

STAFF REPORT

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**CONSIDER RELIEVING THE CITY OF MARTINEZ FROM A REQUIREMENT TO
TRANSMIT 20 PERCENT OF THE REVENUE GENERATED FROM ITS
GRANTED LANDS TO THE STATE**

TRUSTEE:

City of Martinez

BACKGROUND:

The City of Martinez (City) is a trustee of sovereign tide and submerged lands granted by the Legislature under Chapter 628, Statutes of 2014 (SB 1424, Wolk). Chapter 628 updated and reorganized the City's existing grants and granted the City an additional Public Trust parcel, the Martinez Marina (marina).

Before Chapter 628, the marina was under the Commission's jurisdiction. In 1964, the Commission authorized a 49-year lease with the City for small craft harbor facilities, park and recreational facilities, and commercial and industrial facilities. The Commission received annual rent from the lease that was deposited into the State's General Fund. Chapter 628 transferred the State's right, title, and interest in the marina to the City, terminating the lease between the Commission and the City. The grant was intended to resolve long-standing financial difficulties at the marina and to enable the City to pursue land and water-based commercial redevelopment projects.

Consistent with other recent legislative trust grants, Chapter 628 includes a revenue sharing agreement to address the loss of revenue to the State's General Fund from the jurisdictional transfer and lease termination. The grant requires the City to transmit 20 percent of the annual revenue generated from its granted lands to the Commission, of which 80 percent is deposited in the State's General Fund and 20 percent in the Kapiloff Land Bank Fund that the Commission administers as Trustee under the Kapiloff Land Bank Act. The City is required to transmit the revenue to the Commission at the end of every fiscal year.

When SB 1424 was introduced, the marina was, and remains, in significant disrepair and the City owed approximately \$4.2 million to the State for previous loans for maintenance and infrastructure improvements, including repairs to the breakwater, public restrooms, parking area work, landscaping, relocating berths, and dredging, among other things. There are large amounts of sediment flowing into the marina area because of the design and disrepair of its seawall, which

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was poorly designed. This issue is persistent and ongoing. In recognition of the deteriorated conditions at the marina, Chapter 628 authorizes the Commission, in its discretion, to temporarily relieve the City of its revenue sharing requirement. This is intended to enable the City to improve the deteriorated conditions at the marina.

On September 12, 2019, the City requested relief for Fiscal Year 2018-19 from the obligation to transmit 20 percent of the revenue generated from the granted lands, as shown in Exhibit A.

STAFF ANALYSIS:

Section 7, subdivision (d)(2) of Chapter 628 allows the Commission to relieve the City of its obligation to transmit 20 percent of the gross revenue generated from the granted lands to the State until June 30, 2021.

The revenue generated from the marina is insufficient to keep pace with maintenance needs and redevelop the marina because of the facility's poor condition and infrastructure needs. This temporary waiver option was included as so that the trustee can take action to address those conditions, including the dredging of sediment to restore adequate depth for launching, berthing, and safe navigation at the marina.

Maintenance dredging has kept the fairway from the launch ramp to the marina entrance open during the fishing season, providing a slight revenue increase. More dredging will be needed in the future. Lack of water depth within the marina remains an issue with slips sitting in mud, damaging the docks and water pipes. Repairs to the wooden docks and water pipes are ongoing.

The grant also requires the City to submit a Trust Land Use Plan (TLUP) to the Commission by January 1, 2020. The TLUP should describe how the City proposes to use its trust lands and establish a long-term vision for the management of its granted lands. The City submitted a draft TLUP to the Commission, but staff does not believe it sufficiently addresses the future plans for the marina. Staff is working collaboratively with the City as it updates its TLUP to comply with the requirements in the granting statute.

The City is developing a Marina Master Plan, in which it hopes to embark on this year. The City council approved \$500,000 to produce this Master Plan. The TLUP and Master Plan will jointly guide the future use and development of the marina. The Master Plan will expand upon the foundational TLUP and contain additional detail addressing City goals for the long-term use and maintenance of the marina and waterfront, focused on future land uses, economic development, infrastructure improvements, dredging options, and financing.

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The City may also pursue a pilot ferry program for the marina and is in talks with the Water Emergency Transportation Authority, the Metropolitan Transportation Commission, the City of Antioch, and Tidelines, a ferry service provider. This service option would help to guide the development and use of the marina toward a more financially sound base.

Staff has reviewed the City's request for relief from its revenue sharing requirement for Fiscal Year 2018-19 and believes that the revenue generated from the marina over the past year has scarcely covered the marina's basic operation and maintenance costs. If reinvested in the granted lands, the revenue would help to improve the conditions at the marina. Staff recommends relieving the City of its obligation for this fiscal year. The marina is one of only two entry points to the San Francisco Bay and Delta serving the communities outlying Martinez. Staff believes this relief will further the Public Trust needs at the location through the reinvestment of the revenue into maintaining and improving the granted lands.

