

**CALENDAR ITEM  
C93**

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R. Boggiano

**CONSIDER RELIEVING THE CITY OF MARTINEZ FROM A REQUIREMENT  
TO TRANSMIT 20 PERCENT OF THE REVENUE GENERATED FROM ITS  
GRANTED LANDS TO THE STATE**

**TRUSTEE:**

City of Martinez  
525 Henrietta Street  
Martinez, CA 94553

**BACKGROUND:**

The City of Martinez (City) is trustee of sovereign tide and submerged lands granted by the Legislature pursuant to Chapter 628, Statutes of 2014 (SB 1424, Wolk; Chapter 628). Chapter 628 updated and reorganized the City's existing grants and granted the City an additional public trust parcel, the Martinez Marina (Marina).

Prior to Chapter 628, the Marina was under the jurisdiction of the State Lands Commission (Commission) and had been leased to the City since 1960. The Commission received an annual rent that was deposited into the state's General Fund and appropriated by the Legislature.

Because Chapter 628 transferred the Marina to the City, the lease with the Commission was terminated. Consistent with other recent legislative grants, Chapter 628 included a provision to address the loss of revenue to the General Fund. 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. Chapter 628 requires that the City submit its first transmission of gross revenues on June 30, 2015.

When the bill was introduced, the Marina was in significant disrepair and the City owed \$4.2 million for improvements made to the Marina in past decades. A provision was thus included in the bill to allow 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 provision is to enable the City to improve the deteriorated conditions at the Marina, such as conduct necessary dredging to restore depth for launching,

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berthing, and safe navigation. On May 20, 2015, the City requested relief, for one fiscal year, from the obligation to transmit 20 percent of the revenue generated from the granted lands.

**STAFF ANALYSIS:**

Section 7, subdivision (d)(2), of Chapter 628 allows the Commission, at its discretion, to relieve the City of its obligation to transmit 20 percent of the gross revenue generated from the public trust lands to the Commission. Chapter 628 provides the Commission with the authority to relieve the City of its transmission requirement until the fiscal year ending June 30, 2021.

Because of the Marina's infrastructure needs, the revenue generated from the Marina and the existing granted land has struggled to keep pace with maintenance and operational costs. The Marina was originally designed with six docks; however, only five are currently usable and one of the "usable" docks is only functioning on one side. In addition, only 140 of the Marina's 400 slips are in use due to the condition of the docks and the high levels of siltation as a result of issues in the seawall and entrance configuration. Further, due to the location of the Marina, the dredging cycle is every three years. Dredging of the Marina was last performed in 2012.

According to the City, if allowed to retain the revenue generated from the granted lands, the revenue will be placed into the Marina Service Enterprise Fund and used to address the infrastructure needs and the redevelopment of the Marina, including conducting feasibility studies necessary to attract a developer. The City intends for the feasibility studies to include a review of the existing land uses at the waterfront and an evaluation of factors that new waterfront projects proposals would consider. The feasibility studies will also assist the City in the completion of the trust lands use plan required in Chapter 628. If there is additional revenue, it would be used for dredging of sediment to restore adequate depth for Marina launching, berthing, and safe navigation.

Commission staff has reviewed the request from the City to be relieved from its obligation for fiscal year 2014-15. Commission staff has determined that the revenue generated from the Marina over the past fiscal year has scarcely covered the Marina's basic operation and maintenance costs. If reinvested in the granted lands, the revenue generated from the grant in the previous fiscal year would help to improve the conditions at the Marina. Commission staff recommends relieving the City of its obligation for one fiscal year with the option to request additional relief on an annual basis. Annual review by the Commission will help ensure that the intent of the law is being met.

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**OTHER PERTINENT INFORMATION:**

1. When SB 1424 was introduced in the California Legislature, the City owed \$4.2 million to the California Department of Parks and Recreation for five outstanding loans that the City received for improvements made to the Marina. The loans date back to 1959.
2. On September 26, 2014, Governor Brown signed SB 1424 into law. In his signing message, the Governor stated 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 further stated that he encouraged the Commission to exercise its discretion to enable the City to improve the trust lands and meet its debt repayment obligations.
3. All revenue generated by the Marina is kept in a separate Marina Services Enterprise Fund.
4. The Kapiloff Land Bank Fund is managed by the Commission and is used, in part, to reimburse the staff cost to administer the Commission's granted lands program.

**RECOMMENDED ACTION:**

It is recommended that the Commission:

**CEQA FINDING:**

Find that approval for the relief of the statutory requirement is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the subject activity is not a project as defined by Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378.

**AUTHORIZATION:**

1. 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, 2015, pursuant to section 7, subdivision (d)(2) of Chapter 628.
2. Direct the Executive Officer to take all necessary or appropriate action on behalf of the Commission to carry out the Commission's authorization.