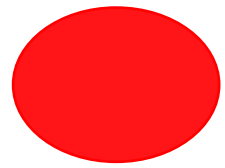


Del Mar City Council Meeting Agenda

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

March 3, 2026 City Council Meeting

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



February 27, 2026

+1.619.338.6530
Bmiller@sheppard.com

File Number: 47WF-387822

Mayor Tracey Martinez and Members of the City Council
City of Del Mar
1050 Camino del Mar
Del Mar, California 92014
Via email to: cityclerk@delmar.ca.us
tqaasterland@delmar.ca.us; tmartinez@delmar.ca.us; jspelich@delmar.ca.us;
dquirk@delmar.ca.us

Re: City of Del Mar Council Regular Meeting of March 3, 2026
Agenda Item 11: 2025 Housing Element Annual Progress Report

Dear Mayor Martinez and Members of the City Council:

This firm represents Carol Lazier and the Stensrud Lazier Holding Trust, owner of that certain real property generally referred to as 929 Border Avenue and listed in the City's 6th Cycle Housing Element, Appendix B, Table B-7 as a "Low and Very Low-Income Site" and identified for rezoning pursuant to Housing Program 1E, "Rezone of Vacant North Bluff and/ or South Stratford Properties" (herein, the "Property").

With regard to Program 1E, we dispute the statement in the draft 2025 Housing Element Annual Progress Report ("Report"), prepared by City staff and recommended to be authorized by your Council for submittal to the State Department of Housing and Community Development ("HCD") and the Governor's Office of Land Use and Climate Innovation ("LCI"), that "[no] action [is] required at this time." As set forth in our previous correspondence, the City has failed to meet the deadline to rezone the Property pursuant to Government Code section 65583.2(c) and the City has failed to meet the requirements of Housing Element Program 3A to secure a binding agreement with the 22nd District Agricultural Association ("22nd DAA") for the siting of housing on the Fairgrounds property by April 2024. As such, Program 1E is, in fact, required at this time.

Additionally, the draft Report states:

"[A] private development project (Seaside Ridge) submitted an application seeking benefits they are not entitled to for proposed development on north bluff, including exemptions from CEQA and development inconsistent with General Plan, Zoning Code, and Local Coastal Program in an environmentally sensitive, non-infill site location. City met with developer team in good faith to facilitate permit processing. Owner made clear their intent is to continue with legal challenge and that they will not be submitting a complete application for the City to process. The developer worked in bad faith since 2023 by trying to delay the City's Program 3A fairgrounds housing efforts as a tactic to try and secure 'by right' processing[.]"

We object to the inclusion of this factually and legally inaccurate language in the Report. As the City has been made well aware, by both this firm and the Office of the Attorney General, the “Seaside Ridge” project qualifies for ministerial approval pursuant to the Builder’s Remedy in accordance with California Government Code section 65589.5(f)(6) and (h)(11) and, by law, “shall not be required to apply for, or receive approval of, a general plan amendment, specific plan amendment, rezoning, or other legislative approval.” Moreover, the application for the project is deemed complete as a matter of law pursuant to California Government Code section 65589.5(h)(5) (“[n]otwithstanding any other law, ‘deemed complete’ means that the applicant has submitted a preliminary application pursuant to Section 65941.1”) and California Government Code section 65943(c) (“if the final written determination on the appeal is not made within that 60-day period, the application with the submitted materials shall be deemed complete for the purposes of this chapter”).

We further object to any characterization of the participation of Ms. Lazier or any member of the project development team, including legal counsel, in publicly noticed and open meetings of the 22nd DAA Board as a “bad faith... tactic to try and secure ‘by right’ processing[.]” Not only is Ms. Lazier and every individual on her team entitled by law to comment on the 22nd DAA Board’s consideration of the City’s proposal to site affordable housing on State-owned property pursuant to Government Code section 11125.7 (“the state body shall provide an opportunity for members of the public to directly address the state body on each agenda item before or during the state body’s discussion or consideration of the item”), the City Council as a local legislative body itself is barred by law from prohibiting “public criticism of the policies, procedures, programs, or services of the agency, or of the acts or omissions of the legislative body.” (Gov. Code § 54954.3.) Any attempt to do so violates First Amendment rights and is subject to injunction. (See, e.g., *Leventhal v. Vista Unified Sch. Dist.* (1997) 973 F. Supp. 951, 960, quoting *Schenck v. Pro-Choice Network* (1997) 519 U.S. 357 [“commenting on matters of public concern” is “classic form[] of speech that lie[s] at the heart of the First Amendment”]; *Rosenberger v. Rector & Visitors of the Univ. of Va.* (1997) 515 U.S. 819 [“When the government targets not subject matter but particular views taken by speakers on a subject, the violation of the First Amendment is all the more blatant.”].)

For these reasons we request the City Council direct staff to remove the above language from the Report in its entirety prior to submitting it to the State. We reserve all rights to supplement the above comments and seek judicial relief relating to these matters if and as may be necessary.

