

**CALENDAR ITEM
C61**

A 14

10/13/16

G 02-02

S 7

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

BACKGROUND:

The City of Martinez (City) is a 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.

Prior to 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 an 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, thereby terminating the lease between the Commission and the City.

Consistent with other recent legislative trust grants, Chapter 628 included 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 SB 1424 was introduced, 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

CALENDAR ITEM NO. C61 (CONT'D)

restrooms, parking area work, landscaping, relocating berths, and dredging, among other things. There are large amounts of sediment flowing 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, the legislation authorized 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 was to enable the City to improve the deteriorated conditions at the Marina, such as conducting dredging necessary to address siltation and restore depth for launching, berthing, and safe navigation in the marina.

On April 29, 2016, the City requested relief, for one fiscal year, from the obligation to transmit 20 percent of the revenue generated from the granted lands. At that time, Commission staff requested additional information, including additional details regarding the City's plan to address the deteriorated conditions. On September 9, 2016, the City supplied staff with additional information addressing the marina's dredging issues.

STAFF ANALYSIS:

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 Public Trust lands to the state until the fiscal year ending on June 30, 2021.

Because of the marina's poor condition and infrastructure needs, the revenue generated from the marina is insufficient to keep pace with maintenance and operational costs. The marina was originally designed with six docks; however, only five are currently usable and one functions on only one side. In addition, only 140 of the marina's 400 slips are in use because of the poor dock conditions and the high levels of siltation. Dredging of the marina was last performed in 2012.

The revenue generated from the marina is placed into the City's Marina Enterprise Fund. According to the City, the revenue generated is insufficient to fund marina maintenance needs and redevelop the marina. The City is striving to develop a marketing plan to redevelop the marina and targeting 2020 as the date for finalizing the redevelopment strategic objectives. The City anticipates pursuing feasibility studies next year and intends for the feasibility studies to analyze existing uses at the waterfront and evaluate factors that new waterfront project proposals should consider.

CALENDAR ITEM NO. **C61** (CONT'D)

The City is in discussions with Anchor QEA, a science and engineering firm, to initiate the requisite marina and pond survey steps for its 2017 dredge, which will cost approximately \$30,000. The City anticipates spending approximately \$500,000 over the next several months on the design, permitting and construction of the 2017 dredging cycle.

Commission staff has reviewed the request from the City for relief from its revenue transmittal obligation for fiscal year 2015-16. 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. The marina is one of only two entry points to the San Francisco Bay and Delta serving the outlying communities. Staff believes the relief of the City's obligation will further the public's trust needs through the reinvestment of the money into the granted public trust lands, and is in the best interest of the State.

OTHER PERTINENT INFORMATION:

1. When SB 1424 (Chapter 628) was introduced in the Legislature, the City owed \$4.2 million to the California Department of Parks and Recreation for five outstanding loans for improvements made to the marina. The loans date back to 1959.
2. On September 26, 2014, Governor Jerry Brown Jr. 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 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 Enterprise Fund.
4. In June 2015, the Commission approved relieving the City of the requirement to transmit 20 percent of the revenue generated from its

CALENDAR ITEM NO. **C61** (CONT'D)

granted lands to the state for one fiscal year. ([Calendar Item 93, June 29, 2015](#))

5. The proposed action is consistent with Strategy 1.2 of the Commission's Strategic Plan to provide that the current and future management of ungranted sovereign lands and resources and granted lands, including through strategic partnerships with trustee ports and harbor districts, are consistent with evolving Public Trust principles and values.
6. Approving the subject relief of the statutory requirement 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, section 15378, subdivision (b) (5).

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 due on June 30, 2016, pursuant to section 7, subdivision (d)(2) of Chapter 628.