

FAIR 101 PRESENTATION

Presented to the Board of Supervisors - July 2019

CALIFORNIA FAIRS

Presented by County Counsel

California Fairs

A Network of Fairs

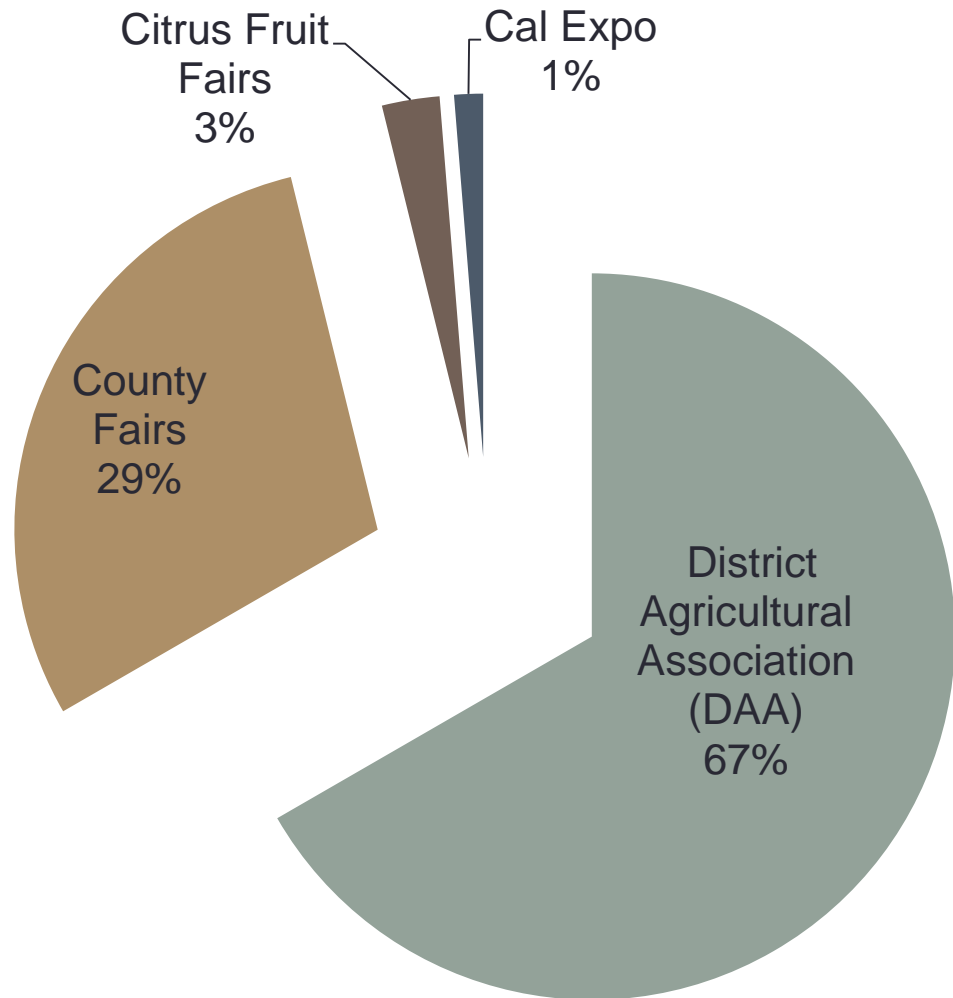
The network of California fairs includes 77 fair organizations divided into four categories:

- 52 District Agricultural Associations*
- 22 County Fairs
- 2 Citrus Fruit Fairs (nonprofit)
 - Cloverdale Citrus Fair and National Orange Show
- California Exposition and State Fair

*There were 54 DAA's originally; 2 were deactivated in 1997-98

California Fairs

- 52 – District Agricultural Association Fairs
- 22 - County Fairs
- 2 - Citrus Fruit Fairs
- Cal Expo State Fair



California Fairs

District Agricultural Associations

- Considered as state institutions and managed by state employees. (Food & Agricultural Code §3801 et seq.)
- Boundaries are set by state law.
- Each DAA is composed of a 9-member board of directors. Directors are nominated by their respective communities and appointed by the Governor.
- DAA operates on primarily state-owned fairgrounds.

