

FILE NUMBER: 2025-157

DATE: Tuesday, July 15, 2025

SUBJECT: Grant Matching Funds for Construction of Segment 5 of Bayshore Bikeway

DESCRIPTION: Grant Matching Funds for the City of National City (City) to Construct Segment 5 of the Bayshore Bikeway in National City A) Ordinance Increasing the District's FY 2026 Financial Assistance/Grants/Contributions Non Personnel Expense (NPE) budget by \$700,000 to be funded from the Grant Matching Reserves; and B) Resolution Authorizing the District to Enter into a Memorandum of Understanding with the City to Contribute \$2,000,000 Total in Grant Matching Funds, Consisting of \$600,000 from the Maritime Industrial Impact Fund (MIIF) for the Portion off of Tidelands and \$1,400,000 from the Grant Matching Reserves for the Portion on Tidelands. The FY 2027 remaining payment of \$700,000 will be budgeted and funded in FY 2027 subject to Board Approval.

EXECUTIVE SUMMARY:

The City of National City (City) is proposing to construct Segment 5 of the Bayshore Bikeway in National City (hereinafter referred to as the "National City segment"), which will provide a critical connection and gap closure for the approximately 24-mile Bayshore Bikeway that links the District's five member cities and provides access to the waterfront. More specifically, the National City segment will complete a missing link between Harbor Drive/Civic Center Drive on the north and Marina Way/West 32nd Street (immediately north of Pier 32 Marina) on the south. The Bayshore Bikeway, which was originally planned by the San Diego Association of Governments (SANDAG) as a continuous bike path around San Diego Bay, is being constructed in segments as funding and entitlements are available. The National City segment is approximately 1.4 miles, of which the southernmost portion (approximately 900 linear feet) is on District property, and the remaining portions of the alignment are on City property.

In early 2025, the City was awarded \$5,681,000 by SANDAG, as part of the regional Active Transportation Program Cycle 7 funding, to construct the National City segment of the Bayshore Bikeway, with a \$2,000,000 grant match from the District. The \$2,000,000 District contribution is proposed to consist of \$1,400,000 from the District's Grant Matching Reserves for the portion of the National City segment of the Bayshore Bikeway on Tidelands, and \$600,000 from the District's Maritime Industrial Impact Fund (MIIF) for the portion that is located off Tidelands. The MIIF, which was established via Board Policy No. 773, was created to offset the Off-Tidelands impacts of maritime industrial activities that take place on District Tidelands. It was recognized at the time of creation that certain adjacent communities were disproportionately impacted by industrial operations occurring within the District, including the City of National City.

The terms and conditions for the District to provide the \$2,000,000 grant match to the City for the City's construction of the National City Bayshore Bikeway segment are provided in the proposed Memorandum of Understanding (MOU), which is included as Attachment

A to this agenda sheet. As stated in the MOU, the District's \$2,000,000 contribution is to be made in three separate payments – an initial \$600,000 as the first payment, a \$700,000 payment approximately six months after the first payment, and a second \$700,000 payment approximately six months after the second payment. The first payment is estimated to occur in Fall 2025 (in FY26), the second payment is estimated to occur in Spring 2026 (in FY26), and the third payment is estimated to occur in Summer/Fall 2026 (in FY27). The \$600,000 contribution from MIIF was approved by the Board in the Board's June 6, 2025 FY26 budget approval. The remaining \$1,400,000 contribution (made up of two separate \$700,000 payments) is earmarked in the District's Grant Matching Reserves. For the first \$700,000 payment, a budget amendment is required to increase the District's FY26 Financial Assistance/Grants/Contributions Non-Personnel Expense (NPE) budget by \$700,000 to be funded from the Grant Matching Reserves. The second, and final, \$700,000 payment will be budgeted and funded in FY27 subject to Board Approval.

The City has all necessary entitlements, including but not limited to an easement from the District (approved by the Board in June 2023) and a Coastal Development Permit (issued by the Coastal Commission). The City anticipates awarding the construction contract for the National City segment of the Bayshore Bikeway at a City Council meeting in September 2025.

RECOMMENDATION:

A) Ordinance Increasing the District's FY 2026 Financial Assistance/Grants/Contributions Non Personnel Expense (NPE) budget by \$700,000 to be funded from the Grant Matching Reserves; and B) Resolution Authorizing the District to Enter into a Memorandum of Understanding with the City to Contribute \$2,000,000 Total in Grant Matching Funds, Consisting of \$600,000 from the Maritime Industrial Impact Fund (MIIF) for the Portion off of Tidelands and \$1,400,000 from the Grant Matching Reserves for the Portion on Tidelands. The FY 2027 remaining payment of \$700,000 will be budgeted and funded in FY 2027 subject to Board Approval. .

FISCAL IMPACT:

The \$600,000 in MIIF funding associated with this Board item is budgeted for in the current fiscal year (FY 2026) and is funded through the District's MIIF. This Board action also amends the FY 2026 budget to increase the Treasury Department's FY 2026 Non Personnel Expense budget in the Financial Assistance/Grants/Contributions account by \$700,000, to be funded by the Grant Matching Reserves. An additional \$700,000 required for FY 2027 will also be funded from the Grant Matching Reserves, subject to Board approval in that fiscal year.

COMPASS STRATEGIC GOALS:

This agenda item supports the following Strategic Goals.

- A vibrant waterfront destination where residents and visitors converge.
- A Port that is a safe place to visit, work and play.

