



# CITY OF PETALUMA

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**Kevin McDonnell**  
*Mayor / Alcalde*

**Brian Barnacle**  
**Janice Cader Thompson, Dist. 1**  
**Mike Healy**  
**Karen Nau, Dist. 3**  
**Dennis Pocekay**  
**John Shribbs, Dist. 2**  
*Councilmembers*

October 23, 2023

Michael Parks, Board President  
4<sup>th</sup> District Agricultural Association  
175 Fairgrounds Drive  
Petaluma, CA 94952

Dear President Parks:

The City of Petaluma continues to operate in good faith with the 4<sup>th</sup> DAA as we prepare to transition the responsibility of the Petaluma Fairgrounds back to the taxpayers, including continual meetings with DAA and City staff and numerous City-generated proposals to ensure the Fair can continue while making the transformative changes to the property our residents have told us they want.

We remain committed to the community's vision, including placing control of the Fairgrounds back in the hands of local taxpayers to ensure Fairgrounds property can meet the community's needs – now and into the future.

That is why we were surprised to receive an individual communication from you that called that commitment into question, and we feel it is critical to respond comprehensively. Please accept this letter and attachments as a response to the letter you sent the City on October 2, 2023, prior to the City Council meeting that took place that evening. The purpose of this response is three-fold: (1) To respond to the concerns expressed in your letter; (2) to clarify and respond to recent comments made by your CEO at the City Council meeting of October 16, 2023; and most importantly (3) to provide the 4<sup>th</sup> DAA with a relatively complete set of documents to either accept or decline, after you have had a chance to review.

## **I. Responses to Concerns in the October 2<sup>nd</sup> Letter**

Our review of your letter identifies four areas of concern:

### **1. Non-Fair Tenant Licensees and Use of Space**

As of this date, the DAA has not submitted a proposal on how it could operate a fair with a modified footprint that minimized disruptions to the other fairgrounds tenants. Without this crucial information, the City is unable to finalize agreements with the 9 other existing tenants—a priority for the City and a stated desire of our residents. We are asking once again for the DAA to be a partner in this vision by submitting the requested proposal. Once we finalize the space requirements for the fair, we'll coordinate with the tenants to ensure the necessary footprint is ready and available for your organization to seamlessly host the annual event.

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As you know, through the extensive outreach process undertaken by the City, Petalumans are frustrated that they are only able to use the Fairgrounds a handful of days each year. With the community's input, the City is preparing to transform the Fairgrounds for daily community use, including parks and open space, bike and pedestrian paths, a farmers' market and more, further integrating the Fairgrounds into community life. We welcome the DAA's assistance with the first phase of this transition, and note that it will require creativity, flexibility, and good faith on your part as well as ours.

As a show of good faith, the City has committed to requiring every tenant license have a provision to make accommodations for the fair, as affirmed by staff during the Council meeting on October 2, 2023, and further discussed with your CEO at a staff-level meeting held on October 16, 2023. While there was a mention that tenants would ideally like minimal disruptions from the annual fair, the exact footprint for the fair is currently being discussed between the City and DAA representatives.

## 2. Property Management of the Fairgrounds

Property management firms that regularly perform this service for a multitude of clients have existing systems in place and contractor relationships to be able to scale their services to a property of this size and will be utilized at the beginning of this transition to minimize disruption. We can reconsider this decision after finalizing an agreement with the 4<sup>th</sup> DAA and successfully navigating the initial transition, as mentioned in the email from Ingrid Alverde to Tawny Tesconi on September 9, 2023.

As currently scoped, the property management contract is relatively small – approximately \$50,000 annually – and mainly consists of collecting and accounting for tenant rent payments and scheduling / contracting needed maintenance activities for the long-term tenants.

While there have been initial discussions between our teams about the DAA potentially serving as the City's property manager, it was suggested during our deliberations that due to the extensive efforts required from both our organizations in transitioning the DAA's event and facility management roles to the City, it would be best to keep these two areas distinct for now. But perhaps most importantly, from the City's perspective, this is an administrative function that would likely bog down the DAA staff and provide minimal additional revenue for your operations, a key factor in the City's deliberative process.

## 3. Memorializing verbal agreement threats from the DAA and City Transparency

City staff have engaged in regular, transparent interactions with DAA staff over the past six months, with at least ten face-to-face meetings since April. All our correspondence is public on our website, and the 4<sup>th</sup> DAA has been actively included in our community outreach efforts. The guiding principles and plans we have followed were explicitly presented in last October's City Council staff report. We might have differing views, but we stand firm in the belief that our actions have been transparent.