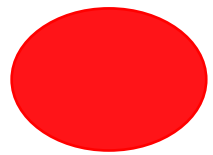
Sincerely,

[Redacted signature]

Brooke Miller
for SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

SMRH:4932-4612-0338.2

cc: Carol Lazier
California Department of Housing and Community Development
(Melinda.Coy@hcd.ca.gov; David.Zisser@hcd.ca.gov)
California Department of Justice, Office of the Attorney General (Alex.Fisch@doj.ca.gov;
david.pai@doj.ca.gov)



Del Mar City Council:

I am very disappointed in your resolution to declare the small, vacant 10th Street property at the Civic Center as surplus land. This one-tenth of an acre parcel was set aside by Miller-Hull in the design of the Civic Center with the utilities installed and capped off in anticipation of the Alvarado House. On that parcel Alvarado House would be the Del Mar History Museum. Del Mar remains the only city in San Diego county without a history museum.

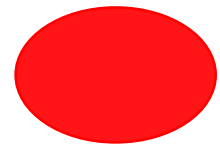
During previous iterations of the Affordable Housing dilemma, you have excluded from consideration many acres of City owned land – North Bluff Preserve, Powerhouse Park, Seagrove Park, Shores Park, and the Del Mar Canyon Preserve. I understand and agree with these exclusions.

My question for you is why can't you add a mere one-tenth of an acre to that list of many acres?

Thank you for your thoughtful consideration,

Larry Brooks
411 9th Street

Leslie Carrillo



From: Susanne Stevenson <goodstevenson@yahoo.com>
Sent: Sunday, March 1, 2026 10:09 AM
To: City Clerk Mail Box; Larry D. Brooks
Cc: Terry TG. Gaasterland; Tracy Martinez; John Spelich-private; Dan Quirk
Subject: Re: RED DOT - Item 11

Follow Up Flag: Follow up
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Well done, Larry. It's such a disappointing decision.

On Sunday, March 1, 2026 at 09:15:41 AM PST, Larry D. Brooks <xiceman62@gmail.com> wrote:

Del Mar City Council:

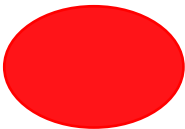
I am very disappointed in your resolution to declare the small, vacant 10th Street property at the Civic Center as surplus land. This one-tenth of an acre parcel was set aside by Miller-Hull in the design of the Civic Center with the utilities installed and capped off in anticipation of the Alvarado House. On that parcel Alvarado House would be the Del Mar History Museum. Del Mar remains the only city in San Diego county without a history museum.

During previous iterations of the Affordable Housing dilemma, you have excluded from consideration many acres of City owned land – North Bluff Preserve, Powerhouse Park, Seagrove Park, Shores Park, and the Del Mar Canyon Preserve. I understand and agree with these exclusions.

My question for you is why can't you add a mere one-tenth of an acre to that list of many acres?

Thank you for your thoughtful consideration,

Larry Brooks
411 9th Street



Leslie Carrillo

From: Buck <buckabell@gmail.com>
Sent: Sunday, March 1, 2026 12:36 PM
To: Larry D. Brooks
Cc: City Clerk Mail Box; Terry TG. Gaasterland; Tracy Martinez; John Spelich-private; Dan Quirk
Subject: Re: RED DOT - Item 11

Follow Up Flag: Follow up
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My wife, Penny, and I agree with Larry 100%.

Buck Abell
351 Serpentine Drive

On Sun, Mar 1, 2026 at 9:15 AM Larry D. Brooks <xiceman62@gmail.com> wrote:
Del Mar City Council:

I am very disappointed in your resolution to declare the small, vacant 10th Street property at the Civic Center as surplus land. This one-tenth of an acre parcel was set aside by Miller-Hull in the design of the Civic Center with the utilities installed and capped off in anticipation of the Alvarado House. On that parcel Alvarado House would be the Del Mar History Museum. Del Mar remains the only city in San Diego county without a history museum.

During previous iterations of the Affordable Housing dilemma, you have excluded from consideration many acres of City owned land – North Bluff Preserve, Powerhouse Park, Seagrove Park, Shores Park, and the Del Mar Canyon Preserve. I understand and agree with these exclusions.

My question for you is why can't you add a mere one-tenth of an acre to that list of many acres?

Thank you for your thoughtful consideration,

Larry Brooks
411 9th Street



Leslie Carrillo

From: Jeff Barnouw <barnouw@yahoo.com>
Sent: Sunday, March 1, 2026 1:13 PM
To: City Clerk Mail Box
Subject: Red Dot Letter Item #11 City Council Meeting March 3

Follow Up Flag: Follow up
Flag Status: Flagged

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To:City Clerk Mail Box
Sun, Mar 1

I want to second the remarks of Larry Brooks, President of the Del Mar Historical Society. The value of the material culture of our past should weigh more heavily in determining such choices as the eventual use of this parcel for our future.

