

CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE
Public Workshop to Address Alternative
Fairground Operating Models
via ZOOM

November 23, 2020 @ 1:00 pm

Attendees: 82

CDFA staff:

- Mike Francesconi
- Kalia Mitchell
- John Quiroz
- Arturo Barajas
- Kathy Diaz – Cretu
- Sarah Pelle

Public:

1. Amanda Lee
2. Reggie Mundekis
3. Patrick Wallner
4. Lloyd McCabe
5. Terry Bressler
6. Steve Tedesco
7. Michele Richards
8. Lesa Heebner
9. Maria Elena
10. Krista Sabin
11. Brian May
12. Jeannie Kegebein
13. Ken Karns
14. John Kegebein
15. Dave Kegebein
16. Denise Stornetta
17. Richard Persons
18. Ashleigh Aitken
19. Michael Parks
20. Kirk Schmidt
21. Geoff Bittle
22. Deanna Spehn
23. Joan Hamill
24. Jennifer Seward
25. Tracy Krumpfen
26. Ethan Hirsch

27. Brenda Fletcher
28. Jennifer Monter
29. Jewel Edson
30. Michael Torgerson
31. Merced County
32. Rebecca Desmond
33. Cliff Munson
34. Mary Bannister
35. Dara Tobias
36. Jennifer Coile
37. Taylor Corder
38. Jeanne Deaver
39. Jerome Coelho
40. Wendy Oaks
41. Kim Daily
42. Roy Gill
43. Leslie Bischoff
44. Carrie Bayley
45. Melanie Silva
46. Chelsey Roberts
47. Matt Cranford
48. Patrick Eidman
49. Barbara Quaid
50. Brandy Arredondo
51. Elizabeth Larson
52. Judy Carrico
53. Casey Dunn
54. Michael Olcott
55. Colleen Bojorquez
56. Nick DiGrazia
57. BJ Macfarlane
58. Kelly Harless
59. Pat Kress
60. Miki Martin
61. Pat Conklin
62. Joe Anderson
63. Lori Marshall
64. Jen McGuire
65. Nancy Sites
66. Call-in User
67. Sarah Cummings
68. Tom Mitchell
69. Katy Evans
70. Dena Rizzardo
71. Jody Gray
72. Shellie Lima
73. Frederick Schenk

74. 9 phone numbers

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 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
- Better Local Input
- Better Local Control
- Feedback from boards and staff – What works as a DAA? What are the challenges for a DAA?

Questions

1. If the fairs are to restructure and transition to a different model, how will the current debt be handled? Will the State cover all debts, or will the State only cover the outstanding bonds? What portion of these new ventures (deferred maintenance) will the state cover and pay?
2. When CDFA presents this information to the Governor's office, will CDFA also include the fair's request for funding? Currently, many DAAs are running short on cash.
3. Does CDFA have a roadmap yet on how DAAs will move into the future?
4. What plan would CDFA and the Governor's office like to see?
5. What has the Governor been told so far and what written memos or other communication have been given to him that summarize these meetings and/or CDFA's analysis?
6. Will the state allow the fairgrounds to have a long-term lease under a 501©3? Or, are we just spinning our wheels? What is the status of the AB 1499 monies?
7. Is CDFA looking at the feasibility/possibility of a special district model so that fairgrounds could access a share of property tax revenues?
8. What does the crystal ball say we will do for next year? Should we cancel the 2021 fair?

Should the DAA hold a community event to get feedback? What is the timeline to get information back to CDFA? What is the timeline for when we will hear if the structure will remain the same or change?

9. Which fair(s) does Mr. Newsom consider his hometown fair?
10. What private sector support can the Class 1 fairs like Mariposa, raise? The Best Western?
11. What is the status of affordable housing being developed on fairgrounds?
12. How do the homeless camps and affordable housing fall on the DAAs?
13. Do the Governor and CDFA want to rezone DAAs?
14. How will the potential rezoning help the fairs? The state is billions of dollars in the red.
15. Which ones of the suggested models, has a history of raising money?
16. When you do your analysis of these entities, which ones can raise money? We need an organization model that is better at raising money. Don't know of JPAs that have done fundraisers.

