

Del Mar City Council Meeting Agenda

Del Mar Town Hall
1050 Camino del Mar, Del Mar, California

February 3, 2020 City Council Meeting

**INFORMATION RECEIVED
AFTER THE COUNCIL AGENDA
WAS DISTRIBUTED
("Red Dots")**



From: maureen.kendrick@thewinstonschool.org on behalf of Dena Harris
<denah@thewinstonschool.com>
Sent: Monday, February 03, 2020 11:37 AM
To: City Clerk Mail Box; Ellie Haviland; Terry TG. Gaasterland; Terry Gaasterland; David Druker; Sherryl L. Parks; Scott Huth; Leslie Devaney; Ashley Jones
Cc: Kristen M. Crane
Subject: Red Dot Submission for Special Meeting and Regular Session of the Del Mar City Council - Monday, February 3, 2020

Del Mar City Council Members:

As discussed in our meeting on Friday, January 31st, with Kristen Crane and City attorneys, Leslie Devaney and Richard Romero, below is our estimated schedule of events moving forward. Please note, we have contacted the appraiser regarding the agreed-upon appraisal.

1. Obtain and internally review appraisal.
2. Perform internal capital investment analysis and prevailing wage assessment as it relates to current lease in light of recent discussions with City Attorney.
3. Meeting(s) with City representatives regarding appraised value and economically viable development.
4. Present City with proposed lease amendment terms.
5. Prepare development plans.

The school has continuously worked on this project with the liaisons and city staff to achieve a positive solution.

If you, or any concerned stakeholder, and Del Mar residents, have any questions regarding progress for clarification, please contact me directly.

Regards,

Dena

Dr. Dena Harris

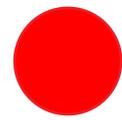
Head of School & Executive Director

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Subject: FW: Red dot on Item C: Winston School Lease Negotiations
Attachments: Winston Rent.xlsx

From: Laura DeMarco <laurastanleydemarco@yahoo.com>
Sent: Monday, February 3, 2020 1:39 PM
To: Ellie Haviland <ehaviland@delmar.ca.us>; Terry Gaasterland <tgaasterland@delmar.ca.us>; David Druker <ddruker@delmar.ca.us>; Dwight Worden <dworden@delmar.ca.us>; Sherryl L. Parks <sparks@delmar.ca.us>
Cc: Kristen M. Crane <kcrane@delmar.ca.us>; Christa Johnson <cjohnson@delmar.ca.us>; Joe and Chic Sullivan <joe@privatejudge.com>
Subject: Red dot on Item C: Winston School Lease Negotiations

Dear City Council Members and Staff,

As you review Winston School's lease in today's closed session, it is important to share more about the critical role that Winston played in the City of Del Mar's acquisition of the 5.3 acre Shores property.

The community fundraising campaign to acquire the Shores property was spearheaded by the Friends of Del Mar Parks, which was initially part of the Del Mar Foundation. However, City officials rejected the Foundation's proposed 10% administrative charge on all donations made through the Foundation to the campaign. Prospective donors also balked at the Foundation's requirement that all donations made to the Foundation for the Shores acquisition were irrevocable. Thus, if the City was unable to complete the Shores acquisition, donors would not be able to get their money back. Their donation would become the property of the Foundation.

Thankfully, the Winston School stepped up to partner with the Friends just as we kicked off our fundraising Campaign. Winston freely and unconditionally offered their support which included using their facilities for ongoing meeting and fundraising events, jointly hiring a professional fundraising consultant, and acting as the Friends's fiscal agent since the proceeds from the Campaign's fundraising were wired directly from Winston's Schwab account to the escrow account for the Shores property purchase.

The first donations made through Winston's Schwab account were two non-refundable escrow payments totaling \$250,000. I personally funded these escrow deposits through Winston's Schwab account at the request of City officials because the City and no other donors were willing to take that risk in case the Shores acquisition fell through. All subsequent donations to the Shores escrow account were refundable by Winston as the Campaign's fiscal agent. This greatly aided our fundraising efforts.

Winston acted in good faith under the assumption that they would be treated fairly and equitably by the City of Del Mar. We were all inspired by Winston's motto from Winston Churchill, "Never, never, never never give up." Fortunately, we were able to pull off a miracle with the largest fundraising campaign in Del Mar history and acquire the Shores property.

We all assumed that the City's lease with Winston would be fair as Winston was one of our community's oldest non-profits, a good and faithful neighbor for over 20 years (now over 30 years) and the largest contributor to the Shores acquisition campaign. Unfortunately, I have discovered in a comprehensive review of all the emails and documentation that I kept from the Shores Campaign that Winston's good faith was abused. For example, the City forced Winston to make their \$3M contribution before the close of escrow and before suitable lease terms with the City were finalized. Thus, Winston lost their negotiating leverage to make a fair and equitable deal.

The attached spreadsheet makes it obvious that Winston's lease is more than unfair. This spreadsheet extrapolates Winston's long-term lease payments to the City of Del Mar and calculates the City's corresponding return on investment (ROI) on its \$3M contribution (partial proceeds from the Balboa property sale) to the acquisition of the Shores property. Although Winston also contributed \$3M to the Shores acquisition, they have to pay an escalating annual rent, ongoing maintenance and another \$7M+ for new buildings.

