



1776 Tribute Road, Suite 205  
Sacramento, CA 95815  
Office: 916.927.7223 Fax: 916.263.3341  
[www.calairs.com](http://www.calairs.com)

**AGENDA**  
**CALIFORNIA AUTHORITY OF RACING FAIRS**  
**BOARD OF DIRECTORS MEETING**  
**JOHN ALKIRE, CHAIR**  
**12:30 P.M., TUESDAY, OCTOBER 4, 2011**  
**VIA TELECONFERENCE**

Notice is hereby given that a meeting of the California Authority of Racing Fairs' Board of Directors will commence at 12:30 p.m., Tuesday, October 4, 2011. The meeting will be held Via Teleconference only.

**AGENDA**

- I. Date, time and location of next meeting: November 1-3 TBD, 2011 in Sacramento.
- II. Approval of minutes.
- III. Report, discussion and action, if any, on Audit by Gilbert and Associates.
- IV. Report, discussion and action, if any, on Legislative Program for 2011 and 2012.
- V. Report, discussion and action, if any, on CDFA Fairs' Consortium, Fairs Funding and Re-Structuring Fair Governance.
- VI. Report on progress of Working Group on Allocation of CARF Dues.
- VII. Report, discussion and action, if any, on Status of Mini-SWF Projects.
- VIII. Financials
- IX. Executive Director's Report



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Notice is hereby given that a meeting of the California Authority of Racing Fairs Board of Directors will commence at 12:30 p.m., Tuesday, October 4, 2011. The meeting will be held Via Teleconference only.

**CARF Board of Directors Meeting**  
**Toll Free Dial In Number: (800) 791-2345**  
**Participant Code: 83711 #**

The Public and members of the California Authority of Racing Fairs Board of Directors may participate from the locations on the following page.



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## **CALIFORNIA AUTHORITY OF RACING FAIRS Teleconference Meeting Locations**

**Alameda County Fair**  
4501 Pleasanton Avenue  
Pleasanton, CA 94566

**Antelope Valley Fair**  
2551 West Ave. H  
Suite 102  
Lancaster, CA 93536

**The Big Fresno Fair**  
1121 S. Chance Avenue  
Fresno, CA 93702

**California State Fair**  
1600 Exposition Blvd.  
Sacramento, CA 95815

**Humboldt County Fair**  
1250 5<sup>th</sup> Street  
Ferndale, CA 95536

**Kern County Fair**  
1142 South P Street  
Bakersfield, CA 93307

**Monterey County Fair**  
2004 Fairground Road  
Monterey, CA 93940

**National Orange Show**  
689 South E Street  
San Bernardino, CA 92408

**Riverside National Date Festival**  
46-350 Arabia Street  
Indio, CA 92201

**San Bernardino Co. Fair**  
14800 Seventh Street  
Victorville, CA 92395

**San Joaquin Fair**  
1658 S. Airport Way  
Stockton, CA 95206

**Santa Barbara Co. Fair**  
937 Thornburg Street  
Santa Maria, CA 93458

**Shasta District Fair**  
1890 Briggs Street  
Anderson, CA 96007

**Solano County Fair**  
900 Fairgrounds Drive  
Vallejo, CA 94589

**Sonoma County Fair**  
1350 Bennett Valley Road  
Santa Rosa, CA 95404

**Southern CA Fair**  
18700 Lake Perris Dr.  
Perris, CA 92570

**Stanislaus County**  
900 North Broadway  
Turlock, CA 95380

**Tulare County Fair**  
215 Martin Luther King  
Tulare, CA 93274

**Ventura County Fair**  
10 West Harbor Blvd  
Ventura, CA 93001-2706

## CALIFORNIA AUTHORITY OF RACING FAIRS

## Board of Directors

Tuesday, September 6, 2011

## MINUTES

A teleconference meeting of the California Authority of Racing Fairs Board of Directors was held at 12:30 P.M., Tuesday, September 6, 2011. The meeting was hosted at the California Authority of Racing Fairs Board Room, 1776 Tribute Road, Sacramento, California, 95815.

CARF Board Members attending: John Alkire, Norb Bartosik, and Kelly Violini. Joining by conference call: Dan Jacobs and Mike Paluszak.

Staff and Guests attending: Christopher Korby, Larry Swartzlander, Tom Doutrich, Heather Haviland, Amelia White, Rick Wood, Raechelle Gibbons, Stuart Titus, Rebecca Desmond, Tawny Tesconi, Tom Sawyer, Dave Mogni, Ed Clites, Greg O'Leary, Cindy Olsen, Chris Borovansky and Richard Lewis. Joining by conference call: Louie Brown.

**Agenda Item 1 – Date, Time and Location of Next Meeting.** The next CARF Board of Directors meeting is scheduled for October 4, 2011 via teleconference.

**Agenda Item 2 – Approval of Minutes.** Mr. Jacobs requested that the meeting minutes reflect that if a Fair terminates their CARF membership prior to 2012 deadline, the full ERF deposit will be refunded (including prepaid 2012 dues). Mr. Paluszak moved to approve the meeting minutes as amended. Mr. Bartosik seconded, unanimously approved.

**Agenda Item 3 – Report, Discussion and Action, if any, on Return of Equipment Replacement Fund Deposit to Stanislaus County Fair.** Mr. Korby reported that during the June meeting, the CARF Board of Directors assessed the possibility of changing policy requirements regarding the Equipment Replacement Fund (ERF) deposits that CARF holds on behalf of member fairs who participate in the satellite ERF program. Historically F&E required Fairs with satellite wagering facilities to place on deposit, with CARF, an amount of money equivalent to the investment in electronic equipment that was required when the satellite was built. This deposit essentially created one replacement cycle of equipment for satellites in the event that F&E could no longer provide funding.

The CARF Finance Committee unanimously adopted a recommendation to return ERF deposits to the Fairs from which they originated with the following conditions; 1) The Equipment Replacement Fund allocation that most recently came from F&E will be remitted to CARF to be used for equipment replacement at the site that remitted the money, and 2) Fairs prepay 2012 CARF dues out of the balance of money that is on deposit at CARF.

On June 7, 2011 the CARF Board of Directors adopted the CARF Finance Committee recommendation to change policy regarding the funds on deposit with CARF for equipment replacement at satellite wagering facilities.

Mr. Korby reported that Chris Borovansky, on behalf of the Stanislaus County Fair, has asked to address the CARF Board of Directors and request that the full amount of the deposit held on behalf of Turlock be returned, including the \$7,856 prepayment of 2012 CARF member dues.

Mr. Borovansky addressed the CARF Board and requested that the full deposit be returned to the Stanislaus County Fair in light of the following considerations; 1) voting on and creating policy does not make a decision legally binding or the "right" thing to do, and 2) the CARF Board has established past precedence by returning the full deposit amount to the California State Fair, San Diego County Fair and San Joaquin County Fair. Mr. Borovansky reported that the satellite wagering facility is not making the profit for the Fair that it once did. Mr. Borovansky requested that CARF communicate the importance of maintaining membership in the organization in light of the changes in the horse racing industry and in the global economy.

Mr. Korby asked for the opportunity to meet with Stanislaus County Fair principals to discuss what CARF does, how we operate, services provided and how the organization is looking at new models to help smaller Fairs moving forward.

Mr. Bartosik moved to waive policy in the case of the Stanislaus County Fair and return their deposit in full. Mr. Jacobs seconded, unanimously approved.

**Agenda Item 4 – Report, Discussion and Action, if any, on Legislative Program for 2011 and Beyond.** Mr. Brown reported that this is the last week of the legislative session. AB 270, the CARF sponsored bill carried by Assembly Member Henry Perea, contains language that would allow a Fair to reduce satellite staffing in the event that a public hearing has been conducted and the outcome of that hearing determined that certain identified positions are no longer economically feasible for the Fair. The bill is currently on the Senate floor and Mr. Brown expects that the bill will pass and be signed by the Governor for implementation on January 1, 2012.

The Internet gaming and poker bills have been set aside and are now two-year bills.

Mr. Brown reported that there are several working groups focusing on the future of Fairs, the most significant being a consortium focusing on Fair governance and transitioning DAAs to an alternative type of organization.

**Agenda Item 5 – Report, Discussion and Action, if any, on CDFA Fairs Consortium, Fairs Funding and Re-Structuring Fair Governance.** Mr. Korby reported that a number of documents have been included in the meeting packet that demonstrate the level of work Fair representatives have been conducting to secure and improve the future of Fairs.

Mr. Korby reported that he has been fortunate to be included as part of the Secretary's working group on re-structuring Fair governance. The group is working to establish a recommendation for the Secretary to take to the Governor regarding the restructuring of DAAs to an alternative governance option that will maximize the retention and growth of fairgrounds and state employees. The strongest option for restructuring thus far is the concept of an Agricultural Fair Model that will transition DAAs to a structure similar to a Citrus Fruit Fair. The benefits of this model include transitioning to a non-profit structure, operating as a public entity, self-appointing boards, exclusion from local zoning/ordinances, eligibility for CALPERS benefits, etc. The next meeting of the working group is set for September 14, 2011.

Ms. Desmond stated that these meetings can be viewed as a great opportunity to help the Fair network as a whole. Ms. Desmond encouraged all Fairs to be responsive in providing the information F&E is being asked to obtain or to request help if a Fair needs it.

**Agenda Item 6 – Report and Recap of Northern California Fair Racing Meetings in 2011.**

Mr. Korby reported that the meeting packet contained a series of documents titled "Summary – Handle and Attendance Reports at Northern California Fairs through August 31, 2011." The documents include a snapshot comparison of 2010/2011 handle and attendance changes relative to the number of racing dates conducted. There was a strong correlation between those Fairs experiencing increases in attendance and handle to those Fairs that chose to reduce the total number of race dates. Fairs are exceeding the industry average by showing overall gains throughout the summer.

**Agenda Item 7 – Update on Licensing Rights and Export of CARF Races to Simulcast Locations Outside California.** Mr. Korby reported that the meeting packet includes a spreadsheet illustrating the number of out-of-state simulcast locations that are accepting and broadcasting the Fair signals along with the current rate each is charged. In 2011, CARF entered into an agreement with Monarch Content Management, which acts as the simulcast purchase and sales agent for a group of twelve thoroughbred racetracks, including Santa Anita Park, Gulfstream Park, Del Mar, Hollywood Park, Tampa Bay Downs and Pimlico. Monarch Content Management sells horse racing content from its stable of racetracks to a variety of domestic and international wagering outlets, including racetracks, casinos, off-track wagering facilities, and advance deposit wagering companies. Monarch Content Management is currently negotiating contracts on behalf of all California interests. The report contained in the meeting packet shows over 900 national and international locations wagering on the California signal under contracts through Monarch.

**Agenda Item 8 – Report on Progress of Working Group Recommendations Regarding Allocation of CARF Dues.** Mr. Korby reported that the working group tasked with reviewing CARF dues (Norb Bartosik, Kelly Violini, Randy Magee and Judy Arthur) have met twice via teleconference and will be meeting today after the CARF Board meeting. The group is moving forward in discussions and will report back to the Board with a recommendation.

Mr. Jacobs asked that the working group consider developing a list of member benefits to go along with the 2012 dues structure.

**Agenda Item 9 – Report and Discussion on Kiosk Project.** Mr. Korby reported that the racing educational kiosk, staffed by a Local 280 pari-mutuel clerk and containing a demo self-service wagering machine, was successfully deployed in Fair racing grandstands. The kiosk provided a unique opportunity for fairgoers to ask questions and learn to place simple bets on the self-service machines, lowering some of the intimidation factor inherent to making a first wager. Mr. Lewis reported that the kiosk was heavily used in Santa Rosa and he is recommending that Golden Gate Fields use the kiosk on days with large promotions, specifically dollar days. Mr. Korby reported that he has been talking with representatives of XpressBet to create a larger kiosk program/sponsorship package.

**Agenda Item 10- Report on New Website: Calfairs.net.** Ms. Haviland reminded the group that the new member website, [www.calfairs.net](http://www.calfairs.net), includes meeting notices, meeting packets, archived meeting packets/meeting minutes, satellite photographs, CARF publications and an interactive forum.

**Agenda Item 11 – Financials.** Mr. Korby reported that current financials are included in the meeting packet.

**Agenda Item 12 – Executive Director’s Report.** Mr. Korby reported that Robert Hartman will be stepping down as General Manager of Golden Gate Fields and will be replaced in the coming months by Joe Morris, formerly of the NTRA.

Respectfully submitted,  
Heather Haviland

**Assembly Bill No. 270**

\_\_\_\_\_

Passed the Assembly September 8, 2011

\_\_\_\_\_  
*Chief Clerk of the Assembly*

\_\_\_\_\_

Passed the Senate September 8, 2011

\_\_\_\_\_  
*Secretary of the Senate*

\_\_\_\_\_

This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2011, at \_\_\_\_\_ o'clock \_\_\_\_M.

\_\_\_\_\_  
*Private Secretary of the Governor*



## CHAPTER \_\_\_\_\_

An act to amend Section 19522 of the Business and Professions Code, relating to satellite wagering.

## LEGISLATIVE COUNSEL'S DIGEST

AB 270, Perea. Satellite wagering.