Del Mar City Council:

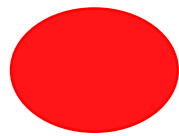
I am very disappointed in your resolution to declare the small, vacant 10th Street property at the Civic Center as surplus land. This one-tenth of an acre parcel was set aside by Miller-Hull in the design of the Civic Center with the utilities installed and capped off in anticipation of the Alvarado House. On that parcel Alvarado House would be the Del Mar History Museum. Del Mar remains the only city in San Diego county without a history museum.

During previous iterations of the Affordable Housing dilemma, you have excluded from consideration many acres of City owned land – North Bluff Preserve, Powerhouse Park, Seagrove Park, Shores Park, and the Del Mar Canyon Preserve. I understand and agree with these exclusions.

My question for you is why can't you add a mere one-tenth of an acre to that list of many acres?

Thank you for thinking about this seriously.

Jeff Barnouw
705 Amphitheatre Drive



Leslie Carrillo

From: Joy Ehrenfeld <joydelmar@gmail.com>
Sent: Tuesday, March 3, 2026 8:44 AM
To: City Clerk Mail Box; Terry Gaasterland; Tracy Martinez; John Spelich; Dan Quirk; Ashley Jones
Cc: Melinda.Coy@hcd.ca.gov; David.Zisser@hcd.ca.gov
Subject: RED DOT- March 3, 2026- City Council Meeting- item #11 Housing Element

Follow Up Flag: Follow up
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CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Re: Agenda Item #11 Housing Element

Dear Mayor Martinez, Council members Spelich, Quirk and Gaasterland,

At your last meeting you had a discussion with staff about plans for the City owned property on 10th Street. At the meeting there were concerns from the neighbors and Council members about plans for 8 units on this very small .10 acre lot in the residential zone. We were reassured by staff that no decisions have been made as to the number of units that could be built on this property because it first had to be approved by the DRB and the City Council and the 8 units would have to be designed to fit into the residential neighborhood.

Yet only a few weeks later, in Item #11 page 16 of tonight's Staff Report- 8 units were the "Outcome" of your last Council meeting! Please - see photo below.

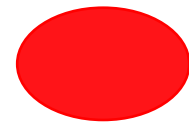
Also at your last meeting you discussed a new idea - Parcel #1- at Camino Del Mar and 11th St.- on the same City Hall property. A. neighbor spoke and suggested that 4 units could be built there and 4 units could be built on 10th St. This Parcel #1 is also City owned and is the same size as the 10th St lot. The City Manager said that this vacant City owned property has never been studied for low income housing.

You have hired a new Housing Consultant to study Parcel #3. I am asking you to also include Parcel #1 in future studies as an additional location for Low Income housing in Del Mar.

Sincerely,
Joy Shadle Ehrenfeld
10th Street

Agenda Report (Item 9) on February 17, 2026
Adoption of Resolution to declare the City-
owned 10th Street Vacant Lot exempt Surplus
Land

Outcome reflects 8 lower income unit target
for 10th Street site



From: Tate Scott <tate.scott@gmail.com>
Sent: Thursday, February 26, 2026 8:34 AM
To: City Clerk Mail Box
Cc: Tracy Martinez; Dan Quirk; John Spelich; Terry Gaasterland; Ashley Jones
Subject: Red Dot - Item 13 - UP Updated Long-Term Cash Flow Analysis

Follow Up Flag: Follow up
Flag Status: Flagged

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear City Council, City Manager, Staff, Committee Members and Residents,

City staff and the Undergrounding Program Advisory Committee (UPAC) deserve real credit for recent progress. They have reduced the projected total program cost from \$209.8 million (November 2024) to \$121.8 million — an \$88 million or 42% drop — and proposed a thoughtful phasing plan that would advance District 2 (Beach Colony) three years earlier than previously expected while staying within the Council’s pay-as-you-go framework. These are genuinely positive developments driven by strong cost controls and favorable 2025 bids.

That said, the program’s enormous scale and repeated forecasting volatility raise serious governance and risk-management concerns that must be addressed.

Undergrounding is a huge project - the revised \$121.8 million commitment is staggering: it equals more than 2.5 times the City’s entire annual operating and capital budget (\$48.4 million in FY 2025-26 and \$65.0 million in FY 2026-27) and roughly 6–7 years of General Fund operating expenditures in a community of only 3,900 residents. Peak construction years under the proposed phasing could still require \$10–16 million+ annually, dominating capital spending and staff bandwidth for decades. This is by far the largest capital project in Del Mar’s history.

Of highest concern is the extreme volatility in the forecasts themselves. The \$88 million (42%) reduction occurred in just 15 months (November 2024 to February 2026). While the potential savings are welcome, this is still a significant forecasting miss — exactly the pattern shown in the December 12, 2024 UPAC agenda, where staff explicitly reviewed the history of underground cost estimates and presented the then-current \$105.6 million base (with escalated scenarios reaching \$197–\$222 million). Earlier examples include the Tewa Court pilot ballooning 51%, Stratford Court South nearly doubling in mid-2024, and multiple upward revisions followed by large downward corrections.

