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THE BOARD OF SUPERVISORS AND THE PLUMAS – SIERRA COUNTY FAIR

Reason for Investigation

In addition to the annual Plumas/Sierra County Fair, the fairgrounds provide a year-round event center adapted to the needs of the community while providing a venue for interested parties from out of the area that wish to stage their events here. The fair grounds and facilities are owned by Plumas County. As with all county departments, the Grand Jury is obligated to review the overall operation of this facility from time to time. The last Grand Jury review was in 2001-2. This obligation coupled with apparent managerial confusion and difficulties that have come into the public view prompted our investigation of the overall operation of the fair, its facilities and its management scheme.

Procedure

In the course of this investigation, the Grand Jury utilized observation, interview, and research in combination to ensure the accuracy of its findings. Members of the Grand Jury interviewed a variety of persons connected with the management, operations, oversight, and use of the fair and its associated facilities. In addition, members of the Jury toured the fairgrounds in an attempt to gain first-hand knowledge of the physical condition of the facilities. The following is a list of persons interviewed in connection with the investigation:

1. The Chairperson of the Plumas County Board of Supervisors (BOS).
2. A member of the Plumas County Board of Supervisors.
3. The Chairman of the Plumas/Sierra County Fair Board.
4. A past member of the Plumas/Sierra County Fair Board.
5. The Fair Manager/CEO.
6. The fairgrounds Maintenance Supervisor.
7. The Plumas County Chief Administrative Officer.
8. Plumas County Counsel.
9. Four separate user groups of fairgrounds facilities.

Members of the Grand Jury attended multiple sessions of the Board Of Supervisors and the Fair Board meetings. Research was conducted concerning the legislation that governs the operation of county fairs in California and the recent financial history of the Plumas-Sierra County Fair as reported in the Plumas County Budget Book. The findings contained in this report are a direct result of the correlation of evidence obtained through the interviews, research and first-hand observations by members of the Grand Jury.

Background

In California, the governance of county fairs is controlled by various sections of the Government Code, the Food and Agricultural Code and the Business and Professions Code. The Government Code establishes the County Board of Supervisors as the primary body of authority and responsibility for the development, maintenance and operation of the fairgrounds and the fair. The Code further states that the Board of Supervisors may contract with a nonprofit corporation or association for the conducting of an agricultural fair, as agent of the county. In Plumas County, the Board of Supervisors has contracted with the Plumas-Sierra County Fair Board and its predecessors for many years.

The most recent document available that established the Fair Board was Resolution No. 97-01, adopted July 16, 1997 by the Board of Supervisors. This resolution adopted new bylaws for the Fair Board that repealed any prior bylaws or resolutions or policies that were inconsistent with the new bylaws set forth in Resolution No. 97-01.

The only operational agreement between the Board of Supervisors and the Fair Board is a Memorandum Of Understanding (MOU) adopted in 2001. This agreement contracted with the Fair Board for the purpose of managing and directing the Fair. This was accomplished by an *"Agreement Between Plumas County and The Plumas – Sierra County Fair Board"* on April 10, 2001. Section 4 of said agreement states:

> *The County appoints the Association (Fair Board) as an agent of the County for the following limited purpose: managing and directing the Fair for each of the years between 2001 through 2006, on the dates to be selected by the Association of the Plumas – Sierra County Fair. Thereafter, this Agreement is automatically reviewed annually unless one party serves the other with a written notice of non-renewal at least ninety (90) days prior to the end of the initial 5-year or subsequent term.*

Basically, the Memorandum of Understanding assigns the day-to-day operation of the fair to the Fair Board but gives the ultimate power to the County Board of Supervisors. However, the Board of Supervisors, by virtue of this agreement, assumes no responsibility in connection with the Fair (Section 7 of the MOU). In addition, Section 11 of the agreement states that the Fair Board has the right to execute contracts in association with the operation of the fairgrounds as long as they are approved by a quorum of the Fair Board and posted in the meeting

minutes. However, the Board of Supervisors interpretation of the Memorandum of Understanding tends to limit the Fair Board's ability to negotiate and execute contracts. The Board of Supervisors now requires all contracts to be approved by themselves.

