

DEL MAR TIMES

Shores fundraising not over yet

Thursday, August 07, 2008

By Jim Kerr

Officials with the Friends of Del Mar Parks say they are concerned that residents may think their help isn't needed to finish paying for the Del Mar Shores property.

Joe Sullivan, the group's co-chair said that since the city agreed to buy the old school property from the Del Mar Union School district, there has been some confusion in the community.

"I know there are people out there who think, 'OK, the city came in, that's done.'" It's not so, he said, noting that more than \$3 million still must be raised.

The city's \$3.5 million loan, approved by the City Council three months ago, only removed time constraints imposed by the school district on completing the \$8.5 million deal for the 5.3 acres in a largely residential area of Del Mar.



Fundraising continues for the Shores property sale in Del Mar. Over \$3 million remains to be raised.
Photo by: Danielle Vinland

The city does not have the funds to pay off the debt and has always expected the community to cover it. Included in the agreement is a provision that if the city does not make payments on the note, the property will revert to the school district. In addition, payments already made will not be refunded if that happens.

Fundraisers, including those from the property's Winston School, the private school for students with learning differences, had met two previous benchmark payments as part of an original July 2007 deal between the city and the district. But they came up short on a final February 2008 deadline by \$3.5 million. In May, after several extensions of escrow by the school district, the City Council stepped in and closed escrow through a promissory note guaranteeing the remainder of the funds.

"It was a huge undertaking," said Sullivan of the original fundraising task. "No one in Del Mar had ever tried to raise that kind of money. The May vote by the council was a vote of confidence toward us. We haven't reached the goal yet but we have the capacity. I'm confident we will get it done."

In total, the Friends of Del Mar Parks in conjunction with the Winston School have raised just over \$5.15 million dollars towards the \$8.5 million purchase price. Since the close of escrow in May to July 21, they have raised about \$50,000. In November, the city is expected to make a \$500,000 loan repayment and each month thereafter deposit another \$500,000 until May 15, 2009. The payments include accrued interest on the loan.

With less than 100 days before the first repayment, Del Mar city officials have expressed some degree of angst, over the schedule, and have requested that fundraisers present regular monthly status reports to the City Council. The city says the reports are essential, so that if sufficient funds cannot be raised; the city has a plan to effectively manage any potential situation.

At a previous City Council meeting, several worst-case scenario options were floated by the city to address any funding shortfalls, which might trigger a default on the loan. They included additional interim financing, selling a section of the Shores property not occupied by the Winston School, exchanging the city-own Balboa property land for an equivalent portion of the Shores property and liquidating the Balboa lot, and relocating City Hall to the school district's administrative office site on the Shores property and selling the current City Hall property.

When contacted last week, Del Mar City Manager Karen Brust, said several of those options still remain on the table but indicated she was seriously considering going ahead with interim financing options such as a commercial paper program or short-term notes.

Brust said she any such financing would most likely involve rolling the Shores debt into a package that also included funds for other capital projects such as the new lifeguard safety center and a new 21st Street pump station.

Historically, the City Council has been reticent to carry a large debt load, but as a result, the city has one of the better credit ratings of county cities.

'There's no doubt the city's position is to not default on the loan she said. "We have our eyes on the ball. I have the best hopes for this. I've seen the commitment of this community to make wonderful things happen."

Sullivan says it is still possible for any large corporate or individual donor to have naming rights for the Shores property, at a price of \$3 million. Also Friends of Del Mar Parks will soon become their own 501c3, previously having raised funds under the nonprofit status of the Winston School. Sullivan says that will greatly help the organization in moving forward.

"I'm not really concerned," he said. "There is a large group of people in this community who are philanthropic by nature and they will support this."

Jim Kerr

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