California Fairs

County Fairs

- Fairgrounds are owned by a county.
- Managed by either the county or contract with a nonprofit.
- Out of 22 County fairs, 6 are County-operated:
 - Lassen, Marin, Merced, Napa, Plumas, Riverside

CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE

California Department of Food & Agriculture

Fair Oversight

- **Division of Fairs & Exposition** – division of CDFA responsible for fiscal and policy oversight of the California fairs.
- Prescribes regulations and premiums for fair exhibits.
- Reviews annual budgets and annual year-end financial reports submitted by the fairs.
- Administers state funding allocation to California fairs
 - Fair & Exposition Fund
 - State General Fund

California Department of Food & Agriculture

Fair Oversight

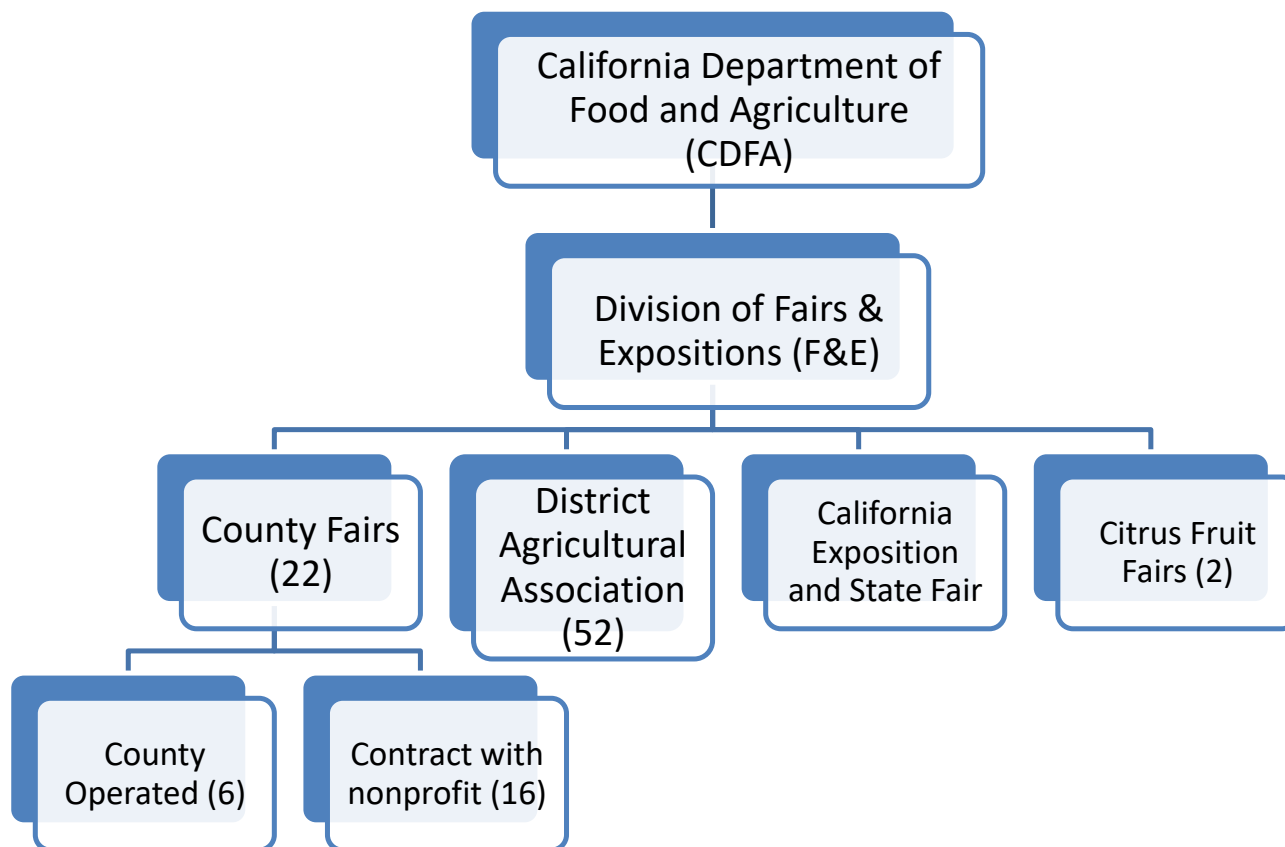
- State funding eligibility (B&P Code §19622, F&A Code §4505)
 - File an annual financial year-end report with CDFA, and
 - Hold an annual fair
- State funding allocation (F&A Code §4507)
 - Fairs are divided into 7 classifications
 - State funding was eliminated in 2011. Funding resumed in 2016 at vastly smaller amounts.
 - Funding is currently limited to fairs rated Class I to Class IV (El Dorado County is a class III).

