



Napa County

1195 THIRD STREET
SUITE 310
NAPA, CA 94559
www.countyofnapa.org

Main: (707) 253-4580

Legislation Details (With Text)

File #: 23-0727 **Version:** 1

Type: Set Matters **Status:** Agenda Ready

File created: 4/21/2023 **In control:** Board of Supervisors

On agenda: 5/16/2023 **Final action:**

Title: SET MATTER 11:00 AM - Napa County Fairgrounds

Director of Public Works requests the Board receive a presentation regarding the Napa County Fairgrounds and provide staff direction as to next steps in determining the future use of the property.

Sponsors: Board of Supervisors

Indexes:

Code sections:

Attachments: 1. Fairgrounds Exhibit

Date	Ver.	Action By	Action	Result
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TO: Board of Supervisors

FROM: Steven Lederer, Director, Public Works

REPORT BY: Steven Lederer, Director, Public Works

SUBJECT: Request Board Direction on the Future of the Napa County Fairgrounds

RECOMMENDATION

SET MATTER 11:00 AM - Napa County Fairgrounds

Director of Public Works requests the Board receive a presentation regarding the Napa County Fairgrounds and provide staff direction as to next steps in determining the future use of the property.

EXECUTIVE SUMMARY

In 2022, the County and the City of Calistoga (City) entered into a Purchase and Sale Agreement (PSA) to allow the City to purchase the Fairgrounds property from the County (\$225K/acre, \$15,885,000 total), contingent upon the City arranging sufficient financing. The City terminated the PSA in March of 2023, following a failed vote of the Calistoga residents to a financing measure that would have funded the purchase

and improvement of the property.

Prior to entering the PSA with the City, staff believes the last Board direction was to commence the Surplus Lands Act (SLA) process to surplus the property for disposal. However, once Calistoga expressed interest in purchasing the entire property, the County relied on an exemption in the SLA that allows transfer of property between public agencies to be exempt from the SLA. Since that exemption is no longer applicable, if the Board desires to dispose of the property, through sale or long-term lease, the Board will need to either formally declare the property surplus under the SLA or declare it as exempt surplus land (assuming one of the SLA exemptions applies) as a first step.

Several potential options for the future of the property are provided below for the Board's consideration. Consistent with past direction from the Board, staff recommends that the County take the initial steps to begin the SLA process and that staff return to the Board to consider a formal declaration of surplus property. Staff seeks Board direction as to whether to begin the SLA process, or to take a different action with the property.

FISCAL & STRATEGIC PLAN IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	CEO
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Staff does not currently have direction from the Board as to the future of the Fairgrounds property. Such direction is needed to determine next steps for the property.
Is the general fund affected?	No
Future fiscal impact:	Future Fiscal impact is unclear until direction is given.
Consequences if not approved:	Further steps to dispose the property cannot be taken.
County Strategic Plan pillar addressed:	Effective and Open Government
Additional Information	None

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: Not a project at this time. Depending on what direction the Board provides, CEQA will be addressed as needed.

BACKGROUND AND DISCUSSION

In 2022, the County and the City of Calistoga entered into a PSA to allow the City to purchase the Fairgrounds property from the County, contingent upon the City being able to arrange for sufficient financing. In March of 2023, following a failed vote of the residents of Calistoga, the City terminated the PSA.

The Fairgrounds consists of approximately 70 acres of land and includes several structures (mostly in poor condition), a racetrack, many acres of green space (formerly a golf course), an RV park area, recycled water infrastructure (in poor condition), and potable water and wastewater infrastructure (which has not been operable for over three years and is in a “failed” condition). The Fairgrounds has been largely in a “closed” condition since 2020, with the exception of various revenue generating parking leases, and “hold over” leases with the Calistoga Art Center and the Calistoga Cares Food Bank. The Fairgrounds has also been used during various natural disaster emergencies over the years.

The County also has an agreement with the City requiring the County to provide for disposal of the City’s recycled water on the property. That agreement ends on December 31, 2024. Depending on what direction the Board would like to take with the Fairgrounds, this agreement could be extended by 5-years, but staff recommends doing so only if the City is required to take over operation of the irrigation system, disposal of the recycled water, and mowing/maintenance of the irrigated grounds. The labor cost to manage the irrigation system and associated lands is a large expense for the County because the irrigation system is entirely manual and because frequent mowing is required and is dependent upon the irrigation schedule (i.e., mowing and irrigation must be closely coordinated). In addition, since the golf course no longer exists, the County does not benefit from this recycled water agreement. Over half (approximately 45 acres) of the property is used for wastewater disposal. The PSA provided for the County to recover monthly maintenance expenses of \$15,000 for the property, but with termination of the PSA, the County is continuing to absorb all of the maintenance and operation costs (an estimated \$300,000 per year).

