

Staff Report 100

GRANTEE:

City of Martinez

PROPOSED ACTION:

Consider temporarily relieving the City of Martinez from its requirement to transmit 20 percent of the revenue generated from its granted lands to the State, pursuant to Chapter 628, Statutes of 2014, and Chapter 143, Statutes of 2023.

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 Chapter 628 repealed the City's prior grants and provided the City with a new grant of sovereign tide and submerged lands that updated the grant statute and added an additional parcel that encompasses the Martinez Marina (Marina).

Prior to the Legislature granting the Marina parcel to the City in Chapter 628, this area was under the Commission's jurisdiction. In 1964, the Commission authorized a 49-year lease of the Marina parcel to the City for the development and operation of a small craft harbor, as well as park, recreational, commercial, and industrial facilities. Pursuant to this lease, the Commission collected annual rent from the City and deposited it into the State's General Fund. Because Chapter 628 transferred the State's right, title, and interest in the Marina to the City it effectively terminated 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 the State. This revenue sharing 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 into the State's General Fund and 20 percent into the Kapiloff Land Bank. Recognizing the deteriorating

conditions at the Marina, Chapter 628 allowed the Commission to relieve the City of its revenue-sharing obligation until June 30, 2021. This relief was intended to enable the City to address critical issues at the Marina, including dredging to restore adequate depth for vessel launching, berthing, and safe navigation.

[Chapter 143, Statutes of 2023](#), subsequently 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, 2025, the City requested relief from its revenue sharing obligation for fiscal year 2024-25.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Section 7, subdivision (d)(2), of Chapter 143 authorizes the Commission to relieve the City of its annual obligation to transmit 20 percent of all gross revenues generated from its granted lands from January 1, 2024 until June 30, 2029.

PUBLIC TRUST AND STATE'S BEST INTERESTS:

As demonstrated in the City's most recent financial submittal to the Commission, the revenue generated from its granted lands is insufficient to cover the expenses incurred from maintenance and operation of the Marina. Nevertheless, the City continues to work towards improving conditions at the Marina by repairing or replacing deteriorated facilities to ensure that the Marina is a valuable asset to the public's use and access of Public Trust resources in the region. To this end the City initiated two major Marina-related capital projects in the past year: the Marina Eastern Seawall Improvement Project, which the City paid for from its General Fund, and the Marina Fishing Pier Renovation Project, which was funded by American Rescue Plan Act funds and federal earmark funds.

Previous revenue sharing relief has enabled the City to fund maintenance dredging which led to operational expansion of the Marina, and allowed the City to cover costs related to managing the Marina and developing the Trust Lands Use Plan that the Commission authorized in 2024 ([Item 65, June 7, 2024](#)). Relieving the City of its revenue sharing obligation for fiscal year 2024 – 2025 will support its

continued efforts to maintain and improve its granted lands by allowing the City to reinvest this revenue directly back into the granted lands.

Because the Marina is an entry point to both the San Francisco Bay and the Sacramento-San Joaquin River Delta, it is a vital resource for meeting Public Trust needs in the region and staff believe that relieving the City from its revenue sharing obligation for fiscal year 2024 – 2025 supports Public Trust needs in the region and is in the best interest of the State.

For all the reasons above, staff recommends relieving the City of its revenue sharing obligation for fiscal year 2024 – 2025.

OTHER PERTINENT INFORMATION:

1. This proposed action is consistent with the “Meeting Evolving Public Trust Needs” and “Committing to Collaborative Leadership” Strategic Focus Areas of the Commission’s 2021–2025 Strategic Plan.
2. 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.
3. The City reported the following income and expenses generated on and by its granted lands in past years:
 - a. [2014-15](#) – Revenues: \$18,764; Expenditures: \$39,517; Operating Income: \$(20,753)
 - b. [2015-16](#) – Revenues: \$19,072; Expenditures: \$19,812; Operating Income: \$(740)
 - c. [2016-17](#) – Revenues: \$206,175; Expenditures: \$302,178; Operating Income: \$(119,956)
 - d. [2017-18](#) – Revenues: \$261,256; Expenditures: \$881,875; Operating Income: \$(650,150)
 - e. [2018-19](#) – Revenues: \$258,169; Expenditures: \$122,74; Operating Income: \$135,428
 - f. [2019-20](#) – Revenues: \$224,105; Expenditures: \$224,105; Operating Income: \$ 0

- g. [2020-21](#) – Revenues: \$244,077; Expenditures: \$266,707;
Operating Income: \$61,349
 - h. [2021-22](#) – Revenues: \$158,014; Expenditures: \$502,823;
Operating Income: \$(276,765)
 - i. [2022-23](#) – Revenues: \$131,505; Expenditures: \$1,658,731;
Operating Income: \$(1,496,669)
 - j. [2023-24](#) – Revenues: \$129,487; Expenditures: \$1,008,104;
Operating Income \$(621,266)
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, and again in the fiscal year ending 2024.
- 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](#)
 - g. [Item 52, October 17, 2024](#)
5. 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. 2024 – 2025 Request for Relief Letter

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 land to the State for fiscal year 2024 – 2025 pursuant to section 7, subdivision (d)(2) of Chapter 143.

Exhibit A



CITY OF MARTINEZ

525 Henrietta Street, Martinez, CA 94553-2394

(925) 372-3500

June 25, 2025

Mr. Jeffrey Plovnick
Granted Lands Specialist
Land Management Division
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 Mr. Plovnick:

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. The City experienced a significant and unanticipated operational shift that placed considerable strain on Marina finances, requiring the City to secure a General Fund loan to sustain operations.

Over the past year, the City has worked diligently to stabilize the Marina, invest in infrastructure, and plan for long-term sustainability. This included applying for multiple grant opportunities and entering into a new management agreement that has already produced visible improvements in operations and amenities. Despite these efforts, several unforeseen circumstances impacted both revenues and expenditures.

Key factors include:

- **Transition in Management:** On August 22, 2024, the City assumed direct management of the Marina following a 60-day notice from the previous operator, Almar (now SunTex). This sudden change required the City to incur unplanned costs to temporarily contract management services.

- **New Professional Operator:** On January 1, 2025, the City entered into a new management agreement with F3 Marina. While the transition brought professional expertise and facility improvements—including dock repairs, painting, and enhanced boater amenities—it also resulted in a 25% increase in operating costs compared to the previous operator.
- **Revenue Disruptions:** The management transition period led to a drop in revenue as several vessels left the Marina, were removed for environmental or legal reasons, or were surrendered during the lien process.
- **Storm Damage:** In December 2024, a major storm caused substantial damage to Marina infrastructure. While an insurance claim was submitted, the City was responsible for a \$25,000 deductible, adding to the financial burden.
- **General Fund Loan:** To maintain operations and begin addressing long-term needs, the City authorized a \$419,902 loan from the General Fund to the Marina Enterprise Fund during the past fiscal year.

Given the aforementioned actions the City of Martinez has taken to address its continuing economic challenges with the Marina, 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 Development Department