

14th District Agricultural Association

SANTA CRUZ COUNTY FAIR

Established 1885



BOARD MEETING MINUTES

Board of Directors' Meeting

2601 East Lake Avenue, Watsonville, CA

Tuesday, October 25, 2011

The Board Room

Approved by: _____

Date: _____

CALL TO ORDER: 1:30 PM

DIRECTORS PRESENT: Rob Marani, President; Bruce Oneto, Director; Loretta Estrada, Director; Patrice Edwards, Director; Jody Belgard-Akimoto, Director; Stuart Yamamoto, Director; Christopher Smith, Director; Bob Thomas, Director.

Manager Bethke announced that Brian Mathias has tendered his resignation to the Governor's office.

DIRECTORS ABSENT/EXCUSED: None.

OTHERS PRESENT: Michael Bethke, Fair Manager; Richard Travis, Heritage Foundation; Sue King, Heritage Foundation; Chuck Allen, Heritage Foundation; Blanca Boyd, Horseshow and Office Staff; John Kegebein, AHP; Jeanette Crosetti; Dawn White, Livestock; Lynne Grossi, AHP, Livestock; Steve Stagnaro, Publicity; Patricia Rodriguez, Certified Farmer's Market

Max Kelley, neighbor and Community Alliance for Fairgrounds Accountability (CAFA) member; Eric Zamost, Stop the Rodeo & CAFA; Randy Repass, neighbor, CAFA member; Pat Davidson, neighbor; Gary Smith, retired Watsonville Fire Chief.

PLEDGE OF ALLEGIANCE

AGENDA APPROVAL: Director Smith requested clarification that the Closed Session items have been properly noticed, and President Marani noted that he believed this to be so and that the litigation items are there only for discussion. Director Oneto questioned why only "Letters of Appreciation and Support" are listed under Item XII, Correspondence, and not all correspondence received, since the Board should be reviewing all correspondence, pro and con. Manager Bethke noted that the sheer volume of correspondence has made this rather prohibitive and clarified that the originals are all available in a binder on the office counter and that during his Manager's Report he will be proposing that this all be digitized and available on-line. Director Smith expressed his approval of having this all digitized not only in order to save paper but so that the documents are searchable. President Marani suggested that Item XII be listed only as "Correspondence" so that does not appear restrictive.

Director Edwards moved and Director Oneto seconded the motion that the Board members be notified when the Board packets, including all correspondence, are digitized and available online to the Board and the public, that the packets are available 10 days prior to the notice, and that Board members can request a print version. The motion was carried.

Manager Bethke clarified that Agenda items can be added for discussion at this point in the meeting but not items for action.

Director Smith moved and Director Edwards seconded the motion to approve the Agenda as presented. The motion was carried.

PUBLIC COMMENT:

Eric Zamost: Mr. Zamost shared with the Board what he termed a “fraudulent press release” issued by the Fairgrounds regarding the proceedings at the recent court hearing. He claimed that during a discussion with President Marani on October 2, 2011 that Mr. Marani stated he was aware the press release was inaccurate but that they published it anyway. The press release claims that the court completely agreed with the Fairgrounds which it did not.

Randy Repass: Mr. Repass noted that he had a discussion with John Prentice on September 21, 2011 where he clarified the misperception that CAFA wants the Fairgrounds or the Speedway to go away, and in fact, Mr. Repass stated that quite the opposite is the case. As indicated on the CAFA website, Mr. Repass noted that CAFA believes the Fair is a highly valued community asset and one that they want to see prosper. However, CAFA also believes the Fair needs to be a better neighbor by reducing excessive noise and developing a Master Plan with strong community involvement, a win for both the Fair and the community. Mr. Repass reported that during their meeting Mr. Prentice highlighted the efforts the Speedway has made to reduce dust, lighting and noise. Mr. Repass informed Mr. Prentice that the efforts at noise abatement were not successful, and Mr. Prentice offered to do more. Mr. Repass asked Mr. Prentice to communicate with the Fairgrounds leadership that CAFA is ready to negotiate a reasonable noise policy, and Mr. Prentice asked Mr. Repass to specify what CAFA wants as far as a noise policy. The two of them discussed the previous noise policy as proposed by CAFA, and Mr. Repass admitted that the dB levels requested were indeed unreasonably low and deliberately so in order to have a low point to work up from in negotiations. He noted that Mr. Prentice’s message has been relayed to CAFA, and CAFA remains ready to sit down with the Board, develop a reasonable noise policy, and allow an out of court settlement. Mr. Repass noted that CAFA is requesting that a Fair Board task force be convened this week to that end.

FINANCIALS: Director Edwards reported that the Finance Committee did meet and decided that since some amendments were made to the July Financials and there was such a considerable amount of documentation to review with the August and September Financials that the Finance Committee would hold a separate, noticed Finance Meeting on November 15, 2011. Some inconsistencies were also noted in the September Financials regarding income and expenses, and Manager Bethke offered to send those questions back up to CFSA. The Committee has recommended that the Financials not be approved until this separate Committee meeting can take place. Director Belgard-Akimoto has offered to sit on this committee in light of Director Mathias’ resignation.

