

**CALENDAR ITEM
C02**

A Statewide

06/02/14

S Statewide

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CONSIDER SUPPORTING STATE LEGISLATION THAT WOULD REPEAL A LEGISLATIVE TRUST GRANT OF THREE PARCELS TO THE CITY OF MARTINEZ AND ENACT A NEW GRANT OF TIDE AND SUBMERGED LANDS TO THE CITY THAT INCLUDES THE THREE PREVIOUSLY GRANTED PARCELS AND A FOURTH, WHICH IS GENERALLY KNOWN AS THE MARTINEZ MARINA

INTRODUCTION:

State Lands Commission (Commission) staff has been reviewing various legislative proposals introduced in the 2013-14 legislative session that involve lands under the Commission's jurisdiction. This report describes proposed legislation (SB 1424 – Wolk), pertaining to a legislative grant of public trust lands to the City of Martinez (City).

LEGISLATIVE PROPOSAL:

SB 1424 (Wolk): Tidelands: City Martinez

SUMMARY:

SB 1424 would repeal a legislative trust grant of three parcels to the City and enact a new grant of tide and submerged lands to the City that includes the three previously granted parcels and a fourth, which is generally known as the Martinez Marina.

BACKGROUND AND ANALYSIS:

Since 1851, the City has held title to legislatively granted lands in the Straights of Carquinez in Contra Costa County. SB 1876 (Chapter 815, Statutes of 1976) established the current grant of lands to the City, which includes three parcels of tide and submerged lands. Two parcels are used only for Marina spoils, spoil removal, and other activities. One parcel is used as a railroad right-of-way.

The Martinez Marina, located within the additional fourth parcel that would be included in the new grant to the City, is currently under lease with the Commission for the operation and maintenance of the Marina. The existing lease results in approximately \$13,000 in annual revenue to the State's General Fund.

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According to the Contra Costa County Board of Supervisors, the Martinez Marina has "long been an icon representing Martinez' rich history in the fishing industry." The Marina serves local and outlying communities as the only one of two entry points to the San Francisco Bay and Delta from Contra Costa County. According to the Martinez City Council, uses include: serving as the entry point for the U.S. Department of Fish and Game, academic and industrial research, aiding environmental safety responses to oil refinery activities through 11 reserved slips for the National Response Center, and providing an access point for the U.S. Coast Guard, Contra Costa County Sheriff's Department, and the California Highway Patrol.

The Marina, however, is in dire need of being revitalized. Presently, silt flowing through the gaps in the dilapidated eastern breakwater wall has rendered the eastern portion of the Marina unusable, resulting in a significant decrease in revenue and use of the Marina. The poor conditions at the Marina have also hampered the City's ability to repay several outstanding loans from the State that total over \$4 million dollars. To address the deteriorating conditions at the Marina and obtain funding to pay for the replacement of the docks, breakwater, and extensive dredging, the City is seeking legislation that would transfer the Marina to the City to hold in trust. The City hopes that the land grant will give the City more flexibility in rebuilding the Marina and development upland amenities in adjacent areas.

The Marina has been under lease with the Commission since 1960. On February 1, 2010, the Commission authorized a new 46-year general lease to the City for the reconstruction, operation and maintenance of the Marina. At the time of Commission authorization, the City had five outstanding loans with the California Department of Boating and Waterways and planned to secure funding for future improvements with a new loan from California Department of Boating and Waterways. Accordingly, the City requested an Agreement and Consent to Encumbrancing of Lease for all the loans, in an amount not to exceed \$13,000,000. In order to keep the Marina project economically viable, the City proposed a loan amortization period of 46 years and in order to obtain funding, requested the Commission's lease term run concurrent with the loan period. At the time of authorization, annual rent to the State was set at a minimum of \$10,000 for years 1 through 10 for Marina related facilities plus five percent of rent collected by the City for upland facilities. Beginning in year 11 and each year thereafter, the lease provides that the City pay an annual rent against a schedule of percentage rents and fuel charges for Marina-related activities and a percentage of gross income from the upland facilities.

SB 1424 would transfer in trust the land occupied by the Martinez Marina, currently under the jurisdiction of the Commission, to the City, making the lease unnecessary. All

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revenues derived from the Marina in the future would remain with the City and the State's General Fund would no longer receive rent from the Marina operations.

Additionally, there are three existing parcels granted to the City, all with specific conditions and for specified purposes, all of which are trust consistent. For efficiency and ease of understanding, SB 1424 would consolidate the three existing grants into one grant together with the Marina, with all of the same conditions and terms. The bill would require that the granted lands be held by the City, as trustee, for the benefit of all people of the State for purposes consistent with the common law Public Trust Doctrine and the terms and conditions of the granting statute.

SB 1424 would also apply various terms and conditions to the new grant that encompasses all four parcels, consistent with its usual granting language; these include:

- Require that 20% of gross revenue generated from granted lands be transmitted to the Commission, of which 80% would be deposited in the General Fund and 20% in the Kapiloff Land Bank Fund.
- Require the trustee to request and receive Commission approval prior to authorizing a capital outlay project exceeding \$250,000.
- Require the trustee to submit a trust lands use plan for approval by the Commission by January 1, 2020.
- Require the trustee to submit a detailed report of its trust land uses by September 30, 2025, and every five years thereafter.
- Require the trustee, on or before October 1 of each year, to file with the Commission a detailed statement of all trust revenues and expenditures relating to its trust lands and trust assets.
- Allow the trustee to lease trust lands for up to 49 years.

OTHER PERTINENT INFORMATION:

1. The purpose of this bill is to transfer the State's right, title and interest in the sovereign lands underlying the Martinez Marina to the City to hold and manage in trust for the benefit of the people of California. The purpose of granting the Marina to the City is to aid the City in revitalizing the deteriorated Marina, thereby

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preventing its closure, and facilitating improvement and development of the sovereign lands.

2. Commission staff recommends that the Commission adopt a support position on this bill because it streamlines and updates the existing legislative grants to the City, facilitates improvement of the deteriorating Marina, and provides a mechanism for the Commission to comply with its residual oversight duties related to the City's granted lands.
3. SB 1424 was approved on April 22, 2014 by the Senate Natural Resources and Water Committee on a 9-0 vote. On May 23rd, it was approved by the Senate Appropriations Committee on a unanimous vote. The bill is supported by the City Council for the City of Martinez and the Contra Costa County Board of Supervisors. It has not received any opposition.

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

1. Adopt a support position on SB 1424 (Wolk).