

CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE

Public Workshop to Address Alternative

Fairground Operating Models

via ZOOM

November 16, 2020 @ 3:30 pm

Attendees:

C DFA staff:

- Karen Ross
- Arturo Barajas
- John Quiroz
- Sarah Pelle
- Kalia Mitchell
- Joji Kume
- Mike Francesconi
- Kathy Diaz-Cretu

Public:

1. Tom Turner
2. Alice Bennett
3. Allison Keaney
4. Amanda Frazell
5. Luis Lara
6. Teri Short
7. Loretta Estrada
8. B.J. Macfarlane
9. Ben Brown
10. Brandy Arrendondo
11. Carlene Moore
12. Chelsey Roberts
13. Cheri West
14. Colleen Bojorquez
15. Daniel Jacobs
16. Dave Kegebein
17. David Druker
18. Devonna Smith
19. Don Dietrich
20. Dylan Lomanto
21. Ethan Hirsch
22. Gabriella Calicchio
23. Gloria Rowland
24. Janeane Bogner
25. Jeannie Kegebein

26. Jennifer Coile
27. Jennifer Minter
28. Jennifer Seward
29. Jess Durfee
30. Joe Zuccaro
31. John Kegebein
32. Kim Daily
33. Kim Floyd
34. Laurie Giannini
35. Leigh Kammerich
36. Leslie Cornejo
37. Lori Marshall
38. Luis Lara
39. Mark Entner
40. Mark Wiggins
41. Cliff Munson
42. Melanie Silva
43. Michael Gefand
44. Michael Olcott
45. Pat Kress
46. Patricia Conklin
47. Patrick Eidman
48. Paul Smith
49. Randy Crabtree
50. Rebecca Bartling
51. Renee Mello
52. Richard Persons
53. Rick Pickering
54. Sadie Foster
55. Sam Brown
56. Sarah Cummings
57. Suzanne Clark
58. Tawny Tesconi
59. Taylor Corder
60. Teresa Burrola
61. Tiffany Martinez
62. Tom Mitchell
63. Wanda Summers
64. Reggie Mundekis
65. Miles Menetrey
66. Colleen Bojorquez
67. Phone In – 8

GOAL OF MEETING

Introduction – The goal of these meetings is to listen to recommendations and ideas from the fair industry and stakeholders regarding current and alternative operating models. The information gathered at the three workshops to be held will be incorporated in a report to the Governor. This is an opportunity for the fair industry to make recommendations for the future of the fairgrounds, and to provide additional ideas and what is currently occurring.

ISSUES TO ADDRESS

- To have a public dialogue about potential governance structures for DAAs.
- Long term viable solutions to best support fairgrounds.
- Fairground property to serve local communities for youth and emergency services.
- Share specific challenges.

Questions recieved

1. Is there any way we will get any new board members appointed?
2. What is the point of the restructuring? If we restructure, will it keep the fairgrounds from continually struggling financially?
3. Is the Governor's Office or CDFA hosting initiating these meetings?
4. What governance model will allow fairgrounds to still generate revenue and do what fairgrounds were created to do?
5. How willing is the Governor to give up board appointments and oversight over the fairgrounds?
6. How would the JPA model work, and what would this model look like? After reading the Governor's budget narrative, it seems he already has an idea of how he would like to restructure fairgrounds in California. For the fair industry to provide beneficial feedback, it would be beneficial to know what the Governor is thinking and what F&E is thinking.
7. Is there a current model that is being rolled out, and is F&E just seeking input on an existing model and requesting buy-in?
8. Are the fairgrounds being given to the counties?
9. Is the property going to be fully under the fair manager's control?
10. What is the Governor's hope and benefit for transitioning fairs? What is the Governor's office trying to accomplish by transitioning fairs? Why are we going through this exercise of having three (3) public workshops?