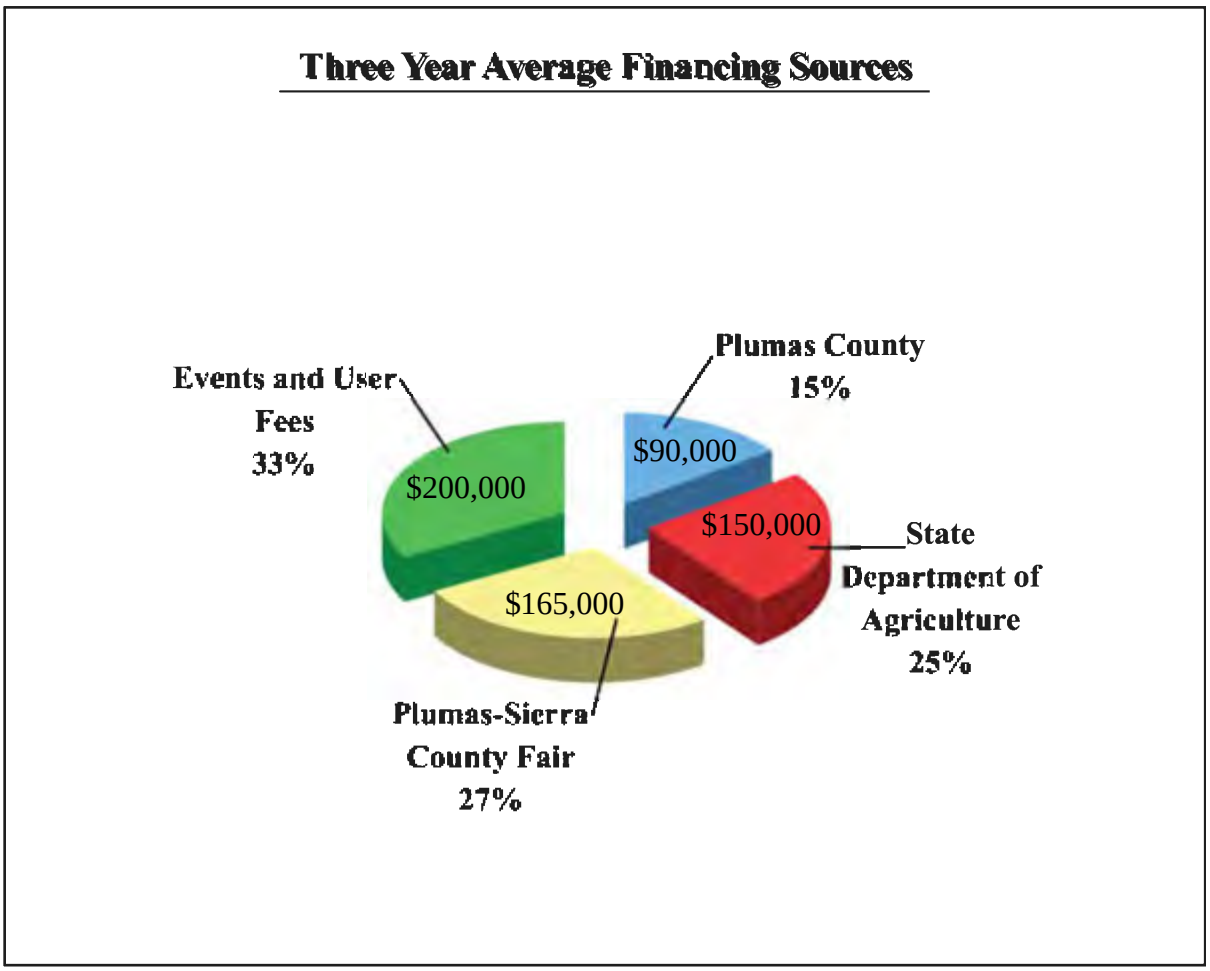
The adequacy of the Memorandum of Understanding was not brought into question until control over the High Sierra Music Festival became an issue. Until this time communications between the two boards had not been an issue. Historically, the Board of Supervisors allowed the Fair Board to operate the fairgrounds as well as conduct supervision of the Fair Manager. Once the Board of Supervisors began to exert control over the operation of the Fairgrounds, communications began to falter. Issues of control over the execution of contracts and who was allowed to negotiate said contracts became a wedge between the two boards. County Counsel was asked by the Chairman of the Board of Directors of the Plumas/Sierra County Fair to render an opinion regarding the roles of the boards as defined by the Memorandum Of Understanding. On August 31, 2007 County Counsel sent a response letter to the Fair Board. County Counsel's opinion did not favor the views of the Fair Board, which only increased the amount of tension.

