

MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE
COUNTY OF PLACER

TO: Honorable Board of Supervisors

FROM: David Boesch, Placer County Executive Officer
By: Bekki Riggan, Principal Management Analyst

DATE: September 10, 2013

SUBJECT: 2012-13 Grand Jury Final Report – *All American Speedway, "Issues of Non Compliance with County Agreement"*

Action Requested

Authorize the Chairman to sign a letter in response to the Placer County Grand Jury's 2012-13 Report on the All American Speedway.

Background

On June 20, 2013, the Placer County Grand Jury issued its 2012-2013 Final Report. The report included Findings and Recommendations based on the Grand Jury's investigations, as required by law. Included in the Final Report is a report titled *All American Speedway, "Issues of Non Compliance with County Agreement"*. The report includes background information, investigation methods, facts, findings and recommendations, derived from the Grand Jury's review of the All American Speedway.

The Placer County Board of Supervisors and the Director of the Community Development Resource Agency (CDRA) were requested to provide responses to the Grand Jury report. In collaboration with County departments, County Executive Office staff prepared a response on the behalf of the Board of Supervisors, which addresses all of the requested responses from Placer County, and is subject to your approval today. Upon approval by your Board, the Board's response will be provided to the Presiding Judge of the Placer County Superior Court and to the Placer County Grand Jury.

The report's Findings conclude the Environmental Impact Report (EIR) is progressing, with the cost of the EIR to be borne by the citizens of Placer County. Additionally, the report addresses the Fair Association's failure to complete required after-the-fact permitting of modifications to the All American Speedway, claiming the Fair Association has been unresponsive to the County. The report's Findings further suggest the Fair Association failed to present the Board of Supervisors with an operating budget from 2010 through 2012, and implies the County is indirectly funding the All American Speedway by authorizing funds for the EIR. Lastly, the report found it was not possible to assess the Fair Association's financial position, citing no record of a financial audit in the past 4 years.

Board of Supervisors Response

Details of the Grand Jury's 15 Findings and 7 Recommendations are included within the attached letter, which states the Board of Supervisors agrees with five of the Findings, disagrees with one, and partially disagrees with five others. The letter also states the Board of Supervisors is unable to respond to four additional Findings related to direct communications between the Grand Jury and the Fair Association. With respect to the report's Recommendations, the letter states two of the Recommendations have been implemented, three require further analysis, and one has not yet been implemented, but may be in the future. The report contains one additional Recommendation, for which the Board was not requested to respond.

Fiscal Impact

There is no fiscal impact associated with this response to the Grand Jury report.

Attachments: Board of Supervisors 2012-13 Grand Jury Response to: *All American Speedway, "Issues of Non Compliance with County Agreement"*

County of Placer Board of Supervisors

175 FULWEILER AVENUE
AUBURN, CALIFORNIA 95603
530/889-4010 • FAX: 530/889-4009
PLACER CO. TOLL FREE # 800-488-4308

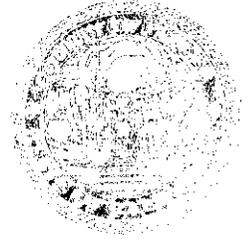
JACK DURAN
District 1

ROBERT M. WEYGANDT
District 2

JIM HOLMES
District 3

KIRK UHLER
District 4

JENNIFER MONTGOMERY
District 5



September 10, 2013

Honorable Alan V. Pineschi
Presiding Judge
Placer County Superior Court
P.O. Box 619072
Roseville, CA 95661

Re: 2012-13 Grand Jury Final Report – All American Speedway, “Issues of Non Compliance With County Agreement”

Dear Judge Pineschi:

This letter is in response to the 2012-13 Grand Jury’s Findings & Recommendations from the report entitled *All American Speedway, “Issues of Non Compliance With County Agreement”*. The Placer County Board of Supervisors would like to thank the members of the 2012-13 Grand Jury for their efforts associated with the review of the All American Speedway.