MINUTES: *Director Smith moved and Director Estrada seconded the motion to approve the August 2011 Minutes as presented. The motion was carried.*

CONSENT AGENDA: Manager Bethke clarified that a number of items on the Consent Agenda may appear to be after the fact, but this is because the September meeting was canceled due to the court hearing in Sacramento. Ms. Boyd clarified that the Animal Training and Research contract is for the sea lion exhibit for the 2012 Fair, and this needs to be signed this week if we want them since the exhibit gets

booked up very quickly. It is the same contract as was written for this year, at the same price. Director Oneto noted that he thought the placement of the exhibit resulted in it being crowded, and a better location might be out in the middle of the lawn where it was in previous years and where it can get better attended and be more visible, particularly since it is so costly.

Director Smith moved and Director Yamamoto seconded the motion to approve the Animal Training and Research contract with the added stipulation that Staff work with the contractor to place them in the best possible location for the entertainment value as well as what is best for the animals. The motion was carried.

Director Belgard-Akimoto moved and Director Smith seconded the motion to approve the remainder of the Consent Agenda as presented. The motion was carried.

FAIR MANAGER'S REPORT: Michael Bethke

- **Status Update on Heritage Hall & Agricultural History Barn –**
 - ❖ **AHP Barn.** Manager Bethke reported that the Barn is completed, and since the planning and permitting arm of CCA does not exist anymore, Staff went ahead and contracted with a third-party professional inspector to conduct a structural inspection of this facility to ensure that it was built to code. As-built details will remain on file on the Fairgrounds, and Manager Bethke plans to take another copy up to CFSA in Sacramento.
 - ❖ **Heritage Hall.** Mr. Travis reported that installation of the flooring is scheduled to begin tomorrow, and rough plumbing and electrical are in.
- **Manager's October Annual Report and Projections –** Manager Bethke presented the Board with a set of goals for the next year, and these include:
 - ❖ Securing the services, possibly part-time, of a Chief Financial Officer in order to help him with contracts and budgeting, particularly going forward without the subsidies from Sacramento.
 - ❖ Converting all Board agendas, minutes, staff reports, etc to digital files that are available online in order to minimize Staff time and save on paper.
 - ❖ Facilitating, creation and implementation of a Strategic Operational Planning Guideline with funding sources and milestones. This would also include a Capital Improvement Plan as part of the Master Planning process. Director Oneto noted that in addition to the “plan speak” there needs to be hammer and nails ideas put forth and that the Crosetti roof needs to be at the top of the list. Manager Bethke noted that plans for the Crosetti roof are currently in process and hopefully will be started before year's end and that the price now is in the \$90,000 range. Funding sources for this are also in the process of being identified. Manager Bethke is planning to work with some local volunteer architects in order to develop a Capital Improvement Plan, and President Marani suggested that Director Estrada be an integral part of that development team. Director Edwards suggested that volunteers from the Department Heads, members of the community and two Board members be invited to sit on such a team as well so that suggested improvements come from a cross-section of the Fair community. It is Manager Bethke's plan that this group identify specific improvement goals and attach approximate costs and then bring this back to the Board for discussion and prioritization. Improvement goals will likely include life/safety issues, electrical issues, the back entrance, and the road to the Horse Arena. After discussion with the Board President and Mr. Ridgeway, Manager Bethke believes that a \$200-300,000 budget for infrastructure improvements per year is not unreasonable, and this will then drive revenue generating projects as well. Director Oneto noted that a representative from the Pleasanton Fairgrounds at the Regional meeting suggested that creative solutions could be developed with the two 501(c)(3)'s on our Fairgrounds in order to fund the replacement of the Crosetti roof, since it

appears to be in urgent need of replacement. Manager Bethke noted that the roof has been stabilized, and structural engineers have evaluated it and determined that it is safe in its current condition, albeit at capacity, and they also identified what could be done with it. Therefore, Manager Bethke feels that time can be taken to identify funding sources through grants, etc. which Ms. Crosetti reported she is in the process of doing. Also, it was noted that the planning division within CFSA that is currently evolving may have some say in how the bidding process will need to be done for such a project. Director Estrada noted that money had previously been set aside in the budget to replace the Crosetti roof, and Mr. Kegebein clarified that the \$20-30,000 quoted in the past was to re-coat the roof which had historically been done about every 10 years. However, the engineers that came out recently advised that the infrastructure is too weak to carry any more weight which is why the quote is now considerably higher since the scope of the work is now vastly different. Director Smith suggested that Manager Bethke further clarify what the process will need to be with the evolving state agencies regarding planning and bid processes, etc and come back with more details next month. Manager Bethke committed to doing that as well as looking at potential funding sources and preparing a proposed bid packet. The RFP would solicit contractors to do a design/build and propose solutions to this problem. Director Oneto further suggested that the vision be broader, with a complete rebuild, solar panels and a water collection system, all possibly funded with grants, and this green option will be investigated as well.

- **Status of the Fair Report/Department Head Feedback/Lewis Ridgeway Feedback** – Manager Bethke presented the Board with a synopsis of the Department Head feedback, and Mr. Ridgeway is apparently not quite ready with his feedback report. A public safety report will be available at next month's meeting, hopefully along with Mr. Ridgeway's report as well. Manager Bethke did report that this may have been the safest Fair ever, with no significant incidents or injuries. Constructive comments and suggestions are still being solicited and will be compiled for the first Department Head meeting in January.

