



AGENDA REPORT

Department: Engineering & Public Works
Prepared by: Stephen Manganiello, Director of Engineering & Public Works
Meeting Date: Tuesday, October 7, 2025
Approved by: Scott W. Huth, Interim City Manager

SUBJECT:

SANDAG Smart Growth Incentive Program Cycle 6 Capital Project Funding Recommendations – Protest Letter

RECOMMENDATION:

Adopt a Resolution Entitled, “Resolution of the City Council of the City of National City, California, Authorizing the Mayor and Councilmember / SANDAG Board Member Molina to Execute a Letter in Protest to the Preliminary Funding Recommendations for Award of SANDAG Smart Growth Incentive Program Cycle 6 Funds for Capital Projects.”

BOARD/COMMISSION/COMMITTEE PRIOR ACTION:

Not Applicable.

EXPLANATION:

On April 1, 2025, through adoption of City Council Resolution No. 2025-27, the City Council authorized the City Engineer to submit grant applications for SANDAG Smart Growth Incentive Program (SGIP) Cycle 6 funding for the following projects prior to the April 11, 2025 submittal deadline:

- 1) **National City Downtown Specific Plan Update (Planning)**
- 2) **National City Housing Supportive Infrastructure Assessment (Planning)**
- 3) **National City Climate Action Plan Implementation and Monitoring Program (CAP)**
- 4) **National City Boulevard Smart Growth Revitalization (Capital)**
- 5) 16th and 18th Street Community Corridors (Capital)
- 6) Civic Center Drive Bicycle Connections (Capital)
- 7) Highland Avenue Mobility Min-Hubs (Capital)

On August 29, 2025, the City Engineer received notification from SANDAG staff of the intent to award SGIP funding for various projects throughout the County, which included the four National City projects highlighted in “bold” above. All projects that submitted qualifying applications for Planning and CAP funding received full funding, for a total amount of approximately \$11 million, which leaves approximately \$34 million available for Capital project awards.

Exhibit A summarizes the Final Project Rankings and Funding Recommendations for Capital Projects. Based on the final project rankings and amount of SGIP funding available for capital projects, all four of National City’s capital projects should receive full funding in the amount of \$13,594,085. However, based on the preliminary funding recommendations, only the National City Boulevard Smart Growth Revitalization project would receive funding in the amount of \$3,499,450, which results in over \$10 million being redistributed to other agencies whose projects ranked significantly lower than those of National City.

According to SANDAG staff, the geographical redistribution of SGIP funds has been proposed to provide more local jurisdictions an opportunity to receive funding. This methodology for awarding funds grossly deviates from best practices for a “competitive” grant process, as required by Section 2.C.3 Smart Growth Incentive Program of the *TransNet* Extension Ordinance and Expenditure Plan (see specific language highlighted in bold italics below).

Section 2.C.3 Smart Growth Incentive Program

An estimated \$280 million will be allocated to the Smart Growth Incentive Program to provide funding for a broad array of transportation-related infrastructure improvements that will assist local agencies in better integrating transportation and land use, such as enhancements to streets and public places, funding of infrastructure needed to support development in smart growth opportunity areas consistent with the Regional Comprehensive Plan, and community planning efforts related to smart growth and improved land use/transportation coordination.

These funds shall be allocated on a regional competitive grant basis. It is intended that these funds be used to match federal, state, local, and private funding to maximize the number of improvements to be implemented. The Commission shall establish specific project eligibility criteria for this program.

Staff has prepared a formal letter in protest to the preliminary funding recommendations for award of SANDAG SGIP Cycle 6 funds for capital projects, attached as Exhibit B. If approved by City Council through adoption of the attached Resolution (Exhibit C), the letter will be signed by the Mayor and Councilmember / SANDAG Board Member Molina, on behalf of the entire City Council, and submitted by the City Engineer to the SANDAG Board of Directors once the item to consider award of SGIP funds is publicly agendaized (tentatively scheduled for October 24, 2025). The City Engineer will also attend the Board of Directors meeting to speak on the item.

The City Engineer previously spoke in opposition to SANDAG staff’s SGIP funding recommendations at the SANDAG Independent Taxpayer Oversight Committee (ITOC) meeting held on September 10, 2025. Several members of the ITOC, including the Chair, expressed concerns regarding redistribution of funds to lower ranked projects. The City Engineer will also speak under public comments at the upcoming meetings of the SANDAG Regional Planning and Transportation Committees (tentatively scheduled for October 3, 2025 and October 17, 2025, respectively).

FINANCIAL STATEMENT:

Not Applicable.

RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:

Transportation Choices and Infrastructure

ENVIRONMENTAL REVIEW:

This is not a project under CEQA, and is therefore, not subject to environmental review. CCR15378; PRC 21065.

PUBLIC NOTIFICATION:

The Agenda Report was posted at least 72 hours before the Regular Meeting date and time, and 24 hours before a Special Meeting in accordance with the Ralph M. Brown Act.

ORDINANCE:

Not Applicable

EXHIBITS:

Exhibit A – Capital Project Rankings and Funding Recommendations

Exhibit B – Protest Letter

Exhibit C – Resolution