The Grand Jury requested responses to 6 of 7 Recommendations contained within this report; four from the Placer County Board of Supervisors, and two from the Community Development Resource Agency (CDRA). This letter provides a response to all of the items requested of the County.

Findings of the Grand Jury

1. The EIR is progressing. The first phase is completed with the identification of the baseline conditions. Facility Services is currently assessing the baseline conditions and evaluating the benefits of the proposed changes. The baseline report is expected to be published by mid-summer 2013.

Board of Supervisors Response: The Board of Supervisors agrees with this Finding. The baseline studies have been completed and the Notice of Preparation (NOP) for the Environmental Impact Review (EIR) is expected to be published early next year.

2. The EIR costs will be borne by the citizens of Placer County.

Board of Supervisors Response: The Board of Supervisors agrees with this Finding.

3. On March 12, 2012, CDRA and the Fair Association participated in an on-site meeting at the All American Speedway to discuss after-the-fact permits for the speedway ensuring public safety. CDRA identified 12 modifications made to the All American Speedway that must either be permitted, or removed.

Board of Supervisors Response: The Board of Supervisors agrees with this Finding.

4. On April 30, 2012, a letter from CDRA was sent to the Fair Association specifically outlining the after-the-fact permits required by CDRA. The Fair Association was totally non-responsive.

Board of Supervisors Response: The Board of Supervisors partially disagrees with this Finding. A subsequent letter from CDRA to the Fair Association, on or about May 15, 2013, encouraged the Fair Association to obtain some of the required permits, to remove or secure from public access any unpermitted work until properly permitted and to have unpermitted work reviewed by the Fair's engineer to ensure public safety. The Fair Association has been in communication with the County regarding the identified modifications and after-the-fact permits and has expressed their intent to work with the County to obtain the necessary building permits, but cites a lack of available funding to achieve the modifications. However, the Fair Association has worked with CDRA since the May 15, 2013 letter to obtain two permits.

5. October 4, 2012, CDRA sent a FINAL NOTICE regarding after-the-fact permits for the All American Speedway. Thirty (30) weeks elapsed between the initial letter and the final notice. The Fair Association was non-responsive. The Fair Association stated that they had no funds in the budget to comply with the CDRA requirements.

Board of Supervisors Response: The Board of Supervisors partially disagrees with this Finding. During the stated period, CDRA identified the unpermitted work, notified the Fair Association of such findings (through 30-day progressive noticing techniques), and held on-site meetings with the Fair's manager to encourage compliance. The Fair Association continues to express their intent to work with the County on the modifications required to gain the necessary permits, but cites a lack of available funding to achieve all of the required modifications.

6. The Fair Association failed to meet the contract condition established by the Board of Supervisors, which was to secure after-the-fact permits for the 2006-2007 construction by 12:00 noon, December 28, 2012. The Fair Association did not respond to CDRA or attempt to negotiate. As of 12:01 pm, December 28, 2012, the Fair Association does not have a valid contract with Placer County, yet they continue to operate the fairgrounds and speedway.

Board of Supervisors Response: The Board of Supervisors partially disagrees with this Finding. There is a valid contract currently in place. The intent of Code Enforcement is to work with alleged violators to bring them into compliance with County Code and the Fair Association has expressed their intent to do so, citing a lack of available funding to achieve all required modifications. After issuance of the County's "Final Notice" in October 2012, the Fair Association expressed intent to meet with the Fair's Engineer in preparation of County building permit applications by mid-November 2012. Despite this communication, no building permit applications addressing these violations were received by January 1, 2013. However, as referenced previously, the Fair Association has recently obtained two permits.

7. As of February 25, 2013, per CDRA, they had not received any indication that the Fair Association intends to comply or respond. Twelve (12) weeks elapsed between the Final Notice and action by CDRA.

Board of Supervisors Response: The Board of Supervisors partially disagrees with this Finding. The Fair Association has expressed their intent to work with the County to reach compliance with Code requirements, and has obtained two permits.

8. The Fair Association informed the Grand Jury that the after-the-fact permits were not completed due to insufficient funds.