DISCUSSION:

Background on Bayshore Bikeway

The Bayshore Bikeway, which was originally planned by the San Diego Association of Governments (SANDAG) as a continuous 24-mile bike path around San Diego Bay, is being constructed in segments as funding and entitlements are available. The route starts at the Broadway Pier near the intersection of Broadway and Harbor Drive in San Diego and extends through the cities of San Diego, National City, Chula Vista, Imperial Beach, and Coronado, where it ends at the Coronado Ferry Landing. When complete, the Bayshore Bikeway will consist of a continuous Class I bike path that would allow bike riders to ride all the way around San Diego Bay on a dedicated path separated from city streets. The National City segment, which is one of the last segments to be built, will complete a missing link between Harbor Drive/Civic Center Drive on the north and Marina Way/West 32nd Street (immediately north of Pier 32 Marina) on the south. Of the approximately 1.4-mile segment, the southernmost portion (approximately 900 linear feet) is on District property, and the remaining portions of the segment are on City property (the location of the National City segment is shown in Attachment A to this agenda sheet).

The District has been supportive of the Bayshore Bikeway as a way to increase public access to the tidelands, reduce vehicle trips and in turn decrease greenhouse gas emissions and air pollutants. In October 2019, the Board authorized providing the City \$900,000 in MIIF funds for engineering design of the National City segment. In addition, in June 2024, per Board direction during the FY25 budget approval, the Board directed staff to earmark \$2,000,000 (\$600,000 from MIIF for a portion of the Bikeway off Tidelands and \$1,400,000 from the Grant Matching Reserves for the portion on Tidelands) in matching funds to support the City in their pursuit of a grant for construction of the National City segment.

City Construction of the National City Segment of the Bayshore Bikeway

In early 2025, the City was awarded \$5,681,000 by SANDAG, as part of the regional Active Transportation Program Cycle 7 funding, to construct the National City segment, with a \$2,000,000 grant match. More specifically, the proposed \$2,000,000 District contribution is proposed to consist of \$1,400,000 from the District's Grant Matching Reserves for the portion on Tidelands, and \$600,000 from the District's MIIF for the portion that is off Tidelands. The MIIF, which was established via Board Policy No. 773, was created to offset the Off-Tidelands impacts of maritime industrial activities that take place on District Tidelands. It was recognized at the time of creation that certain adjacent communities were disproportionately impacted by industrial operations occurring within the District.

The City has all necessary entitlements, including but not limited to an easement from the District (approved by the Board in June 2023) and a Coastal Development Permit (issued by the Coastal Commission). The City anticipates awarding the construction contract for the National City segment at a City Council meeting in September 2025.

Proposed Memorandum of Understanding and Budget Amendment

The terms and conditions for providing the District's \$2,000,000 contribution to the City are included in the draft Memorandum of Understanding (MOU), which is Attachment A to this agenda sheet. As stated in the MOU, the District's \$2,000,000 contribution is to

be made in three separate payments – an initial \$600,000 as the first payment, a \$700,000 payment approximately six months after the first payment, and a second \$700,000 payment approximately six months after the second payment. The first payment is estimated to occur in Fall 2025 (in FY26), the second payment is estimated to occur in Spring 2026 (in FY26), and the third payment is estimated to occur in Summer/Fall 2026 (in FY27). The \$600,000 contribution from MIIF was approved by the Board in the Board's June 6, 2025 FY26 budget approval. The remaining \$1,400,000 contribution (made up of two separate \$700,000 payments) is earmarked in the District's Grant Matching Reserves. For the first \$700,000 payment, a budget amendment is required to increase the District's FY26 Financial Assistance/Grants/Contributions Non-Personnel Expense (NPE) budget by \$700,000 to be funded from the Grant Matching Reserves. The second, and final, \$700,000 payment will be budgeted and funded in FY27 subject to Board Approval.

Per the MOU, the City is to only use the District contribution to complete the construction of the National City Segment of the Bayshore Bikeway. Also per the MOU, the City is to recognize the District Contribution in any media opportunities for the National City segment.

The draft MOU was approved by the National City City Council on June 17, 2025.

General Counsel's Comments:

The Office of General Counsel has reviewed this agenda sheet and attachments, as presented to it, and approves them as to form and legality.

Environmental Review:

The proposed Board action to authorize grant matching funds for the construction of the National City segment of the Bayshore Bikeway, was 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 project 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, the proposed Board action 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 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 Section 87 of the Port Act, which allows for the construction, reconstruction, repair, maintenance, and operation of public buildings, public assembly and meeting places, convention centers, parks, playgrounds, bathhouses and bathing facilities, recreation and fishing piers, public recreation facilities, including, but not limited to, public golf courses, and for all works, buildings, facilities, utilities, structures, and appliances incidental, necessary, or convenient for the promotion and accommodation of any of those uses. 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 National City segment of the Bayshore Bikeway is located in an area that has not been incorporated into the Port Master Plan and is therefore not within the District's Coastal Development Permit (CDP) jurisdiction. The National City segment is within the CDP jurisdiction of the California Coastal Commission (CCC). On May 10, 2023, CCC approved CDP 6-22-0748. A one-year extension for that CDP was granted by the CCC on April 9, 2025. The proposed Board action is consistent with the CDP, and no additional action under the California Coastal Act is required.

Diversity, Equity, and Inclusion Program:

Not applicable.

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Attachment:

Attachment A: Draft MOU with National City for Bayshore Bikeway Grant Matching Funds