Summary Recommendation: Repeal District Agricultural Associations

It is the recommendation of the Secretary’s Select Working Group on Fair Governance that a new model of governance for District Agricultural Associations is necessary to promote entrepreneurial freedom and reduce unnecessary government oversight. We recommend that the Secretary direct the preparation of new statutory language which will allow existing DAA boards to operate under a new form of governance upon approval by the Secretary to be referred to as a California Agricultural Fair.

-RECOMMENDATIONS-

Governance

• The Working Group recommends that the legislative initiative include language granting the Secretary authority to oversee the repeal of District Agricultural Associations upon the approval of a new form of governance to be referred to as a California Agricultural Fair.

• DAAs may propose a governance structure of their own choosing, so long as they meet the necessary requirements set forth by the Secretary. Note: the Working Group considers a Public Benefit Corporation the preferred model.

• A majority of the DAAs current board must support the proposed governance structure.

• Existing DAA board members wishing to serve on the governing board of the Agricultural Fair must submit their names for approval by the Governor.

• Board member appointed by the Governor will serve for no more than two years after which the Agricultural Fair’s by-laws will govern board appointments and terms of office.

• The California Agricultural Fair shall not be considered a state entity with any of the associated rights and responsibilities.

• The Working Group recommends adoption of a transition timetable that would complete the re-structuring of existing DAAs on or before December 31, 2013.

Personnel

• Current employees will retain all benefits and privileges as state employees.

• Prior to the transfer of governance from a DAA to an Agricultural Fair, the state shall ensure that every employee in the civil service of the DAA is provided with the option of continuing his/her employment with the state, or of accepting a position as an employee of the Agricultural Fair.

• With respect to an employee who chooses to continue his/her employment with the state, the employee shall continue to be subject to all of the provisions governing civil service employees.
With respect to an employee who chooses to leave his/her employment with the state and become an employee of the Agricultural Fair, those employees are not employees of the state, and are not subject to the requirements of Chapter 10.3 [commencing with Section 3512] and Chapter 10.5 [commencing with Section 3525] of Division 4 of Title 1 of the Government Code.

- If a position filled by a civil service employee becomes vacant, the Agricultural Fair may fill the position with a non civil service employee.
- New employee salary and benefits packages will be determined by the Agricultural Fair.

**Property**

- Agricultural Fairs will operate on the same physical boundaries as currently provided for DAAs.
- Existing real property and capital improvements currently in use by DAAs will continue under the present ownership structure.
- The new Agricultural Fair will enjoy use of the state property pursuant to a lease /operating agreement with the Department.
- Lease / operating agreement between the Department and each Agricultural Fair will define and describe the terms and conditions under which the Agricultural Fair will continue conducting fairs on that property.
- The lease term will be 15-20 years with a termination clause and evaluation after the first two years. Subsequent terms will be negotiable at time of evaluation including possible fees.
- The lease agreement will include requirements for conduct of activities, including but not limited to conduct an annual fair that includes agriculture and other community-relevant exhibits; construct, maintain and operate recreational and cultural facilities of general public interest; making grounds available for emergency response and/or preparedness; and public outreach involving food production and preparation including, but not limited to, community gardens, veterans farms, food banks, soup kitchens, and farmers markets.
- The Department may enter into an agreement that involves the operation of multiple Agricultural Fairs by a single qualified entity.
- The Department will have the authority to assume control of any/all property upon default of the lease agreement.

**Existing Agreements, Leases and Contracts**

- All existing agreements between DAAs and providers of goods and services, including but not limited to concessionaires, service providers and rental/lease agreements, will continue in effect with the successor Agricultural Fair.
-Existing agreements for lease of Fairgrounds property not owned by the state
GOVERNANCE WORKING GROUP

will continue in effect with the successor Agricultural Fair.

Accountability

To ensure that Agricultural Fairs operate to high standards of public accountability and transparency, the governing statutes will require the following:

- an annual compliance audit to standards set by the Secretary;
- an annual property inspection and additional inspections as deemed necessary upon reasonable notice;
- meetings to be conducted according to the Brown Act or Bagley-Keene;
- an annual written report to the Department regarding its operating activities during the prior year.