COMMITTEE REPORTS:

- **Buildings and Grounds – Loretta Estrada.** Report provided under separate cover. President Marani again suggested that Director Estrada be included on the Ad Hoc Capital Improvement Plan Committee so that all of the necessary projects are included, since she has such a long and rich history with the Fairgrounds. Director Belgard-Akimoto offered to be the second Board member to sit on this committee.

Director Smith moved and Director Edwards seconded the motion to appoint Director Estrada to the Ad Hoc Capital Improvement Plan Committee, with Director Belgard-Akimoto serving as the second Board member, with participation by the Heritage Foundation, and that an invitation be extended to the public as well. Ms. White asked that a Livestock representative sit on this committee as well since such a large portion of the Fairgrounds is dedicated to livestock; she further inquired how often the committee would meet and how it would be noticed. President Marani clarified that the Committee could set frequency of meetings and level of involvement, that the term of the plan would likely be for five years, and that the Committee would report back to the Board under Buildings and Grounds. Mr. Kegebein offered to sit on the committee, and Ms. Boyd noted that Horseshow will have a representative there too. Manager Bethke clarified that no deadlines for a Capital Improvement Plan have been set by Sacramento since everything there is in flux, and that his budget meeting up there this next week may shed further light on this issue.

The motion was carried.

Max Kelley: Mr. Kelley requested a copy of the Buildings and Grounds report.

- **Rodgers House – Loretta Estrada.** Director Estrada reported that the Fair tours went very well, and they had plenty of volunteers to conduct them. The Tank House will be pressure washed and painted which will cost approximately \$4000 and will be paid for with funds raised through the Rodgers House Committee. Director Oneto encouraged the Board members to make an appointment to sit down at the Rodgers House with the letters that have been compiled from the Rodgers' family members since they are very rich with local California history.
- **Ocean Speedway – John Prentice.** Mr. Prentice, via conference call, thanked the Board and the community for all of their support through the conclusion of the 2011 race season a week ago. Moving into the winter months, he is planning to make some improvements to the grounds and will be continuing to work towards being a better neighbor. He also noted that he is planning on having a monthly pickup of aluminum rather than a quarterly one and will be happy to address any other grounds beautification issues that are raised. Director Estrada thanked Mr. Prentice for his quick response and attention to this matter. Mr. Prentice also clarified that the raggedy-looking cars are the ones used for charity events, and these have now been pulled from view.

Eric Zamost: Mr. Zamost inquired whether members of the public can also access the speaker phone/conference call feature. The Board clarified that this is only for those presenters with agenda items who are unable to attend the meeting.

- **Education Committee – No report.**
- **Heritage Foundation – Chuck Allen.** Mr. Allen reported that the Volunteer Thank You Dinner went very well and that it was a pleasure to be a part of an event thanking the hundreds of volunteers who helped put on the Fair. He reported that net income on alcohol sales during the Fair was approximately \$24,000, a bit above last year's number. Ticket sales for Holly Hog are currently at \$2172, and ticket sales are still ongoing. The Craft Faire will be held December 2 and 3, 2011, and registrations are currently ahead of schedule with approximately \$4900 in prepaid concessions. Mr. Allen reported that he has an appointment with Santa Cruz County Bank to sign the \$100,000 line of credit note, but the State fire coverage on the building may be called into question. There are no loan fees or deed of trust with this line of credit, and there is no guarantor, as it is a goodwill loan. The Heritage Foundation has 12 months to draw on the line of credit and then five years to repay it; they are planning to be very conservative with drawing on it. The concrete flooring is scheduled to be poured tomorrow in Heritage Hall. The siding will then be put on, and hopefully by spring time it will be complete. Mr. Allen also reported that an Ad Hoc committee has been meeting in order to formulate the text for the Heritage Hall policy, and this will be reported on later in the meeting. Director Estrada noted that members of the community need to be informed about how much work the Heritage Foundation members do in support of the Fairgrounds and what a vital function they serve, sometimes working three to five days a week on their projects, with all proceeds coming back to the Fairgrounds. Director Belgard-Akimoto also thanked the Heritage Foundation for again putting on a fabulous Thank You dinner, with over 400 people in attendance.
- **Junior Fair Board – No report.**
- **Agricultural History Project – John Kegebein.** Mr. Kegebein noted that most of the new building has been erected and that AHP also took out a line of credit with funding secured through the Borina Foundation, whose name will eventually appear on the building. A barn raising work day will be held in April, at which time the back wall will be put up, and this will be made from redwood to match the

remaining buildings. Farm animal cutouts will be done in the redwood wall to add some interest as people drive onto the Fairgrounds, and this should be completed by the end of 2012. The Harvest Dinner and Auction will be held on November 12, 2011 in the Crosetti Building; this is their annual fundraiser for the organization, and all Board members are invited to attend. AHP was invited to attend the Grand National at the Cow Palace; they took up 10 tractors and had a nice time talking with other regional people involved with agricultural history and had many opportunities to promote our Fair as well.