California Department of Food & Agriculture

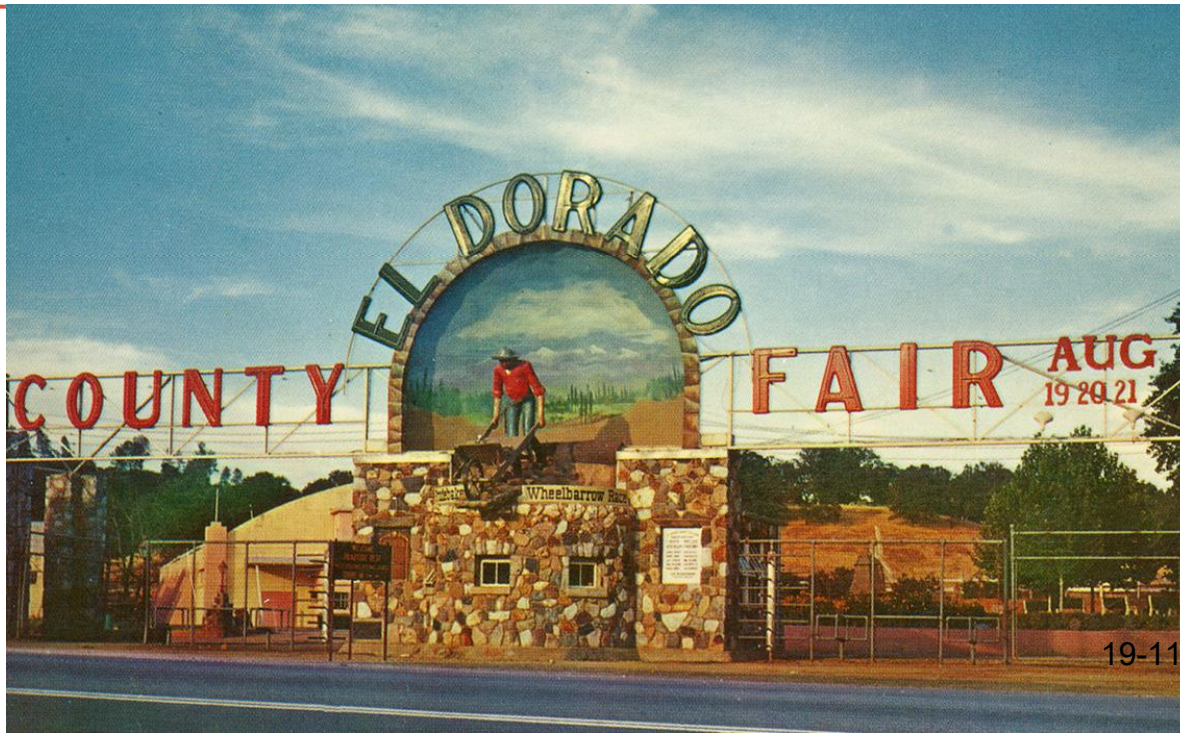
Fair Oversight

- Three state-wide JPAs have been formed to provide specific services to the fair industry.
- CDFA is a party to the joint powers agreement that authorized formation of each of the following JPAs:
 - California Fair Services Authority (CFSA) – risk insurance pool
 - California Construction Authority (CCA) – financing, design, and construction services for capital infrastructure, deferred maintenance, health and safety improvements, and horse racing facilities on fairgrounds. El Dorado County is a member of the CCA JPA with a Board appointed representative who is a current member of the Fair Association Board of Directors.
 - California Authority of Racing Fairs (CARF) – legislative and operational support services to horse racing fairs.

California Department of Food & Agriculture Fair Oversight



HISTORY OF EL DORADO COUNTY FAIR



History of the El Dorado County Fair

1861

- First Recorded Fair in El Dorado County
- Travelling Fair to different venues

1939

- Fair found it's permanent home
- Purchased with California State Fair Funds from Loren & Mary Forni

1940's

- Fair closed from 1942-46 due to the War
- 1949, the three main concrete block buildings were constructed
- More acreage was purchased, total of 57 acres by 1950



History of the El Dorado County Fair

1952

- The El Dorado County Fair Association was incorporated as a nonprofit.
- Created a Fair Board of Directors of 6 elected Fair Association Members.
- Fair Association Members are residents that pay a fee for membership.

1950's

- 1954, 0.9 acres were purchased with CA State Fair funds where the Veteran's building is currently.
- 1956, 2.58 Acres of land was deeded to the State to build the Armory and remains deeded to the State as of 2019.

1970's

- Addition of 0.2 Acres and adjustment of property lines near shopping centers.