Existing law requires that every person who participates in, or has anything to do with, the racing of horses and every employee of a parimutuel department be licensed by the California Horse Racing Board. Existing law requires the board to set forth requirements for the position of satellite facility supervisor for all satellite wagering facilities operated by the state or on public land. The supervisor is required to monitor the performance of licensees at the facilities.

This bill would create an exception from that provision by authorizing a fair satellite facility generating less than \$10,000,000 annually in total handle to elect not to be subject to the requirements related to a satellite facility supervisor if the board of directors of the fair satellite facility, after a public hearing, deems those requirements to be not economically feasible, under specified conditions. Those conditions would include a requirement that the fair board notify the California Horse Racing Board in writing of its intention to take that action 30 days prior to the public hearing, and that notice of the fair board's action be provided to the California Horse Racing Board within 10 days of approval by the fair board. The bill would require the fair satellite facility to continue to abide by all laws and regulations pertaining to the operation of a satellite facility, including the responsibilities of the position of satellite facility supervisor. The bill would also require that notice of the fair board's action include the name and contact information of the individual or individuals assuming the responsibilities of the satellite facility supervisor position.

*The people of the State of California do enact as follows:*

SECTION 1. Section 19522 of the Business and Professions Code is amended to read:

19522. (a) The board shall also set forth requirements for the position of satellite facility supervisor for all satellite wagering facilities operated by the state or on public land. The satellite facility supervisor shall, among other things, monitor the performance of licensees at the facilities.

(b) A fair satellite facility generating less than ten million dollars (\$10,000,000) annually in total handle may elect not to be subject to the requirements of this section if the board of directors of the fair satellite facility, after a public hearing, deems those requirements to be not economically feasible and all of the following requirements are met:

(1) Thirty days prior to the public hearing, the fair board notifies the board in writing of its intention to take the action described in this subdivision.

(2) The fair satellite facility shall continue to abide by all laws and regulations pertaining to the operation of a satellite facility, including the responsibilities of the position of satellite facility supervisor.

(3) Notice of the fair board's action shall be provided to the board within 10 days of approval by the fair board. Notice shall include the name and contact information of the individual or individuals assuming the responsibilities of the position of satellite facility supervisor.

Approved \_\_\_\_\_, 2011

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*Governor*

## CA Authority of Racing Fairs 9/23/2011

**[AB 156\(Lara\)](#) Gambling control. (E-09/14/2011 [html](#) [pdf](#))**

**Introduced:** 01/18/2011

**Status:** 09/14/2011-Enrolled and presented to the Governor at 3 p.m.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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**Summary:** Would prohibit a contract for the sale or lease of real or personal property from specifying a closing date that is prior to the approval or licensing of the transferee by the commission. The bill also would require a contract for the sale of a gambling enterprise to state whether any outstanding gaming chips from the seller will be honored by the purchaser, and, if the contract does not require the purchaser to honor the outstanding gaming chips, to indicate what provisions have been made for the redemption of those chips. The bill would require the seller to give notice to patrons to provide an adequate opportunity for the redemption of gaming chips. The bill would require the Department of Justice to determine the amount of the outstanding gaming chip liability, and would require the seller to satisfy the commission that the amount of liability is safeguarded by security sufficient to satisfy the redemption of outstanding gaming chips. This bill contains other related provisions and other existing laws.

**Organization:** CARF

**[AB 240\(Bonilla\)](#) Compensation recovery actions: liquidated damages. (C-09/07/2011 [html](#) [pdf](#))**

**Introduced:** 02/03/2011

**Status:** 09/07/2011-Chaptered by the Secretary of State, Chapter Number 272, Statutes of 2011

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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**Summary:** Would permit an employee to recover liquidated damages pursuant to a complaint brought before the Labor Commissioner alleging payment of less than the minimum wage fixed by an order of the Industrial Welfare Commission or by statute. This bill contains other related provisions and other existing laws.

**Organization:** CARF

**[AB 241\(Hall\)](#) Gambling: moratorium. (E-09/07/2011 [html](#) [pdf](#))**

**Introduced:** 02/03/2011

**Status:** 09/07/2011-Enrolled and presented to the Governor at 3:30 p.m.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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**Summary:** Would extend the operation of these provisions to January 1, 2020.

**Organization:** CARF

**[AB 270\(Perea\)](#) Satellite wagering. (E-09/22/2011 [html](#) [pdf](#))**

**Introduced:** 02/07/2011

**Status:** 09/22/2011-Enrolled and presented to the Governor at 12:30 p.m.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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**Summary:** Would create an exception from that provision by authorizing a fair satellite facility generating less than \$10,000,000 annually in total handle to elect not to be subject to the requirements related to a satellite facility supervisor if the board of directors of the fair satellite facility, after a public hearing, deems those requirements to be not economically feasible, under specified conditions. Those conditions would include a requirement that the fair board notify the California Horse Racing Board in writing of its intention

to take that action 30 days prior to the public hearing, and that notice of the fair board's action be provided to the California Horse Racing Board within 10 days of approval by the fair board. The bill would require the fair satellite facility to continue to abide by all laws and regulations pertaining to the operation of a satellite facility, including the responsibilities of the position of satellite facility supervisor. The bill would also require that notice of the fair board's action include the name and contact information of the individual or individuals assuming the responsibilities of the satellite facility supervisor position.

**Organization:** CARF

**Position:** Sponsor

**[AB 562\(Hall\)](#) Horse racing: Wood Memorial.** (I-02/16/2011 [html](#) [pdf](#))

**Introduced:** 02/16/2011

**Status:** 07/11/2011-Re-referred to Com. on RLS.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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**Summary:** Would add the Wood Memorial to the list of races that are not included for purposes of determining compliance with that prohibition.

**Organization:** CARF

**[AB 897\(Hall\)](#) Horse racing: quarter horse racing.** (C-09/06/2011 [html](#) [pdf](#))

**Introduced:** 02/17/2011

**Status:** 09/06/2011-Chaptered by the Secretary of State, Chapter Number 225, Statutes of 2011

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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**Summary:** Would additionally permit the board to authorize a licensed quarter horse racing association that is conducting a live racing meeting to accept wagers on the full card of races conducted by another racing association on the day that other association conducts the Texas Classic Futurity and Remington Park Futurity, as specified.

**Organization:** CARF

**[AB 1417\(Hall\)](#) Tribal gaming: local agencies.** (E-09/20/2011 [html](#) [pdf](#))

**Introduced:** 03/21/2011

**Status:** 09/09/2011-From committee: That the Senate amendments be concurred in. (Ayes 16. Noes 0.) (September 9). Senate amendments concurred in. To Engrossing and Enrolling. (Ayes 79. Noes 0.).

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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**Summary:** Would appropriate \$9,100,000 from the Indian Gaming Special Distribution Fund to the California Gambling Control Commission to provide grants to local agencies.

**Organization:** CARF

**[AB 1418\(Hall\)](#) Tribal gaming: compact ratification.** (E-09/20/2011 [html](#) [pdf](#))

**Introduced:** 03/21/2011

**Status:** 09/09/2011-In Assembly. Concurrence in Senate amendments pending. Re-referred to Com. on G.O. pursuant to Assembly Rule 77.2. Joint Rule 62(a), file notice suspended. (Ayes 51. Noes 27.) From committee: That the Senate amendments be concurred in. (Ayes 16. Noes 0.) (September 9). Urgency clause adopted. Senate amendments concurred in. To Engrossing and Enrolling. (Ayes 75. Noes 1.).

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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**Summary:** Would ratify the tribal-state gaming compact entered into between the State of California and the Pinoleville Pomo Nation, executed on August 8, 2011. This bill contains other related provisions and other existing laws.

**Organization:** CARF

**[AB 1421](#)**(Committee on Governmental Organization) **Harness racing organizations.** (I-03/21/2011 [html](#) [pdf](#))

**Introduced:** 03/21/2011

**Status:** 09/08/2011-Ordered to inactive file at the request of Senator Calderon.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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**Summary:** Would additionally require that organization to account to the California Horse Racing Board on or before August 1 of each year with respect to the distribution of funds received pursuant to those provisions during the immediately preceding fiscal year and to obtain an independent audit of those distributions. The bill would also require that a copy of the completed audit be forwarded to the board within 45 days of its receipt by the organization.

**Organization:** CARF

**[SB 40](#)**(Correa) **Internet poker.** (A-07/06/2011 [html](#) [pdf](#))

**Introduced:** 12/06/2010

**Status:** 07/06/2011-From committee with author's amendments. Read second time and amended. Referred to Com. on G.O.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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**Summary:** Would establish a framework to authorize intrastate Internet poker, as specified. The bill would require the commission to adopt emergency regulations, in consultation with the department, providing for the issuance of licenses to operate intrastate Internet poker Web sites and governing the intrastate play of poker games on the Internet . The bill would make it a misdemeanor for any person or entity to offer or participate in any form of illegal Internet gambling, as defined, or to knowingly process any financial transaction arising out of participation in illegal Internet gambling. The bill would authorize the seizure of any money or property used in or derived from illegal Internet gambling, as specified, and would provide for any money or property that has been seized to be forfeited to the Internet Gambling Fund, as established by this bill. By creating new crimes, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

**Organization:** CARF

**[SB 45](#)**(Wright) **Internet gambling.** (I-12/08/2010 [html](#) [pdf](#))

**Introduced:** 12/08/2010

**Status:** 01/20/2011-Referred to Com. on G.O.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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**Summary:** Would establish a framework to authorize intrastate Internet gambling, as specified. The bill would require the department to issue a request for proposals to enter into contracts with up to 3 hub operators, as defined, to provide lawful Internet gambling games to registered players in California for a period of 20 years, as specified. This bill contains other related provisions and other existing laws.

**Organization:** CARF

**[SB 305](#)**(Calderon) **Satellite wagering: minisatellite facilities.** (E-08/30/2011 [html](#) [pdf](#))

**Introduced:** 02/14/2011

**Status:** 08/30/2011-Enrolled and presented to the Governor at 11:30 a.m.

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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**Summary:** Would direct the board to license a minisatellite facility for a period of up to 5 years. The bill would also make other technical changes.

**Organization:** CARF

**SB 374(Strickland) Gambling control: key employee licenses.** (C-09/07/2011 [html](#) [pdf](#))

**Introduced:** 02/15/2011

**Status:** 09/06/2011-Chaptered by the Secretary of State, Chapter Number 263, Statutes of 2011

2YR/Dead	1st Desk	1st Policy	1st Fiscal	1st Floor	2nd Desk	2nd Policy	2nd Fiscal	2nd Floor	Conf./Conc.	Enrolled	Vetoed	Chaptered
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**Summary:** Would authorize a key employee with a valid personal portable license to work as a key employee in any key employee position in more than one gambling establishment.

**Organization:** CARF

Total rows: 13

FAIRS CONSORTIUM  
*Secretary's Working Group on Re-structuring Fairs Governance*

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*Prospective Talking Points*

August 23, 2011

- **Matters affecting Fair employees**
  - Identify matters of concern to representatives of Fair employees
  - Discuss employee concerns and their impact on recommendations for re-structuring
- **Working Group determines framework and scope of work for recommendations to Secretary**
  - Discuss perspectives of WG participants on framework and scope of work for recommendations to Secretary. Determine scope of work.
  - Suggested starting point: Review and accept, modify or reject already-proposed models for re-structured Fair governance. Discuss transition issues created by each.
    - *Agricultural Fair (based on existing Citrus Fair model)*
    - *JPA formed in collaboration with city/county/state/other*
    - *Fair incorporates into municipal or County governance*
    - *Special district*
    - *Add other model(s) if Working Group deems appropriate*
  - Review and consider scenario in which a Fair retains its existing structure: no change.
  - Review of models for re-structuring Fairs at state level. Discuss transition issues.
    - *Commission*
    - *Tourism Board model*
  - Discuss and determine need for legislation to allow re-structuring.
  - If **YES** on need for legislation, review/revise existing draft language.
    - *Agricultural Fair (modified Ag Code for Citrus Fair as template)*
    - *JPA model (Runner bill as template)*
    - *Review special district concept and find or compose appropriate language*
    - *Get language to Leg Counsel*
    - *Draft strategy for legislation in next session*
  - If **NO** on need for legislation, identify next steps in preparing recommendation to Secretary.
- **Discussion of timeline and milestones for Working Group actions and recommendations.**
  1. SEPTEMBER 2. Working Group agrees on framework for scope of work, objectives and timeline. Tasking and assignments set for next stage of work.
  2. SEPTEMBER 16. WG agrees on models and language for Fairs restructuring, including re-structuring at the state level, to develop further for recommendation to Secretary. Edit, modify and refine framework and language as determined by Working Group.
  3. SEPTEMBER 30. DRAFT framework and language of models ready for review and discussion/approval by WG.
  4. OCTOBER 21. Fully framed DRAFT recommendations and specific language ready for final review and approval by WG. Last chance for review and modification of recommendations and language by Working Group.
  5. OCTOBER 28. Working Group submits recommendations to Secretary and to Consortium for review, allowing three weeks for review prior November 15 deadline.
  6. NOVEMBER 15. Secretary's deadline for recommendations on Fair re-structuring.