Regarding the agreements between the City and the 4th DAA, as you well know, our teams have been in consistent communication through as many as twelve face-to-face meetings and several letters and emails.

As a reminder, the DAA refused to sit down and discuss these agreements from approximately December 2022 when the results of our community outreach process were presented, through March 2023; other than that delay, we are unaware of significant delays that you reference. Had we had the benefit of those four additional months, we might be further along in this process.

4. Threats to remove local taxpayer control of the Petaluma Fairgrounds

We are deeply concerned about your suggestion to pursue removal of local Petaluma taxpayer control of the Fairgrounds Property "through the ballot box". The Petaluma City Council acted in response to the concerns of its residents, who have made it clear that they want local control over our taxpayer-owned property. This threat, mentioned during multiple meetings by your CEO in deliberations with staff, and which is now stated in your letter, hinders our collaborative efforts. We are negotiating in good faith. If the DAA's response to every deal point, term and condition of our agreements that respond to the community's stated desires for changes to the property is to threaten a ballot measure, a successful partnership between the 4<sup>th</sup> DAA and the City is uncertain.

**II. Fair CEO's Comments at the October 16, 2023 City Council Meeting**

In the staff-level meeting between City staff and the Fair CEO on October 16<sup>th</sup>, we discussed your October 2<sup>nd</sup> letter and where the concerns were coming from. Your CEO indicated that one of the major concerns was the lack of understanding of the DAA about whether or not you would be allowed to utilize the long-term tenant spaces that are typically utilized for the fair event (e.g., Live Oak school buildings, the paintball area, etc.). City staff discussed with your CEO a brainstorm suggestion of exploring the 2024 fair, and whether or not a commitment could be made to allow uses of those spaces for the 2024 fair, with further exploration in 2025 and beyond of how the fair could re-package, consolidate, more-efficiently use space, etc. to minimize impacts to the long-term tenants. City staff agreed that that was something that appeared reasonable at first blush and would be happy to discuss further internally to see if that was something that could work.

Later that evening, the fair CEO made a public statement at the City Council Meeting closed session public comment declaring that City staff had committed to leaving the fair footprint unchanged for 2024. This was incorrectly characterized, and later clarified in City staff's October 17<sup>th</sup> email to the CEO by making it clear that the discussions that were occurring earlier in the day were collaborative brainstorm discussions – not commitments from the City, which require Council approval.

**III. Transmittal of Agreement Documents**

We continue to assert that the concerns stated in your letter are already being addressed, and hope that the 4<sup>th</sup> DAA is joining the City of Petaluma in negotiating in good faith. Over the past six months, we have not received a detailed scope from you regarding how you would propose to provide the event booking and management services that were agreed to in principle. Thus, we have crafted a scope that is acceptable to the City based on how we expect these services to be delivered, to maximize the benefit to the community. We are attaching our most recent proposed documents and request that the 4<sup>th</sup> DAA provide the scope / proposals we have requested so that we can move forward collaboratively.

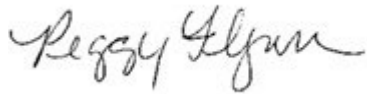
The agreements attached to this letter include a site license, which addresses the DAA's rights to access the property both during the fair-time and non-fair-time periods, and a professional services agreement ("PSA") which outlines the scope of services to be provided to the community for event booking and management services.

The PSA also outlines details such as facility rental rates, financial compensation, reporting requirements, access for the City and City events, performance expectations, and other important terms and conditions.

As you've rightly observed, the year's end is coming quickly. Without a mutual agreement soon, the City will have no choice but to look at alternative ways to provide our community with an annual fair and to manage events at the fairgrounds starting in 2024.

Thus, we will need a response from you by **November 6, 2023**, as to whether or not you would like to move forward with the **revenue-sharing agreement to manage events and facility rentals for the City** on the property, which you previously agreed to in concept. Similarly, we will need a response from you by **November 16, 2023**, as to whether or not you would like to move forward with the **site license to operate the fair on the property as presented**. We believe that the agreements enclosed herein represent a huge win for the Petaluma community and a huge win for the DAA to continue to be fiscally sustainable, while providing important and exciting new opportunities for Petaluma. We look forward to your response, and to a successful transition of the Fairgrounds to local taxpayer control.

Sincerely,



Peggy Flynn

cc w/attachments: Petaluma City Council  
Eric Danly, City Attorney  
Brian Cochran, Assistant City Manager