

**MEMORANDUM**  
OFFICE OF THE  
COUNTY EXECUTIVE  
COUNTY OF PLACER

**TO:** Honorable Board of Supervisors

**FROM:** Holly L. Heinzen, Interim Placer County Executive Officer  
By: Bekki Riggan, Principal Management Analyst

**DATE:** June 19, 2012

**SUBJECT:** 2011-12 Placer County Grand Jury Report on the Fair Association and All American Speedway – Board of Supervisors Response

---

**Action Requested**

Authorize the Chair to sign a letter in response to the Placer County Grand Jury's 2011-2012 Report on the Placer County Fair Association and All American Speedway.

**Background**

On March 20, 2012, the Placer County Grand Jury issued its report titled *The Fair and the Unfair: A History of Continuous Neglect*. The report includes facts derived from the Grand Jury's investigations, along with their findings and recommendations.

The Placer County Board of Supervisors, the County Executive Office and the Facility Services Department were asked to provide responses to the Grand Jury report. In collaboration with County departments, County Executive Office staff prepared a response on the behalf of the Board of Supervisors, which is subject to your approval today. Upon approval by your Board, the response will be provided to the Presiding Judge of the Placer County Superior Court and to the Placer County Grand Jury.

The report asserts that contrary to statutory limitation of five years, the contract with the Placer County Fair Association (Association) to operate and manage the County Fair, including the All American Speedway (Speedway), has been in effect for more than ten years; that negligence in contract monitoring by county government resulted in unauthorized modifications to the Speedway that have created major environmental problems and shifted costs to County taxpayers; and that the Association's ability to run the Fair may be under serious financial threat due to the State's termination of its' annual financial support.

The report recommends that the County terminate the current contract; seek an alternative non-profit agency to operate and manage the Fair; refuse to approve any new contract without the oversight provisions deemed necessary by the County; verify compliance of future agreements with the law; appoint a contract compliance monitor; and provide no further financial assistance for the County Fair until environmental protections dealing with Speedway generated environmental problems are incorporated into operational agreements.

### **Board of Supervisors Response**

Details of the Grand Jury's finding and recommendations are included within the response letter attached. To summarize, the letter states that the Board of Supervisors remains committed to addressing and resolving the issues related to the contract with the Association to operate and manage the Fair, including the All American Speedway. It further states that the agreement provides for the Association to continue operations on a year-to-year basis until the contract is renewed or renegotiated and that this is consistent with the five-year contract limitation contained in Government Code §25905; that the County will continue its review of current and recommended operating requirements through its contract with a consultant; and that future agreements will contain necessary environmental protections and complaint resolution provisions related to the operation of the Fair, and the Speedway specifically, before being reviewed with the Board of Supervisors for final decision-making.

### **Fiscal Impact**

There is no fiscal impact associated with this response to the Grand Jury report.

Attachments: Board of Supervisors 2011-12 Grand Jury Response to: *The Fair and the Unfair: A History of Continuous Neglect*

# County of Placer Board of Supervisors

175 FULWEILER AVENUE  
AUBURN, CALIFORNIA 95603  
530/889-4010 • FAX: 530/889-4009  
PLACER CO. TOLL FREE # 800-488-4308

JACK DURAN  
District 1

ROBERT M. WEYGANDT  
District 2

JIM HOLMES  
District 3

KIRK UHLER  
District 4

JENNIFER MONTGOMERY  
District 5



June 19, 2012

John Wilhelm, Foreperson  
Placer County Grand Jury  
11490 C Avenue  
Auburn, CA 95603

## **Re: 2011-12 Grand Jury Final Report – *The Fair and the Unfair: A History of Continuous Neglect***

Dear Mr. Wilhelm,

This letter is in response to the 2011-2012 Grand Jury's Findings & Recommendations from the report titled *The Fair and the Unfair: A History of Continuous Neglect*. The Placer County Board of Supervisors would like to thank the members of the 2011-12 Grand Jury for their efforts associated with the Placer County Fairground speedway and appreciates your concern for the welfare of both City and County residents.

