



Legislation Text

File #: 22-0027, **Version:** 1

Chief Administrative Office recommending the Board:

- 1) Approve and authorize the Chair to sign Agreement 6269 between the El Dorado County Fair Association, Inc. (Association) and the County of El Dorado for the continued use, possession, and management of the fairgrounds property and annual county fair for an initial term ending June 30, 2026, with automatic extensions of one year occurring every April 1;
- 2) Approve and authorize the Chair to sign a Calendar Year 2022 El Dorado County Fair Association Budget in the amount of \$1,609,148, as approved by the El Dorado County Fair Board of Directors at its December 8, 2021, meeting;
- 3) Receive a presentation on and file the following documents, as outlined in Agreement 6269: a financial audit of the Association for calendar year 2020 and a five-year Strategic Plan for the period of 2021-2026 from the Association Chief Executive Officer; and
- 4) Approve an initial American Rescue Plan Act spending plan for the El Dorado County Fair Association allocated funds.

FUNDING: 65% Fair Association Raised Funds, 2% State Funds, and 33% American Rescue Plan Act Funds.

DISCUSSION / BACKGROUND

El Dorado County and Association Agreement

Since 1939, the El Dorado County Fairgrounds have operated at 100 Placerville Drive in Placerville. The fairgrounds property is owned by the County but is managed by the Association, a general non-profit corporation. At its March 29, 2005, meeting, the Board of Supervisors entered into a revised agreement with the Association for the continued management of the County Fair and Fairgrounds. The term of the agreement was for five years with an automatic five-year renewal each year following the completion of the first five years ("rolling" five year renewal). The agreement was amended on September 12, 2017, (Legistar 17-0490) to amortize general liability allocated insurance charges over a ten-year period in order to lessen the budgetary burden on the Fair Association for 2017 and 2018.

On August 27, 2019, (Legistar 19-1240) the Board of Supervisors appointed two of its members to an Ad Hoc Committee to participate in discussions with two members of the El Dorado County Fair Association Board of Directors to review the agreement between El Dorado County and the El Dorado County Fair Association and present any recommendations for improvements to the Board of Supervisors for consideration. Since that time the Ad Hoc Committee members, Fair Association Board of Directors members, Association staff, and County staff have met to prepare a revised agreement between the County and the Association that better reflects current practices and regulations. Agreement 6269 will replace the prior agreement and contains the following changes:

- a) The parcel numbers have been updated to be consistent with current formats, and parcel number 325-240-011 has been removed from the agreement as it may be developed as part of the armory housing development.
- b) Maintains the five-year agreement with rolling renewal with the addition of termination with one-

year written notice to the other party.

c) Charges for county services (liability, health insurance, etc.) are updated to reflect current practices.

d) Removes County Counsel legal services to Fair Association.

e) Incorporates Amendment I to the prior agreement, which amortized the Associations' general liability increases over a ten-year period, with a one-year extension as approved by the Board on September 1, 2020, (Legistar 20-1139).

f) Fair proceeds and deposits into the Fair Fund section are updated to comply with Government Code section 29505 with minimum restrictions on the Fair Association.

g) Annual update to the Board will include a five-year capital improvement plan and a schedule of maintenance projects, a statement of operations, a financial audit or review, and a summary of funding raised by the Heritage Foundation.

h) Any major maintenance or capital improvements that total over \$50,000 must be reviewed and approved by the Chief Administrative Officer as the Contract Administrator.

i) Other changes update language and contract wording to current formats.

The Association Board of Directors approved Agreement 6269 at its December 8, 2021, meeting.

Calendar Year 2022 Budget

The Fair Association has prepared a Calendar Year 2022 budget in the format as prescribed by the California Department of Food and Agriculture for fairs and expositions operating in California. The Association Board of Directors approved the budget on December 8, 2021. The Association budget is being brought to the Board for approval in compliance with Government Code section 25905, which states that the Association "shall submit an annual budget to the Department of Food and Agriculture, showing the estimated revenues and the proposed expenditures from all sources during the ensuing calendar year, which budget shall first be approved by the county board of supervisors."

Included in the 2022 Budget is an estimate of actual revenues and expenditures in 2021 as of November 2021, when the Budget was prepared. The Estimate 2021 figures reflect \$1,260,270 in revenue and \$990,659 in expenditures, resulting in a net gain of \$268,611 before depreciation in 2021. This is the result of \$709,083 in rentals that includes rentals during the Caldor Fire, \$111,000 in RV rentals from the revamped RV park, and lower-than-budgeted expenses due to the Fair being canceled.