Board of Supervisors Response: The Board of Supervisors is unable to respond to a Finding related to communication between the Fair Association and the Grand Jury, as the Fair Association is a separate legal entity and not a County department or agency.

9. The Fair Association informed the Grand Jury that their first attempt to comply with the after-the-fact permits failed because the contractor, working pro-bono, abandoned the project.

Board of Supervisors Response: The Board of Supervisors is unable to respond to a Finding related to communication between the Fair Association and the Grand Jury, as the Fair Association is a separate legal entity and not a County department or agency.

10. The Fair Association informed the Grand Jury that they have not completed a financial audit since 2009 due to insufficient funds.

Board of Supervisors Response: The Board of Supervisors is unable to respond to a Finding related to communication between the Fair Association and the Grand Jury, as the Fair Association is a separate legal entity and not a County department or agency.

11. The Fair Association informed the Grand Jury that the income generated by the All American Speedway was required to fund the Placer County Fair.

Board of Supervisors Response: The Board of Supervisors is unable to respond to a Finding related to communication between the Fair Association and the Grand Jury, as the Fair Association is a separate legal entity and not a County department or agency.

12. No evidence was found to indicate that the Fair Association presented an operating budget to the BOS for 2010, 2011, or 2012. On April 9, 2013, a 2013 budget was presented to the Board of Supervisors.

Board of Supervisors Response: The Board of Supervisors partially disagrees with this Finding. Although no evidence was found of any operating budgets in 2010 and 2011, written communication dated July 2, 2012 from John Javidan, Interim CEO, Placer County Fair Association, was located and is attached to this report. However, this report was not formally presented at a Board of Supervisors' meeting as was the case in 2013.

13. A new operating agreement between Placer County and the Fair Association is not expected until year 2014.

Board of Supervisors Response: The Board of Supervisors agrees with this Finding.

14. The County is indirectly funding the All American Speedway by authorizing funds for the EIR. The EIR is required as a result of unauthorized changes to the All American Speedway by the Fair Association in 2006-2007.

Board of Supervisors Response: The Board of Supervisors disagrees with this Finding. The County is the lead agency and Facility Services is the applicant for purposes of preparing the EIR for an operating agreement. The applicant routinely prepares and funds an EIR. As a

discretionary action subject to the California Environmental Act, the County is funding the environmental documentation necessary for consideration in the development of a new agreement with the All American Speedway.

15. Since there is no record of an audit of the Fair Association for the past 4 years, it was not possible for the Grand Jury to assess the Fair Association's financial position. It is also not possible to determine whether the Fair Association funds are available to complete County required mandates.

Board of Supervisors Response: The Board of Supervisors agrees with this Finding.

Recommendations of the Grand Jury

1. The Grand Jury recommends that the Board of Supervisors' oversight of the Fair Association be increased to ensure the Fair Association's responsiveness with County Departments, specifically Facility Services and CDRA.

Board of Supervisors Response: This Recommendation has been implemented. The Board of Supervisors has instructed Facility Services and Code Enforcement to increase their involvement and oversight with the Fair Association

2. The Grand Jury recommends that the Board of Supervisors require and closely review the Fair Association financial audits.

Board of Supervisors Response: This Recommendation requires further analysis. While the current Operating Agreement requires the Fair Association to make available to the County its financial books, records and documents, it does not require financial audits. A requirement for a financial audit may be a requirement contained in a future agreement.

3. The Grand Jury appreciates that CDRA's Code Enforcement procedure is to constructively work with violators and it is the Grand Jury's recommendation that the procedure be enhanced with a maximum timeline for each step in the process.

Board of Supervisors Response: This recommendation requires further analysis. The Board of Supervisors appreciates the recognition that the emphasis of Code Enforcement staff, in working with alleged violators, is to gain compliance. As a result of this cooperative effort, staff has found having a fluid, non-regimented process allows for the greatest flexibility in working with alleged violators. Unfortunately, as has been found in the past, some alleged violators abuse this flexibility and protract the Code Enforcement process. The Board of Supervisors will work with CDRA to determine how best to implement a maximum timeline for compliance for each step of the Code Enforcement process.