**DEPARTMENT OF FOOD & AGRICULTURE****FAIR CONSORTIUM MEETING****AUGUST 15, 2011****ATTENDEES**

Consortium members: Karen Ross (CDFA Secretary), Sandra Schubert (CDFA Undersecretary), Jim Houston (CDFA Deputy Secretary), Nate Dechoretz (CDFA Deputy Secretary), Michele Dias (CDFA General Counsel), Janet Glaholt (CDFA Director of Administrative Services), Bob McKinnon (DGS Real Estate Division), Matthew Portay (UC Extension 4-H), Jim Mickelson (Director, Sonoma-Marín Fair), Sandy Woods (CEO, Nevada County Fair), David Dillabo (CEO, Tulelake Butte Valley Fair), Melanie Reagan (Senator LaMalfa's Office, Jt. Fairs Committee), Jim Aschwanden (California Ag Teachers Association), Ernie Paez (Cal Fire), John Rowden (CDFA Emergency Coordinator), Chris Korby (Executive Director California Authority of Racing Fairs), Donna Bardaro (Executive Director California Fairs Services Authority, California Fair Financing Authority), Diana Paluszak (CDFA Division of Fairs & Expositions), Haley Walker (Speaker John Perez's Office), Stephen Chambers (Executive Director, Western Fairs Association), Louie Brown (Kahn Soares Conway, WFA and CARF), Norb Bartosik (CEO California State Fair), Tim Fennell (CEO San Diego County Fair), Rick Pickering (CEO Alameda County Fair), Nancy Farias (SEUI Local 1000), and Tim Cremins (International Union of Operating Engineers).

Guests: John Quiroz (CDFA Division of Fairs & Expositions), Kayla Swift (International Union of Operating Engineers), Ashly Martinez (SEUI Local 1000), Lloyd McKay (Director Dixon May Fair), Jim Wilcott (CEO Lassen County Fair), Carla Sanchez (CDFA Legislative manager), Carrie Wright (WFA), Lori Hanley (WFA), and Nick Konovaloff (Regional Council of Rural Counties).

Consortium members Via teleconference - John Alkire (CEO Big Fresno Fair), Chris Lopez (Ray Cammack Shows), and Nancy Strauss (San Diego County Fair).

**FACTS/INFORMATION**

- Out of 52 District Agricultural Association's (DAA), nine of the fairs are on county-owned properties.
- There are 375 permanent state employees in the DAA network.
- CDFA (California Department of Food & Agriculture) does not believe that selling fairgrounds makes sense unless there are unique circumstances.
- The Department of General Services (DGS) is not interested in taking over/selling fairgrounds, however they want to assist in real estate transactions such as development of a ground lease, development of an operating agreement, and assist in selling of property if needed. DGS hoping to not have to review and approve 52 different and unique operating agreements, would prefer they come in groups of similar governance.

**CONCERNS**

- Regardless of how the fairs transition CDFA would still prefer to maintain some type of oversight to ensure the fairs adhere to agreements/rules & regulations.
- The Division of Fairs & Expositions (F&E) has funded programs on the behalf of fairs such as – unemployment insurance, property insurance, vehicle insurance, and retired DAA employee benefits (CalPERS). Fairs need to work with DGS on a longer payment plan for vehicle insurance payments, restructure the property insurance at CFSA so one major claim does not affect the entire pool. WFA recommended developing a short term funding working group to address these issues.
- Employee unions are concerned with an industry-suggested two week layoff notice for state employees. Current rule is 120 days for the layoff notice and to change the term to a two-week notice would take revisions to the bargaining group contracts.
- The Nevada County Fair has concerns the smaller size fairs are going to have the hardest time to survive. Also with the lack of State funding there might an issue with fairs not complying with state rules/regulations.
- CDFA legal counsel recommended that if fairs are not able to secure some type of property management that another plan needs to be developed.
- The Western Fairs Association (WFA) is recommending the 2011 Fall Conference to focus on assisting fairs with their 2012 budget. WFA is very concerned that fairs will not make it financially and is asking CDFA to assist with action such as an Executive Order providing bureaucratic relief.
- With the concern of fairs having issues with their 2012 budget, F&E is going to extend the budget due date until after the 2011 conference. With the extension some fairs may start 2012 without an approved budget.
- CDFA should set up some type of receivership mechanism to deal with DAAs that become insolvent.
- The San Diego County Fair recommended that fairs with large reserves may loan out money to other fairs. The Orange County Fair has loaned out money to another fair which was approved by CDFA. Can this model be replicated?

## GOVERNANCE & FUNDING OPTIONS

Fives alternative governance options were discussed:

1. **Agricultural Fair Model** - The California Authority of Racing Fairs (CARF) has put together a proposal/concept to transition DAAs to an Agricultural Fair, which are similar to Citrus Fruit Fairs (CFF). According to F&E, there are currently two CFF's in the State – National Orange Show and the Cloverdale Citrus Fair. CFF's are non-profits, operate as a public entity, appoint their own boards, comply with the Brown Act, not subject to local zoning and ordinances, eligible for CALPERS benefits, and if operations cease the land escheats to the State.
2. **County Model** – The County in which the fairs resides could take over the fairgrounds. Currently there is one county that wants to take over a Fair and the fair board is in favor. This is an option if the county is willing to take over the liability of the fair.
3. **Non-Profit Model** – Most of the fairs currently have active non-profits or are in the process of setting one up. This could be an option for the non-profit to operate the fair by leasing the

fairgrounds from the State with specifications such as an annual fair must be held and be open for emergency services. The specifications within the agreement would protect the State. There is a section of law to exempt non-profits from possessory tax (property tax).

4. **Joint Powers Authority (JPA) Model** – Through legislation a JPA could operate and manage the fair. The JPA model has already been successfully performed by the 50<sup>th</sup> DAA – Antelope Valley Fair and the City of Lancaster.
5. **Public Benefit Corporation/Special District** – Through legislation DAAS could transition to this quasi-governmental structure. In some cases special districts can levy local fees.

With options (1, 2, 3, & 4) above there are issues of: transitioning of personnel, transfer of real and personal property, and transfer of assets (cash).

CDFA recommended a guide of the five options to assist the fairs in the decision making process.

Request For Proposal (RFP) concept of bidding out operations of state-owned fairgrounds is another option of alternative governance. Fair and industry representatives did not support this concept because they do want to have to compete to operate the fairgrounds they are currently operating. The criteria in the draft RFP distributed could still be used as conditions of use in some kind of operating agreement.

Secretary Ross appointed two working groups to address the following:

**1. Governance Structure/Transition**

Task Force Members -Tim Fennell, Chris Korby, Louie Brown, Nancy Farias

CDFA staff – Jim Houston, Michele Dias

**2. Short Term Funding Alternatives**

Task Force Members – Rick Pickering, Steve Chambers, Sandy Woods

CDFA Staff – Nate Dechoretz, Rebecca Desmond

**ACTION ITEMS**

1. Set next Consortium meeting for September.
2. Before the next consortium meeting ensure the Governance Structure/Transition and Short Term Funding Alternative groups meet and develop solutions/recommendations.
3. Division of Fairs & Expositions will immediately notify the district agricultural associations that 2012 budget submission deadline will be moved to December to accommodate the California Fair Alliance budget training workshop in November. The message will also notify fairs that due to the new deadline and reduced staffing level at F&E, some fairs may have to start their year budget year without an approved budget from F&E.

**CONCEPT AND PROPOSAL**

*Revise California Food & Agricultural Code  
To  
Create New Category of Fair:*

***AGRICULTURAL FAIR***

**April 2011**

DRAFT

CONCEPT AND PROPOSAL  
*Revise Food & Agricultural Code to Create New Category of Fair:*  
**AGRICULTURAL FAIR**

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***Background***

After the recent passage of budget legislation that eliminated all Fair funding sourced from the General Fund, District Agricultural Associations find themselves in the unenviable position of functioning as a state agency, with all the associated limitations, costs and requirements of that status, yet without the corresponding benefit of receiving public funding. Perhaps now is the time to create an opportunity, through changes in legislation, for DAA's to re-organize into a more flexible and agile structure.

California Food and Agricultural Code (Sections 4601ff.) provides for and describes a category of Fair known as a "citrus fruit fair". The structure of a citrus fruit fair is often acknowledged as the most flexible existing fair structure in statute, insofar as it allows certain characteristics accorded a public agency and certain characteristics accorded a private entity.

***Objective***

Create a new category of fair known as an **Agricultural Fair**, structured in a manner similar to citrus fruit fairs; allow DAA's to re-organize into this new structure so as to allow them to operate as local public agencies.

***Proposal***

The following is proposed: revise and expand the existing language in the Food and Agriculture Code which describes "citrus fruit fairs" to create a new category of Fair with the same flexible structure as citrus fruit fairs. This category of fair shall be known as an "**Agricultural Fair**". Define and describe **Agricultural Fair** using the same language and description as presently define and describe "citrus fruit fair". Permit this new category of **Agricultural Fair** to be governed as a non-profit or as a JPA. Allow District Agricultural Associations, by a majority vote of their Board and by declaration of the Secretary of CDFA, to become **Agricultural Fairs**. Allow likewise for California State Fair and Exposition. Require that **Agricultural Fairs** require transparency as follows: 1) require performance of an annual audit to standards set by the Secretary and 2) conduct their meetings according to the Brown Act. Create a commission, made up of persons with expertise in management of fairs, to advise the Secretary on governance and oversight matters relating to **Agricultural Fairs**.

***Tactical Considerations and Actions***

Prepare language and pursue legislation to accomplish objectives above. Proposal has characteristics that may help it find traction in current political climate: 1) takes state government out of the Fair business; 2) governance of Fairs devolves to local level; 3) transparency; 4) desire from DAA's to find new structure appropriate for current circumstances; 5) helps Fairs without requiring state funds.

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**CONCEPT AND PROPOSAL**  
**Revise Ag Code Using Citrus Fair Statute**  
**to Create New Category of Fair: AGRICULTURAL FAIR**  
**DRAFT**

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1.  
CALIFORNIA CODES  
FOOD AND AGRICULTURAL CODE  
SECTION 4601-4603

4601. Unless the context otherwise requires, the definitions in this chapter govern the construction of this part.

4602. "Association" means a nonprofit corporation or joint powers authority organized and existing under the laws of this state for the purpose of and which engages in conducting and carrying on a citrus fruit fair or agricultural fair.

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4603. "Citrus fruit fair" or "agricultural fair" means any citrus fruit fair, citrus fruit fair and exposition, agricultural fair or agricultural fair and exposition which satisfies all of the following requirements:

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(a) Has been conducted and carried on by an association for not less than four or more than 15 consecutive days during each calendar year for a period of not less than 20 consecutive years.

(b) Citrus fruits or agricultural products are exhibited for prizes and premiums at the fair. The fair has for its purpose the promotion and encouragement of the citrus fruit industry or the agricultural industry of this state.

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(1) A district agricultural association which meets the criteria set forth in (a) and (b) above may, by a majority vote of its board of directors and by declaration of the secretary, re-organize itself as an agricultural fair.

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(2) By a majority vote of its board of directors and by declaration of the secretary, the California State Fair and Exposition may re-organize itself as an agricultural fair pursuant to this section.

(c) For purposes of this section, "secretary" means the Secretary the Department of Food and Agriculture.

(d) Any fair organized pursuant to this section shall conduct its meetings according to California Government Code Sections 54950-54962, the Ralph M. Brown Act 2000.

ADD Section 4605

4605. Created hereby is the California Agricultural Fairs Commission. The secretary shall appoint seven individuals with expertise in management of fairs, of whom not less than four must be members of a fair board of directors, to advise on oversight and governance matters related to California agricultural fairs. The California Agricultural Fairs Commission may advise the secretary on standards for an annual audit of agricultural fairs pursuant to Section 4652.

Korby  
April 2011

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2.  
CALIFORNIA CODES  
FOOD AND AGRICULTURAL CODE  
SECTION 4651-4652

4651. The fair shall be deemed to be a fair and association within the meaning of Chapter 1 (commencing with Section 4401), Part 4 of this division and the association so conducting and holding such citrus fruit fair or agricultural fair shall be entitled to participate in the benefits and appropriations provided for in and by Chapter 1 (commencing with Section 4401), Part 4 of this division and shall receive aid, as provided therein and as otherwise provided by law for citrus fruit fairs or agricultural fairs, in the same manner as if such citrus fruit fair or agricultural fairs was being conducted and carried on in the manner provided in and under the previous provisions of Chapter 1 (commencing with Section 4401), Part 4 of this division.

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4652. An association conducting a citrus fruit fair or agricultural fair may receive and use, for the citrus fruit fair or the agricultural fair, any money which is appropriated for use of a "citrus fruit fair", "district agricultural association", "fair" or "agricultural fair". The secretary shall oversee standards for annual audit

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3.  
CALIFORNIA CODES  
FOOD AND AGRICULTURAL CODE  
SECTION 3001-3003

3001. Unless the context otherwise requires, the definitions in this article govern the construction of the chapter.

3002. "Courtesy pass admission" means any admission, without payment of the admission charge, to any state, county, district, agricultural or citrus fruit fair, except any of the following:

- (a) Credential admission.
- (b) Admission of any child under 12 years of age.
- (c) Admission of any military personnel in uniform.

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3003. "Credential admission" means any admission which is authorized by the board of directors of a state, district, agricultural or citrus fruit fair, or by the board of supervisors of a county for admission to a fair without payment of the admission charge when a service is rendered by the person who is admitted which is necessary for the conduct of the fair.