11. How is the restructuring going to benefit out the local community?
12. Is the goal of the Governor's office to shed the fairgrounds?
13. What does the funding for fairs look like in FY 20/21?
14. The Governor mentioned that the state income is better than projected. If the state is doing better than projected, does that open a door for fairs to receive additional funding support?
15. At some point, a COVID vaccine will be distributed, but who controls the distribution? Is there a potential for involving the fairgrounds to help with the distribution of vaccines, and funding if the fairgrounds agree?
16. There was a legislative bill proposed a few years ago to build affordable housing on fairgrounds. What would the revenue to the fairgrounds be, if this bill passed, for ground lease payments? How would it pencil out for an affordable housing developer? Could it pencil out and provide revenue to a fair?

Will the fairgrounds receive revenue from affordable housing if these buildings are constructed?
17. In the case of cell tower leases, why does it take so long for DGS (Department of General Services) to approve these contracts?
18. At what capacity are CDFA and the Governor's Office willing to flex on the fairgrounds structure currently?
19. If the fairgrounds are restructured, will the DAAs still have to hire state employees, obtain vehicle insurance through ORIM (Office of Risk and Insurance Management)? How many current cumbersome programs/processes, is the Governor willing to remove so fairgrounds can operate smoother?
20. During the COVID climate, are drive-in movies an option for fairgrounds to facilitate to bring in revenue?
21. If the fairgrounds are restructured, will the property and facility remain under the control of the fair management and board?
22. The 41st DAA (Del Norte County Fair) has a current lease management agreement with the Special Recreation and Park District. If the fairgrounds are required to restructure, could we as the board just re-establish this lease management agreement?

23. The Harbor District in Del Norte County has control over the fairground property even though it is state property. Will the fairgrounds be able to have the same control?
24. What's the funding assistance and support system look like for fairgrounds in 2021?
25. What is the intent/goal of the Governor and CDFA in having these three (3) public workshops to discuss restructuring? Is the goal and intent of the Governor to keep the fairgrounds in existence, but remove the restricting processes and procedures to enable the fairgrounds to operate more like a private business? Or, is the goal of the Governor want the fairgrounds to be removed entirely from under the State umbrella and become completely autonomous? Either way, it comes down to funding.
26. During the Governor's press conference today, he said revenue is higher than they had anticipated for the year. Is there a way for the fairgrounds to access a portion of this revenue?
27. With all the deferred maintenance backlog, who is going to want to accept our properties as a "gift?"
28. Will there be any seed money from the state to help with the transition?
29. When is a determination from the Governor's office being projected to deal with this financial crisis?
30. Why does it take so long to get construction projects approved by DGS (Department of General Services)?
31. What are the action items are for these meetings?
32. Where can fairgrounds go, besides the CDC (Center for Disease Control) and State Offices/departments for up-to-date information on COVID and re-opening guidance?
33. If there isn't a "one size fits all" solution, will be there be one size fits process for review as an alternative solution?

SUGGESTIONS & COMMENTS RECEIVED

- The fairgrounds are a place for community gatherings. Fairgrounds are one of the only places for the community to hold both private and public events. Once we restructure, we cannot go back to how things currently are. This needs to be kept in mind.
- An idea is for the fairgrounds to pool together resources to assist one another.
- The bureaucratic infrastructure needs to be set up to make it feasible. Give proper documents and structure to make it possible.