History of the El Dorado County Fair

1990

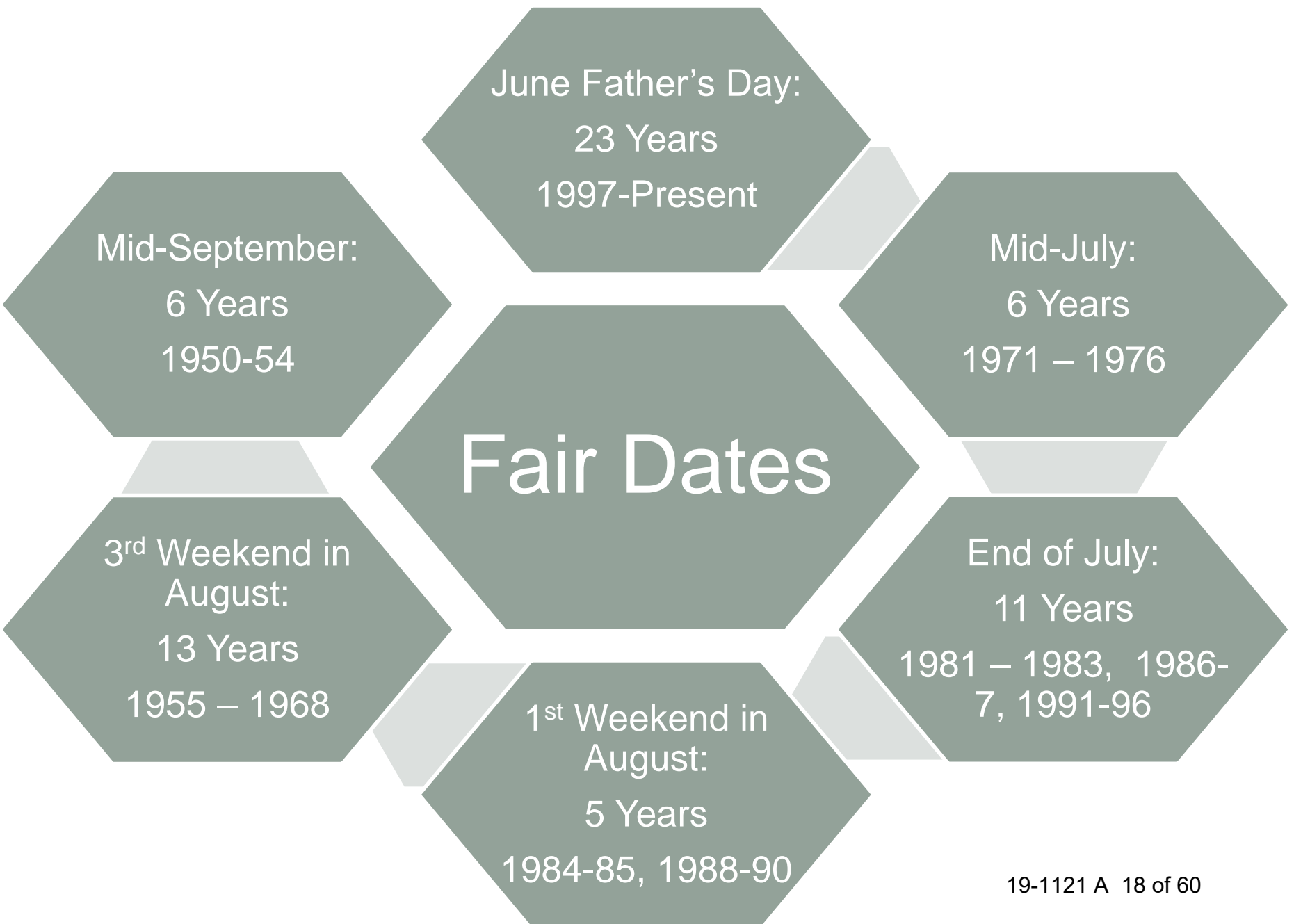
- The Fair Association renewed 501(c)3 Nonprofit status.

1997

- Fair began it's run on Father's Day weekend.

2003

- MOU for a trade for the land used by the skate park for land used by the fair for parking.



History of Fair Buildings



History of Fair Buildings

- All Buildings, landscaping, etc. has been built and paid for by the Fair Association and pari-mutual fair funds.
- The fairgrounds, buildings, tenant improvements, and all other fixed assets are property of El Dorado County.
- The first buildings were built in 1949 and the last building built was the Beef Barn in 2010.
- The only buildings not built by the Fair and Fair funds, are the portables that Los Rios College left when they vacated the fairgrounds. Three of those buildings have been remodeled, including the restroom building.

SUMMARY OF EL DORADO COUNTY FAIR AGREEMENT

Presented by County Counsel

County Fair - Nonprofit

Gov't Code §25905

The board of supervisors may contract with a nonprofit corporation or association for the conducting of an agricultural fair, as agent of the county, for a period not exceeding five years. The contract may provide for the use, possession, and management of any public park or fairgrounds by the nonprofit corporation, as agent of the county, during the period of the contract.

Gov't Code §25906

The board of supervisors of a county may contract with a nonprofit corporation or association for the conducting of an agricultural fair in the county for the period and under those conditions as the board may determine. The contracts may provide for the use, possession, and management of any public park or fairgrounds by the nonprofit corporation during the period of the contract.

EDC Fair Agreement Summary

- Current agreement entered into on April 1, 2005.
- Term
 - Rolling renewal – each April 1st, beginning with April 1, 2006, the term is automatically extended by one year, unless one of the parties gives notice of nonrenewal.
 - If either party gives notice of nonrenewal, the agreement will not be extended and will expire on June 30th, four years after the notice of nonrenewal is given.
- Fair Assoc. holds the annual fair; manages and operates fairgrounds property and events.
- Annual budget to CDFA from Fair Association after approval by Board of Supervisors.