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4.  
CALIFORNIA CODES  
FOOD AND AGRICULTURAL CODE  
SECTION 4701-4703

4701. An association that conducts and carries on any agricultural or citrus fruit fair which is eligible to receive apportionments pursuant to Section 19626 of the Business and Professions Code:

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(a) Has the same power as a district agricultural association to construct, maintain and operate recreational and cultural facilities of general public interest.

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(b) Is an instrumentality of the state for the purposes mentioned in subdivision (a) of this section and in Section 4603.

4702. Upon dissolution of any such association, all of its property, after payment of outstanding debts, shall escheat to the state.

4703. All property of any such association which is used exclusively in conducting agricultural or citrus fruit fairs, and its recreational and cultural facilities which are of general public interest, are exempt from taxation. No affidavit need be filed to claim this exemption.

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5.  
CALIFORNIA CODES  
FOOD AND AGRICULTURAL CODE  
SECTION 4401.5-4403

4401.5. (a) The director shall expend an amount not to exceed a total of one hundred thousand dollars (\$100,000) in any fiscal year for any exhibit or exhibits located on any state-supported fair demonstrating, in a creative and innovative manner, the process of production and use of food and fiber from the producer to the consumer in this state.

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(b) The director shall annually provide for a conference of fair judges to aid the department in prescribing regulations adopted pursuant to Section 4501. The director may expend up to fifteen thousand dollars (\$15,000) in any fiscal year for such purposes.

4402. The department may expend funds appropriated by Section 22 of Chapter 1440 of the Statutes of 1985 in the 1985-86 and 1986-87 fiscal years for capital outlay and deferred and major maintenance projects of a health and safety nature at county fairs, district agricultural association fairs, agricultural fair and citrus fruit fairs.

4403. (a) A county fair, district agricultural association fair, agricultural fair or citrus fruit fair may expend funds for promotional and public relations purposes of the fair.

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(b) The department may expend funds for promotional and public

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April 2011



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relations purposes for county fairs, agricultural fairs, district agricultural association fairs, and citrus fruit fairs.

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6.  
CALIFORNIA CODES  
FOOD AND AGRICULTURAL CODE  
SECTION 3021-3029

3021. Every state, district, county, agricultural fair or citrus fruit fair which receives any money from the State Treasury shall permit the admission without payment of the admission charge of all children 12 years of age or under on at least one day, which is designated by the fair, during each fair period.

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3022. If a charge is made for admission to enter a state, district, county, agricultural fair, or citrus fruit fair, the following persons may be admitted to such fairgrounds without the payment of the established admission price:

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- (a) Persons with credential admissions.
- (b) Persons with courtesy pass admissions.
- (c) Military personnel in uniform.

3023. A credential admission may be issued to any individual, association, or body that does any of the following:

- (a) Prepares or services any educational, commercial, industrial, livestock, agricultural, horticultural, or viticultural display or exhibit.
- (b) Services, maintains, or operates any concession.
- (c) Renders, through agreement with the fair, a service to fair patrons.
- (d) Renders a necessary public service.
- (e) Safeguards health.
- (f) Provides for public safety.
- (g) Participates in any parade or event which is necessary for the conduct of the fair.

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3024. Credential admissions may, also, be issued to any of the following persons:

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- (a) Representatives of press, radio, and television personally engaged in obtaining and transmitting public information.
- (b) Ambulance drivers.
- (c) Firemen on duty.
- (d) Repairmen who are necessary to service utilities.
- (e) Employees of the fair.
- (f) State officials in the performance of their duty.

3025. The words "credential admission" shall be printed on each ticket which is issued as a credential admission.

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April 2011

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3026. The percentage of courtesy pass admissions to any state, county, district, agricultural fair or citrus fruit fair shall not exceed 4 percent of ~~the gross paid admission to the fair in the~~ preceding calendar year.

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3027. A courtesy pass admission is not transferable.

3028. Each fair shall maintain complete records of the number of credential and courtesy pass admissions which are issued for each fair period.

3029. Each fair shall make an annual report to the department, as prescribed by the department, of the total number of credential and courtesy pass admissions issued and honored at the fair.

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**NOTE:**

**CERTAIN OTHER SECTIONS OF STATUTE, INCLUDING BUSINESS AND PROFESSIONS CODE, WILL ALSO REQUIRE AMENDMENT.**

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## ABSTRACTS

### CITRUS FRUIT FAIR IN AG CODE

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1.  
CALIFORNIA CODES  
FOOD AND **AGRICULTURAL CODE**  
SECTION 4601-4603

4601. Unless the context otherwise requires, the definitions in this chapter govern the construction of this part.

4602. "Association" means a nonprofit corporation organized and existing under the laws of this state for the purpose of and which engages in conducting and carrying on a **citrus fruit fair**.

4603. "**Citrus fruit fair**" means any **citrus fruit fair** or **citrus fruit fair** and exposition which satisfies all of the following requirements:

(a) Has been conducted and carried on by an association for not less than four or more than 15 consecutive days during each calendar year for a period of not less than 20 consecutive years.

(b) **Citrus** fruits are exhibited for prizes and premiums at the **fair**. The **fair** has for its purpose the promotion and encouragement of the **citrus** fruit industry of this state.

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2.  
CALIFORNIA CODES  
FOOD AND **AGRICULTURAL CODE**  
SECTION 4651-4652

4651. The **fair** shall be deemed to be a **fair** and association within the meaning of Chapter 1 (commencing with Section 4401), Part 4 of this division and the association so conducting and holding such **citrus fruit fair** shall be entitled to participate in the benefits and appropriations provided for in and by Chapter 1 (commencing with Section 4401), Part 4 of this division and shall receive aid, as provided therein and as otherwise provided by law for **citrus fruit fairs**, in the same manner as if such **citrus fruit fair** was being conducted and carried on in the manner provided in and under the previous provisions of Chapter 1 (commencing with Section 4401), Part 4 of this division.

4652. An association conducting a **citrus fruit fair** may receive and use, for the **citrus fruit fair**, any money which is appropriated for use of a "**citrus fruit fair**".

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3.  
CALIFORNIA CODES  
FOOD AND **AGRICULTURAL CODE**  
SECTION 3001-3003

3001. Unless the context otherwise requires, the definitions in this article govern the construction of the chapter.

3002. "Courtesy pass admission" means any admission, without payment of the admission charge, to any state, county, district, or **citrus fruit fair**, except any of the following:

- (a) Credential admission.
- (b) Admission of any child under 12 years of age.
- (c) Admission of any military personnel in uniform.

3003. "Credential admission" means any admission which is authorized by the board of directors of a state, district, or **citrus fruit fair**, or by the board of supervisors of a county for admission to a **fair** without payment of the admission charge when a service is rendered by the person who is admitted which is necessary for the conduct of the **fair**.

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4.  
CALIFORNIA CODES  
FOOD AND **AGRICULTURAL CODE**  
SECTION 4701-4703

4701. An association that conducts and carries on any **citrus fruit fair** which is eligible to receive apportionments pursuant to Section 19626 of the Business and Professions **Code**:

- (a) Has the same power as a district **agricultural** association to construct, maintain and operate recreational and cultural facilities of general public interest.
- (b) Is an instrumentality of the state for the purposes mentioned in subdivision (a) of this section and in Section 4603.

4702. Upon dissolution of any such association, all of its property, after payment of outstanding debts, shall escheat to the state.

4703. All property of any such association which is used exclusively in conducting **citrus** fruit fairs, and its recreational and cultural facilities which are of general public interest, are exempt from taxation. No affidavit need be filed to claim this exemption.

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5.  
CALIFORNIA CODES  
FOOD AND **AGRICULTURAL CODE**  
SECTION 4401.5-4403

4401.5. (a) The director shall expend an amount not to exceed a total of one hundred thousand dollars (\$100,000) in any fiscal year for any exhibit or exhibits located on any state-supported **fair** demonstrating, in a creative and innovative manner, the process of production and use of food and fiber from the producer to the consumer in this state.

(b) The director shall annually provide for a conference of **fair** judges to aid the department in prescribing regulations adopted pursuant to Section 4501. The director may expend up to fifteen thousand dollars (\$15,000) in any fiscal year for such purposes.

4402. The department may expend funds appropriated by Section 22 of Chapter 1440 of the Statutes of 1985 in the 1985-86 and 1986-87 fiscal years for capital outlay and deferred and major maintenance projects of a health and safety nature at county fairs, district **agricultural** association fairs, and **citrus** fruit fairs.

4403. (a) A county **fair**, district **agricultural** association **fair**, or **citrus** fruit **fair** may expend funds for promotional and public relations purposes of the **fair**.

(b) The department may expend funds for promotional and public relations purposes for county fairs, district **agricultural** association fairs, and **citrus** fruit fairs.

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6.

CALIFORNIA CODES  
FOOD AND **AGRICULTURAL** CODE  
SECTION 3021-3029

3021. Every state, district, county, or **citrus** fruit **fair** which receives any money from the State Treasury shall permit the admission without payment of the admission charge of all children 12 years of age or under on at least one day, which is designated by the **fair**, during each **fair** period.

3022. If a charge is made for admission to enter a state, district, county, or **citrus** fruit **fair**, the following persons may be admitted to such fairgrounds without the payment of the established admission price:

- (a) Persons with credential admissions.
- (b) Persons with courtesy pass admissions.
- (c) Military personnel in uniform.

3023. A credential admission may be issued to any individual, association, or body that does any of the following:

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- (b) Services, maintains, or operates any concession.
- (c) Renders, through agreement with the **fair**, a service to **fair** patrons.
- (d) Renders a necessary public service.
- (e) Safeguards health.

(f) Provides for public safety.

(g) Participates in any parade or event which is necessary for the conduct of the **fair**.

3024. Credential admissions may, also, be issued to any of the following persons:

(a) Representatives of press, radio, and television personally engaged in obtaining and transmitting public information.

(b) Ambulance drivers.

(c) Firemen on duty.

(d) Repairmen who are necessary to service utilities.

(e) Employees of the **fair**.

(f) State officials in the performance of their duty.

3025. The words "credential admission" shall be printed on each ticket which is issued as a credential admission.

3026. The percentage of courtesy pass admissions to any state, county, district, or **citrus** fruit **fair** shall not exceed 4 percent of the gross paid admission to the **fair** in the preceding calendar year.

3027. A courtesy pass admission is not transferable.

3028. Each **fair** shall maintain complete records of the number of credential and courtesy pass admissions which are issued for each **fair** period.

3029. Each **fair** shall make an annual report to the department, as prescribed by the department, of the total number of credential and courtesy pass admissions issued and honored at the **fair**.

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7.

CALIFORNIA CODES

FOOD AND **AGRICULTURAL** CODE

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## **CORRESPONDENCE**



----- Original Message -----

**From:** [Christopher Korby](#)

**To:** [Alkire, John](#) ; [Rick Pickering](#) ; [Stephen Chambers](#)

**Cc:** [George Soares](#) ; [Louie Brown](#)

**Sent:** April 13, 2011 12:58 PM

**Subject:** Fw: Some Suggestions for Revisions to Ag Code related to Fair Structure

All,

Please consider this a request that the concept of creating a new "**Agricultural Fair**" structure in statute be added to the discussion items for the WFA/CFA meeting on Friday April 15.

When Stephen and I spoke about this the other day, he mentioned that the WFA advocacy team will continue to focus its efforts toward securing Fair funding, but the team is looking at all options. We'd propose that this concept become one of the options.

While this concept of an new **Agricultural Fair** structure does not include a Fair funding component, it certainly does not preclude continuing efforts to secure Fair funding. It can be viewed as a parallel effort. Both efforts are worthy of support.

In my estimation, the two efforts (i.e., securing Fair funding and creating a new Fair structure: **Agricultural Fair**) are complementary. As drafted, this **Agricultural Fair** proposal is intentionally silent on the subject of funding. It may actually be a better tactic that they proceed separately. This concept for re-structuring may have a better prospect for passage if it is not connected to state funding and presented as bootstrap legislation that could help Fairs succeed by allowing them to step away from state structure.

So far in this session, Fairs have not fared well in budget legislation. There are probably are many legislators who would like to help Fairs in ways that do not require state funds, if there is a way to do so. This proposal aligns with those circumstances.

The re-structuring proposal also includes "transparency" components, important in today's political environment, in the form of open-meeting requirements and audit requirements. Furthermore, it keeps Fairs connected to CDFA through

creation of a California Agricultural Fairs Commission, a body which can be further defined now or later.

If we were successful in modifying Ag Code to allow this new structure, participation on the part of any Fair would be voluntary; the decision to re-structure would begin at the local level. Any Fair that wished to continue as a state agency would be free to do so.

With respect to personnel issues and PERS coverage for employees, contracts with PERS to cover continuing employees can be transferred to local agency-status. There are Fairs that operate now under a local agency contract with PERS. In my estimation, the mechanics of such a transfer are not difficult. The difficulty, if there is one, will be how Fairs pay for the benefits.

If you wish, we can offer a reference to an Human Resources JPA that could advise on and manage a personnel transition of this sort.