Direction is also required to address another issue. Some years ago, David Abreu donated several items to the Fairgrounds, specifically for enhancement of the racetrack. Mr. Abreu has requested that he be able to retrieve the donated items. The items have no large resale value, but would be expensive to replace if the County would like to operate the racetrack in the future. If direction is provided to include a potential re-opening of the racetrack, then the request would be deferred. If there is no interest in a potential future racetrack, then Mr. Abreu would be provided an opportunity to recover the items. Thus, the County’s future direction for the racetrack is also needed to inform the response to Mr. Abreu’s request.

Following are potential options (listed in no particular order) the Board might consider giving direction to Staff to further investigate:

1. No action scenario:
 - a. Continue to hold the property in its current closed condition (no public, event, or other access, except for small, revenue generating activities such as parking leases and emergency response);
 - b. Maintain the same level of status quo maintenance as is currently being provided; and
 - c. Revisit this discussion in early 2024.

2. Park scenario:
 - a. Clear the property of all existing structures;
 - b. Maintain the property in its cleared condition (essentially a large grass field) until a future decision is made;
 - c. Potentially allow public access for passive (non-managed) uses;
 - d. Continue to allow parking for public benefit and some revenue generation.

3. City of Calistoga scenarios: (the City has previously expressed an interest in (a) but not (b) or (c))
 - a. Restart negotiations with the hope of selling the site at a reduced, even further below market, price; and/or
 - b. Carry the loan for the City;
 - c. Negotiate a long-term lease whereby the County gets revenue on our asset and the City operates the property at their cost; and through negotiations, the County would determine what uses would be allowed within the terms of the lease.

4. Modern, sustainable fairgrounds scenario:
 - a. Create a long-term partnership with a Concessionaire (similar to the arrangement with the Lake Berryessa resorts) to develop the property for community serving “Fairgrounds type uses”, such as:
 - i. Short term stays (RV, camping, hotel); and
 - ii. Public, Community, and Private Events (concerts, annual Fair, meetings and conferences, concerts, events, weddings, etc.).
 - b. Concessionaire would make significant investment in new facilities and infrastructure in return for profits and a long-term lease; County would receive a share of the revenue, and the community would have access to a modern fairgrounds and associated amenities.

The modern, sustainable fairgrounds scenario is complicated by the SLA. In addition to rescinding the prior surplus declaration, to potentially avoid triggering the SLA for a long-term lease/concessionaire agreement, the County would need to demonstrate that the property is necessary for the “County’s use” which is defined as “land that is being used or is planned to be used pursuant to a written plan adopted by the Board for County work or operations.” Since the property is currently not being used, the Board would need to adopt a written plan indicating the County work or operations intended to be developed on the site and the concessionaire/lease agreements would need to require that the property be developed for that County use and be consistent with the written plan. However, under the SLA, the County’s use cannot include commercial or industrial uses or activities, including nongovernmental retail, entertainment, or office development. Property disposed of (e.g., sold or leased) for the sole purpose of investment or generation of revenue shall not be considered necessary for the agency’s use and is not exempt from the SLA. To the extent the “Fairground type uses” listed above are solely for generation of revenue, the SLA applies, and the County would need to go through the SLA process

before entering into a lease/concessionaire agreement for those types of activities. If there is a mix of revenue generating/commercial and governmental type operations/uses, the County should seek an opinion from the California Department of Housing and Community Development (HCD) before proceeding with this option.

5. Surplus Lands Act (SLA) scenario (current direction from the Board):

- a. SLA process would largely determine the disposition of the property. The property would first be formally declared either as surplus land or exempt surplus land. If it is determined to be exempt from the SLA, a copy of the written findings supporting the exemption must be provided to HCD at least 30 days prior to the disposition.
- b. If not exempt, the property would be made available for purchase by SLA qualified interested parties, such as an affordable home builder, or other developer. Development standards would occur under the City General Plan and zoning code.
- c. Should an affordable housing developer, or other qualified interested party, come forward as part of the SLA process, good faith negotiations regarding price and terms of sale would be held for a minimum of 90-days when the Board could, if desired, negotiate a reduced purchase price or some form of housing subsidy to influence creation of more than the SLA required number of affordable units.

6. Hybrid scenario, involving a subset of one or more of the above options, such as:

- a. Retain 6-10 acres for future County uses (perhaps an up-valley campus or a partnership with a non-profit providing services for the County). If this use is consistent with an adopted written plan indicating the County uses that would be developed on the site, it would likely be exempt from the SLA.
- b. Sell a portion to the City (if they are interested and a price can be mutually negotiated).
- c. If a portion is retained and/or sold to the City, begin the SLA process on the remainder and/or work with a concession on the remainder, this may occur in multiple parcels of varying sizes subject to the SLA process for commercial and revenue generating activities. (Staff would recommend a Master Plan be developed prior to dividing the parcel up. Also, staff believes that the Concession concept becomes impractical at less than 60 acres.).
- d. Sell a portion (not to exceed 10 acres consistent with HCD requirements) specifically for affordable housing.

Staff recommends that the Board direct staff to continue with Option No. 5 and begin the SLA process.