

# Staff Report 59

## **GRANTEE:**

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City of Martinez

## **PROPOSED ACTION:**

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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.

## **BACKGROUND:**

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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 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 an 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.

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 provision 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. Chapter 628 requires that the City transmit the gross revenues 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

maintenance and infrastructure improvements, including repairs to the breakwater and public restrooms, parking area work, landscaping, relocating berths, and dredging, among other things. Large amounts of sediment flow into the marina because of the design and disrepair of the breakwater. This issue is persistent and ongoing. In recognition of the deteriorated conditions at the marina the legislation authorized the Commission, at its discretion, to temporarily relieve the City of its obligation to transmit 20 percent of the revenue generated from the granted lands to the State. The purpose of this was to enable the City to improve the deteriorated conditions at the marina, such as conducting dredging necessary to address siltation and restore depth for launching, berthing, and safe navigation in the marina.

On November 12, 2020, the City requested relief for Fiscal Year 2019-20 from the obligation to transmit 20 percent of the revenue generated from the granted lands, as shown in Exhibit A.

## **STAFF ANALYSIS AND RECOMMENDATION:**

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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 was included so that the trustee can 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 required the City to submit a Trust Lands Use Plan (TLUP) to the Commission by January 1, 2020. The purpose of the TLUP is to 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 in November 2019, but Commission 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 revised plan is expected to be submitted to the Commission in the first quarter of 2021.

The City is developing a Marina Master Plan, which it hopes to begin work on soon. The City Council approved \$500,000 from the General Fund 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 on the 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, public access, infrastructure improvements, dredging options, and financing.

The City recently completed an above- and below-water assessment of the fishing pier adjacent to the marina, at a cost of \$63,050 from its General Fund. The above-water assessment indicated approximately \$800,000 of pier repairs are necessary for maintenance to ensure public safety on the pier. Results of the below-water assessment are not yet available. The City has applied for a Proposition 68 "Statewide Park Development and Community Revitalization" Round Four competitive grant to fund the work on the pier.

The City is also in negotiations with the Water Emergency Transportation Authority, the Metropolitan Transportation Commission, the City of Antioch, and Tidelines, a ferry service provider, about the prospect of a pilot ferry program for the marina.

Staff has reviewed the City's request for relief from its revenue sharing requirement for Fiscal Year 2019-20 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 Martinez and its outlying communities. Staff believes this relief will further the Public Trust needs at the location through reinvestment of revenue into maintaining and improving the granted lands.

## **OTHER PERTINENT INFORMATION:**

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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. SB 1424 transferred the Martinez Marina to the City. In FY 2016/2017, the City began reporting on the revenue and dredging expenditures from the Marina. The City reports the following operating income and expenses generated on and by their granted lands each fiscal year:
  - a. [2014-15](#) – Revenues: \$18,764 and Expenditures: \$39,517 – Operating Income: \$(20,753)
  - b. [2015-16](#) – Revenues: \$19,072 and Expenditures: \$19,812 – Operating Income: \$(740)
  - c. [2016-17](#) – Revenues: \$206,175 and Expenditures: \$302,178 – Operating Income: \$(119,956)
  - d. [2017-18](#) – Revenues: \$261,256 and Expenditures: \$881,875 – Operating Income: \$(650,150)
  - e. [2018-19](#) – Revenues: \$258,169 and Expenditures \$122,741 – Operating Income: \$135,428
  - f. 2019-20 – Financial reports have not yet been received.
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 five 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)
  - d. [Staff Report 71, April 29, 2020](#)
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. Approval or denial of the grantee's request is a discretionary action by the Commission. Each time the Commission approves or rejects a request, it exercises legislatively delegated authority and responsibility as trustee of the State's Public Trust lands.