With respect to potential union opposition, I believe that any responsible union representatives would be interested in preserving jobs for as many members as they can. For smaller to medium-size DAA's, with no state funding available, the choice may be re-structure or go out of business; going out of business means loss of jobs. I can't imagine why the SEIU or any other union group wouldn't be willing to talk about strategies that preserve public sector jobs in the current environment.

These are difficult times and we hope every possible solution on the table for discussion. The approach outlined in this proposal may work for some Fairs, it may not work for others. If it might help some Fairs survive or operate more efficiently, it's worth exploring. In any event, we need to look at all the options.

Thanks for your consideration.

Respectfully offered,  
--Chris

Christopher Korby  
Executive Director  
California Authority of Racing Fairs  
916-263-3348

# CALIFORNIA FAIRS



## LEGEND

- Fair Site
- + Fairs with Live Racing
- Satellite Wagering Facility
- Special Event Centers
- OES Mobilization Sites

DAA= District Agricultural Association



**PLANNING FOR THE FUTURE  
OF  
AGRICULTURAL FAIRS  
IN CALIFORNIA**

***PRESERVING A HERITAGE  
BUILDING FOR THE FUTURE***

**JULY 28, 2011**

**DRAFT  
PROPOSAL**

**PLANNING FOR THE FUTURE  
OF AGRICULTURAL FAIRS IN CALIFORNIA**

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# PLANNING FOR THE FUTURE OF AGRICULTURAL FAIRS IN CALIFORNIA

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## *PREFACE*

Agricultural Fairs have been an important part of life in California since the days of the Gold Rush. Fairs provide important economic, emergency and social services to the communities in which they reside. Fairs employ thousands of Californians. Fairs support California agriculture, a foundation industry of this state's economy and social life. Fairs intersect with three pillars of California commerce: tourism; entertainment and agriculture. Fairs are woven into the fabric of life in California.

In light of the state's financial duress and because future state funding for Fairs is in question, Governor Brown has asked California Department of Food and Agriculture Secretary Karen Ross to "develop a comprehensive policy for Fairgrounds", including a review of "the feasibility to restructure the governance" of California's agricultural Fairs.

The revised state budget, released on May 16, contained the following statement:

*"The Secretary of Food and Agriculture will develop a plan to be included in the Governor's 2012-13 budget, addressing the future operation, maintenance, and oversight of the network of California fairs, including real and personal property and the feasibility to restructure the governance of the fairs within this network."*

In response to the Governor's directive, the Secretary has convened a consortium of Fair industry representatives to prepare recommendations for her consideration. Under the Secretary's leadership, the consortium will be exploring ways in which Fairs can maintain their long-standing mission of public service and support of agriculture in a manner consistent with Governor Brown's direction.

To that end, these thoughts, observations and suggestions are respectfully submitted for consideration. They are offered by a long-time friend of the Fair industry in the spirit of stimulating discussion on matters important to its future.

Christopher Korby  
July 25, 2011

# PLANNING FOR THE FUTURE OF AGRICULTURAL FAIRS IN CALIFORNIA

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## *MAPPING THE PROCESS FOR CHANGE*

- **Define goals and objectives**
- **Defining the framework for planning**
  - Identify elements to address in planning
  - Fair governance and structure
  - Stakeholders
  - Fair employees
  - Fairgrounds property
  - Funding: Earned revenues; subsidies, grants; allocations; horse racing; other gaming revenue; licensing; endorsements; sponsorships
  - Maintaining strong connections to California Agriculture
  - Other
- **Public policy considerations**
  - Role and benefits of Fairs
  - Connection to agriculture
  - Role of horse racing and/or other forms of gaming as revenue source(s) for Fairs
  - Social importance
  - Benefits both to state and to local communities
  - Economic importance & role as employer
  - Other
- **Road map for change**
  - Draft requisite legislation
  - Create *Playbook for Change* to assist Fair decision-makers
  - Develop menu of governance and re-structuring options
  - Create platform for resources to assist with change using existing institutions: legal; economic; financial; legislative
  - Funding for planning and transition
  - Implementation team
- **Sustainable business models for Fairs, consistent with policy considerations**

**Prospective tagline for planning effort:**  
*California's Agricultural Fairs*  
*Preserving a Heritage; Building for the Future*

# PLANNING FOR THE FUTURE OF AGRICULTURAL FAIRS IN CALIFORNIA

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## *INTRODUCTION*

After the recent passage of budget legislation that eliminated Fair funding from the General Fund, each of California's District Agricultural Associations find themselves in the unenviable position of functioning as a state agency, with all the associated limitations, costs and requirements of that status, yet without the corresponding benefit of receiving public funding. Now is the time to create an opportunity, through changes in legislation, for DAA's to re-organize into a more flexible and agile structure. **As Fairs plan for the future, it's important that the industry and individual Fairs find new, innovative and diversified sources of revenue so as to no longer be reliant on public funding. Well-considered, alternative Fair governance structures could allow Fairs the entrepreneurial freedom to pursue a broad spectrum of innovative and diversified revenue opportunities.**

Elimination of Fair funding may also create the necessity to re-organize the manner in which the Fair industry is organized at the state level.

A state-level Fair industry organization could be structured to assist in finding new, innovative and diversified revenue sources from efforts and enterprises in the following areas: 1) branding and sponsorships; 2) marketing partnerships and agreements; 3) certification of products or merchandise; product endorsements (such as feed or pharmaceuticals for livestock shown at Fairs); 4) licensing; 5) merchandizing of products; 6) revenues from gaming activities, such as horse racing, tribal casinos, and internet wagering whether in the form of license fees or as an operator. Thoughts and considerations on a re-structured state-level organization for the Fair industry appear below in the sections entitled **A CALIFORNIA AGRICULTURAL FAIRS COMMISSION.**

This document will suggest approaches to a spectrum of issues which the Fair industry and stakeholders may wish to explore as they plan for the future. These may include the following: 1) role and purpose of Fairs, including their mission of public service and support of agriculture; 2) California public policy with respect to Fairs; 2) review of prospective governance structures appropriate for Fairs in the future; 3) new, innovative and diversified funding sources for Fairs and for the Fair industry; 4) Fair industry organization at the State level.



# PLANNING FOR THE FUTURE OF AGRICULTURAL FAIRS IN CALIFORNIA

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## *ASSUMPTIONS AND BACKGROUND CONSIDERATIONS*

Certain assumptions and background considerations inform this planning process. These include the following.

- Elimination funding for Fairs from the FY 2011-12 State Budget will likely result in the **necessity to re-structure District Agricultural Association Fairs.**
- Elimination of Fair funding will likely result in the **necessity to re-structure the state-level organization of California's agricultural Fairs.**
- California's agricultural Fairs are an important part of the social fabric of California life. Fairs play an important role of public service in their local communities.
- California's agricultural Fairs sit at the intersection of three pillars of the California economy: agriculture; entertainment; tourism.
- California's agricultural Fairs employ thousands of Californians and create \$\_\_\_ billion [*confirm number*] in economic impact.
- Section 4601 ff of the Agricultural Code describes and enables formation of California Citrus Fairs. The Citrus Fair model may provide an alternative governance structure for District Agricultural Associations seeking to restructure.
- A Joint Powers Authority model may also provide an alternative governance structure for District Agricultural Associations seeking to restructure.
- California's agricultural Fairs will recognize the necessity to form a non-governmental statewide California Agricultural Fairs Commission to promote, certify, self-regulate and generally protect the interest of the CA Fair industry.
- A Fairs Commission may include the following organizational considerations: governance structure; purpose; scope of authority; management structure; membership and criteria for membership, including voting rights; mechanisms for self-regulation to protect interest of industry; prospective revenue sources; determination of annual budget.
- **Any new Fair governance structure should allow Fairs the entrepreneurial freedom to pursue a broad spectrum revenue opportunities. The Fair industry and individual Fairs must find new, innovative and diversified sources of revenue so as to no longer be reliant on public funding.**

## PLANNING FOR THE FUTURE OF AGRICULTURAL FAIRS IN CALIFORNIA

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### *PROSPECTIVE FAIR GOVERNANCE STRUCTURES*

As noted in the opening paragraphs above, elimination of Fair funding has created the necessity for DAA's to re-organize into a more flexible, entrepreneurial and agile structure. Governor Brown and Secretary Ross, recognizing that CDFR and existing state-level Fair organizations have the obligation to lead this transition to a new future, have directed that the industry initiate a program of planning for the future of agricultural Fairs in California. The Secretary's consortium of stakeholders is the forum in which those discussions will begin.

The Secretary of Food and Agricultural has directed that Fair industry stakeholders undertake a program of planning to respond to the changing necessities of the Fair industry.

Each of the following Fair governance structures is a possibility for DAA's contemplating re-structuring. Each structure, its benefits and its characteristics could be described in more detail in a *California's Agricultural Fairs: Play-Book for Change*.

- **Agricultural Fair based on a citrus Fair model.**
- **Joint Powers Authority in association with a City/County/other Fair(s).**
- **County department or agency.**
- **City department or agency.**
- **Special District.**
- **Special Statutory Entity**
- **Other**

One element of planning, transition and change could be preparation of planning guidelines entitled *California's Agricultural Fairs: Play-Book for Change* that describes choices, plans and actions that may be taken by individual DAA Fairs at the local level. In the interest of stimulating discussion along these lines, it is suggested that DAA's may select from the menu of new structures described in this document as they contemplate how they organize themselves for the future.

## PLANNING FOR THE FUTURE OF AGRICULTURAL FAIRS IN CALIFORNIA

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### *PROSPECTIVE FAIRS' GOVERNANCE STRUCTURES* **AGRICULTURAL FAIR**

California Food and Agricultural Code (Sections 4601ff.) provides for and describes a category of Fair known as a “citrus fruit fair”. The structure of a citrus fruit fair is often acknowledged as the most flexible existing fair structure in statute, insofar as it allows certain characteristics accorded a public agency and certain characteristics accorded a private entity.

#### *Objective*

Create a new category of fair known as an **Agricultural Fair**, structured in a manner similar to citrus fruit fairs; allow DAA's to re-organize into this new structure so as to allow them to operate as local public agencies.

#### *Proposal*

The following is proposed: revise and expand the existing language in the Food and Agriculture Code which describes “citrus fruit fairs” to create a new category of Fair with the same flexible structure as citrus fruit fairs. This category of fair shall be known as an “**Agricultural Fair**”. Define and describe **Agricultural Fair** using the same language and description as presently define and describe “citrus fruit fair”. Permit this new category of **Agricultural Fair** to be governed as a non-profit or as a JPA. Allow District Agricultural Associations, by a majority vote of their Board and by declaration of the Secretary of CDFA, to become **Agricultural Fairs**. Allow likewise for California State Fair and Exposition. Require that **Agricultural Fairs** operate with transparency per following: 1) require performance of an annual audit to standards set by the Secretary and 2) conduct their meetings according to the Brown Act. Create a commission, made up of persons with expertise in management of fairs, to advise the Secretary on governance and oversight matters relating to agricultural fairs.

#### *Tactical Considerations and Actions*

Prepare language and pursue legislation to accomplish objectives above. Proposal has characteristics that may help it find traction in current political climate: 1) takes state government out of the Fair business; 2) governance of Fairs devolves to local level; 3) transparency; 4) desire from DAA's to find new structure appropriate for current circumstances; 5) helps Fairs without requiring state funds.

**PLANNING FOR THE FUTURE  
OF AGRICULTURAL FAIRS IN CALIFORNIA**

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**PROSPECTIVE FAIR GOVERNANCE STRUCTURES:  
AGRICULTURAL FAIR**

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**for**

**Insertion of Language Describing Fairs Structured as**

**Agricultural Fair**

**PLANNING FOR THE FUTURE  
OF AGRICULTURAL FAIRS IN CALIFORNIA**

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**PROSPECTIVE FAIR GOVERNANCE STRUCTURES:  
JOINT POWERS AUTHORITY**

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**for**

**Insertion of Language Describing JPA Structure for Fairs**

**PLANNING FOR THE FUTURE  
OF AGRICULTURAL FAIRS IN CALIFORNIA**

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**PROSPECTIVE FAIR GOVERNANCE STRUCTURES:  
INCORPORATION OF A FAIR INTO A COUNTY OR A MUNICIPALITY**

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**for**

**Insertion of Language Describing Incorporation of a Fair into a  
County or a Municipality**

**PLANNING FOR THE FUTURE  
OF AGRICULTURAL FAIRS IN CALIFORNIA**

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**PROSPECTIVE FAIR GOVERNANCE STRUCTURES:  
SPECIAL DISTRICT**

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Structured as a Special District**

**PLANNING FOR THE FUTURE  
OF AGRICULTURAL FAIRS IN CALIFORNIA**

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**PROSPECTIVE FAIR GOVERNANCE STRUCTURES:  
SPECIAL STATUTORY ENTITY**

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Structured as a Special Statutory Entity**



## PLANNING FOR THE FUTURE OF AGRICULTURAL FAIRS IN CALIFORNIA

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### *EMPLOYEES*

#### *Continuation of CalPERS Benefits for Fair Employees*

Continuation of CalPERS' benefits for Fair employees will be one of the most important and sensitive issues to tackle in planning for re-structuring of Fairs. **Our objective: maintain and continue a CalPERS benefits' package for Fair employees equivalent to or better than that in place presently.** To that end, it would be advisable to open discussion with CalPERS as soon as possible on the subject. CalPERS can advise as to the best approach to follow.