### **Findings of the Grand Jury**

1. The current contract that the County has with the Association to run the County Fair is illegal because it violates the five year limitation for such contracts contained in §25905.

**Board of Supervisors Response:** The Board of Supervisors disagrees with this Finding. The agreement between the County and the Association provides for the Association to continue operations on a year-to-year basis until the contract is renewed or renegotiated. Given that the contract's annual renewal period is less than five years, the contract is consistent with the requirements of Government Code Section §25905 (Code) and is a legal agreement.

2. The County has a history of failing to comply with this same statutory limitation. A preceding contract that the County had with the Association to run the County Fair stayed in effect from January 1, 1983, through June 30, 1993, a period of ten years and six months. Accordingly, this preceding contract also violated the five-year limitation for such contracts contained in §25905.

**Board of Supervisors Response:** The Board of Supervisors disagrees with this Finding. The agreement between the County and the Association provides for the Association to continue operations on a year-to-year basis until the contract is renewed or renegotiated. Given that the contract's annual renewal period is less than five-years, the contract is consistent with the requirements of the Code and is does not violate the five-year limitation for such contracts.

3. The County has been negligent in failing to comply with the five year contract limitation contained in §25905.

**Board of Supervisors Response:** The Board of Supervisors disagrees with this Finding. The agreement between the County and the Association provides for the Association to continue operations on a year-to-year basis until the contract is renewed or renegotiated. Given that the contract's annual renewal period is less than five-years, the contract is consistent with the requirements of the Code and is a legal agreement.

4. The County has been negligent in failing to appoint a County employee to monitor the Association's compliance with the terms of the current contract to run the Fair.

**Board of Supervisors Response:** The Board of Supervisors disagrees with this Finding. The responsibility for administration and oversight of this agreement is assigned to the Facility Services Director and Assistant Director.

5. This negligent lack of oversight allowed the Association to wrongfully make the major structural modifications to the Speedway that produced the numerous environmental problems that the County now faces.

**Board of Supervisors Response:** The Board of Supervisors disagrees with this Finding. Given the nature of this type of agreement, it was incumbent upon the Association to provide the proper notice to the County and to secure necessary permits prior to making these modifications to the racetrack. When the County received the Association's letter on December 13, 2006 regarding the Association Board of Directors' approval of the improvements to the track and the ramps, the letter stated the improvements had already been completed. The Assistant Facility Services Director has been engaged in discussions with the Association and in initiating environmental studies necessary to establish the terms and conditions of a new operating agreement, including preparing an Environmental Questionnaire to formally initiate the environmental review process through the County's Community Development Resources Agency (CDRA). On October 28, 2011, CDRA circulated that document for early consultation to affected agencies and to private citizens who requested notification of Speedway activities. Based on comments on the proposed project, it was determined that preparation of an Environmental Impact Report (EIR) would result in the most responsive approach to the identified issues. CDRA and Facility Services have since identified a third party consultant to prepare an EIR and are committed to completing this process as expeditiously as possible. Facility Services will be working on a proposed new operating agreement while the EIR process is underway with the goal of presenting both documents to the Board of Supervisors upon completion of the EIR. The County has also required the Association to obtain after-the-fact permits for grading and building activities associated with the modifications to the Speedway that occurred in 2006-07.

6. The County's continuing failure to enforce the five year contract limitation and the County's failure to terminate the contract for a major breach of its provisions, has allowed the Association to benefit from its own wrongdoing. The contract continues to be in effect indefinitely; the Association continues to resist any of the safeguards, controls, or oversight the County believes necessary to deal with the environmental problems created by these wrongful modifications, and the Association has shifted responsibility for the cost of the environmental studies that it should have borne, had it sought proper approval, to the County taxpayers.

**Board of Supervisors Response:** The Board of Supervisors partially agrees with this finding. We disagree with the initial statements regarding the contract limitation, but agree that the Association has not assumed the responsibility for the cost of the necessary environmental

studies of the County owned fairgrounds. We understand through discussion with Facility Services that there are completed and ongoing improvements the Association has undertaken to monitor and mitigate sound impacts on the community from activities related to the Speedway.

