

Staff Report 52

TRUSTEE:

City of Martinez

PROPOSED ACTION:

Consider temporarily 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 added an additional Public Trust parcel, the Martinez Marina.

Before Chapter 628 was enacted, the Martinez Marina was under the Commission's jurisdiction. In 1964, the Commission authorized a 49-year lease with the City for the development and operation of small craft harbor facilities, as well as park, recreational, commercial, and industrial facilities. The Commission collected annual rent from this lease and deposited it into the State's General Fund. Chapter 628 transferred the State's right, title, and interest in the Marina to the City, effectively terminating the lease between the Commission and the City.

Similar to other recent legislative trust grants, Chapter 628 established a revenue-sharing agreement between the City and State requiring 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. Recognizing the deteriorating conditions at the Martinez Marina, Chapter 628 allowed the Commission, until June 30, 2021, to relieve the City of its revenue-sharing obligation. This relief was intended to enable the City to address critical issues at the Marina, including dredging to restore adequate depth for launching, berthing, and safe navigation.

[Chapter 143, Statutes of 2023](#), extended the Commission's authority to annually relieve the City from its revenue sharing requirement for another five years—from January 1, 2024 until June 30, 2029. This extension supports the City's efforts to restore the deteriorated Marina's condition through continued dredging and maintenance activities.

On June 27, 2024, the City requested relief for fiscal year 2023-24 from its revenue sharing requirement.

STAFF ANALYSIS AND RECOMMENDATION:

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. In 2023, the Legislature extended the temporary stay of the revenue sharing requirement, subject to the Commission's discretion, so the City can continue to address the deteriorated conditions at the Marina.

Earlier this year, the City completed its Trust Land Use Plan (TLUP), which was a requirement of the 2014 legislation that granted the City the Marina. The TLUP, a standard requirement in new or expanded statutory trust grants, serves as the foundational document guiding the trustee's management, use, and preservation of Public Trust lands and resources. It ensures accountability to the public and the Legislature and supports the Commission's oversight role by providing a clear framework and structure for the trustee's stewardship of granted lands. The Commission approved the TLUP in June 2024 ([Item 65, June 7, 2024](#)).

The TLUP was developed through extensive community outreach and reflects the input and priorities of the City's residents and stakeholders. It envisions the Marina as a hub of recreational and economic activity and identifies zones within the City's granted lands, each designed to enhance maritime, recreational, commercial, and other activities. It proposes a phased approach to development, prioritizing initial implementations that can generate immediate benefits while laying the groundwork for longer-term projects. The TLUP addresses the challenges posed by climate change and sea level rise, proposing adaptive measures to protect the waterfront's natural and built environments. Financial sustainability is also a core component of the TLUP, with the plan exploring funding and financing sources to support implementation. It aims to create a vibrant, accessible, and resilient transformed waterfront and reflects the City's commitment to revitalize the Marina.

Staff has reviewed the City's request for relief from its revenue sharing requirement for fiscal year 2023-24 and recommends approving this request. The Marina, being one of only two entry points to the San Francisco Bay and Delta, is crucial to meeting public trust needs in the region. The revenue generated from the Marina over the past year has not been sufficient to cover basic operation and maintenance costs. This relief will support the City's efforts to maintain and improve the granted lands in accordance with the TLUP. By reinvesting the revenue directly into the granted lands, the City can continue to make progress in improving the Marina's infrastructure and services, aligning with the Public Trust Doctrine, the legislative grant, and the goals in the TLUP. Previous rent relief has enabled the City to consistently fund maintenance dredging, resulting in the opening of an additional 130 slips, and has supported the hiring of a consultant who collaborated with the City to develop the TLUP.

OTHER PERTINENT INFORMATION:

1. When former Governor Jerry Brown Jr. signed Chapter 628 into law, the signing message emphasized that the legislation would provide the City with an opportunity to revitalize the Marina, preventing its closure and enabling the City to fulfill its existing debt obligations to the State. The Governor encouraged the Commission to exercise its discretion in allowing the City to enhance the trust lands and meet its debt repayment responsibilities.
2. The City keeps all revenue generated by the Marina in a separate Marina Enterprise Fund.
3. The City reported the following income and expenses generated on and by their granted lands in past years.
 - 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](#) – Revenues: \$224,105 and Expenditures: \$224,105 – Operating Income: \$ 0
 - g. [2020-21](#) – Revenues: \$244,077 and Expenditures: \$266,707 – Operating Income: \$61,349
 - h. [2021-22](#) – Revenues: \$158,014 and Expenditures: \$502,823 – Operating Income: \$(276,765)
 - i. [2022-23](#) – Revenues: \$131,505 and Expenditures: \$1,658,731 – Operating Income: \$(1,496,669)
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 fiscal years ending 2015 through 2021.
- a. [Item 93, June 29, 2015](#)
 - b. [Item 61, October 13, 2016](#)
 - c. [Item 82, June 21, 2018](#) (covered two fiscal years)
 - d. [Item 71, April 29, 2020](#)
 - e. [Item 59, December 17, 2020](#)
 - f. [Item 73, December 8, 2021](#)
5. This action is consistent with the “Meeting Evolving Public Trust Needs” and “Committing to Collaborative Leadership” strategic focus areas of the Commission’s 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, sections 15060, subdivision (c)(3), and 15378, subdivision (b)(5).

EXHIBIT:

A. 2023-24 Request for Relief

RECOMMENDED ACTION:

It is recommended that the Commission:

AUTHORIZATION:

Temporarily relieve the City of Martinez from its obligation to transmit 20 percent of the revenue generated from its granted lands to the State due on June 30, 2024, pursuant to section 7, subdivision (d)(2) of Chapter 628.

Exhibit A



CITY OF MARTINEZ

525 Henrietta Street, Martinez, CA 94553-2394

June 27, 2024

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 AB 1686, and as authorized under Section 7(d)(2), which states:

In recognition of the deteriorated conditions at the marina commencing January 1, 2024, and until June 30, 2029, 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. The City most recently completed a dredge in December 2022, at a total cost of \$971,288 to dredge 37,799 cubic yards of silt. 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 continues to make significant investments to maintain the Marina's infrastructure and develop solutions. Over the past year, the City has incurred the following to not only maintain operations but plan for the future:

- \$495,000 for development of the Waterfront Marina Trust Lands Use Plan, a successful 18-month process culminating in the Plan's adoption by the City Council on March 6, 2024 (and later the State Lands Commission on June 7, 2024);
- \$250,000 for the Seawall Replacement and Breakwater Repair Project Design and Permitting;
- \$166,875 for design and inspection services for the fishing pier renovation;
- \$75,000 for environmental and permitting for the fishing pier renovation;
- \$59,500 for repairs to the entrance to Dock B in the Marina; and
- \$50,000 as supplemental funding for Almar's contract management of the Marina to augment the depleted operating account fund balance.



CITY OF MARTINEZ

525 Henrietta Street, Martinez, CA 94553-2394

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 request relief from the obligation to transmit a portion of the gross revenues generated by the land grant pursuant to Section 7(d)(2) of AB 1686. 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 June Du, Finance Director, at jdu@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,

Michael Chandler
City Manager

Cc: Finance Department
Community and Economic Development Department