EDC Fair Agreement Summary

- Fair Assoc. responsible for all expenses and obligations in connection with conducting the fair and its use of the fairgrounds.
- No obligation to provide County general fund support.
- Submit to County an annual report and program review including a 5-year plan projection.
- Fair Assoc. Board of Directors – One person appointed by each Board of Supervisor. Six members elected by Fair Association.

EDC Fair Agreement Summary

- Annual meeting between Fair Assoc. officer and County officers to review fair operation policies and procedures.
- Adhere to accounting and procedures specified in the CDFA Fairs Administration Manual.
- Certified copy of Fair Assoc. meeting minutes to be filed with Clerk of the Board of Supervisors and with CDFA.
 - Fair Association Board Meeting minutes are available on Fair Association website
 - All contracts must be approved and recorded in the meeting minutes

EDC Fair Agreement Summary

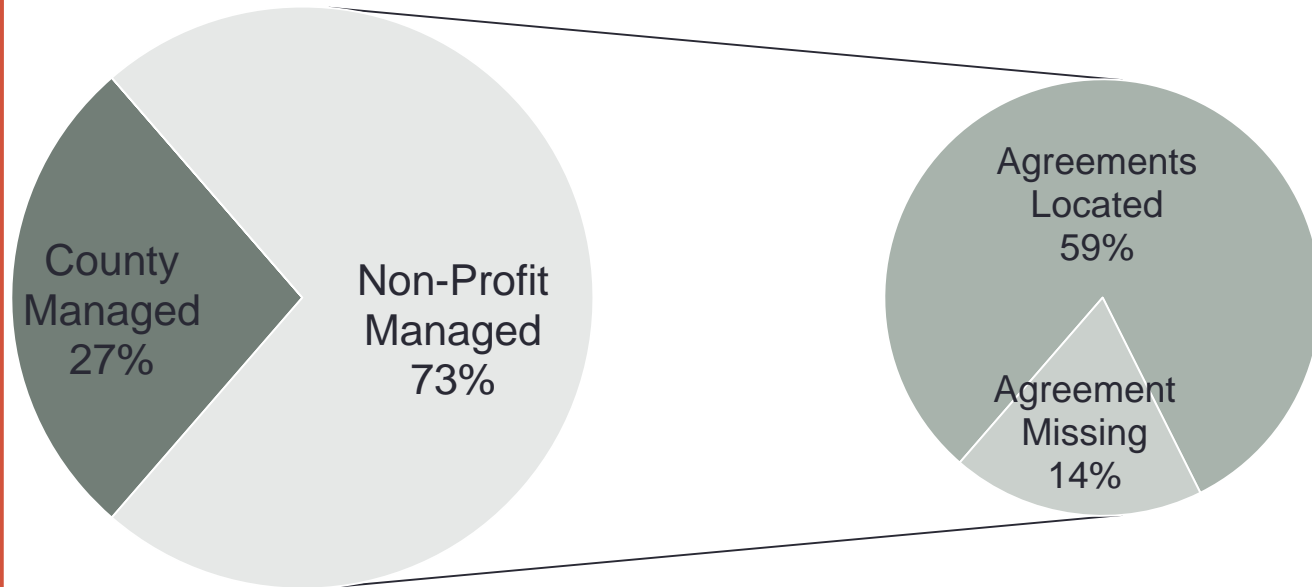
- Claims against the Fair Assoc. are deemed to be claims against County.
- Fair Assoc. employees are treated as County employees for purposes of CalPers only – request submitted to CalPERS for Fair Association’s own contract with CalPERS.
- County will provide general liability and property insurance and similar employee benefits as provided to County employees.
- Direct service charges for these costs to reimburse County.

COMPARISON OF SIMILAR FAIR AGREEMENTS

Presented by the Chief Administrative Office

County Fairs

- 6 County Fairs are managed and operated by the county
- 16 Fairs are managed by a non-profit
- 13 County Fair Agreements with Non-profit managers obtained for comparison.*



* Napa county took back control of their fair, but their previous agreement is used for comparison purposes. 19-1121-A-28 of 60

Length of Agreement

- El Dorado County's Agreement has a rolling renewal – each April 1st, the term is automatically extended by one year.
- Other Counties:
 - 1 Year Agreement: 2 Counties: Mendocino, San Joaquin (both auto-renew)
 - 3 Year Agreement: Santa Clara
 - 5 Year Agreement: 5 counties - Alameda, Butte, Humboldt, Napa, Sonoma
 - 7 Year Agreement: San Mateo
 - 9 Year Agreement: Solano
 - 30 Year Agreement: 2 counties - Shasta (5 Year Review Periods), Los Angeles (ends 2043)

Termination of Agreement

- El Dorado County's Agreement: 4 year notice of nonrenewal
- Other Counties:
 - 90 Day Termination: 5 counties - Butte, Napa, San Joaquin, Solano, Santa Clara
 - 1 Year Notice: 3 counties - Alameda, Humboldt (At least 90 days before Dec 31), Mendocino
 - "Timely Notice": Sonoma
 - Not known: 3 counties - Los Angeles, San Mateo, Shasta (only have amendment to agreement)