OTHER PERTINENT INFORMATION:

1. When former Governor Jerry Brown Jr. signed SB 1424 (Wolk) into law in 2014 he stated in his signing message that he was signing the bill because it provides the City an opportunity to revitalize the marina and prevent its closure and enables the City to repay its existing debt obligations to the State. The Governor stated that he encouraged the Commission to exercise its discretion to allow the City to improve the trust lands and meet its debt repayment obligations.
2. The City keeps all revenue generated by the marina in a separate Marina Enterprise Fund.
3. The City reports the following operating revenues and expenditures generated on their granted lands by fiscal year:
 - a. [2014-15](#) – Revenues: \$18,764 and Expenditures: \$39,517
 - b. [2015-16](#) – Revenues: \$19,072 and Expenditures: \$19,812
 - c. [2016-17](#) – Revenues: \$206,175 and Expenditures: \$302,178
 - d. [2017-18](#) – Revenues: \$261,256 and Expenditures: \$881,875
4. The Commission approved relieving the City of the requirement to transmit 20 percent of the revenue generated from its granted lands to the State for the past four fiscal years.
 - a. [Staff Report C93, June 29, 2015](#)
 - b. [Staff Report C61, October 13, 2016](#)
 - c. [Staff Report C82, June 21, 2018 \(covered two fiscal years\)](#)

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5. The proposed action is consistent with Strategy 1.2 of the Commission's Strategic Plan to provide that the current and future management of ungranted sovereign land and resources and granted lands, including through strategic partnerships with trustee ports and harbor districts, are consistent with evolving Public Trust principles and values.
6. Relieving the City from the requirement to transmit 20 percent of the revenue generated from its granted lands to the State is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

EXHIBIT:

- A. 2018-19 Request for Relief

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

Relieve the City of Martinez from its requirement to transmit 20 percent of the revenue generated from its granted lands to the State for fiscal year 2018-2019, due on June 30, 2019, pursuant to section 7, subdivision (d)(2) of Chapter 628.



September 12, 2019

Ms. Sheri Pemberton
Chief, External Affairs/Legislative Liaison
California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825-8202

RE: Request for relief from obligation to transmit gross revenue from Martinez Marina

Dear Ms. Pemberton:

We would like to request relief from the obligation as allowed in SB 1424, as authorized under Section 7(d)(2), which states that

In recognition of the deteriorated conditions at the marina commencing June 30, 2015 and until June 30, 2021, the commission may, at its discretion, relieve the trustee of its obligation to transmit the gross revenues as specified in paragraph (1) so that the trustee can take action to address those conditions, including the dredging of sediment to restore adequate depth for launching, berthing, and safe navigation at the marina.

The City is taking action to address the deteriorated conditions at the marina which prevent the marina for enjoying fiscal stability. The City will submit to the State Lands Commission a Trust Lands Use Plan (TLUP) by October 2019. The draft TLUP accurately addresses the requirements of SB 1424, and the desires of the community for the Trust Lands.

The TLUP outlines existing and proposed uses for the Marina Trust Lands, including the Waterfront-Marina Master Plan, slated to begin in early 2020. The City Council has approved \$500,000 in the FY 2019-2021 budget for the production of this Master Plan. The TLUP and the Master Plan will jointly guide the future use and development of the marina. The Master Plan will expand and build upon the foundational TLUP and contain additional detail addressing City goals for the long-term use and maintenance of the Marina and Waterfront, focused on future land uses, economic development, infrastructure improvements, dredging options, and financing.

In addition, the City is continuing to pursue a pilot ferry program for the marina. We are in active talks with Water Emergency Transportation Authority (WETA), the Metropolitan



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Transportation Commission (MTC), as well as the City of Antioch and Tidelines, a ferry service provider. We are hopeful that a pilot ferry program will become a reality in the next year. This will, in turn help to guide the development and use of the marina toward a more financially sound base.

Given the aforementioned actions the City of Martinez has taken to address its continuing economic challenges with the marina, including the dredging challenges, we continue to request relief for fiscal years 2018-19 from the obligation to transmit a portion of the gross revenue generated by the land grant described in SB 1424 as authorized under Section 7(d)(2). The retained revenue generated from the granted lands will be placed into the Marina Service Enterprise Fund and used toward plans to address the Marina's infrastructure and maintenance needs.

The City appreciates your consideration of this matter. Please contact Christina Ratcliffe, Community and Economic Development Director, at (925) 372-3524, if you have any further questions or require additional information. Thank you again for your continued partnership in the Martinez Marina.

Sincerely,

Eric Figueroa
City Manager