



Legislation Text

File #: 20-489, Version: 1

Receive a verbal update on the Solano360 Development and on discussions of successor funding and site management agreements with Solano County Fair Association (SCFA) for the Fairgrounds Property located in Vallejo, CA; and Provide general direction to staff for future funding and site management agreements with SCFA

Published Notice Required? Yes ☐ No ☒
Public Hearing Required? Yes ☐ No ☒

DEPARTMENTAL RECOMMENDATION:

The County Administrator's Office and General Services recommends that the Board of Supervisors:

1. Receive verbal update on the Solano360 Development
2. Receive verbal report from the County Administrator's Office staff on the discussions of successor funding and site management agreements with Solano County Fair Association (SCFA) for the Fairgrounds Property located in Vallejo, CA
3. Provide general direction to staff for contract terms for future funding and site management agreements with SCFA.

SUMMARY/DISCUSSION:

Solano360 Development Update

Since last coming to this Board on October 8, 2019 for the Notice of Completion for the Grandstand and Barn demolition and site improvement project, staff has been actively pursuing development opportunities for the Fairgrounds site in Vallejo as part of the Solano360 Specific Plan.

On October 10, 2019, the Solano360 Implementation Committee directed staff to issue a Request for Qualifications (RFQ) solicitation jointly with the City of Vallejo. The RFQ was issued on November 15, 2019 and the County received 4 submittal packages on January 9, 2020. A workgroup comprised of City, County and Solano Economic Development representatives reviewed and rated the Statements of Qualifications and on June 22, 2020, the Solano360 Implementation Committee approved staff's recommendation to issue a Limited Distribution Request for Proposals (RFP) from the top 2 scoring teams; Industrial Realty Group LLC (IRG)/Jones Lang LaSalle Inc. (JLL) and Lewis Planned Communities. The RFP was issued on June 23, 2020 and submissions are due to the County by 4:00pm (PDT) on September 16, 2020. After evaluation by the workgroup, recommendation of selection of one preferred team to move forward with an Exclusive Right to Negotiate (ERN) agreement will be brought to the Implementation Committee in October of 2020 and onto this Board for direction to initiate negotiations of the ERN with the preferred team.

Concurrently, on April 28, 2020 the Board approved a contract with New Cingular Wireless PCS, LLC for the fabrication and installation of a telecommunications tower within the maintenance area of the Fairgrounds site. The final completed tower will be 180 feet tall and will hold Cingular and County equipment including additional space on the tower for the County to lease space to other providers which will further enhance the revenue opportunities for the County and allow for implementation of the County's interoperability goals for the Office of Emergency Services.

Future agreement with SCFA

The 2013 Adopted Solano360 Specific Plan (approved by the County, City of Vallejo, and SCFA) became the official catalyst for land use change for the Fairgrounds Property, located in Vallejo CA. The County as the property owner has strived through land use approvals, entitlement approvals, demolition, and grading activities to better position the Property for marketing to the private sector, while allowing SCFA to continue to manage the Property on a year-round basis. The core mission of SCFA remains to produce the County Fair. As part of the Solano360 development the County and City of Vallejo would see new construction/development bringing in new revenues and new jobs benefiting both the County and City. This new development would incorporate an area for the Fair that was updated and the private capital from the new development would help pay for the Fair improvements.

In February 2018, the Board of Supervisors formed a Board Subcommittee consisting of Supervisors Brown and Thomson to review the Solano County Fair Association Budgets, operations, and governance structure. The Board Subcommittee met six times with a Subcommittee from SCFA which resulted in a list of recommendations that was presented to the Board of Supervisors on February 5, 2019. The Board approved an extension of the existing fair management agreement until January 31, 2021 ([Legistar File 19-119 <https://solano.legistar.com/LegislationDetail.aspx?ID=3850837&GUID=02C03EC0-FA86-4605-965E-5DBDD3C8D2E6&Options=ID%7cText%7c&Search=19-119>](https://solano.legistar.com/LegislationDetail.aspx?ID=3850837&GUID=02C03EC0-FA86-4605-965E-5DBDD3C8D2E6&Options=ID%7cText%7c&Search=19-119)). Further review of the SCFA budgets and operations were delegated back to Board's Solano360 Implementation Committee, consisting of Supervisors Hannigan and Sperring.

In FY2018/19 the Board of Supervisors approved the funding of the demolition of some key outdated Fair buildings including the grandstands and some significant grading on the site for future development. The Notice of Completion for this demolition and grading project occurred in October 2019 and the County General Services Department picked up the responsibility to maintain 84 acres (out of the total 149.1 acres) of the Fairgrounds Site that was previously under the control of SCFA.