Fair Board of Directors

- El Dorado County: Board of Supervisors Appoints 5 of 11 members of Board of Directors
- Other Counties:
 - All appointed by Board of Supervisors: 4 Counties - Butte, San Mateo, Santa Clara, Solano
 - Less than 50% Appointed by the County: Alameda
 - Unknown: 7 Counties - Humboldt, Los Angeles, Mendocino, Napa, San Joaquin, Shasta, Sonoma

County Oversight of Non-Profit

- El Dorado County: Non-profit contacts CAO for input/assistance, annual budget review
- Other Counties:
 - Frequent Approval of Non-profit decisions: 2 Counties - Santa Clara, Solano
 - Annual review and revisions of budget and Capital Improvements by Board of Supervisors: 5 Counties - Alameda, Butte, Napa, San Mateo, Sonoma
 - Submit Board of Directors Minutes and List of Activities to Board of Supervisors Only: 4 Counties - Humboldt, Mendocino, San Joaquin, Shasta
 - Unknown: Los Angeles

Capital Improvements

- El Dorado County: Responsibility of Non-profit to complete and plan Capital Improvements
- Other Counties:
 - County Responsible for Capital Improvements: 2 Counties - Butte, Napa
 - County Approval of Capital Improvements: 6 Counties - Humboldt, San Mateo, Santa Clara, Shasta, Solano, Sonoma
 - Annual Review of Capital Improvement Plan Only: Alameda
 - Undetermined Oversight: 3 Counties- Los Angeles (Ground leases to nonprofits), Mendocino, San Joaquin

SUMMARY OF FAIR ASSOCIATION BY-LAWS

Presented by the El Dorado County Fair Association

Summary of Fair Association By-Laws

- Revised and adopted in 1992
- Association Members:
 - County Residents
 - Annual Minimal Membership Fee
 - Memberships are voted on by the Fair Board
- Governance:
 - Board of Directors:
 - 5 Directors appointed by each Supervisorial District
 - 6 Directors elected by members for a four-year term
 - Monthly Meetings, except July and November
 - Appoint finance committee to review and finalize budget before vote by the Fair Board.
 - Appoint or remove Fair Manager/CEO with 2/3s vote

Summary of Fair Association By-Laws

- Fair Manager:
 - Confidential employee of Board of Directors
 - The Chief Executive, Administrative, Fiscal and the Personnel Officer of the Association
 - The sole appointive authority for the Association's employees and have authority to disperse funds of the Association

FAIR ASSOCIATION BUDGET / FUNDING

Presented by the El Dorado County Fair Association

State Funding of the Fair

- In 1932 the voters of the State of California, voted to allow pari-mutual horse race betting, if a portion of those revenues are given to California Fairs.
 - The Department of Food and Agriculture, Division of Fairs and Expos, managed that money and the distribution to the 76 fairs in California.
- In 2011 those funds were no longer available, at that time, El Dorado County Fair was receiving about \$110,000 annually for operations, as well as money for infrastructure.

Revenue - Rentals



Revenue – 4th of July Family Blast



Revenue – Crab Feed



Revenue – Horse Shows



Revenue – Arena Ride Pass



Revenue – Parking Fees



Revenue – The Fair



Revenue

- Rentals for events
 - A crab feed
 - The 4th of July Blast
 - 9 horse shows per year
 - Arena ride passes
 - Parking fees
 - The Fair
- California State Fair & Expos funding: \$38,190
 - Total Revenue: \$1,323,827