This underscores two critical risks in the forecasting process:

- Recency bias — the new lower estimate heavily weights today’s temporarily favorable bids and SDGE revisions.
- Latency factor — many real cost increases only show up years later, and the current \$121.8 million forecast is based in part on districts that are still in design or have no final invoices yet.

The pattern is consistent with the May 2024 Crowe LLP audit of SDG&E (which found 80%+ understatements on similar projects, including one in Del Mar).

Del Mar is fortunate to have two excellent, separate expert groups: the Undergrounding Program Advisory Committee (UPAC) that brings deep project-specific knowledge, and the Finance Committee that brings independent city-wide financial oversight. These **separate** roles are valuable and should be preserved.

Therefore, as this is clearly the largest project in our city's history, the Finance Committee — not UPAC — should drive the comprehensive financial analysis.

The core problem is that without full city-wide projections, we simply cannot see the choke points that may appear years from now. We won't know when cash could get tight, when reserves might drop too low, when pension or other liabilities start to pressure the budget, or when other vital needs (roads, parks, shoreline protection) compete for the same limited dollars. The dramatic swings we've already seen in undergrounding estimates prove how important it is to have this complete picture before we commit taxpayer dollars for decades.

To address these concerns responsibly, I respectfully recommend that the Finance Committee (with staff) be directed to independently prepare clear, comprehensive 15–20 year financial projections for the entire City (not limited to the undergrounding project).

Specifically, please provide the two conventional parallel sets:

1. Without the full Undergrounding Program (baseline city-wide scenario), and
2. With the full phased Undergrounding Program (baseline plus Undergrounding city-wide scenario).

For each scenario, please include straightforward long-term forecasts prepared in accordance with governmental accounting standards (GASB). These forecasts should present a complete picture of all items impacting cash flow, structured in the manner of a Sources and Uses of Funds statement under GAAP, showing:

- All City revenues and expenditures year by year,
- The resulting impact on reserves and available cash balances,
- All major assets and liabilities (including pensions, retiree healthcare obligations, existing debt, and contingent liabilities), and
- Full “what-if” sensitivity analysis ($\pm 20\text{--}30\%$) on every key driver, such as Measure Q sales tax revenues, construction and SDGE costs, inflation rates, and interest rates.

Only this kind of conventional, thorough, independent and Finance Committee driven city-wide analysis can surface hidden choke points and risks, show the true impact on the City's overall budget and reserves, and give Council the clear picture needed before locking in taxpayer commitments for decades.

Without conventional comprehensive city-wide projections and full sensitivity analysis, we also cannot confidently say that the pay-as-you-go plan will remain viable over the full 15–20 year horizon. A single unfavorable swing in revenues or costs could force difficult choices later — exactly what we want to avoid.

This is our biggest project ever at over \$30,000 per resident. This demands a thorough, conventional financial impact analysis that examines the full city-wide picture — and that analysis should be driven by our Council-appointed Finance Committee experts.

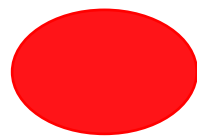
Thank you again for your service to Del Mar.

Respectfully,

Tate Scott

1200 Oribia Rd

/wts



Leslie Carrillo

From: Bill Carpenter <bill@bcarpenter.com>
Sent: Monday, March 2, 2026 8:21 AM
To: Dan Quirk; Terry Gaasterland; Tracy Martinez; John Spelich; City Clerk Mail Box
Subject: City Countil Meeting 3/3 Item #13 - Undergrounding

Follow Up Flag: Follow up
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City Council -

Please move ahead with planning NOW for ALL undergrounding districts, finance construction with a bond issue, and enjoy the resulting economies of scale AND increased property tax revenues.

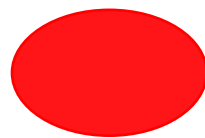
Government needs to balance efficiency with fairness. Most of Del Mar has waited patiently as other districts go first. We've crawled (Tewa) and walked (Districts 1) - **it's time to run!**

Cleaning up the visual pollution from overhead power lines will not only make our town prettier - it will boost overall property values. Views drive property values. Del Mar will benefit from that as homes are resold at higher values (on average) resulting in higher property tax assessments - and payments by the new owners.

Bill Carpenter
Luneta Drive

Bill Carpenter | Strategic Advisor & Broker Associate DRE#01943283
Bill@BCarpenter.com | **858.232.2339 m** SeaDreamHomes.com





Leslie Carrillo

From: Jenny <jdbelezzuoli@gmail.com>
Sent: Monday, March 2, 2026 8:56 AM
To: City Clerk Mail Box
Subject: Del Mar City Council Meeting 3/3/2026 Item # 13 undergrounding project

Follow Up Flag: Follow up
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Honorable City Council Members,

We whole heartedly support Scenario # 3 as outlined in Mr. Quirk's email dated March 2, 2026.