Financing for the fair and fairgrounds comes from a number of sources. Over the past three fiscal years, total financing sources have averaged $605,000 dollars per year. The annual Plumas/Sierra County Fair itself has generated an average of $165,000 per year over the past three years. This represents approximately 27% of the financing sources of the annual budget in recent years.

The largest portion of governmental funding is provided by the State of California through the Department of Agriculture. The Plumas/Sierra County Fair is classified as a Level II exhibition as defined by the State Department of Agriculture. The current base funding allocation for Level II is $150,000 per year. This amount represents approximately 25% of the average total financing sources of the Plumas/Sierra County Fair. The State Department of Agriculture funds are derived totally from gambling revenues associated with horse racing events at tracks around the state. The horse racing industry has seen a decline in revenues over the past several years. There is an uncertain future for this State revenue source.

Plumas County has contributed $90,000 dollars from the General Fund, which represents approximately 15% of the yearly financing sources of the Fair. This amount remained constant in each of the previous two years and is budgeted at that level again in 2007-2008.

All other funds are generated through fees for use of the fair facilities and grounds during periods other than during the Fair, for example: the American Valley Speedway, The High Sierra Music Festival, County Picnic and storage facilities. Periodically there are grant funds available for specific projects.



Clearly, with budget constraints at the State and County level for the foreseeable future, it will be imperative for all of the parties involved in and responsible for the Plumas/Sierra County Fair to work closely together to develop new revenue sources and to control expenditures, while maintaining it as an important resource for the citizens of Plumas County.

Findings and Recommendations

Finding #1 – The Memorandum of Understanding (MOU)

The Memorandum Of Understanding (MOU) dated April 10, 2001 is poorly drawn and is a primary cause of the disagreements and tensions that currently exist between the Plumas-Sierra Fair Board and the Plumas County Board of Supervisors. There are concerns with the following:

- There is no clear chain of command with regard to the operation of the facilities or the supervision of the Fair Manager.

- Confusion exists with regard to who is responsible for personnel issues at the fairgrounds. This is particularly evident in association with personnel policies involving the Fair Manager. This confusion also affects the fair users, who stated in interviews that they did not know who was in charge of the decision making processes associated with the management of facilities.

- The authority to negotiate and execute contracts is not clearly defined.

- There is confusion as to the relationship between the two boards. At times the Fair Board has operated as a managerial body and at other times they have functioned as an advisory body to the Board of Supervisors.

- The Board of Supervisors, by virtue of Section 7 of the current Memorandum of Understanding, *"assumes no responsibility in connection with the fair"* while at the same time they claim control over most, if not all aspects of the operation of the fairgrounds.

- The Policy and Procedures Manual being used by the Fair has never been approved and accepted by the Board of Supervisors.

Recommendations #1

Form a committee made up of 2 members of the Board of Supervisors, 2 members of the Fair Board, and the Fair manager to draft a new Memorandum of Understanding and Policies and Procedures Manual.

The following issues should be clarified:

- Define contract authority and monetary limits associated with the Fair Board's event coordination.
- Establish a clear chain of command.
- Responsibilities associated with personnel issues.

Finding #2 – Communication

Consistent and reliable communication among the Fair Board, the Fair Manager and the Board of Supervisors is lacking.

- Consistent and reliable communications are the cornerstone of good management practice. Ill feelings among some members of The Board of Supervisors, The Fair Board, and the Fair Manager exist. A culture of mistrust has developed that tends to exacerbate an existing communications gap between them. This has had an adverse effect on the operation of the fairgrounds.

- The Fair Manager has not communicated effectively with the Fair Board and the Board of Supervisors. All significant information should be equally shared among all parties. Several members of the Fair Board complained of learning about significant Fair issues in the local newspaper, not from the Board of Supervisors or the Fair Manager. This problem is directly related to the poorly defined chain of command as outlined in Finding No. 1.