7. 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:**

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- A. 2019-20 Request for Relief

## **RECOMMENDED ACTION:**

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It is recommended that the Commission:

### **AUTHORIZATION:**

Relieve the City of Martinez from its obligation to transmit 20 percent of the revenue generated from its granted lands to the State for Fiscal Year 2019-2020, due on June 30, 2020, pursuant to section 7, subdivision (d)(2) of Chapter 628, Statutes of 2014.



November 12, 2020

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 to transmit a portion of gross revenue from the Martinez Marina as allowed in SM 1424, and as authorized under Section 7(d)(2), which states:

*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.*

As has been well documented, the Martinez Marina has struggled to be fiscally stable for decades, primarily due to the significant amount of silt that flows downstream and through its breakwater since its construction in 1960. Significant silting requires costly dredging to maintain adequate channel depth to the boat launch and channel facing slips. Over the last 17 years, the City has incurred expenses totaling \$2,389,803 for dredging construction, design, and mitigation. In FY 2017-18 alone, the City incurred costs of \$772,736 to dredge this small area. Ultimately, in order for the marina to be economically viable, the siltation issue needs a long term solution and a plan needs to be adopted to guide redevelopment of the Martinez Waterfront for the benefit of the greater Contra Costa and Solano County region.

In recent years, the City has undertaken several significant efforts to address these challenges.



- The City submitted its draft Trust Lands Use Plan in November 2019, which is being revised based on State staff comments. The revised plan is expected to be submitted in the first quarter of 2021.
- A Request for Proposal is expected to be issued in the next month or two to retain a consultant to develop a Martinez Waterfront Master Plan, which will include the State Trust Lands, that focuses on (i) regional access to the Carquinez Strait, (ii) restoring the Marina to its permitted size, (iii) promoting additional revenue producing uses, and (iv) leveraging the adjacent assets of the East Bay Regional Park Districts holdings, City active and passive recreational amenities (that include tournament level bocce ball, baseball and softball fields and courts), privately run indoor sports facilities and one of the last remaining horse arenas in the area. An estimated \$500,000 is projected to be allocated from the City's General Fund for the Waterfront Master Plan project since the Marina Enterprise Fund lacks sufficient resources to fund this project.
- The City recently completed an above water assessment of the fishing pier at a cost of \$33,800. The initial assessment (see [Martinez Fishing Pier Above Water Inspection Report](#)) indicated approximately \$800,000 of pier repairs are necessary to maintain the facility in a safe manner for public access. This assessment did not include any additional costs associated with repair of deteriorated pilings as may be noted during a subsequent underwater assessment, which was scheduled in October 2020 at an additional cost of \$28,250. The City expects to receive the inspection results from the underwater assessment in the coming weeks. The combined total allocation thus far of \$62,050 for the above and below waterline assessments of the fishing pier was taken entirely from the General Fund, given the lack of sufficient resources from the Marina Enterprise Fund to support this project.
- To fund the work on the pier, the City has initiated an application for a Prop 68 "Statewide Park Development and Community Revitalization" Round Four competitive grant and is launching a public engagement campaign to outline potential improvements to the fishing pier and surrounding Ferry Point recreational area.
- As noted previously, the City continues its conversations with the Water Emergency Transportation Authority (WETA), the Metropolitan Transportation



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November 12, 2020

Commission (MTC), as well as the City of Antioch and Tidelines, a ferry service provider, to pursue a pilot ferry program for the Marina.

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 19-20 and 20-21 from the obligation to transmit a portion of the gross revenue generated by the land grant pursuant to Section 7(d)(2) of SB 1424. The retained revenue generated from the granted lands will be placed into the Marina Service Enterprise Fund and used to address the Marina's infrastructure and maintenance needs.

The City appreciates your consideration of this matter. Please contact me or Michael Chandler, Deputy City Manager, at [mchandler@cityofmartinez.org](mailto:mchandler@cityofmartinez.org) if you have any questions or wish to discuss this matter. Thank you again for your continued partnership in the Martinez Marina.

Sincerely,

Eric Figueroa  
City Manager

Cc: Finance  
Community & Economic Development