We believe the prudent use of pay as you go financing to accelerate the undergrounding of our powers lines for the entire city and its residents is a critical action item. Removing overhead power lines and the aging poles is essential for safe and reliable delivery of power for all our residents and businesses.

Scenario #3 takes advantage of synergies in the process and creates an efficient and effective plan to action.

Please adopt Scenario #3 as our plan of action.

Respectfully,

Jennifer and Ernest Belezzuoli
424 Carolina Road

858-342-7400

Jdbelezzuoli@gmail.com

Leslie Carrillo

From: Troy Williams <troy.williams.llc@gmail.com>
Sent: Monday, March 2, 2026 1:17 PM
To: Dan Quirk; Terry Gaasterland; Tracy Martinez; John Spelich
Cc: tommcg@roadrunner.com; shirli.weiss@gmail.com; City Clerk Mail Box
Subject: Agenda Item #13 – Support for "Scenario 3" (Full District 2 Design Initiation)

Follow Up Flag: Follow up
Flag Status: Flagged

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Dear Mayor and Members of the City Council,

I am writing in support of "Scenario 3" for Agenda Item #13, which would initiate design for the entirety of District 2 with the goal of completing construction by or before 2030.

Measure Q has been collecting revenue from taxpayers citywide for nearly a decade. It is essential that all residents receive the benefit of this funding within a reasonable and predictable timeframe. Extending completion of the underground utility project by another two to three *decades* is neither reasonable nor equitable. Such a delay effectively disenfranchises residents in later-stage districts who continue contributing financially while facing prolonged uncertainty and deferred benefits.

Initiating design for the full scope of District 2 now reflects fiscal responsibility, fairness, and a commitment to honoring the promise made to voters when Measure Q was approved. Residents deserve a defined and timely path to completion, not a timeline that pushes meaningful progress into the distant future.

I respectfully urge the Council to support "Scenario 3" and advance this critical infrastructure project in a manner that serves the entire community equitably.

Thank you for your consideration.

Sincerely,
Troy Williams
429 Carolina Rd

Leslie Carrillo

From: grothnem@stratalliances.com
Sent: Monday, March 2, 2026 7:27 AM
To: City Clerk Mail Box
Subject: March 3, 2026 City Council Meeting: Agenda Item #7

Follow Up Flag: Follow up
Flag Status: Flagged

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I am submitting this letter in connection with Item #7 as I will be unable to attend the City Council meeting.

I applaud UPAC, the UPAC Project Efficiency Subcommittee, and City Staff in looking at ways to accelerate undergrounding. I agree with UPAC's recommendation to start pre-construction/design work on all of District 2.

The acceleration of District 2 pre-construction/design work is an opportunity for the city to re-evaluate the timeframes of the current project plan and explore ways to shorten those timeframes.

Since Proposition Q passed almost 10 years ago, the undergrounding project has gone through various cycles. There was a time when costs exploded and some residents felt perhaps it may be best to stop the program. Fortunately, things are different now. We have built up body of knowledge how to do this/there are multiple bidders for projects/costs are coming below estimates and projects seem to have fewer surprises. We are getting undergrounding done on time and at or below budget. Given this – I believe now is the time to press and move forward more aggressively with undergrounding for the remaining districts. Disclaimer – I live in District 3 and obviously want undergrounding for that district to happen sooner than the current FY 2042 projected date.

Undergrounding is projected to be completed in 23 years (FY 2049) - almost 33 years after passage of Proposition Q. **I think the city needs to look at EVERY WAY it can accelerate undergrounding. Not just funding but also how we are doing the pre-construction/design sequencing.**

Pre-Construction/Design Sequencing:

I encourage the city to step back and evaluate alternative scenarios of pre-construction/design sequencing that will accelerate undergrounding.

1. The city should evaluate the pros/cons of PARALLEL pre-construction planning/design work on multiple districts.

It appears pre-construction/design timeframes vary dramatically. City staff says 12-24 months for District 2. Pre-construction/design for Stratford was 3 years and for Crest 4 years. The actual construction seems to take a lot less time compared to pre-construction/design. Further, the current project plan appears for work on districts to be done sequentially with little overlap. So undergrounding is completed on a district before any pre-construction/design work is started for a new district.

Given the pre-construction/design phase appears to take years and is the “long pole in the tent”, I think the city should analyze the feasibility/benefit of doing pre-construction/design for Districts 2 and 3 now in parallel. I am aware of the design “shelf life” and possible need to update a “stale” design. However, the cost of updating may be offset by economies of scale in designing multiple districts at once as well as inflation if pre-construction/design is done years

from now. Who knows what pre-construction/design time cost will be if we start pre-construction/design on District 3 and other districts several years from now. The overall pre-construction/design cost for multiple districts at the same time (even with any required refreshing) could be much less than pre-construction/designing districts sequentially.

