

State of California

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MEMORANDUM

Date: October 27, 2020
To: Board of Directors
California Exposition & State Fair
From: Tom Martinez, Chief Deputy General Manager
Subject: Legislative Outlook for 2021 – 2022 Legislative Session

Attachments: Leasing and Purchasing Background

Annually, the California Exposition & State Fair Board of Directors holds a strategic planning session to set objectives for the organization, including legislative goals. In prior years the Board has voted to authorize the Legislative Committee Chair to work with staff on matters related to deferred maintenance, General Fund appropriations, as well as positions on legislation which would provide financial assistance to fairs, such as AB 1499.

This report provides a short background on our recent emergency response and support efforts and several legislative recommendations for the Board's consideration. These recommendations are designed to allow Cal Expo to continue to provide emergency assistance to the State and Sacramento region.

Background

In recent years, Cal Expo has supported the Governor's Office of Emergency Services (Cal OES), Cal Fire, the California Highway Patrol, FEMA, and as of June 2020, the National Guard. The State of California has also included Cal Expo as an essential component of its "Continuity of Governance Plan." During an evacuation of the Capitol, Cal Expo will serve as an emergency seat of State government. With the annual fire season upon us, Cal Expo has coordinated with Cal Fire and Cal OES to support more emergency operations for the region and the State. When the State activates Cal Expo as a key emergency support facility, we receive no rent for the use of the grounds. While we seek reimbursement for utilities and other support services from the agencies utilizing our grounds, we are denied most reimbursements as we are a State Agency.

The support that Cal Expo has provided during times of emergencies has included emergency sheltering of evacuees (people, livestock, and pets); the staging of emergency support equipment; emergency food service operations; hosting FEMA trailers for families affected by Northern California fires; functioning as a regional headquarters facility for the American Red Cross; providing a training area for emergency responders; and as a police staging and booking facility during civil unrest. The recent emergency events that required assistance from Cal Expo are the Camp Fire (Paradise, CA), the Tubbs Fire (Napa/Sonoma, CA), the George Floyd Protest Unrest in Sacramento, and currently the COVID-19 pandemic.

In concert with the State and County of Sacramento, Cal Expo is currently serving as the highest-volume regional COVID-19 Drive-through Testing Facility. This testing site has performed more than 40,000 tests. In order to execute the drive-through testing, Cal Expo is providing designated “hot-zones,” secure routes of travel, a 100,000-square-foot building, police support, security guards, utilities, outdoor cooling towers, media support, and more. Cal Expo is also hosting Sacramento’s Isolation Trailer Facility. In collaboration with the State, FEMA, the County, and City of Sacramento, Cal Expo created a 63-trailer emergency RV facility to assist in isolating and protecting up to 150 of the most at-risk homeless individuals during the COVID-19 emergency. In order for the project to succeed, Cal Expo is providing the location, utilities, logistics, layouts, permitting, police and security services. Neither the drive-through testing nor the isolation trailers are paying rent for use of Cal Expo grounds.

Legislative Efforts for Upcoming Legislative Calendar

COVID-19 has impacted Cal Expo's ability to put on the State Fair and to serve as a gathering place for business and entertainment. However, as a critical part of the State's emergency response efforts, Cal Expo must be prepared to meet the needs of Californians impacted by emergencies and disasters.

In most cases, this means ensuring adequate funding to allow Cal Expo to be in the right condition to serve the people and government of California, and to ensure Cal Expo has the authority it needs to make use of its property in the best way possible.

For the upcoming Legislative Session, staff is seeking to work with the Legislative Committee Chair on three items: a) acquiring a direct line item in the State Budget, b) developing a Legislative plan to incorporate a Budget appropriation, and c) pursuing a legislative or administrative remedy to address Cal Expo’s leasing and purchasing authorities. Each is explained in more detail below:

Budget Line Item: During the 2019-2020 California State Legislative Session, Legislative Committee Chair Rina DiMare worked with the Department of Finance to highlight the increasing expenditures incurred by Cal Expo. The ongoing conversations culminated in Cal Expo’s placement in the Administration’s initial January 2020, operating budget in the amount of \$2.5 million. Unfortunately, COVID-19’s financial impacts became apparent and the May Revise eliminated the earlier appropriation. As the pandemic continued to affect the State and the Sacramento region, the Legislature in August sought to continue COVID-19 testing and shelter operations at Cal Expo and earmarked a total of \$6 million, as well as an additional \$3 million to reimburse Cal Expo for expenses incurred while assisting other agencies in emergencies.

Cal Expo received its first quarterly installment of the \$6 million earmark, a total of \$1.4 million, on October 14th. Because Cal Expo does not have a line in the State Budget, all funds from this appropriation has been passed through Department of Finance then to Department of Food & Agriculture (CDFA) to be distributed to Cal Expo. While CDFA has been helpful in preparing checks on behalf of the Department of Finance, it may make sense for Cal Expo to seek a line in the State Budget to expedite funding, especially in emergencies.

Budget Appropriation: If approved by the Director of the Department of Finance, Cal Expo will receive additionally scheduled quarterly appropriations to sustain it through the end of June. In the meantime, the Board may wish to request that Chair DiMare continue to explore additional financial assistance by way of the Administration’s Budget Plan, which will be released in January of 2021.

Leasing Authorities and Opportunity Purchasing: The Board has also inquired about Cal Expo’s leasing authorities relating to State Fairgrounds property. Staff has prepared a background sheet (Attachment A) on Cal Expo’s understanding of its leasing authorities, as well as purchasing abilities as

prescribed in Public Contract Code Section 10321. Staff has also been seeking additional clarification from the Department of General Services (DGS).

Opportunity purchasing refers to purchases made locally, individually or cooperatively, at a price equal to or less than the price available through the State purchasing program on or off state contract. Cal Expo had opportunity-purchasing authority until AB 2490 repealed the provision granting authority in 2014.

Staff Recommendation

Staff recommends the Board continue to direct the Legislative Committee Chair to work with staff on a Legislative plan to incorporate a Budget appropriation, a direct line item in the State Budget, and a legislative or administrative remedy to address Cal Expo's leasing and purchasing authorities. These efforts are essential to providing for Cal Expo's continued assistance during the COVID -19 pandemic and other emergencies that may take place.