It is suggested that Fairs consider use of an existing JPA (e.g., CFSA) to act as "public agency employer" for those Fairs who might prefer a third-party entity to handle employment and HR matters. This could be an available option.

Here are a few suggestions for discussion items that might open the dialog with CalPERS.

1. What sort of PERS retirement and medical benefit package could be available for employees of a Fair if the Fair re-structured as a non-profit, a JPA or a special district?
2. What is the nature of the CalPERS contract with Cloverdale Citrus Fair?
3. What's the definition of a "public agency employer" for purposes of determining eligibility for CalPERS-contracted coverage?
4. Would re-structured District Agricultural Associations fit the PERS' definition of "public agency employer" for purposes of determining eligibility for CalPERS-contracted coverage?
5. How does PERS determine eligibility for coverage under "public agency" contracts? Who within CalPERS makes the determination? What characteristics must an agency demonstrate to ensure eligibility for PERS-contracted coverage?
6. What would be the mechanism for transferring current employee service credit if an employee moved from a District Agricultural Association employer to a public agency or other category of employer? Would an employee be required to leave employment at one agency and be re-hired at the new agency?
7. Can CalPERS cite examples of similar organizational re-structuring in which the carryover/transfer of CalPERS benefits has been successfully carried out?

## PLANNING FOR THE FUTURE OF AGRICULTURAL FAIRS IN CALIFORNIA

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### *EMPLOYEES* (cont'd)

8. What is the menu of coverage options that might be available to a re-structured Fair public agency employer? Could the employee benefits package exceed the coverage presently available to DAA's?
9. Would there be any economy-of-scale or other value in negotiating a public agency contract with CalPERS through a single agency on behalf of a group of Fairs?
10. Here's a link to the CalPERS website for interested employers.

<http://www.calpers.ca.gov/index.jsp?bc=/employer/interested/home.xml>

### *Employee Representation by Unions*

It is suggested that discussions begin as soon as possible to include unions that presently represent Fair employees to join in the discussions of managing change for the future. Fair employees are our most important resource; good labor relations during this process of change are critical to its success. Our deep and abiding concern during this planning process is to keep California's agricultural Fairs vital and healthy and providing jobs for Californians.

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**PLANNING FOR THE FUTURE  
OF AGRICULTURAL FAIRS IN CALIFORNIA**

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## PLANNING FOR THE FUTURE OF AGRICULTURAL FAIRS IN CALIFORNIA

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### *FAIRGROUNDS REAL PROPERTY*

Ownership of Fairgrounds properties around the state of California exhibits a wide spectrum of characteristics. These may include a variety of local ownership circumstances at individual Fairgrounds: ownership by the state of California, ownership by counties; municipalities; private bequests; private ownership with restrictive covenants or combinations of the foregoing. Fairgrounds ownership circumstances include instances in which the aggregated parcels of property which constitute a Fairgrounds are owned by different entities and have covenants or other legal limitations on use or disposition.

Meaningful re-structuring of Fairgrounds governance entities would include an arrangement under which use and/or disposition of Fairgrounds property is handled in a manner that assures stability for the Fairs' continuing mission of public service and support of California agriculture and commerce. Such arrangement might include the following:

- **Fairgrounds remain under present ownership with agreements for continuing use by Fair.** This arrangement could assure that Fairgrounds property could be used for Fairs' continuing mission of public service and support of California agriculture. Long-term lease agreements could assure stability for this continuing use. This arrangement could include the Fairgrounds remaining under state ownership.
- **Other**
- **Relief from tax liabilities for Fairgrounds property** should be a component of planning and legislation related to any change in status for Fairgrounds' properties. Such relief might take a variety of forms, but should address relief on property taxes, possessory interest taxes, etc. Such relief is consistent with the public service use of Fairgrounds.

# PLANNING FOR THE FUTURE OF AGRICULTURAL FAIRS IN CALIFORNIA

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## ***RE-STRUCTURING AT THE STATE LEVEL: A CALIFORNIA AGRICULTURAL FAIRS COMMISSION***

### **Conceptual Considerations**

Elimination of Fair funding may also create the necessity to re-organize the manner in which the Fair industry is organized at the state level.

While reviewing the prospects and possibilities for these restructurings, the author considered the manner in which other industries have organized themselves in response to analogous needs. Included in this consideration were professional sports leagues (major league baseball; NFL; etc), the CA Tourism Board and California agricultural commodity marketing boards. Each type of structure and organization has elements and characteristics which may lend themselves to consideration by the Fair industry as it deliberates choices on the road ahead.

The CA Fair industry may wish to consider the following organizational aspects as they may apply to a state-level entity which represents and protects its interests.

- Governance structure
- Purpose and scope of authority
- Management structure
- Membership
- Criteria for membership
- Voting rights
- Self-regulation to protect interest of industry
- Prospective revenue sources
- Determination of annual budget

Please see assorted constitutions, by-laws and other foundation documents for analogous industry organizations in ***Supplemental Attachments***.

## PLANNING FOR THE FUTURE OF AGRICULTURAL FAIRS IN CALIFORNIA

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### *RE-STRUCTURING AT THE STATE LEVEL:* *A CALIFORNIA AGRICULTURAL FAIRS COMMISSION* Governing Principles & Prospective Structure

The Fair industry may wish to consider formation of a **California Agricultural Fairs Commission** to promote, certify, self-regulate and generally protect the interest of the CA Fair industry. These suggestions are offered in the spirit of stimulating discussion on this important matter.

Such a Commission might conduct its affairs as follows.

- Operate as a public entity but not a governmental agency.
- Operate as a business league maintained for the benefit of member Fairs.
- A Board of Directors would govern Commission affairs, appoint a Commissioner and approve the Commission's annual budget.
- The Board of Directors might be selected as follows: three Directors will be Fair managers elected by regional member Fairs from three regions, Northern, Central and Southern; three Directors will be elected at large and must be Fair CEO's, Fair Directors or associated with the Fair industry; one Director will be a Public Director appointed by the California Secretary of Food and Agriculture.
- Maintain offices in Sacramento.
- Be constituted so as to be capable of entering into contracts and incurring indebtedness on behalf of member Fairs.
- Be constituted so as to be capable of negotiating sponsorship, licensing, merchandizing or marketing agreements on behalf of its member Fairs.
- Adopt standards and protocols for health, safety and financial solvency of member Fairs and Fair vendors.
- Be constituted with authority to certify or de-certify member Fairs and Fair vendors.
- Adopt and enforce standards for certification of member Fairs.
- Only certified Fairs may be voting members.
- **Guiding principles:** Public education; financially self-sustaining; responsible management; community service and strengthening bonds to CA production agriculture.

# PLANNING FOR THE FUTURE OF AGRICULTURAL FAIRS IN CALIFORNIA

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## *RE-STRUCTURING AT THE STATE LEVEL: A CALIFORNIA AGRICULTURAL FAIRS COMMISSION*

### Prospective Funding Sources

Elimination of Fair funding from the state's budget will also create the necessity to find new funding sources, not only for Fairs at the local level but for any state-level organization which represents Fairs. If the CA Fair industry elects to proceed with formation of a California Agricultural Fairs Commission, one of its principle objectives will be to find funding to support and to promote the network of California Fairs. A California Agricultural Fairs Commission might consider funding from the following sources.

- License fees from service members and vendors.
- Statewide sponsorships, with a focus on CA agriculture-related industries.
- Develop statewide templates for local sponsorships.
- Branding and marketing partnerships or agreements; certification of products (i.e., *Good Housekeeping*); product endorsements (such as feed or pharmaceuticals for livestock shown at Fairs); licensing and merchandizing of products.
- Revenues from gaming activities, whether in the form of license fees or as an operator: horse racing; tribal casinos; internet wagering.
- Fees for services.
- **Check-off**'s, as in CA agricultural commodity Marketing Boards.

## **PLANNING FOR THE FUTURE OF AGRICULTURAL FAIRS IN CALIFORNIA**

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### ***CONCLUSION***

As noted earlier in this document, Agricultural Fairs have been woven into the fabric of their local communities in California since the days of the Gold Rush. Fairs provide important economic, emergency and social services to the communities in which they reside. Fairs employ thousands of Californians. Fairs support California agriculture, a foundation industry of this state's economy and social life. Fairs intersect with three pillars of California commerce: tourism; entertainment and agriculture. Fairs are an important part of life in California.

Now more than ever, it's time for leadership in the Fair industry and in California's agricultural sector to lay out a sensible and realistic new future for California Fairs. This new future may include significant re-structuring both at the local and at the State-wide level. The new future must include diversified and innovative revenue sources that move Fairs away from reliance on State allocations. California's agricultural Fairs can draw on a proud heritage as they build for a new future.

### **CALIFORNIA'S AGRICULTURAL FAIRS: *PRESERVING A HERITAGE; BUILDING FOR THE FUTURE***

##



# CALIFORNIA FAIRS



## LEGEND

- Fair Site
- + Fairs with Live Racing
- Satellite Wagering Facility
- Special Event Centers
- OES Mobilization Sites

DAA= District Agricultural Association



**California Authority of Racing Fairs**  
**Agency Income Statement**  
**June 30, 2011**

	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2012</b>
	<b>Year End</b>	<b>Year End</b>	<b>YTD</b>	<b>YTD</b>	<b>Annual</b>	<b>Budget</b>	<b>% Budget</b>	<b>Forecast</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>		<b>Budget</b>
<b>Revenue:</b>								
Other Revenue	148	(2,326)	45	0	500	(500)	0%	0
Interest Income	30,515	18,003	14,463	11,079	30,000	(18,921)	37%	0
Member Dues	282,532	290,107	146,457	145,802	292,913	(147,111)	50%	290,000
CARF South Programs Admin Fee	25,351	21,256	11,578	9,293	18,806	(9,513)	49%	15,000
CARF Projects Admin Fee	66,063	141,872	30,263	410,503	195,000	215,503	211%	0
CARF Live Racing Admin Fee	112,869	108,854	63,587	99,188	182,611	(83,423)	54%	85,000
CARF @ Leased Facility Revenue	(311,170)	0	0	0	0	0	0%	0
<b>Total Revenue</b>	<b>206,308</b>	<b>577,767</b>	<b>266,393</b>	<b>675,865</b>	<b>719,830</b>	<b>(43,966)</b>	<b>94%</b>	<b>390,000</b>
<b>Expenses:</b>								
Salaries	226,671	241,506	105,548	133,668	305,173	171,505	44%	363,208
Employee Benefits	23,714	18,890	8,752	19,545	30,000	10,455	65%	39,000
Post Retirement Benefits	666,317	33,688	17,235	17,413	35,000	17,587	50%	35,000
Payroll Taxes	12,487	12,529	6,726	8,082	15,000	6,918	54%	18,000
Accounting Costs	17,209	17,272	8,451	12,009	18,750	6,741	64%	26,250
Audit Services	7,125	6,375	3,750	6,300	6,375	75	99%	8,925
Automobile Expense	435	10,650	7,307	468	4,000	3,532	12%	4,000
Contracted Services	543	10,435	2,978	1,544	5,000	3,456	31%	5,000
Depreciation	13,881	11,985	6,789	0	10,000	10,000	0%	10,000
Dues & Subscriptions	36,048	11,952	5,791	741	1,000	259	74%	1,000
Insurance Expense	37,784	37,127	18,573	18,555	41,000	22,445	45%	41,000
Legal Expenses	11,413	21,720	16,412	7,372	12,500	5,128	59%	12,500
Legislative Expenses	53,508	53,796	27,190	28,102	63,000	34,898	45%	63,000
Meetings Expense	5,398	6,852	1,957	2,737	5,000	2,263	55%	5,000
Misc. (Ag Day Sponsor)	2,482	2,010	1,595	3	2,500	2,497	0%	3,100
Office Supplies	23,754	27,882	15,678	14,323	25,000	10,677	57%	25,000
Postage & Shipping	5,987	3,117	1,492	1,878	4,000	2,122	47%	4,000
Rent (Tribute Road)	38,916	38,265	19,872	17,885	45,000	27,115	40%	45,000
Repairs & Maintenance	0	674	674	0	1,000	1,000	0%	1,000
Telephone Expense	7,390	9,492	4,401	5,985	10,000	4,015	60%	11,000
Training	0	0	895	0	2,500	2,500	0%	2,500
Travel Expense	25,280	27,226	12,080	4,511	27,500	22,989	16%	27,750
<b>Total Expenses</b>	<b>1,216,340</b>	<b>603,445</b>	<b>294,145</b>	<b>301,119</b>	<b>669,298</b>	<b>368,179</b>	<b>45%</b>	<b>751,233</b>
<b>Agency Income (Loss)</b>	<b>(1,010,031)</b>	<b>(25,678)</b>	<b>(27,752)</b>	<b>374,746</b>	<b>50,532</b>	<b>324,213</b>		<b>(361,233)</b>
<b>Southern Program Income (Loss)</b>	<b>7,142</b>	<b>8,153</b>	<b>4,655</b>	<b>1,570</b>	<b>2,444</b>	<b>(19,901)</b>		<b>6,250</b>
<b>Total B/S Net Income (Loss)</b>	<b>(1,002,890)</b>	<b>(17,525)</b>	<b>(23,098)</b>	<b>376,315</b>	<b>52,976</b>	<b>304,313</b>		<b>(354,983)</b>