I suggest the city staff consider the following:

- What is the projected pre-construction/design cost and timeframe for District #3?
- If you do pre-construction/design for District #3 at the same time as Districts #2A and #2B – are there any savings?
- How long is the design valid for District #3?
- What is the cost of an update/refresh of a design for District #3 if needed?

If the answers are positive, then the city should consider pre-construction/design work for District #3 in parallel with Districts #2A and 2B. Further, the city should look at adding pre-construction/design work for additional districts.

2. Districts that are “Shovel Ready”:

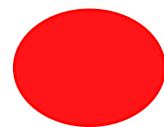
Completing pre-construction/design and having multiple districts “shovel ready” may be beneficial. The city can consider having alternative bids. For example, if District 2 and District 3 pre-construction/designs are done simultaneously and are shovel ready, then the city can pursue multiple bid options – District 2 alone or District 2 and 3. A larger project may attract more bids which can result in better pricing. Also, there are economies of scale. A bid combining Districts 2 and 3 may come in much lower than a bid for District 3 years from now thereby justifying additional borrowing.

Funding:

The city should revisit alternative funding mechanisms. Inflation has a huge negative impact on this project. While I strongly dislike debt, nevertheless additional debt may be justified given the inflation factor and potential savings if we do districts in parallel. In addition, there are the non-financial benefits we all know – safety, improved views for residents, visual improvement throughout the City, and improved property values.

I encourage the city council to direct staff to re-evaluate the undergrounding project plan and look at every way undergrounding can be accelerated. Thank you.

**Greg Rothnem
9th Street**



CITY COUNCIL AGENDA QUESTIONS
March 3, 2026

Item 11 – Authorization to Submit 2025 Housing Element Annual Progress Report

- 1. Should the Annual Progress Report agenda Report be revised per the request made in red lot correspondence submitted by Brooke Miller on behalf of Seaside Ridge on February 27, 2026 relating to Housing Element Programs 3A Fairgrounds Housing and 1E contingency measure?**

Response: The Seaside Ridge (SR) red dot correspondence includes conclusions that conflict with the latest status communications between the City and the California Department of Housing and Community Development (HCD) as evidenced by HCD's Letter of Inquiry dated January 15, 2026 and the City's response letter to HCD dated February 10, 2026. HCD's letter explains it is engaged in ongoing coordination with the City and District to monitor the Program 3A Fairgrounds Housing efforts and reaffirms a timeline that shows the same timeline the City reflected in its APR. It confirms that Program 1E is a contingency measure to be implemented if Program 3A cannot be implemented in a timely manner. The City continues its process for implementation of Program 3A and is on track to meet the milestone for completion of District studies by March 31, 2026.

The letter includes a request to modify Report Attachment A relating to Program 1E under Column 6 – "Program Implementation Details."

Staff recommends the text in Spreadsheet Table D be revised as follows prior to submittal to HCD, SANDAG, and LCI with the updated description:

No action required at this time. Program 3A HAP grant agreement (2023) and ENRA (2024) were timely executed. Separately, a private development project (Seaside Ridge) submitted an application seeking benefits they are not entitled to for proposed development on north bluff, including exemptions from CEQA and development inconsistent with General Plan, Zoning Code, and Local Coastal Program in an environmentally sensitive, non-infill site location. City met with developer team in good faith to facilitate permit processing. Owner made clear their intent is to continue with legal challenge and that they will not be submitting a complete application for the City to process. ~~The developer worked in bad faith since 2023 by trying to delay the City's Program 3A fairgrounds housing efforts as a tactic to try and secure "by right" processing for their sole private benefit – a benefit that is not enjoyed by any housing sites the City is actually relying on in its Housing Element. The City has continued to diligently process their application. On July 10, 2023, HCD's Housing Accountability Unit initiated an investigation of Seaside Ridge's complaint. HCD investigated and closed the case on August 15, 2023 after finding City in compliance. On September 22, 2025, Del Mar City Council upheld the Planning and Community Development Director's determination that Seaside Ridge's application (CDP 23-008) status is Incomplete. City expects owner will resume legal challenge – based on incorrect assertions of a right to Builders Remedy and that City was required to complete contingency Program 1E to meet its RHNA. City has completed all required rezones and maintained adequate sites to meet RHNA since initial HE adoption March 25,~~

2021. The application status remains Incomplete, as upheld by the City Council on September 22, 2025.

2. **The City received red dot correspondence advocating for relocation of the Alvarado House to the vacant City-owned site on 10th Street. How does this request relate to the Housing Element or Annual Progress Report?**

Response: The requests for relocation of the Alvarado House to the vacant City-owned site on 10th Street are conflict with the City's certified Housing Element. On March 25, 2021, the Del Mar City Council adopted the City's 6th Cycle Housing Element which included Program 3B as a housing strategy for the City to build lower income housing units on two vacant City-owned properties located at 10th Street and 28th Street. As determined by the City Council and reflected in the Del Mar Community Plan Housing Element, these sites are not available to accommodate relocation of the Alvarado house. Any future decision to do so would trigger "no-net loss" requirements under State law and would require the City Council to identify a replacement site with sufficient density to accommodate the replacement number of lower income dwelling unit to restore adequate capacity in accordance with State law.