Ironically, Winston's contribution of \$3M was equivalent to purchasing its entire 1.8 acre parcel at \$1.6M/acre (\$8.5M total purchase price divided by 5.3 acres). Instead of competing with the City as a bidder for the Shores property, Winston partnered with the Friends of Del Mar Parks Campaign so we could raise another \$2.5M for a total of \$5.5M, 65% of the Shores \$8.5M purchase price.

However, Winston did not receive a proper discount for paying \$3M upfront in pre-paid rent. It also did not get the discounted rate that the City of Del Mar gives to other 501(c)3 non-profits. For example, the Powerhouse's non-profit rental discount is 71.4%-81.8% depending on the season. The Del Mar Foundation gets a 100% discount as they pay no rent for the former DMUSD Administration building under the terms of the lease negotiated by Betty Wheeler, the life partner of Council Member Dwight Worden, despite the City bearing the costs of maintaining the roof, HVAC, etc.

The Friends of Del Mar Parks' goal and that of our donors was to preserve and protect Del Mar's only school and playing fields. The City's current lease with Winston does not accomplish this goal as it forces the small, non-profit Winston School to morph into a large, commercial enterprise that destroys the adjacent residential neighborhood and compromises their educational mission to serve the most underserved in our society, children with learning differences who are often the victims of bullying and abuse like what my youngest daughter experienced at Del Mar Heights School.

The escalating lease payments to the City of Del Mar are more than exorbitant. They are usurious with the City's \$3M investment earning an annual ROI starting at 6.6% and escalating to 22.4% for a whopping cumulative return of 719.9% with total rent proceeds of \$21.6M as Winston's annual lease payments escalate from \$197.2K to \$670.7K during the 55-year lease.

The Friends of Del Mar Parks Campaign never intended for the Shores to become a profit center for the City of Del Mar. The Shores neighbors and most of our donors will not stand by and be complicit in the destruction of such a good neighbor and instrumental partner in the Shores acquisition. The goodwill we built and the donations we solicited cannot be so misused. And any deal with Winston will have to apply to all other 501(c)3 organizations in Del Mar.

In summary, the Friends of Del Mar Parks look forward to the equitable resolution of the City's lease with Winston, our community partner who made the Shores acquisition possible, to create a beautiful park and school with shared-use facilities.

