



DATE: February 24, 2025

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Eric Danly, City Attorney

SUBJECT: Adoption of a Resolution Approving an Amendment to the License Agreement between the 4th District Agricultural Association and the City Winding Down and Terminating the License Effective July 15, 2025 and Update from the City Manager Regarding a Professional Services Agreement between the City and the 4th District Agricultural Association for Contract Services for Agricultural Events at the 2025 Petaluma Fair, Including Livestock Shows, Junior Horse Shows, Farmers' Day, Sheepdog Trials and Stills Exhibits

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### **RECOMMENDATION**

Staff recommend that the City Council adopt the attached resolution amending and terminating the license agreement between the City and the 4th District Agricultural Association and receive an update from the City Manager concerning a professional services agreement with the Association to provide agricultural programming for the 2025 fair as a contract service provider in response to the Association's request.

### **BACKGROUND**

The City owns the real property known as the Petaluma Fairgrounds located at 175 Fairgrounds Drive, and 866 East Washington Street, Petaluma, California 94952, A.P.N.s 007-031-004 and 007-031-005. The City's Fairgrounds property was under exclusive lease to the 4th District Agricultural Association for the previous 50 years, and the final lease term expired December 31, 2023. During the term of the Association's lease to the Fairgrounds, the Association maintained exclusive control of the Fairgrounds property. The City has reassumed management of the Fairgrounds and is preparing to master plan the property to preserve the fair use, maximize the public uses, and increase access to the Fairgrounds for the benefit of the entire Petaluma community. The City intends to provide stability for the uses on the Fairgrounds and the Fairgrounds tenants during the master plan process while maximizing the community's use of the property. The City's efforts to increase public use of the Fairgrounds and to plan for the Fairgrounds' future began more than a year before the City assumed the management of the Fairgrounds effective January 1, 2024.

Following the expiration of the Association's Fairgrounds lease, the City and the Association entered into a Licensee granting the Association a non-exclusive right to use specified portions of the Fairgrounds property for specified permitted uses for \$1 per month in consideration of the Association continuing to offer an annual fair on the City's Fairgrounds property, subject to the terms the License.

## **DISCUSSION**

The Association has proposed that instead of continuing to offer the annual fair under the license agreement between the City and the Association, that the City contract with the Association for services to offer agricultural programming at the 2025 fair, and that the City assume responsibility for hosting other programming traditionally associated with the annual fair.

In response to the Association's request, the City and Association are preparing to enter a services contract under which the City will contract with the Association for agricultural programming at the 2025 fair. The consideration for the agricultural programming services that the Association will provide for the 2025 fair will be compensation not exceeding \$200,000 paid to the Association under contract. Accordingly, the license agreement between the City and the Association and the rights it afforded the Association to use part of the City's Fairgrounds in consideration for offering the annual fair are no longer necessary. In addition, the Association's contract services proposal will require the City to assume responsibility for the carnival and other activities that have traditionally been a part of the annual fair in Petaluma. Separate from this action, staff are preparing to enter contracts and arrange for programming that will, in addition to the Association's agricultural programming services, provide the full fair experience the Petaluma community has come to expect. The City will incur additional costs for fair programming ancillary to the agricultural programming the Association will provide under contract. Such additional costs will be in addition to annual fair costs the City was already absorbing under the license agreement with the Association, including public safety, security, and janitorial costs.

The resolution included with this staff report as Attachment 1 includes as Exhibit 1 an amendment to the license agreement between the City and the Association that would wind-down the Association's use of the Fairgrounds and terminate the agreement effective July 15, 2025. A professional services agreement for agricultural programming at the 2025 fair, including a scope of work are included as Attachment 2 to this staff report for informational purposes. The professional services agreement has been provided to the Association for review. The scope of services included with the services agreement is based on the Association's proposal and has also been provided to the Association for review. The scope has been expanded from the Association's proposal to address important details about offering successful 2025 agricultural programming for the annual Petaluma fair.

## **PUBLIC OUTREACH**

This agenda item appeared on the City's tentative agenda document on February 3, 2025, which was a publicly-noticed meeting.

## **COUNCIL GOAL ALIGNMENT**

This action aligns with the City Council's Goals and Priorities regarding the programming of the City-owned fairgrounds during the interim period and in preparation for a master planning process. This action will also help to ensure an annual fair on the property which is one of the eight guiding principles that Council approved on October 24, 2022 to reflect the community's feedback--which is inclusive of the Fairgrounds Advisory Panel recommendations--in any activity, improvement, or planning effort that occurs on this property. Guiding principles are listed on the City's website: <https://cityofpetaluma.org/petaluma-fairgrounds-guiding-principles/>

## **FINANCIAL IMPACTS**

The adoption of this professional services agreement between the City and the 4th District Agricultural Association for contract services for agricultural events at the 2025 Petaluma Fair, including livestock shows, junior horse shows, farmers' day, sheepdog trials and stills exhibits will result in a cost \$200,000. This expenditure, along with other fair expenses, will be charged to the Fairgrounds fund with anticipated revenues from ticket sales, cost-sharing with vendors and sponsorships, offsetting the cost.

## **ATTACHMENTS**

1. Resolution
2. Professional Services Agreement