4. The Grand Jury recommends that CDRA move forward with their code enforcement process, in a timely manner, to assure that the after-the-fact permits are acquired by the Fair Association.

Board of Supervisors Response: This recommendation has been implemented. CDRA will continue to work with the Fair Association to gain the necessary after-the-fact building permits.

5. The Grand Jury recommends that the Board of Supervisors become directly involved in the examination of the qualifications and credentials of the contractor selected to operate and manage the fairgrounds.

Board of Supervisors Response: This Recommendation requires further analysis. On July 9, 2013, the Board of Supervisors approved an agreement with RCH Group, Inc. to prepare a comprehensive assessment and feasibility study of the Fairgrounds and Fair. This will entail the preparation of fiscal and economic studies, site and infrastructure analysis, development of a business plan and review of governance models. The Board of Supervisors will be provided with the results of this assessment including recommendations regarding governance, and will explore options for the Fairgrounds and Fair thereafter.

6. The Grand Jury recommends that the 2013-14 Grand Jury continue to monitor the status of the commitments made by the Board of Supervisors relative to the Fairgrounds and the All American Speedway.

Board of Supervisors Response: The Board of Supervisors was not requested to respond to this Recommendation.

7. The Grand Jury recommends that the Board of Supervisors explore alternative economic opportunities for the Fairgrounds property.

Board of Supervisors Response: This Recommendation has not yet implemented, but it may be in the future. As noted in Response R5, a comprehensive assessment of the Fairgrounds and Fair is underway. Should this study indicate that another location is better suited for the economic viability of the Fairgrounds and Fair, evaluation of other uses of the existing Fairgrounds property by the Board of Supervisors would likely occur.

The Board of Supervisors appreciates the work of the 2012-13 Placer County Grand Jury in their report regarding the All American Speedway.

Sincerely,

COUNTY OF PLACER

Jim Holmes, Chairman (District 3)
Placer County Board of Supervisors

Attachment: John Javidan, Interim CEO, Placer County Fair Association, letter dated July 2, 2012

CC: Albert Erkel, Placer County Grand Jury Foreman
David Boesch, County Executive Officer
Placer County Board of Supervisors
Michael Johnson, Community Development Resource Director
Mary Dietrich, Facility Services Director

Placer County Fair Association
800 All America City Blvd
Roseville, CA 95678

July 2, 2012

Placer County Board of Supervisors
175 Fulweller Avenue
Auburn, CA 95603

Dear Board of Supervisors,

This report is in regards to a provision in the Placer County Fair Association's operation contract requiring us to report our annual budget, rental contracts, interim events, attendance, figures, speedway operation, major maintenance, capital improvements, projects completed, and proposed projections for the year ahead.

Our budget is fiscally responsible, has been approved by our board and was signed by the President and CEO of the Placer County Fair Association. It was a difficult task to adjust our budget to compensate for losing assistance and becoming a nearly self-sufficient organization. Our current assets are \$141,000 and our current liabilities are \$113,000. Please note that we have two major debts. We currently owe California Fair Services Authority (CFSA) \$45,241 and Divisions of Fairs & Expositions \$28,640; these debts are reflected in our liabilities. We have payment arrangements with CFSA.

We have five contracted annual facility leases. These tenants pay a monthly Three Thousand Eight Hundred and Thirty Dollars (\$3,830). Our annual revenue for Contracted rentals is Forty-five Thousand Nine Hundred and Sixty Dollars (\$45,960).

Our Facilities are rented for many different uses such as Festivals, Quinceaneras, Dinners, Fundraisers, Balls, Crab Feeds, Shows, Races, Weddings, Benefits, Parties, Conferences, Storage, Swap Meets, and Socials. We have Sixty Five (65) Interim Rentals booked in 2012 equaling Three Hundred and Twenty Five Thousand Dollars (\$325,000) of revenue. We are promoting our facility to increase this number and hope to have every hall booked for every weekend in 2013.