Recommendations #2 - Communication

Establish a clear chain of command as mentioned in Finding #1.

1. The Board of Supervisors should demand that the Fair Board be given a full measure of courtesy by fair management with regard to sharing of information, correspondence, proposals, and any and all negotiations involving use of fairgrounds facilities.
2. The Board of Supervisors should endeavor to create a more cooperative atmosphere with the Fair Board. This includes more clearly defined channels of communication and adoption of a less combative attitude by certain members of the Board of Supervisors when dealing with the Fair Board.

Finding #3 – Facilities Planning and Maintenance

There is no evidence of a Facilities and Maintenance Master Planning Document associated with the future development of facilities at the fairgrounds.

- The only document presented to the Grand Jury was an aerial photograph that had been provided by the Plumas County Museum in conjunction with a proposed historical project to be housed at the fairgrounds.

- There are signs of disrepair associated with many of the facilities observed during a tour of the fairgrounds by members of the Grand Jury. Buildings need repair and repainting (with the exception of the Tulsa Scott building and the Mineral Building). One member of the jury leaned against a metal railing at the racetrack grandstands and the railing gave way due to deterioration of the concrete holding the support post.

- The Plumas County Fairgrounds' yearly operational budget is not sufficient for the maintenance operation to proceed at more than a minimal level.

- An active fundraising mechanism is listed as a goal in the existing Policy Manual. This would be accomplished through grants and charitable donations. There is no evidence that an active effort exists in this area.

Recommendations #3 – Facilities Planning and Maintenance

1. Responsibility for the development of a Master Planning Document should be made a function of the Fair Manager in consultation with the Board of Supervisors.
2. The Fair Board and the Fair Manager should be responsible for a program to finance improvements at the fairgrounds through an active grant writing program and the seeking of charitable donations to augment the traditional funding of the fairgrounds budget.

Finding #4 – Equipment and Supplies

No consistent system for tracking of equipment and supplies purchased by the fairgrounds exists.

- Having no consistent system for the inventory and tracking of equipment and supplies, creates an atmosphere with the potential for misuse of public funds.

- Previous fair managers established a verbal policy that stated, items purchased, having a value of less than $100 dollars were classified as consumables.

Recommendations #4 – Equipment and Supplies

1. Develop a system whereby all items purchased should be inventoried and tracked over time.
2. Conduct a yearly inventory of all items.

Finding #5 – Management Practices

The yearly audit of the County's finance and management practices, conducted by the Accounting Firm of Smith and Newell revealed numerous deficiencies associated with the Fairgrounds accounting practices. Some of these items have been recurrent issues that were not dealt with by previous managers. The five (5) general areas identified were; Statement of Operations, Accounting for Capital Assets, Admission Revenue, Bank Reconciliation, and Cash On Hand.

- The Statement of Operations is a report required by the State of California Department of Agriculture, supplying information about the state of the County Fair. It is necessary to file this report on time in order to receive State funds.
- The fairgrounds accounting technician is in the process of developing a financial tracking system to bring the fairgrounds into compliance with requirements of the Audit Report. No such system was in place prior to the hiring of the new management staff.

Recommendation #5 – Management Practices

1. Finish the development of a reliable fiscal tracking program.
2. Ensure that all issues identified with the audit management report be corrected.
3. The Board of Supervisors should ensure the timely filing of the Statement of Operations with the State Department of Agriculture.

Conclusions

The Memorandum Of Understanding (MOU) dated April 10, 2001 is poorly drawn and is a primary cause of the disagreements and tensions that currently exist between the Plumas-Sierra Fair Board and the Plumas County Board of Supervisors. Consistent and reliable communication among the Fair Board, the Fair Manager and the Board of Supervisors is lacking. There is no evidence of a Facilities and Maintenance Master Planning Document associated with the future development of facilities at the fairgrounds. No consistent system for tracking of equipment and supplies purchased by the fairgrounds exists. The yearly audit of the County's finance and management practices, conducted by the Accounting Firm of Smith and Newell revealed numerous deficiencies associated with the Fairgrounds accounting practices. The responsibility for correcting these issues lies with the Plumas County Board of Supervisors, the Plumas-Sierra County Fair Board of Directors and the Fair Manager.