Under the Direction of the Board's Solano360 Implementation Committee, Supervisors Hannigan and Sperring, staff from both the County and the City of Vallejo began actively working on a second Request for Proposal (RFP) to select a private sector partner to develop new land uses/activities on the Property that would integrate with a new updated County Fair. This multi-year process has compromised some of the on-going revenue opportunities for SCFA, and due to the end of on-site horse racing revenues in FY2009/10, the financial conditions of SCFA have changed and SCFA has not had resources to perform major maintenance on the facilities on the Property.

Given the financial condition of SCFA, and the need for better site control by the County for future redevelopment purposes, the recent management agreements have been approved on an annual basis by the Board of Supervisors. In the annual management agreement (terms since 2011) the County directs the existing ground leases revenues to SCFA for annual operations and SCFA rents out facilities and grounds throughout the year to benefit the annual Solano County Fair (Attachment A).

COVID-19 Virus

In early 2020, COVID-19 Virus became a major game changer for both SCFA and the County of Solano. Discussions to work on a new agreement were delayed by both SCFA and the County Administrator's Office. The Health Crisis dominated the County CAO staff attention internally and externally, and SCFA had to close its rental operations and applied for Federal Funds under the Payment Protection Program. SCFA produced a Virtual County Fair given the restrictions of social distancing related to the COVID-19 Virus.

On March 31, 2020, SCFA sent an email to CAO staff on a proposed calendar year budget/business plan for 2020 (Attachment B). The County Administrator's Office forwarded this information to the Auditor as part of the upcoming ACO fiscal audit of the SCFA for both CY2018 and CY2019. On May 29, 2020, CAO staff sent a letter requesting to meet with SCFA and to discuss a new funding agreement; however, SCFA declined to meet due to the upcoming virtual Fair on June 18-21, 2020. In July 2020, CAO staff and SCFA staff met to

discuss the financial status of SCFA and to renew the conversation to what a new fair funding agreement and fair site agreement would encompass that both parties would find acceptable. At the time of this report, the discussions are continuing between County Administrator staff and SCFA CEO and SCFA President.

The County Administrator's Office has been discussing, by way of a funding agreement, for SCFA to produce a County Fair and to operate the satellite wagering facility based on the lease revenue that the County collects from the ground lease revenues (Attachment C). Due to COVID-19, the lease payment from Six Flags for parking on the Fairgrounds Site has been deferred until December 2020.

Outside of this agreement, the County has various options to consider for the operations and management of the property during the RFP process and given the COVID-19 Social Distancing Restrictions for Fairgrounds facilities have shut down all activities at this time.

These options include:

- a. County can continue to procure services for weed control/security/care taking using Government Code Section 31000.
- b. County could have a separate agreement with SCFA or another non-profit to operate and maintain the Fairground Site.
- c. If the County chooses to hire SCFA to operate the fairgrounds all year, then additional conditions can be incorporated into new agreement.
- d. The County could choose to mothball all buildings on the site until private development occurs, except for the Ag Barns, Childcare and Gem buildings, and Satellite Facility.
- e. The County could specify in the new agreement that SCFA only produce a virtual fair in 2021 and 2022. Only a limited number of facilities were utilized in the virtual county fair.
- f. If SCFA declines to continue to partner with the County to produce a fair, then a "for profit" third party can be solicited to operate the fairgrounds on a year-round basis, the County however would have to collect market rate lease revenue from the third party and some portion of the revenues must go towards the underwriting of the fair.
- g. If the County General Services Department maintains and operates the Fairgrounds site all year, then additional County General Services staff will be needed to assist with rentals and maintenance.

For reference attached is a timeline from 2009-Present that highlights significant events that have contributed to the land use changes in operations and activities on the County-owned Fairgrounds Property in Vallejo, CA (Attachment D).

Next Steps

Staff will continue discussions with SCFA on successor agreements and report back to the Board in August 2020.

The Auditor-Controller's Office has conducted an audit for SCFA for CY2018 and CY2019. This audit report will be under a separate board report.

To provide some background on the financial history of SCFA, County Administrator staff has provided an attachment of past years of actual and audit information for the Board to have as reference (Attachment E).

FINANCIAL IMPACT:

There is no fiscal impact to staff providing a status update to the Board of Supervisors. Any direction the Board gives staff would have to be evaluated for fiscal impacts.

ALTERNATIVES:

1. The Board could choose to not receive this status update.
2. The Board could choose to request additional information and continue to a future date certain.
3. The Board could take no action on the current Fair agreement with SCFA, allow the agreement to expire on January 31, 2020, and direct staff to bring back an initial transition plan, timeline, and budget within 60 days.

OTHER AGENCY INVOLVEMENT:

This report was prepared in coordination with the Department of General Services, County Auditor-Controller's Office and County Counsel.