Thanks for your consideration,

Laura DeMarco
Co-chair of Friends of Del Mar Parks Campaign

| Original Investment | | \$ 3,000,000 | | <u>Return On Investment</u> | |
|---------------------|------|--------------|------------|-----------------------------|------------|
| | | Annual | Cumulative | Annual | Cumulative |
| Winston Rent | 2007 | \$ 197,245 | \$ 197,245 | 6.6% | 6.6% |
| | 2008 | 204,206 | 401,452 | 6.8% | 13.4% |
| | 2009 | 202,583 | 604,034 | 6.8% | 20.1% |
| | 2010 | 205,010 | 809,045 | 6.8% | 27.0% |
| | 2011 | 210,487 | 1,019,531 | 7.0% | 34.0% |
| | 2012 | 214,770 | 1,234,302 | 7.2% | 41.1% |
| | 2013 | 217,093 | 1,451,394 | 7.2% | 48.4% |
| | 2014 | 220,021 | 1,671,416 | 7.3% | 55.7% |
| | 2015 | 222,016 | 1,893,432 | 7.4% | 63.1% |
| | 2016 | 227,186 | 2,120,618 | 7.6% | 70.7% |
| | 2017 | 232,476 | 2,353,094 | 7.7% | 78.4% |
| | 2018 | 237,890 | 2,590,984 | 7.9% | 86.4% |
| | 2019 | 243,431 | 2,834,415 | 8.1% | 94.5% |
| | 2020 | 249,103 | 3,083,518 | 8.3% | 102.8% |
| | 2021 | 254,907 | 3,338,424 | 8.5% | 111.3% |
| | 2022 | 260,846 | 3,599,270 | 8.7% | 120.0% |
| | 2023 | 266,924 | 3,866,194 | 8.9% | 128.9% |
| | 2024 | 273,143 | 4,139,337 | 9.1% | 138.0% |
| | 2025 | 279,507 | 4,418,844 | 9.3% | 147.3% |
| | 2026 | 286,020 | 4,704,864 | 9.5% | 156.8% |
| | 2027 | 292,684 | 4,997,548 | 9.8% | 166.6% |
| | 2028 | 299,504 | 5,297,052 | 10.0% | 176.6% |
| | 2029 | 306,482 | 5,603,534 | 10.2% | 186.8% |
| | 2030 | 313,623 | 5,917,157 | 10.5% | 197.2% |
| | 2031 | 320,930 | 6,238,088 | 10.7% | 207.9% |
| | 2032 | 328,408 | 6,566,496 | 10.9% | 218.9% |
| | 2033 | 336,060 | 6,902,556 | 11.2% | 230.1% |
| | 2034 | 343,890 | 7,246,446 | 11.5% | 241.5% |
| | 2035 | 351,903 | 7,598,349 | 11.7% | 253.3% |
| | 2036 | 360,102 | 7,958,451 | 12.0% | 265.3% |
| | 2037 | 368,493 | 8,326,944 | 12.3% | 277.6% |
| | 2038 | 377,079 | 8,704,023 | 12.6% | 290.1% |
| | 2039 | 385,864 | 9,089,887 | 12.9% | 303.0% |
| | 2040 | 394,855 | 9,484,742 | 13.2% | 316.2% |
| | 2041 | 404,055 | 9,888,797 | 13.5% | 329.6% |
| | 2042 | 413,470 | 10,302,267 | 13.8% | 343.4% |
| | 2043 | 423,104 | 10,725,371 | 14.1% | 357.5% |
| | 2044 | 432,962 | 11,158,333 | 14.4% | 371.9% |
| | 2045 | 443,050 | 11,601,382 | 14.8% | 386.7% |
| | 2046 | 453,373 | 12,054,755 | 15.1% | 401.8% |
| | 2047 | 463,937 | 12,518,692 | 15.5% | 417.3% |
| | 2048 | 474,746 | 12,993,438 | 15.8% | 433.1% |
| | 2049 | 485,808 | 13,479,246 | 16.2% | 449.3% |
| | 2050 | 497,127 | 13,976,373 | 16.6% | 465.9% |
| | 2051 | 508,710 | 14,485,083 | 17.0% | 482.8% |
| | 2052 | 520,563 | 15,005,647 | 17.4% | 500.2% |
| | 2053 | 532,692 | 15,538,339 | 17.8% | 517.9% |
| | 2054 | 545,104 | 16,083,443 | 18.2% | 536.1% |
| | 2055 | 557,805 | 16,641,248 | 18.6% | 554.7% |
| | 2056 | 570,802 | 17,212,050 | 19.0% | 573.7% |
| | 2057 | 584,101 | 17,796,151 | 19.5% | 593.2% |
| | 2058 | 597,711 | 18,393,862 | 19.9% | 613.1% |
| | 2059 | 611,638 | 19,005,500 | 20.4% | 633.5% |
| | 2060 | 625,889 | 19,631,389 | 20.9% | 654.4% |
| | 2061 | 640,472 | 20,271,861 | 21.3% | 675.7% |
| | 2062 | 655,395 | 20,927,256 | 21.8% | 697.6% |
| | 2063 | 670,666 | 21,597,922 | 22.4% | 719.9% |



From: City Clerk Mail Box
Subject: FW: Item #18

-----Original Message-----

From: Robin Crabtree <robin.n.crabtree@gmail.com>
Sent: Sunday, February 2, 2020 5:31 PM
To: Ashley Jones <ajones@delmar.ca.us>; Sherryl Parks-Private <sherryl.parks@gmail.com>; Terry TG. Gaasterland <gaasterland@gmail.com>; David Druker-Private <ddruker@dataskill.com>; Dwight Worden <dwrightworden@gmail.com>; Ellie Haviland-Private <ellenhaviland@yahoo.com>
Cc: Jonathan Edelbrock <JEdelbrock@delmar.ca.us>
Subject: Item #18

Dean Council Members,

I would first like to state that in reviewing the staff report, as a beach resident, I have not necessarily seen the stated enhancements to enforcement and safety services over the past two years. I am therefore happy to see that enforcement and safety services in Del Mar is being addressed with proposed changes.

1. Pilot Program to Expand Hours of Operation During Summer Season I totally support the proposed hours of enforcement Thursday through Saturday til 230 am. I would like to also suggest that Sunday through Wednesday there should be additional enforcement on duty until 10 pm each evening. The beach activity from Memorial Day to Labor Day is seven days a week....everyday. At the beach, we have visitors all summer long and with sunset around 8 pm and darkness at least 45 minutes later, activity at the beach, beach access, streets and towers and hopefully restaurants can go til at least 10 pm. I do have experience calling community services after hours for many different situations and they have been great! Someone answers the phone or calls you back and then follows up on whatever is going on.
2. Part-time Public Safety Officer Position I totally support this recommendation. I have utilized the "seasonal workers" in the past and they were very helpful.
3. Reclassify Parking Leutenant Position to Public Enforcement Sergeant. I'm happy to see that the position that was vacated is finally going to be filled. I also support the broadening of the job description.

In conclusion:

1. Support the additional after hours Thursday through Saturday til 230 am. I also recommend Sunday through Wednesday additional after hours til 10 pm. I would also suggest that success of the pilot program will be through marketing the hours and phone number in a city wide email and possibly through the water bill.
2. Support for Part-time Public Safety Officer and hire ASAP!
3. Support for Reclassify to Public Enforcement Sergeant and hire ASAP!

I am hopeful that with additional staff and enforcement that the Del Mar laws will be better enforced throughout the city!

Thank you

Sincerely

Robin Crabtree, 140 25 th street