Staff Report 73

**GRANTEE:**

City of Martinez

**PROPOSED ACTION:**

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:**

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

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 of 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 Chapter 628 was enacted, the marina was 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, public restrooms, parking area work, landscaping, relocating berths, and dredging, among other things. Large amounts of sediment flow into the marina area because of the design and disrepair of the seawall. This issue is persistent and ongoing. In recognition of the deteriorated conditions at the marina, Chapter 628 authorized the Commission, at its discretion, and from June 30, 2015, and until June 30, 2021, 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 to restore depth for launching, berthing, and safe navigation in the marina.

On October 20, 2021, the City requested relief, for Fiscal Year 2020-21, from the obligation to transmit 20 percent of the revenue generated from the granted lands.

**STAFF ANALYSIS AND RECOMMENDATION:**

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 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. Even with routine dredging every 4-5 years, silt remains an issue during low tide. In August 2021, the City entered into a $20,000 contract with AnchorQEA to survey the siltation conditions and provide options for another dredge in 2022. Lack of water depth within the marina remains an issue, with slips sitting in mud and 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 Land Use Plan (TLUP) to the Commission by January 1, 2020. The City’s TLUP is required to describe how the City proposes to use its trust lands and document, a long-term vision for the management of its granted lands. The City submitted a draft TLUP to the Commission in November 2019, but staff does not believe it sufficiently addresses
the future of the marina. Staff continues to work collaboratively with the City as it updates its TLUP to comply with the requirements in the granting statute.

The City has hired a consultant and is developing a request for proposals for a Marina and Waterfront Plan. The Martinez Waterfront Plan is intended to guide the future use and development of the marina and the City’s waterfront. The Martinez Waterfront Plan is expected to expand on the City’s TLUP and address the City’s goals for the long-term use and maintenance of the marina and waterfront. It will focus on future land uses, economic development, infrastructure improvements, dredging options, and financing. This City is also hopeful to receive funds from the City’s $6.3 million Proposition 68 grant application. Proposition 68, provides funding to assist coastal communities create parks, enhance river parkways, and protect coastal forests and wetlands. Prop 68 also provides funding for outdoor access, lower cost coastal accommodations and climate adaptation. The grant would renovate the City’s fishing pier and improve the Ferry Point recreation area.

The City is also continuing conversations with the Water Emergency Transportation Authority, the Metropolitan Transportation Commission, and the Contra Costa Transportation Authority about a pilot ferry program for the Marina.

Staff has reviewed the City’s request for relief from its revenue sharing requirement for Fiscal Year 2020-21 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 Chapter 628 into law, 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 income and expenses generated on and by their granted lands each fiscal year:


b. **2015-16** – Revenues: $19,072 and Expenditures: $19,812 – Operating Income: $(740)


d. **2017-18** – Revenues: $261,256 and Expenditures: $881,875 – Operating Income: $(650,150)


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 six 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

e. Staff Report 59, December 17, 2020

5. The proposed action is consistent with the “Meeting Evolving Public Trust Needs” Strategic Focus Area of the Commission’s 2021–2025 Strategic Plan.

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, section15378, subdivision (b)(5).

**EXHIBIT:**

A. 2020-21 Request for Relief
RECOMMENDED ACTION:

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 2020–2021, pursuant to section 7, subdivision (d)(2) of Chapter 628.
October 20, 2021

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:

The City of Martinez 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 transit 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 $935,516 to dredge this small area.

Even with routine dredging every 4-5 years, during periods of low tide, boats are often impacted by the silt, which affects the Marina’s ability to retain and attract customers for boat slips rentals. The City recently entered into a contract with AnchorQEA in the amount of $20,000 to survey the siltation conditions in the Marina and provide options for a 2022 dredge.

The City continues to make investments to maintain the Marina’s infrastructure and develop solutions. Over the past year, the City has incurred the following expenses to maintain operations:
1. Hired COWI North America for condition assessments and development of construction plan sets for necessary repairs to the fishing pier, with $70,817 expended as of this writing. The City subsequently entered into another contract with COWI for an additional $19,832 to design temporary repairs needed to keep the fishing pier open and transferred $60,000 from General Fund reserves to fund construction of the emergency repairs to the fishing pier.

2. Hired Management Partners to assist in developing an RFP for the Marina Master Plan and submit the revised Trust Lands Use Plan with $12,600 expended to date.

3. Entered into the aforementioned contract with AnchorQEA in August 2021 the amount of $20,000 to determine the dredging needs for 2022; this dredge is expected to cost in excess of $1 million.

4. Awarded by action of the City Council on September 14, 2021, a $122,705 contract for Marina float repairs to Power Engineering and Construction.

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:

- Submitted draft Trust Lands Use Plan in November 2019, which is being revised based on State Lands Commission comments.

- Retained a consultant to assist with development of a Request for Proposals on the Martinez Waterfront Master Plan, which will include the State Trust Lands, and 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. A total of $200,000 from the General Fund has been approved for this purpose in the City's adopted FY 2021-23 Budget since the Marina Enterprise Fund lacks sufficient resources to fund this project.

- Contracted with COWI North America in December 2019 for an above water assessment of the fishing pier at a cost of $33,800 to the General Fund given the lack of sufficient resources from the Marina Enterprise Fund to support this project. The initial assessment indicated approximately $800,000 of pier repairs are necessary to maintain the facility in a safe manner for public access. A subsequent below water dive inspection was scheduled for October 2020 at an additional cost of $28,250 to the General Fund; seven additional pilings in need of repair were noted during this inspection. COWI has performed subsequent inspections of the pier necessitating the pier’s recent closure in early September due to further

ERIC FIGUEROA, CITY MANAGER
deterioration of the structure. The City entered into an additional contract totaling $19,832 with COWI for design of construction plans for temporary repairs to the pier and transferred $60,000 from the General Fund for the projected construction costs. 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 completed an application for a Prop 68 “Statewide Park Development and Community Revitalization” Round Four competitive grant this past spring which, if awarded, will provide approximately $6.3 million for enhancements 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 Commission (MTC), and Contra Costa Transportation Authority (CCTA), 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 those related to dredging, 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, Assistant City Manager, at 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,

[Signature]

Eric Figuerba
City Manager

Cc: Finance Department
    Community Development Department