the Structural Repairs at NCMT Berth 24-11 Project, is categorically exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Sections 15301 (Existing Facilities) and 15302 (Replacement or Reconstruction) and Sections 3.a.(1) and 3.b.(2) of the District's Guidelines for Compliance with CEQA because the project would consist of structural repairs to Berth 24-11 that would involve the replacement/reconstruction of an existing structure, would be located on the same site as the structure replaced, and would have substantially the same purpose and capacity. The District has determined none of the six exceptions to the use of a categorical exemption apply to this project (CEQA Guidelines Section 15300.2). The project was previously determined to be exempt from CEQA on September 26, 2022. Pursuant to Section 15378(c) of the CEQA Guidelines, the term "project" refers to the activity being approved, which may be subject to several discretionary approvals of governmental agencies and does not mean each separate governmental approval. Accordingly, the proposed Board action is a subsequent discretionary approval of a previously approved project. No further action under CEQA is required.

The proposed Board action complies with Section 87 of the Port Act, which allows for the establishment, improvement, and conduct of a harbor, and for the construction, reconstruction, repair, maintenance, and operation of wharves, docks, piers, slips, quays, and all other works, buildings, facilities, utilities, structures, and appliances incidental, necessary, or convenient, for the promotion and accommodation of commerce and navigation. 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 is considered excluded development pursuant to Sections 8.a.(10)(12) (Existing Facilities) and 8.b.(3) (Replacement or Reconstruction) of the District's Coastal Development Permit Regulations because the project would consist of structural repairs to Berth 24-11 that would be located essentially on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced. A categorical determination of exclusion and notice of approval was previously issued for this project on September 26, 2022 and became effective 10 working days after notification to California Coastal Commission staff, since no appeals were received. Therefore, issuance of a Coastal Development Permit or subsequent exclusion is not required for the proposed Board action.

Diversity, Equity, and Inclusion Program:

Not applicable.

PREPARED BY:

Laura Wagner
Grants Coordinator, Government and Civic Relations

Aimee Heim
Director, Government and Civic Relations

Attachment(s):

Attachment A: A22 - Draft Grant Agreement