

**MEMORANDUM
DEPARTMENT OF PUBLIC WORKS AND FACILITIES
COUNTY OF PLACER**

To: Honorable Board of Supervisors

Date: September 15, 2015

From: Ken Grehm, Director of Public Works and Facilities
By: Mark Rideout, Deputy Director

Subject: Property Management / Placer County Fairgrounds / Operator Request for Proposals
Cancellation and County Update

ACTION REQUESTED

Reject all proposals received and cancel the Placer County Fairgrounds Operator Request for Proposals No. 10443.

Receive an update on the Placer County Fairgrounds, and receive Board approval for the Placer County Fair Association to contract for 2016 events.

BACKGROUND

On October 7, 2014, your Board directed staff to prepare a Request for Proposals (RFP) to solicit for an operator of the Placer County Fairgrounds in Roseville (Fairgrounds) with the resources to launch a comprehensive re-branding campaign and address the site's physical constraints. The eleven-member Fairgrounds Revitalization Committee (FRC) helped staff craft the RFP, which Procurement Services released on May 4, 2015 using the County's e-Procurement system. Through the solicitation process, notices were sent to 772 potential bidders and by the time the RFP closed on June 30, 2015 forty-five firms had viewed the RFP online. Two formal responses were received, and Procurement determined they were both responsive.

The RFP evaluation panel, consisting of representatives from Facility Services, the Office of Economic Development, and the FRC, convened on July 15, 2015. The panel discussed the contents of each proposal, and after the meeting the members documented scores and submitted them to Procurement. The results showed neither firm scored higher than 50 percent of the total points possible. The panel collectively felt neither proposal sufficiently addressed the County's goals and requirements identified in the RFP. The panel recommended the RFP be cancelled because all proposals were deemed unreasonable and the necessary requirements of the RFP were not met in accordance with Purchasing Policy Manual Sections 3.14(e)(5) and 3.14(e)(7). Staff requests your Board cancel this RFP and reject all proposals.

The Placer County Fair Association (PCFA) currently operates the Fairgrounds through the County-PCFA Contract No. 11520 (Agreement), which continues on a calendar year-to-year basis pursuant to prior amendments approved by your Board. The Agreement includes a non-renewal provision your Board could exercise before October 24, 2015, which would terminate the Agreement on December 31, 2015. Other provisions include the mandatory assignment of the Agreement to a new operator selected by County, and a prohibition on entering into contracts, leases, licenses or other agreements which extend beyond December 31, 2015 without prior written consent of the County. On February 24, 2015 your Board approved a loan of up to \$100,000 to bridge PCFA's seasonal revenue deficiencies. To date PCFA has borrowed \$30,000 and recently disclosed a plan to repay the County in the near future. Recent financial information from PCFA indicates revenues are falling below projections for 2015, and PCFA lacks funding to address many deferred maintenance items. PCFA recently expressed interest in a new 3-5 year agreement, which would enhance their ability to secure vendor contracts, plan marketing programs, and provide continuity of community events.

Following receipt of the RFP responses, Staff evaluated the current operating model and discussed a variety of alternatives including mothballing all or a portion of the Fairgrounds. This evaluation follows discussion about the reduction in racing revenue through the economic downturn period, and a question about the Speedway's contribution to the annual PCFA budget. Staff evaluated the PCFA 2015 Budget presented to your Board on May 19, 2015 and finds that allocation of expenses is still required to conclude which PCFA programs contribute to the projected positive total return. The budgeted total Net Ordinary Income of \$110,492 includes Speedway \$25,335, Fair \$85,434, Rentals/RV \$296,226, and four small programs totaling \$12,743. Expenses that require allocation are Administration \$159,421, Maintenance \$149,825, and Utilities \$120,000 (included in Rentals/RV, above). We understand PCFA is unable to complete this analysis at present, as allocating utility expense to the Speedway would require installing sub-meters. Without allocation of these expenses, analysis of the PCFA programs is inconclusive. Staff evaluated the practicalities of mothballing the Fairgrounds property, and depending on the level of monitoring required to secure the site, the annual cost could exceed \$100,000.

In early August, an unsolicited proposer contacted the County with an interest to operate the Fairgrounds, Speedway, and produce the annual County Fair. Staff expects a proposal in the near future, and will present an update your Board early as possible. PCFA indicates demand for the Fairgrounds extends into 2016, and a variety of community organizations and interest groups want to schedule events. These include individuals wanting to book private celebrations, festival promoters, racing enthusiasts, and 4-H Members preparing to purchase livestock for the 2016 Fair. To provide continuity of Fairgrounds operations while an evaluation of the unsolicited proposal is conducted, staff recommends your Board direct Property Management to provide written consent permitting PCFA to enter into agreements that do not extend beyond December 31, 2016. This authority would include interim rentals, the Speedway, and the 2016 Fair. Staff will return to your Board before October 24, 2015 to recommend an amendment to the Agreement that further defines PCFA responsibilities.

ENVIRONMENTAL CLEARANCE

Conclusion of the RFP process and PCFA's ability to contract for 2016 Fairgrounds activities are Categorically Exempt from review pursuant to Section 15301 of the California Environmental Quality Act. This section provides for activities, including leasing of existing facilities, where there is no expansion of use beyond that previously existing.

FISCAL IMPACT

There is no fiscal impact associated with conclusion of the RFP process or PCFA's ability to contract for 2016 Fairgrounds activities.

KG/MR/KT

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August 27, 2015

www.placercountyfair.org

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To Supervisor Duran,

I am writing concerning the upcoming decision/recommendation by the Placer County Board of Supervisors regarding the operation of the Placer County Fair and Fairgrounds.

*Marks Rideout
one copy for
each Supervisor*

In February of 2015, at the request of the Board of Directors of the Placer County Fair, I assumed the position of interim General Manager of the Fairgrounds, the Annual County Fair and the All American Speedway. My background includes more than 40 years with a career in the Fair industry in California, including serving as a Fair CEO for 12 of those years.

I discovered a hard-working and dedicated staff and Board of Directors that have been operating with a lack of guidance, training, or knowledge of the State of California laws and regulations regarding agricultural Fairs. In fact, the Board had been misguided with erroneous information by the previous two managers, who did not understand Fair industry operational standards.

In my opinion, the solution to creating a well-operated fairgrounds in Placer County is completely obtainable through training for the Board of Directors and the staff, in proper procedures for fairgrounds operations, and follow-through with management that has Fair industry experience. California Fair Services Authority has programs for this type of training, and throughout my career I have developed a vast army of contacts with people knowledgeable in all aspects of Fair and Fairgrounds management.

I strongly believe that with support from the County of Placer, and a qualified CEO/General Manager, the fairgrounds can become the viable community asset as it has been in the past. I am more than willing to assist the Association and the County through this transition to make the Placer County Fairgrounds a great event center.

My recommendation is to consider the Placer County Fair Association as the best possible operator of the Placer County Fairgrounds and Event Center. Thank you.

Sincerely,

Greg Hegwer