SUGGESTIONS & COMMENTS

- CDFA needs to ensure that there is greater transparency during this process is key.
- Currently, the DAA model does work, if you make it work. The DAA model is not that different than the city council model. In the same way that city councils operate, some DAAs work well, some do not. The key to getting work done on a fairground is having public buy-in and participation. Once you incorporate the publics' need to participate, in person or via Zoom, the requirement for greater transparency is evident and essential.
- If the City takes over the DAAs, many would morph into entertainment venues only, and no longer have the agricultural/educational aspect.
- CDFA should be teaching and training the board members before they attend a board meeting. In the same respect, CDFA should be training the CEOs on DAAs structure and processes for success. The current process is benign neglect from CDFA, for many board members vote on topics and make decisions that they do not fully understand and ultimately are detrimental to the fairground's future.
- The locals need more say, and a JPA model would enable this to occur.
- Back in 1991, Henry Voss, Secretary of CDFA at the time, informed the fair industry that it was time for the DAAs to expand connections and local support. Due to this information, many of the fairgrounds developed Formed Not for Profit Foundation
- As the current Mayor of the City of Solana Beach — as mentioned is immediately adjacent to the Del Mar Fairgrounds along its entire north (Via de la Valle border) — I am grateful for my city's opportunity to participate in this conversation. Local input is key

to advancing more efficient, compatible, and sustainable fairgrounds. There has been discussion about the desire for an increase in autonomy and independence, but the non-profit/JPA model doesn't address the funding crises most fairgrounds face.

- As a former city/county employee who suffered through the backroom elimination of redevelopment agencies by Governor Jerry Brown, I'm very nervous about what is being presented to the Governor.
- If fairgrounds were transitioned to the same organizational structure, this will not work for everyone. The consistent messages heard throughout these three meetings have been that the 501(c)3 structure may help since nonprofits can raise money; fairgrounds were established and exist for their local communities, and the fairgrounds do not have enough money to survive much longer under the current DAA structure since governmental regulations as established are too restrictive.
- A 501(c)3 model would work since nonprofits are comprised of community members.
- For fairgrounds to survive, we need the money available to not be as restrictive.
- We saw the writing on the wall with horse racing money, when that went away so many fairgrounds created not-for-profit organizations.
- Fairgrounds are not sustainable as they are now with the restrictions on salaries, PERs, etc.
- Each fair board needs to have a finance person.
- We as the industry, need an answer on what the plan is, sooner rather than later. Since we are predicting 2021 to not be a profitable year for fairgrounds, we will rely on our nonprofits to donate money for our general funds and to assist with facility repairs.
- Same as the idea that not one size fits all, the state and Governor need to allow people independent space to think about what would work best locally. We should ensure that whatever system and process is implemented, that there is an elevated commitment to equality. If our board doesn't reflect our community, then we need to change. How do we ensure that our boards reflect our commitment? This is accomplished by a deep commitment to engage with the community. We as the fair industry need to push ourselves to engage our communities in a more meaningful way.
- The board should reflect the community that they serve. The model of one size fits all doesn't work. We need a little more local ability to contribute to what happens and what plans are made in the future for the district.
- One of the things that work as a DAA, is CFSA and CCA. Those two relationships have been great. We as the industry have received a lot of good things from those two entities. Construction and insurance have been invaluable. We have received some good support from CDFA HR, they have been helpful when the DAA has needed them throughout the years. One of the items to improve on is training. How about the board completes training before they participate in their first meeting?
- Everyone is different. Transitioning into something different may not work for everyone.
- One key concern is the unfunded pension liability. This needs to be looked at. In partnering with other entities, they want to know what the fairs' liabilities are. This item will be a red flag to many potential partnering entities. Until recently, the DAAS has been asked to put the unfunded liabilities on our books. Whose liability is this?
- The state employee hiring process and salary ranges do not work.