- **Fair Committee – No report.**
- **Horse Show Committee – Blanca Boyd.** Ms. Boyd reported that some of our horse show equipment was also taken to the Cow Palace extravaganza via Mike McDonald. She reported that the Fair went well, and an extra half-day was added for the English shows which the kids enjoyed. The addition of ranch horse versatility followed by the Charro show thereafter was also well received. Two more horse shows will be conducted before the end of the year. Improvements including painting and cleaning will be conducted over the winter before starting back up in March. Mr. Allen commended the horse shows for bringing in a significant amount of business to the local hotels and restaurants. Ms. Boyd noted they have developed some strong relationships with the local hotels and send a lot of business to those hotels who in turn help the horse shows by putting up our judges. Ms. Boyd also noted that she realizes a lot of requests are made by the Arena for improvements but that the horse shows run nearly weekly from March until November, generating a considerable amount of money for the Fairgrounds and the community, and that a presentable facility attracts more shows.
- **Livestock Committee – Dawn White.** Ms. White reported that the auction went well, and feedback from the public and exhibitors was very positive. A Livestock Committee meeting will be held tomorrow night at 7 PM to discuss how things went and what improvements can be made for next year. Board members were encouraged to attend. A list of buildings and grounds issues relating to Livestock has been forwarded to Director Estrada to be included in the Capital Improvement Plan Committee discussion. President Marani was thanked for helping out with the auctioneering, and other Board members were encouraged to try their hand next year. It was noted that Smoke-Q BBQ purchased half of a hog, and the proceeds from the meals served from that hog were donated back to the Livestock Committee, totally approximately \$250. Mr. Stagnaro noted that this may be leveraged with other restaurants as a promotion for next year since it was so successful. Max Kelley was also thanked for buying a lamb.
- **Ad Hoc Community Relations Committee – Rob Marani and Patrice Edwards.** President Marani reported to CAFA that since the Fair is now over they would be happy to meet with CAFA and hopefully finding common ground.
- **Ad Hoc Alcohol Policy Committee – Jody Belgard-Akimoto.** Director Belgard-Akimoto reported that she and Director Estrada have been meeting with representatives from the Heritage Foundation, and they have all reviewed alcohol policies from other fairgrounds from around the state, culling appropriate language and ideas that are pertinent to our fairgrounds, and developing a policy that is mutually beneficial for both the Fairgrounds and the Heritage Foundation. She stated that a draft policy will be ready for a first reading at the November meeting and that an attorney with the Heritage Foundation will review it for legality before it is presented. It was noted that this attorney is Vice-Chair of the Heritage Foundation Board, and his law partner is Dennis Howell who worked extensively on developing the AHP agreement and also previously served on the Fair Board.

OLD BUSINESS:

1. Review and receive comments for the Watsonville Certified Farmers Market Initial

Study/Negative Declaration – Manager Bethke reported that CAFA has requested that the receipt for public comment be extended by yet another 30 days, and after consultation with legal counsel, as a courtesy to the community, this period will be extended to what now will be a 90-day review period. Oral testimony and written comments will be entered into the record and collated with all previous comments which will then be brought back to the Board with a recommendation for formal adoption of the final negative declaration with all comments attached.

Patricia Rodriguez: Ms. Rodriguez clarified that for over a year she has been conducting her Market on the Fairgrounds and has requested a long-term contract to provide some level of security for her business to continue here, and she reported she has complied with all requests for information. The Board's recent discussions looking to send this business out to bid rather than negotiate a contract with her has given her the impression that the Board does not want her to continue and would rather offer the business to someone else. She was also informed that she would not be able to be open for the three weeks before Fair time, instead of for just the one Sunday of Fair time as in the past, and this was not an item to be negotiated despite that fact that this would significantly negatively impact her business. Therefore, she has been investigating other locations since her lease will expire in December. She has been approved for a five-year contract by the City of Watsonville and has opened a market at Pajaro Valley High School. However, since she has paid her lease here through December, she has put her signs out, but only a few vendors have showed up on Sundays and even fewer customers. However, if she is given the opportunity to work here on the Fairgrounds on a long-term contract, she is willing to make the effort and expend the money to start over here again.

Director Edwards clarified that the State has rules regarding the bidding process and that, for whatever reason, Ms. Rodriguez did not go through that process from the beginning. Therefore, the last year has been spent trying to right that wrong by following proper bidding process procedure.

Patricia Rodriguez: Ms. Rodriguez countered that she had no knowledge of what had transpired before her arrival regarding the bidding process procedure but that she had simply offered to conduct her business here with the hope that she would be successful and be offered a long-term contract. She also noted that other vendors have not been successful with this type of business on the Fairgrounds, whereas she has been, and that with past RFPs, the winning bidder did not ever follow through.

President Marani inquired whether the City of Watsonville has gone through the negative declaration or CEQA process, and Ms. Rodriguez noted that she is not aware of that. She has also not been asked to go through these processes at other fairgrounds where she has markets other than what has been required by the State, which is what she followed here as well. President Marani noted that unfortunately Mr. Scurfield issued an interim agreement to Ms. Rodriguez without prior approval of the Board at the time. President Marani affirmed that the Board does appreciate what Ms. Rodriguez has attempted to start here but that the Board is simply trying to follow proper procedure.

