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November 15, 2023

Michael Parks, Board President
Tawny Tesconi, CEO
4th District Agricultural Association
175 Fairgrounds Drive
Petaluma, CA 94952

Dear Tawny and Mike:

Thank you for our meeting on Monday to conclude final details regarding the services agreement between the DAA and the City under which you would offer events management and facility rental services, and regarding the license agreement under which you would continue to produce the annual fair.

Although the meeting was scheduled to finalize the agreement details--given that the City will assume control of its Fairgrounds property in a month and a half on January 1, 2024--we were very surprised at our meeting when you raised new significant issues regarding both agreements.

We appreciate your prompt response yesterday to supply some of the additional information we discussed.

At the same time, the new issues you raised yesterday cannot all be accommodated, and certainly not at this final juncture. The new issues raised are inconsistent with the draft agreement for events scheduling and support services that the DAA and the City agreed to in principle on November 6, 2023, and the details which we have been developing together in our meetings since April. **In view of our timing and the issues you raised yesterday, our options for proceeding are limited.** Before we summarize our options at this point, we wanted to first summarize the new issues raised Monday concerning the events services agreement, which include:

1. You provided a 'new' rental revenue rate schedule, which substantially increases charges for larger events (with 1,000 or more attendees). You proposed adding the new schedule of charges inconsistent with current City facility fees and that are charged for other City facilities. The new proposed charges are not consistent with use charges for other City facilities and appear to be intended to maximize revenue which could discourage facilities use by the public. That said, we would be happy to work with the 4th DAA through our existing special event permit program which could envision a different fee structure over the next year.

Michael Parks, Board President

Tawny Tesconi, CEO

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The most concerning thing that we heard from you on Monday, related to your recommendation to the DAA Board that you focus on larger, more profitable events, was this comment: "If we're going to piss off neighbors, we might as well make some money." This approach to utilization of the City's Fairgrounds, and access of the community to the property and the impacts of its use on the community, is counter to the City Council's direction and the community needs and wants.

2. You mentioned alcohol sales, and the DAA's desire to manage and receive revenue from alcohol sales at events. Again, this is inconsistent with the compensation structure established in the draft services agreement. In our November 1st response to your detailed questions regarding the draft agreements, we requested more information on the alcohol vendor that the 4th DAA proposes to require all events to use. We have yet to receive that information. We lack sufficient information to understand the implications for the events scheduling and support services that the Association would perform under contract, and for the community events themselves, which to again underscore, the City wishes to maximize. On its face, given the revenue sharing structure we have developed, this proposal creates concerns for the City regarding liability and the rules that apply to charges for City services. However, we are willing to work with the DAA to support your fundraising efforts over the next year.
3. You indicated that the facility rentals would not generate significant revenue for the Association, which seems inconsistent with our discussions to date, as we see a significant benefit that will allow the DAA to operate year-round. This seems to be related to your desire to focus on larger, more profitable events, instead of smaller scale events that allow more frequent community access to the Fairgrounds. We were left wondering if the Association is backing away from the desire previously expressed to provide events scheduling and support services to the City for a broad range of events on the Fairgrounds.
4. You mentioned for the first time that the agreements between the DAA and the City are subject to approval by the California Department of Food and Agriculture. While we are aware of the status of the DAA as a state agency, what is news to us is that approval in addition to that of the DAA Board is required for the DAA to enter into the agreements we have been preparing. We still have no clear understanding of the nature of the state approval required, and the time required to obtain it.

At our meeting Monday, regarding the site license agreement to permit the fair use to continue, you expressed a need for use of additional portions of the property and buildings on the property, including RV hookups, the Live Oak community building, main parking lot, and dog park. We requested, and you have provided, the locations and the facilities on the Fairgrounds that you believe are needed for the fair. We are willing to revise the permitted uses exhibit to reflect our agreement to this request. We will also note in the exhibit that if the City is able to provide alternate facilities and/or locations on site that meet the fair needs and reduce impacts on other uses on the property, the City may do so.

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Tawny Tesconi, CEO

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Based on your proposals at our latest meeting, we cannot conclude an agreement for the Association to provide events scheduling and support services at the Fairgrounds. We have insufficient information, and significant concerns, about the large events and related fee structure, and alcohol sales revenue generation that you have proposed, and we are past our time for finalizing an agreement.

Failing to fulfill our commitments to our residents by delaying these arrangements is not an option. Given the late proposals that we cannot support, **we must abandon our discussion of an event services agreement and focus our remaining time on the site license agreement for offering the fair in 2024 and into the future.**

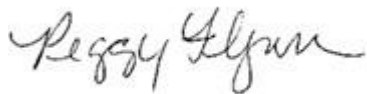
This seems particularly true given the late date and remaining need for state review and approval of the agreement. As indicated above, we can address your location and facilities needs for the 2024 fair with updates to the licensed premises map and licensed uses exhibits. We are committed to ensuring the annual fair continues and will work with the Association to complete that agreement if it is consistent with our agreement in principle.

We can make the needed changes to the draft license agreement this week. However, it will be critical, given the late date, for the final draft license agreement to be transmitted for review immediately. To do that we will require information on the state review process as soon as possible so we can transmit the agreement to the appropriate state staff.

As you noted at the meeting, we both agree that continuing the annual fair is our mutual priority. That said, the City will continue to work with the DAA on a site license for the annual fair, and your continued use of the administrative building and maintenance yard. We need to hear from you by November 16th, following your Board meeting today, that you are willing to enter into an agreement with us to produce the annual fair and ensure that agreement is executed before year end.

We absolutely welcome working with the DAA on any proposed events for fundraising throughout the year and support our collective mission of promoting agricultural education and celebrating our agrarian future.

Sincerely,



Peggy Flynn

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