- Our board has two vacancies and has had these vacancies for over a year. With big discussions and decisions coming up it feels critical to have a full board to put in the work needed for changes coming up. Please consider pushing to fill boards.
- I am a volunteer and involved in both JLC and Fair Foundation for Lake County. Our board is down to four (4) or five (5) members. This makes it difficult for the board to conduct business and function.
- People are happy to write a 5K check, but not a 100K check. We often get asked, since you are a DAA, how do we know this is a stable resource to donate to? With any new governor, you could change. People want to see a better, more stable platform to donate money to.
- We have three (3) open seats and struggle to make a quorum. We badly need action by the Appointments office.
- It was previously brought up, that the DAA structure is not necessarily broken. What needs to occur, is that the DAA structure needs to be enabled to be nimbler. This is often what we are talking about is the ability of the DAA structure to be nimbler. Due to the lack of nimbleness, this is where the DAA structure is broken. However, as a government entity, I am not sure if the structure can be nimbler. We have a support structure around us that would be necessary no matter the direction we go. Some of this support structure is very restrictive. Salary Structures on the state-level, for example, are not competitive on the local level. There are numerous issues with Fire Marshal enforcing rules on a state level that are not enforced on a local level. These restrictions do not allow us to be as to serve the community.
- One model that could be explored is the cemetery district model. They fall under state guidelines but have more freedom. This should not be a one size fits all solution. The need to have the flexibility to make a local decision is important.
- We, as the fairs, haven't felt the love from Governor since he took office. There are several vacant seats on the DAA boards.
- Fair board member appointments are a problem. A single individual makes calls to the governor's office until they finally give in. But in the meantime, he is asking people who have no desire to apply, to be on the boards. More folks from the community who are interested in the position need to be on the boards. These DAA board member positions are political. But they are not political or beneficial when they are pushed on to people who do not want the position.
- It needs to be remembered that fairgrounds are not just open and operating three to five days a year. We have rentals every day. Fairgrounds are not sustainable with the funding we currently receive. We need to have more interim events – sooner rather than later.
- The DAA model is not broken, but it is too rigid. I have my expenses dictated to me, including wages, insurance or self-covered pools, PERS, State Fire Marshall, in-ability to sell equipment, and so on. Yet, our Fairgrounds, which is in Stanislaus County, is not a very wealthy county. The fair and the events we hold (during a normal year) just barely cover the expenses. If I can lower expenses and shop open markets, the finances could change for the positive. With a more positive cash flow, I can invest back into the fairgrounds and my community. Instead of asking for a handout or relying on State Funding...neither of which I want to do. We are not against being a State Agency but would like to have increased flexibility.

- The 36th DAA has all nine seats open on the fair board.
- We are not against being a State facility, but considering the current situation, funding in a state of emergency seems to be an issue. The Governor has issued 40 million ONLY for covering layoff costs. Instead, if the fairs were given a percentage of that for other reasons, they may be able to survive for another year.
- With each time there is a Governor transition, the politics, and relationship with the Governor's office changes.
- We have very diverse boards, consisting of the past city board of supervisors and past mayors. Boards are much more inclusive than they were 10-years ago.
- Affordable housing probably won't work for all. In Del Mar, there are temporary quarters there for groomsmen during the racing season. They're old and run down and can't be counted as affordable because they are seasonal during the races only. Build housing there in anticipation of racing's demise.
- Anna Caballero's bill that passed two years ago, said that fairgrounds could install affordable housing. Since I have a professional background in affordable housing, I asked for an example development pro form showing what would be the size of the potential ground lease payments to the DAA that would be paid by the seven (7) funding sources usually needed to build affordable housing. I also requested confirmation that the State would approve a ground lease of more than five (5) years, with the option of up to ten (10) years since the state regs are against it. I have not received a response.
- As an emergency center, we need to be able to collect rent. It covers administrative costs, depreciation costs, and insurances.
- In response to wildfires, the Del Mar Fairgrounds has served the San Diego region as an evacuation center for both humans and livestock.
- Fairgrounds have always been the first to be available for emergencies.
- Our hearts want to be open to our community, but our bank accounts are not able to pay for it. We learned that a neighboring fairground was left without the ability to be reimbursed for their space and services by the direction of CDFA to their county. We need to be able to develop agreements with local agencies for expenses in the management of an emergency facility and reimbursement for hard costs of use; utilities, labor, disposal, etc. Especially now, we cannot afford to absorb the cost.
- As fairgrounds transition, it will likely require time and funds.
- No matter what the future configuration is if DAAs need to continue to rely on support services from State staff, could we please have some performance standards for services? I don't understand why we must wait 18 months for a response to a request for legal analysis, or more than a year for DGS approval of a set of engineering plans for a capital project.
- This is the third of the three meetings, where we are specifically looking at other structures considered. I am glad that JPAs were brought up as an option. JPAs are a model that the fair industry has used for some time. JPAs are used across the state.
- The different models that have been brought up include JPAs, nonprofits, cemetery districts, special districts, true county fair, a hybrid model between DAA and County Fair.
- Special District or the Citrus Fruit Fair Model is good. They take all the bad things out of the state yet retain all the state parks.
- A hybrid between the county fair model and the DAA model.