Mr. Kegebein clarified that when Mr. Scurfield approached the State about Ms. Rodriguez' interim contract, the State did not require an environmental review for one-year contracts but did require one for longer term contracts.

Director Oneto further clarified that the word from Sacramento at the time was that there was a dollar figure attached as well; that procedures changed if rent exceeded a certain figure. Director Oneto further noted that correspondence regarding the Market and the County Environmental Health department never was included in the Board packets, and the income generated from this Market should have been treated like the gift it is since it is such a good fit for this location. Director Oneto also noted that Ms. Rodriguez' business should be given extra points in the bidding process for its past experience and success and offered to do what he could to help her stay.

Manager Bethke clarified that the triggers for a more extensive bidding process, as per David Hillis in Sacramento, are contracts for more than \$70,000 or for those that are longer than one year. Also, since the use has exceeded historical use within the last three years, that has triggered the CEQA review process which has also been brought to the Board by CAFA in their legal challenge. Therefore, Staff is addressing this in the extensive environmental and initial study document that has now been circulated for the third month for public review and comment which is beyond the CEQA requirements. He also reminded the Board that, per their direction, the cost of this study is being borne by the Fairgrounds up front with the understanding that the winning RFP bidder will pay for it at back end. As it stands, the RFP process will not begin until the negative declaration is completed and the CAFA lawsuit is settled.

Patricia Rodriguez: Ms. Rodriguez noted that as of January 1, 2012, unless a long-term agreement is negotiated, she will not be returning. She also noted that none of the other Fairgrounds where she has had Marketplaces has she been asked to bear these study costs.

Director Estrada inquired where the extra approximately \$70,000 in income that is generated by the Marketplace will come from if she does not return.

Director Edwards noted that in the prior RFP process, where nobody responded, the bidders were asked to bear a significant number of costs that Ms. Rodriguez was not asked to bear when she was brought on with her interim agreement. Also, the other Fairgrounds where Ms. Rodriguez has had her businesses were not faced with a lawsuit.

Director Smith moved and Director Estrada seconded the motion to not entertain any further 30-day extensions regarding public input. [Note: This motion was not acted on.]

President Marani clarified that these next 30 days will allow Board members, Staff and CAFA to sit down and address some of the noise issues.

Director Edwards suggested that CAFA sit down with the Ad Hoc Committee and see what can be resolved within 30 days.

Max Kelley: Mr. Kelley noted that it may be ill-advised to set a 30-day deadline for resolution.

Manager Bethke clarified that time still needs to be given to reviewing the comments and finally adopting and certifying the negative declaration, followed by directing Staff to record and notice the determination. If there is still concern by the community following that determination, there is a 30-day window of time to renew the lawsuit. Manager Bethke recommended continuing the hearing period as established, close it on November 18, 2011, with time then to review the comments and

address the issues with our consultant. This would then be brought back to the Board for review and approval. Meanwhile the Ad Hoc Committee can continue to meet with the community.

Randy Repass: Mr. Repass clarified that CAFA has been willing to sit down with Fairgrounds leadership since long before last June and that they have not been dragging their feet, nor do they want to see either side spend any more money on this effort. CAFA is also interested in seeing the Fairgrounds, including the Racetrack and Marketplace, be successful as long as a noise policy can be agreed upon that is reasonable to both parties.

Director Oneto inquired whether CAFA could sit down with Ms. Rodriguez and come to some sort of agreement regarding noise, and President Marani noted that while that might be productive it may not be appropriate and that the Fairgrounds leadership needs to be the ones meeting with CAFA.

Patricia Rodriguez: Ms. Rodriguez noted that that type of meeting did happen in the past and afterwards, she stopped having bands on site which essentially provided her own mitigation.

Eric Zamost: Mr. Zamost noted that the negative declaration “absurdly opens the door” for things that Ms. Rodriguez does not plan to do, i.e. Ms. Rodriguez is apparently happy to have little noise, but the negative declaration will allow her to have noise levels similar to that at a construction site. Therefore, if the negative declaration contained noise limits that are more in line with what Ms. Rodriguez actually plans to do then CAFA would likely not have a problem with it.

Manager Bethke clarified that the scope of the project can be amended without starting the clock all over again. For example, there are already plans to amend the scope regarding the use of portable toilets given the concerns raised by the Sanitation Department, and the language in the document could also be tailored to include limits on the types of entertainment allowed.

- 2. Status update for proposed amendments to the Fair’s Noise Policy and review recent Racetrack Acoustic Report.** Manager Bethke shared recent noise data with the Board and reported that the readings from our noise consultants have also been compared with the Speedway’s consultant. With a few spike exceptions, the readings show them to be in compliance with the Fairgrounds current noise policy, not exceeding 95 dB at 100 feet from the noise source. He noted that how our noise policy is crafted in determining the impact of any given event will likely be used for other Fair events and may be a model for the Fair industry statewide. Manager Bethke’s recommendation to use Packet Associates for helping to craft the noise policy is due to the fact that our current noise consultant is only interested in doing monitoring studies due to liability reasons.