The proposed 2022 Budget estimates \$1,609,148 in expenditures and \$2,428,688 in revenue, of which \$813,000 is County American Rescue Plan Act (ARPA) funds that will be used to reimburse investments in Capital Assets as described below. The net of operating revenue and expenditures is a gain of \$21,512 before depreciation. The Budget includes the annual fair, increased parking revenue and expenditures, \$115,000 in RV Rental revenue, and \$900,000 in investments in Capital Assets.

Presentation and receipt of documents per Section 20 of Agreement 6269.

The Association Chief Executive Officer (CEO) has submitted a five-year strategic plan and audited financial statements to the Board of Supervisors. Section 20 of the revised agreement states that the Board of Supervisors can request annually (a) an annual balanced budget for approval, (b) a Statement of Operations for the prior year, (c) a Financial Review or Audit performed by an independent, qualified outside accounting firm, (d) an updated five-year strategic plan, and (e) funding raised by the Heritage Foundation. The submitted documents have been attached to this item and the CEO is prepared to give a presentation.

Initial American Rescue Plan Act Spending Plan

On November 9, 2021, (Legistar item 21-1680 version 2) the Board approved \$813,000 of ARPA funding to be allocated to the Association with the recommendation that the Association return to the Board with a spending plan. The U.S. Treasury's Interim Final Rule on ARPA states, "aid may be

considered responsive to the negative economic impacts of the pandemic if it supports businesses, attractions, business districts, and Tribal development districts operating prior to the pandemic and affected by required closures and other efforts to contain the pandemic.” Due to the coronavirus pandemic the Fair Association had to cancel the 2020 Fair and postpone the 2021 Fair, which was later canceled due to the Caldor Fire. The Association had to cancel fundraising events and other interim revenue generating events due to the coronavirus pandemic. During 2020, the Fair had to reduce permanent staffing by 25% and use almost all of their reserves for general operations. Operating revenues were down \$942,858, from 2019 to 2020.

The Association Board has selected three initial projects that they are requesting the Board of Supervisors approve for reimbursement with ARPA funding:

- 1) Asphalt paving repairs all over the fairgrounds. On July 23, 2019, with Legistar item 19-1121, the Board received a Fair 101 presentation in which the Association highlighted the damaged paving throughout the fairgrounds and requested funding to meet this need. Transient Occupancy Tax funding was approved for other projects but not the paving.
- 2) Updating the Forni Building including the walls, doors, paint, two restrooms, lighting & audio/visual equipment. This project was identified by the Association in its 2019-2024 Strategic Plan as a priority project, but has not been started.
- 3) Fixing boardroom dry rot and roof damage with a HVAC upgrade. This project was identified by the Association in its 2019-2024 Strategic Plan as a priority project, but has not been started.

The Association is currently seeking bids for the projects, so costs are not included in this item. It is anticipated that these three projects will not utilize all \$813,000. If approved, the Chief Administrative Office will return to the Board with an agreement to reimburse the Association for the approved projects. All three projects will aid the Association as an impacted industry in recovering from the economic impacts of the pandemic by increasing facility conditions that will increase interim rental revenue.

ALTERNATIVES

The Board could choose not to approve the revised agreement with the Association and the prior agreement will remain. The Board could provide direction on the agreement, budget, and/or ARPA spending plan, and staff would return to the Board after working with the Association to meet the Board’s direction.

PRIOR BOARD ACTION

See above.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel and Risk Management have reviewed and approved the revised agreement. All County departments mentioned in or impacted by the agreement were consulted on the revisions.

FINANCIAL IMPACT

There is no direct financial impact associated with approving the revised agreement or Fair Association Budget. The provisions for compensating the County for services provided to the Association by the County will not result in any impact to County funds.

Approval of the initial ARPA spending plan aligns with prior Board direction that allocated \$813,000 of APRA funding to the Fair Association.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Obtain the Chair’s signature on two copies of the Agreement and Calendar Year 2022 Budget and

forward one copy to the Chief Administrative Office for processing.

STRATEGIC PLAN COMPONENT

The approval of the revised agreement, budget, and ARPA spending plan supports the Economic Development priority of “promote and expand agriculture, recreation, and tourism and their related businesses” and the Infrastructure priority of “analyze need, coordinate and plan for County facilities, parks, and trails including ongoing maintenance, operations, and replacement.”

CONTACT

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