Item 13- Undergrounding Program Updated Long-Term Cash Flow Analysis

1. ***Some of the undergrounding cash flow numbers in the long-term forecasting model do not appear to be updated. For instance, the budget update (agenda item 12) notes that the Measure Q revenue for fiscal 2025 was \$3,958,543, up from the previous budgeted amount of \$3,500,000. (See below.) The budget update also notes that the budgeted Measure Q revenue for fiscal 2026 will be \$3.68 million. However, the undergrounding cash flow analysis shows measure Q revenue of only \$3,534,727 for 2025 and \$3,485,000 for 2026. They do not appear to match.***

Response: The amounts do match but are reported in separate columns. For FY 2025, the total amount in taxes received (Measure Q Revenue) is reported as \$3,534,727 and the interest earnings on investments (Reserve Interest Earnings) of \$423,815, resulting in a Measure Q revenue total of \$3,958,542. For FY 2026, the total amount in anticipated taxes budgeted is \$3,485,000, plus \$142,380 in investment income, resulting in a total anticipated Measure Q revenue of \$3,627,380. The cashflow model report was prepared prior to the Mid-Year Report so the additional \$50,000 adjustment that has not been approved by the City Council has not been incorporated into the cashflow model. This actual amount will be reflected when the final results for FY 2026 are determined and updated in the model.

2. ***The cash flow analysis does not appear to be updated for the information that District 1A has approximately \$600,000 in contingencies that have not been paid out (i.e. project cost is \$7.5 million instead of \$8.1 million). (It also looks like our contingency experience has been very favorable so far with the Crest project.)***

Response: As reported on February 17, 2026, Stratford Court South (1A) still has several change orders in process related to City construction. As a best practice, staff does not recommend reducing the contingency until this project is officially closed out.

Additionally, based on lessons learned from Tewa Court, staff does not recommend closing out the SDG&E contingency until SDG&E provides the City with the final reconciliation invoice. Crest Canyon (X1A) remains in the early stages, with numerous change orders pending and under review. Staff will update the cash flow model upon completion of these projects.

3. *Is it possible to have the staff presentation update the cash flow model for these numbers?*

Response: No. As noted above, staff's best practice is to update these figures upon project closeout. Staff will update the cash flow projections once the projects are officially closed out and all true costs are known.

4. *Can staff provide what the Measure Q balance was as of 12/31/25?*

Response: As of 12/31/25, on a cash basis, the Measure Q balance is approximately \$8.04 million.

Staff is currently working on requesting IBank reimbursement on Undergrounding construction expenses that have been paid through December (\$484,250), which is not included in the Measure Q balance reported above. The initial request takes time to set up, but staff anticipates that reimbursement of these expenses will be received by the end of March or early April. Additionally, \$1,207,390 has been paid out since 12/31/25, of which \$972,452 will be reimbursed by IBank. Also, an additional \$641,760 in MQ revenues has been received since 12/31/25.

5. *Page 2 of the staff report says, "Per prior Council direction, financing for the UP is to proceed on a pay-as-you-go basis following the initial I-Bank loan." Can you clarify when and what Council gave this direction? Was it at the November 2024 meeting?*

Response: The Council discussed financing options and provided direction during a series of meetings that occurred on November 18, 2024, February 3, 2025, March 3, 2025, June 2, 2025, and September 22, 2025. During those discussions, the current Council provided direction to staff to proceed with an initial financing for Undergrounding Districts X1A (Crest Canyon) and 1B (Stratford Court North), and to proceed on a pay-go basis thereafter. The other communicated Council goal was to borrow the least amount needed for the shortest period of time.

6. *The end of the agenda item states, "If the Council is supportive of updating the 2024 financing model, staff would work with UPAC and the Finance Committee to develop proposed Undergrounding guidelines to inform future financing decisions." Going back to the September 2025 Council meetings and the "next steps" recommended by staff, it was my understanding that this is what staff would be working on for this current 3/3/26 meeting. Is there a reason why this information and agenda item isn't being made available in conjunction with or ahead of the discussion on district 2? What is the timing to get this financing model update and discussion?*

Response: As discussed above, staff prepared the updated cash flow analysis per prior Council direction to reflect the initial financing and proceeding on a pay-as-you-go basis thereafter. If Council approves staff recommendation #3 in the 3/3 agenda report, staff will proceed with updating the finance-as-you-go analysis that was originally presented to Council for consideration in November 2024.