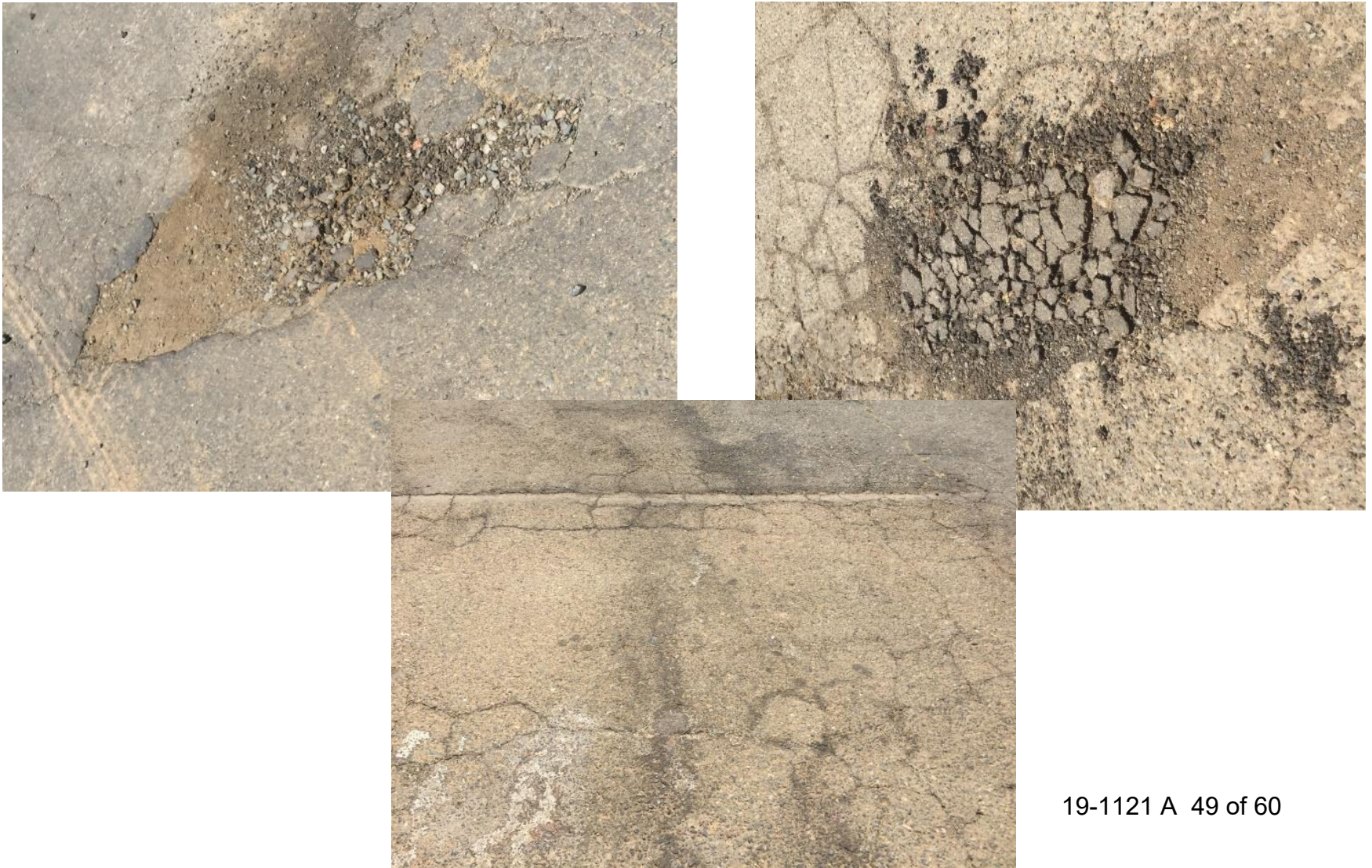
Expenses

- Salaries & Benefits: 110 employees during Fair week and 8 full-time year round employees
 - Fair expenses
 - Maintenance of buildings & grounds
- Total Expenses: \$1,323,075
 - Salaries and benefits: \$727,153

FAIR EXISTING INFRASTRUCTURE NEEDS

Presented by the El Dorado County Fair Association

Infrastructure Needs - Asphalt



Infrastructure Needs – Drains & Runoff

- Underground water drains, rusting, collapsing.
- Excess water runoff from above the fairgrounds. Need better detention ponds and help with limited flow.

Infrastructure Needs – Remove College Building



Infrastructure Needs – ADA Restrooms



Infrastructure Needs – Gates at Armory Road



Infrastructure Needs – Access at Ray Lawyer Drive



FAIR TRANSIENT OCCUPANCY TAX (TOT) FUNDING REQUESTS

Presented by El Dorado County Fair Association

Not requesting Board action today

Fair TOT Funding Requests

RV Park and Emergency Exits

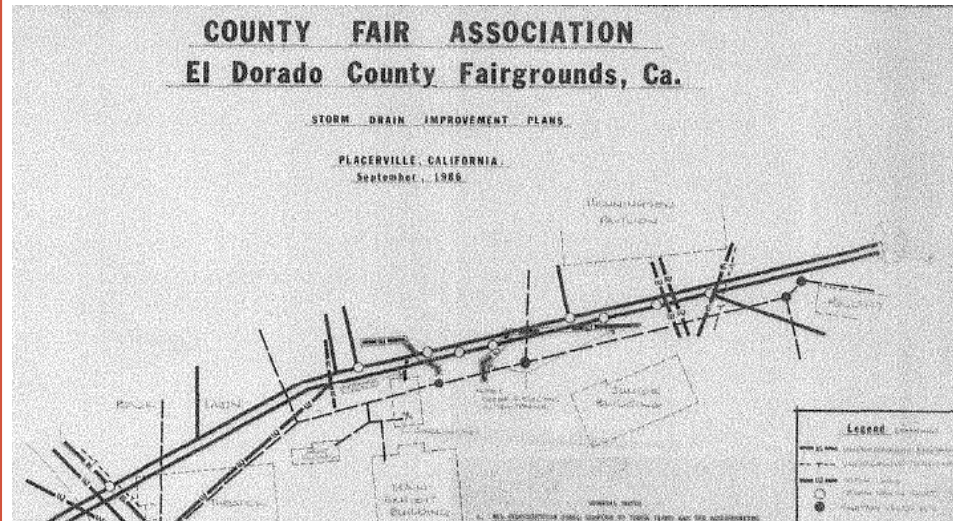
- Construction of 22 RV spaces - \$8,000 - \$10,000 per RV space
- 2 Gated Emergency Exits on Ray Lawyer Drive - \$46,000