Director Oneto noted that there must be a well-crafted policy already in existence on which we can model our noise policy.

President Marani concurred and encouraged Staff to instruct the consultant to research these possibilities and return with the draft of a well-crafted noise policy. He also suggested that the consultant be on board when meeting with CAFA in this regard since an expert’s input would prove valuable.

Unnamed Male: This gentleman noted that Placerville Speedway and Petuluma Speedway are both 4-mile dirt tracks, and they run inside their County Fairgrounds. Antioch's and Chico's tracks may also be on fairgrounds' property. These Speedways may be able to provide some input on a potential noise policy.

Max Kelley: Mr. Kelley noted that, as an engineer, he knows that noise is a very esoteric subject and applauded the Board's efforts to seek input from consultants. He also stated that he can provide the Board with a list of 27 dirt tracks that are within fairgrounds. He noted that Diamond Speedway in Susanville has a policy that alludes to other limits besides the 95 dB; they have a maximum limit of 92 dB at 50 feet. Sacramento Speedway apparently uses a county ordinance, and he stated that our county does not allow 95 dB but rather has a very detailed policy; however, the question arises whether our Fairgrounds as a state agency has to abide by county ordinance. Mr. Kelley noted that the sound study included in this month's Board packet is the first study that has been available for review, even though they have been requested in the past. He further noted that this study was done on September 2nd, and according to his log, he recorded the lowest readings of that season on that date which also happened to be a race date with no sprint cars. Mr. Kelley inquired whether it was prudent to hire the same consultant the Speedway uses to do the sound consulting for the Fairgrounds.

John Prentice: Mr. Prentice, via teleconference, clarified that once the lawsuit was filed, he has no longer been taking sound readings but that these are now contracted through his attorney, and he does not have reports on sound since he has been served.

Director Edwards inquired where Mr. Kelley takes his readings, and he noted that they are taken on his porch using the same technology, a dB-A meter. He noted that dB-A is a measure of what the human response to noise would be. On September 2nd, the readings at his home were within what may be considered normal range, but on other race dates they have been on the order of 20 dB higher, a substantial increase in noise level.

John Prentice: Mr. Prentice noted that the cars that raced on September 2nd were representative of approximately 95% of the cars that race during the season.

Pat Davidson: Ms. Davidson noted that both sides have spent a lot of time and money on noise measurements without coming to a consensus on what is "too loud," and she would like to see an agreement reached with all that money going towards something much more productive like 4-H. She stated that a determination of "too loud" is not going to come from a number, but she would simply like to be able to carry on a conversation with her neighbor while in her barnyard that is 2.5 miles away from the Speedway; the races are simply "too loud." She noted that she also has spoken with Mr. Prentice about running electric cars later in the evening on race nights.

Unnamed Male: This gentleman noted that he has lived in Watsonville for 53 years and lives less than a mile from the Speedway, and the sound does not bother him at all. Rather, it lets him know that spring has arrived. In fact, his position is that more races need to be run so that a roof can be put on the Crosetti Building.

Dawn White: Ms. White noted that she lives off of Green Valley, and she loves the races. She noted that the races are a revenue generator so that the Fair can be conducted for the 4-H'ers. She stated that the races have been a part of the community for many, many years and that the Fairgrounds

cannot survive without the races. As a race fan, parent, and livestock person, she agrees that far too much time and money have been spent on this issue, and if the neighbors do not like the sound of the races they need to either move or live with it since the races are integral to the financial survival of the Fairgrounds.

President Marani noted that he is looking forward to sitting down with community members and coming to an agreement regarding this issue.

- 3. Background information updated and suggestions for Master Plan process.** Manager Bethke reported that he has gathered a number of documents that have been generated over the last 25 years regarding this process, and copies of these will be shared with the Board and any interested members of the public. The first Master Plan that was located is rather exhaustive and dates to 1984; however, there were no milestones or triggers incorporated into the document which unfortunately resulted in it gathering dust on a shelf. Interestingly, this plan called for the development of a comprehensive maintenance program so that the aging buildings (at that time only 40 years old) would not fall into disrepair, but again, that plan was not detailed or implemented. A Strategic Plan was done in April 1999 that discussed ongoing issues, but again, no trigger mechanisms for implementation and monitoring were specified. A Planning Workshop document from July 2001 as facilitated by local construction management and architects was also located as well as another Strategic Plan from July 2002. A recent Economic Impact Report generated by F&E was also discovered which shows the incredible economic benefit that the Fairgrounds brings to the community, and this report has now been posted on the Fair's website. Manager Bethke noted that these documents all contain important and valuable information that need to be mined and incorporated as historical data into the current Master Planning process. However, the process moving forward needs to include triggers and milestones that will hold future Fair Managers accountable for a present plan. It does not appear, however, that any environmental reports have ever been done. After consultation with the now-defunct CCA last year, it was decided that we revisit the development of a Master Plan, and RBH from Sacramento was awarded the consulting contract to bring this forward. However, with all of the changes that have happened in Sacramento this last year, the only scope of work that has been done so far along these lines is an economic analysis. Coinciding with our own planning process, Manager Bethke noted that we were also one of seven Fairs chosen by the State to be a part of the Disaster Catastrophic Resource Master Planning process through a grant from Homeland Security. Manager Bethke is suggesting that all of the above data be mined which would streamline a current Master Planning process thereby saving us money. Also, with the data contained in the Disaster Plan there will hopefully be facility upgrade projects identified that may qualify for grants through Homeland Security, particularly since the State and federal government expect us to be a designated disaster facility. Manager Bethke reiterated that any Master Plan that is developed needs to contain triggers and milestones so that progress can be monitored and so that it is also tied to milestones within a five-year Capital Improvement Plan. Manager Bethke also suggested that the neighborhood groups be engaged in this planning process which hopefully can be completed in the next six months and could culminate in an expanded mitigated negative declaration and hopefully address some of the issues that we have been struggling with over the last year. Manager Bethke will be taking all of this material to Sacramento this next week and will be speaking with a number of potential players about how we might move forward with it.