**California Authority of Racing Fairs  
Southern Region Income Statement  
June 30, 2011**

	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2012</b>
	<b>Year End</b>	<b>Year End</b>	<b>YTD</b>	<b>YTD</b>	<b>Annual</b>	<b>Budget</b>	<b>% Budget</b>	<b>Forecast</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>		<b>Budget</b>
<b>Program Revenue:</b>								
Program Sales	343,634	285,716	154,381	133,944	250,750	(116,806)	53%	250,750
Other Revenue	0	0	0	0	0	0	0%	0
Royalties/Fees Due Host	(311,141)	(256,307)	(138,149)	(123,082)	(229,500)	106,418	54%	(229,500)
<b>Total Revenue</b>	<b>32,493</b>	<b>29,409</b>	<b>16,233</b>	<b>10,863</b>	<b>21,250</b>	<b>(10,387)</b>	<b>51%</b>	<b>21,250</b>
<b>Expenses:</b>								
Legal Expenses	0	0	0	0	0	0	0%	0
Meetings Expense	0	0	0	0	0	0	0%	0
Misc Exp.(Storage)	0	0	0	0	0	0	0%	0
Office Supplies	0	0	0	0	0	0	0%	0
Paper Expense	0	0	0	0	0	0	0%	0
Postage & Shipping	0	0	0	0	0	0	0%	0
Printing Supplies	0	0	0	0	0	0	0%	0
Rent & Utility Expenses	0	0	0	0	0	0	0%	0
Repairs & Maintenance	0	0	0	0	0	0	0%	0
Telephone Expense	0	0	0	0	0	0	0%	0
Travel Expense	0	0	0	0	0	0	0%	0
<b>Total Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>
Operating Income (Loss)	32,493	29,409	16,233	10,863	21,250	(10,387)	51%	21,250
CARF Admin Fee	25,351	21,256	11,578	9,293	18,806	9,513	49%	15,000
Rebate								
<b>Income (Loss)</b>	<b>7,142</b>	<b>8,153</b>	<b>4,655</b>	<b>1,570</b>	<b>2,444</b>	<b>(19,901)</b>	<b>64%</b>	<b>6,250</b>

**California Authority of Racing Fairs  
Project Management Income Statement  
June 30, 2011**

	<b>2009 Year End Actual</b>	<b>2010 Year End Actual</b>	<b>2010 YTD Actual</b>	<b>2011 YTD Actual</b>	<b>2011 Annual Budget</b>	<b>2011 Budget Variance</b>	<b>2011 % Budget</b>	<b>2012 Forecast Budget</b>
<b>Revenue:</b>								
CARF Admin Fee	66,063	141,872	31,763	410,503	195,000	215,503	211%	0
Project Management	79,199	85,559	36,165	0	81,935	(81,935)	0%	0
<b>Total Revenue</b>	<b>145,262</b>	<b>227,432</b>	<b>67,928</b>	<b>410,503</b>	<b>276,935</b>	<b>133,568</b>	<b>148%</b>	<b>0</b>
<b>Expenses:</b>								
Salaries Expense	58,723	63,396	26,699	0	58,035	58,035	0%	0
Employee Benefits	7,287	8,538	4,266	0	9,000	9,000	0%	0
Payroll Taxes	2,832	3,076	1,510	0	3,000	3,000	0%	0
Accounting Costs	6,500	6,620	3,250	0	7,500	7,500	0%	0
Audit Services	2,550	2,550	1,500	0	2,550	2,550	0%	0
Automobile Expense	0	0	0	0	0	0	0%	0
Contracted Services	0	0	0	0	0	0	0%	0
Telephone Expense	708	754	371	0	1,000	1,000	0%	0
Travel Expense	42	68	68	0	250	250	0%	0
Misc. Storage	558	558	0	0	600	600	0%	0
<b>Total Expenses</b>	<b>79,199</b>	<b>85,559</b>	<b>37,665</b>	<b>0</b>	<b>81,935</b>	<b>81,935</b>	<b>0%</b>	<b>0</b>
<b>CARF Admin Fee</b>	<b>66,063</b>	<b>141,872</b>	<b>30,263</b>	<b>410,503</b>	<b>195,000</b>	<b>(215,503)</b>	<b>211%</b>	<b>0</b>

**California Authority of Racing Fairs  
Live Racing Income Statement  
June 30, 2011**

2009 = 79dys 2010 = 64 days

2011 = 58 days

	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2012</b>
	<b>Year End</b>	<b>Year End</b>	<b>YTD</b>	<b>YTD</b>	<b>Annual</b>	<b>Budget</b>	<b>% Budget</b>	<b>Forecast</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>		<b>Budget</b>
<b>Revenues:</b>								
Change Fund Admin Fee	17,065	14,074	10,014	0	15,000	(15,000)	0%	0
Racing Fairs Admin Fee	74,561	69,032	24,574	16,689	85,111	(68,422)	20%	85,000
Supplemental Purses Admin Fee	22,000	22,000	0	82,500	82,500	0	100%	0
NCOTWINC Reimbursement	29,000	29,000	29,000	0	29,000	(29,000)	0%	0
Racing Fairs Reimbursement	1,059,854	1,003,686	407,170	310,315	1,082,942	(772,627)	29%	1,111,700
Advertising Revenue	4,100	4,550	0	4,750	4,000	750	119%	4,000
<b>Total</b>	<b>1,206,580</b>	<b>1,142,343</b>	<b>470,757</b>	<b>414,253</b>	<b>1,298,553</b>	<b>(884,300)</b>	<b>32%</b>	<b>1,200,700</b>
<b>Expenses:</b>								
Salaries	230,562	255,146	108,164	101,021	251,517	150,496	40%	251,500
Employee Benefits	44,792	46,948	23,601	22,800	47,000	24,200	49%	47,000
Payroll Taxes	11,877	13,103	6,393	5,902	13,500	7,598	44%	13,500
Accounting Costs	52,250	43,035	21,125	21,130	48,750	27,620	43%	48,700
Audit Services	16,575	25,323	16,878	11,700	16,575	4,875	71%	16,500
Automobile Expense	1,182	64	64	0	5,100	5,100	0%	5,000
Depreciation	0	0	0	0	0	0	0%	0
Dues & Subscriptions, NTRA	12,286	10,109	5,055	0	1,000	1,000	0%	1,000
Insurance Expense	0	0	0	0	0	0	0%	0
Legal Expenses	0	8,734	15,469	0	10,000	10,000	0%	10,000
Meetings Expense	1,111	3,440	2,379	301	5,000	4,699	6%	5,000
Misc. Exp (Storage,Bank fee)	58	0	0	0	0	0	0%	0
Telephone Expense	3,363	3,924	1,961	1,225	3,000	1,775	41%	3,000
Travel Expense	45,184	29,898	6,499	7,353	35,000	27,647	21%	35,000
<b>Sub-Totals</b>	<b>419,240</b>	<b>439,725</b>	<b>207,590</b>	<b>171,432</b>	<b>436,442</b>	<b>265,010</b>	<b>39%</b>	<b>436,200</b>
<b>Racing Support Services:</b>								
Announcer	26,596	23,904	2,875	9,150	26,000	16,850	35%	26,000
Condition Bk/Program Cover	22,491	15,245	13,060	6,493	20,000	13,507	32%	20,000
Courier Service (Pgm Distribution)	0	0	0	0	0	0	0%	0
Racing Operations Support	79,601	78,325	53,965	45,988	90,000	44,012	51%	90,000
TC02 Testing	54,880	7,425	1,450	0	15,000	15,000	0%	15,000
Marketing	1,783	3,901	2,958	100	5,000	4,900	2%	5,000
Network Management	3,321	1,548	791	844	3,000	2,156	28%	3,000
Paymaster	20,298	8,106	3,698	2,607	11,500	8,893	23%	11,500
Program Production	178,814	179,004	19,976	27,068	205,000	177,932	13%	205,000
Racing Office System	53,156	43,739	13,082	6,839	55,000	48,161	12%	55,000
Recruitment	22,721	31,108	20,584	9,539	10,000	461	95%	10,000
Jumbo Screen	125,000	126,250	51,000	10,200	160,000	149,800	6%	160,000
Supplies	19,158	15,964	693	802	20,000	19,198	4%	20,000
Tattooing	20,469	17,200	4,660	7,505	19,000	11,495	40%	19,000
Timing/Clocker	22,430	22,805	3,625	2,334	0	(2,334)	0%	0
Transportation	3,465	2,150	0	500	5,000	4,500	10%	6,250
TV Production/Simulcast	20,288	17,088	7,163	13,663	35,000	21,337	39%	35,000
<b>Sub-Totals</b>	<b>674,471</b>	<b>593,763</b>	<b>199,581</b>	<b>143,633</b>	<b>679,500</b>	<b>535,867</b>	<b>21%</b>	<b>680,750</b>
<b>Total Expenses</b>	<b>1,093,711</b>	<b>1,033,488</b>	<b>407,170</b>	<b>315,065</b>	<b>1,115,942</b>	<b>800,877</b>	<b>28%</b>	<b>1,116,950</b>
<b>CARF Admin Fee</b>	<b>112,869</b>	<b>108,854</b>	<b>63,587</b>	<b>99,188</b>	<b>182,611</b>	<b>83,423</b>	<b>54%</b>	<b>83,750</b>



**California Authority of Racing Fairs  
Agency Income Statement  
Estimated 2011 Year End**

	<b>2009 Year End Actual</b>	<b>2010 Year End Actual</b>	<b>2011 Estimated Year End</b>	<b>2011 Annual Budget</b>	<b>2011 Budget Variance</b>	<b>2011 % Budget</b>	<b>2012 Forecast Budget</b>
<b>Revenue:</b>							
Other Revenue	148	(2,326)	0	500	(500)	0%	0
Interest Income	30,515	18,003	16,079	30,000	(13,921)	54%	0
Member Dues	282,532	290,107	288,330	292,913	(4,583)	98%	290,000
CARF South Programs Admin Fee	25,351	21,256	18,586	18,806	(220)	99%	15,000
CARF Projects Admin Fee	66,063	141,872	410,503	195,000	215,503	211%	0
CARF Live Racing Admin Fee	112,869	108,854	158,189	182,611	(24,422)	87%	85,000
CARF @ Leased Facility Revenue	(311,170)	0	0	0	0	0%	0
<b>Total Revenue</b>	<b>206,308</b>	<b>577,767</b>	<b>891,686</b>	<b>719,830</b>	<b>171,856</b>	<b>124%</b>	<b>390,000</b>
<b>Expenses:</b>							
Salaries	226,671	241,506	263,668	305,173	41,505	86%	363,208
Employee Benefits	23,714	18,890	29,545	30,000	455	98%	39,000
Post Retirement Benefits	666,317	33,688	34,826	35,000	174	100%	35,000
Payroll Taxes	12,487	12,529	15,000	15,000	(0)	100%	18,000
Accounting Costs	17,209	17,272	18,509	18,750	241	99%	26,250
Audit Services	7,125	6,375	6,300	6,375	75	99%	8,925
Automobile Expense	435	10,650	3,968	4,000	32	99%	4,000
Contracted Services	543	10,435	4,544	5,000	456	91%	5,000
Depreciation	13,881	11,985	10,000	10,000	0	100%	10,000
Dues & Subscriptions	36,048	11,952	741	1,000	259	74%	1,000
Insurance Expense	37,784	37,127	39,277	41,000	1,723	96%	41,000
Legal Expenses	11,413	21,720	12,372	12,500	128	99%	12,500
Legislative Expenses	53,508	53,796	62,102	63,000	898	99%	63,000
Meetings Expense	5,398	6,852	4,737	5,000	263	95%	5,000
Misc. (Ag Day Sponsor)	2,482	2,010	2,000	2,500	500	80%	3,100
Office Supplies	23,754	27,882	15,323	25,000	9,677	61%	25,000
Postage & Shipping	5,987	3,117	3,878	4,000	122	97%	4,000
Rent (Tribute Road)	38,916	38,265	45,000	45,000	0	100%	45,000
Repairs & Maintenance	0	674	1,000	1,000	0	100%	1,000
Telephone Expense	7,390	9,492	9,985	10,000	15	100%	11,000
Training	0	0	2,500	2,500	0	100%	2,500
Travel Expense	25,280	27,226	24,511	27,500	2,989	89%	27,750
<b>Total Expenses</b>	<b>1,216,340</b>	<b>603,445</b>	<b>609,785</b>	<b>669,298</b>	<b>59,513</b>	<b>91%</b>	<b>751,233</b>
<b>Agency Income (Loss)</b>	<b>(1,010,031)</b>	<b>(25,678)</b>	<b>281,902</b>	<b>50,532</b>	<b>231,370</b>		<b>(361,233)</b>
<b>Southern Program Income (Loss)</b>	<b>7,142</b>	<b>8,153</b>	<b>2,277</b>	<b>2,444</b>	<b>(608)</b>		<b>6,250</b>
<b>Total B/S Net Income (Loss)</b>	<b>(1,002,890)</b>	<b>(17,525)</b>	<b>284,178</b>	<b>52,976</b>	<b>230,762</b>		<b>(354,983)</b>

