



THOUSAND FRIENDS OF MARTINEZ

Martinez Needs More Revenue: Economic Development & the Budget

The two most obvious signs of Martinez' difficulties are the state of the Marina and the high staff turnover at City Hall over the last few years. In addition, the City's Water System Enterprise Fund (ideally a self-funded fiscal entity) has already received help from the City's General Fund, and will need to make major capital investments in maintenance and modernization of our aging water system in the future.

On the revenue side, Martinez has one of the highest sales tax rates in the county, along with a history of substantial sales tax leakage from residents shopping in Pleasant Hill, Concord and Walnut Creek, or even further afield, as they shop where they commute. Even though Martinez housing is more affordable than neighboring communities, having a high paying job with a long commute is often necessary for newcomers to Martinez to afford housing here.

Measure X, a half-cent sales tax which brings in about \$4.5M a year, was sold to voters as an improvement to City services, but in fact has become a necessity just to provide services. Out of 2024 General Fund expenditures of \$35.8M (excluding ARPA project expenditures), a loss of \$4.5M would be significant, so without substantial improvement in General Fund revenue, Martinez will have an important decision to make when Measure X expires in 2033.

On a positive note, EUV Tech, a maker of high-tech measurement instrumentation for cutting-edge semiconductor fabrication ("EUV" as in Extreme Ultra Violet, the very short wavelength light needed for fabricating the latest chips), has set up shop on Howe Road and would like to expand. A typical fabrication facility for the latest chips has something like 5,000 suppliers, including companies like EUV Tech, and the City's Economic Development team is looking into other high-tech, high-sales-tax possibilities for the future.

The problem is that in built-out Martinez, where would they go? The Telfer property, across the tracks from the Waterfront, and the Amare development, next to the County offices near Arnold and Pacheco, represent large, flat parcels close to transportation, but are both designated for housing – which generates very little net City revenue – at the same time that the State is breathing down our neck for even more housing.

Many of the problems above are the result of the City operating on a one-year budget cycle, and having high City Manager turnover (about every two years since 2001). However, the City has moved to a two-year budget cycle, will be introducing a four-year process in June, and our current City Manager has been here many years in other administrative roles before becoming City Manager, so things are looking up!

The City needs to have a budget in place by July 1st, so it will have a budget workshop in May, and the final vote on the 2025-2027 budget in late June.

Stay tuned!