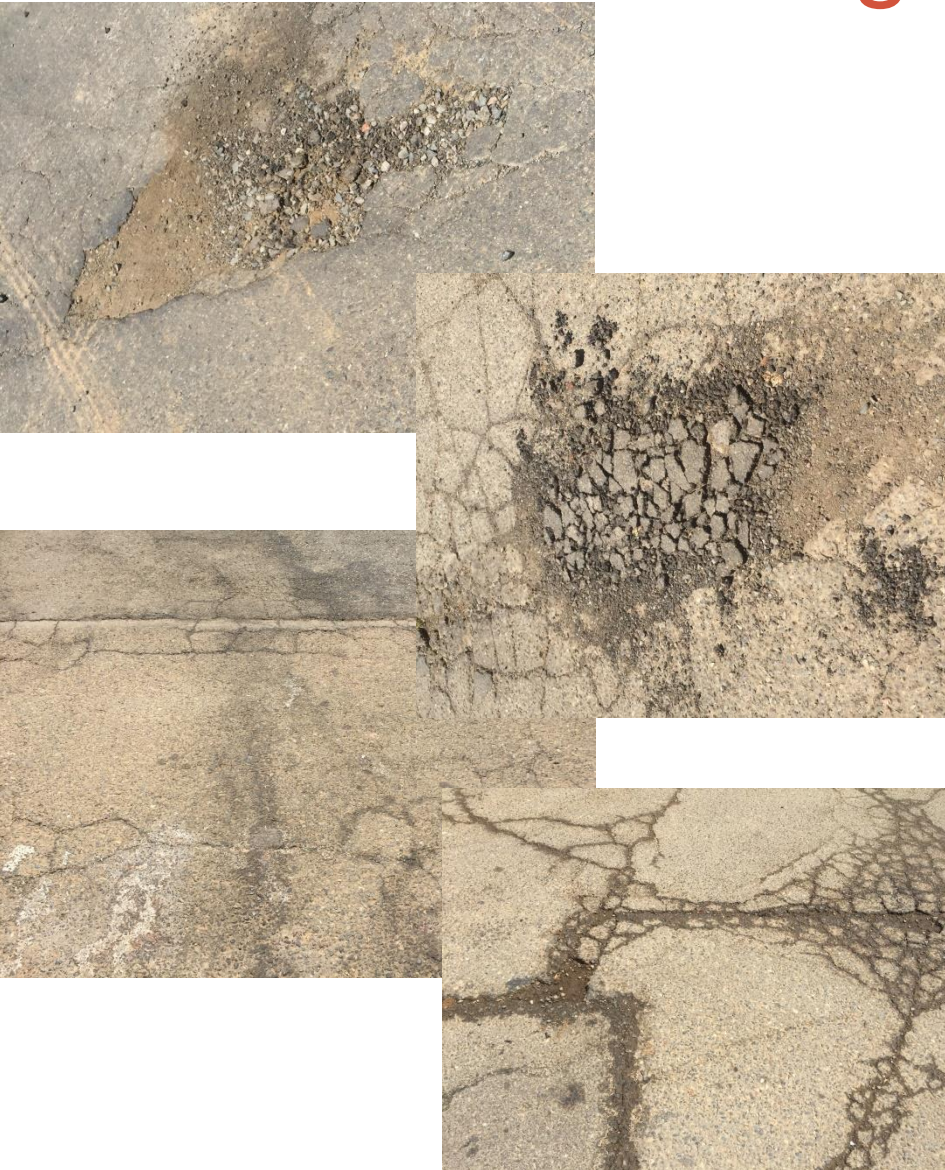
Fair TOT Funding Requests

Storm Drains and Conveyance Upgrade

- Underground storm drains need to be replaced, as 4 sink holes have occurred from storm drain deterioration.
- Enlarge drainage pond
- Costs to be Determined



Fair TOT Funding Requests



Asphalt Paving

- Repairs to paving in parking tiers and driveways that has large cracks and damage.
- The paved areas are used for fire response and staging for large vehicles.
- Cost to be determined

Fair TOT Funding Requests

Mark D Forni Building Restroom Improvements

- Increase size of men's and women's restrooms to make ADA compliant and include showers
- Costs to be determined



Summary

- All TOT requests will be reviewed during the year-end close and Adopted Budget process in September.
- A Grand Jury Report 18-06 response is due by August 27, 2019 and a draft will be brought to the Board for review on August 13, 2019.