Director Edwards inquired how the Capital Improvement Plan and Master Plan will be integrated when they are being developed simultaneously and may contain conflicting objectives. Manager Bethke responded that they will indeed dovetail and that the Master Plan will concentrate more on targeting funding sources.

Sue King: Ms. King inquired whether the money we were awarded for the Master Planning process is still available, and Manager Bethke clarified that this \$93,000 was refunded to us as unrestricted funds when CCA dissolved but that we have chosen to set it aside in order to continue this Master Planning process. However, there is nothing prohibiting us from spending it for capital improvements.

Director Oneto noted that at last month's meeting an accounting of these funds was requested and promised, and the financials indicate that approximately \$10,000 has been spent but was not itemized. Manager Bethke clarified that there have only been two expenditures: the \$10,000 to CCA for project management, and the \$4-5,000 to the consultants.

Randy Repass: Mr. Repass noted that any successful business has a well thought out and well executed Master Plan, and if one were in place here a number of issues addressed at today's meeting likely would be easily resolved including the Crossetti roof, the noise policy, and types of vendors. He emphasized that with this organization in particular there needs to be input from the community at large when such a Master Plan is developed. He suggested that items to be addressed in the Master Plan include: Why are we here? What is our mission? What are we going to do to accomplish our mission? What specific actions are going to be done by whom and in what time frame? How much is it going to cost to accomplish the mission? He emphasized that while developing the plan takes a lot of work, the harder work is in implementing it which also requires strong leadership and dedication on the Board's part to follow through on assessing progress. He encouraged Manager Bethke to follow up on the program as presented conceptually.

Gary Smith: Mr. Smith noted that as Fire Chief with the City of Watsonville in 1989 he was responsible for the Fairgrounds becoming a host site for one of the longest-term Red Cross shelters in existence. From that experience, he realized the value of the Fairgrounds to our community. Since retiring, he has formed a nonprofit organization called Ammonia Safety and Training Institute and has traveled the country working on emergency planning in regard to ammonia. He is working on building a training facility and conference site where regulators, responders and industrial players are brought together to be taught protocol, and a class will be held here in the Arts Building on November 15, 2011 with 80 leaders from Cal EMA, the Air Resources Board, the Department of Homeland Security and the Department of Transportation. Part of the discussion during this event will be about a blueprint for a dream training facility that supports the needs to operationalize emergency plans, and he noted that this type of operationalizing is what is needed in fleshing out a Master Plan for the Fairgrounds. He has pledged his support of the Fairgrounds, and he is hoping that the Board supports his mission of addressing the public safety element.

Unnamed Male: This gentleman noted that this is the first Board meeting in about a year where he has not come away completely angry with the neighbors complaining about the Speedway. He expressed support for Mr. Repass' sensible presentation and noted that given the intelligence in the room, a meeting of these minds could quickly solve the issues at hand, avoid a lawsuit and make the Fairgrounds work.

Eric Zamost: Mr. Zamost suggested that this gentleman encourage the Board to follow the law.

President Marani noted that he has spent a considerable amount of time on the Strategic Plan and that he and several Board members have professional experience with General Plan Review Committees. He recalled that Director Oneto, many months back, inquired where all of the community members were when this process was first advertised and discussed; however, now we are blessed with a multitude of community members who want to be involved, and the Board values their input. He encouraged Manager Bethke to schedule a number of community meetings to discuss the Master Plan and invite Bob Johnson to come down from Sacramento and perform on his consulting contract.

Director Oneto suggested that the local female coordinator with experience in this regard be invited to participate as well.

Randy Repass: Mr. Repass encouraged the Board to identify a very well qualified facilitator for this project who is good at outreach and getting people to participate.

- 4. Review final comments to 2010 Audit Report.** Manager Bethke noted that the final comments have been submitted and that Mr. Ridgeway was instrumental in helping to prepare these. A copy was enclosed in the Board packets and will be posted on the website.

A short recess was taken until 5 PM.

NEW BUSINESS: *Given the late hour, Director Edwards moved and Director Smith seconded the motion to continue all of the New Business items to the next meeting, with the exception of items #1, #5 and #9. The motion was carried.*

- 1. Recommendation to waive building rentals for Heritage Foundation fundraisers – Michael Bethke.** Manager Bethke noted that since the sole purpose of these Heritage Foundation events is to bring money to the Fairgrounds, it is recommended that Staff be given the discretion to waive the building rental fees for these events.