7. The termination of State financial support for the Placer County Fair threatens the ability of the Association to conduct, manage and operate the annual Placer County Fair without significant additional financial support from Placer County.

**Board of Supervisors Response:** The Board of Supervisors is not aware that the termination of State financial support for the Placer County Fair would threaten the Association's ability to operate the Fair without significant financial support from the County. Other viable business models may exist that would not require State funding. Thus we cannot offer an opinion on this Finding.

### **Recommendations of the Grand Jury**

1. The Board of Supervisors, within 60 days, terminate the current contract with the Association to operate and manage the Fair, including the Speedway, because it violates the five-year contract limitation contained in §25905.

**Board of Supervisors Response:** This Recommendation will not be implemented as the Board of Supervisors does not agree that the Code has been violated. The agreement between the County and the Association provides for the Association to continue operations on a year-to-year basis until the contract is renewed or renegotiated. Given that the contract's annual renewal period is less than five-years, the contract is consistent with the requirements of the Code and is a legal agreement.

2. The Board of Supervisors immediately explores the availability of an alternate non-profit corporation or association to operate and manage the Fair, including the Speedway, by soliciting proposals from alternative groups.

**Board of Supervisors Response:** This Recommendation bears further analysis once the environmental assessment and documentation is complete. Any required mitigations would need to be included in any future solicitation of proposals and subsequent operational agreements. Environmental review must be completed prior to identifying modifications to Speedway operations and before development of a new agreement for consideration by the Board of Supervisors.

3. The Board of Supervisors refuse to approve any new contract to operate and manage the Fair, including the Speedway, unless the contract includes the safeguards, controls and oversight thought necessary by County officials to protect the public.

**Board of Supervisors Response:** The Board of Supervisors agrees with this Recommendation and will include in a new agreement the safeguards, controls, oversight and complaint resolution provisions necessary to address the findings of the EIR and any negative impact on the surrounding neighborhoods.

4. The Board of Supervisors immediately adopt a policy applicable to all contracts that mandates designation of a specific County employee to monitor compliance with the terms of the contract by each of the parties.

**Board of Supervisors Response:** The County's existing management practices include designation of a Department Head to monitor compliance with the terms and conditions of County contracts. It is not always practical to assign contract responsibility to specific personnel.

5. The Board of Supervisors direct County Counsel to verify that all future contracts submitted to the Board of approval fully comply with the provisions of the statute that authorizes the contract.

**Board of Supervisors Response:** The County's existing practices require County Counsel to verify that all contracts submitted to the Board for approval fully comply with the provisions of the authorizing statute for the contract.

6. The Board of Supervisors not provide additional financial support, including a line of credit, for the annual Placer County Fair unless proper environmental protections deemed necessary by the County to deal with Speedway generated environmental problems are incorporated into the contract to run the fair.

**Board of Supervisors Response:** The County continues to review the current and recommended operating requirements, including necessary environmental protections, through a contract with a consultant and will thoroughly review the revised terms and conditions of future operating agreements with the Board of Supervisors for final decision-making.

The Board of Supervisors appreciates the work of the 2011-12 Placer County Grand Jury in their report regarding the All-American Speedway. The Board of Supervisors remains committed to addressing and resolving the issues related to the contract with the Association to operate and manage the Fair, including the All American Speedway.

Sincerely,

---

Jim Holmes, District 3  
Placer County Board of Supervisors

cc: Alan V. Pineschi, Presiding Judge of the Superior Court  
Holly Heinzen, Interim CEO, County of Placer  
Jim Durfee, Director, Department of Facilities  
Michael Johnson, Director, Community Development Resource Agency  
Roseville City Council  
Ray Kerridge, Roseville City Manger  
John Javidan, General Manger, Placer County Fair Association  
Board of Directors, Placer County Fair Association