- The fair industry has already been down this road of restructuring, and these two elements were prior stumbling blocks to restructuring – 1. Board Members are Governor-appointed 2. Governor didn't want to give up oversight. Another major stumbling block was the CalPERS system and having state employees.
- If the fair industry transitioned to the JPA model, the DAA board may remain intact. However, under the JPA model, the DAA board will no longer be as effective.
- One size model doesn't fit all fairgrounds, restructuring models should be looked at for what is best per fairgrounds and the surrounding community.
- Get DGS out of fairs, and things would be much easier.
- We need to look at what we are posing to our future partners, which is a complex situation. Or will we take our current operating model and pare it down to something nimble to fit well for any potential partner. When emergencies are declared, and fairgrounds are utilized, money is often not collected. Also, when our facilities are activated, it encumbers a portion of the property that could be used for another event or function that will bring in revenue. It costs more to keep the fairgrounds open and operating than just the cost of overhead. Money is not collected for use for these properties. It costs more than just the amount of money for overhead.
- We need to remember that fairgrounds are rooted in agriculture and were created to serve the youth in each local community.
- Another purpose of the fairgrounds that needs to be remembered, is their emergency function. Often, this is the only time the State remembers the value of fairgrounds is when they are called upon during emergencies. But this is not the only value that fairgrounds serve. It should be noted that many fairgrounds also have schools on-site.
- A lot of the fairgrounds were started by the people for the people. We are connected to individual communities. The fairgrounds have the communities' best interest in mind. Serving as emergency centers is an example. In many cases, the local community will step in and assist. If we ignored the community, you would hear about it at the grocery store. It may be thought at the State level that the fairgrounds are disconnected from the local community and what they were created for and by, but we have not.
- It would be great if we, DAAs, had some solid solutions. However, we or many of us are in the thick of it. There was no way for many DAAs to prepare for this.
- The fact of the matter is, that even if we make a change and restructure, this doesn't mean that the annual Allocation will go away. we will continue to get the annual Allocation. The Network of Fairs would continue to stay in operation. During this transition period is when the industry needs to make the requests and demands; including retaining the annual Allocation if we do restructure. We need 2% for gross revenue generated on fairgrounds. We can be less restrictive to do what we need to do.
- If the fairs transition to, or are run by the local government, this would be better. The local community and government have a better grasp of what their local fair needs rather than the State.
- Local governments will not want to take over a facility with large amounts of debt. The State needs to maintain its responsibility and help the fairgrounds cover or pay off this debt. Once this is done, then local communities may be interested. Having the local governments run the fairgrounds will enable the fairgrounds to meet the community needs better, with fewer restrictions.

- The fairgrounds have proven that during normal years, they can fully fund and support their ventures. A decision should not be made during the COVID period, but rather provide support to the fairgrounds during this time, enabling them to open safely and operate as normal.
- Building renovations generate revenue for the fairgrounds, but many times Department of General Services (DGS) and other entities pre-determine where and how deferred maintenance funds will be spent. This determination should be left up to the fairgrounds management and board who know what would best suit the facility. One idea is to remove the burdensome process of DGS approval.
- AB 1499 Funds could be impacted with no events this year.
- It does not help the fairgrounds this year, that CDFA has waived the rental fees for COVID testing sites.
- Flexibility for staffing would be most welcome.
- Another revenue-generating idea for Fairs is cell tower leases.
- Not only do we need to think about surviving until 2021, but people with fair knowledge and historical knowledge are needed to transition forward.
- An idea is to partner with counties.
- The issue we have right now is that fairs are utilized by the State consistently, and we are never in-line to receive funding. This needs to continue to be brought up as a key point. We are the first to always get called on when the state needs something, but we receive no financial aid. The underappreciation of fairs statewide has brought us to the point we are at today.
- Maybe CDFA and F&E can assist DAAs with extra financial support.
- CA is the agricultural center of the world. There are many agricultural marketing commissions in CA that would be beneficial to partner with. For example, in Orange County, there are immigrant communities, and the marketing commissions have developed a program to help promote a program so everyone eats right.
- One way the marketing commissions could assist/benefit the local fairs is by doing one of the following: 1. stimulate demand, 2. Educate.
- Fairgrounds are a community resource. We, as the people, community, and even the State, needs to work to protect and preserve the fairgrounds for the future, since it is a valued community resource.
- It almost feels that governance is not the issue but rather funding.
- We would want a plan to be rolled out. There is not an answer that is one size fits all. Each fairground is unique. And since the pandemic came upon us quickly, the idea of forming a JPA is fine. However, by the time the JPA is formed, we as the fairs will be out from under this situation. We would have to start a business as normal. The idea that a JPA is going to save a struggling fairground, isn't necessarily the best. In the case of a JPA, you would need to partner with a local government entity, and who wants to partner with a facility that is a financial burden?
- A fairground is bigger than just the annual fair event. These trickling in funds, will not enable the fairgrounds to be sustainable. Since fairgrounds are not able to have events, the Governor needs to be aware that this impact is not on just the fairgrounds, but the economy in the local communities as well.
- Foundations providing financial support to their fairgrounds may be a way to sustain until there is a way to move forward.