- 7. Is there a reason why the undergrounding program base cost updates do not use the most recent comparison from April 2025? Instead, they use the numbers from November 2024. Since the Crest cost came in 19% lower than the April forecast, doesn't it make sense to apply that reduction to all future projects? If I apply a 19% reduction to the April 2025 cost estimate for 1B, it drops the cost to \$3.9 million. District 2 goes from \$14.2 million to \$11.5 million. District 3 goes from \$25 million to \$20.2 million. District 4 goes from \$15.1 million to \$12.2 million. District 5 goes from \$7.9 million to \$6.4 million. How is staff coming up with the base cost numbers for the districts?**

Response: The cost estimates are not derived from comparisons to prior estimates. Therefore, the percent reduction described above does not necessarily apply when updating the current estimates. The comparison is provided for informational purposes only. The base cost estimate may certainly be compared to April 2025, just as it is compared to November 2024, for informational purposes. Staff selected November 2024 as the primary comparison point because that was the last time a comprehensive cash flow analysis through Undergrounding Program completion was conducted, which allows for a comparison of total project costs, including inflation.

The current base cost estimate incorporates actual budget figures for Tewa, 1A, and X1A. UUD 1B uses a preliminary estimate for City construction based on the available design, which will be revisited once finalized, including inflation. SDG&E has also provided a preliminary estimate for 1B.

UUDs 2 through 5 are generally based on a blended per linear foot rate derived from 1A and X1A, normalized for inflation to the current fiscal year, for the various cost components (Pre-Construction, SDG&E, City construction, and construction services). A 10% contingency has been applied, as the design for these areas has not yet been developed. Notably, the contingency has already been reduced from 20% in the prior model to 10%, and staff does not recommend further reductions. For context, many projects at this stage typically carry a 30% contingency. Using a blended rate from 1A and X1A provides multiple data points for estimating and helps balance project differences such as density and design complexities. Staff will also update future cash flow projections to incorporate 1B costs as an additional data point once bids are received.

- 8. The following simple long-term cash flow model is being circulated publicly showing all undergrounding done by 2034, peak borrowing at \$29 million, and all borrowing paid off by 2041. Can staff review and provide feedback on how this model compares to the one prepared by staff and included in the March 3, 2026, Council agenda packet?**

| | Measure Q Rev | Interest at 3% | Stratford | Crest | 1B | Beach | District 3 | District 4 | District 5 | End Q Balance |
|-----------|---------------|----------------|-----------|------------|-----------|------------|------------|------------|------------|---------------|
| 6/30/2024 | | | | | | | | | | 10,376,505 |
| 6/30/2025 | 3,950,000 | 311,295 | 6,228,370 | 104,587 | | | | | | 7,993,548 |
| 6/30/2026 | 3,680,000 | 239,806 | 450,000 | 11,000,000 | | | | | | 223,548 |
| 6/30/2027 | 3,753,600 | 6,706 | | | 4,300,000 | | | | | (322,852) |
| 6/30/2028 | 3,847,440 | (9,686) | | | | | | | | 3,524,588 |
| 6/30/2029 | 3,943,626 | 105,738 | | | | | | | | 7,468,214 |
| 6/30/2030 | 4,042,217 | 224,046 | | | | 12,000,000 | | | | (489,569) |
| 6/30/2031 | 4,143,272 | (14,687) | | | | | 11,000,000 | | | (7,360,984) |
| 6/30/2032 | 4,246,854 | (220,830) | | | | | 11,000,000 | | | (14,334,960) |
| 6/30/2033 | 4,353,025 | (430,049) | | | | | | 14,000,000 | | (24,411,984) |
| 6/30/2034 | 4,461,851 | (732,360) | | | | | | | 8,000,000 | (28,682,492) |
| 6/30/2035 | 4,573,397 | (860,475) | | | | | | | | (24,969,570) |
| 6/30/2036 | 4,687,732 | (749,087) | | | | | | | | (21,030,925) |
| 6/30/2037 | 4,804,925 | (630,928) | | | | | | | | (16,856,927) |
| 6/30/2038 | 4,925,048 | (505,708) | | | | | | | | (12,437,587) |
| 6/30/2039 | 5,048,175 | (373,128) | | | | | | | | (7,762,540) |
| 6/30/2040 | 5,174,379 | (232,876) | | | | | | | | (2,821,037) |
| 6/30/2041 | 5,303,739 | (84,631) | | | | | | | | 2,398,071 |

Response: This proposed cash flow model is not quite an apples-to-apples comparison to the cash flow model prepared by staff. Below are some initial staff observations:

- It appears the interest revenue is being accounted for twice, once in the Measure Q Rev column and then again in the Interest at 3% column;
- The model assumes a 3% rate on interest earnings whereas the staff model uses a 2% interest assumption. All assumptions included in the modeling done by staff are consistent with the original long-term cash flow model presented in November 2024, which was supported by the City's Undergrounding and Finance Committees;
- The model does not account for the current \$5M IBank loan or debt service payments;
- The model does not appear to account for other Undergrounding Program expenses (e.g. legal, admin, etc.), the pavement Maintenance of Effort cost, or the Shores Park Master Plan; and
- The model below does not account for the related proposed \$29M borrowing or associated debt service payments (ending by 2041).