**California Authority of Racing Fairs  
Southern Region Income Statement  
Estimated 2011 Year End**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2012</b>
	<b>Year End</b>	<b>Year End</b>	<b>Estimated</b>	<b>Annual</b>	<b>Budget</b>	<b>% Budget</b>	<b>Forecast</b>
	<b>Actual</b>	<b>Actual</b>	<b>Year End</b>	<b>Budget</b>	<b>Variance</b>		<b>Budget</b>
<b>Program Revenue:</b>							
Program Sales	343,634	285,716	258,944	250,750	8,194	103%	250,750
Other Revenue	0	0	0	0	0	0%	0
Royalties/Fees Due Host	(311,141)	(256,307)	(238,082)	(229,500)	(8,582)	104%	(229,500)
<b>Total Revenue</b>	<b>32,493</b>	<b>29,409</b>	<b>20,863</b>	<b>21,250</b>	<b>(387)</b>	<b>98%</b>	<b>21,250</b>
<b>Expenses:</b>							
Legal Expenses	0	0	0	0	0	0%	0
Meetings Expense	0	0	0	0	0	0%	0
Misc Exp.(Storage)	0	0	0	0	0	0%	0
Office Supplies	0	0	0	0	0	0%	0
Paper Expense	0	0	0	0	0	0%	0
Postage & Shipping	0	0	0	0	0	0%	0
Printing Supplies	0	0	0	0	0	0%	0
Rent & Utility Expenses	0	0	0	0	0	0%	0
Repairs & Maintenance	0	0	0	0	0	0%	0
Telephone Expense	0	0	0	0	0	0%	0
Travel Expense	0	0	0	0	0	0%	0
<b>Total Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>
Operating Income (Loss)	32,493	29,409	20,863	21,250	(387)	98%	21,250
CARF Admin Fee	25,351	21,256	18,586	18,806	220	99%	15,000
Rebate							
<b>Income (Loss)</b>	<b>7,142</b>	<b>8,153</b>	<b>2,277</b>	<b>2,444</b>	<b>(608)</b>	<b>93%</b>	<b>6,250</b>



**California Authority of Racing Fairs  
Project Management Income Statement  
Estimated 2011 Year End**

	<b>2009 Year End Actual</b>	<b>2010 Year End Actual</b>	<b>2011 Estimated Year End</b>	<b>2011 Annual Budget</b>	<b>2011 Budget Variance</b>	<b>2011 % Budget</b>	<b>2012 Forecast Budget</b>
<b>Revenue:</b>							
CARF Admin Fee	66,063	141,872	410,503	195,000	215,503	211%	0
Project Management	79,199	85,559	0	81,935	(81,935)	0%	0
<b>Total Revenue</b>	<b>145,262</b>	<b>227,432</b>	<b>410,503</b>	<b>276,935</b>	<b>133,568</b>	<b>148%</b>	<b>0</b>
<b>Expenses:</b>							
Salaries Expense	58,723	63,396	0	58,035	58,035	0%	0
Employee Benefits	7,287	8,538	0	9,000	9,000	0%	0
Payroll Taxes	2,832	3,076	0	3,000	3,000	0%	0
Accounting Costs	6,500	6,620	0	7,500	7,500	0%	0
Audit Services	2,550	2,550	0	2,550	2,550	0%	0
Automobile Expense	0	0	0	0	0	0%	0
Contracted Services	0	0	0	0	0	0%	0
Telephone Expense	708	754	0	1,000	1,000	0%	0
Travel Expense	42	68	0	250	250	0%	0
Misc. Storage	558	558	0	600	600	0%	0
<b>Total Expenses</b>	<b>79,199</b>	<b>85,559</b>	<b>0</b>	<b>81,935</b>	<b>81,935</b>	<b>0%</b>	<b>0</b>
<b>CARF Admin Fee</b>	<b>66,063</b>	<b>141,872</b>	<b>410,503</b>	<b>195,000</b>	<b>(215,503)</b>	<b>211%</b>	<b>0</b>

**California Authority of Racing Fairs  
Live Racing Income Statement  
Estimated 2011 Year End**

2009 = 79dys 2010 = 64 days 2011 = 58 days

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2012</b>
	<b>Year End</b>	<b>Year End</b>	<b>Estimated</b>	<b>Annual</b>	<b>Budget</b>	<b>% Budget</b>	<b>Forecast</b>
	<b>Actual</b>	<b>Actual</b>	<b>Year End</b>	<b>Budget</b>	<b>Variance</b>		<b>Budget</b>
<b>Revenues:</b>							
Change Fund Admin Fee	17,065	14,074	0	15,000	(15,000)	0%	0
Racing Fairs Admin Fee	74,561	69,032	75,689	85,111	(9,422)	89%	85,000
Supplemental Purses Admin Fee	22,000	22,000	82,500	82,500	0	100%	0
NCOTWINC Reimbursement	29,000	29,000	0	29,000	(29,000)	0%	0
Racing Fairs Reimbursement	1,059,854	1,003,686	1,010,334	1,082,942	(72,608)	93%	1,111,700
Advertising Revenue	4,100	4,550	4,750	4,000	750	119%	4,000
<b>Total</b>	<b>1,206,580</b>	<b>1,142,343</b>	<b>1,173,272</b>	<b>1,298,553</b>	<b>(125,281)</b>	<b>90%</b>	<b>1,200,700</b>
<b>Expenses:</b>							
Salaries	230,562	255,146	251,021	251,517	496	100%	251,500
Employee Benefits	44,792	46,948	47,000	47,000	(0)	100%	47,000
Payroll Taxes	11,877	13,103	13,402	13,500	98	99%	13,500
Accounting Costs	52,250	43,035	48,750	48,750	0	100%	48,700
Audit Services	16,575	25,323	16,575	16,575	0	100%	16,500
Automobile Expense	1,182	64	5,000	5,100	100	98%	5,000
Depreciation	0	0	0	0	0	0%	0
Dues & Subscriptions, NTRA	12,286	10,109	0	1,000	1,000	0%	1,000
Insurance Expense	0	0	0	0	0	0%	0
Legal Expenses	0	8,734	0	10,000	10,000	0%	10,000
Meetings Expense	1,111	3,440	1,001	5,000	3,999	20%	5,000
Misc. Exp (Storage,Bank fee)	58	0	0	0	0	0%	0
Telephone Expense	3,363	3,924	3,000	3,000	(0)	100%	3,000
Travel Expense	45,184	29,898	32,353	35,000	2,647	92%	35,000
<b>Sub-Totals</b>	<b>419,240</b>	<b>439,725</b>	<b>418,102</b>	<b>436,442</b>	<b>18,340</b>	<b>96%</b>	<b>436,200</b>
<b>Racing Support Services:</b>							
Announcer	26,596	23,904	26,000	26,000	0	100%	26,000
Condition Bk/Program Cover	22,491	15,245	19,993	20,000	7	100%	20,000
Courier Service (Pgm Distribution)	0	0	0	0	0	0%	0
Racing Operations Support	79,601	78,325	90,988	90,000	(988)	101%	90,000
TC02 Testing	54,880	7,425	10,000	15,000	5,000	67%	15,000
Marketing	1,783	3,901	1,000	5,000	4,000	20%	5,000
Network Management	3,321	1,548	2,000	3,000	1,000	67%	3,000
Paymaster	20,298	8,106	8,000	11,500	3,500	70%	11,500
Program Production	178,814	179,004	200,000	205,000	5,000	98%	205,000
Racing Office System	53,156	43,739	30,000	55,000	25,000	55%	55,000
Recruitment	22,721	31,108	12,000	10,000	(2,000)	120%	10,000
Jumbo Screen	125,000	126,250	110,000	160,000	50,000	69%	160,000
Supplies	19,158	15,964	10,000	20,000	10,000	50%	20,000
Tattooing	20,469	17,200	15,000	19,000	4,000	79%	19,000
Timing/Clocker	22,430	22,805	0	0	0	0%	0
Transportation	3,465	2,150	2,000	5,000	3,000	40%	5,000
TV Production/Simulcast	20,288	17,088	60,000	35,000	(25,000)	171%	35,000
<b>Sub-Totals</b>	<b>674,471</b>	<b>593,763</b>	<b>596,981</b>	<b>679,500</b>	<b>82,519</b>	<b>88%</b>	<b>679,500</b>
<b>Total Expenses</b>	<b>1,093,711</b>	<b>1,033,488</b>	<b>1,015,084</b>	<b>1,115,942</b>	<b>100,858</b>	<b>91%</b>	<b>1,115,700</b>
<b>CARF Admin Fee</b>	<b>112,869</b>	<b>108,854</b>	<b>158,189</b>	<b>182,611</b>	<b>24,422</b>	<b>87%</b>	<b>85,000</b>

**California Authority of Racing Fairs  
CARF @ Leased Facility  
Estimated 2011 Year End**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>
	<b>Year End</b>	<b>Year End</b>	<b>Estimated</b>	<b>Annual</b>	<b>Budget</b>	<b>% Budget</b>
	<b>Actual</b>	<b>Actual</b>	<b>Year End</b>	<b>Budget</b>	<b>Variance</b>	
<b>Revenues:</b>						
Commissions - CARF@GG	2,859,642	0	0	0	0	0%
Non Wagering Revenue - CARF@GG	0	0	0	0	0	0%
<b>Total</b>	<b>2,859,642</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>Expenses:</b>						
PRA - Labor (Sal,Bene,Tax)	96,106	0	0	0	0	0%
PRA - COGS	0	0	0	0	0	0%
PRA - Financial Dept. Allocation	0	0	0	0	0	0%
PRA - Direct Invoices	2,998,791	0	0	0	0	0%
CARF Direct Invoices	18,531	0	0	0	0	0%
CARF Billback Allocation	57,383	0	0	0	0	0%
<b>Sub-Totals</b>	<b>3,170,811</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>CARF @ Leased Facility Net Income</b>	<b>-311,170</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>

**CALIFORNIA AUTHORITY OF RACING FAIRS**

**BALANCE SHEET**

**June 30, 2011**

**ASSETS**

	<b>CURRENT YTD</b>	<b>PRIOR YTD</b>
	<b>6/30/11</b>	<b>6/30/10</b>
<b>Current Assets</b>		
CASH - LAIF & INVESTMENTS	229,059	3,891,705
CASH - OPERATING/MM	966,132	422,418
CHECKING - TOC PURSE	(42,255)	1,373,571
CHECKING - RACING TRUST	1,697,421	12,601
MARKETABLE SECURITIES	2,428,456	4,177,471
A/R - DUES	78,637	22,026
A/R - PROGRAMS	37,037	103,513
A/R - RACING FAIRS	333,503	515,860
A/R - F&E/OTHER A/R	2,172,434	1,920,684
PREPAIDS/DEPOSITS	37,059	25,092
OPEB ASSETS	92,725	91,955
<b>Total Current Assets</b>	<b>8,030,207</b>	<b>12,556,894</b>
<b>Fixed Assets</b>		
AUTOMOBILE	37,967	2,296
FURNITURE & EQUIPMENT	1,646	2,059
COMPUTER HARDWARE/SOFTWARE	7,050	8,579
TRACK EQUIPMENT	259,712	59,400
<b>Total Fixed Assets (Net of Depr.)</b>	<b>306,374</b>	<b>72,334</b>
<b>TOTAL ASSETS</b>	<b>8,336,582</b>	<b>12,629,228</b>

**LIABILITIES & NET ASSETS**

<b>Current Liabilities</b>		
A/P & WITHHOLDINGS	856,082	983,380
A/P - PROGRAM ROYALTIES TO HOST	49,858	56,375
RACING DISTRIBUTIONS	277,449	(550,332)
PURSES	1,352,743	2,561,605
TRACK SAFETY/MAINT.	638,624	708,800
INFOTEXT UPGRADE	0	159,979
MISC PROJECT FUNDS	0	0
LOU-1 - TIMING/TRACK SURFACE/AREA ENHANC	0	0
LOU-2 - SPECIAL EVENT CENTERS	0	0
LOU-3 - SATELLITE SURVEY/TURF STUDY	0	0
EQUIPMENT REPLACEMENT FUND	0	1,311,961
LOU-5 - SYMPOSIUM	3,805	3,805
FACILITY IMPROVEMENTS & UPGRADES	169,583	517,765
CAPITAL IMPROVEMENT FUND	0	3,037,200
<b>Total Current Liabilities</b>	<b>3,348,144</b>	<b>8,790,536</b>
<b>Non-Current Liabilities</b>		
CHRIMS FUNDS	91,196	90,197
CHANGE FUND	1,014,000	1,014,000
FAIRS - EQUIP REPLACEMENT FUNDS	2,762,452	2,007,217
<b>Total Non-Current Liabilities</b>	<b>3,867,648</b>	<b>3,111,413</b>
<b>TOTAL LIABILITIES</b>	<b>7,215,792</b>	<b>11,901,950</b>
<b>Net Assets</b>		
FUND EQUITY	709,681	728,101
F&E Net Assets	34,794	22,275
CARF@GG	0	0
RETIREMENT CONTINGENCY	0	0
NET INCOME/LOSS	376,315	(23,098)
<b>Total Net Assets</b>	<b>1,120,790</b>	<b>727,278</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>8,336,582</b>	<b>12,629,228</b>