The 2012 Placer County Fair had great growth. All of our numbers are up from last year. We had 34,053 people attend the 2012 Placer County Fair. Our food and beverage concessioners sold \$183,769 in 2012. Besides the Four Days of Fair we have many other successful events at the Fairgrounds. BerryFest had almost 17,000 people in attendance. We estimate that over 34,000 racers and spectators will visit All American Speedway in 2012.

We estimate that 115,000 people will attend fairs and events at the Placer County Fair. Fairgoers spend money on tickets, food, carnivals and other fair products and services. As well, fair organizers, concessionaires and commercial exhibitors spend

money on supplies, lodging and meals. These purchases have a ripple effect on the local economy by infusing dollars that are spent again by others. Together, direct spending and indirect ripple effect spending represent a significant economic impact. For the 2012 Placer County Fair, we estimate that our events create a total spending impact of approximately \$16,100,000 on the local economy.

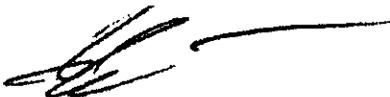
We began the race season with new management. When we noticed that the contracted manager was not working out for us we acted quickly, terminating their contract. We have hired a Speedway Manager who is now a full time employee of the Placer County Fair Association and works directly under our CEO. This gives our CEO much more control of the daily operation, management, and promotion of the Speedway. Our 2013 schedule is in process and will have less of an impact on the City of Roseville residents. Most of our races this year have ended before 9 p.m. and though we have come close we have not had any race exceed our 10 p.m. curfew.

We have not performed any major maintenance, capital improvements or projects. We will have to fix the Storage building on the East side of Jones Hall before winter. The building needs some wood repairs and some roof repairs. We have done some painting, plumbing repairs and performed some general mandatory maintenance around the grounds, none of which would be defined as major, capital or even considered a project. Our current goal is to keep the facility as clean and safe as possible.

The Placer County Fair staff and contractors are working diligently to obtain our after the fact permits for the Speedway. We plan on having all of the permits obtained before the race season is completed in October.

The Fair is in survival mode. We are promoting the facility to event and concert producers trying to entice them to utilize our grounds. We are enhancing the look and the usability of the RV park. We are promoting the hall rentals. We offer our facilities to local non-profit, government and charities at no cost nearly every week. Our current goal is to be a community hub that is utilized by South Placer County residents on a daily basis. We are encouraging all service organizations and non-profits to be involved with and benefit from our Fair both in using the fair to promote their organization and to benefit monetarily.

Thank you,



John Javidan
Interim CEO
Placer County Fair Association

Statement of Operations, Sound
All American Speedway, Roseville CA

July 6, 2012

This is an operating statement by the Board of Directors of the Placer County Fair Association in regards to the All American Speedway and describes our management and race schedules that pertain to our 2013 race season in regards to Sound. The All American Speedway is located at the Placer County Fair and Events Center at 800 All America City Blvd in Roseville, CA with race nights held primarily on Saturdays from March through October.

Throughout the 2011 season, the Association contracted with and received professional recommendations from J.C. Brennan & Associates to identify additional noise reduction work beyond the previous 2007 study conducted by same firm. Our procedures and policies in this document regarding Sound and all dBA references are a direct result of these studies.

Schedule, Dates and Times.

All American Speedway operates from March through October. The Schedule of races will be posted at www.allamericanspeedway.com before January 1, 2013.

All American Speedway holds 30 races on Saturdays from March through October. Gates open at 11 a.m., with practices from 1 p.m. to 4 p.m., qualifying from 4 p.m. to 6 p.m. and races from 6 p.m. to 10 p.m. Saturday Races average 40-60 race cars and average 300 people in the Pit Area including pit crew, officials, and guests.

All American Speedway holds track rentals, practices or test and tune days on Fridays before every Saturday race from March through October. Gates open at 2:30 p.m., on track privileges are allowed from 3:30 p.m. to 6:30 p.m.

