

**MEMORANDUM
DEPARTMENT OF FACILITY SERVICES
COUNTY OF PLACER**

To: Honorable Board of Supervisors

Date: October 7, 2014

From: Mary Dietrich, Facility Services Director
By: Mark Rideout, Deputy Director

Subject: Placer County Fair Association Agreement - Fourth Amendment

ACTION REQUESTED:

1. Provide direction to Facility Services on a Fourth Amendment to the Operating Agreement between the County of Placer and the Placer County Fair Association for the Placer County Fairgrounds at 800 All America City Boulevard in Roseville.

BACKGROUND: The Placer County Fairgrounds comprises approximately 61 acres of land and improvements near the intersection of Washington and Junction Boulevards in the City of Roseville (Fairgrounds). This facility supports numerous community events, the All American Speedway, and the Placer County Fair (Fair). For many years, Placer County has utilized an Operating Agreement to contract with the Placer County Fair Association, a non-profit corporation, (PCFA) to operate the Fairgrounds and provide a Fair for residents and visitors to Placer County. The current County-PCFA Contract No. 11520 commenced on January 1, 2002 and subject to prior Amendments approved by your Board, now continues on a year-to-year basis (Operating Agreement).

The prior item presented to your Board for consideration addressed the development of a Request for Proposals (RFP) to attract a third-party entity with the resources to launch a comprehensive re-branding campaign and address the site's physical constraints, as recommended in the Placer County Fairgrounds Assessment prepared by RCH Group, Inc. As reported in the RCH presentation on September 23rd, this strategy includes your Board's appointment of interested citizens and PCFA members to a Fairgrounds Revitalization Committee (FRC), which would assist in development of the RFP and provide ongoing advice to the County. The award and transition to a new operator is not expected until mid-2015.

To provide a transition for the operation of the Fairgrounds from PCFA to a new operator, staff presented a draft Fourth Amendment to the Operating Agreement to PCFA. This Amendment was structured to obligate the PCFA to assign its rights to a new operator as directed by the County. The draft Amendment also addressed the preparation of a future purchase agreement that, with your Board's approval, would allow for the County's purchase of a variety of personal property items from the PCFA for use by the new operator. Upon review of the Amendment, PCFA expressed concerns with the assignment obligation stating that this would be problematic assuming that they would be planning and conducting the 2015 Fair.

Further discussions confirmed that the PCFA is willing to schedule and manage non-Fair events and Speedway racing until the transition to the new operator is complete but is not comfortable with handing off the 2015 Fair once they have commenced planning. Additionally, the PCFA has expressed concerns with their capacity to meet their financial obligations due to reductions in revenues from interim events. These revenues have diminished due to uncertainty regarding

continuation of the Operating Agreement beyond the current expiration date of December 31, 2014. The PCFA reports that this situation and the slow season that typically occurs from the end of the year until spring will adversely impact the PCFA's ability to secure commercial lines of credit needed to fund cash flow for on-going operations and administrative costs.

Through Facility Services, PCFA has requested a loan from the County to meet their financial obligations and conduct the 2015 Fair. While the actual amount of the loan has not been verified, the PCFA has preliminarily indicated that approximately \$100,000 is needed. PCFA anticipates that the loan would be repaid with proceeds from the 2015 Fair. Staff had originally contemplated some compensation for PCFA transition services that were not expected in the existing Operating Agreement, but now understands that this compensation will not provide sufficient revenue to sustain PCFA's continued operations. Prior to proceeding with further negotiations on the Fourth Amendment, staff is requesting your Board's direction regarding PCFA's loan that would allow them to provide continuing Fairgrounds operations and to hold the 2015 Fair.

Subject to the discussion today by your Board relative to the PCFA's continued operations and loan, staff is prepared to return at the Board's October 21, 2014 meeting with recommendations consistent with your Board's direction.

ENVIRONMENTAL CLEARANCE: Receipt of direction from your Board is not a Project as defined in the California Environmental Quality Act (CEQA) Guidelines Section 15378 (a) and therefore is not subject to CEQA.

FISCAL IMPACT: As staff is seeking your Board's direction related to the Fourth Amendment, there is no fiscal impact. If PCFA's role as Fairgrounds operator discontinued in 2015, the County would incur holding costs for the Fairgrounds property that is estimated at \$45,000 for first six months of 2015.

CC: COUNTY EXECUTIVE OFFICE

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