- Counties and cities, like the state, are in a crisis mode. Their revenue from sales tax has plummeted. They are in survival mode. The thought of approaching and asking them to absorb a fair in financial distress won't be inviting at this time. This may be a good option when we are not in a crisis. CDFA should focus on getting fairs through the current crisis by finding more funding resources. We have made some headway, in terms of funding, with the adoption of AB 1499. For the future, all emergency funding sources should include a percentage be given to fairgrounds. We could lobby legislators to get more money from revenue. But that won't help us if it comes in later. We are currently dealing with COVID and loss of revenues. And because many of the fairgrounds are going through the layoff process, when we can start up again, we will be at a 1/3 of our staff. Some of the key people we are letting go were event people. This now completely handicaps us to create revenue when we get out of this COVID period. We need some financial resources to bridge the gap for staffing so that fairs can once again put on events that are the money makers. It's going to be hard to come out of this. We have exhausted the tools and resources to do that successfully.
- With the Governor's office asking us to get rid of employees, we have only one business assistant, one maintenance worker, and the CEO. Just with the extra time that our BA is accumulating and having to pay her out for her sick time, we will be broke.
- To change to new management and governance styles, the board members would need to stay since they are politically active, and employees that are on the state payroll. There are small businesses and residence of states getting money from the CARES Act. What if the Governor portions out CARES Act money to the fairgrounds?
- The fair industry needs to engage its local support net, including the Farm Bureau and FFA. Since agriculture has political clout, what about bringing in the other organizations to collaborate and aid the fairgrounds? However, no decision should be made right now. We, as the fairs, need about three to five years to figure out the best solution.
- We are operating in a big bubble. We don't know what F&E is trying to accomplish, so how can we offer suggestions?
- Fairs should start looking at a way to be self-funded, otherwise, the fairgrounds will go away. We keep talking about how to fund fairs. But not about how to keep our fairs and communities vibrant. Two ideas include 1. Start a Foundation. 2. Create revenue-generating events. Many fairgrounds have already created foundations and have been thinking out of the box for revenue generation since 2011/2012 when state funding when away.
- Now we are having to make another cut. We can't do what generates the fairgrounds income. The governance restructure won't be the final solution. There are no examples of plans for this type of situation. It comes down to how focused the Governor's office is on saving the fairgrounds.
- We had an opportunity for a cell tower, but the company chose a location 50 ft from our property so that they would not have to deal with DGS.
 - We have been waiting for 18-months just for DGS to approval for renewal of our cell phone tower. This process should have been easy, but because of the bureaucracy of DGS, it was not.
- AB 1499 revenue will take a big dive since fairgrounds aren't holding events and therefore having no sales revenue generated. We as the fairgrounds, cannot rely on this revenue source to get us to the next phase.

- It doesn't help that CDFA "waives" rental rates for county COVID testing sites, while the county receives money for the COVID testing. We could have generated good income.
- To be the most responsive and most nimble organization and respond to the changing impact of COVID, we need to have flexibility in our staffing strategies. Yet, CALHR processes do not support flexibility nor agility. A change in governance that supports more flexible staffing would be most welcome!
- Not only do we need to think about how we survive until 2021, but how do we survive with the people who have the knowledge to run and maintain the fairs.
- I'm dismayed and disappointed that the current pandemic is being used as a reason to shed state-owned fairgrounds. There are other ways of getting through this including the pooling of resources.
- What about considering how to make capital improvement projects more efficient? One way to do this is to get us out from under the DGS involvement and regulations. When DGS is involved, projects take four times as long and cost three times as much. But we're a Class I, maybe others have had a better experience.
- We have had three board vacancies for two years and quorums can be tough. I'm a DAA Board member of eight (8) years. I asked F&E for help at the WFA convention in 2019, and again at the January 2020 convention. We have asked our State Senators and Assemblyperson for help, but they seem blocked by the Governor's Office of Appointments. During last week's workshop meeting, I sent a private chat message to Secretary Karen Ross asking for help. So whatever new governance structure you ultimately set up (feels like the governor has some idea already), make sure there is the support to create and maintain the structure.