All American Speedway holds track rentals, practices or test and tune days on Thursdays before Saturday races from March through October. Gates open at 2:30 p.m., on track privileges are allowed from 3:30 p.m. to 6:30 p.m. Track will not be rented for more than 6 Thursdays in 2013. Thursday track rentals are limited to 3 cars per use, per rental.

All American Speedway rents the track out on Sundays from March through October for Spectator Racing. The track is available to Spectator Racing from 11 a.m. to 4 p.m. The Track will not be rented on Sundays for more than 17 Sundays in 2013.

All American Speedway will rent the track out one time in Spring and one time in Fall 2013 for a National Race. These races will have both Friday and Saturday competitions with gates opening at 11 a.m., practices from 1 p.m. to 4 p.m. and races from 6 p.m. to 11 p.m. There is the possibility that a rain date could be set for this race and would only be set at the discretion of the private promoter.

Acknowledging that there may be occasional delays beyond our control, such as inclement weather, power failures, or a major racing accident or injury, we will continue to schedule all races to finish by 9:00 p.m. with the exception of our two big races which will finish by 10 p.m. We do not expect that any of our regular races will go beyond 10 p.m. but if they do go beyond 10 p.m. they will never go beyond 10:30 p.m. If a race goes beyond 10 p.m., the CEO will document the overage and report to the County why the race went longer than scheduled. The Speedway Manager shall continue to schedule longer races earlier in the racing program, with shorter races being conducted later in the program.

Rules, Policies and Procedures pertaining to the individual race vehicles environmental sound impacts at All American Speedway:

Our Race Committee has created specific rules that require vehicle modifications to the exhaust system that are specifically designed to reduce sound. (See 2013 Rules for details). Our Speedway Manager will be charged with responsibility of enforcing rules related to the specific equipment/parts that are defined in our official rules. Our Speedway Manager is charged with monitoring and documenting noise levels from the viewing pad at the top of turn four during qualifying for individual vehicles using a handheld Extech 407736 Sound Level Meter. This point is a direct line of sight at 50 feet from the source of vehicle noise. Our Speedway Manager will Black Flag (Remove from Competition) any individual vehicle exceeding noise levels of 90 dBA at 50 feet during standard races and 100 dBA at 50 feet during Pro Series races. These measurements will be taken during qualifying; any vehicle not making sound will not qualify to race.

Rules, Policies and Procedures pertaining to the speedway's overall environmental sound impacts of All American Speedway:

The Speedway Manager will be charged with the responsibility of monitoring and documenting noise levels, using a handheld Extech 407736 Sound Level Meter, from the viewing pad at the top of turn four during races insuring that we do not exceed an overall maximum 105 dBA. This point is a direct line of sight at 50 feet from the source of vehicle noise. If we exceed 105dBA during any race the Speedway Manager will Red Flag (Stop) the race and black flag (Remove from Competition) the individual vehicles causing us to exceed 105 dBA. If this does not bring us under 105 dBA and we cannot configure the race in a way that we would remain at or under 105 dBA we will Red Flag the race.

Sound Monitoring Equipment and Documentation

All American Speedway uses a handheld Extech 407736 Sound Level Meter. This meter is recommended by sound professionals because it provides built-in calibration.

The Speedway Manager of All American Speedway will document the sound reading for every practice and race using a handheld Extech 407736 Sound Level Meter. These readings will be filed in the CEO office and will be shared with Placer County or other governing agencies if requested.

General Management and Quality Assurance

The Speedway Manager will handle all day-of-event complaints. The Speedway Manager will be responsible for reporting sound documentation and incidents to the CEO.

The CEO will be charged with assessing Quality Assurance of all Speedway Rules, Policies and Procedures and reporting those to the Board of Directors. The CEO will report any significant or unresolved complaints to the Board of Directors. The CEO of the Placer County Fair Association's address, phone number and email address will be listed on www.allamericanspeedway.com as the contact for official Speedway complaints.



John Javidan
Interim CEO,
Placer County Fair and Events Center

This Statement was written by John Javidan, Interim CEO, Placer County Fair Association
This statement has not yet been approved by the board of the Placer County Fair Association