- I agree wholeheartedly with the proposal of lessening some of the restrictions regarding DGS (insurances, fleet management fees, etc)
- Thank you for allowing the CEO of the Santa Cruz County Fairgrounds the opportunity to offer input and background information as you consider potential ideas to develop recommendations to the administration regarding DAA structural operating platforms. During the second of three announced listening sessions on November 16, 2020, John Kegebein (who has been involved in the California fair industry in many different roles over the past 60 years) reminded those participating in that Zoom meeting that back in 1991 Henry Voss who was Secretary of CDFA at the time (29 years ago) informed the California Fair Industry that it was time for state-owned fairgrounds to expand their local community connections & financial support as state funding was expected to diminish over the next few years to a point of becoming insufficient to maintain infrastructure and operations. The Santa Cruz County Fairgrounds took this messaging seriously and began the process of forming a not for profit fundraising and support organization. Over many years the Santa Cruz County Fairgrounds Foundation has gained traction and momentum and steadily increased community volunteer and financial support of our fairgrounds. During the succeeding 29 years, multiple industry studies regarding the DAA organizational structure have been conducted and several reports recommending various structural modifications have been published. Many comments have been made during these listening sessions that the idea of restructuring came about recently due to the Global COVID-19 Pandemic. The current 2020 economic condition is just another of many reasons why different operating platforms should be considered. In my opinion, the current DAA operating system aged out 50 years ago. Here at the Santa Cruz County Fairgrounds, we have a wonderful agricultural museum & education center called the Agricultural History Project. The AHP Museums are full of historical “new” technologies that moved America forward but aged out of use after a few years. Think about Palm Pilots or Blackberry Mobil devices. Wonderful ideas that served a great purpose for a period, but the world moved forward. It is time to allow the state-owned fairgrounds to move into this century with a different business model. I am not suggesting that anyone currently knows what the new system should or will be for each community and I think it is clear that one size will not fit all but please consider allowing different communities to try different structures that are agreed on by the majority of people in their community. Within the California Fairgrounds industry, there are county fairgrounds operated by nonprofit boards such as our neighboring fairgrounds in King City. Their locally controlled organizational structure has benefited them immensely as they have many newer and remodeled facilities that are substantially better than the average state-owned fairgrounds. We are not asking to reinvent the wheel when we ask for an opportunity to consider the modernization of our operating platform. Throughout my 9 years as CEO of the 14th DAA I have heard many comments from my industry peers about “survival” as the industry’s facilities and financial condition continue to steadily deteriorate. I have ZERO interest in merely surviving! What a horrible waste of human capital to just survive. 100% of our efforts here are geared toward THRIVING. It is difficult if not impossible to thrive under an operating system that aged out of its useful life many, many years ago. Every fairground and every community in California have different needs and ideas. This community has invested years of volunteer effort in preparing our fairgrounds to be the best of its class size in California. Please do not box

us up and hold us back by locking us into a “one size fits all” platform like we are currently oppressed by.

- I have listened intently to speakers at all three of these meetings. I know that each fairground is unique, usually as a result of the community it serves, and one type of organizational structure won't work for all (which is part of the current challenge). Consistent messages I've heard. We're here for our communities; the importance of communities to fairgrounds. We don't have enough money to survive. Government Regulations under which we must operate are too restrictive. I would like for you to consider another structure: 501(c)(3) organization. Why would this work improve your fairgrounds? We're here for our communities; the importance of communities to fairgrounds. A not-for-profit organization is community-based. Its funding comes from the community--from people who have great memories of the past and/or enjoy the current activities on your Fairgrounds. Its board members are chosen for their passion for your fairgrounds. Their talents will support your fairgrounds and the number of people they can network with to support your fairgrounds. Many of them will be your best volunteers and best donors. We don't have enough money to survive. Fairgrounds that are in very supportive communities have a great opportunity to ask donors and grantors to support your fairgrounds. Not-for-profit 501(c)(3) organizations garner income through donors, grants, memberships, and special events. Donors are passionate about a cause they believe in. Think about all the people who are SOOO excited about the activities on your Fairgrounds and are ready to help you make it better. They are just waiting to be asked! Government Regulations under which we must operate are too restrictive. 501(c)(3) charitable organizations operate under a set of federal and state regulations that protect the people who give money and resources. The major concern is that you are true to the mission of the organization and that you spend the revenues you receive for the purpose that they were given. A not-for-profit platform could let the salaries of employees be gauged by state minimum wages and competitive salaries in its community. Not require union labor, 3 bids, and taking the lowest bid for a job. Operate board and committee meetings under Roberts Rules of Order and the policies of the organization. The local board of directors choosing future members of its board of directors. Becoming a true community partner with local businesses, organizations, and individuals. Becoming a successful not-for-profit organization isn't easy or quick. It is a step-by-step process ...however anything we do will be a step-by-step process. I request that one of the potential platforms be a 501(c)(3) organization.