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Monday, June 6, 2016

Honorable City Council and Mayor Kevin Faulconer
City of San Diego c/o: Ms. Elizabeth Maland, San Diego City Clerk
202 C Street, Second Floor
San Diego, California 92101

RE: Submission of Ballot Proposals for the November 8, 2016 Ballot – Transparent and Fair Lease of City Lands

Dear Honorable Council and Mayor,

I am submitting a ballot proposal for the November 8, 2016 ballot. The proposal, in summary, establishes a municipal policy and initiative to lease City land in a transparent, fair, and equitable manner. An objective of this proposal is to, hereafter, avoid hidden subsidies and costs to the taxpayers, often included in past City real estate transactions. Examples of past hidden deals include ticket guarantees, exemptions from City building codes and permit fees, and City assumption of support costs and/or bond financing costs. Individuals, organizations, and corporations that compensate their Officers, Board, or employees less than the City Parks and Recreation Director or three times (3) the medium family income, whichever is less, may be exempted from paying the market rate rent.

The proposal is: *The City shall establish a standard lease for all city real and personal property. All leases shall be competitively and publically offered to the general public. Such standard lease shall charge all lessees a market rate rent and recover all costs incurred by the City, including but not limited to the lessee's utilities, water, sewer, waste disposal, maintenance costs for the leased area and related common areas, special City Police, Fire, and related City forces costs and such other City costs reasonably related to the lease and the lease's use of the leased premise. Fair market value of the leased property shall be established by use of an objective professional third party. Fair market value shall include the costs of facility depreciation, clearances, insurances, and other related costs. The lease must include the costs of performance bond(s) or adequate deposit so as to insure the return of the property in useable and marketable condition, when the lessee vacates, for any reason.*

Such standard lease shall include specific provision and conditions to insure compliance, by lessee, to the City's municipal code, Climate Action Plan, and other such City ordinances and policies as they are developed and promulgated. All such leases shall have clauses for market rate adjustments based on periodic changes to the market and costs, including but not limited to increased city costs. The market rate calculations shall include recovery of any lost taxes or revenues, by City, for lease to organizations, or corporations exempted from routine fees or taxes.

The City may annually provide subsidies to offset upcoming market rate lease payments through annual budget allocations or may purchase specific offsetting services, through separate agreements. In no case may such offsets be comingled with the market rate lease agreement. Individuals, organizations, and corporations that compensate their Officers, Board, or employees less than city Parks and Recreation Director or three times (3) the medium family income, whichever is less, may be exempted from paying the market rate, during the period the lessee qualifies for the reduced rent. Lessee improvements to the reality shall not be included as an offset to the rental costs.

The Council, by a super majority, may adopt an ordinance which exempts a lessee from these conditions for a period not to exceed seven (7) years. In no case shall such exemptions be renewed more than twice. No lease shall extend for a period of more than forty (40) years, without the opportunity for an open competitive offering of the land or facilities to the general public. An objective of this measure is to allow competitive open access to all city assets.

I request the opportunity to be noticed and heard concerning this ballot proposal. Thank you for providing the public with this opportunity to participate in formation of its government, I will accept those reasonable and necessary technical amendments, recommended by the committee and Council.

Respectfully,
John Stump

Copy: Mr. Steven Hadley, Council Committee Consultant, Email: srhadley@sandiego.gov (619) 533-5906