

## **Marketable Title Analysis**

**Del Mar Fairgrounds  
(22<sup>nd</sup> DAA, San Diego County)**

**June 1, 2009**

### **Purpose**

To summarize the currently known real estate title due diligence conditions supporting and challenging the disposition of the Del Mar Fairgrounds (the Subject Property), County of San Diego.

### **Conclusion**

No items requiring extraordinary mitigation in order to provide marketable title are known that could preclude the sale of this property should the Legislature and the Governor so authorize.

### **Scope of Work**

This summary is a present-time reporting of on-going High-Value Property analysis addressing Subject Property salability. The findings and conclusions provided herein are based upon information readily available as of June 1, 2009.

The scope of the Subject Property investigation included research for and the review of available Department of General Services (DGS) Real Property Services Section data files, Statewide Property Inventory (SPI) data; State Archive land deed files; prior/current preliminary reports, leases, contracts, agreements, site/plat maps, title exception documents, vesting documents, pertinent State/local statutes/regulations, discussions with on-site property managers, and internet scans for Subject Property references. Unrecorded rights documentation (contracts, leases, licenses, agreements, memorandums of understanding with public or private entities or persons that affect the use and/or occupancy of the Subject Property) was also requested from the jurisdictional Department and reviewed as available.

This document is not a comprehensive feasibility analysis of the Subject Property. It is intended for informational and planning purposes only.

### **Subject Property Characteristics**

The 406 acre site is comprised of approximately 23 parcels; 13 held in the name of the State of California and 10 by the 22nd District Agricultural Association.

The annual San Diego County Fair which is held at the facility attracts over 1.2 million visitors a year. The fairgrounds also produces a world class, three week, national horse show, a 40 day holiday event, a 20 day Halloween festival , a professional bull riding event and is host to over 300 other events throughout the year. The fairgrounds are also home of the prestigious Del Mar Race Track, hosting one of the nation's premier live horse-racing meet in June, July, and August.

### **Conditions Supporting Disposition**

- During a search of state records, no deed restrictions were identified indicating reversionary rights in the event of a sale or a change in the property's use by the state. An updated title preliminary report has been ordered to further determine if reversionary rights exist.
- District staff report wetlands, environmental concerns, flooding and other constraints impact the facility. However, approximately 244 of the facilities 406 acres are improved or deemed to have potential for development.
- The property is currently undergoing a master plan.
- The site is located off a major freeway, has high visibility, and adjacent to the Pacific Ocean.

### **Challenges to Disposition**

- The prestigious Del Mar Race Track, one of horse racing's nationally recognized crown jewels, is located at the Subject Property. District staff indicate closure of the Del Mar Race Track would be a significant impediment to horse racing in California, an industry which generates \$4 billion in annual betting.
- Del Mar Race Track Authority is reported to be the owner of the \$160 million capital improvements and the selling of assets would require a majority vote by the authority. The six member Del Mar Race Track Authority is comprised of the State of California's Director of Finance, Director of the Department of General Services, the Secretary of Food and Agriculture and three members of the 22<sup>nd</sup> District Agricultural Association.
- Current reported bond debt of \$60 million on the Subject Property.
- The Subject Property's 65 acre Horse Park, located east of the fairgrounds and Interstate-5, contain deed restrictions imposed by the California Coastal Commission stating the site maybe subject to extraordinary hazard from flooding or liquefaction.

- The Subject Property is bordered to the south by the San Dieguito River and located in a flood zone. District staff report the property has flooded twice in past 10 years.
  - Proximity to the San Dieguito River makes the property subject to oversight by various agencies such as the California Coastal Commission, Regional Water Quality Control Board, California Department of Fish and Game, US Fish and Wildlife Services, US Army Corps of Engineers, California State Lands Commission, San Dieguito Lagoon Enhancement Program, the Sensitive Coastal Resources Ordinance of the City of San Diego, and the City's Resource Protection Ordinance.
- The Subject Property has split jurisdictional areas. City of Del Mar oversight for areas west of Jimmy Durante Blvd and City of San Diego for areas east, which includes the Horse Park.
- Current zoning for a majority of the fairgrounds falls within the jurisdiction of the City of Del Mar and includes Fairgrounds – Racetrack (FR) and Floodway (FL) land use designations. The FR designation includes public uses and activities consistent fair and horseracing events, public concerts, and exhibitions and exhibits. The FL designation is intended to preserve areas subject to floodwaters by not allowing structures to be constructed and not to be used except for purposes such as apiaries, aviaries, agriculture and aquaculture or wildlife habitat restoration.
  - A minority portion of the fairgrounds lies within the jurisdiction of the City of San Diego and includes the land use designations of Agricultural Residential (AR-1-1) intended to accommodate agricultural uses with 10 acre minimum lots, Open Space Park (OP-1-1) allowing developed, active use parks, and Open Space Floodplain (OF1-1) with the purpose of controlling development to minimize hazards due to flooding and to preserve the natural character of the floodplain.
- The Del Mar Sewer System is reported not to be sized or have capacity to handle large development which has necessitated the City of Del Mar and the 22<sup>nd</sup> District Agricultural Association to enter into a Wastewater Disposal Agreement for the Association's new Master Plan.
- The Del Mar Fairgrounds serves as a large scale animal and human evacuation area for San Diego County. It has also been designated by Homeland Security for other types of national emergencies.

## **Environmental**

No active projects within the Del Mar Fairgrounds were identified during a May 27, 2009 review of the California Department of Toxic Substances Control (DTSC) EnviroStor database.

The EnviroStor database is an online search and Geographic Information System tool for identifying sites with known or potential contamination, and sites where DTSC's environmental oversight or review has been requested or required.