Director Edwards noted that her only issue with this policy is one of cash flow, in that if the building could have been rented to another renter that money is not coming into the General Fund to pay overhead.

Manager Bethke suggested that other options could be entertained including requesting a token dollar or having them simply cover maintenance, staffing and utility costs for the event.

Director Edwards also suggested giving them a third day free for the Craft Faire since they would not make any money if they had to pay the rent on the third day.

Director Smith suggested that negotiations in this regard be delegated to the Fair Manager, but Ms. King noted that this issue will only be more complicated once the Heritage Hall is completed and that a policy should be discussed and developed.

Discussion was also held regarding the general issue of cleaning fees following events held on the Fairgrounds in that the buildings are left so dirty after some events that it has taken up to 40 man-hours to clean up afterwards, a cost that is not nearly reflected in the current \$200 fee collected for this.

Eric Zamost: Mr. Zamost noted that if the Board decides to waive fees for the Heritage Foundation that proper procedure should be followed and the Policy Manual be amended to reflect this. He also noted that a value is attached to those who use the facility for free versus those who pay a rental fee.

Director Smith suggested that Manager Bethke prepare a summary of expenses involved in the rental of the buildings for next month's meeting, and Manager Bethke promised to bring this back along with information on the budget.

2. **Department fundraising ideas – Doris Wilson.** Continued.
3. **Discussion regarding the Fair's and CDFA's nepotism policies – Michael Bethke.** Continued.
4. **Discussion and recommendation to recruit a part-time CFO or Finance Manager – Michael Bethke.** Continued.
5. **Appointment of a Board Representative on the CDFA Budget Workshop on November 1 – 3, 2011 – Michael Bethke.** Manager Bethke noted that President Marani is the designated representative for this, and he inquired whether an alternate should be identified. President Marani noted that somebody from the Budget Committee should attend as well. Director Oneto reported that Lewis Ridgeway is planning to attend part of the event and promised to report back on the highlights.
6. **Discussion of procedures for calling Special Meetings (Govt. Code Section 11125.4) and Required Notice (Govt. Code Section 11126.3)** Continued.
7. **Review and recommend approval for PG&E and AMBAG rebate proposal for facility lighting improvements.** Continued.
8. **Discussion of F&E and CDFA contracting protocols for projects under \$5000.** Continued.
9. **2012 Fair dates (September 11-16, 2012) – Michael Bethke.** Manager Bethke noted the Fair is set to open on September 11th just as it did 10 years ago. *Director Smith moved and Director Thomas seconded the motion to approve the 2012 Fair dates as presented. The motion was carried.*
10. **Security request for proposal (RFP) – Michael Bethke.** Manager Bethke reported that a final blessing has not been received from F&E yet, and he suggested that it be moved forward subject to approval by F&E's contract administrator. This is being drafted to comply with their new set of criteria. *Director Smith moved and Director Yamamoto seconded the motion to proceed with the RFP subject to F&E's approval. The motion was carried.*
11. **Discuss administrative office phone system – Michael Bethke.** Continued.

CORRESPONDENCE:

1. Letters of Appreciation and Support.

Manager Bethke promised to provide the additional correspondence as requested in the Agenda approval. He further noted that public comment is historically collected until the end of a response period and then addressed individually; however, since the comment period has been extended for so long it would not have made sense to address them all in a piecemeal fashion, and unfortunately that has also drawn out the time before the Board has seen it all.

MATTERS OF INFORMATION

Ms. Boyd noted that since Director Mathias has resigned, the burden of signing checks has been placed on President Marani, and she inquired whether someone else could be officially designated for this. Ms. King clarified that this duty should automatically fall to the Past President.

CLOSED SESSION:

1. Personnel: Government Code Section 11126(a): None.
2. Real Estate: Government Code Section 11126(c)(7): None.
3. Pending Litigation: Government Code Section 11126(e): *Community Alliance for Fairgrounds Accountability v. State of California, ex rel., 14th District Agricultural Association and DOES 1-15*, Sacramento County Superior Court, Case Number 34-2011-80000901. The Board met in Closed Session to consult with legal counsel. Government Code Section 11126(e).
4. Pending Litigation: Government Code Section 11126(e): *Citizens for Environmental Responsibility, an unincorporated association, Stop the Rodeo, an unincorporated association; and Eric Zamost, an individual v. State of California, ex rel., 14th District Agricultural Association, a California State Institution; Board of Directors of the 14th District Agricultural Association; California Department of Food and Agriculture; California Department of General Services; and DOES 1-X*, Sacramento County Superior Court, Case Number 34-2011-80000902. The Board met in Closed Session to consult with legal counsel. Government Code Section 11126(e).

The Board convened into closed session at 5:18PM to discuss pending litigation with legal counsel.

The Board reconvened into open session at 6:28PM

No action was taken.

ADJOURNMENT: The meeting was adjourned at 6:30PM

Next Finance Committee Meeting: Tuesday, November 22, 2011 @ 12:45 PM in Board Room.

Next Board Meeting: Tuesday, November 22, 2011 @ 1:30 PM in Board Room.